

The Directors present their annual report and the audited financial statements of the Company for the year ended 31st March, 2001.

CHANGE OF NAME

Pursuant to a special resolution passed at a special general meeting held on 28th September, 2000, the name of the Company was changed from Seapower International Holdings Limited to I-China Holdings Limited. Upon the effectiveness of the change of name, the Chinese name 海裕國際控股有限公司, adopted for identification purpose, was ceased to have effect.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The activities of the Company's principal subsidiaries as at 31st March, 2001 are set out in note 42 to the financial statements.

RESULTS

The results of the Group are set out in the consolidated income statement on page 24 of the annual report and in the accompanying notes to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 4th September, 2001 to 6th September, 2001, both days inclusive, during which period no share transfers will be registered.

In order to be eligible to attend and vote at the 2001 Annual General Meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Progressive Registration Limited, not later than 4:00 p.m. on 3rd September, 2001.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2001, the five largest customers of the Group accounted for approximately 51% of the Group's turnover, while the five largest suppliers accounted for less than 30% of the Group's total purchases. In addition, the largest customer of the Group accounted for approximately 42% of the Group's turnover.

MAJOR CUSTOMERS AND SUPPLIERS (Continued)

None of the directors, their associates or any shareholder which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers of the Group.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 71 of the annual report.

INVESTMENT PROPERTIES

During the year, the Group disposed of investment properties amounting to approximately HK\$32,450,000. In addition, the Group has delivered the possession of certain investment properties amounting to approximately HK\$8,760,000 to a bank and put into market for sale during the year.

The Group's remaining investment properties were revalued at 23rd March, 2001 at the amount of HK\$187,110,000 and the surplus arising on revaluation amounted to approximately HK\$12,770,000, of which approximately HK\$11,278,000 and approximately HK\$1,492,000 have been credited to investment property revaluation reserve and consolidated income statement, respectively.

Details of these and other movements in the investment properties of the Group during the year are set out in note 14 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group disposed of motor vehicles with a net book value of approximately HK\$418,000. The Group also disposed of motor vehicles with nil net book value as a result of disposal of a subsidiary.

In addition, the Group's land and buildings were revalued at 23rd March, 2001 at the amount of HK\$14,300,000, and the deficit arising on revaluation amounted to HK\$9,435,000, of which approximately HK\$9,416,000 and approximately HK\$19,000 have been debited to asset revaluation reserve and consolidated income statement, respectively.

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

PROPERTIES

Particulars of the major properties of the Group as at 31st March, 2001 are set out on pages 72 to 74 of the annual report.

PRINCIPAL SUBSIDIARIES AND ASSOCIATE

Particulars of the Company's principal subsidiaries and the Group's principal associate as at 31st March, 2001 are set out in note 42 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 28 to the financial statements.

SHARE OPTIONS

Information on the Company's share option scheme is set out in note 29 to the financial statements.

BORROWINGS

Bank and other borrowings repayable within one year or on demand are classified as current liabilities. Repayment analyses of obligations under finance leases and hire purchase contracts and bank and other borrowings as at 31st March, 2001 are set out in notes 26 and 27 to the financial statements, respectively.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Ms. Shirley Choi Siu Lui (*Chairman and Chief Executive Officer*)

Mr. Norman Choi Sung Fung (*Deputy Chairman*) (appointed on 7th June, 2000)

Ms. Ou Yirong

Mr. Vincent Cheung Wing Hung

Non-executive Director:

Mr. Choi Sai Leung (*Honorary Chairman*)

Independent Non-executive Directors:

Mr. Kenneth Keung Yui Fai

Mr. Ronald Lau Kin Hon (appointed on 1st April, 2001)

Mr. Kwok Kong Shu (vacated office on 11th April, 2001)

Mr. Chan Sze Hung (resigned on 21st August, 2000)

Mr. Choi Sai Leung retired as the Chairman and Ms. Shirley Choi Siu Lui was appointed as the Chairman and the Chief Executive Officer of the Company on 7th June, 2000.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (Continued)

Mr. Choi Sai Leung has relinquished his executive functions and remains as a Non-executive Director. He was appointed as the Honorary Chairman of the Company for a term of 10 years from 7th June, 2000 onwards.

