

The directors present their annual report and the audited financial statements for the year ended 31st January, 2004.

PRINCIPAL ACTIVITIES

The Company continues to engage in the business of property investment and to act as an investment holding company.

The principal activities of its subsidiaries are set out in note 13 to the financial statements.

RESULTS

The results of the Group for the year ended 31st January, 2004 are set out in the consolidated income statement on page 22.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out on page 25 and in note 23 to the financial statements, respectively.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31st January, 2004, resulting in a revaluation surplus of HK\$1,950,000, details of which are set out in note 11 to the financial statements.

PARTICULARS OF PROPERTIES

Details of the properties of the Group at 31st January, 2004 are set out on page 48.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 22 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.



DIRECTORS' REPORT

DIRECTORS

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

Executive directors:

Mr. Jong Kong Ki
Mr. Lo Cheung Kin
Mr. So Yiu Kong
Mr. Jong Tat Fung
Ms. Yin Hoi Yeung

Non-executive directors:

Mr. Chu Kwok Chue
Ms. Jong Lai Ching

Independent non-executive directors:

Mr. Siu Wing Keung
Mr. David Gregory Jeaffreson, *CBE, JP*

In accordance with Article 81 of the Company's Articles of Association, Messrs. Jong Kong Ki, Lo Cheung Kin and Jong Tat Fung will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his/her retirement by rotation in accordance with the Company's Articles of Association.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS

At 31st January, 2004, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Name of director	Name of company	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Jong Kong Ki	The Company	Corporate (Note 1)	21,600,000 ordinary shares of HK\$1.00 each ("Shares") (L)	25.08%
Lo Cheung Kin	The Company	Corporate (Note 2)	14,141,399 Shares (L) 3,032,239 convertible preference shares of HK\$1.00 each (L)	16.42%
	Property Developments Limited ("PDL")	Corporate (Note 3)	55 shares of US\$1.00 each in PDL (L)	55%
So Yiu Kong	The Company	Beneficial	982,000 Shares (L)	1.14%
Chu Kwok Chue	The Company	Beneficial	420,000 Shares (L)	0.49%
Yin Hoi Yeung	PDL	Corporate (Note 3)	55 shares of US\$1.00 each in PDL (L)	55%

(L) denotes long position

Notes:

- 16,650,000 Shares are held in the name of Nordstan Company Limited, 89.5% of the issued shares of which is beneficially owned by Mr. Jong Kong Ki, 3,918,000 Shares and 1,032,000 Shares are held in the name of Kik Keung Finance Limited and Benwee Company Limited respectively, both of which are beneficially owned by Mr. Jong Kong Ki.
- These Shares are held in the name of Mass Honour Investment Limited which is controlled by Mr. Lo Cheung Kin.
- These shares in PDL are held in the name of Victorfield Limited which is owned as to 66% by Ms. Yin Hoi Yeung and as to 34% by Mr. Lo Cheung Kin.

DIRECTORS' REPORT

Save as disclosed herein, at 31st January, 2004, except for certain nominee shares in certain subsidiaries held in trust for the Company by certain directors, none of the directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangement 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.

CONNECTED TRANSACTIONS

- (a) Pursuant to an agreement dated 27th November, 2003 entered into between the Company and Mr. Jong Kong Ki, a director of the Company, the Company disposed of its 63.26% equity interest in Gladiolus Trading Limited ("Gladiolus") and assigned the loan of approximately HK\$5.3 million due from Ka Fai Land Investment Company Limited, a subsidiary of Gladiolus, to Mr. Jong Kong Ki in exchange for the entire issued share capital of Keen Luck (China) Limited ("Keen Luck") and the assignment of the shareholder's loan of Keen Luck of approximately HK\$39.3 million from Mr. Jong Kong Ki to the Company. The transactions were approved by the shareholders at an extraordinary general meeting of the Company held on 9th January, 2004.
- (b) During the year, the Group received rental income of HK\$216,000 from Victorfield Limited, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests.

In the opinion of the directors, the above transaction was carried out at market price.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under "Connected Transactions", no contracts of significance to which the Company or any of its subsidiaries 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, at 31st January, 2004, the following persons (not being directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares 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 member of the Group:

Name of shareholder	Name of company	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Nordstan Company Limited	The Company	Beneficial	16,650,000 Shares (L)	19.33%
Mass Honour Investment Limited	The Company	Beneficial	14,141,399 Shares (L) 3,032,239 convertible preference shares of HK\$1.00 each (L)	16.42%
Hooi Tak Piu	The Company	Beneficial	4,692,000 Shares (L)	5.45%
Li Jian Bo	The Company	Beneficial	4,594,000 Shares (L)	5.33%
Victorfield Limited	PDL	Beneficial	55 shares of US\$1.00 each in PDL (L)	55%

(L) denotes long position

Save as disclosed above, at 31st January, 2004, the directors were not aware of any other person (other than the directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares 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 member of the Group.



DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st January, 2004, the five largest customers accounted for 100%, of which 58% was attributable to the largest customer, by value of the Group's total turnover and the five largest suppliers accounted for less than 30% by value of the Group's total purchases. The Group's largest customer was Victorfield Limited, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests.

Save as disclosed above, none of the directors, 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 customers.

CORPORATE GOVERNANCE

The Company had complied throughout the year ended 31st January, 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

JONG KONG KI

CHAIRMAN

Hong Kong, 20th May, 2004