

Directors' Report

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries, associates and joint ventures are set out in notes 28, 29 and 30 to the financial statements, respectively.

RESULTS

The results of the Group for the year ended 31 December 2004 are set out in the consolidated income statement on page 13.

The directors do not recommend the payment of a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in property, plant and equipment of the Group and the Company are set out in note 10 to the financial statements.

SHARE CAPITAL

Details of movements during the year in share capital of the Company are set out in note 20 to the financial statements.

Directors' Report (Continued)

DIRECTORS

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

Executive directors:

Mr. Chiu Kong — *Chairman*

Mr. Hui Richard Rui — *Deputy Chairman* (appointed as a director on 20 September 2004 and designated as Deputy Chairman on 21 February 2005)

Mr. Tsui Ching Hung

Mr. Chung Nai Ting

Mr. Tse Lanny Cheuk Ming

Mr. Yeung Kwok Yu (resigned on 6 August 2004)

Independent non-executive directors:

Mr. Tong Wui Tung

Mr. Chan Sze Hung

Mr. Miu Frank H. (appointed on 28 September 2004)

In accordance with Clause 87 of the Company's Bye-laws, Mr. Hui Richard Rui, Mr. Tsui Ching Hung, Mr. Chung Nai Ting and Mr. Miu Frank H. retire by rotation, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All of the remaining directors continue in office.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Report (Continued)

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors as at the date of this report are set out below:

Executive Directors

Mr. Chiu Kong, aged 47, is the executive director and chairman of the Company. He has over 15 years of experience in import and export trading, and business development. Before joining the Group, Mr. Chiu had worked for various trading and engineering companies. He is responsible for the Group's business development.

Mr. Hui Richard Rui, age 37, was appointed as a director of the Company in September 2004. Mr. Hui is the deputy chairman of the Company. He graduated from University of Technology, Sydney of Australia with a bachelor degree in mechanical engineering. Prior to joining the Group, he has over 10 years of experience in management positions of companies in Australia, Hong Kong and the People's Republic of China.

Mr. Tsui Ching Hung, aged 51, was appointed as a director of the Company in November 1999. He holds a Master of Science degree in Polymer Science and a Master of Business Administration degree obtained from the University of Aston and University of Warwick in the United Kingdom respectively. He has over 10 years of experience in senior management positions of several multinational corporations in Hong Kong.

Mr. Chung Nai Ting, aged 49, was appointed as a director of the Company in December 1999. He has over 20 years of experience in the trading business.

Mr. Tse Lanny Cheuk Ming, aged 40, was appointed as a director of the Company in December 2000. He holds a bachelor degree in Commerce from the University of Calgary in Canada, and is a member of the Certified General Accountants' Association of Canada.

Independent Non-executive Directors

Mr. Tong Wui Tung, aged 55, was appointed as an independent non-executive director of the Company in December 1999. Mr. Tong is a partner of Messrs. Cheung, Tong & Rosa and has been practising as a solicitor in Hong Kong for over 20 years.

Mr. Chan Sze Hung, aged 52, was appointed as an independent non-executive director of the Company in December 1999. Mr. Chan is a solicitor practising in Hong Kong. He has over 20 years of experience in legal profession and is a consultant of Messrs. Chan, Lau & Wai, a firm of solicitors in Hong Kong.

Mr. Miu Frank H., aged 56, was appointed as an independent non-executive director of the Company in September 2004. Mr. Miu graduated from Harvard Law School and St. John's University in the United States. He is a member of the American Bar Association and a member of American Institute of Certified Public Accountants. He has extensive experience in financial services, publishing and printing, cold storage as well as property-related and food businesses.

Directors' Report (Continued)

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

As at 31 December 2004, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of director	Type of interest	Number of shares	Percentage of issued share capital of the Company
Mr. Chiu Kong	Personal	4,000,000	0.06%
Mr. Hui Richard Rui	Personal	105,000,000	1.54%

The interest stated above represented long positions in the shares of the Company as at 31 December 2004.

Except as disclosed above, as at 31 December 2004, none of the directors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be recorded in the register required to be kept under Section 352 of the SFO; or (b) to be 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.

As at 31 December 2004, no share options outstanding under the Company's share option scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance 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.

Directors' Report (Continued)

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, the register required to be kept under Section 336 of the SFO showed no person had an interest or a short position in the shares and underlying shares of the Company that were required to be recorded in that register.

SHARE OPTIONS, CONVERTIBLE NOTE PAYABLE OR SIMILAR RIGHTS

(a) Share options

Details of share options scheme are set out in note 20 to the financial statements.

(b) Convertible note payable

Details of convertible note payable of the Company are set out in note 19 to the financial statements.

Other than as disclosed above, the Company had no outstanding convertible securities or other similar rights as at 31 December 2004.

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

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of turnover attributable to the Group's largest customer and five largest customers taken together accounted for 70% and 98%, respectively of the Group's total turnover for the year.

The aggregate amount of purchase attributable to the Group's largest supplier and five largest suppliers taken together accounted for 59% and 100%, respectively of the Group's total purchase for the year.

None of the directors, their associates or shareholders of the Company (which to the knowledge of the directors own more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest suppliers and customers.

Directors' Report (Continued)

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 pro-rata basis to existing shareholders.

CODE OF BEST PRACTICE

The independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting, as specified by the Company's bye-laws. In the opinion of the directors, this meets the same objective as the Code of Best Practice set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Save as aforesaid, the Company has complied throughout the year ended 31 December 2004 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules in force prior to 1 January 2005.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 27 to the financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

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

Chiu Kong

Chairman

Hong Kong, 27 April 2005