

REPORT OF THE DIRECTORS

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The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 14 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2002 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 21 to 64.

The directors recommend the payment of a final dividend of HK0.35 cent per ordinary share in respect of the year, to shareholders whose names appear on the register of members on 28 May 2003. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

FINANCIAL INFORMATION SUMMARY

The following is a summary of the published results, and the assets, liabilities and minority interests of the Group for the last five financial years, prepared on the basis set out in the note below.

RESULTS

	Year ended 31 December				
	2002	2001	2000	1999	1998
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net profit attributable to shareholders	23,014	30,086	62,658	45,462	28,022

ASSETS, LIABILITIES AND MINORITY INTERESTS

	31 December				
	2002	2001	2000	1999	1998
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TOTAL ASSETS	390,585	344,803	294,492	189,613	136,186
TOTAL LIABILITIES	(186,360)	(162,119)	(129,055)	(109,872)	(76,100)
MINORITY INTERESTS	(8,248)	(9,721)	–	(1,083)	(1,090)
	195,977	172,963	165,437	78,658	58,996

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FINANCIAL INFORMATION SUMMARY (continued)

Notes:

1. The summary of the combined results of the Group for each of the two years ended 31 December 1999 was extracted from the Company's prospectus dated 12 December 2000 (the "Prospectus"). Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years. The results of the Group for the year ended 31 December 2000 are extracted from the published audited financial statements.
2. The summary of the combined assets, liabilities and minority interests of the Group as at 31 December 1998 and 1999 was extracted from the Prospectus. Such summary was prepared on the same basis as detailed in note 1 above. The consolidated balance sheet as at 31 December 2000 is extracted from the published audited financial statements.
3. The amounts for 31 December 2000 have been adjusted for the effect of the retrospective changes arising from the implementation of the revised Statement of Standard Accounting Practice 2.109 "Events after the balance sheet date". The change in accounting policy has resulted in a prior year adjustment to reclassify the proposed final dividend amounts, which were previously recognised as liabilities, to the proposed final dividend reserve account within the capital and reserves section of the balance sheet.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company during the year, together with the reasons therefor, are set out in note 25 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2002, the Company's reserves available for distribution, calculated in accordance with the Companies Law (2001 Revision) of the Cayman Islands, amounted to HK\$153,467,000. This includes the Company's share premium account in the amount of HK\$32,641,000 as at 31 December 2002, which may be distributed in the form of fully paid bonus shares.

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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, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK\$622,000.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the Group's sales to the five largest customers and purchases from the five largest suppliers for the year ended 31 December 2002 accounted for less than 30% of the Group's total sales and purchases for the year respectively.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr. Wang Ya Nan (*Chairman*)

Mr. Wang Ya Hua (*Vice chairman*)

Mr. Wong Ah Yu

Mr. Wong Ah Yeung

Mr. Shi Bi Xi

Mr. Choi Wai Sang

Independent non-executive directors:

Mr. Wong Kong Hon SBS, JP

Mr. Ting Leung Huel, Stephen

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In accordance with article 108(A) of the Company's articles of association, Messrs. Wang Ya Nan, Wang Ya Hua and Wong Ah Yeung will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31 December 2002, the interests of the directors and their associates in the share capital of the Company and its associated corporations, as required to be recorded in the register of directors' interests maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Type of interest	Number of issued ordinary shares of HK\$0.01 each held in the Company
Mr. Wang Ya Nan	Corporate (Note 1)	1,698,750,000
Mr. Wang Ya Hua	Corporate (Note 1)	1,698,750,000
Mr. Wong Ah Yu	Corporate (Note 1)	1,698,750,000
Mr. Wong Ah Yeung	Corporate (Note 1)	1,698,750,000
Mr. Shi Bi Xi	Corporate (Note 2)	472,500,000
Mr. Choi Wai Sang	Corporate (Note 3)	78,750,000

Notes:

1. These shares are held by Landmark Worldwide Holdings Limited, the issued share capital of which is beneficially owned as to 25% each by Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yu and Wong Ah Yeung (collectively referred to as the "Wong Brothers").
2. These shares are held by Jetwise Universal Limited, the entire issued share capital of which is held and beneficially owned by Mr. Shi Bi Xi.
3. These shares are held by Faye Limited, the issued share capital of which is held and beneficially owned as to 50% each by Mr. Choi Wai Sang and his father, Mr. Chua Hun Hay.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' interests in share capital" above and "Share option scheme" in note 25 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective

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spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

Details of the share option scheme of the Company are set out in note 25 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2002, the following parties were interested in 10% or more of the Company's issued share capital as recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of shareholder	Notes	Number of ordinary shares held	Percentage of total issued ordinary shares
Landmark Worldwide Holdings Limited	1	1,698,750,000	56.25
Jetwise Universal Limited	2	472,500,000	15.65

Notes:

1. The issued share capital of Landmark Worldwide Holdings Limited is held and beneficially owned as to 25% each by the Wong Brothers.
2. The entire issued share capital of Jetwise Universal Limited is held and beneficially owned by Mr. Shi Bi Xi, a director of the Company.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in share capital" above, had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

DIRECTORS' SERVICE CONTRACTS

Each of the Wong Brothers, and Messrs. Shi Bi Xi and Choi Wai Sang, being the executive directors of the Company, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 December 2000, and which will continue thereafter until terminated by not less than three months' notice in writing served by either party to the other. Such notice shall not expire until after the afore-mentioned initial fixed term.

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Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in note 3 to the financial statements, no director had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 11 to 13 of the Annual Report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year covered by the Annual Report, except that the independent non-executive directors of the Company are not appointed for specific terms, but are subject to retirement by rotation at the annual general meeting in accordance with the Company's memorandum and articles of association.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee"), which was established in accordance with the requirements of the Code of Best Practice, for the purposes of reviewing and providing supervision over the financial reporting process and internal controls of the Group. The Committee comprises the two independent non-executive directors of the Company. The Group's financial statements for the year ended 31 December 2002 have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards, and legal requirements, and that adequate disclosures have been made.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Wang Ya Nan
Chairman

Hong Kong
11 April 2003