

Directors' Report

董事會報告

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31st March, 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the principal subsidiaries are set out in note 40 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2006 are set out in the consolidated income statement on page 31.

An interim dividend of HK5 cents per share and a special dividend of HK7 cents per share amounting to HK\$82,425,000 was paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK4 cents per share to the shareholders amounting to HK\$27,477,000.

SHARE CAPITAL

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

董事會現提呈本公司及其附屬公司(下文統稱「本集團」)截至二零零六年三月三十一日止年度之年度報告及經審核財務報告。

主要業務

本公司為一間投資控股公司。各主要附屬公司之主要業務載於財務報告附註40。

業績及分配

本集團截至二零零六年三月三十一日止年度之業績載於第31頁之綜合收益表。

年內已向股東支付中期股息每股5港仙及特別股息每股7港仙，合計82,425,000港元。董事現時建議派發末期股息每股4港仙予股東，合共27,477,000港元。

股本

本公司於年內之股本變動詳情載於財務報告附註29。

物業、機器及設備

本集團於年內之物業、機器及設備變動詳情載於財務報告附註13。

Directors' Report

董事會報告

DIRECTORS

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

Executive Directors

Pan Su Tong

Dong Zhi Qiang

Siu Wai Yip (resigned on 21st February, 2006)

Huang Hui (resigned on 1st November, 2005)

Independent Non-Executive Directors

Lai Chi Kin, Lawrence

Ng Lai Man, Carmen

Cheung Kwan Wai, Sunny

Mr. Pan Su Tong and Dr. Ng Lai Man, Carmen will retire from office at the forthcoming annual general meeting by rotation pursuant to Article 105 of the Articles of Association of the Company and, being eligible, will offer themselves for re-election.

The term of office of each director, including the independent non-executive directors, is for a period up to his/her retirement by rotation in accordance with the Company's Articles of Association.

None of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事

於年內及直至本報告之刊發日期止，本公司之董事芳名如下：

執行董事

潘蘇通

董志強

蕭偉業 (於二零零六年二月二十一日辭任)

黃暉 (於二零零五年十一月一日辭任)

獨立非執行董事

黎志堅

吳麗文

鄭君威

按照公司組織章程細則第105條，潘蘇通先生及吳麗文博士須於應屆股東週年大會上輪值退任，惟合乎資格並願膺選連任。

各董事（包括獨立非執行董事）之任期直至其按照本公司之公司組織章程細則規定輪值告退為止。

各董事並無與本公司或其任何附屬公司訂立任何不可由本集團於一年內免付賠償（法定賠償除外）而終止之服務合約。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31st March, 2006, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies, were as follows:

Long position

(a) Ordinary shares of HK\$0.05 each of the Company

董事之股份及相關股份權益

於二零零六年三月三十一日，董事及彼等之聯繫人士根據本公司按證券及期貨條例（「證券及期貨條例」）第352條規定存置之股東名冊所示，或根據上市公司董事進行證券交易之標準守則須知會本公司及香港聯合交易所有限公司之本公司股份及相關股份權益如下：

長倉

(a) 本公司每股面值0.05港元之普通股

Name of director 董事姓名	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 本公司已發行 股本之百分比
Mr. Pan Su Tong ("Mr. Pan") 潘蘇通先生 (「潘先生」)	Held as beneficial owner and through controlled corporation (note) 由實益擁有人及 受控法團持有(附註)	441,868,894	64.3257%

Note: 2,446,000 shares were held by Mr. Pan and 439,422,894 shares were held by Jade Forest Limited ("Jade Forest"). Jade Forest was 100% owned by Mr. Pan as at 31st March, 2006. Accordingly, Mr. Pan was deemed to be interested in the 439,422,894 shares held by Jade Forest.

附註：潘先生及Jade Forest Limited（「Jade Forest」）分別持有2,446,000股及439,422,894股股份。於二零零六年三月三十一日，Jade Forest由潘先生擁有100%權益。因此，潘先生被視為擁有由Jade Forest持有之439,422,894股股份之權益。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (CONTINUED)

(b) Share options

Name of director 董事姓名	Capacity 身份	Number of options held 所持購股權數目	Number of underlying shares 相關股份數目
Mr. Dong Zhi Qiang 董志強先生	Beneficial owner 實益擁有人	2,300,000	2,300,000

Save disclosed herein:

1. None of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year; and
2. 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 debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, at 31st March, 2006, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st March, 2006 represented the accumulated profits of HK\$60,056,000 (2005; HK\$19,391,000).

