

Report of the Directors

The Directors of the Company submit herewith their report and the audited financial statements of the Company and the Group for the year ended 31 March 2005 (the "**Financial Statements**").

PRINCIPAL ACTIVITIES

The Company's principal activity was investment holding, and the Group's principal activities consisted of asset management; provision of investment advisory services; corporate finance and advisory services; corporate investment; and internet retailing.

Principal activities of the respective subsidiaries of the Company during the year are set out in note 12 to the Financial Statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2005 are set out in the Consolidated Income Statement on page 49.

No interim dividend was declared during the year (2004: a special interim dividend of 0.295 US cent per share), and the Directors do not recommend the payment of a final dividend for the year (2004: 2.72 US cents per share).

Report of the Directors

SUMMARY FINANCIAL INFORMATION

The results and the assets and liabilities of the Group for the current and the last four financial years (extracted from the audited financial statements and reclassified as appropriate) are set out below:

Results:

	For the year ended 31 March				
	2005 US\$'000	2004 US\$'000	2003 US\$'000	2002 US\$'000	2001 US\$'000
Turnover	3,425	1,512	564	4,959	(744)
Revenue less expenses	158	(2,001)	(1,905)	(13,544)	(22,619)
Share of (losses)/profits of associates	(35,218)	7,445	(4,976)	16,143	(53,440)
Operating (loss)/profit on core activities	(35,060)	5,444	(6,881)	2,599	(76,059)
Losses on non-core activities	—	—	—	(8)	(22,193)
Operating (loss)/profit before interest, taxation and minority interests	(35,060)	5,444	(6,881)	2,591	(98,252)
Finance costs – interest on bank loans and overdraft	—	—	—	(145)	(358)
(Loss)/Profit before taxation	(35,060)	5,444	(6,881)	2,446	(98,610)
Taxation	(6,832)	(356)	(395)	(923)	(2,840)
(Loss)/Profit after taxation	(41,892)	5,088	(7,276)	1,523	(101,450)
Minority interests	(438)	(15)	16	2,030	3,119
Net (loss)/profit attributable to shareholders	(42,330)	5,073	(7,260)	3,553	(98,331)

Report of the Directors

SUMMARY FINANCIAL INFORMATION (Continued)

Assets and liabilities:

	As at 31 March				
	2005 US\$'000	2004 US\$'000	2003 US\$'000	2002 US\$'000	2001 US\$'000
Fixed assets	49	25	59	573	971
Intangible assets	—	—	—	—	628
Interests in associates and jointly controlled entities	43,023	92,392	78,912	78,960	64,332
Non-current investments in securities	6,491	3,922	4,562	7,422	10,276
Due from an associate	435	495	662	—	—
Current assets	2,232	1,543	3,667	8,398	21,780
Total assets	52,230	98,377	87,862	95,353	97,987
Current liabilities	395	1,098	2,670	8,299	9,826
Non-current liabilities	—	—	—	—	2,500
Total liabilities	395	1,098	2,670	8,299	12,326
Net assets	51,835	97,279	85,192	87,054	85,661

RESERVES

Details of movements in the reserves of the Group and the Company are set out in note 20 to the Financial Statements. The Company considers that only profits and share premium are distributable to shareholders.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's subsidiaries and the Group's associates are set out in notes 12 and 13 to the Financial Statements respectively.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 11 to the Financial Statements.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's share capital and outstanding share options are set out below and in note 19 to the Financial Statements.

There were no changes in the Company's authorised share capital during the year. An aggregate of 3,180,000 new ordinary shares were issued and allotted during the year for a total consideration of HK\$508,800 (approximately US\$65,230), being HK\$0.16 per share, upon exercise of options under the Employee Share Option Scheme of the Company. No additional ordinary shares were issued and allotted subsequent to the year end date or prior to the date of this report.

The Company has two share option schemes:

a. Share Option Scheme (2002)

A new share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), was adopted with shareholders' approval at the Company's annual general meeting held on 15 November 2002. The scheme shall continue in force until the tenth anniversary of its commencement date, which will be 15 November 2012.

The Share Option Scheme (2002) provides the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible participants (including directors, executives, employees, consultants and service providers of the Company and its subsidiaries). The scheme may, at the discretion of the Directors, be used in conjunction with any cash based compensation, incentive compensation or bonus plan.

The maximum number of shares available for issue upon exercise of all options to be granted under the scheme (excluding lapsed options) shall not exceed 110,017,428 shares, representing 10% of the ordinary share capital of the Company in issue as at the scheme's commencement date, being 15 November 2002, and 9.94% of the Company's total issued voting share capital as at 31 March 2005 and the date of this report and 9.04% of the enlarged voting share capital. The Company may seek shareholders' approval at a general meeting for "refreshing" the 10% limit under the scheme so that the maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme (2002), when aggregated with any shares which may be issued upon exercise of options to be granted under other schemes of the Company, shall be 10% of the total issued ordinary share capital of the Company as at the date of approval of the "refreshed" limit. Options previously granted under the scheme (including those outstanding, cancelled or lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". The Company may also seek separate shareholders' approval at a general meeting for granting options beyond the 10% limit provided that the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

a. Share Option Scheme (2002) (Continued)

In any circumstances, the aggregate limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (2002) and any other schemes of the Company must not exceed 30% of the ordinary shares of the Company in issue from time to time.

