

Report of the Directors

The Directors submit their report together with the audited financial statements of the Company and the Group for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are contracting of building construction, plumbing, maintenance and fitting-out projects, building materials trading, property leasing and the operation of a hotel in Hong Kong. In addition, the Group is engaged in other activities which mainly include computer software development and provision for website hosting services.

The Group's turnover and operating profit for the year ended 31st March 2006 are analysed as follows:

	Turnover <i>HK\$'000</i>	Operating profit/(loss) <i>HK\$'000</i>
Contracting of building construction, plumbing, maintenance and fitting-out projects	1,372,317	15,141
Building materials trading	29,588	(4,958)
Property leasing	10,934	16,203
Hotel operation	30,467	5,910
Others	8,902	(5,252)
	1,452,208	27,044

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 23.

The Directors do not recommend the payment of a final dividend.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in Note 33 to the financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately HK\$151,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes are set out on page 78.

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DISTRIBUTABLE RESERVES

At 31st March 2006, the reserves of the Company available for distribution, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to approximately HK\$142,893,000 (2005: HK\$143,641,000).

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 32 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the laws of Bermuda.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 77.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTION SCHEMES AND DIRECTORS' RIGHTS TO ACQUIRE SHARES

Since 17th October 2000, the Company has operated a share option scheme (the "Share Option Scheme") under which the Company may grant options to Directors and employees of the Group to subscribe for shares in the Company. At 31st March 2006, no share options have been granted under the Share Option Scheme.

A summary of the details of the Share Option Scheme are as follows:

Purpose of the scheme	:	To retain qualified and skilled employees to contribute to the development of the Group
Participants	:	Full-time employees (including Executive Directors of the Company and any of its subsidiaries)
Total number of shares of the Company available for issue and the percentage of the issued share capital that it represents at the date of annual report	:	44,094,960 shares (10% of the issued share capital of the Company)
Maximum entitlement of each participant	:	Shall not exceed 25% of the aggregate number of shares subject to the Share Option Scheme at the time of the proposed grant of that option
Period within which the securities must be taken up under an option	:	One year after the date of grant and no later than ten years from the date of adoption of the Share Option Scheme

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SHARE OPTION SCHEMES AND DIRECTORS' RIGHTS TO ACQUIRE SHARES *(Continued)*

A summary of the details of the Share Option Scheme are as follows: *(Continued)*

Minimum period for which an option must be held before it can be exercised	:	Not applicable
Period within which payments/calls/loan must be made/repaid	:	Not applicable
Basis of determining the exercise price	:	Details are set out in note 32 to the financial statements
The remaining life of the share option scheme	:	The scheme remains in force for a period of 10 years until 16th October 2010

In addition, VHSoft, a wholly owned subsidiary of the Group, has operated a share option scheme effective on 17th October 2000 (the "VHSoft Share Option Scheme"). Under the VHSoft Share Option Scheme, the board of directors of VHSoft may, at their absolute discretion, offer to any director or employee of VHSoft options to subscribe for shares in VHSoft in accordance with the terms of the VHSoft Share Option Scheme. VHSoft Share Option Scheme ceased to operate on 16th October 2005 and no share options have been granted under the VHSoft Share Option Scheme.

Save as otherwise disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS

The Directors during the year were:

Executive Directors

Mr. Wong Ip Kuen (*Chairman*)

Mr. Wong Tin Cheung (*Vice Chairman*)

Mr. Sun Chun Wai

Mr. So Yau Chi

Independent Non-Executive Directors

Dr. Yeung Tsun Man, Eric

Mr. Wu King Cheong

Mr. Chan, Bernard Charnwut

In accordance with the Company's bye-laws, Mr. Wong Tin Cheung and Mr. So Yau Chi retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31st March 2006, the interests of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Shares of HK\$0.2 each in the Company

Director	Number of shares held (long position)	
	Corporate interest	Percentage
Mr. Wong Ip Kuen	234,033,599	53.07%

The shares referred to above are registered in the names of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 3,354,000 shares. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Holdings Company Limited and Billion Goal Holdings Limited. All Fine Holdings Company Limited owns the entire issued share capital of All Fine Investment Company Limited, both of which are companies incorporated in the Cook Islands. Billion Goal Holdings Limited is a company incorporated in the British Virgin Islands. Mr. Wong Ip Kuen is a director of All Fine Holdings Company Limited, All Fine Investment Company Limited and Billion Goal Holdings Limited.

During the year, none of the Directors and chief executives (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

At no time during the year was the Company, its subsidiaries, its associated companies or its jointly controlled entity a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

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SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY

At 31st March 2006, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

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.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

- | | |
|--------------------------|-----|
| – the largest supplier | 6% |
| – five largest suppliers | 17% |

Sales

- | | |
|--------------------------|-----|
| – the largest customer | 43% |
| – five largest customers | 91% |

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) had an interest in the major suppliers or customers noted above.

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31st March 2006, which do not constitute connected transactions under the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") are disclosed in Note 38 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of this report.

CORPORATE GOVERNANCE

The Company's Corporate Governance Report is set out on pages 19 to 21.



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AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Wong Ip Kuen

Chairman

Hong Kong, 17th July 2006