

: Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in garment manufacturing and trading, branded products distribution, property rental and management, property development and investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's associates are principally engaged in property development.

Details of the Company's principal subsidiaries and Group's principal associates at 31 December 2004 are set out in notes 38 and 39 to the financial statements respectively.

RESULTS

The results of the Group for the year ended 31 December 2004 are set out in the consolidated income statement on page 39.

The directors recommended a final dividend of HK1.75 cent per share for the year ended 31 December 2004 (2003: HK1.0 cent per share) to be payable in cash to shareholders whose names appear on the Register of Members of the Company on 17 June 2005 and the retention of the remaining profit for the year of HK\$84.1 million. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, such dividend will be payable to shareholders on 24 June 2005.

SHARE CAPITAL

Details of changes in the Company's share capital as at 31 December 2004 are set out in note 25 to the financial statements.

RESERVES

Movements in the reserves of the Group and of the Company are set out in note 27 to the financial statements.

INVESTMENT PROPERTIES

The Group revalued its investment properties as at 31 December 2004 on an open market value basis. Movements during the year are set out in note 12 to the financial statements.

A summary of the properties held by the Group for investment purposes at 31 December 2004 is set out on pages 95 and 96.

PROPERTIES UNDER DEVELOPMENT

Details of the Group's properties under development at 31 December 2004 are set out on page 97. Movements during the year are set out in note 13 to the financial statements.

OTHER PROPERTIES, PLANT AND EQUIPMENT

Details of the Group's other properties, plant and equipment are set out in note 14 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations totalling HK\$0.1 million.

POST BALANCE SHEET EVENT

Details of a significant event occurring after the balance sheet date are set out in note 37 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICES CONTRACTS

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

Executive directors:

CHENG Wai Chee, Christopher *JP, Chairman*

CHENG Wai Sun, Edward *Chief Executive*

CHENG Man Piu, Francis

NG Tak Wai, Frederick

AU Hing Lun, Dennis (appointed on 5 February 2004)

Non-executive directors:

CHENG Wai Keung

KWOK Ping Luen, Raymond

WONG Yick Kam, Michael (also an alternate to KWOK Ping Luen, Raymond)

HONG Pak Cheung, William

Independent non-executive directors:

Simon MURRAY *CBE*

FANG Hung, Kenneth *GBS JP*

YEUNG Kit Shing, Jackson (appointed on 16 September 2004)

In accordance with Bye-law 100 of the Company's Bye-laws, Mr. Cheng Man Piu, Francis, Mr. Cheng Wai Keung, Mr. Kwok Ping Luen, Raymond and Mr. Fang Hung, Kenneth will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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In accordance with Bye-law 103(B) of the Company's Bye-laws, Mr. Yeung Kit Shing, Jackson shall hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election.

All directors, except the Chairman of the Company, are subject to retirement by rotation as required by the Company's Bye-laws.

None of the directors 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.

CORPORATE GOVERNANCE

The directors of the Company confirm that the Company has complied throughout the year ended 31 December 2004 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules") which were then in force, except that the non-executive directors are not appointed for a specific terms but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

The Company has received, from each of the independent non-executive directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive directors are independent.

The Code of Best Practice set out in Appendix 14 to the Listing Rules was replaced by the Code on Corporate Governance Practices ("CCG") which has become effective for accounting periods commencing on or after 1 January 2005. Appropriate actions are being taken by the Company for complying with the CCG.

SUFFICIENCY OF PUBLIC FLOAT

The company has maintained a sufficient public float throughout the year ended 31 December 2004.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

The Company has made specific enquiries of all directors regarding any non-compliance with the Model Code during the year, and received confirmation from all the directors that they had fully complied with the required standard set out in the Model Code throughout the year.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors and a non-executive director, namely, Mr. Simon Murray, Mr. Fang Hung, Kenneth, Mr. Yeung Kit Shing, Jackson and Mr. Wong Yick Kam, Michael. During the year, Mr. Simon Murray resigned as the Chairman of the Audit Committee and Mr. Yeung Kit Shing, Jackson was appointed the Chairman of the Audit Committee in his place. Mr. Yeung has appropriate professional qualification and experience in financial matters. In addition, the Company has updated the terms of reference of the Audit Committee by adopting "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants in February 2002 as the new terms of reference of the Audit Committee.