The number of shares issued or issuable upon exercise of the options granted to any individual eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the ordinary shares of the Company in issue, subject to the restrictions on grants to the Directors, chief executive or substantial shareholders of the Company as set out in The Rules Governing the Listing of Securities (the "HK Listing Rules") on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange").

Each grant of options to any of the Directors, chief executive or substantial shareholders of the Company, or any of their respective associates, under the scheme must be approved by the Company's independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the proposed offer of such grant representing in aggregate over 0.1% of the ordinary shares of the Company in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be subject to shareholders' approval.

An offer of the grant of an option shall remain open for acceptance by the eligible participant concerned for a period of 28 days inclusive of and from the date on which such offer is made to that eligible participant or such shorter period as the Directors may in their absolute discretion determine. An offer which remains capable of acceptance shall be deemed to have been accepted upon the date when the duly completed and signed form of acceptance together with a remittance for HK\$10, being the consideration for the grant thereof, are received by the Company. The option shall, following such acceptance, be deemed to have been granted and to have taken effect on the date of offer.

Options granted under the Share Option Scheme (2002) entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant, provided that the option holder remains as an eligible participant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of offer of the relevant option. All entitlements of the option then remain unexercised will lapse.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

a. Share Option Scheme (2002) (Continued)

The exercise price is to be determined by the Directors at their absolute discretion when the option is offered, provided that in no event shall such price be less than the higher of (i) the nominal value of the ordinary shares of the Company; (ii) the closing price of the ordinary shares as stated in the daily quotations sheet of the HK Stock Exchange on the date of offer; which must be a business day; and (iii) the average closing price of the ordinary shares as stated in the daily quotations sheets of the HK Stock Exchange for the five business days immediately preceding the date of offer.

Particulars of the options held under the Share Option Scheme (2002) during the year by various participants are as follow:

i. *Directors, Chief Executive and substantial shareholders*

As at 1 April 2004, no options were outstanding under the Share Option Scheme (2002). On 9 September 2004, options entitling the holders to subscribe, in stages, for an aggregate of 14,500,000 ordinary shares in the Company at the exercise price of HK\$0.266 per share were granted to the Chief Executive Officer (also an executive Director) and an executive Director of the Company. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$0.27.

None of the outstanding options were vested, cancelled or lapsed during the year. Accordingly, as at 31 March 2005 and the date of this report, there were/are outstanding options entitling the Chief Executive Officer (also an executive Director) and an executive Director to subscribe, in stages, for an aggregate of 14,500,000 ordinary shares at the exercise price of HK\$0.266 per share.

Particulars of the options granted to and held by the Directors and the Chief Executive Officer are set out in detail under the section headed "Directors' Interests in Securities and Options" in this report. No options were granted to or held by any associates of the Directors or the Chief Executive Officer of the Company at any time during the year or prior to the date of this report.

No options were granted to or held by any substantial shareholder of the Company, as referred to in the section headed "Substantial Shareholders" in this report, or their respective associates, at any time during the year or prior to the date of this report.

ii. *Participants in excess of individual limit*

No participants were granted with options (including both exercised and outstanding options) in respect of an aggregate number of shares in the Company which was in excess of the individual limit referred to in Rule 17.03(4) of the HK Listing Rules.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

a. Share Option Scheme (2002) (Continued)

iii. Full-time employees

As at 1 April 2004, no options were outstanding under the Share Option Scheme (2002). On 9 September 2004, options entitling the holders to subscribe, in stages, for an aggregate of 6,900,000 ordinary shares in the Company at the exercise price of HK\$0.266 per share were granted to the full-time employees of the Group (excluding the Directors of the Company). Option-holders are entitled to subscribe for one-third of the number of shares subject to the option at each of the first, second and third anniversary dates after the date of grant but within 10 years from the date of grant. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$0.27.

None of the outstanding options were vested or cancelled during the year. An option in respect of 800,000 shares lapsed upon the resignation of a full-time employee of the Group. Accordingly, as at 31 March 2005 and the date of this report, there were/are outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 6,100,000 ordinary shares at the exercise price of HK\$0.266 per share.

iv. Suppliers of goods and services

No options were granted to or held by suppliers of goods and services of the Company at any time during the year or prior to the date of this report.

v. Other participants

No options were granted to or held by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the year or prior to the date of this report.

b. Employee Share Option Scheme

Following the adoption of the Share Option Scheme (2002) referred to in paragraph (a) above, the Company's employee share option scheme (the "**Employee Share Option Scheme**"), which was approved by the shareholders on 24 July 1996 (and was deemed to have commenced on 15 July 1994), as amended on 27 May 1998, was terminated. However, its provisions remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under such scheme prior to the date of such termination. Therefore, no new options were granted under the Employee Share Option Scheme during the year or prior to the date of this report.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

b. Employee Share Option Scheme (Continued)

Options currently outstanding under the Employee Share Option Scheme were granted on various dates and with various vesting schedules. Certain of the outstanding options entitle the holders to exercise the whole of the option at any time after the third anniversary date of the date of grant of the respective options but within 60 months from the date of grant. Other options, however, entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 60 months from the date of grant. All entitlements of the option then remain unexercised will lapse.

