

Report of the Directors

The directors submit their first report together with the audited accounts for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 29 to the accounts.

Details of the analysis of the Group's performance for the year by business segments and geographical segments are set out in note 3 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 78.

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

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 22 to the accounts.

DONATIONS

Charitable and other donations made by the Group during the year amounted to US\$39,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the accounts.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 21 to the accounts.

DISTRIBUTABLE RESERVES

As at 31 December 2004, the Company did not have any reserves available for distribution to shareholders under the Companies Act 1981 of Bermuda (as amended).

FINANCIAL SUMMARY

A summary of the results for the year ended and of the assets and liabilities of the Group as at 31 December 2004 and for the previous three financial years are set out on page 128. Since the Company was listed on 7 December 2004, the published results are available from 2001 to 2004 only.

PRE-EMPTIVE RIGHTS

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

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

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

SHARE OPTION SCHEME

By the written resolutions of the then sole shareholder of the Company dated 4 November 2004 and amended by a committee of the board on 22 November 2004, the Company had adopted a share option scheme (the "Scheme").

(i) Purpose

The purpose of the Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contributions to the Group and those companies in the equity share capital of which the Company, directly or indirectly, has a 20% or greater beneficial interest but excluding the Company's subsidiaries ("Associated Companies").

(ii) Qualifying participants

Any employee including executive director, non-executive director (including independent non-executive director) and officer of the Group or any Associated Companies, any business partner, agent, consultant or representative of the Group or any Associated Companies, a person who is seconded to work for any member of the Group and Associated Companies, where at least 40% of his time is devoted to the business of a member of the Group and Associated Companies (collectively referred as Eligible Person), and any trust for the benefit of an Eligible Person or his immediate family members and a company controlled by an Eligible Person or his immediate family members.

(iii) Maximum number of shares

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other schemes must not exceed 30% of the shares in issue from time to time. Subject to the aforesaid limit, the total number of shares available for issue under options which may be granted under the Scheme and any other schemes must not, in aggregate, exceed 30,000,000 shares unless separate shareholders' approval has been obtained.

As at 31 December 2004, the number of shares available for issue under the Scheme is 92,700,000 shares representing 30% of the issued share capital of the Company of which 13,500,000 share options were granted and outstanding.

(iv) Limit for each participant

The total number of shares of the Company issued and to be issued upon exercise of options (including exercised, cancelled and outstanding) granted in any 12-month period to each participant must not exceed 1% of the shares of the Company in issue.

(v) Option period

The period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

The Board has the authority to determine the minimum period for which an option must be held before it can be exercised. The Scheme itself does not specify any minimum holding period.

(vi) Payment on application and acceptance

An offer of the grant of an option shall remain open for acceptance for a period of 28 days from the date of offer (or such other period as the Board may specify in the offer and acceptance letter ("Offer Letter")).

A consideration specified in the Offer Letter is payable by the grantee to the Company on acceptance of the offer.

(vii) Subscription price

The exercise price shall not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares.

(viii) Remaining life of the scheme

The Board may at any time within 10 years commencing on 7 December 2004 make offers for the grant of options under the Scheme.

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Details of the share options granted under the Scheme and remain outstanding as at 31 December 2004 are as follows:

| Name | Outstanding options at 1 January 2004 | Options granted during the year | Outstanding options at 31 December 2004 | Exercise price HK\$ | Date of grant | Exercise period |
|-------------------------------|---|------------------------------------|--|------------------------|---------------|-------------------|
| Benedict CHANG Yew Teck | — | 750,000 ¹ | 750,000 | 4.825 | 14/12/04 | 01/01/07–31/12/08 |
| | — | 750,000 ¹ | 750,000 | 4.825 | 14/12/04 | 01/01/08–31/12/09 |
| | — | 750,000 ¹ | 750,000 | 4.825 | 14/12/04 | 01/01/09–31/12/10 |
| Joseph Chua PHI | — | 375,000 ¹ | 375,000 | 4.825 | 14/12/04 | 01/01/07–31/12/08 |
| | — | 375,000 ¹ | 375,000 | 4.825 | 14/12/04 | 01/01/08–31/12/09 |
| | — | 375,000 ¹ | 375,000 | 4.825 | 14/12/04 | 01/01/09–31/12/10 |
| Rajesh Vardichand RANAVAT | — | 345,000 ¹ | 345,000 | 4.825 | 14/12/04 | 01/01/07–31/12/08 |
| | — | 345,000 ¹ | 345,000 | 4.825 | 14/12/04 | 01/01/08–31/12/09 |
| | — | 345,000 ¹ | 345,000 | 4.825 | 14/12/04 | 01/01/09–31/12/10 |
| Continuous contract employees | — | 3,030,000 ¹ | 3,030,000 | 4.825 | 14/12/04 | 01/01/07–31/12/08 |
| | — | 3,030,000 ¹ | 3,030,000 | 4.825 | 14/12/04 | 01/01/08–31/12/09 |
| | — | 3,030,000 ¹ | 3,030,000 | 4.825 | 14/12/04 | 01/01/09–31/12/10 |

Notes:

(1) The closing price per share immediately before the date on which the options were granted was HK\$4.525.

(2) During the year, no options were exercised, cancelled or lapsed.

(3) The above options granted are not recognized in the accounts until they are exercised. Rule 17.08 of the Listing Rules stipulates that the listed issuer is encouraged to disclose in its annual report and interim report the value of options granted to participants set out in (i) to (v) of Rule 17.07 during the financial year. The directors consider that it is not appropriate to state the value of the options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the options based on various speculative assumptions would be meaningless and could be misleading to the shareholders. The directors therefore consider the disclosure of the relevant market price and the exercise price, which are readily ascertainable, will be appropriate.

