

Report of the Directors

The directors of the Company (the “Directors”) present herewith their report and the audited consolidated financial statements of the Group for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note (33) to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March 2006 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 18 to 57.

The directors do not recommend the payment of any dividend for the year ended 31st March 2006.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities for the last five financial years is set out on page 58.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note (17) to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note (29) to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 20.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

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ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31st March 2006, the Company's reserves available for distribution amounted to approximately HK\$81,981,000 (2005: HK\$92,121,000), calculated in accordance with the laws of the Cayman Islands.

SHARE OPTIONS

The details of the share option scheme adopted by the Company on 20th August 2003 are set out in note (29) to the consolidated financial statements.

No share option has been granted.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2006, the five largest customers of the Group accounted for approximately 81% of the Group's turnover of the information technology segment, with the largest customer accounted for approximately 34%.

For the year ended 31st March 2006, the five largest suppliers of the Group accounted for approximately 65% of the Group's purchases of the information technology segment, with the largest supplier accounted for approximately 27%.

The Group's remaining turnover was derived from the securities trading segment and thus the disclosure of customers and suppliers information regarding this segment would not be meaningful.

At no time during the year were the directors, their associates, or any shareholder of the Company which to the knowledge of the directors owned more than 5% of the Company's share capital had any interest in these major customers and suppliers.

DIRECTORS

The directors of the Company who held office during the year and up to the date of this report were:

Executive directors:

Leung Man Kit	(appointed on 2nd June 2006)
Yu Tat Chi, Michael	
Williamson Lam	(appointed on 24th May 2005 and resigned on 2nd June 2006)
Mak Wai Fong	(resigned on 24th May 2005)

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Independent non-executive directors:

Tang Ping Sum

Chan Cheong Yee

Lo Kwok Chee, Johnny

(appointed on 19th April 2005)

Lok Shing Kwan, Sunny

(resigned on 20th April 2005)

In accordance with the existing Company's articles of association, all remaining directors will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Independent non-executive directors are not appointed for a specific term because all directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company.

BIOGRAPHIES OF DIRECTORS

Biographical details of the directors of the Company are set out on page 6 of the Annual Report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note (34) to the consolidated financial statements, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting as at 31st March 2006 or at any time during the year ended 31st March 2006.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the Company subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES

According to the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), as at 31st March 2006 none of the Directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SFO.

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SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31st March 2006, so far as being known to the Directors, the following parties were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interests in 5% or more the issued share capital of the Company:

Name	Number of shares held	Percentage of the Company's share capital
Gold Capital Investments Limited (<i>Note 1</i>)	154,146,092	28.97%
Eric Edward Hotung, C.B.E. (<i>Note 2</i>)	29,952,608	5.63%
Hotung Investment (China) Limited (<i>Notes 2 and 3</i>)	16,171,000	3.04%
Genesee Company Limited (<i>Note 2</i>)	15,161,000	2.85%
Hotung Enterprises Limited (<i>Note 3</i>)	1,000,000	0.19%
Prosperity Investment Limited (formerly known as "GR Investment International Limited")	52,777,026	9.92%
Kenfair International (Holdings) Limited (<i>Note 4</i>)	92,800,000	17.44%

Note 1: Mr. Ma Ching Chung Robert is deemed to be interested in 154,146,092 shares held by Gold Capital Investments Limited, which is beneficially owned by City Leader International Limited, which is beneficially owned as to 100% by Mr. Ma.

Note 2: Hotung Investment (China) Limited and Genesee Company Limited are considered as concert parties of Eric Edward Hotung, C.B.E. as the acquisition of the shares by each of these companies were financed by Eric Edward Hotung, C.B.E..

Note 3: In addition to the 1,000,000 shares which are beneficially owned by Hotung Enterprises Limited, Hotung Enterprises Limited is also deemed to be interested in the 16,171,000 shares held by Hotung Investment (China) Limited as 93.75% shareholding in Hotung Investment (China) Limited is controlled by Hotung Enterprises Limited.

Note 4: Kenfair International (Holdings) Limited is deemed to be interested in 92,800,000 shares in the issued capital held by Kenfair Publications Limited. Kenfair Publications Limited is wholly-owned by Pro-Capital Investments Limited and Pro-Capital Investments Limited is wholly-owned by Kenfair International (Holdings) Limited. Mr. Ip Ki Cheung is beneficially interested in 50% of the entire issued share capital of Capital Concord Profits Limited which has 50.05% shareholding in Kenfair International (Holdings) Limited. Kenfair International (Holdings) Limited is a company whose shares are listed on the Stock Exchange of Hong Kong Limited.

Other than as disclosed above, the Company has not been notified of any other interests representing 5% or more of the Company's shares and underlying shares as at 31st March 2006.

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CORPORATE GOVERNANCE

Compliance with the Code of Corporate Governance Practices (the “CG Code”)

The Company has complied with the code provisions in the CG Code as set out in Appendix 14 of the Listing Rules throughout the year except the following deviations:

The Company does not have any officer with the title of “chief executive officer” or “chairman” at present. The role of chairman and chief executive officer is not separated as there are only two executive directors, namely Mr. Yu Tat Chi, Michael and Mr. Leung Man Kit who are in charge of the overall management of the Company. The Directors intended to maintain this structure for the time being as it believes that this structure can ensure efficient and effective formulation and implementation of business strategies without any imbalance of the power and authority between the Directors and management of the Company. Besides, all Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company’s articles of association (Code Provision A.2.1).

The independent non-executive directors are not appointed for any specific terms as required by the code, but are subject to retirement by rotation in accordance with the Company’s articles of association (Code Provision A.4.1).

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the review period. The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive Directors are independent.

PUBLIC FLOAT

As at the date of this report, based on the information publicly available to the Company and within the knowledge of the Directors, over 25% of the issued share capital of the Company was held by the public as required under the Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors of the Company. The audit results of the Group for the year ended 31st March 2006 have been reviewed by the Audit Committee.

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AUDITORS

The financial statements for the year ended 31st March 2003 were audited by Messrs Charles Chan, Ip and Fung CPA Limited. In 2004, Messrs Charles Chan, Ip and Fung CPA Limited resigned and Messrs KLL Associates CPA Limited (“KLL”) was appointed as auditors of the Company. The financial statements for the year ended 31st March 2004 and 31st March 2005 were audited by KLL.

As a result of the combination of the practice of KLL with that of BDO McCabe Lo Limited (“BDO”) which took place on 1st August 2005, KLL had tendered their resignation as auditors of the Company and its subsidiaries.

BDO tendered their resignation as auditors of the Company with effect from 8th June 2006 and ShineWing (HK) CPA Limited (“ShineWing”) was appointed as auditors of the Company on 9th June 2006 to fill the casual vacancy by the resignation of BDO.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint ShineWing as auditors of the Company.

On behalf of the Board

Leung Man Kit

Executive Director

Hong Kong, 25th July 2006