Particulars of the options held under the Employee Share Option Scheme during the year by various participants are as follow:

i. *Directors, Chief Executive and substantial shareholders*

As at 1 April 2004, there were outstanding options in respect of an aggregate of 2,500,000 ordinary shares in the Company held by a Director, who is the Chief Executive Officer of the Company, at the exercise price of HK\$0.16 per share, excluding the outstanding options held by Karin Schulte (who resigned as a Director of the Company on 12 January 2004 but remained as a full-time employee of the Group until 8 April 2004) as at 1 April 2004 in respect of an aggregate of 2,583,333 shares which are included in the balance set out under sub-paragraph (iii) below headed "Full-time employees". During the year, no options were granted or cancelled or lapsed. The Chief Executive Officer of the Company exercised all rights under his outstanding and vested options and subscribed for an aggregate 2,500,000 shares at HK\$0.16 per share. The closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$0.45. Accordingly, as at 31 March 2005 and the date of this report, there were/are no outstanding options held by the Directors or the Chief Executive Officer of the Company.

Particulars of the options granted to and held by the Directors and the Chief Executive Officer are set out in detail under the section headed "Directors' Interests in Securities and Options" in this report. No options were granted to or held by any associates of the Directors or the Chief Executive Officer of the Company at any time during the year or prior to the date of this report.

No options were granted to or held by any substantial shareholder of the Company, as referred to in the section headed "Substantial Shareholders" in this report, or their respective associates, at any time during the year or prior to the date of this report.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

b. Employee Share Option Scheme (Continued)

ii. *Participants in excess of individual limit*

No participants were granted with options (including both exercised and outstanding options) in respect of an aggregate number of shares in the Company which was in excess of the individual limit referred to in Rule 17.03(4) of the HK Listing Rules.

iii. *Full-time employees*

As at 1 April 2004, there were outstanding options entitling full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages from the respective dates of grant for a period of 60 months, for an aggregate of 3,563,333 ordinary shares in the Company at exercise prices ranging from HK\$0.16 to HK\$1.40 per share, including the outstanding options then held by Karin Schulte (who resigned as a Director of the Company on 12 January 2004 but remained as a full-time employee of the Group until 8 April 2004) in respect of an aggregate of 2,583,333 shares which are excluded from the balance set out under sub-paragraph (i) above headed "Directors, Chief Executive and Substantial Shareholders". During the year, no options were granted or cancelled. Vested options in respect of 680,000 shares were exercised at HK\$0.16 per share. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$0.383. Unexercised and unvested options of Karin Schulte in respect of an aggregate of 2,583,333 shares lapsed on 8 April 2004 when she ceased to be an eligible participant of the Employee Share Option Scheme. In addition, another unexercised option in respect of 100,000 shares at an exercise price of HK\$1.40 per share lapsed upon expiry of the exercise period. Accordingly, as at 31 March 2005 and the date of this report, there was/is an outstanding and vested option entitling a full-time employee of the Group (not a Director of the Company) to subscribe for 200,000 ordinary shares at an exercise price of HK\$1.06 per share.

iv. *Suppliers of goods and services*

No options were granted to or held by suppliers of goods and services of the Company at any time during the year or prior to the date of this report.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

b. Employee Share Option Scheme (Continued)

v. Other participants

No options were granted to or held by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the year or prior to the date of this report.

Whenever options are granted, the Directors make a valuation of the options granted under the share option schemes under a modified Black Scholes option pricing model. This calculates a theoretical valuation assuming that the options involved are freely tradable.

Within this model, the volatility of the Company's share price is measured over the 260 trading days prior to the grant of the options. It is further assumed that the risk-free interest rate ruling is 4% per annum, that no dividends will be paid and that the options will not lapse prior to the latest exercise date.

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 existing shareholders.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

No shares in the Company were purchased or sold by the Company or any of its subsidiaries during the year, whether on the HK Stock Exchange or otherwise. The Company has not redeemed any of its securities during the year.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at all times during the year and as at the date of this report, the Company has complied with the public float requirement prescribed in the HK Listing Rules for the Company.

Report of the Directors

DIRECTORS

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

Anthony Robert Baillieu (*Chairman*)*

Jamie Alexander Gibson (*Chief Executive Officer*)

Cheung Mei Chu, Clara

James Mellon*

Julie Oates#

(appointed on 28 September 2004)

Stawell Mark Searle#

Jayne Allison Sutcliffe*

Alexander Anderson Whamond*

Robert George Curzon Whiting#

* non-executive Directors

independent non-executive Directors

In accordance with Article 86(3) of the Company's Articles of Association, any Director appointed after the close of the last annual general meeting of the Company shall retire at the next annual general meeting of the Company but shall then be eligible for re-election. Any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

In accordance with Article 87, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third), who have been longest in office since their last re-election or appointment, shall retire from office by rotation provided that the Chairman of the Board of Directors and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. A retiring Director shall be eligible for re-election.

Anthony Baillieu and Jamie Gibson shall not be subject to rotational retirement requirement under Article 87. Accordingly, Julie Oates will retire pursuant to Article 86(3) while Mark Searle and Jayne Sutcliffe will retire by rotation pursuant to Article 87 at the forthcoming annual general meeting of the Company. All of them, being eligible, offer themselves for re-election. Details of the Directors proposed to be re-elected, as required under Rule 13.51(2) of the HK Listing Rules, are set out in the accompanying circular to shareholders.