董事之股份及相關股份權益 (續)

(b) 購股權

Number of options held 所持購股權數目	Number of underlying shares 相關股份數目
2,300,000	2,300,000

除上文所披露者外：

1. 年內各董事或彼等之配偶或未滿十八歲子女並無擁有可認購本公司證券之權利，亦無曾經行使任何上述權利；及
2. 於年內任何時間，本公司或其任何附屬公司並無參與任何安排，導致本公司董事可藉著購入本公司或任何其他法人團體之股份或債務證券（包括債券）而獲取利益。

除上文所披露者外，於二零零六年三月三十一日，並無董事或彼等之聯繫人士擁有本公司或其任何聯營公司之任何股份、相關股份或債券之任何權益或短倉。

本公司之可供分派儲備

本公司於二零零六年三月三十一日可供分派予股東之儲備乃指累計溢利60,056,000港元（二零零五年：19,391,000港元）。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

- (a) On 1st November, 2005, upon the completion of the People's Republic of China ("PRC") trade marks agreement as disclosed in note 14 to the financial statements, 15,000,000 ordinary shares of the Company were allotted and issued to Jade Forest Limited on that date at a price of HK\$1.47 being the closing price of shares.
- (b) During the year, the Group paid rental charges of HK\$259,000 to Matsunichi Properties Holdings (HK) Limited, a company in which Mr. Pan has a beneficial interest.

The independent non-executive directors confirm that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms or on terms no less favourable than terms available to or from independent third parties, and in accordance with the terms of the engagement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other than disclosed above, no contract of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTIONS

Pursuant to the share option scheme (the "Scheme") adopted on 27th August, 2002 by a resolution passed by the Company's shareholders on the same date, the directors of the Company may grant options as incentives to any participants as described in the Scheme for the shares in the Company within a period of ten years commencing from 27th August, 2002.

Details of the Scheme are set out in note 30 to the financial statements.

董事於合約及關連交易中之權益

- (a) 於二零零五年十一月一日，於財務報告附註14披露之中華人民共和國（「中國」）商標協議完成時，15,000,000股本公司之普通股已於當日按1.47港元之價格（即股份之收市價）配發及發行予 Jade Forest Limited。
- (b) 年內，本集團向潘先生擁有實益權益之松日置業（香港）有限公司支付租金開支259,000港元。

獨立非執行董事確認，本公司乃於其日常業務過程中均按一般商業條款或不遜於向獨立第三方提供或由獨立第三方提供之條款，並遵照規管該等交易而公平合理且符合本公司股東整體利益之委聘條款進行交易。

除上文所披露外，於年結或年內任何時間，本公司各董事並無在本公司或其附屬公司參與訂立之任何重大合約中直接或間接擁有重大權益。

購股權

根據本公司股東於二零零二年八月二十七日通過之決議案及於同日採納之購股權計劃（「該計劃」），本公司董事可於二零零二年八月二十七日起計10年期間內向該計劃指定之任何參與者授出購股權作為獎勵。

該計劃詳情載列於財務報告附註30。

Directors' Report

董事會報告

SHARE OPTIONS (CONTINUED)

The following tables disclose details of the Company's share options and movements in such holding during the year:

(i) Directors

Date of grant	Subscription price per share	Exercisable period	Number of share options			
			Outstanding at 1.4. 2005	Granted during the year	Lapsed during the year	Outstanding at 31.3.2006
授出日期	每股認購價 HK\$ 港元	行使期	於二零零五年 四月一日 尚未行使	年內 已授出	年內 已失效	於二零零六年 三月三十一日 尚未行使
5.2.2004	1.30	5.2.2005 to 4.2.2014	1,300,000	-	(1,150,000)	150,000
二零零四年二月五日		二零零五年二月五日至 二零一四年二月四日				
5.2.2004	1.30	5.2.2006 to 4.2.2014	1,300,000	-	(1,150,000)	150,000
二零零四年二月五日		二零零六年二月五日至 二零一四年二月四日				
20.4.2004	1.54	20.4.2004 to 19.4.2014	500,000	-	-	500,000
二零零四年四月二十日		二零零四年四月二十日至 二零一四年四月十九日				
28.9.2005	1.43	28.9.2005 to 27.9.2015	-	3,500,000	(2,000,000)	1,500,000
二零零五年九月二十八日		二零零五年九月二十八日至 二零一五年九月二十七日				
			3,100,000	3,500,000	(4,300,000)	2,300,000