The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management the internal control, auditing and financial reporting matters in respect of the annual report including a review of the audited consolidated financial statements of the Company for the year ended 31 December 2004.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY

As at 31 December 2004, the interests of the directors and chief executive of the Company in the shares of the Company as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of director	Number of shares held				Total	Percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	Other interests		
Cheng Wai Chee, Christopher	2,075,999	–	150,409,086	110,595,862	263,080,947	50.00%
			Note (a)	Note (b)		
Cheng Wai Sun, Edward	2,000,000	–	–	110,595,862	112,595,862	21.40%
				Note (b)		
Cheng Man Piu, Francis	–	–	–	110,595,862	110,595,862	21.02%
				Note (b)		
Cheng Wai Keung	–	–	–	110,595,862	110,595,862	21.02%
				Note (b)		
Ng Tak Wai, Frederick	886,000	762,000	–	–	1,648,000	0.31%
Au Hing Lun, Dennis	600,000	–	–	–	600,000	0.11%

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Notes:

- (a) Mr. Cheng Wai Chee, Christopher was deemed to be interested in 150,409,086 shares of the Company beneficially owned by Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited by virtue of his corporate interests in these companies. Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited were the beneficial owners of 68,747,996, 66,698,122 and 14,962,968 shares of the Company respectively.
- (b) Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis and Cheng Wai Keung were beneficiaries of a trust which assets include indirect interests in 110,595,862 shares of the Company beneficially owned by Brave Dragon Limited and Wing Tai Garment Manufactory (Singapore) Pte Limited as set out under "Substantial Shareholders" below.

All the interests in shares disclosed under this section are long position. Save as disclosed above, as at 31 December 2004, none of the directors nor the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) which has been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO and have been recorded in the register maintained by the Company pursuant to section 352 of the SFO; or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES

Under the Company's share option schemes, certain directors of the Company have personal interests in share options which had been granted to them to subscribe for shares in the Company as follows:

Name of director	Date of grant	Number of share options			
		Exercise price per share HK\$	Outstanding at 1.1.2004	Exercised during the year	Outstanding at 31.12.2004
Cheng Wai Chee, Christopher	15.11.1999	0.8	2,000,000	(2,000,000)	–
Cheng Wai Sun, Edward	15.11.1999	0.8	2,000,000	(2,000,000)	–
Ng Tak Wai, Frederick	15.11.1999	0.8	860,000	(860,000)	–
Au Hing Lun, Dennis	15.11.1999	0.8	600,000	(600,000)	–

No options were granted to the Company's directors during the year.

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors or the chief executive of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors, the chief executive, their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, the following persons (other than the directors and the chief executive of the Company) had interests in the shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Number of shares beneficially held	% of shareholding
Brave Dragon Limited	106,345,862	20.21 (Note 1)
Wing Tai Holdings Limited	110,595,862	21.02 (Note 2)
Deutsche Bank International Trust Co. (Jersey) Limited	110,595,862	21.02 (Note 2)
Deutsche Bank International Trust Co. (Cayman) Limited	110,595,862	21.02 (Note 2)
Wing Tai Asia Holdings Limited	110,595,862	21.02 (Note 2)
Wing Sun Development Private Limited	110,595,862	21.02 (Note 2)
Terebene Holdings Inc.	110,595,862	21.02 (Note 2)
Winlyn Investment Pte Ltd.	110,595,862	21.02 (Note 2)
Bestime Resources Limited	68,747,996	13.06 (Note 3)
Pofung Investments Limited	66,698,122	12.67 (Note 3)
Wing Tai Corporation Limited	135,446,118	25.74 (Note 3)
Wesmore Limited	83,946,158	15.95 (Note 4)
Sun Hung Kai Properties Limited	101,392,150	19.27 (Note 4)
Lo Yuk Sui	51,676,000	9.82 (Note 5a)
Century City International Holdings Limited	51,676,000	9.82 (Note 5a)
Century City BVI Holdings Limited	51,676,000	9.82 (Note 5b)
Paliburg Holdings Limited	51,676,000	9.82 (Note 5b)
Paliburg Development BVI Holdings Limited	51,676,000	9.82 (Note 5b)
Paliburg International Holdings Limited	51,676,000	9.82 (Note 5b)
Paliburg BVI Holdings Limited	51,676,000	9.82 (Note 5b)
Regal Hotels International Holdings Limited	51,676,000	9.82 (Note 5b)
Regal International (BVI) Holdings Limited	51,676,000	9.82 (Note 5b)
Real Chance Profits Limited	51,676,000	9.82 (Note 5b)
HK 168 Limited	51,676,000	9.82 (Note 5b)

Notes:

- (1) Wing Tai Holdings Limited beneficially owned 89.4% of the issued shares of Brave Dragon Limited and 100% of the issued shares of Wing Tai Garment Manufactory (Singapore) Pte Limited which owned 4,250,000 shares of the Company.
- (2) Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust (in which Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis and Cheng Wai Keung were beneficiaries) which held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the

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trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and 61.3% of the issued shares of Terebene Holdings Inc., Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Private Limited, held 28.2% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Ltd. which in turn held 9.2% of the issued shares of Wing Tai Holdings Limited.