Mr. Norman Choi Sung Fung was appointed as an Executive Director with effect from 7th June, 2000 and the Deputy Chairman of the Company with effect from 19th June, 2000.

In accordance with Clauses 94 and 111 of the Company's Bye-laws, Mr. Ronald Lau Kin Hon and Ms. Ou Yirong shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Each of the Independent Non-executive Directors has been appointed for a fixed term of two years commencing 1st April, 2001 and ending 31st March, 2003. They are also subject to retirement by rotation in accordance with Clauses 94 and 111 of the Company's Bye-Laws.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS

Executive Directors

Ms. Shirley Choi Siu Lui (Chairman and Chief Executive Officer), aged 32, was appointed as a Director of the Company in February 1994 and as the Chairman and Chief Executive Officer of the Company in June 2000. Ms. Choi is currently also the Chairman and Chief Executive Officer of the Company's listed associate, Seapower Resources International Limited ("SRI"). Ms. Choi received a Master Degree in Business Administration from Pepperdine University in the State of California, U.S.A. and Degrees in Business Administration (Finance) and Arts (Music) from University of San Diego. She has extensive experience in corporate development and supply chain management. She is the daughter of Mr. Choi Sai Leung, the Honorary Chairman and a Non-executive Director of the Company and the elder sister of Mr. Norman Choi Sung Fung, the Deputy Chairman and an Executive Director of the Company.

Mr. Norman Choi Sung Fung (Deputy Chairman), aged 29, was appointed as the Deputy Chairman and an Executive Director of the Company in June 2000. He is currently also an Executive Director of SRI. Mr. Choi received a Degree in Business Administration from the University of San Diego, U.S.A. and has more than seven years' experience in securities investment, corporate development and internet business. He is also a Director of Upyear Limited ("Upyear"), a substantial shareholder of the Company as of 31st March, 2001 pursuant to Part II of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"). Mr. Choi is the son of Mr. Choi Sai Leung, the Honorary Chairman and a Non-executive Director of the Company and the younger brother of Ms. Shirley Choi Siu Lui, the Chairman and Chief Executive Officer of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS (Continued)**Executive Directors (Continued)**

Ms. Ou Yirong, aged 58, joined the Group in 1995 as a Director of the China Division. She was appointed an Executive Director of the Company in April 1998. She is currently also an Executive Director of SRI. Ms. Ou received a Master of Law Degree from The Columbia University, Law School, New York and is a Chinese Attorney at Law of China Lawyers Association. She has more than thirty-two years' working experience with government authorities, companies and law firms worldwide including the People's Republic of China (the "PRC"), U.S.A. and Hong Kong Special Administrative Region ("Hong Kong SAR").

Mr. Vincent Cheung Wing Hung, aged 54, was appointed as an Executive Director of the Company in July 1999. Prior to joining the Board of Directors of the Company, he was an Executive Director and the General Manager of Next Media Limited (formerly known as Paramount Publishing Group Limited), the then subsidiary of the Company from March 1995 to October 1999. Before that, he was an alternate Chief Executive and Deputy General Manager of Kredietbank N.V. Hong Kong Branch and representative of Kredietbank S.A. Luxembourgeoise in Hong Kong. Mr. Cheung has over thirty one years of experience in commercial and investment banking, share broking, advertising and printing business.

