

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 March 2005.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 26 to the financial statements.

RESULTS

The results of the Group for the year ended 31 March 2005 are set out in the consolidated income statement on page 11.

The directors do not recommend the payment of any dividend.

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 18 to the financial statements.

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. Kwan Kam Hung, Jimmy

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

Mr. Hui Richard Rui (appointed on 17 August 2004)

Mr. Wang Guangtian (appointed on 19 November 2004)

Independent non-executive directors:

Mr. Qi Qing (resigned on 28 September 2004)

Mr. Peter Ong (resigned on 24 February 2005)

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

Mr. Yu Pan (appointed on 28 September 2004)

Ms. Tong So Yuet (appointed on 24 February 2005)

Executive Directors:

Mr. Chiu Kong, aged 48, was appointed as the Chairman of the Company in June 2003. He has over 15 years of experience in import and export trading, and business development.

Mr. Kwan Kam Hung, Jimmy, aged 43, was appointed as director of the Company in November 2002. He has over 10 years of experience in the management of finance and accounting.

Mr. Hui Richard Rui, aged 37, was appointed as director of the Company in August 2004. He graduated from University of Technology, Sydney of Australia with a bachelor degree in mechanical engineering. He has over 10 years of experience in management positions of companies in Australia, Hong Kong and the People's Republic of China.

Mr. Wang Guangtian, aged 41, was appointed as director and general manager of the Company in November 2004. He holds a master's degree in world economics from Hebei University and has over 21 years of experience in financial and administrative management.

Independent Non-executive Directors:

Mr. Miu Frank H., aged 56, was appointed as independent non-executive director in September 2004. He 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 the 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 business.

Mr. Yu Pan, aged 50, was appointed as independent non-executive director in September 2004. He has over 15 years of experience in management positions of multinational trading companies in Hong Kong and the Mainland China.

Ms. Tong So Yuet, aged 33, was appointed as independent non-executive director in February 2005. She graduated from Hong Kong Polytechnic University with a bachelor degree in accountancy. She is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, a Certified Public Accountant (Practising) and the graduate of The Hong Kong Institute of Company Secretaries. Prior to joining the Group, She has over 10 years of experience in auditing and accounting sector.

In accordance with articles 91 and 99 of the Company's Articles of Association, Mr. Kwan Kam Hung, Jimmy, Mr. Hui Richard Rui, Mr. Wang Guangtian, Mr. Miu Frank H., Mr. Yu Pan and Ms. Tong So Yuet retire, and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The directors of the Company, including the independent non-executive directors, are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Articles of Association.

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' INTERESTS IN SHARES

At 31 March 2005, none of the directors nor their associates had any interests or short positions in any shares of the Company or any of its associated corporation which are required (a) to be recorded in the register kept by the Company under Section 352 of the Securities and Futures Ordinance (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.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries, were a party and in which a director of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

CONVERTIBLE NOTES OR SIMILAR RIGHTS

Details of the Company's convertible notes are set out in note 17 to the financial statements.

Other than as disclosed above, at no time during the year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2005, the register of substantial shareholders maintained under Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Name	Number of shares	Percentage holding	Notes
Kaison Limited	183,748,200	10.70%	1
Heritage International Holdings Limited	118,794,400	6.92%	2
Dr. Ho Hung Sun, Stanley	93,575,000	5.44%	

Notes:

1. Kaison Limited is beneficially owned by Mr. Zhao Zhigang and Ms. Guo Bingli as to 50% and 50% respectively.
2. Heritage International Holdings Limited is listed on the Hong Kong Stock Exchange (code: 412). The shares are directly held by its wholly owned subsidiary named Dollar Group Limited.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short position in issued share capital of the Company as at 31 March 2005.

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 Group has no major suppliers, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Owing to the business nature, the Group has no major customers.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) has an interest in any of the Group's five largest suppliers or customers.

POST BALANCE SHEET EVENT

Details of significant post balance sheet event are set out in note 25 to the financial statements.

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, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

SUFFICIENCY OF 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 share as required under the Listing Rules.

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 Articles of Association. In the opinion of the directors, this meets the same objective as the Code of Best Practice set out in the Listing Rules.

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

AUDITORS

Messrs. Deloitte Touche Tohmatsu will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Chiu Kong

Chairman

Hong Kong, 25 July 2005