DIRECTORS

The directors during the year were:

Executive Directors

| | |
|---------------------------|--------------------------------|
| Benedict CHANG Yew Teck | (Appointed on 17 October 2003) |
| Joseph Chua PHI | (Appointed on 17 August 2004) |
| Rajesh Vardichand RANAVAT | (Appointed on 17 August 2004) |

Non-executive Directors

| | |
|---------------------------|--------------------------------|
| Dr. Victor FUNG Kwok King | (Appointed on 17 October 2003) |
| Dr. William FUNG Kwok Lun | (Appointed on 17 August 2004) |
| Jeremy Paul Egerton HOBBS | (Appointed on 17 October 2003) |
| Butt Farn LAU | (Appointed on 17 October 2003) |
| Derrick LEE Meow Chan | (Appointed on 17 August 2004) |

Independent Non-executive Directors

| | |
|-------------------------|--------------------------------|
| William Winship FLANZ | (Appointed on 17 August 2004) |
| John Estmond STRICKLAND | (Appointed on 21 October 2004) |
| Dr. FU Yu Ning | (Appointed on 1 November 2004) |
| Professor Hau Leung LEE | (Appointed on 1 November 2004) |

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Benedict CHANG Yew Teck, Mr. Jeremy Paul Egerton HOBBS and Mr. Butt Farn LAU will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers such directors to be independent.

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 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 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 excepted as disclosed under Connected Transactions stated below and note 28 to the accounts.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the directors and senior management are set out on pages 28 to 34.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2004, the directors and chief executives of the Company and their associates had the following interests 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 required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Report of the Directors

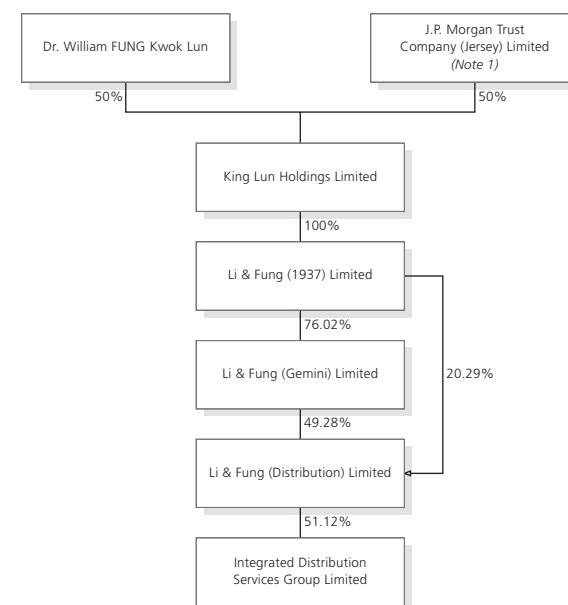
(A) Long position in shares and underlying shares of the Company

| Name of Director | Personal interest | Number of shares | | Number of underlying shares under equity derivatives (Share Options) | Total interest | Percentage of issued share capital (%) |
|-------------------------------|-------------------|------------------|----------------------------------|--|----------------|--|
| | | Family interest | Corporate/trust/similar interest | | | |
| Dr. Victor FUNG Kwok King | — | — | 157,960,800 <i>(Note 1)</i> | — | 157,960,800 | 51.12 |
| Dr. William FUNG Kwok Lun | — | — | 157,960,800 <i>(Note 1)</i> | — | 157,960,800 | 51.12 |
| Mr. Benedict CHANG Yew Teck | — | — | — | 2,250,000 | 2,250,000 | 0.73 |
| Mr. Joseph Chua PHI | — | — | — | 1,125,000 | 1,125,000 | 0.36 |
| Mr. Rajesh Vardichand RANAVAT | — | — | — | 1,035,000 | 1,035,000 | 0.33 |

Note:

- King Lun Holdings Limited ("King Lun") through its indirect non-wholly owned subsidiary, Li & Fung (Gemini) Limited, held a 49.28% interest in Li & Fung (Distribution) Limited ("LFD"). In addition, King Lun also through its wholly owned subsidiary, Li & Fung (1937) Limited, held 20.29% interest in LFD. LFD held 157,960,800 shares, representing 51.12% of the issued share capital of the Company. King Lun are owned as to 50% by Dr. William FUNG Kwok Lun and as to 50% by J.P. Morgan Trust Company (Jersey) Limited (which also indirectly held 8.77% of the issued share capital of LFG), the trustee of a trust established for the benefit of the family members of Dr. Victor FUNG Kwok King. Dr. Victor FUNG Kwok King and Dr. William FUNG Kwok Lun are deemed to have interests in these shares through their respective interests in King Lun and indirect interests in LFD as set out above.

The interests of Dr. Victor FUNG Kwok King and Dr. William FUNG Kwok Lun in shares of the Company are summarized in the following chart:



(B) Long position in shares and underlying shares of associated corporations

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|---------------------------|--|---|---|------------------------------------|--|
| Benedict CHANG Yew Teck | Li & Fung (Gemini) Limited | Ordinary shares | 462,018 | controlled corporation (Note 1) | 6.73 |
| Dr. Victor FUNG Kwok King | Agrochemical Pembekalan (Sarawak) Sdn. Bhd. | Ordinary shares | 1,000,000 | beneficiary of a trust | 100 |
| | Anglo-Thai Company Limited | Ordinary shares | 6,859,980 | as above | 99.9997 |
| | Anglo-Thai Corporation Limited | Ordinary shares | 20,887,323 | as above | 100 |
| | Anglo-Thai Services Limited (In Members' Voluntary Liquidation) | (i) A shares (ii) B shares | (i) 160 (ii) 3,920 | as above | (i) 3.92 (ii) 100 |
| | Anglo-Thai Tractors Limited | Ordinary shares | 499,980 | as above | 99.996 |
| | Auto Electric Limited | Ordinary shares | 75,000 | as above | 100 |
| | B-Trak Holdings (Malaysia) Sdn. Bhd. | Ordinary shares | 40,000,000 | as above | 100 |
| | Borneo Agencies Limited | (i) Ordinary shares (ii) Preference shares | (i) 2,000 (ii) 2,000 | as above | (i) 100 (ii) 100 |
| | Borneo Investments (Singapore) Pte Ltd (In Members' Voluntary Liquidation) | Ordinary shares | 4 | as above | 100 |

