

# Report of the Directors

The Directors have pleasure in submitting their report and the audited accounts for the year ended 31st March, 2001.

## Principal activities

The principal activity of the Company is investment holding. The names, particulars and activities of its principal subsidiaries, associated companies and jointly controlled entities are set out on pages 33 to 35.

## Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 12.

A special dividend of 10 cents per share, totalling HK\$25,969,000, was paid on 8th February, 2001. The Directors have recommended a final dividend of 3 cents per share, totalling HK\$7,790,000, payable on 22nd August, 2001.

An analysis of the Group's turnover and contribution to operating profit for the year by principal activities and geographical areas is set out in note 2 to the accounts.

A summary of the published results and of the assets and liabilities of the Group for the last 5 years is set out on page 36.

## Reserves

Details of the movements in the reserves of the Group and the Company during the year are set out in note 23 to the accounts.

## Fixed assets

Details of the movements in fixed assets are set out in note 12 to the accounts.

## Bank borrowings and interest capitalised

Details of bank borrowings are set out in note 21 to the accounts. The Group does not have other borrowings. No interest has been capitalised during the year.

## Management contracts

No contracts concerning the management and administration of the Company were entered into or existed during the year.

## Directors

The Board of Directors as now constituted is listed on page 1. Their

brief biographical details are set out on pages 2 to 3. Mr. Yu King On served as Director until 14th December, 2000.

Lord Sandberg, Michael Graham Ruddock, Mr. Tang Hung Yuan, Mr. Ting Hsiun Shih, Patrick and Mr. Lam Woon Bun retire by rotation under the provisions of Articles 104 and 105 at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company.

## Compliance with the Code of Best Practice

During the year, the Company has complied with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at annual general meetings of the Company in accordance with Articles 104 and 105 of the Company's Articles of Association.

Pursuant to the Code of Best Practice, an Audit Committee with written terms of reference has been appointed on 18th December, 1998. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chow Pai Ying, Mr. Ho Fook Hong, Ferdinand and Mr. Yue Kwok Hung, Justin. The Audit Committee's principal duties include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee has met three times during the year.

## Directors' interests in contracts and in equity or debt securities

Save and except for the related party transactions disclosed in note 11 to the accounts, no contracts of significance in relation to the Group's business to which the Company or 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.

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

The interests of the Directors at 31st March, 2001 in the issued share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance) as recorded in the register maintained under section 29 of that Ordinance are set out below.

**Report of the Directors** (continued)

	Personal interests	Family interests	Corporate interests	Total
<b>The Company</b>			(Note)	
Ordinary shares held:				
Mr. Chou Wen Hsien	—	—	192,615,464	192,615,464
Mr. Chow Chung Kai	—	—	192,615,464	192,615,464
Mr. Ting Hsiun Shih, Patrick	—	10,000	—	10,000
<b>National Garments Holdings Private Ltd.</b> (in members' voluntary liquidation)				
Ordinary shares held:				
Mr. Chou Wen Hsien	500,002	—	—	500,002
Mr. Chow Chung Kai	500,000	—	—	500,000
<b>Winsor Health Investment Ltd.</b>				
Ordinary shares held:				
Mr. Chou Wen Hsien	—	—	300	300
Mr. Chow Chung Kai	—	—	300	300
<b>Winsor Health Products Ltd.</b>				
Ordinary shares held:				
Mr. Chou Wen Hsien	—	—	15,000	15,000
Mr. Chow Chung Kai	—	—	15,000	15,000
10% Redeemable preference shares held:				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000
<b>Winsor Health Products (International) Ltd.</b>				
Ordinary shares held:				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000
<i>Note : Such interests are held by corporations where Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each entitled to exercise one-third or more of the voting power in their general meetings.</i>				

The Company has not granted any right to subscribe for equity or debt securities of the Company.

Save as disclosed herein, none of the Directors had any interest in the equity or debt securities of the Company or any of its associated corporations at 31st March, 2001.

**Directors' interest in competing businesses**

Set out below is information disclosed pursuant to paragraph 8.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:-

Six executive Directors of the Company, namely Messrs. Chou Wen Hsien, Chow Chung Kai, Chow Wai Wai, John, Chow Ming Shan, Tang Hung Yuan and Lam Woon Bun, being also executive directors of Winsor Properties Holdings Limited ("WPHL") are considered as having an interest in WPHL under paragraph 8.10(2).

Ownership of various industrial premises and carpark spaces for letting by WPHL's subsidiaries constitute competing businesses to the Group's ownership of an industrial building and carpark spaces in Hong Kong for letting. In view of the WPHL Group's experience and expertise in industrial property letting and management, the Group has appointed a subsidiary of WPHL as agent for the letting and management of the Group's said properties.

Since the WPHL Group properties are targeted at different customers and/or situated in different areas compared to the Group's own properties, the Group considers that its interest in the businesses of owning and letting of industrial premises and carparking spaces is adequately safeguarded.

Mr. Chow Ming Shan, an executive Director of the Company, being also a non-executive director of Safety Godown Company Limited ("Safety Godown") is considered as having an interest in Safety Godown under paragraph 8.10(2).

The principal businesses of Safety Godown and its subsidiaries are property investment and godown operation. Its property investment business constituted a competing business to the Group.

Mr. Chow Ming Shan is not involved in any way in the carrying on of the competing business by Safety Godown. The Group is therefore capable of carrying on its business independently of, and at arm's length from, the said competing business.

Mr. Ting Hsiun Shih, Patrick, an executive Director of the Company, being also a director of Top Knitters Limited ("Top Knitters") is considered as having an interest in Top Knitters under paragraph 8.10(2).

The manufacturing and trading of cashmere knitwear conducted by Top Knitters constitute competing businesses to the Group's knitwear business. Top Knitters has ceased the competing businesses with effect from 1st April, 2001.

Mr. Ting Hsiun Shih, Patrick is not involved in the Group's knitwear business and the clientele of Top Knitters is distinct from that of the Group. The Group is therefore capable of carrying on its business independently of, and at arm's length from, the said competing businesses.

Mr. Lam Woon Bun, an executive Director of the Company, being also a non-executive director of China Logistics Group Limited ("China Logistics") (formerly known as Ocean-Land Group Limited) is considered as having an interest in China Logistics under paragraph 8.10(2).

Ownership of a carpark building and an industrial building in Hong Kong for letting by China Logistics' subsidiaries constitute competing businesses to the Group.

Mr. Lam Woon Bun is not involved in any way in the carrying on of the competing businesses by China Logistics. The Group is therefore capable of carrying on its business independently of, and at arm's length from, the said competing businesses. Mr. Lam Woon Bun resigned as a non-executive director of China Logistics on 1st April, 2001.

### Substantial shareholders

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that at 31st March, 2001 the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company, other than those of the Directors as disclosed above:-

	Number of <u>Ordinary shares held</u>	<u>% of Total</u>
Super-Rich Finance Limited	192,615,464	74.17%

### Purchase, sale or redemption of shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

### Major customers and suppliers

The percentages of the Group's sales attributable to major customers are as follows:

Percentage of sales attributable to the Group's largest customer	20.71%
Percentage of sales attributable to the Group's 5 largest customers	35.92%

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in the customers disclosed above.

During the year, less than 30% of the Group's purchases was attributable to its 5 largest suppliers.

### Auditors

The accounts have been audited by PricewaterhouseCoopers who offer themselves for re-appointment at a fee to be agreed.

On behalf of the Board

### CHOU Wen Hsien

*Chairman*

Hong Kong, 4th July, 2001.