Report of the Directors

DIRECTORS (Continued)

Biographical details of the Directors who hold office as at the date of this report are as follows:

1. **Anthony Robert Baillieu**, aged 49, Australian and British, was appointed as an independent non-executive Director of the Company in April 2001 and the Chairman of the Board of Directors of the Company in May 2003. In order for Mr Baillieu to take up the much greater management involvement that is required of the Chairman, he was re-designated as a non-executive Director of the Company on 24 March 2004. He had a long career in insurance, stockbroking and asset management, with experience in the United Kingdom, Europe, Australia, the Middle East and Hong Kong. Having trained at Sedgwick Forbes in London, Mr Baillieu moved to Australia to form Fenchurch Insurance Brokers, which was eventually bought by Marsh & McLennon. He then joined Roach Tilley Grice, stockbrokers in Melbourne, becoming a partner responsible for establishing their offices in London, Singapore and Bahrain. Mr Baillieu was a founding director of Lowell Asset Management, a private Australian asset management and investment banking group. He also holds directorships and consultancies that span the fields of insurance and asset management. In 1992, Mr Baillieu established Anthony Baillieu and Associates (Hong Kong) Limited, an executive search firm specialising in financial services. He is a shareholder of Henderson Baillieu Holdings Limited, in which the Company has an indirect interest of 8%. Mr Baillieu is also director of certain subsidiaries of Regent Pacific Group and Dublin-listed funds managed by the Group.
2. **Jamie Alexander Gibson**, aged 39, British, joined Regent Pacific Group in April 1996 and was appointed as an executive Director and Chief Operating Officer of the Company in January 2002. On 16 May 2002, he became Chief Executive Officer of the Company. Mr Gibson has spent most of his professional career with the Company specialising in corporate finance, direct equity investments and structuring emerging market investment products. Prior to joining the Company, he worked at Clifford Chance, Coopers & Lybrand and KPMG. Mr Gibson has a law degree from Edinburgh University. He is also director of a number of subsidiaries of Regent Pacific Group and Bridge Securities Co., Ltd.
3. **Cheung Mei Chu, Clara**, aged 31, Chinese, joined Regent Pacific Group in March 2002 and was appointed as the Finance Director of the Company on 12 January 2004. Ms Cheung is a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants and a Fellow Member of The Association of Chartered Certified Accountants in the United Kingdom. Prior to joining the Company, she has gained extensive experience in auditing and accounting with Deloitte Touche Tohmatsu. She is also director of certain subsidiaries of Regent Pacific Group and Bridge Securities Co., Ltd.

Report of the Directors

DIRECTORS (Continued)

4. **James Mellon**, aged 48, British, was appointed as an executive Director of the Company in July 1991 and the Chairman of the Board of Directors of the Company in April 1994 and held such positions until May 2002, except for the period from December 2000 to April 2001 during which he stepped down from the role of the Chairman. In May 2002, Mr Mellon was re-designated as a non-executive Director of the Company and resigned as the Chairman in May 2003. He holds a Master's degree in Politics, Philosophy and Economics from Oxford University and, since graduating in 1978, his whole career has been spent in asset management. Mr Mellon worked for GT Management Plc from 1978 to 1984. In July 1984, he joined the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an executive director of Tyndall Holdings Plc responsible for business expansion and corporate development. In 1990, Mr Mellon co-founded and became Chief Executive of Regent Pacific Group. In 1994, he became Chairman of Regent Pacific Group. Mr Mellon has over 20 years' investment experience in Asia. He specialises in the development and restructuring of international investment vehicles, and travels extensively across the region on company visits and fact-finding missions. He is also director of certain subsidiaries of Regent Pacific Group and funds managed by the Group, including private equity and Dublin-listed funds. Since the completion of a restructuring scheme of Regent Pacific Group and the Group's divestment in Charlemagne Capital Limited (formerly known as Regent Europe Limited) in June 2000 (the "**Restructuring Scheme**"), Mr Mellon has been non-executive Chairman of Charlemagne Capital Limited.
5. **Julie Oates**, aged 43, British, was appointed as an independent non-executive Director of the Company on 28 September 2004. She was trained with Pannell Kerr Forster in the Isle of Man and was qualified in 1987 as a member of The Institute of Chartered Accountants in England and Wales. Mrs Oates later joined the international firm of Moore Stephens, and was appointed partner in the Isle of Man firm in 1997. In 2002, she joined a local trust company as Managing Director and more recently has established her own accountancy practice. Mrs Oates gained experience in both the general practice areas of accounting and business assurance as well as offshore corporate and trust administration. She is a member of The Society of Estate and Trust Practitioners and is licensed by the Isle of Man Government Financial Supervision Commission to provide corporate services.
6. **Stawell Mark Searle**, aged 62, British, has been an independent non-executive Director of the Company since October 2001. He has over 30 years' experience in the investment management industry. Having trained with Jardine Matheson, the Far Eastern trading house in London, he was seconded to Samuel Montagu where he worked for two years in their Investment Department. Subsequently, Mr Searle joined Investment Intelligence Limited becoming Investment Director responsible for management of a stable of open ended funds. Between 1982 and 1987, he was Managing Director of Richards Longstaff Limited, a privately owned investment consultancy. In the following ten years, he was Investment Director of Gerrard Asset Management. Currently, Mr Searle is a consultant of Hiscox Investment Management Limited, the investment division of Hiscox Plc, and a director of Invesco Perpetual European Investment Trust (a listed company on the London Stock Exchange).