Non-executive Director

Mr. Choi Sai Leung (Honorary Chairman), aged 60, was appointed as an Executive Director of the Company in May 1990 and had acted as the Chairman of the Company until June 2000 when he considered that the Group has been firmly established under the new management. Mr. Choi therefore resigned as the Chairman and relinquished from the executive functions as Director and passed on the leadership of the Group to the new management team. Since June 2000, Mr. Choi has been appointed as Honorary Chairman and remains as a Non-executive Director of the Company. He is currently also the Honorary Chairman and a Non-executive Director of SRI. He has over thirty years of experience in property development, securities investment, financial planning and business management. He is also a Director of Upyear, Norham Corporation ("Norham") and Celleroy Limited ("Celleroy"), substantial shareholders of the Company as of 31st March, 2001 pursuant to Part II of the SDI Ordinance. Mr. Choi is the father of Ms. Shirley Choi Siu Lui, the Chairman and Chief Executive Officer of the Company and Mr. Norman Choi Sung Fung, the Deputy Chairman and an Executive Director of the Company.

Independent Non-executive Directors

Mr. Kenneth Keung Yui Fai, aged 41, was appointed as a Director of the Company in April 1999. Mr. Keung is a practising solicitor in Hong Kong SAR and is currently a partner of a law firm.

Mr. Ronald Lau Kin Hon, aged 33, was appointed as a Director of the Company in April 2001. He is currently also an Independent Non-executive Director of SRI. He is a practising solicitor and is currently a partner of a law firm.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS (Continued)

Former Independent Non-executive Directors

Mr. Chan Sze Hung, aged 49, was appointed as a Director of the Company in February 1994 and resigned in August 2000. Mr. Chan received a Law Degree from the University of Hong Kong and was admitted as a solicitor in 1978 and as a notary public in 1994. He is currently a partner of a law firm.

Mr. Kwok Kong Shu, aged 59, was appointed as a Director of the Company in April 1999 and vacated office in April, 2001. Mr. Kwok is a qualified accountant in the PRC and has extensive experience in financial management and business management.

Senior Managers

Dr. Elizabeth Chang, aged 36, is the Head of IT/E-commerce. Dr. Chang's roles include project management of development of e-Warehouse management system and e-logistics management system. She worked as consultant for SRI since Feb 2000. Dr. Chang has been a project manager who has successfully managed several commercial grade software projects for Australian Industries and completed these projects on time and within budget. She is also an Associate Professor in Software Engineering at the University of Newcastle, she also taught project management and software engineering at La Trobe University and Swanbourne University over the past ten years. She was awarded a BSc degree in Computer Science at Beijing University, Master by Research and PhD in Computer Science and Software Engineering in La Trobe University. She has published over 50 international journal and conference papers on her work.

Ms. Monica Chow Shuk Kuen, aged 34, joined the Group in September 1997 and is currently the Group Financial Officer. Ms. Chow is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Society of Accountants. She has gained extensive experience in auditing and accounting with a major international CPA firm in Hong Kong SAR.

Mr. Dong Shirun, aged 60, joined the Group in 1996. He is currently a Director of the Direct Investment Division. Mr. Dong graduated from the North East Heavy Machinery Institute, QiQiHar, China and was awarded the status of Senior Economist by the Commission for Science and Technology, Guangdong Provincial Government. He has over eighteen years of experience in investment and trading.

Mr. Dennis Hon King Sang, aged 47, joined the Group in July 1999 as Chief Legal Counsel and is currently an Executive Director of SRI. He has over 20 years of experience in legal, banking and investment fields. Mr. Hon has been admitted as a solicitor of the High Court of Hong Kong SAR since 1984 and has a Master of Laws Degree from the University of London.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS (Continued)**Senior Managers (Continued)**

Mr. Boris Lam Kwok Ming, aged 38, joined the Group in February 1998 and is currently the Chief Financial Officer of the Group. Mr. Lam is a fellow of the Association of Chartered Certified Accountants in the United Kingdom. He has gained extensive experience in auditing, corporate finance and accounting with a major international CPA firm, an industrial group and a conglomerate listed in Hong Kong SAR.

Mr. Lee Tsun Kwok, aged 44, is the General Manager of the Cold Storage Division of SRI. Mr. Lee started his career as a container inspector in a leading shipping terminal in 1977. In 1979, he joined Yiu Fai Warehousing Limited as the Operation Manager before it was acquired by SRI in 1989. He had held a number of key positions in both operation and marketing before he was promoted to General Manager in October 2000.

