

Report of the Directors

The Directors present their annual report and the audited financial statements for the year ended 31st March 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. The activities of its principal subsidiaries and associate are set out in notes 29 and 13 to the financial statements, respectively.

RESULTS

The results of the Group for the year ended 31st March 2004 are set out in the consolidated income statement on page 11.

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group and the Company are set out in note 11 to the financial statements.

DIRECTORS

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

Executive directors

Wong Kin Wah, George
Hwang Yiou Hwa, Victor
Hwang Yiu Hwa, Richard
Hwang Teh Hwa, Tony

Independent non-executive directors

Ma Chi Man
The Hon. Lau Hon Chuen, Ambrose, G.B.S., J.P.

In accordance with the Company's Bye-laws, Messrs. Hwang Teh Hwa, Tony and The Hon. Lau Hon Chuen, Ambrose, G.B.S., J.P., shall retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

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DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

- (a) During the year, the Group had the following transactions with Hong Kong Parkview Management Services Limited ("HKPV") of which two children of Mr. Wong Kin Wah were directors and have beneficial interests.
 - (i) Building management fee of HK\$101,016 was paid to HKPV for office management services provided to the Group.
 - (ii) General expenses of HK\$3,139,481 was paid to HKPV for daily operating activities provided to the Group.
- (b) Other than as disclosed above, no contracts of significance to which the Company, its holding company, fellow subsidiaries or 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.
- (c) At no time during the year was the Company, its holding company, fellow subsidiaries or 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.
- (d) No director 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.

MANAGEMENT PROFILES

A. Executive directors

Mr. Wong Kin Wah, George, aged 52 is Chairman of the Group. He has been engaged in construction and real estate business in Taiwan and Hong Kong since graduating in building construction design in 1973. He was appointed as Director in 1992.

Mr. Hwang Yiou Hwa, Victor, aged 50 held a Bachelor Degree in Administration and Finance. He has been involved in the Group's overseas business developments. He was appointed as Director in 1992.

Mr. Hwang Yiu Hwa, Richard, aged 49 held a Bachelor Degree of Science in Civil Engineering. He has been involved in construction field since 1982. He was appointed as Director in 1993.

Mr. Hwang Teh Hwa, Tony, aged 48 held a Masters Degree in Management and Organisational Development. He is responsible for the development of business in mainland China. He was appointed as Director in 1992.

Mr. Wong Kin Wah, George, Mr. Hwang Yiou Hwa, Victor, Mr. Hwang Yiu Hwa, Richard and Mr. Hwang Teh Hwa, Tony are brothers.

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MANAGEMENT PROFILES (Continued)

B. Independent non-executive directors

Mr. Ma Chi Man, aged 72 is a Vice-chairman of the International Chinese Culture Institute and the honorary chairman of Hong Kong Association of China Travel Organisations Limited. He was appointed as Director in 1994.

The Honourable Lau Hon Chuen, Ambrose, G.B.S., J.P., aged 57 is the senior partner of Chu & Lau, Solicitors and Notaries. Mr. Lau is a member of the Legislative Council, the Standing Committee Member of the National Committee of Chinese People's Political Consultative Conference and a member of the Board of the Urban Renewal Authority among his many public service appointments. He was appointed as Director in 1995.

C. Senior Management Staff

Mr. Sin Kit Leung, Peter, aged 64 held a diploma in Business Management. Mr. Sin has extensive experience in investment and real estate development. Mr. Sin joined the Group in 1990 and is responsible for business development of the Group.

Mr. Chan Chi Fai, Brian, aged 49 is a fellow member of The Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Society of Accountants. He has over 20 years of experience in banking and commercial sectors. Mr. Chan joined the Group in 1990 and is now responsible for the overall management of the Group.

Mr. Laurence Neil Baum, aged 50 is in charge of the Group's legal affairs since joining the Group in 1991. He is a Solicitor of the Supreme Court of England and Wales as well as Hong Kong.

Mr. Eric Charrington, aged 57 is a Fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Society of Accountants. Before joining the Group in 1995, he was involved in direct investments in China and financial services in a multinational organisation.

Mr. Cheung King Ching, Herbert, aged 62 is an Authorised Person and Registered Architect with over 20 years of experience in construction and building industry. He joined the Hong Kong Parkview in 1988 and is responsible for the management of the Group's property construction activities.

Mr. Chow Kwing Chan, aged 52 has over 20 years of experience in the hotel industry and retail business. He joined the Hong Kong Parkview in 1988 and was involved in setting up the Group's motor car trading business. Since 1995 he has been in charge of Gallaria Furnishings International Limited.

Mr. Ng Chan Shing, Lawrence, aged 60 has 30 years of experience in government and commercial sectors. Before joining the Group in 1997, Mr. Ng was a director of a diversified public company. Mr. Ng is responsible for the Group's household equipment trading activities.

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MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

At 31st March 2004, the interests of the directors and the chief executives and their associates in the shares, underlying shares and convertible bonds of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long Positions – Ordinary Shares of HK\$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Wong Kin Wah, George	Beneficial owner	2,000,000	0.4%
	Held by controlled corporation (Notes 1 & 2)	391,674,138	73.2%
		393,674,138	73.6%
Hwang Yiou Hwa, Victor	Held by controlled corporation (Note 2)	293,674,138	54.9%
Hwang Yiu Hwa, Richard	Held by controlled corporation (Note 2)	293,674,138	54.9%
Hwang Teh Hwa, Tony	Held by controlled corporation (Note 2)	293,674,138	54.9%

Notes:

- 98,000,000 shares were held by High Return Trading Limited and in which Mr. Wong Kin Wah, George was deemed to have interests since he was entitled to exercise more than one-third of the voting power at the general meetings of High Return Trading Limited. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".
- Messrs. Wong Kin Wah, George, Hwang Yiou Hwa, Victor, Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony are directors and shareholders of Kompas International Limited which owned 293,674,138 shares in the Company.

Other than as disclosed above, none of the directors, chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31st March 2004.

At no time during the year was the Company, or 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.

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SUBSTANTIAL SHAREHOLDERS

As at 31st March 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Future Ordinance shows that other than the interests disclosed above in respect of certain directors and chief executives, the following shareholders had an interest in 5% or more of the issued share capital of the Company.

Long Positions – Ordinary Shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Kompass International Limited	Beneficial owner	293,674,138	54.9%
High Return Trading Limited	Beneficial owner	98,000,000 (<i>Note</i>)	18.3%
Multi-Power International Limited	Beneficial owner	40,000,000	7.47%
Huang Jianquan	Beneficial owner	40,000,000	7.47%

Note: These shares represented the same parcel of shares as Mr. Wong Kin Wah, George was deemed to have interest in as disclosed above under “DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN THE SHARE CAPITAL OF THE COMPANY”.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st March 2004.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases attributable to the Group’s largest supplier and the five largest suppliers during the year was 5.3% and 13.1%, respectively.

The percentage of sales attributable to the Group’s largest customer and the five largest customers during the year was 23.7% and 45.4%, respectively.

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

CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS

There were no convertible securities, warrants or options issued by the Company or its subsidiaries during the year.

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

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company’s listed securities.

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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.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st March 2004 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.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Wong Kin Wah, George

Chairman

Hong Kong, 19th July 2004