

The directors present their annual report and the audited financial statements for the year ended 31st January, 2005.

## **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, 2005 are set out in the consolidated income statement on page 21.

## **RESERVES**

Details of the movements in the reserves of the Group and of the Company during the year are set out on page 24 and in note 19 to the financial statements, respectively.

## **INVESTMENT PROPERTY**

The Group revalued its investment property at 31st January, 2005, resulting in a revaluation surplus of HK\$450,000, 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, 2005 are set out on page 46.

## **SHARE CAPITAL**

Details of the share capital of the Company are set out in note 18 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**

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*  
Mr. See Tak Wah *(appointed on 30th September, 2004)*

In accordance with Articles 77 and 81 of the Company's articles of association, Ms. Yin Hoi Yeung, Ms. Jong Lai Ching, Mr. David Gregory Jeaffreson, *CBE, JP* and Mr. See Tak Wah will retire 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, 2005, 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%
So Yiu Kong	The Company	Beneficial	982,000 Shares (L)	1.14%
Chu Kwok Chue	The Company	Beneficial	420,000 Shares (L)	0.49%

(L) denotes long position

**INTERESTS OF DIRECTORS (continued)**

*Notes:*

1. 16,650,000 ordinary shares are held in the name of Nordstan Company Limited, 89.5% issued share capital of which is beneficially owned by Mr. Jong Kong Ki. 3,918,000 ordinary shares and 1,032,000 ordinary 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.
2. The ordinary and preference shares are held in the name of Mass Honour Investment Limited which is controlled by Mr. Lo Cheung Kin.

Save as disclosed herein, at 31st January, 2005, except for 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 of 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 TRANSACTION**

During the year, the Group received rental income of HK\$192,000 from Victorfield Limited, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests.

The independent non-executive directors confirm that the transaction has been entered into by the Company in the ordinary course of its business and in accordance with the terms of the agreement governing such transaction that is fair and reasonable and in the interest of the shareholders of the Company as a whole.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under "Connected Transaction", 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, 2005, 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 shares 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%

(L) denotes long position

**INTERESTS OF SUBSTANTIAL SHAREHOLDERS (continued)**

Save as disclosed above, at 31st January, 2005, 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.

**MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31st January, 2005, the two customers accounted for 100%, of which 63% was attributable to the larger customer, by value of the Group's total turnover. The Group's larger customer was Victorfield Limited, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests. The Group does not have any supplier for the year ended 31st January, 2005.

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 two larger customers.

**CORPORATE GOVERNANCE**

The Company had complied throughout the year ended 31st January, 2005 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (in force prior to 31st March, 2004).

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (as amended on 31st March, 2004) (the "Listing Rules"). Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code throughout the year.

The Company has received from each of the independent non-executive directors an annual written confirmation of independence pursuant to rule 3.13 of the Listing Rules. The Company still considers all the independent non-executive directors to be independent.

**SUFFICIENCY OF PUBLIC FLOAT**

From information publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year.

**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, 23rd May, 2005