

REPORT OF THE DIRECTORS

董事會報告

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the distribution, supply and installation of piped natural gas business in the PRC and the holding and leasing of properties in the PRC and the provision of welfare lottery operating systems and ancillary services. The principle activities of its subsidiaries are set out in note 37 to the financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 50.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2006 (2005: nil).

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired and disposed of property, plant and equipment of HK\$119,363,000 and HK\$27,000 respectively.

Details of these movements during the year in the property, plant and equipment of the Group and the Company are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 26 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statements of changes in equity on page 53.

DISTRIBUTABLE RESERVES

As at 31 March 2006, the Company did not have any distributable reserve.

董事會謹提呈本公司及其附屬公司（「本集團」）截至二零零六年三月三十一日止年度之年報及經審核財務報表。

主要業務

本公司為一間投資控股公司。本集團主要從事在中國分銷、供應及安裝管道天然氣、在中國從事物業持有和租賃以及提供福利彩票營運系統及輔助服務。其附屬公司之主要業務載於財務報表附註37。

業績及股息

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50頁之綜合收益表。

董事不建議派付截至二零零六年三月三十一日止年度之末期股息（二零零五年：無）。

物業、廠房及設備

於本年度，本集團收購及出售港幣119,363,000元及港幣27,000元之物業、廠房及設備。

本集團及本公司之物業、廠房及設備於本年度之變動詳情載於財務報表附註15。

股本

本公司股本於本年度之變動詳情載於財務報表附註26。

儲備

年內本集團之儲備變動詳情載於第53頁綜合權益變動表。

可供分派儲備

於二零零六年三月三十一日，本公司並無可供分派儲備。

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DIRECTORS

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

Executive directors:

Xu Ruixin (*Honourable Chairman*)
(appointed on 11 April 2005)
Liu Jing (*Chairman*)
(appointed on 11 April 2005)
Mo Shikang (*Managing Director*)
Zhang Hesheng (*Deputy Chairman*)
Zhu Peifeng (*Deputy Chairman*)
Jin Song
(appointed on 11 April 2005)
Yan Wing Cheung
(appointed on 15 July 2005)
Ong Chi King
(resigned on 15 July 2005)
Wang Ke Duan
(resigned on 11 April 2005)
Tjia Boen Sien
(resigned on 11 April 2005)
Wang Jing Ning
(resigned on 11 April 2005)
Keung Kwok Cheung
(resigned on 11 April 2005)
Kong Kwok Fai
(resigned on 11 April 2005)

Independent non-executive directors:

Liu Junmin
(appointed on 11 April 2005)
Tan Qinglian
(appointed on 11 April 2005)
Wong Shing Kay, Oliver
Siu Man Po
(resigned on 11 April 2005)
Wong Sin Yee
(resigned on 11 April 2005)

董事

本公司於本年度內及截至本報告之日之董事如下：

執行董事：

徐瑞新 (*榮譽主席*)
(於二零零五年四月十一日獲委任)
劉京 (*主席*)
(於二零零五年四月十一日獲委任)
莫世康 (*董事總經理*)
張和生 (*副主席*)
朱培風 (*副主席*)
靳松
(於二零零五年四月十一日獲委任)
甄永祥
(於二零零五年七月十五日獲委任)
王子敬
(於二零零五年七月十五日辭任)
王克端
(於二零零五年四月十一日辭任)
謝文盛
(於二零零五年四月十一日辭任)
王京寧
(於二零零五年四月十一日辭任)
姜國祥
(於二零零五年四月十一日辭任)
江國輝
(於二零零五年四月十一日辭任)

獨立非執行董事：

劉駿民
(於二零零五年四月十一日獲委任)
譚慶璉
(於二零零五年四月十一日獲委任)
黃承基
蕭文波
(於二零零五年四月十一日辭任)
黃倩儀
(於二零零五年四月十一日辭任)

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DIRECTORS (Continued)

In accordance with Bye-Law 99 of the Company's Bye-Laws, Mr. Mo Shikang, Mr. Zhang Hesheng, Mr. Zhu Peifeng and Mr. Wong Shing Kay, Oliver will retire by rotation at the forthcoming annual general meeting and, being eligible, Mr. Mo Shikang, Mr. Zhang Hesheng and Mr. Zhu Peifeng will offer themselves for re-election at the forthcoming annual general meeting, but Mr. Wong Shing Kay, Oliver will not offer himself for re-election at the forthcoming annual general meeting. Therefore the Company proposes to appoint Mr. Chan Chuk Cheung Ivan as the new independent non-executive director at the forthcoming Annual General Meeting to fill the vacancy arising therefrom.

