

Report of the Directors

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

CHANGE OF NAME

At an extraordinary general meeting of shareholders of the Company held on 31 December 2004 a special resolution was passed to change the name of the Company from Jackley Holdings Limited to Orient Industries Holdings Limited.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 16 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 23 to 74.

The directors do not recommend the payment of any dividend in respect of the year.

Report of the Directors

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published consolidated/combined results and of the assets, liabilities and minority interests of the Group for the years ended 31 December 2000, 2001, 2002, 2003 and 2004, prepared on the basis set out in the note below.

RESULTS

	Year ended 31 December				
	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
TURNOVER	19,560	127,338	182,062	275,168	326,693
(LOSS)/PROFIT FROM OPERATING ACTIVITIES	(74,503)	(43,576)	11,630	61,041	87,615
Finance costs	(3,290)	(2,168)	(1,728)	(676)	(667)
(LOSS)/PROFIT BEFORE TAXATION	(77,793)	(45,744)	9,902	60,365	86,948
Taxation credit/(charge)	84	(3,500)	(1,053)	(18,070)	(24,064)
(LOSS)/PROFIT BEFORE MINORITY INTERESTS	(77,709)	(49,244)	8,849	42,295	62,884
Minority interests	223	17,391	(3,970)	2,053	244
NET (LOSS)/PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(77,486)	(31,853)	4,879	44,348	63,128

Report of the Directors

ASSETS, LIABILITIES AND MINORITY INTERESTS

	At 31 December				
	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000
NON-CURRENT ASSETS	118,406	161,226	120,885	98,520	95,865
CURRENT ASSETS	57,089	59,664	162,065	178,222	159,886
TOTAL ASSETS	175,495	220,890	282,950	276,742	255,751
CURRENT LIABILITIES	77,298	76,048	79,076	98,878	108,175
NON-CURRENT LIABILITIES	17,695	139	17,492	331	656
TOTAL LIABILITIES	94,993	76,187	96,568	99,209	108,831
MINORITY INTERESTS	200	317	14,223	10,253	30,112
NET ASSETS	80,302	144,386	172,159	167,280	116,808

FIXED ASSETS

Details of movements in the fixed assets of the Company and the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year together with the reasons therefor, are set out in notes 31 and 32 to the principal statements respectively.

No share options granted during the year to the directors, employees, suppliers and others, as detailed in note 32, the directors do not consider it appropriate to disclose a theoretical value of the options granted, because it is not practical to do so.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law (Revised) of the Cayman Islands, the share premium account of the Company of approximately HK\$3,057,000 as at 31 December 2004, is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the sales to the Group's five largest customers accounted for approximately 44% of the Group's total sales for the year and sales to the largest customer included therein amounted to approximately 36%.

Purchases from the Group's five largest suppliers accounted for approximately 41% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 27%.

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

Report of the Directors

DIRECTORS

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

Executive directors

Mr. Lam Shu Chung	(appointed on 9 August 2004)
Mr. Law Fei Shing	(appointed on 9 August 2004)
Mr. Anthony Henry Serra	(resigned on 24 August 2004)
Mr. Chew Kean Eng	(resigned on 24 August 2004)
Mr. Khoo Chuan Teng	(resigned on 24 August 2004)
Mr. Wong Kwai Wah	(resigned on 12 June 2004)

Independent non-executive directors

Mr. Liu Ngai Wing	
Mr. Ong Hong Hoon	(resigned on 15 October 2004)
Mr. Lee Siu Leung	(appointed on 9 August 2004)
Mr. Ha Chun, Michael	(appointed on 9 August 2004 and resigned on 31 March 2005)
Mr. So Chi Keung	(appointed on 31 March 2005)
Mr. Yu Tak Shing, Eric	(appointed on 31 March 2005)

In accordance with Articles 108(A) and 108(B) of the Company's articles of association, Mr. Lam Shu Chung and Mr. Law Fei Shing will retire and being eligible offer themselves for re-election at the forthcoming annual general meeting.

Mr. Liu Ngai Wing and Mr. Lee Siu Leung, independent non-executive directors are currently appointed for a term of two years commencing from 8 July 2003 and 6 September 2004 respectively.

Mr. So Chi Keung and Mr. Yu Tak Shing, Eric the independent non-executive directors are currently appointed with no specific length or proposed length of service with the Company in respect of the appointment and no specific terms of service have been agreed.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 9 to 11 of the annual report.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Mr. Chew Kean Eng, Mr. Khoo Chuan Teng, Mr. Wong Kwai Wah, Mr. Anthony Henry Serra have entered into service contracts with the Company for terms of three years commencing from 28 September 2001, 1 January 2002, 7 June 2002 and 16 April 2003 respectively. Mr. Lam Shu Chung and Mr. Law Fei Shing have entered into service contracts with the Company commencing from 1 September 2004 which continue thereafter until terminated by either party giving not less than three or six months' notice in writing to the other party. The service contract with, Mr. Chew Kean Eng, Mr. Khoo Chuan Teng, Mr. Wong Kwai Wah and Mr. Anthony Henry Serra were terminated upon their resignation.

Save as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed elsewhere in the annual report, no director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

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 were in existence during the year.

PENSION SCHEME ARRANGEMENT

Particulars of the pension scheme arrangements are set out in note 3b to the financial statements.

Report of the Directors

DIRECTORS INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2004, the interests of the directors in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Interest in the Company

Name of director	Nature of interest	Number of ordinary shares held	% of the Company's issued share capital
Mr. Lam Shu Chung	Corporate	511,725,000	38.19%

Note: Prime Orient International Limited ("Prime Orient") owned ordinary shares of the Company. This company is incorporated in the British Virgin Islands. The entire issued share capital of Prime Orient is beneficially owned by Mr. Lam Shu Chung.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Concerning the share options granted during the year to the directors, employees, suppliers and others, as detailed in note 32, the directors do not consider it appropriate to disclose a theoretical value of the options granted, because it is not practical to do so.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 31 December 2004, the following interests of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of the Company's issued share capital
Prime Orient	511,725,000	38.19%

The shareholding is duplicated in the disclosure in the "Directors' interests in shares and underlying shares" section above.

Save as disclosed above, no person, other than a director of the Company, whose interest is set out above, had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

CONNECTED TRANSACTIONS

Details of the connected transactions that are required to be disclosed for the year are set out in note 39 to the financial statements. Save as disclosed therein, there were no transactions required to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The independent non-executive directors of the Company are of the opinion that the terms of the above transactions are fair and reasonable so far as the shareholders of the Company are concerned; and that the transactions have been entered into by the Group in its ordinary and usual course of business and were carried out in accordance with the terms of the agreements governing such transactions.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to date of this report, no directors of the Company are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined by the Listing Rules, other than those businesses of which the directors of the Company have been appointed as directors to represent the interests of the Company and/or the Group.

Report of the Directors

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 40 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors of the Company, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules of the Stock Exchange, throughout the accounting period covered by the annual report.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises two independent non-executive directors of the Company.

AUDITORS

The financial statements for the year ended 31 December 2004 and 2003 have been audited by RSM Nelson Wheeler, who retire and being eligible offer themselves for re-appointment. Whereas the financial statements for the year ended 31 December 2002 have been audited by Ernst & Young.

ON BEHALF OF THE BOARD

LAM SHU CHUNG

Chairman

Hong Kong 28 April 2005