Report of the Directors

DIRECTORS (Continued)

7. **Jayne Allison Sutcliffe**, aged 41, British, was appointed as the Group Corporate Finance Director in August 1991. Upon completion of the Restructuring Scheme (as defined above), Mrs Sutcliffe became a non-executive Director of the Company. Since then, she has been the Chief Executive of Charlemagne Capital Limited. Mrs Sutcliffe has spent most of her professional career in the fund management industry specialising in sales and marketing initially at Thornton Management and then at Tyndall Holdings Plc. Mrs Sutcliffe co-founded Regent Pacific Group in 1990 where she established, and was responsible for, the Group's corporate finance activities. She has a Master's degree in Theology from Oxford University. Mrs Sutcliffe is also director of certain subsidiaries of Regent Pacific Group.
8. **Alexander Anderson Whamond**, aged 45, British, was appointed as an executive Director of the Company in January 1999. Upon completion of the Restructuring Scheme (as defined above), Mr Whamond became a non-executive Director of the Company. He commenced his career in 1982 with White Weld Securities Limited. Subsequently, he worked at both Salomon Brothers and Morgan Stanley International in London. Prior to joining Regent Pacific Group in March 1998 as the head of the Group's head of Corporate Investments, Mr Whamond was a Managing Director of Peregrine Securities International Limited and a member of the executive committee of Peregrine Investment Holdings Limited. He is also director of certain subsidiaries of Regent Pacific Group and a private equity fund managed by the Group.
9. **Robert George Curzon Whiting**, aged 46, South African and British, was appointed as an independent non-executive Director of the Company on 24 March 2004. He has a Bachelor's degree in Economics from University of Capetown. He has extensive work experience in securities industry of Hong Kong, London and South Africa. After his first jobs as dealer and agency sales, he joined the International Derivatives desk of SG Warburg Securities, London in 1990, performing a generalist sales role covering convertible bonds, warrants, exchange trade options and futures and high yield debt. Thereafter, he joined Peregrine Hong Kong in 1992 as Director. He was mandated to set up and manage an equity derivative department in conjunction with a specialist risk manager, covering research and distribution, new issue product structures and a hedge and trading book. He was transferred to Peregrine London in mid 1993, where he was responsible for setting up and running their International Equity Capital Markets and Syndication operation. In February 1997, Mr Whiting became a Director of Credit Suisse First Boston (CSFB), Hong Kong and co-headed the Equity Capital Markets function throughout Asia ex Japan combining all equity, equity-related and derivative businesses. In 2001, Mr Whiting started and built up ARC Risk Management Group Plc, an AIM listed (London Stock Exchange) company, that combines a focused consulting and senior level training service with a fully comprehensive global information, advice and response capability covering a broad range of risk mitigation issues for both companies and individuals.

Report of the Directors

DIRECTORS (Continued)

In compliance of Rule 3.10(1) of the HK Listing Rules, the Board currently comprises three independent non-executive Directors, namely Julie Oates, Mark Searle and Robert Whiting, representing one-third of the Board. Pursuant to Paragraph 12B of Appendix 16 to the HK Listing Rules, each of the independent non-executive Directors has confirmed by an annual confirmation that he/she complied with the independence criteria set out in Rule 3.13. The Directors consider that all the three independent non-executive Directors to be independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst them, Julie Oates has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2). In addition, Clara Cheung, an executive Director, is a qualified accountant responsible for oversight of the Group's financial reporting procedures, in compliance of Rule 3.24.

None of the Directors has any relationships (either financial or business or family or other material/relevant relationship(s)) with any other Directors, senior management or substantial or controlling shareholders of the Company.

As disclosed in the Company's last annual report for the year ended 31 March 2004, the Directors have been informed by James Mellon on 15 July 2004 that the arrest warrant issued by the Korean prosecutor's office on 19 December 2000 was renewed in January 2004. The arrest warrant was issued against James Mellon pertaining to his alleged involvement in a conspiracy with Seung-Hyun Jin and Chang-Kon Koh to manipulate the share price of Regent Securities Co., Ltd, which was merged with Ileun Securities Co., Ltd in January 2002 and subsequently renamed Bridge Securities Co., Ltd, in Korea in November/December 2000. As far as the Board is aware, no proceedings have been issued or served against James Mellon since that time and neither have there been any further developments involving the Group.

James Mellon has informed the Board that he categorically denies these allegations and has retained leading Korean counsel to act on his behalf in disproving the Korean prosecutor's claims. James Mellon has also informed the Board that on 28 March 2001, he also submitted, via his Korean counsel, a comprehensive sworn affidavit disproving the alleged share manipulation. The Board has been informed by James Mellon on 15 July 2004 that the arrest warrant was re-issued on 14 January 2004 and will remain valid and effective until 12 March 2010 or otherwise such time as James Mellon returns to South Korea to assist with the investigation. As noted above, as far as the Board is aware, no proceedings have been issued or served on James Mellon to date. In these circumstances, the Board considers it entirely appropriate for James Mellon to remain on the Board of the Company as a Director.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has any unexpired service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment (other than statutory compensation).

Report of the Directors

DIRECTORS' SERVICE CONTRACTS (Continued)

None of the Directors of the Company has any unexpired service contract with the Company or any of its subsidiaries, which was entered into on or before 31 January 2004 and was exempt from the shareholders' approval requirement under Rule 13.68 of the HK Listing Rules but is required to be disclosed in this report pursuant to Paragraph 14A of Appendix 16 to the HK Listing Rules.

