

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2006.

GROUP REORGANISATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 August 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to the Group's reorganisation (the "Group Reorganisation") to rationalise the Group's structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of the Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 10 September 2004. Further details of the Group reorganisation and the subsidiaries acquired pursuant thereto, are set out in notes 1 and 32 to the financial statements and the Company's prospectus dated 30 September 2004.

On 13 October 2004, the Company completed its initial public offering and the shares of the Company were listed on the Stock Exchange.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 18 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 22 to 73.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group is set out on page 74 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in note 16 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in note 32 to the financial statements.

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PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law (2004 Revision) of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2006, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2006, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law (2004 Revision) of the Cayman Islands, amounted to HK\$137,007,000. The distributable reserves include the Company's share premium and capital reserve, in a total of HK\$137,183,000 as at 31 March 2006, which may be distributed, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's 5 largest customers accounted for 69.1% of the total sales for the year and sales to the largest customer included therein amounted to 20.5%. Purchases from the Group's 5 largest suppliers accounted for 8.7% of the total purchases for the year and purchases from the largest supplier included therein amounted to 3.4%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's 5 largest customers or the Group's 5 largest suppliers.

DIRECTORS

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

Executive directors:

Mr. Hui Chi Yung (*Chairman*)
Mr. Yiu Kai Yeuk, Raphael
Mr. Hui Kau Mo

Independent non-executive directors:

Mr. Liu Kwong Sang
Mr. Sit Hing Wah
Dr. Hu Chung Kuen, David



In accordance with articles 87(1) and (2) of the Company's articles of association, Mr. Hui Kau Mo and Mr. Sit Hing Wah will retire by rotation and being eligible, will offer themselves for re-election at the forthcoming Annual General Meeting. The independent non-executive directors are appointed for a period of one year commencing from 1 September 2005.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 17 to 18 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years commencing from 1 September 2004. Each of the executive Directors is entitled to the respective basic salaries set out below (subject to an annual increment after each completed year of service at a rate to be determined at the sole and absolute discretion of the board of Directors). In addition, the executive Directors are also entitled to a discretionary bonus as the board of Directors may in its absolute discretion determine having regard to the performance of the executive Director and the operating results of the Group in respect of any financial year of the Company. An executive Director may not vote on any resolution of the Directors regarding the amount of the bonus payable to him. Furthermore, the executive Directors are entitled to all reasonable medical expenses as provided under the Group's medical benefits scheme. In addition, the executive Directors may, at the sole and absolute discretion of the board of Directors, be eligible to participate in any share option scheme from time to time adopted by the Company in accordance with the terms and conditions of such share option scheme. The current basic monthly salaries of the executive Directors are as follows:

Name	Amount <i>HK\$</i>
Mr. Hui Chi Yung	68,800
Mr. Yiu Kai Yeuk, Raphael	139,800

The independent non-executive Directors have been appointed for a term of 1 year commencing from 1 September 2005. The Company intends to pay a director's fee of HK\$20,000 per annum to each of the independent non-executive Directors. Save for the director's fee, none of the independent non-executive Director is expected to receive any other remuneration for holding their office as an independent non-executive Director.

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

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DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 37 to the financial statements, no director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2006, the interests and short positions of the directors in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long position in Shares, underlying shares and debentures of the Company or its associated corporations:

Name of Director	Company/name of associated corporation	Capacity	Name and class of securities/approximate shareholding percentage (Note 1)
Mr. Hui Chi Yung	Company	Settlor/Founder of The Wing Hong Trust (Note 2)	608,118,560 Shares/ 57.15% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust (Note 3)	1 ordinary share 100% (L)
Mr. Yiu Kai Yeuk, Raphael	Company	Corporate interest (Note 4)	68,053,440 Shares/ 6.4%(L)
	Beatrice Construction Limited	Beneficial owner	96,000 ordinary shares/ 10%(L)
Mr. Hui Kau Mo	Company	Settlor/Founder of The Wing Hong Trust (Note 2)	608,118,560 Shares/ 57.15% (L)
	Rich Place Investment Limited	Settlor/Founder of The Wing Hong Trust (Note 3)	1 ordinary share 100% (L)



Notes:

1. The letter "L" denotes the Director's long position in such securities.
2. These shares are held by Rich Place Investment Limited which is wholly owned by RBTT Trust Cooperation ("RBTT"). RBTT is the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.
3. The share is held by RBTT. RBTT is the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.
4. These shares are held by Million Honest Limited, the entire issued share capital of which is held by Mr. Yiu Kai Yeuk, Raphael.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company, at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are disclosed in note 33 to the financial statements. Since adoption of the share option scheme, no share option has been granted.

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2006, the interests and short positions (other than the directors of the Company) of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests in the shares and underlying shares of the Company, as required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Name	Company/Group Member	Capacity	Class and number of securities/approximate shareholding percentage (Note 1)
The Wing Hong Trust	Company	Beneficial owner (Note 2)	608,118,560 Shares/ 57.15%(L)
Chin Ivan	Company	Beneficial owner	104,920,000 Shares/ 9.86%(L)
United Century Limited	Company	Beneficial owner (Note 3)	68,628,000 Shares/ 6.45%(L)
Hui Chi Yang	Company	Corporate interest (Note 3)	68,628,000 Shares/ 6.45%(L)
Million Honest Limited	Company	Beneficial owner (Note 4)	68,053,440 Shares/ 6.4% (L)

Notes:

1. The letter "L" denotes the long position in such securities.
2. These shares are held by Rich Place Investment Limited. The entire issued share capital of Rich Place Investment Limited is held by RBTT, acting in its capacity as the trustee of The Wing Hong Trust, a discretionary trust whose beneficiaries are the family members of Mr. Hui Kau Mo.
3. The entire issued share capital of United Century Limited is owned by Mr. Hui Chi Yang, who is the director of business development of the Group but is not a member of the Board. Mr. Hui Chi Yang is the brother of Mr. Hui Chi Yung and a son of Mr. Hui Kau Mo, both are executive Directors.
4. The entire issued share capital of Million Honest Limited is beneficially owned by Mr. Yiu Kai Yeuk, Raphael.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected transactions and continuing connected transactions undertaken by the Group during the year are set out in note 37 to the financial statements.

The independent non-executive directors of the Company have reviewed and confirmed that the continuing connected transactions entered into by the Group were (i) in the ordinary course of the Group's business either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (ii) in accordance with the terms of the agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (iii) within the prescribed limits as set out in the waiver letters in respect of connected transactions granted by the Stock Exchange to the Company.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

AUDITORS

Messrs. HLB Hodgson Impey Cheng were appointed as the auditors of the Company with effect from 17 July 2006 in succession to Messrs. Ernst & Young who resigned from the office on 10 March 2006. Messrs. Ernst & Young were appointed as the first auditors of the Company for the year ended 31 March 2005. Messrs. HLB Hodgson Impey Cheng will retire and, being eligible, offer themselves for re-appointment as auditors of the Company at the forthcoming annual general meeting.

On Behalf of the Board

Hui Chi Yung

Chairman

Hong Kong, 25 July 2006