- (3) Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited and Pofung Investments Limited and therefore, it was deemed to be interested in the shares of the Company beneficially owned by Bestime Resources Limited and Pofung Investments Limited.
- (4) Sun Hung Kai Properties Limited ("SHKP") beneficially owned 100% of the issued share capital of Soundworld Limited, Techglory Limited and Wesmore Limited. SHKP was deemed to be interested in the shares of the Company owned by Soundworld Limited, Techglory Limited and Wesmore Limited by virtue of its corporate interests in these companies. Soundworld Limited was the beneficial owner of 16,260,992 shares of the Company and Techglory Limited was the beneficial owner of 1,185,000 shares of the Company.
- (5) (a) These shares were held through the companies controlled by Century City International Holdings Limited ("CCIHL"), of which Mr. Lo Yuk Sui is the Chairman and controlling shareholder. 51,676,000 shares of the Company were beneficially owned by HK 168 Limited ("HK 168"), in which shares Real Chance Profits Limited, Regal International (BVI) Holdings Limited, Regal Hotels International Holdings Limited, Paliburg BVI Holdings Limited, Paliburg International Holdings Limited, Paliburg Development BVI Holdings Limited, Paliburg Holdings Limited, Century City BVI Holdings Limited and CCIHL were deemed to have an interest through their direct or indirect shareholding interests in HK 168. These interests in 51,676,000 shares are duplicated amongst Mr. Lo Yuk Sui and all these companies.
- (b) These companies are controlled by CCIHL.

All the interests in shares disclosed under this section represent long position.

Save as disclosed above, as at 31 December 2004, the Company is not aware of any other person (other than the directors and the chief executive of the Company) who has an interest or a short position in the shares or underlying shares of the Company which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEMES

Details of the share option schemes of the Company are set out in note 26 to the financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

There were 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, which subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of directors of the Company in competing businesses required to be disclosed pursuant to Rule 8.10 of the Listing Rules are as follows:

Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are substantial shareholders of Wing Tai (Cheng) Holdings Limited and Pacific Investment Exponents Inc. (the "Group One Companies"). Messrs. Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of Wing Tai (Cheng) Holdings Limited. Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward and Cheng Man Piu, Francis are directors of Pacific Investment Exponents Inc.

Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis and Cheng Wai Keung are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Garment Industrial Holdings Limited (the "Group Two Company"). Messrs. Cheng Wai Chee, Christopher and Cheng Man Piu, Francis are directors of the Group Two Company.

Messrs. Cheng Wai Chee, Christopher, Cheng Wai Sun, Edward, Cheng Man Piu, Francis and Cheng Wai Keung are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Asia Holdings Limited and Terebene Holdings Limited (the "Group Three Companies"). Mr. Cheng Wai Keung is a director of the Group Three Companies.

Certain companies controlled by the Group One Companies and the Group Two Company carry on garment business in China, Cambodia and Madagascar which may be regarded as competitive to the Group's apparel business.

Certain companies affiliated with the Group Three Companies carry on garment business in Malaysia and Sri-Lanka which might be regarded as competitive to the Group's apparel business.

The Group's management team is separated from and independent of those of the Group One Companies, Group Two Company and Group Three Companies. The Group's management team has been instructed that whatever businesses to be transacted with the Group One Companies, Group Two Company, Group Three Companies and/or any companies controlled thereby or affiliated therewith shall be transacted at arm's length. Furthermore, the Company's independent non-executive directors and the members of the Company's Audit Committee will ensure that the Group is capable of carrying on its business independently of, and at arm's length from the aforesaid garment businesses.

Messrs. Cheng Wai Chee, Christopher and Cheng Wai Sun, Edward are non-executive directors of and interested in Winsor Properties Holdings Limited ("WPHL"). Mr. Au Hing Lun, Dennis is an alternate director to Messrs. Cheng Wai Chee, Christopher and Cheng Wai Sun, Edward in WPHL. The industrial buildings rental business and the property development business of WPHL may be regarded as competitive to the Group's property rental business and property development business respectively.