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS

As at 31 March 2005, the Directors of the Company had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")), which were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to The Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the HK Listing Rules:

I. Securities of the Company

a. Ordinary shares of US\$0.01 each

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares*	Approximate % of holding**
Anthony Baillieu	A	Interests by controlled corporation	Long position	200,000	0.02%
Jamie Gibson		Beneficial owner	Long position	4,549,843	0.41%
Clara Cheung		—	—	—	—
James Mellon		Beneficial owner	Long position	37,088,500	3.35%
	B	Beneficiary of a trust	Long position	222,967,083	20.14%
Julie Oates		—	—	—	—
Mark Searle		Beneficial owner	Long position	1,750,000	0.16%
	C	Beneficiary of a trust	Long position	50,000	0.00%
Jayne Sutcliffe		Beneficial owner	Long position	14,727,260	1.33%
	D	Beneficiary of a trust	Long position	24,000,000	2.17%
Anderson Whamond	E	Beneficiary of a trust	Long position	5,000,000	0.45%
Robert Whiting		—	—	—	—

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

I. Securities of the Company (Continued)

a. Ordinary shares of US\$0.01 each (Continued)

* These numbers do not include the numbers of deferred shares in the issued capital of the Company and the ordinary shares to be issued upon exercise of the outstanding options under the Company's share option schemes held by the Directors, which are disclosed in sub-paragraphs (b) and (c) respectively below.

** The total issued ordinary share capital of the Company as at 31 March 2005 consisted of 1,106,900,089 ordinary shares.

b. Deferred shares of US\$0.01 each

Indigo Securities Limited, a private company indirectly and wholly owned by the trustee of a settlement of which James Mellon is a beneficiary, holds 86,728,147 non-voting convertible deferred shares of US\$0.01 each in issue in the capital of the Company.

Details of the rights of the deferred shares are set out in note 19 to the Financial Statements.

c. Options of the Company

Please refer to the section headed "Share Capital and Share Options" in this report and note 19 to the Financial Statements as to the details of the share option schemes of the Company.

As at 31 March 2005, the following Directors of the Company had personal interests in options granted under the Company's Share Option Scheme (2002), entitling them to subscribe for ordinary shares of US\$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of shares subject to the option [#]	Subscription price per share (HK\$)	Exercise period [#]	Number of shares subject to vested options [#]	Consideration for grant of option (HK\$)
Jamie Gibson	9 September 2004	11,000,000	0.266	9 September 2004 – 8 September 2014	—	10.00
Clara Cheung	9 September 2004	3,500,000	0.266	9 September 2004 – 8 September 2014	—	10.00

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

I. Securities of the Company (Continued)

c. Options of the Company (Continued)

As at 31 March 2005, there were no outstanding options held by any Director of the Company under the Company's Employee Share Option Scheme, which was terminated on 15 November 2002 but remains in full force in respect of outstanding options. During the year, Jamie Gibson exercised all rights under his outstanding options pursuant to the Employee Share Option Scheme and subscribed for an aggregate of 2,500,000 shares in the Company. Details of his options are as follows:

Date of grant	Total number of shares subject to outstanding options as at 1 April 2004 ^{##}	Date of exercise	Number of shares subscribed	Subscription price per share (HK\$)	Date of allotment
7 April 2001	1,000,000	17 August 2004	1,000,000	0.16	17 August 2004
27 April 2001	1,500,000	17 August 2004	1,500,000	0.16	17 August 2004

[#] The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. All entitlements then remain unexercised will lapse.

^{##} The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 60 months from the date of grant. All entitlements then remain unexercised will lapse.

Save for the above, during the year or prior to the date of this report, none of the Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the Company's share option schemes and subscribed for shares in the Company; and no options were granted, cancelled or lapsed.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

2. Securities of associated corporations

a. Ordinary shares of US\$0.01 of AstroEast.com Limited (note F)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
Anthony Baillieu	A	Interests by controlled corporation	Long position	95,560	0.34%
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
Clara Cheung		—	—	—	—
James Mellon		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%
Anderson Whamond		Beneficial owner	Long position	150,000	0.54%
Robert Whiting		—	—	—	—

b. Ordinary shares of US\$0.01 of bigsave Holdings plc (note F)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
Anthony Baillieu	A	Interests by controlled corporation	Long position	100,000	0.25%
Jamie Gibson		Beneficial owner	Long position	131,579	0.33%
Clara Cheung		—	—	—	—
James Mellon		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
Jayne Sutcliffe	D	Beneficiary of a trust	Long position	350,000	0.88%
Anderson Whamond		Beneficial owner	Long position	350,000	0.88%
Robert Whiting	G	Beneficiary of a trust	Long position	16,667	0.04%

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

Notes:

- A. The 200,000 shares in the Company are held by a nominee company owned by the family of Anthony Baillieu, through which shares and cash are held to individual family members' accounts. Such securities are held in Anthony Baillieu's individual account.
- The 95,560 shares in AstroEast.com Limited and the 100,000 shares in bigsave Holdings plc are held by a company which is 80% beneficially owned by Anthony Baillieu.
- B. The 222,967,083 shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.
- C. The 50,000 shares in the Company are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.
- D. The 24,000,000 shares in the Company and the 350,000 shares in bigsave Holdings plc are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.
- E. The 5,000,000 shares in the Company are held by a pension fund, of which Anderson Whamond is the sole beneficiary.
- F. AstroEast.com Limited and bigsave Holdings plc are indirect 51% and 64.3% owned subsidiaries of the Company respectively. The Company has no effective control over bigsave Holdings plc and its results and assets and liabilities were not consolidated into the Financial Statements in this annual report.
- G. The 16,667 shares in bigsave Holdings plc are held by a trust, of which Robert Whiting is one of the beneficiaries.