Details of options granted to the directors of the Company have been disclosed under the paragraph headed "Directors' interests in shares and underlying shares".

購股權 (續)

下表列示年內本公司購股權之詳情及有關持有量之變動：

(i) 董事

Number of share options			
Outstanding at 1.4. 2005	Granted during the year	Lapsed during the year	Outstanding at 31.3.2006
於二零零五年 四月一日 尚未行使	年內 已授出	年內 已失效	於二零零六年 三月三十一日 尚未行使
1,300,000	-	(1,150,000)	150,000
1,300,000	-	(1,150,000)	150,000
500,000	-	-	500,000
-	3,500,000	(2,000,000)	1,500,000
3,100,000	3,500,000	(4,300,000)	2,300,000

有關授予本公司董事之購股權之詳情已於「董事之股份及相關股份權益」一段披露。

Directors' Report

董事會報告

SHARE OPTIONS (CONTINUED)

(ii) Employees (other than directors)

購股權 (續)

(ii) 僱員 (董事除外)

Date of grant	Subscription price per share	Exercisable period	Number of share options				Outstanding at 31.3.2006
			Outstanding at 1.4.2005	Granted during the year	Lapsed during the year	Exercised during the year	
授出日期	每股認購價 HK\$ 港元	行使期	於二零零五年 四月一日 尚未行使	年內已授出	年內已失效	年內已行使	於二零零六年 三月三十一日 尚未行使
5.2.2004	1.30	5.2.2005 to 4.2.2014	2,550,000	–	(1,225,000)	(50,000)	1,275,000
二零零四年二月五日		二零零五年二月五日至 二零一四年二月四日					
5.2.2004	1.30	5.2.2006 to 4.2.2014	2,550,000	–	(1,225,000)	–	1,325,000
二零零四年二月五日		二零零六年二月五日至 二零一四年二月四日					
20.4.2004	1.54	20.4.2004 to 19.4.2014	8,350,000	–	(1,950,000)	–	6,400,000
二零零四年四月二十日		二零零四年四月二十日至 二零一四年四月十九日					
28.9.2005	1.43	28.9.2005 to 27.9.2015	–	8,100,000	(300,000)	–	7,800,000
二零零五年九月二十八日		二零零五年九月二十八日至 二零一五年九月二十七日					
			13,450,000	8,100,000	(4,700,000)	(50,000)	16,800,000

Directors' Report

董事會報告

SHARE OPTIONS (CONTINUED)

(iii) Other participants

購股權 (續)

(iii) 其他參與者

Date of grant	Subscription price per share	Exercisable period	Number of share options				Outstanding at 31.3.2006
			Outstanding at 1.4.2005	Granted during the year	Lapsed during the year	Exercised during the year	
授出日期	每股認購價	行使期	於二零零五年四月一日尚未行使	年內已授出	年內已失效	年內已行使	於二零零六年三月三十一日尚未行使
	HK\$ 港元						
5.2.2004	1.30	5.2.2005 to 4.2.2014	6,150,000	-	-	(750,000)	5,400,000
二零零四年二月五日		二零零五年二月五日至二零一四年二月四日					
5.2.2004	1.30	5.2.2006 to 4.2.2014	6,150,000	-	-	-	6,150,000
二零零四年二月五日		二零零六年二月五日至二零一四年二月四日					
20.4.2004	1.54	20.4.2004 to 19.4.2014	21,150,000	-	-	(5,500,000)	15,650,000
二零零四年四月二十日		二零零四年四月二十日至二零一四年四月十九日					
			33,450,000	-	-	(6,250,000)	27,200,000

The closing price of the Company's shares immediately preceding the date of grant of 28th September, 2005 was HK\$1.43.

