

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 31 March 2001.

Principal Activities

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of vessel operating common carrier, provision of sea and air freight forwarding services, securities trading, operation of container depots and provision of logistics management services. The Group was also previously engaged in the business of steam coal trading (see note 11 to the financial statements) which was discontinued during the year.

Its associates were principally engaged in the business of development and production of education softwares and provision of sea freight forwarding services.

Results

The results of the Group for the year ended 31 March 2001 are set out in the consolidated income statement on page 32.

Five Year Financial Summary

A financial summary of the Group for the past five financial years is set out on page 73.

Share Capital

Details of changes in the authorised and issued share capital of the Company during the year are set out in note 26 to the financial statements, and the changes during the year are summarised as follows:

- changes in the issued share capital as a result of:
 - issue of 10,000,000 shares upon exercise of share options granted to certain placees of the Company;
 - issue of 1,331,000 shares upon exercise of share options under the share option scheme of the Company; and
 - repurchase of 8,990,000 own shares of the Company.

Details of the movements of outstanding warrants and share options of the Company during the year are set out in notes 27 and 28 to the financial statements respectively.

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

Property, Plant and Equipment

The Group's property interests under property, plant and equipment were revalued during the year. This resulted in a surplus arising on revaluation of other properties of HK\$2,525,000 and was credited to the other property revaluation reserve. During the year, the Group acquired property, plant and equipment of HK\$4,324,000 for normal business activities and made a write-off of HK\$4,259,000 for specific property, plant and equipment.

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

Directors and Service Contracts

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

Executive directors:

Hon Ming Kong, *Chairman*

Liang Jun

Ngai Wai Fung

Tsoi Wai Kwong

Bhavnani Ramchand Harumal (resigned on 3 January 2001)

Independent non-executive directors:

Chan Tat Chee

Lee Yu Leung

In accordance with Bye-law 87(1) and 87(2) of the Company's Bye-laws, Liang Jun and Lee Yu Leung retire by rotation and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

No director being proposed for re-election at the forthcoming annual general meeting 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).

The independent non-executive directors are appointed for a term subject to retirement by rotation as required by the Company's Bye-laws.

Directors' Interests In Contracts and Connected Transactions

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

Directors' Interests in Securities

As at 31 March 2001, the interests of directors in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares of the Company held	
	Personal interests	Corporate interests
Hon Ming Kong	20,430,000	426,540,242 (Note)
Liang Jun	9,650,000	—
Ngai Wai Fung	2,960,000	—
Tsoi Wai Kwong	4,280,000	—

Note: The shares are held by Sincere Bonus Investment Ltd., a company wholly-owned by Hon Ming Kong.

Save as disclosed above, as at 31 March 2001, none of the directors, the chief executive or their associates had any interest in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

Directors' Rights to Acquire Shares or Debentures

Pursuant to the share option scheme of the Company adopted on 16 September 1994, details of which are set out in note 28 to the financial statements, certain directors were granted options to subscribe for shares in the Company. A summary of the movements of options outstanding during the year is as follows:

Name of director	Exercisable period	Exercise price HK\$	Number of option shares		
			At beginning of the year	Granted during the year	At end of the year
Hon Ming Kong	2.2.2001 to 1.2.2011	0.33	—	10,000,000	10,000,000

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

Save as disclosed above, 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.

Substantial Shareholders

As at 31 March 2001, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of a director, the Company has not been notified of any interests representing 10% or more of the Company's issued share capital.

Convertible Securities, Options, Warrants or Similar Rights

Other than the warrants and share options as set out in notes 27 and 28 to the financial statements respectively, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 March 2001. Other than the share options exercised as set out in note 28 to the financial statements, there has been no exercise of convertible securities, options, warrants or similar rights during the year.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, the Company repurchased certain of its own shares on The Stock Exchange of Hong Kong Limited as described in note 26 to the financial statements. The shares were repurchased because the directors believed that it could enhance the net asset value per share of the Company. The shares were cancelled upon repurchase by the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

Code of Best Practice

The Company has complied throughout the year ended 31 March 2001 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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.

Charitable Donations

During the year, the Group made charitable and other donations amounting to HK\$360,000.

Post Balance Sheet Events

Details of post balance sheet events are set out in note 41 to the financial statements.

Auditors

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for the past three years.

A resolution will be submitted to 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

Ngai Wai Fung

Executive Director

Hong Kong, 27 July 2001