DIRECTORS' SERVICE CONTRACTS

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

董事(續)

根據本公司之公司細則第99條規定，莫世康先生、張和生先生、朱培風先生及黃承基先生將於即將舉行之股東週年大會上輪席告退並符合資格重選連任；莫世康先生、張和生先生及朱培風先生等願意於應屆股東週年大會上膺選連任，但黃承基先生不會於即將舉行之股東週年大會上膺選連任。因此，本公司建議於應屆股東週年大會上委任陳祝祥先生為新任獨立非執行董事，以填補由此產生之臨時空缺。

董事服務合約

概無任何建議於應屆股東週年大會上重選之董事已訂立本集團不可於一年內無須支付賠償(法定賠償除外)而予以終止之服務合約。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2006, the interests of the directors and their associates in the shares and share options of the Company or 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 (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Issued shares

Name 名稱	Capacity 身份	Number of shares 股份數目	Approximate percentage of the Company's issued share capital 本公司已發行股本之概約百分比
Super Win Development Limited ("Super Win")	Beneficial owner 實益擁有人	1,100,798,538	38.15%
Asian Allied Limited ("Asian Allied")	Through a controlled corporation (Note 1) 通過所控制公司持有 (附註1)	1,100,798,538	38.15%
Mr. Mo Shikang 莫世康先生	Through controlled corporations (Note 1 and 2) 通過所控制公司持有 (附註1及2)	1,100,798,538	38.15%

Notes:

- Asian Allied is interested in the same block of 1,100,798,538 shares registered under the name of Super Win, its wholly-owned subsidiary.
- Mr. Mo Shikang is the beneficial owner of 42.75% of the issued share capital of Asian Allied. Pursuant to the provisions of Part XV of the SFO, Mr. Mo Shikang is deemed to be interested in the same block of 1,100,798,538 shares in which Asian Allied has an attributable interest.

董事於股份及相關股份之權益

於二零零六年三月三十一日，根據證券及期貨條例第352條本公司存置之登記冊所記錄，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（「聯交所」），有關董事及彼等之聯繫人士於本公司或其聯營公司之股份及購股權之權益如下：

(a) 已發行股份

附註：

- Asian Allied於以Super Win（其全資附屬公司）之名義登記之同一批1,100,798,538股股份中擁有權益。
- 莫世康先生為Asian Allied之已發行股本42.75%之實益擁有人。根據證券及期貨條例第XV部，莫世康先生被視為於Asian Allied佔有權益之同一批1,100,798,538股股份中擁有權益。

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DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

董事於股份及相關股份之權益(續)

(b) Shares Options

(b) 購股權

Name 名稱	Capacity 身份	Number of Options 購股權數目	Closing price before date of grant 授出日期 前收市價	Exercise period 行使期	Exercise price per share 每股行使價 (HK\$) (港元)
Liu Jing 劉京	Beneficial owner 實益擁有人	26,000,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Mo Shikang 莫世康	Beneficial owner 實益擁有人	2,600,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Zhu Peifeng 朱培風	Beneficial owner 實益擁有人	2,600,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Zhang Hesheng 張和生	Beneficial owner 實益擁有人	2,600,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Jin Song 靳松	Beneficial owner 實益擁有人	26,000,000	0.365	12 October 2005 to 3 April 2007 二零零五年十月十二日至 二零零七年四月三日	0.365
Yan Wing Cheung 甄永祥	Beneficial owner 實益擁有人	26,000,000	0.395	17 May 2006 to 3 April 2007 二零零六年五月十七日至 二零零七年四月三日	0.400

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

除以上披露者外，於二零零六年三月三十一日，概無任何董事或其聯繫人士於本公司或其任何相關法團之任何股份或相關股份中擁有任何權益。

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 27 to the financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 36 to the financial statements, there are no contracts of significance to which the Company, any of its subsidiaries or fellow 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.

購股權計劃

本公司之購股權計劃之詳情載於財務報表附註27。

購買股份或債券之安排

於本年度任何時間，本公司、其任何附屬公司或同集團附屬公司並無訂立任何安排，致使本公司董事可藉購入本公司或任何其他法團之股份或債券而獲益。

董事於重大合約之權益

除財務報表附註36所披露者外，概無本公司、其任何附屬公司或同集團附屬公司訂立，而本公司董事(不論直接或間接地)擁有重大權益之任何重大合約於年終或本年度任何時間仍然有效。

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SUBSTANTIAL SHAREHOLDERS

As at 31 March 2006, according to the register maintained by the Company pursuant to Section 336 of the SFO, the following persons were, directly or indirectly, beneficially interested in 5% or more of the issued share capital and share options of the Company.