The Group's management team is separated from and independent of the management team of WPHL. The Group's management team has been instructed that whatever businesses to be transacted with WPHL and/or

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any companies controlled thereby or affiliated therewith shall be transacted at arm's length. The industrial buildings rental by the Group and WPHL are targeting at different customer bases and different market segments. Furthermore, the Company's independent non-executive directors and the members of the Company's Audit Committee will ensure that the Group is capable of carrying on its businesses independently of, and at arm's length from the aforesaid industrial property rental business and property development business of WPHL.

Messrs. Kwok Ping Luen, Raymond and Wong Yick Kam, Michael are directors of Sun Hung Kai Properties Limited ("SHKP"). Businesses of SHKP consist of property development and investment. Only in this respect they are regarded to be interested in the relevant competing business with the Group.

Messrs. Kwok Ping Luen, Raymond and Wong Yick Kam, Michael are directors of SUNeVision Holdings Limited ("SUNeVision"). Businesses of SUNeVision consist of internet services. Only in this respect they are regarded to be interested in the relevant competing business with the Group.

Mr. Kwok Ping Luen, Raymond is a director of The Kowloon Motor Bus Holdings Limited ("KMB"). Businesses of KMB consist of property development and investment. Only in this respect he is regarded to be interested in the relevant competing business with the Group.

The aforesaid competing businesses, in which Messrs. Kwok Ping Luen, Raymond and Wong Yick Kam, Michael are regarded to be interested, are managed by separate publicly listed companies with independent management and administration. In this respect, coupled with the diligence of its independent non-executive directors and the Audit Committee, the Group is capable of carrying on its business independently of, and at arm's length from the said competing businesses.

CONNECTED TRANSACTIONS

- (1) As previously reported, the Company (through a wholly-owned subsidiary) had granted certain loans (the "Shareholders' Loans") to Union Charm Development Limited ("UCD") in proportion to the Company's equity interest in UCD.

The Company has a 7.5% attributable indirect interest in UCD, held through Avondale Properties Limited ("Avondale"), the beneficial owner of the entire issued ordinary share capital of UCD, and Everton Properties Limited ("Everton"), which holds 15% of the issued share capital of Avondale and 15% of the issued participating preference shares of UCD. Each of World-Wide Investment Company (Bermuda) Limited and a wholly owned subsidiary of the Company holds 50% of the issued share capital of Everton.

On 12 March 2001, UCD entered into a loan agreement with The Hongkong and Shanghai Banking Corporation Limited (the "Lender") pursuant to which the Lender has agreed to provide loan facilities for an aggregate amount of HK\$2,950 million to UCD (the "Loan Facilities"). Amounts drawn thereunder carry interest at a rate based on the Hong Kong inter-bank offered rate. On 19 February 2004, the outstanding balance of the Loan Facilities amounted to HK\$418 million.

On 19 February 2004, UCD entered into a supplemental loan agreement with the Lender (the “Supplemental Loan Agreement”) pursuant to which the Lender has agreed to UCD re-borrowing a principal amount of HK\$983,000,000 under the Loan Facilities for the purpose of re-financing part of the Shareholders’ Loans and to extend the maturity date of the Loan Facilities to 19 February 2009.

As part of the security package for the Loan Facilities, the Company, a wholly-owned subsidiary thereof and Everton respectively entered into a Deed of Consent and Authorisation (consenting to UCD executing a Security Deed in favour of the Lender), a Subordination Agreement (subordinating the Shareholders’ Loans to the loans made by the Lender under the Loan Facilities and Share Mortgage (mortgaging the Group’s shareholding in UCD to the Lender) (collectively the “Security Documents”). Confirmation letters in respect of the Security Documents were signed for the purpose of acknowledging and confirming the Supplemental Loan Agreement.

Wing Tai Holdings Limited (“WTH”), a substantial shareholder of the Company, which has a 30% attributable indirect interest in UCD held through Avondale. WTH is a connected person of the Company for the purpose of the Listing Rules.

- (2) In November 2003, the Company through a wholly-owned subsidiary, Kosheen Investments Limited, formed a joint venture company, namely Winwill Investment Pte Ltd (“Winwill”), together with a wholly-owned subsidiary of WTH and a wholly-owned subsidiary of Winsor Properties Holdings Limited (“WPHL”) on a 20:60:20 basis.