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| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | Borneo Technical (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 16,000 (ii) 5,400 | as above | (i) 100 (ii) 100 |
| | Borneo Technical Co. (M) Sdn. Bhd. | Ordinary shares | 4,231,002 | as above | 100 |
| | Borneo Technical Hong Kong Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 1,000 | as above | 100 |
| | Bosca Development Limited | Ordinary shares | 2 | as above | 100 |
| | Branded Lifestyle International Limited | Ordinary share | 1 | as above | 100 |
| | Branded Lifestyle Korea Ltd. | Common stock | 160,000 | as above | 100 |
| | Buttercup Foods Sdn. Bhd. <i>(In Compulsory Liquidation)</i> | Ordinary shares | 2,040,000 | as above | 51 |
| | Canathan Inc. | Ordinary shares | 9,762 | as above | 97.62 |
| | Circle K - Amazens Retalhistas (Macau) Limitada | Quotas | 1 quota of Patacas 9,000 and 1 quota of Patacas 1,000 | as above | 100 |
| | Circle K Convenience Stores (Greater China) Limited | Ordinary shares | 10,000 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|------------------------|---|---------------------------|--|
| | Circle K Convenience Stores (HK) Limited | Ordinary shares | 183,756 | as above | 100 |
| | Circle K Convenience Stores Limited | Ordinary shares | 10,000 | as above | 100 |
| | Circle K Convenience Stores PRC (BVI) Limited | Ordinary share | 1 | as above | 100 |
| | Circle K Convenience Stores PRC Limited | Ordinary shares | 2 | as above | 100 |
| | Circle K PRC Properties Limited | Ordinary shares | 2 | as above | 100 |
| | Convenience Retail Asia (BVI) Limited | Ordinary shares | 10,000 | as above | 100 |
| | Convenience Retail Asia Limited (Note 2) | Ordinary shares | 373,692,000 | as above | 55.61 |
| | Convenience Retail Southern China Limited (incorporated in Hong Kong) | Ordinary shares | 2 | as above | 100 |
| | Convenience Retail Southern China Limited (incorporated in PRC) | Registered capital | RMB39,000,000 | as above | 65 |
| | Cornerstone Enterprises Limited | Ordinary shares | 10,000 | as above | 100 |

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| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|---|---|---------------------------|--|
| | Dephina Limited | Ordinary shares | 10,000 | as above | 100 |
| | Eagle Up International Limited | Ordinary share | 1 | as above | 100 |
| | Ellinwood Limited | Ordinary share | 1 | as above | 100 |
| | Factory Products Centre (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 49,000 (ii) 51,000 | as above | (i) 100 (ii) 100 |
| | Ferrinch (L) Limited | (i) Class A shares (ii) Class B shares | (i) 1,500,000 (ii) 3,000,000 | as above | (i) 100 (ii) 100 |
| | Gibb, Livingston & Company Limited | Ordinary shares | 26,600 | as above | 100 |
| | Gibb, Livingston International Limited | Ordinary shares | 100,000 | as above | 100 |
| | Gilman and Company Limited | Ordinary shares | 100,000 | as above | 100 |
| | Gilman Industrial Limited | (i) Ordinary shares (ii) Non-voting deferred shares | (i) 610,050 (ii) 175,000 | as above | (i) 100 (ii) 100 |
| | Globalgate Group Limited | Ordinary share | 1 | as above | 100 |
| | 廣州利豐利聯倉行有限公司® Guangzhou Lifung DistriCenter Co. Ltd | Registered capital | USD10,800,000 | as above | 90 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|------------------------|---|---------------------------|--|
| | 廣州利豐保生房產發展有限公司® Guangzhou Li & Fung Real Estate Development Co. Ltd | Registered capital | RMB12,780,000 | as above | 60 |
| | 廣州利豐保加商貿城發展有限公司® Guangzhou Li & Fung TradeTown Development Company Limited | Registered capital | RMB36,000,000 | as above | 60 |
| | 港景房地產發展(鶴山)有限公司® Harbourview Properties Development (Heshan) Limited | Registered capital | HKD10,170,000 | as above | 100 |
| | 鶴山利豐港口區開發有限公司® Heshan Lifung Harbour District Development Co. Ltd | Registered capital | RMB44,800,000 | as above | 70 |
| | Highpoint Investment Holdings Limited | Ordinary share | 1 | as above | 100 |
| | Home Mart Limited | Ordinary shares | 2 | as above | 100 |
| | Independent Credit & Leasing Sdn. Bhd. (<i>In Members' Voluntary Liquidation</i>) | Ordinary shares | 10,000,000 | as above | 100 |
| | JDH (China) Limited (<i>In Members' Voluntary Liquidation</i>) | Ordinary shares | 400,000 | as above | 100 |

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| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|---|---|---------------------------|--|
| | 南京英和發展有限公司® JDH (Nanjing) Development Co., Ltd. | Registered capital | USD800,000 | as above | 80 |
| | 英和(南京)投資實業有限公司® JDH (Nanjing) Investment Enterprise Limited | Registered capital | USD3,600,000 | as above | 100 |
| | JDH (Philippines), Inc. | Ordinary shares | 5,500,000 | as above | 100 |
| | JDH Marketing Sdn. Bhd. | Ordinary shares | 2,000,000 | as above | 100 |
| | 利義股份有限公司® JDH Marketing Services Co., Ltd. | Ordinary shares | 6,000,000 | as above | 100 |
| | King Lun Holdings Limited | Ordinary shares | 1,332,840 | as above | 50 |
| | Kistor Limited | (i) Class A shares (ii) Class B shares | (i) 9,000 (ii) 1,000 | as above | (i) 100 (ii) 100 |
| | Kwikpart (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 690,900 (ii) 719,100 | as above | (i) 100 (ii) 100 |
| | Kwikpart Holdings Limited | Ordinary share | 1 | as above | 100 |
| | Kwikpart Sdn. Bhd. | Ordinary shares | 350,000 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | Kwikpart Singapore Pte Ltd <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 1,694,500 | as above | 100 |
| | L&F Branded Lifestyle (Singapore) Pte Ltd | Ordinary shares | 500,000 | as above | 100 |
| | L&F Branded Lifestyle International Limited | Ordinary share | 1 | as above | 100 |
| | LF Asia Investments Limited | Ordinary share | 1 | as above | 100 |
| | LF Distribution Centers Limited | Ordinary shares | 2,500,000 | as above | 100 |
| | LF DistriCenters Development Limited | Ordinary shares | 2 | as above | 100 |
| | LF Group (Properties) Limited | Ordinary shares | 11,000,002 | as above | 100 |
| | LF Industrial Estates Limited | (i) Class A shares (ii) Class B shares | (i) 76,838,400 (ii) 11,500,000 | as above | (i) 74.24 (ii) 100 |
| | LF Lumlukka Properties Limited | Ordinary shares | 300,000 | as above | 100 |
| | LF Property Consultants Limited | Ordinary shares | 3 | as above | 100 |
| | LFC Holdings Limited | Ordinary shares | 2 | as above | 100 |
| | LFD (China) Limited | Ordinary shares | 2,000 | as above | 100 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|--------------------------------|---|---------------------------|--|
| | LFD (Singapore) Pte. Ltd. | Ordinary shares | 163,714,597 | as above | 100 |
| | LFD (Thailand) Limited | Ordinary shares | 655,000 | as above | 100 |
| | LFD Investment Holdings Limited | Ordinary shares | 44,150 | as above | 100 |
| | LFD Manufacturing (Hong Kong) Limited | Ordinary shares | 2 | as above | 100 |
| | 英和製造(上海)有限公司® LFD Manufacturing (Shanghai) Ltd. | Registered capital | USD5,000,000 | as above | 100 |
| | LFD Manufacturing Limited <i>(incorporated in Hong Kong)</i> | Ordinary shares | 3,000 | as above | 100 |
| | LFD Properties Limited | Ordinary shares | 2 | as above | 100 |
| | LFD Technical Services Limited | Ordinary share | 1 | as above | 100 |
| | LFIE Management (BVI) Ltd | Ordinary shares | 1,000 | as above | 100 |
| | LFIE Management Ltd | Ordinary shares | 1,000 | as above | 100 |
| | Li & Fung (1937) Limited | Ordinary shares | 139,250,000 | as above | 100 |
| | Li & Fung (Distribution) Limited | Full voting ordinary shares | 13,800,000 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|------------------------|---|---------------------------|--|
| | Li & Fung (Gemini) Limited | Ordinary shares | 5,825,438 | as above | 84.80 |
| | Li & Fung (Retailing) Limited | Ordinary shares | 3,384,372 | as above | 100 |
| | Li & Fung (Warehousing) Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung China Investments Limited | Ordinary shares | 1,076,000 | as above | 100 |
| | Li & Fung Development (China) Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Distribution (Asia) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (China) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (International) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (Malaysia) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (Management) Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Distribution (Overseas) Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |