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條所存置之登記冊，以下人士直接或間接地實益擁有本公司已發行股本及購股權之5%或以上權益：

Name of shareholder 股東名稱	Capacity and nature of interest 權益身份及性質	Number of shares held 持有股份數目	Number of underlying shares (under equity derivatives of the Company) 相關股份數目 (本公司股本衍生工具項下)	Aggregate interest 權益總額	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
Super Win	Directly beneficially owned 直接實益擁有	1,100,798,538	–	1,100,798,538	38.15%
Asian Allied	Through a controlled corporation (Note 1) 通過所控制公司持有 (附註1)	1,100,798,538	–	1,100,798,538	38.15%
Mr. Mo Shikang 莫世康先生	Through controlled corporations (Note 1 and 2) 通過所控制公司持有 (附註1及2)	1,100,798,538	2,600,000	1,103,398,538	38.24%
Equator View Capital ("Equator View")	Directly beneficially owned (Note 3) 直接實益擁有 (附註3)	73,843,570	217,490,318	291,333,888	10.10%
DKR Soundshore Oasis Holding Fund Limited ("DKR Soundshore")	Through a controlled corporation (Note 4) 通過所控制公司持有 (附註4)	73,843,570	217,490,318	291,333,888	10.10%
DKR Oasis Management Co. LP ("DKR Oasis Management")	Investment Manager 投資經理	73,843,570	217,490,318	291,333,888	10.10%
DKR Capital Partners LP ("DKR Capital")	Through controlled corporations (Note 5) 通過所控制公司持有 (附註5)	73,843,570	217,490,318	291,333,888	10.10%
DKR Management Co. Inc. ("DKR Management")	Through controlled corporations (Note 5) 通過所控制公司持有 (附註5)	73,843,570	217,490,318	291,333,888	10.10%
DKR Capital Inc.	Through controlled corporations (Note 5) 通過所控制公司持有 (附註5)	73,843,570	217,490,318	291,333,888	10.10%
Oasis Management Holdings LLC ("Oasis Management")	Through controlled corporations (note 6) 通過所控制公司持有 (附註6)	73,843,570	217,490,318	291,333,888	10.10%

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SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

1. Super Win holds 1,100,798,538 shares in the Company. By virtue of Super Win being a wholly-owned subsidiary of Asian Allied, Asian Allied is deemed to be interested in the 1,100,798,538 shares held by Super Win.
2. Mr. Mo Shikang is the beneficial owner of 42.75% of the issued share capital of Asian Allied. Pursuant to the provisions of Part XV of the SFO, Mr. Mo Shikang is deemed to be interested in the same block of 1,100,798,538 shares in which Asian Allied has an attributable interest.
3. Equator View entered into a conditional subscription agreement with the Company on 7 September 2005 to subscribe for US\$20,000,000 convertible bonds (the "Convertible Bonds") from the Company. The Convertible Bonds were issued to Equator View on 28 October 2005. On 31 March 2006, the outstanding principal amount of the Convertible Bonds are US\$10,000,000.
4. Equator View interests in 291,333,888 shares in the Company. By virtue of Equator View being a 95% owned subsidiary of DKR Soundshore. DKR Soundshore is deemed to be interested in the 291,333,888 shares held by Equator View.
5. DKR Oasis Management controls 291,333,888 shares owned by Equator View. By virtue of DKR Oasis Management being a 51% owned subsidiary of DKR Capital, and DKR Capital being 50% each owned by DKR Management and DKR Capital Inc., and DKR Management is wholly-owned by DKR Capital Inc, each of DKR Capital, DKR Management and DKR Capital Inc. is deemed to be interested in the 291,333,888 shares owned by Equator View.
6. Oasis Management is interested in 49% of the entire issued share capital of DKR Oasis Management and is therefore entitled to exercise or control the exercise of one third or more of the voting power at general meetings of DKR Oasis Management. By virtue of the provisions of Part XV of the SFO, Oasis Management is deemed to be interested in the same block of 291,333,888 shares in which DKR Oasis Management is interested.

Other than as disclosed above, the Company has not been notified of any other relevant interests in the issued share capital of the Company as at 31 March 2006.