Ms. Mabel Lui Chun Wai, aged 43, joined the Group in September 1988. She is currently the Group Personnel and Administration Director and the Director and General Manager of Trinity Rent A Car Limited, a principal subsidiary of the Company engaged in car rental business. She has over seventeen years of experience in the field of personnel, administration and management.

Mr. Alvin Yim Kwok Leung, aged 42, is the Managing Director of the Cold Storage Division of SRI. Mr. Yim has been serving in the cold storage industry for nearly twenty two years. He started his career in 1980 as a customer service supervisor trainee in Yiu Fai Warehousing Limited before it was acquired by SRI in 1989. During the period from 1985 to 1995, he was the Deputy Operation Manager in another major cold storage operator in Hong Kong. He rejoined Seapower Resources Cold Storage & Warehousing Limited, the subsidiary of SRI in 1995 as Senior Manager and was promoted to Managing Director in November 2000. He was one of the key staff involved in the planning and implementation of the Division's ISO9002 accreditation.

DIRECTORS' INTERESTS IN SECURITIES

As at 31st March, 2001, the interests of the Directors of the Company and their associates in the securities of the Company and its associated corporations, within the meaning of the SDI Ordinance, as recorded in the register maintained by the Company pursuant to section 29 of the SDI Ordinance 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 in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Shares in the Company

Name of Director	Nature of interests	Number of shares held
Mr. Choi Sai Leung ("Mr. Choi")	Other interests	127,144,278 <i>(note)</i>

Note: This represents the deemed interest of Mr. Choi in 127,144,278 shares in the Company held by Norham as at 31st March, 2001. Norham was the asset of a discretionary trust, the Celleroy Trust. Mr. Choi, being the sole shareholder and sole director of the trustee, Celleroy, was deemed to have an interest in these shares pursuant to Section 8 of the SDI Ordinance.

DIRECTORS' INTERESTS IN SECURITIES (Continued)

(b) Shares in associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interests	Number of shares held
Mr. Choi	SRI	Personal interests	9,000,000
	Seafield Investments Limited	Personal interests	500,000
	Seapower Consortium (China) Limited	Personal interests	5,000
Ms. Shirley Choi Siu Lui ("Ms. Choi")	SRI	Personal interests	500,000

(c) Share options in SRI

Details of the share options granted to the Directors of the Company or their associates on 22nd November, 1999 to subscribe for shares in SRI, subject to adjustment, and exercisable from 23rd May, 2000 to 22nd November, 2004, are as follows:

Name of director	Nature of interests	Exercise price HK\$	Outstanding share options at 1.4.2000 and 31.3.2001
Ms. Choi	Personal interests	0.125	38,584,795
Mr. Norman Choi Sung Fung ("Mr. Norman Choi")	Personal interests	0.125	10,784,435
Ms. Ou Yirong ("Ms. Ou")	Personal interests	0.125	11,981,846
Mr. Vincent Cheung Wing Hung ("Mr. Cheung")	Personal interests	0.125	1,796,116
Mr. Choi	Personal interests	0.125	38,584,795
Mr. Choi	Family interests	0.125	38,584,795

(note)

Note: These share options were granted to Madam Hui Kam Yip ("Madam Hui"), the wife of Mr. Choi.

DIRECTORS' INTERESTS IN SECURITIES (Continued)*(c) Share options in SRI (Continued)*

No options were granted to or exercised by the Directors of the Company or their associates during the year.

Save as disclosed above and under the section headed "Directors' Rights to Acquire Shares or Debentures" below, as at 31st March, 2001, none of the Directors, chief executives or their associates had any interests in any securities of the Company or any of its associated corporations, within the meaning of the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the Company's share option scheme are set out in note 29 to the financial statements.