Save as disclosed herein, as at 31 March 2005 none of the Directors (or their associates) had any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

Save as disclosed herein, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) did not grant to any Director of the Company (or their associates) any rights to subscribe for the equity or debt securities of the Company or of any of its associated corporations, or had there been any exercise of such options during the year or prior to the date of this report.

Report of the Directors

CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS

The following is a summary of connected transactions (as defined in Chapter 14A of the HK Listing Rules) of the Company and significant contracts (as referred to in Paragraph 15 of Appendix 16 to the HK Listing Rules), which subsisted at 31 March 2005 or at any time during the year, to which the Company or any of its subsidiaries was a party and in which a Director or Directors of the Company is/are or was/were materially interested, either directly or indirectly.

- (1) A loan agreement dated 26 September 2001 was entered into between (a) the Company as lender and (b) AstroEast.com Limited ("**AstroEast**"), an indirect 51% owned subsidiary of the Company, as borrower, pursuant to which the Company agreed to grant an interest bearing secured loan facility of up to an amount of US\$50,000 to AstroEast.

The facility is secured by AstroEast granting, at the request of the Company, a first priority perfected security interest in all its interests of at least 1,614,625 shares of Red Dragon Resources Corporation (formerly called iFuture.com Inc), which are listed on the TSX Venture Exchange of Canada. AstroEast must maintain such collateral with a minimum coverage of at least 300% of the amount outstanding in respect of the facility.

The loan agreement, at the time of execution, constituted a connected transaction of the Company under Chapter 14 of the HK Listing Rules then prevailing. However, the Directors of the Company were of the opinion that the facility, being interest bearing and secured by the collateral in the form of marketable securities valued at 300% of the amount outstanding, was granted on normal commercial terms. Additionally, they considered that it was in the ordinary and usual course of business of the Company to offer financial assistance to its subsidiaries from time to time. As a result, the loan agreement was not subject to any disclosure or shareholders' approval requirements as a connected transaction in accordance with the de minimis provision under Rule 14.24(5) of the HK Listing Rules then prevailing.

As at the date of the loan agreement, James Mellon, Anthony Baillieu and Karin Schulte were directors of AstroEast. In addition, Peter Everington, who ceased to be a Director of the Company on 7 January 2002, held an interest of less than 2% of its total issued share capital, and each of Anthony Baillieu, Julian Mayo, Jayne Sutcliffe, Anderson Whamond and Jamie Gibson, who was appointed a Director of the Company on 7 January 2002, held an interest of less than 1% of its total issued share capital. James Mellon resigned as a director of AstroEast on 3 June 2003 but was re-appointed on 5 February 2004. Julian Mayo resigned as the alternate to James Mellon in the Company on 18 June 2003, and Karin Schulte resigned as a director of AstroEast and the Company on 12 January 2004.

Report of the Directors

CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS (Continued)

As at 31 March 2005, an amount of US\$48,746.72, inclusive of accrued interest, was outstanding under the loan agreement. The outstanding amount, inclusive of accrued interest, has increased to US\$49,888.80 as at the date of this report.

The loan agreement is, however, not a connected transaction of the Company under the new Chapter 14A of the HK Listing Rules, which took effect on 31 March 2004.

- (2) Six facilities agreements dated 24 January 2002, 6 February 2002, 24 April 2002, 23 July 2002, 29 July 2002 and 1 November 2002 respectively were entered into between (a) bigsave Holdings plc ("**bigsave**"), an indirect 64.3% owned subsidiary of the Company, as borrower and (b) Burnbrae Limited as lender, pursuant to which Burnbrae Limited agreed to advance unsecured interest-bearing loan facilities of maximum amounts of GBP80,000 (approximately US\$114,000), GBP300,000 (approximately US\$427,500), GBP75,000 (approximately US\$106,875), GBP25,000 (approximately US\$35,625), GBP75,000 (approximately US\$106,875) and GBP150,000 (approximately US\$213,750) respectively to bigsave.

The facilities agreements constituted connected transactions of the Company under Chapter 14 of the HK Listing Rules then prevailing. However, they were not subject to any disclosure or shareholders' approval requirements as connected transactions in accordance with Rule 14.24(8) of the HK Listing Rules then prevailing. The Directors of the Company were of the opinion that as bigsave was not operationally profitable and in the current economic environment it was unlikely for bigsave to either obtain loan financing from a bank or raise equity capital, the facilities from Burnbrae Limited were the most feasible way for bigsave to obtain funding. They were of the opinion that the facilities were granted on normal commercial terms.