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| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | Li & Fung Distribution (Singapore) Limited | Ordinary shares | 50,000 | as above | 100 |
| | Li & Fung IDS Logistics Limited | Ordinary shares | 24,000,000 | as above | 100 |
| | Li & Fung Industrial Holdings Limited | Ordinary shares | 9,400,000 | as above | 100 |
| | Li & Fung Industrial Limited | (i) Ordinary shares (ii) Non-voting deferred shares | (i) 2 (ii) 80,000,000 | as above | (i) 100 (ii) 100 |
| | Li & Fung JDH Healthcare Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung JDH Limited | (i) Ordinary shares (ii) Non-voting deferred shares | (i) 50 (ii) 1,500,000 | as above | (i) 100 (ii) 100 |
| | Li & Fung Licensing Limited | Ordinary shares | 7,238,872 | as above | 100 |
| | Li & Fung Management Services Limited | Ordinary shares | 100 | as above | 100 |
| | Li & Fung Marketing (Hong Kong) Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Pacific Holdings Limited | Ordinary shares | 25,371,016 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|------------------------|---|---------------------------|--|
| | Li & Fung Packaging Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Retailing (Malaysia) Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Retailing (Management) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Retailing (Singapore) Pte Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Ventures Holdings Limited | Ordinary share | 1 | as above | 100 |
| | Malinch Associate Holdings Sdn. Bhd. | Ordinary shares | 22,000,000 | as above | 100 |
| | Mobilia Limited | Ordinary shares | 2 | as above | 100 |
| | Moutrie Trading Sdn. Bhd. | Ordinary shares | 10,000,000 | as above | 100 |
| | Myanmar LFD Group Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 50 | as above | 100 |
| | 南京機利民家電有限公司® Nanjing Gilman Home Appliances Limited | Registered capital | RMB1,425,000 | as above | 95 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|---|---|---------------------------|--|
| | 南京英和貿易有限公司® Nanjing JDH Trading Company Limited | Registered capital | RMB2,850,000 | as above | 95 |
| | Neptune Pacific Limited | Ordinary share | 1 | as above | 100 |
| | New Investment Corporation | Common shares | 4,071 | as above | 100 |
| | Northpoint Properties Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |
| | Peladang Agencies (Sarawak) Sdn. Bhd. | Ordinary shares | 300,000 | as above | 100 |
| | PNA Product Network (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 213,150 (ii) 221,850 | as above | (i) 100 (ii) 100 |
| | Pottrix Trading Limited | Ordinary share | 1 | as above | 100 |
| | Product Network Asia Limited | Ordinary shares | 2 | as above | 100 |
| | Promising Development Limited | Ordinary shares | 2 | as above | 100 |
| | Prosper Development Limited | Ordinary shares | 2 | as above | 100 |
| | Reading Industries Limited | Ordinary shares | 100 | as above | 100 |
| | Riverside Developments Limited | Ordinary shares | 2 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|------------------------|---|---------------------------|--|
| | Romanov Company Limited | Ordinary shares | 2 | as above | 100 |
| | Sandakan Developments Sendirian Berhad | Ordinary shares | 210,000 | as above | 100 |
| | Sebman (Malaysia) Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |
| | Sebor (Sarawak) Marketing and Services Sdn. Bhd. | Ordinary shares | 5,000,000 | as above | 100 |
| | Sebor (Sarawak) Sdn. Bhd. | Ordinary shares | 5,392,329 | as above | 56.74 |
| | SebQuest Technology Sdn. Bhd. | Ordinary shares | 60,000 | as above | 60 |
| | Sichling B.V. | Ordinary shares | 50 | as above | 100 |
| | Slumberland China Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 500,000 | as above | 100 |
| | Strategic Assets Limited | Ordinary share | 1 | as above | 100 |
| | The Borneo Company (Sabah) Sdn. Bhd. <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 7,500,000 | as above | 100 |
| | The Borneo Company Limited | Ordinary shares | 4,553,300 | as above | 100 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | The Borneo Company Private Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 8,836,152 | as above | 100 |
| | Tiram Kimia Sdn. Bhd. <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 2,100,000 | as above | 21 |
| | Toys "R" Us — Lifung Limited | (i) Ordinary shares (ii) Preference shares | (i) 81,000,000 (ii) 160,000 | as above | (i) 100 (ii) 100 |
| | Toys "R" Us — Lifung Taiwan Limited | Ordinary shares | 34,000,000 | as above | 100 |
| | Toys "R" Us — Singapore (Pte) Limited | Ordinary shares | 4,000,000 | as above | 100 |
| | Toys "R" Us (Malaysia) Sdn Bhd | Ordinary shares | 14,000,000 | as above | 100 |
| | Toys "R" Us Asia Limited | Ordinary shares | 2 | as above | 100 |
| | Toys (Labuan) Holding Limited | Ordinary share | 1 | as above | 100 |
| | Toys (Labuan) Limited | Ordinary shares | 17,148,047 | as above | 95 |
| | Toys LiFung Limited | Ordinary shares | 2 | as above | 100 |
| | Toys Lifung Netherlands B.V. | Ordinary shares | 182 | as above | 100 |
| | Toys Retailing (Thailand) Ltd | (i) Ordinary shares (ii) Preferred shares | (i) 730 (ii) 1,770 | as above | (i) 100 (ii) 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|--------------------------------------|---|------------------------|---|---------------------------|--|
| Dr. William FUNG Kwok Lun | Toys Retailing Holdings (Thailand) Ltd | (i) Ordinary shares | (i) 730 | as above | (i) 100 |
| | | (ii) Preferred shares | (ii) 1,770 | | (ii) 100 |
| | Trademart Wholesale Limited | (i) A shares | (i) 255,000 | as above | (i) 100 |
| | | (ii) B shares | (ii) 200,000 | | (ii) 100 |
| | Viagold International Limited | Ordinary share | 1 | as above | 100 |
| | Web-Logistic (HK) Limited | Ordinary shares | 15,600,000 | as above | 100 |
| | Westgate International Limited | Ordinary shares | 2 | as above | 100 |
| | Agrochemical Pembekalan (Sarawak) Sdn. Bhd. | Ordinary shares | 1,000,000 | controlled corporation | 100 |
| | Anglo-Thai Company Limited | Ordinary shares | 6,859,980 | as above | 99.9997 |
| | Anglo-Thai Corporation Limited | Ordinary shares | 20,887,323 | as above | 100 |
| | Anglo-Thai Services Limited <i>(In Members' Voluntary Liquidation)</i> | (i) A shares | (i) 160 | as above | (i) 3.92 |
| | | (ii) B shares | (ii) 3,920 | | (ii) 100 |
| | Anglo-Thai Tractors Limited | Ordinary shares | 499,980 | as above | 99.996 |
