

The directors of the Company present their annual report and the audited financial statements of the Group for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries and an associate are set out in notes 29 and 15 to the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2006 are set out in the consolidated income statement on page 15.

The directors do not recommend the payment of any dividend.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

INVESTMENT PROPERTIES

Movements in the investment properties of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in note 24 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. Hui Richard Rui
Mr. Wang Guangtian

Independent non-executive directors:

Mr. Miu Frank H.
Mr. Yu Pan
Ms. Tong So Yuet

Directors' Report

Executive Directors:

Mr. Chiu Kong, aged 49, 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 44, 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 38, 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 42, was appointed as director and general manager of the Company in November 2004. He holds a master 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 57, was appointed 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 51, was appointed 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 34, was appointed in February 2005. She graduated from Hong Kong Polytechnic University with a bachelor degree in accountancy. Ms. Tong 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, Ms. Tong has over 10 years of experience in auditing and accounting sector.

In accordance with article 99 of the Company's Articles of Association, Mr. Kwan Kam Hung, Jimmy and Mr. Yu Pan 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 2006, 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.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2006, 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	369,741,400	21.53%	1
Radford Capital Investment Limited	98,466,200	5.73%	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. Pursuant to the Corporate Substantial Shareholder Notice filed by Radford Capital Investment Limited dated 26 May 2005, the 98,466,200 shares of the Company were held by Winning Horsee Limited, a wholly owned subsidiary of Radford Capital Investment Limited which shares are listed on the Stock Exchange.

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 2006.

Directors' Report

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.

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.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 28 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, 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.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 March 2006 with most of the Code Provisions (the "Code Provisions") in the Code of Corporate Governance Practices, as set out in Appendix 14 of the Listing Rules. Further information of the Company's corporate governance practice including any derivations from the Code Provisions is set out in the Corporate Governance Report on pages 6 to 8.

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, 11 August 2006