Burnbrae Limited is a private company wholly-owned by a trust, of which James Mellon is a beneficiary. At the time of the facilities agreements, David McMahon, who resigned as a Director of the Company on 31 March 2003, and Anderson Whamond were directors of Burnbrae Limited. James Mellon was a director of bigsave. Each of Anthony Baillieu, Dominic Bokor-Ingram, who resigned as a Director of the Company on 11 March 2002, Jamie Gibson, Julian Mayo, David McMahon, Jayne Sutcliffe, Anderson Whamond and Robert Whiting, who was appointed as a Director of the Company on 24 March 2004, was interested in less than 1% of the issued share capital of bigsave. David McMahon resigned as a director of Burnbrae Limited on 24 January 2003, and Julian Mayo resigned as the alternate to James Mellon in the Company on 18 June 2003.

As at 31 March 2005, an amount of GBP912,890 (approximately US\$1,720,000), inclusive of accrued interest, was outstanding under the facilities agreements. The outstanding amount, inclusive of accrued interest, has increased to GBP941,332 (approximately US\$1,773,000) as at the date of this report.

Report of the Directors

CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS (Continued)

The facilities agreements are connected transactions of the Company under the new Chapter 14A of the HK Listing Rules, which took effect on 31 March 2004, but are not subject to any disclosure or shareholders' approval requirements as connected transactions in accordance with the new Rule 14A.65(4).

The Company has no effective control over bigsave Holdings plc and its results and assets and liabilities were not consolidated into the financial statements in this annual report.

Save for the above, no connected transactions (as defined in Chapter 14A of the HK Listing Rules) or significant contracts (as referred to in Paragraph 15 of Appendix 16 to the HK Listing Rules) of the Company, to which the Company or any of its subsidiaries was a party and in which a Director or Directors of the Company has/had a material interest, either directly or indirectly, subsisted at 31 March 2005 or at any time during the year ended 31 March 2005.

MANAGEMENT CONTRACTS

No contracts, other than contracts of service with any Director of the Company or any person engaged in the full-time employment of the Company, subsisted as at 31 March 2005 or any time during the year, whereby any individual, firm or body corporate undertook the management and administration of the whole or any substantial part of any business of the Company.

RELEVANT TRANSACTIONS

As at 31 March 2005 and at any time during the year, none of the Directors of the Company owed any outstanding amount on any relevant transactions (including loans, quasi-loans and credit transactions) as required to be disclosed under Paragraph 28(8) of Appendix 16 to the HK Listing Rules and Section 161B of the Companies Ordinance of Hong Kong.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors, except for the independent non-executive Directors who are not subject to the disclosure requirement under Rule 8.10 of the HK Listing Rules, have declared that they are not interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, the following persons (other than James Mellon, whose interests are set out in detail under the section headed "Directors' Interests in Securities and Options") had the following beneficial interests in the shares of the Company, which were recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were deemed or taken to have under such provisions of the SFO):

Name of shareholder	Class of shares	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding**
Peter Devas Everington	Ordinary shares	Beneficial owner	Long position	26,800,000	2.42%
	Ordinary shares	Family interests	Long position	24,450,000	2.21%
	Ordinary shares	Beneficiary of a trust	Long position	24,841,210	2.24%
The State of Wisconsin Investment Board	Ordinary shares	Beneficial owner	Long position	82,567,940	7.46%

** The total issued ordinary share capital of the Company as at 31 March 2005 consisted of 1,106,900,089 ordinary shares.

Save for such interests, the Directors are not aware of any other persons who, as at 31 March 2005, had beneficial interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests and short positions which they were deemed or taken to have under such provisions of the SFO).

BORROWINGS

There were no bank borrowings for the Group and the Company for both years ended 31 March 2005 and 2004.

RETIREMENT SCHEME

Details of the retirement scheme of the Group are set out in note 21 to the Financial Statements.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

The Group's major customers are the investment fund companies for which it holds a fund management mandate. The percentage of turnover of asset management and corporate finance business accounted for by the five largest of these companies amounted to 90%. The largest single contribution by one fund company amounted to 51% of the turnover of asset management and corporate finance business of the Group.

It is the nature of these fund companies that the Company's Directors, their associates, or any shareholders of the Company could own shares in them.

The major suppliers of the Group provided less than 30% of the total purchase expenditure of the Group.

AUDITORS

The Financial Statements were audited by PricewaterhouseCoopers.

As responsibility for certain aspects of the audit business of KPMG (the partnership) was assumed by KPMG Audit LLC, a limited liability company, with effect from 1 October 2002, KPMG resigned and the Directors appointed KPMG Audit LLC as the Auditor of the Company in place of KPMG on 2 October 2002. Such appointment was ratified at the Company's annual general meeting held on 15 November 2002, and KPMG Audit LLC was re-appointed as the Auditor of the Company at the meeting.

At the Company's extraordinary general meeting held on 10 March 2003, PricewaterhouseCoopers were appointed as the Auditors of the Company in place of KPMG Audit LLC. KPMG Audit LLC indicated that it had no objection to the change of the Auditors of the Company. It confirmed that there were no circumstances connected with its resignation that it considered should be brought to the notice of the shareholders or creditors of the Company.

PricewaterhouseCoopers will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. An ordinary resolution has been proposed for the Company's annual general meeting for Year 2005 for the re-appointment of PricewaterhouseCoopers.

Report of the Directors

CORPORATE GOVERNANCE REPORT

Shareholders' attention is also drawn to the Corporate Governance Report included in this annual report, in compliance of Appendix 23 to the HK Listing Rules.

On Behalf of the Board

Anthony Baillieu
Chairman

Hong Kong, 21 July 2005