

The Directors submit herewith their annual report and the audited financial statements of the Group for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company is an investment holding company. The subsidiaries are principally engaged in the businesses of ship chartering, ship owning and trading.

Segmental information of the Group for the year ended 31 December 2005 is set out in note 36 to the financial statements.

REGISTERED OFFICE

The Company is a company registered in Hong Kong and the registered office is at 26th Floor, Yardley Commercial Building, 1-6 Connaught Road West, Hong Kong. The Group's businesses of ship chartering and ship owning are carried out internationally and trading business is principally carried out in Hong Kong.

RESULTS AND APPROPRIATIONS

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

The Board has resolved not to recommend the payment of any final dividend for the year (2004: HK\$0.12 restated per share). Thus, the interim dividend of HK\$0.19 (2004: nil) per share represents the total dividend distribution for the year ended 31 December 2005.

FINANCIAL SUMMARY

A summary of the consolidated income statements and balance sheets of the Group for the last five financial years is set out on page 14.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.



Directors' Report

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 29 and 30 respectively to the financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the statements of changes in equity on pages 34 to 35.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 43 to the financial statements.

SECURED BANK LOANS AND OVERDRAFTS

Details of the secured bank loans and overdrafts of the Group and the Company at balance sheet date are set out in note 28 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

Turnover attributable to the largest and the five largest customers accounted for approximately 10% and 32% respectively of the total turnover of the Group for the year.

Purchases attributable to the largest and the five largest suppliers accounted for approximately 16% and 51% respectively of the total purchases of the Group for the year.

None of the Directors, their associates or any shareholders which to the best knowledge of the Directors own more than 5% of the Company's share capital had interest in any of the five largest customers or the five largest suppliers.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK\$560,000 (2004: HK\$184,000).



DIRECTORS

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

Executive Directors:

Mr. Ng Siu Fai
Mr. Ng Kam Wah Thomas
Mr. Ng Ki Hung Frankie
Ms. Ho Suk Lin

Non-executive Director:

Mr. Ho Kin Lung (Resigned on 25 October 2005)

Independent Non-executive Directors:

Mr. Cui Jianhua
Mr. Tsui Che Yin Frank
Mr. William Yau

In accordance with the Company's Articles of Association, Mr. Tsui Che Yin Frank will retire from office at the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

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

The Board has obtained written confirmations from all Independent Non-executive Directors of the Company concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board believed that all Independent Non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The biographical details of the Directors are set out in the board of directors and senior management on pages 20 to 22.

None of the Directors has a service contract with any member of the Group which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than under normal statutory obligations.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

The directors of the Company who held office as at 31 December 2005 had the following interests and long positions in shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

(i) Interests in shares of the Company

Name	Type of interests	Number of shares in the Company	Percentage of total issued shares of the Company
Ng Siu Fai	Family interests	10,770,000	2.02%
	Other interests	<i>Note</i>	<i>Note</i>
Ng Kam Wah Thomas	Other interests	<i>Note</i>	<i>Note</i>
Ng Ki Hung Frankie	Other interests	<i>Note</i>	<i>Note</i>

Note: Lorimer Limited, in its capacity as trustee of the Ng Hing Po 1991 Trust, is the legal owner of the entire issued share capital of Fairline Consultants Limited ("Fairline") which is the legal and beneficial owner of 295,607,280 shares of the Company (representing 55.36% of the total issued shares of the Company) as at balance sheet date. The Ng Hing Po 1991 Trust is a discretionary trust, the eligible beneficiaries of which include members of the Ng family. Both Messrs. Ng Siu Fai and Ng Kam Wah Thomas are directors of Fairline.

(ii) Interests in underlying shares of the Company

A share option scheme was adopted by the shareholders of the Company on 18 November 2004 whereby the directors of the Company were authorized to grant options to the directors, officers and employees of the Group and other persons selected by the Board who have contributed or will contribute to the Group. The option is unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.10 each of the Company.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES (Continued)

(ii) Interests in underlying shares of the Company (Continued)

At 31 December 2005, the directors of the Company had the following interests in options to subscribe for shares of the Company under the share option scheme of the Company:

Name	Number of options outstanding at the beginning and end of the year	Date of grant	Closing price per share at date of grant of options HK\$	Exercise price per share HK\$	Period during which options exercisable
Ng Siu Fai	31,570,000	23 December 2004	1.53	1.60	31 March 2006 to 22 December 2014 <i>Note 2</i>
Ng Kam Wah Thomas	21,050,000	23 December 2004	1.53	1.60	31 March 2006 to 22 December 2014 <i>Note 2</i>
Ng Ki Hung Frankie	3,000,000	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009
Ho Suk Lin	5,000,000	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009
Cui Jianhua	1,000,000	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009
Tsui Che Yin Frank	1,000,000	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009
William Yau	500,000	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009

Notes:

- During the year, no share option had been exercised and lapsed.
- The options to subscribe for 31,570,000 and 21,050,000 shares of the Company granted to Mr. Ng Siu Fai and Mr. Ng Kam Wah Thomas respectively will become exercisable upon the Group having recorded and an audited consolidated net profit of not less than HK\$400 million for the financial year of 2005 and may be exercised during the period commencing on (i) 1 March 2006 or on the business day immediately after the day of the issue and publication of the audited consolidated results of the Group for the financial year of 2005, whichever is the later, and ending on (ii) 22 December 2014, being the end of the 10-year period from 23 December 2004.
- The closing price per share of the Company as at 31 December 2005 was HK\$1.33.
- As a result of the Share Subdivision effective on 23 May 2005, all numbers of options, exercise price, market value and par value per share shown hereinabove have been adjusted accordingly.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES *(Continued)*

Save as disclosed above, as at 31 December 2005, none of the directors, chief executive or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which is required to be recorded and kept in the register in accordance with Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable any director or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor chief executive of the Company or any of their spouses or children under the age of 18 had any interests in, or had been granted, any right to subscribe for the shares in or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, its holding company, a fellow subsidiary or a subsidiary 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, in accordance with the register kept under Section 336 of the SFO, the following persons (other than the directors or chief executive of the Company) had interests representing 5% or more of the issued share capital of the Company:

Name of shareholders	Number of shares in the Company	Number of share options in the Company	Percentage of total issued shares of the Company
Fairline Consultants Limited	295,607,280	–	55.36%
Wong Yee Man Gloria	306,377,280 <i>(Note 1)</i>	–	57.38%
	–	31,570,000 <i>(Note 2)</i>	5.91%

Notes:

1. The interest in shares includes 10,770,000 shares of the Company in which Ms. Wong Yee Man Gloria is interested as a beneficial owner and 295,607,280 shares of the Company in which she is deemed to be interested through the interest of her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).
2. Ms. Wong Yee Man Gloria is deemed to be interested in the options to subscribe for 31,570,000 shares of the Company held by her spouse, Mr. Ng Siu Fai (as disclosed hereinabove).



SUBSTANTIAL SHAREHOLDERS *(Continued)*

Save as disclosed herein, as at 31 December 2005, the Company has not been notified of any person (other than the directors or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained during the year the amount of public float as required under the Listing Rules.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Moores Rowland Mazars, *Chartered Accountants, Certified Public Accountants*, as auditors of the Company.

On behalf of the Board

Ng Kam Wah Thomas
Managing Director

Hong Kong, 30 March 2006