Details of the share options granted to the Directors of the Company or their associates on 22nd November, 1999 to subscribe for shares in the Company at an exercise price of HK\$0.23 per share, subject to adjustment, and exercisable from 23rd May, 2000 to 22nd November, 2004, are as follows:

Name of director	Nature of interests	Outstanding share options at 1.4.2000 and 31.3.2001
Ms. Choi	Personal interests	12,700,000
Mr. Norman Choi	Personal interests	2,000,000
Ms. Ou	Personal interests	5,600,000
Mr. Cheung	Personal interests	1,000,000
Mr. Choi	Personal interests	12,700,000
Mr. Choi	Family interests	12,700,000
	<i>(note)</i>	

Note: These share options were granted to Madam Hui.

No options were granted to or exercised by the Directors of the Company or their associates during the year.

Save as disclosed above, at no time during the year was the Company or any of the subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONNECTED TRANSACTIONS

The related party transactions disclosed in note 40 (a) to the financial statements do not constitute connected transactions of the Company while the transaction disclosed in note 40 (b) falls within the exemption provisions under Rule 14.24 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed above under the section headed "Connected Transactions", no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

Saved as disclosed above under the section headed "Directors' Interests in Securities", the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the SDI Ordinance shows that the following shareholders had an interest of 10% or more of the issued share capital of the Company as at 31st March, 2001:

Name of shareholder	Number of shares of the Company held			Percentage	Notes
	Direct interest	Deemed interest	Total interest	of issued share capital %	
Upeyear	69,301,600	–	69,301,600	13.63	
Norham	–	127,144,278	127,144,278	25.01	1
Celleroy (as trustee of the Celleroy Trust)	–	127,144,278	127,144,278	25.01	2

Notes:

- Upeyear is a wholly-owned subsidiary of Norham and the interest of Norham included its deemed interest in the 69,301,600 shares in the Company held by Upeyear.
- Celleroy as trustee of the Celleroy Trust was deemed to be interested in 127,144,278 shares in the Company held by Norham by virtue of the Celleroy Trust's interest in Norham.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company as at 31st March, 2001.

RETIREMENT BENEFIT SCHEME

Information on the Group's retirement benefit scheme and MPF Scheme are set out in notes 7 and 36 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

PRACTICE NOTE 19 ("PN 19") TO THE LISTING RULES

19

Financial assistance provided to an affiliated company:

The Group has provided financial assistance by way of granting guarantee to its associate SRI, details of which have been announced on the Company's interim report for the six months period ended 30th September, 2000. As of 31st March, 2001, the aggregate financial assistance granted by the Group to SRI were:

Affiliated company	Percentage of interest held by the Group as at 31st March, 2001 %	Guarantee given to a bank HK\$'000	Loan drawn under the guarantee HK\$'000
SRI	36	38,660	38,660

PRACTICE NOTE 19 ("PN 19") TO THE LISTING RULES (Continued)

Financial position of SRI and net assets attributable to the Group as at 31st March, 2001 disclosed pursuant to clause 3.10 of PN19 are as follows:

	<i>HK\$'000</i>
Financial position of SRI:	
Non-current assets	1,624,429
Current assets	76,187
Current liabilities	(1,343,340)
Minority interests	(4,303)
Non-current liabilities	(414)
	<hr/>
Net assets	352,559
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Net assets attributable to the Group	126,918
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CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 2001 with the "Code of Best Practice" as set out in Appendix 14 of the Listing Rules.

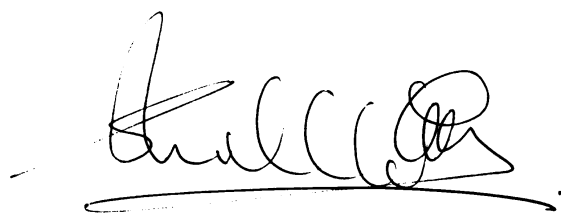
POST BALANCE SHEET EVENTS

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

AUDITORS

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



Shirley Choi Siu Lui

Chairman

Hong Kong, 26th July, 2001