主要股東(續)

附註：

1. Super Win 持有本公司1,100,798,538股股份。由於Super Win為Asian Allied之全資附屬公司，故Asian Allied被視為於Super Win持有之1,100,798,538股股份中擁有權益。
2. 莫世康先生為Asian Allied已發行股本之42.75%之實際擁有人。根據證券及期貨條例第XV部之規定，莫世康先生被視為於Asian Allied擁有應佔權益之同一批1,100,798,538股股份中擁有權益。
3. Equator View於二零零五年九月七日與本公司訂立一項有條件認購協議，以向本公司認購20,000,000美元可換股債券（「可換股債券」）。可換股債券於二零零五年十月二十八日發行予Equator View。於二零零六年三月三十一日，可換股債券之未償本金額為10,000,000美元。
4. Equator View於本公司之291,333,888股股份中擁有權益。由於Equator View為DKR Soundshore擁有95%權益之附屬公司，DKR Soundshore被視為於Equator View持有之291,333,888股股份中擁有權益。
5. DKR Oasis Management控制由Equator View擁有之291,333,888股股份。由於DKR Oasis Management為DKR Capital擁有51%權益之附屬公司，及DKR Capital由DKR Management及DKR Capital Inc.各自持有50%權益，及DKR Management由DKR Capital Inc.全資擁有，DKR Capital、DKR Management及DKR Capital Inc.被視為於Equator View擁有之291,333,888股股份中擁有權益。
6. Oasis Management於DKR Oasis Management之全部已發行股本之49%中擁有權益，因此Oasis Management有權在DKR Oasis Management之股東大會上行使或控制行使三分之一或以上之投票權。根據證券及期貨條例第XV部之規定，Oasis Management被視為於DKR Oasis Management擁有權益之同一批291,333,888股股份中擁有權益。

除上文所披露者外，於二零零六年三月三十一日，本公司並不獲悉本公司已發行股本中之任何其他相關權益。

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MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 34% of the total sales for the year, and sales to the largest customer included therein amounted to approximately 13%. Purchases from the Group's five largest suppliers accounted for approximately 79% of the total purchases for the year, and purchases from the largest supplier included therein amounted to approximately 41%.

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

COMPETITION AND CONFLICTS OF INTERESTS

None of the directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

EMOLUMENT POLICY

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

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 27 to the financial statements.

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

主要客戶與供應商

於本年度，本集團五大客戶之銷售額佔本年度總銷售額約34%，而其中最大客戶之銷售額則約佔13%。本集團向五大供應商作出之採購佔本年度採購總額約79%，而向其中最大供應商作出之採購額則約佔41%。

本公司董事或其任何聯繫人士或據董事所知擁有本公司已發行股本5%以上之任何其他股東概無於本集團五大客戶或五大供應商中擁有任何實益權益。

競爭與利益衝突

概無任何本公司董事或主要股東或任何彼等之聯繫人士參與任何與本集團業務構成競爭或可能構成競爭之業務，或與本集團有任何其他利益衝突。

酬金政策

本集團僱員的酬金政策由薪酬委員會設立，並按僱員的功勞、資歷及能力為基礎。

董事酬金由薪酬委員會經參考本公司之經營業績、個人表現及可資比較市場數據而釐定。概無任何董事或任何其聯繫人士以及行政人員參與處理其本身之薪酬。

本公司已採納一項購股權計劃，以向董事及合資格僱員提供獎勵，該計劃之詳情載於財務報表附註27。

購買、出售或贖回本公司之上市證券

年內本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

優先購買權

本公司之公司細則或百慕達法律並無關於優先購買權之規定，致令本公司必須首先按比例向現有股東發售新股份。

REPORT OF THE DIRECTORS

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best knowledge of the directors, the Company has maintained a sufficient public float during the year as required under the Listing Rules.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 35 to 47.

ANNUAL CONFIRMATION OF INDEPENDENCE

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 Listing Rules. The Company considers all of the independent non-executive directors are independent.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events of the Group are set out in note 38 to the financial statements.

AUDITORS

On 23 March 2005, Messrs. Ernst & Young, who acts as auditors for the period from 1 April 2002 to 31 March 2004, resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company.

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu who will retire and being eligible, offer themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint the auditors, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

MO SHIKANG

Managing Director

Hong Kong, 1 September 2006

足夠公眾持股量

根據公開獲得之資料及據董事所知，本公司於年內已按上市規則之規定維持足夠公眾持股量。

企業管治

本公司之企業管治常規之詳細資料載列於第35至47頁之企業管治報告。

年度獨立性確認

本公司已根據上市規則第3.13條收到各獨立非執行董事之年度獨立性確認書。本公司認為所有獨立非執行董事均為獨立人士。

結算日後事項

有關本集團之重大結算日後事項之詳情載於財務報表附註38。

核數師

於二零零五年三月二十三日，安永會計師事務所（於二零零二年四月一日至二零零四年三月三十一日止期間擔任本公司核數師）辭任，而德勤•關黃陳方會計師行獲委任為本公司核數師。

財務報表已由德勤•關黃陳方會計師行審核，彼將退任及合資格並願應選重獲委任。有關重新委任核數師德勤•關黃陳方會計師行之決議案將於股東週年大會上提呈。

承董事會命

莫世康

董事總經理

香港，二零零六年九月一日