本公司股份於緊接授出日期二零零五年九月二十八日前之收市價為1.43港元。

Directors' Report

董事會報告

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that Mr. Pan and his controlled corporation stated under the paragraph headed "Directors' interest in shares and underlying shares" are the only substantial shareholder of the Company.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st March, 2006.

CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited. The Company considers that all of its independent non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 30 to the financial statements.

主要股東

於二零零六年三月三十一日，根據本公司按證券及期貨條例第336條規定存置之主要股東名冊所示，於「董事之股份及相關股份權益」一段所示之潘先生及其受控法團為本公司唯一主要之股東。

除上文所披露者外，本公司並不知悉於二零零六年三月三十一日尚有任何本公司已發行股本中之其他有關權益或短倉。

獨立非執行董事之確認書

本公司已收到各獨立非執行董事根據香港聯合交易所有限公司證券上市規則第3.13條就其獨立性發出年度確認書。本公司認為其所有獨立非執行董事均為獨立人士。

酬金政策

本集團僱員之酬金政策由薪酬委員會根據彼等之優點、資格及競爭能力而制訂。

董事之酬金由薪酬委員會經考慮本集團之經營業績、個人表現及可供比較之市場統計數字後決定。

本公司已採納購股權計劃，作為給予董事及合資格僱員之獎勵，計劃詳情載列於財務報告附註30。

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2006, the aggregate amount of turnover attributable to the Group's five largest customers represented approximately 72% of the Group's total turnover for the year. The aggregate amount of turnover attributable to the Group's largest customer for the year was 31%.

For the year ended 31st March, 2006, the aggregate amount of purchase attributable to the Group's five largest suppliers represented approximately 76% of the Group's total purchase for the year. The aggregate amount of purchases attributable to the Group's largest supplier for the year was 62%.

None of the directors, their associates or any shareholder, which to the knowledge of the directors, owns more than 5% of the Company's share capital, has interests in these customers or suppliers during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased certain of its own shares through The Stock Exchange of Hong Kong Limited, details of which are set out in note 29(d) to the financial statements. The directors considered that, as the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net assets value per share of the Company.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31st March, 2006.

CORPORATE GOVERNANCE

Please see the "Corporate Governance Report" set out on pages 9 to 15 of this annual report for details of its compliance with the Code on Corporate Governance Practices.

主要客戶及供應商

截至二零零六年三月三十一日止年度，本集團五大客戶合計之營業額佔本集團年內之總營業額約72%。本集團最大客戶佔本集團年內之總營業額31%。

截至二零零六年三月三十一日止年度，本集團五大供應商合計之採購額佔本集團年內之總採購額約76%。本集團最大供應商佔本集團於年內之總採購額62%。

各董事、彼等之聯繫人士或就董事所知任何擁有本公司股本5%以上之股東於年內概無擁有上述客戶或供應商之權益。

購買、出售或贖回本公司上市證券

年內，本公司透過於香港聯合交易所有限公司購回其本身若干股份，有關詳情載列於財務報告附註29(d)。董事認為，由於本公司股份之買賣價較每股資產淨值出現折讓，購回事項將提升本公司之每股資產淨值。

充足之公眾持股量

本公司於截至二零零六年三月三十一日止整個年度內一直維持充足之公眾持股量。

企業管治

有關本公司遵守企業管治常規守則之詳情，請參閱本年報第9頁至第15頁載列之「企業管治報告」。

Directors' Report

董事會報告

AUDIT COMMITTEE

The Group's annual report for the year ended 31st March, 2006 has been reviewed by the Audit Committee. Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report on pages 9 to 15 of this annual report.

AUDITORS

A resolution will be tabled at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Pan Su Tong

Director

21st July, 2006

審核委員會

本集團截至二零零六年三月三十一日止年度之年報已由審核委員會審閱。審核委員會工作之資料及其組成方式載列於本年報第9頁至第15頁之「企業管治報告」。

核數師

一項重新委任德勤•關黃陳方會計師行為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

潘蘇通

董事

二零零六年七月二十一日