

## Report of the Directors

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2006.

### PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activities of the Company are investment holding and provision of management services to Group companies and those of its principal subsidiaries are set out on page 117.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 5 to the Accounts on pages 92 to 94.

### RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group and appropriations of profits for the financial year ended 31 March 2006 are set out in the Consolidated Profit and Loss Account on page 66.

Movements in reserves during the financial year are set out in Note 24 to the Accounts on pages 110 and 111.

### DIVIDEND

The Directors have recommended for adoption at the Annual General Meeting to be held on Monday, 28 August 2006 the payment on 6 September 2006 to Shareholders on record as at 28 August 2006 of a final dividend of 2.0 cents per share in respect of the financial year ended 31 March 2006. This recommendation has been disclosed in the Accounts.

### SHARE CAPITAL

During the financial year, upon exercise by a grantee of options granted under the Company's New Share Scheme, a total of 250,000 ordinary shares of HK\$0.10 each of the Company, credited as fully paid, were allotted and issued by the Company at a subscription price of HK\$0.405 per share.

### FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 13 to the Accounts on pages 101 to 103.

### BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all bank loans, overdrafts and/or other borrowings (if any) of the Group as at 31 March 2006, all being borrowings by subsidiaries of the Company and repayable on demand or within a period not exceeding one year, are set out in Note 19 to the Accounts on page 107.

## **DIRECTORS**

The Directors of the Company during the financial year were Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma, Mr. Michael E. Brillhart, Mr. Antonio Chan, Mr. Jeffrey L. Flowers (appointed on 30 June 2005), Mr. Michael C. Kalyk (resigned on 30 June 2005), Ms. Doreen Y. F. Lee, Mr. Eric F. C. Li, Mr. Gonzaga W. J. Li, Mr. Eric K. K. Lo, Ms. Yvette T. Ma, Mr. Stephen T. H. Ng, Mr. T. Y. Ng and Mr. Paul Y. C. Tsui.

In accordance with the Company's bye-laws, all Directors will retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## **INTERESTS IN CONTRACTS**

No contract of significance in relation to the Company's business to which the Company, any subsidiary or holding company of the Company or any subsidiary of the Company's holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

## **MANAGEMENT CONTRACTS**

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the financial year was the Company, any of its subsidiaries or its holding company or any subsidiary of that holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

## **AUDITORS**

The Accounts now presented have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board

**Wilson W. S. Chan**

*Secretary*

Hong Kong, 22 June 2006