| | Auto Electric Limited | Ordinary shares | 75,000 | as above | 100 |
| B-Trak Holdings (Malaysia) Sdn. Bhd. | Ordinary shares | 40,000,000 | as above | 100 | |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | Borneo Agencies Limited | (i) Ordinary shares (ii) Preference shares | (i) 2,000 (ii) 2,000 | as above | (i) 100 (ii) 100 |
| | Borneo Investments (Singapore) Pte Ltd (<i>In Members' Voluntary Liquidation</i>) | Ordinary shares | 4 | as above | 100 |
| | Borneo Technical (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 16,000 (ii) 5,400 | as above | (i) 100 (ii) 100 |
| | Borneo Technical Co. (M) Sdn. Bhd. | Ordinary shares | 4,231,002 | as above | 100 |
| | Borneo Technical Hong Kong Limited (<i>In Members' Voluntary Liquidation</i>) | Ordinary shares | 1,000 | as above | 100 |
| | Bosca Development Limited | Ordinary shares | 2 | as above | 100 |
| | Branded Lifestyle International Limited | Ordinary share | 1 | as above | 100 |
| | Branded Lifestyle Korea Ltd. | Common stock | 160,000 | as above | 100 |
| | Buttercup Foods Sdn. Bhd. (<i>In Compulsory Liquidation</i>) | Ordinary shares | 2,040,000 | as above | 51 |
| | Canathan Inc. | Ordinary shares | 9,762 | as above | 97.62 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|------------------------|---|---------------------------|--|
| | Circle K - Amazens Retalhistas (Macau) Limitada | Quotas | 1 quota of Patacas 9,000 and 1 quota of Patacas 1,000 | as above | 100 |
| | Circle K Convenience Stores (Greater China) Limited | Ordinary shares | 10,000 | as above | 100 |
| | Circle K Convenience Stores (HK) Limited | Ordinary shares | 183,756 | as above | 100 |
| | Circle K Convenience Stores Limited | Ordinary shares | 10,000 | as above | 100 |
| | Circle K Convenience Stores PRC (BVI) Limited | Ordinary share | 1 | as above | 100 |
| | Circle K Convenience Stores PRC Limited | Ordinary shares | 2 | as above | 100 |
| | Circle K PRC Properties Limited | Ordinary shares | 2 | as above | 100 |
| | Convenience Retail Asia (BVI) Limited | Ordinary shares | 10,000 | as above | 100 |
| | Convenience Retail Asia Limited (Note 2) | Ordinary shares | 373,692,000 | as above | 55.61 |
| | Convenience Retail Southern China Limited (incorporated in Hong Kong) | Ordinary shares | 2 | as above | 100 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | Convenience Retail Southern China Limited <i>(incorporated in PRC)</i> | Registered capital | RMB39,000,000 | as above | 65 |
| | Cornerstone Enterprises Limited | Ordinary shares | 10,000 | as above | 100 |
| | Dephina Limited | Ordinary shares | 10,000 | as above | 100 |
| | Eagle Up International Limited | Ordinary share | 1 | as above | 100 |
| | Ellinwood Limited | Ordinary share | 1 | as above | 100 |
| | Factory Products Centre (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 49,000 (ii) 51,000 | as above | (i) 100 (ii) 100 |
| | Ferrinch (L) Limited | (i) Class A shares (ii) Class B shares | (i) 1,500,000 (ii) 3,000,000 | as above | (i) 100 (ii) 100 |
| | Gibb, Livingston & Company Limited | Ordinary shares | 26,600 | as above | 100 |
| | Gibb, Livingston International Limited | Ordinary shares | 100,000 | as above | 100 |
| | Gilman and Company Limited | Ordinary shares | 100,000 | as above | 100 |
| | Gilman Industrial Limited | (i) Ordinary shares (ii) Non-voting deferred shares | (i) 610,050 (ii) 175,000 | as above | (i) 100 (ii) 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|------------------------|---|---------------------------|--|
| | Globalgate Group Limited | Ordinary share | 1 | as above | 100 |
| | 廣州利豐利聯倉行有限公司® Guangzhou Lifung DistriCenter Co. Ltd | Registered capital | USD10,800,000 | as above | 90 |
| | 廣州利豐保生房產發展有限公司® Guangzhou Li & Fung Real Estate Development Co. Ltd | Registered capital | RMB12,780,000 | as above | 60 |
| | 廣州利豐保加商貿城發展 有限公司® Guangzhou Li & Fung TradeTown Development Company Limited | Registered capital | RMB36,000,000 | as above | 60 |
| | 港景房地產發展(鶴山)有限公司® Harbourview Properties Development (Heshan) Limited | Registered capital | HKD10,170,000 | as above | 100 |
| | 鶴山利豐港口區開發有限公司® Heshan Lifung Harbour District Development Co. Ltd | Registered capital | RMB44,800,000 | as above | 70 |
| | Highpoint Investment Holdings Limited | Ordinary share | 1 | as above | 100 |
| | Home Mart Limited | Ordinary shares | 2 | as above | 100 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | Independent Credit & Leasing Sdn. Bhd. <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 10,000,000 | as above | 100 |
| | JDH (China) Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 400,000 | as above | 100 |
| | 南京英和發展有限公司® JDH (Nanjing) Development Co., Ltd. | Registered capital | USD800,000 | as above | 80 |
| | 英和(南京)投資實業有限公司® JDH (Nanjing) Investment Enterprise Limited | Registered capital | USD3,600,000 | as above | 100 |
| | JDH (Philippines), Inc. | Ordinary shares | 5,500,000 | as above | 100 |
| | JDH Marketing Sdn. Bhd. | Ordinary shares | 2,000,000 | as above | 100 |
| | 利義股份有限公司® JDH Marketing Services Co., Ltd. | Ordinary shares | 6,000,000 | as above | 100 |
| | King Lun Holdings Limited | Ordinary shares | 1,332,840 | as above | 50 |
| | Kistor Limited | (i) Class A shares (ii) Class B shares | (i) 9,000 (ii) 1,000 | as above | (i) 100 (ii) 100 |
| | Kwikpart (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 690,900 (ii) 719,100 | as above | (i) 100 (ii) 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | Kwikpart Holdings Limited | Ordinary share | 1 | as above | 100 |
| | Kwikpart Sdn. Bhd. | Ordinary shares | 350,000 | as above | 100 |
| | Kwikpart Singapore Pte Ltd <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 1,694,500 | as above | 100 |
| | L&F Branded Lifestyle (Singapore) Pte Ltd | Ordinary shares | 500,000 | as above | 100 |
| | L&F Branded Lifestyle International Limited | Ordinary share | 1 | as above | 100 |
| | LF Asia Investments Limited | Ordinary share | 1 | as above | 100 |
| | LF Distribution Centers Limited | Ordinary shares | 2,500,000 | as above | 100 |
| | LF DistriCenters Development Limited | Ordinary shares | 2 | as above | 100 |
| | LF Group (Properties) Limited | Ordinary shares | 11,000,002 | as above | 100 |
| | LF Industrial Estates Limited | (i) Class A shares (ii) Class B shares | (i) 76,838,400 (ii) 11,500,000 | as above | (i) 74.24 (ii) 100 |
| | LF Lumlukka Properties Limited | Ordinary shares | 300,000 | as above | 100 |