Winwill is an investment vehicle. It holds a 60% interests in another joint venture company, namely Winhome Investment Pte Ltd (“Winhome”). Other shareholders of Winhome are independent third parties to each of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Winhome undertakes the development and sale of a residential land parcel at Flower Road/Kovan Road in Singapore. Financial assistance in the form of shareholders’ loan provided to Winhome in proportion to the Group’s equity interests in Winhome and on normal commercial terms was in an aggregate amount of HK\$49.8 million in 2004.

WPHL is a substantial shareholder of a subsidiary of the Company and hence a connected person of the Company.

- (3) On 1 November 2004, Unimix Properties Limited, a 86.4% owned subsidiary of the Company, entered into a tenancy agreement with Wing Tai Corporation Limited (“WTC”) for the leasing of the premises situated at Unit B, 18/F and Unit A, 22/F, Unimix Industrial Centre, 2 Ng Fong Street, San Po Kong, Kowloon, Hong Kong for a term of two years commencing on 1 November 2004 at a total rent and management fee of HK\$2,646,067.20 (exclusive of electricity charges for the air-conditioning system) for the two years’ lease term payable in 24 monthly payments to be paid in advance on the first date of each month.

WTC is a substantial shareholder of the Company and hence a connected person of the Company.

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- (4) On 3 December 2004, USI Property Management Limited ("USIPM"), a wholly-owned subsidiary of the Company, entered into a project management agreement ("PM Agreement") with Begin Land Limited ("Begin Land"), a wholly-owned subsidiary of WPHL. Pursuant to the PM Agreement, Begin Land appointed USIPM as the project manager to manage the construction and development of the property situated at 102 How Ming Street, Kwun Tong, Kowloon for a term of approximately 70 months commencing on 1 December 2004 until the date of settlement of the final account in respect of the property project which is expected to be a date not later than 30 September 2010.

The estimated total project management fee payable by Begin Land to USIPM is approximately HK\$7,944,000.

- (5) On 14 March 2005, the Company and WPHL entered into a memorandum of agreement ("MOA") pursuant to which the Company and WPHL intended to form a 80:20 joint venture for the investment and development of the property situated at No. 157 Argyle Street, Kowloon (the "Property"). The Property was acquired by the Company through a wholly-owned subsidiary, Pangold Development Limited ("Pangold"), by way of public tender at the tender purchase price of HK\$250.1 million.

The total investment amount of Pangold in the Property is about HK\$262 million which includes the tender purchase price of the Property and the cost incurred in the acquisition of the Property and other minor expenses. Subject to the fulfillment of the condition precedent referred to in the MOA, the capital of Pangold will be restructured such that the effective interests of the Company and WPHL shall be 80% and 20% respectively. WPHL will also acquire from the Company 20% of the amount due by Pangold to the Company at cost and reimburse the Company 20% of the Company's cost of funding for the said amount. WPHL's total investment in Pangold after such acquisition will be about HK\$52.6 million.

Under the Listing Rules, the aforesaid proposed transaction is a connected transaction of the Company subject to independent shareholders' approval at a special general meeting to be held on 21 April 2005.

All the above transactions were entered into in the ordinary course of business and on normal commercial terms.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2004, the aggregate turnover attributable to the Group's five largest customers accounted for approximately 33% of the total value of the Group's turnover and the turnover attributable to the Group's largest customer accounted for approximately 24% of the total value of the Group's turnover. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the total value of the Group's purchases.

None of the directors, their associates, or any shareholder (which to the knowledge of the directors own more than 5% of the Company's share capital) has any interest in the Group's five largest customers and suppliers.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2004, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounting to HK\$729.3 million in aggregate which exceeded 8% of the percentage ratios as defined in Rule 14.07 of the Listing Rules.

A pro-forma combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 31 December 2004 are presented below:

	Pro-forma combined balance sheet HK\$'M	Group's attributable interest HK\$'M
Non-current assets	4,401.8	832.1
Current assets	1,385.4	324.5
Current liabilities	(1,150.9)	(401.2)
Non-current liabilities	(4,467.5)	(733.3)
	<hr/>	<hr/>
Net assets	168.8	22.1

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws although there is no restriction against such rights under the laws in Bermuda.

AUDITORS

A resolution will be submitted to the annual general meeting of the Company to appoint the auditors of the Company.

On behalf of the Board

Cheng Wai Chee, Christopher

Chairman

Hong Kong

19 April 2005