

## DIRECTORS' REPORT

The directors of the Company (the "Directors") present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2005.

### 1. PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are apparel trading, securities trading and strategic investments. During the year, the Group's container depots and logistics management services operations and freight forwarding and vessel operating common carrier services operations were discontinued.

### 2. RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 23.

The Directors did not recommend the payment of a final dividend for the year.

### 3. SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 6 to the financial statements.

### 4. FIVE YEAR FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on pages 79 and 80.

### 5. SHARE CAPITAL

Details of the movements in the Company's share capital are set out in Note 29 to the financial statements.

### 6. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated summary statement of changes in equity on page 26 and other details of the reserves of the Company and the Group are set out in Note 31 to the financial statements.

### 7. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group disposed of property, plant and equipment at net book value of approximately HK\$62,952,000 through disposal of subsidiaries. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the financial statements.

## DIRECTORS' REPORT

### 8. DIRECTORS AND SERVICE CONTRACTS

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

**Executive Directors:**

Wong Ching Ping, Alex (*Chairman*)

Lim Direk

**Non-executive Director:**

Wan Choi Ha

**Independent non-executive Directors:**

Chu Kar Wing

Chow King Wai

Tang Yiu Wing (appointed on 22 September 2004)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Tang Yiu Wing would retire at the forthcoming annual general meeting, and being eligible, offer himself for re-election.

In accordance with Bye-law 87(1) and 87(2) of the Company's Bye-laws, Mr. Chu Kar Wing would retire by rotation at the forthcoming annual general meeting, and being eligible, offer himself for re-election.

No Director being 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).

The independent non-executive Directors are not appointed for a specific term but subject to retirement by rotation as required by the Company's Bye-laws.

### 9. DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' REPORT

### 10. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2005, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

#### Long position in shares of the Company

Name of Director	Nature of interest	Number of ordinary shares held	Percentage of shareholding
Wong Ching Ping, Alex ("Alex Wong")	Interest of a controlled corporation	84,042,650	19.23%

*Note:* The shares were registered in the name of Leopard Vision Limited ("Leopard Vision"). The entire issued share capital of Leopard Vision was held by Byford Group Limited ("Byford") which in turn was held by Expert Rich Investments Limited ("Expert Rich"). Expert Rich was wholly-owned by Mr. Alex Wong.

Save as disclosed above, as at 31 March 2005, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code of the Listing Rules, to be notified to the Company and the Stock Exchange.

## DIRECTORS' REPORT

### 11. SHARE OPTIONS AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the Company's share option scheme are set out in Note 30 to the financial statements.

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

None of the Directors or chief executives or their spouses, or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

### 12. DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the interests of Directors and their respective associates in the businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

Name of director	Name of company	Nature of interest	Competing Business
Alex Wong	Bright Mark Investments Limited ("Bright Mark")	Director and substantial shareholder	Securities trading

Bright Mark has been engaged in securities trading and is therefore deemed to be competing with the securities trading business of the Group. However, Bright Mark targets its investments in the second/third liners stock while the Group targets its investments in blue chip/red chip stock. Given the fact that Bright Mark and the Group have different investment strategies in their securities trading business and also they have been placing their investment orders with different securities broker firms, the Group considers that its interests are adequately safeguarded.

## DIRECTORS' REPORT

### 13. SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, so far as known to any Directors or chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

#### Long position in shares of the Company

Name of shareholder	Nature of interest	Number of ordinary shares held	Percentage of shareholding
Expert Rich (Notes 1 and 3)	Interest of a controlled corporation	84,042,650	19.23%
Gomes Maria Da Silva Rubi Angela (Notes 2 and 3)	Family	84,042,650	19.23%

#### Notes:

1. The shares were registered in the name of Leopard Vision. The entire issued share capital of Leopard Vision was held by Byford which in turn was held by Expert Rich. Expert Rich was wholly-owned by Mr. Alex Wong.
2. By virtue of the aforesaid interests of Mr. Alex Wong, Ms. Gomes Maria Da Silva Rubi Angela, spouse of Mr. Alex Wong, was also deemed to be interested in the above 84,042,650 shares held by Leopard Vision.
3. The above shares were the same shares as set out under paragraph 10 above headed "Directors' and Chief Executives' Interests and Short Positions in Securities".

Save as disclosed above, as at 31 March 2005, so far as is known to the Directors or chief executives of the Company, no other person (not being a Director or chief executive of the Company) had any interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

## DIRECTORS' REPORT

### 14. CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 March 2005. There had been no exercise of convertible securities, options, warrants or similar rights during the year.

### 15. 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.

### 16. MAJOR SUPPLIERS AND CUSTOMERS

For the year, the aggregate percentage of purchases attributable to the Group's five largest suppliers is less than 30% of the total purchases of the Group.

For the year, the aggregate percentage of sales attributable to the Group's five largest customers is less than 30% of the total sales of the Group.

To the best of the Directors' knowledge, neither the Directors, their associates, nor any shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest suppliers or customers during the year.

### 17. RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group are set out in Note 38 to the financial statements.

### 18. CORPORATE GOVERNANCE

The Company had complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that (i) the independent non-executive Directors of the Company were not appointed for specific terms as set out in Appendix 14 of the Listing Rules, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company; and (ii) full board meeting was not held every six months during the year.

The board practices and procedures were replaced by the Code on Corporate Governance Practices which came into effect on 1 January, 2005. Appropriate actions are being taken by the Company in complying with the Code.

## DIRECTORS' REPORT

### 19. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities trading. Having made specific enquiry to all the Directors, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code.

### 20. BOARD PRACTICES

The Company has received an annual confirmation of independence from each of the independent non-executive Directors of the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive Directors meet the independence guidelines and are independent in accordance with the terms of the guidelines.

### 21. AUDIT COMMITTEE

The Company established an audit committee with written terms of reference comprising the three independent non-executive Directors of the Company, namely Mr. Chu Kar Wing (Chairman of the audit committee), Dr. Chow King Wai and Mr. Tang Yiu Wing. The principal duties of the audit committee included the review and supervision of the Group's financial reporting system, internal control procedures, the Group's financial information and relationship with the auditors of the Company.

The audit committee held two meetings during the year. The audit committee also reviewed and commented on the Company's draft annual and interim financial reports and met with the external auditors.

### 22. REMUNERATION COMMITTEE

The Company established a remuneration committee, comprising a majority of independent non-executive Directors of the Company, with written terms of reference. The remuneration committee comprised Mr. Alex Wong (Chairman of the remuneration committee), Mr. Chu Kar Wing and Mr. Tang Yiu Wing.

The principal responsibilities of the remuneration committee included making recommendations to the board of Directors on the Company's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management.

## DIRECTORS' REPORT

### 23. SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company maintained the prescribed public float under the Listing Rules.

### 24. PRE-EMPTIVE RIGHTS

There is no provision 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.

### 25. AUDITORS

The financial statements for the financial year ended 31 March 2002 were audited by Deloitte Touche Tohmatsu. The financial statements for the three financial years ended 31 March 2005, 2004 and 2003 were audited by RSM Nelson Wheeler.

A resolution to re-appoint the retiring auditors, RSM Nelson Wheeler, will be put at the forthcoming annual general meeting of the Company.

On behalf of the Board

**Wong Ching Ping, Alex**

*Chairman*

Hong Kong, 15 July 2005