| | LF Property Consultants Limited | Ordinary shares | 3 | as above | 100 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|------------------------|---|---------------------------|--|
| | LFC Holdings Limited | Ordinary shares | 2 | as above | 100 |
| | LFD (China) Limited | Ordinary shares | 2,000 | as above | 100 |
| | LFD (Singapore) Pte. Ltd. | Ordinary shares | 163,714,597 | as above | 100 |
| | LFD (Thailand) Limited | Ordinary shares | 655,000 | as above | 100 |
| | LFD Investment Holdings Limited | Ordinary shares | 44,150 | as above | 100 |
| | LFD Manufacturing (Hong Kong) Limited | Ordinary shares | 2 | as above | 100 |
| | 英和製造(上海)有限公司® LFD Manufacturing (Shanghai) Ltd. | Registered capital | USD5,000,000 | as above | 100 |
| | LFD Manufacturing Limited <i>(incorporated in Hong Kong)</i> | Ordinary shares | 3,000 | as above | 100 |
| | LFD Properties Limited | Ordinary shares | 2 | as above | 100 |
| | LFD Technical Services Limited | Ordinary share | 1 | as above | 100 |
| | LFIE Management (BVI) Ltd | Ordinary shares | 1,000 | as above | 100 |
| | LFIE Management Ltd | Ordinary shares | 1,000 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|--------------------------------|---|---------------------------|--|
| | Li & Fung (1937) Limited | Ordinary shares | 139,250,000 | as above | 100 |
| | Li & Fung (Distribution) Limited | Full voting ordinary shares | 13,800,000 | as above | 100 |
| | Li & Fung (Gemini) Limited | Ordinary shares | 5,222,807 | as above | 76.02 |
| | Li & Fung (Retailing) Limited | Ordinary shares | 3,384,372 | as above | 100 |
| | Li & Fung (Warehousing) Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung China Investments Limited | Ordinary shares | 1,076,000 | as above | 100 |
| | Li & Fung Development (China) Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Distribution (Asia) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (China) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (International) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (Malaysia) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Distribution (Management) Limited | Ordinary shares | 2 | as above | 100 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|---|---|---------------------------|--|
| | Li & Fung Distribution (Overseas) Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Distribution (Singapore) Limited | Ordinary shares | 50,000 | as above | 100 |
| | Li & Fung IDS Logistics Limited | Ordinary shares | 24,000,000 | as above | 100 |
| | Li & Fung Industrial Holdings Limited | Ordinary shares | 9,400,000 | as above | 100 |
| | Li & Fung Industrial Limited | (i) Ordinary shares (ii) Non-voting deferred shares | (i) 2 (ii) 80,000,000 | as above | (i) 100 (ii) 100 |
| | Li & Fung JDH Healthcare Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung JDH Limited | (i) Ordinary shares (ii) Non-voting deferred shares | (i) 50 (ii) 1,500,000 | as above | (i) 100 (ii) 100 |
| | Li & Fung Licensing Limited | Ordinary shares | 7,238,872 | as above | 100 |
| | Li & Fung Management Services Limited | Ordinary shares | 100 | as above | 100 |
| | Li & Fung Marketing (Hong Kong) Limited | Ordinary shares | 2 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|------------------------|---|---------------------------|--|
| | Li & Fung Pacific Holdings Limited | Ordinary shares | 25,371,016 | as above | 100 |
| | Li & Fung Packaging Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Retailing (Malaysia) Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Retailing (Management) Limited | Ordinary share | 1 | as above | 100 |
| | Li & Fung Retailing (Singapore) Pte Limited | Ordinary shares | 2 | as above | 100 |
| | Li & Fung Ventures Holdings Limited | Ordinary share | 1 | as above | 100 |
| | Malinch Associate Holdings Sdn. Bhd. | Ordinary shares | 22,000,000 | as above | 100 |
| | Mobilia Limited | Ordinary shares | 2 | as above | 100 |
| | Moutrie Trading Sdn. Bhd. | Ordinary shares | 10,000,000 | as above | 100 |
| | Myanmar LFD Group Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 50 | as above | 100 |
| | 南京機利民家電有限公司® Nanjing Gilman Home Appliances Limited | Registered capital | RMB1,425,000 | as above | 95 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|---|---|---------------------------|--|
| | 南京英和貿易有限公司® Nanjing JDH Trading Company Limited | Registered capital | RMB2,850,000 | as above | 95 |
| | Neptune Pacific Limited | Ordinary share | 1 | as above | 100 |
| | New Investment Corporation | Common shares | 4,071 | as above | 100 |
| | Northpoint Properties Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |
| | Peladang Agencies (Sarawak) Sdn. Bhd. | Ordinary shares | 300,000 | as above | 100 |
| | PNA Product Network (Thailand) Limited | (i) Ordinary shares (ii) Preference shares | (i) 213,150 (ii) 221,850 | as above | (i) 100 (ii) 100 |
| | Pottrix Trading Limited | Ordinary share | 1 | as above | 100 |
| | Product Network Asia Limited | Ordinary shares | 2 | as above | 100 |
| | Promising Development Limited | Ordinary shares | 2 | as above | 100 |
| | Prosper Development Limited | Ordinary shares | 2 | as above | 100 |
| | Reading Industries Limited | Ordinary shares | 100 | as above | 100 |
| | Riverside Developments Limited | Ordinary shares | 2 | as above | 100 |
| | Romanov Company Limited | Ordinary shares | 2 | as above | 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|--|------------------------|---|---------------------------|--|
| | Sandakan Developments Sendirian Berhad | Ordinary shares | 210,000 | as above | 100 |
| | Sebman (Malaysia) Sdn. Bhd. | Ordinary shares | 2 | as above | 100 |
| | Sebor (Sarawak) Marketing and Services Sdn. Bhd. | Ordinary shares | 5,000,000 | as above | 100 |
| | Sebor (Sarawak) Sdn. Bhd. | Ordinary shares | 5,392,329 | as above | 56.74 |
| | SebQuest Technology Sdn. Bhd. | Ordinary shares | 60,000 | as above | 60 |
| | Sichling B.V. | Ordinary shares | 50 | as above | 100 |
| | Slumberland China Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 500,000 | as above | 100 |
| | Strategic Assets Limited | Ordinary share | 1 | as above | 100 |
| | The Borneo Company (Sabah) Sdn. Bhd. <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 7,500,000 | as above | 100 |
| | The Borneo Company Limited | Ordinary shares | 4,553,300 | as above | 100 |
| | The Borneo Company Private Limited <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 8,836,152 | as above | 100 |

Report of the Directors

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|-------------------------|---|---|---|---------------------------|--|
| | Tiram Kimia Sdn. Bhd. <i>(In Members' Voluntary Liquidation)</i> | Ordinary shares | 2,100,000 | as above | 21 |
| | Toys "R" Us — Lifung Limited | (i) Ordinary shares (ii) Preference shares | (i) 81,000,000 (ii) 160,000 | as above | (i) 100 (ii) 100 |
| | Toys "R" Us — Lifung Taiwan Limited | Ordinary shares | 34,000,000 | as above | 100 |
| | Toys "R" Us — Singapore (Pte) Limited | Ordinary shares | 4,000,000 | as above | 100 |
| | Toys "R" Us (Malaysia) Sdn Bhd | Ordinary shares | 14,000,000 | as above | 100 |
| | Toys "R" Us Asia Limited | Ordinary shares | 2 | as above | 100 |
| | Toys (Labuan) Holding Limited | Ordinary share | 1 | as above | 100 |
| | Toys (Labuan) Limited | Ordinary shares | 17,148,047 | as above | 95 |
| | Toys LiFung Limited | Ordinary shares | 2 | as above | 100 |
| | Toys Lifung Netherlands B.V. | Ordinary shares | 182 | as above | 100 |
| | Toys Retailing (Thailand) Ltd | (i) Ordinary shares (ii) Preferred shares | (i) 730 (ii) 1,770 | as above | (i) 100 (ii) 100 |
| | Toys Retailing Holdings (Thailand) Ltd | (i) Ordinary shares (ii) Preferred shares | (i) 730 (ii) 1,770 | as above | (i) 100 (ii) 100 |

| <u>Name of Director</u> | <u>Name of associated corporation</u> | <u>Class of shares</u> | <u>Number of shares/ Registered capital</u> | <u>Nature of interest</u> | <u>Approximate percentage of interests (%)</u> |
|---------------------------|---------------------------------------|-------------------------------|---|------------------------------------|--|
| | Trademart Wholesale Limited | (i) A shares (ii) B shares | (i) 255,000 (ii) 200,000 | as above | (i) 100 (ii) 100 |
| | Viagold International Limited | Ordinary share | 1 | as above | 100 |
| | Web-Logistic (HK) Limited | Ordinary shares | 15,600,000 | as above | 100 |
| | Westgate International Limited | Ordinary shares | 2 | as above | 100 |
| Jeremy Paul Egerton HOBBS | Li & Fung (Gemini) Limited | Ordinary shares | 462,018 | controlled corporation (Note 3) | 6.73 |
| Butt Farn LAU | Convenience Retail Asia Limited | Ordinary shares | 2,390,000 | beneficial owner | 0.36 |
| Rajesh Vardichand RANAVAT | Convenience Retail Asia Limited | Ordinary shares | 26,000 | beneficial owner | 0.004 |

@ The legal name of the relevant company is in Chinese.

Notes:

- 462,018 shares in Li & Fung (Gemini) Limited, representing 6.73% of its issued share capital, are held by Mikenwill Investments Limited which is owned by Mr. Benedict CHANG Yew Teck.
- King Lun Holdings Limited ("King Lun") through its indirect wholly owned subsidiary, Li & Fung (Retailing) Limited held 373,692,000 shares in Convenience Retail Asia Limited. Dr. Victor FUNG Kwok King and Dr. William FUNG Kwok Lun are deemed to have interests in these shares through their interests in King Lun.
- 462,018 shares in Li & Fung (Gemini) Limited, representing 6.73% of its issued shares capital, are held by Martinville Holdings Limited which is owned by Mr. Jeremy Paul Egerton HOBBS.

(C) Short position in shares and underlying shares of the Company

None of the directors and chief executive of the Company or their associates had any short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(D) Share options

The interests of the directors and chief executives in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are detailed in the Share Option Scheme section stated above.

Report of the Directors

Save as disclosed above, at no time during the year, the directors and chief executives (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, other than the interests of the directors or chief executive of the Company as disclosed above, the following persons had interests or short position in the shares or underlying shares which fall to be disclosed to the Company under Section 336 of the SFO:

(A) Long position in shares of the Company

| Name | Capacity | Number of shares | Percentage of issued share capital (%) |
|--|------------------------------------|------------------|--|
| Li & Fung (Distribution) Limited | Beneficial owner | 157,960,800 | 51.12 |
| Li & Fung (Gemini) Limited | Interest of controlled corporation | 157,960,800 | 51.12 |
| Li & Fung (1937) Limited | Interest of controlled corporation | 157,960,800 | 51.12 |
| King Lun Holdings Limited | Interest of controlled corporation | 157,960,800 | 51.12 |
| J.P. Morgan Trust Company (Jersey) Limited | Interest of controlled corporation | 157,960,800 | 51.12 |

(B) Short position in shares and underlying shares of the Company

As at 31 December 2004, the Company had not been notified of any short position being held by any substantial shareholder in the shares or underlying shares of the Company.

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 percentage of sales attributable to the Group's largest customer and the 5 largest customers are as follows:

| | |
|---------------------------------------|-----|
| — the largest customer | 8% |
| — the five largest customers combined | 31% |

The percentage of purchases attributable to the Group's largest supplier and the 5 largest suppliers are as follows:

| | |
|---------------------------------------|-----|
| — the largest supplier | 10% |
| — the five largest suppliers combined | 32% |

None of the directors, their associates or any shareholder (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major customers and suppliers noted above.

CONNECTED TRANSACTIONS

(A) Connected transaction

On 10 November 2004, IDS Logistics (Hong Kong) Limited, a wholly owned subsidiary of the Company, entered into an agreement with Li & Fung China Investments Limited ("Li & Fung China"), a subsidiary of Li & Fung (Distribution) Limited, a substantial shareholder of the Company, whereby Li & Fung China would sell its entire 15% interests in Shanghai IDS Shen Hong Logistics Co., Ltd., a 65% owned subsidiary of the Company, to IDS Logistics (Hong Kong) Limited at a consideration of US\$750,000 subject to the grant of the relevant PRC approvals. The aforesaid approval was obtained on 27 December 2004.

(B) Continuing connected transactions

During the year ended 31 December 2004, the Group had the following non-exempt continuing connected transactions, details of which were disclosed in the prospectus of the Company dated 24 November 2004:

(a) Distribution and sale of goods

The Group distributes consumer and healthcare products to the retail operations of the members of Li & Fung (1937) Limited ("LF 1937"), a substantial shareholder of the Company, at market rates.

(b) Provision of shipping, handling and other logistics services

Members of the Group had been providing shipping, handling services and a variety of other logistics services, including storage, cargo handling, container devanning, administration, labelling, goods return sorting and delivery to subsidiaries of LF 1937 and companies controlled by LF 1937 ("Parent Group"). The fees charged by the Group to members of the Parent Group are either at market rates or at rates similar to those offered to third party clients.

(c) Lease arrangements

The Group has been leasing certain office and warehouse premises to and from members of the Parent Group. Rental for the lease arrangements were negotiated between parties with reference to the then prevailing market rates.

Below is a table setting out the aggregate value for each of the non-exempt continuing connected transactions for the year ended 31 December 2004:

| | US\$'000 |
|--|----------|
| (a) Distribution and sale of goods | |
| — members of Convenience Retail Asia Limited ("CRA Group") | 1,201 |
| — other members of the Parent Group | 4 |
| (b) Provision of shipping, handling and other logistics services | |
| — members of Li & Fung (Distribution) Limited ("LFD Group") | 2,396 |
| — members of Li & Fung Limited | 1,531 |
| — other members of the Parent Group | 1,515 |
| (c) Rental recharge | |
| (i) received from | |
| — members of CRA Group | 213 |
| — members of LFD Group | 163 |
| — other members of the Parent Group | 523 |
| (ii) paid to | |
| — members of LFD Group | 2,390 |
| — other members of the Parent Group | 70 |

Report of the Directors

In respect of the above continuing connected transactions, the Stock Exchange has granted a waiver to the Company from strict compliance with the announcement and independent shareholders' approval requirements subject to some conditions.

The independent non-executive directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or, on terms no less favorable to the Company than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Auditors of the Company also confirmed that, based on the work they have performed, the above continuing connected transactions:

- (i) have received the approval of the board of directors of the Company;
- (ii) are in accordance with the pricing policies of the Company;
- (iii) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and
- (iv) have not exceeded the caps disclosed in the prospectus of the Company dated 24 November 2004.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained sufficient public float as required under the Listing Rules throughout the period from 7 December 2004 (date of listing) to 31 December 2004 and has continued to maintain such sufficiency as at the latest practicable date prior to the issue of this report.

AUDITORS

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

On behalf of the Board

Victor FUNG Kwok King

Chairman

Hong Kong, 7 April 2005