

# DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2001.

## PRINCIPAL ACTIVITIES

The Company continues to act as an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 17 and 18 to the financial statements respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2001 are set out in the consolidated income statement on page 14.

An interim dividend of 1.0 cent per share amounting to HK\$3,078,125 was paid on 8 January 2001. The Directors now recommend the payment of a final dividend of 1.5 cents per share to be paid to the shareholders on the Register of Members on 10 September 2001.

## SEGMENTAL INFORMATION

Details of the segmental information of the Group for the year ended 31 March 2001 are set out in note 3 to the financial statements.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 44.

## INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group revalued all of its investment properties at the year end date. The net surplus arising on revaluation, which has been credited directly to the investment property revaluation reserve, amounted to HK\$3,588,567.

Details of these and other movements during the year in investment properties and property, plant and equipment of the Group and the Company are set out in notes 14 and 15 to the financial statements respectively.

# DIRECTORS' REPORT

## PARTICULARS OF PROPERTIES HELD BY THE GROUP

Details of the properties held by the Group at 31 March 2001 are set out on pages 45 to 47.

## SHARE CAPITAL

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

## RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 23 to the financial statements.

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

During the year, the Company repurchased and cancelled 326,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$456,400 before expenses. The nominal value of the cancelled shares of HK\$163,000 was credited to the capital redemption reserve and the aggregate consideration was paid out of the Company's accumulated profits. Details of the repurchase are as follows:

Month of repurchase	Number of ordinary shares repurchased	Price per share		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
August 2000	326,000	1.40	1.40	456,400

The Directors considered that the repurchase would benefit the shareholders by enhancing the net asset value and earnings per share of the Company.

# DIRECTORS' REPORT

## DIRECTORS

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

### Executive Directors

Mr. Chan Hoi Sow

Mr. Chan Siu Keung, Leonard

Mr. Chan Yan Tin, Andrew *(resigned as Executive Director on 2 April 2001)*

### Non-Executive Director

Mr. Chan Yan Tin, Andrew *(appointed as Non-Executive Director on 2 April 2001)*

### Independent Non-Executive Director

Mr. Lee Yip Wah, Peter

Mr. Lee Ka Sze, Carmelo

In accordance with Article 103 of the Articles of Association of the Company, Mr. Chan Hoi Sow and Mr. Lee Ka Sze, Carmelo shall retire by rotation and, being eligible, offer themselves for re-election.

The term of office of the Non-Executive Directors are the period up to their retirement by rotation in accordance with the Company's Articles of Association.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS IN SHARES

At 31 March 2001, the interests of the Directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of Director	Number of ordinary shares held		Total
	Personal interests	Corporate interests	
Mr. Chan Hoi Sow	2,036,000	173,996,896 <i>(Note)</i>	176,032,896
Mr. Chan Yan Tin, Andrew	792,000	Nil	792,000
Mr. Chan Siu Keung, Leonard	Nil	Nil	Nil
Mr. Lee Yip Wah, Peter	Nil	Nil	Nil
Mr. Lee Ka Sze, Carmelo	Nil	Nil	Nil

*Note:* Mr. Chan Hoi Sow had a controlling interest in Dingfar Holdings Ltd. which, through Noranger Company Limited, held 143,474,000 ordinary shares of the Company. He also had a controlling interest in Evergrade Investments Limited which held 30,522,896 ordinary shares of the Company. Accordingly, Mr. Chan Hoi Sow and his spouse, Madam Loo Kuo Pin, were deemed to have interests in 173,996,896 ordinary shares of the Company.

Other than as disclosed above, none of the Directors nor their associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the Directors, nor their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

## 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.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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.

# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS

At 31 March 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had an interest of 10% or more in the share capital of the Company:

Name	Number of ordinary shares	%
Noranger Company Limited	143,474,000	46.6
Dingfar Holdings Ltd. ( <i>Note</i> )	143,474,000	46.6

*Note:* Dingfar Holdings Ltd. beneficially owns a controlling interest in Noranger Company Limited and is accordingly deemed by the SDI Ordinance to be interested in the ordinary shares of the Company beneficially owned by Noranger Company Limited.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital at 31 March 2001.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers of the Group accounted for approximately 32% of total turnover of which approximately 9.7% was attributable to the largest customer. The five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group during the year. The Directors do not consider any one customer or supplier to be influential to the Group.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital) has an interest in any of the Group's five largest customers.

## CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31 March 2001 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

# DIRECTORS' REPORT

## AUDITORS

A resolution will be submitted to the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

By order of the Board  
**Lee Yip Wah, Peter**  
*Secretary*

Hong Kong, 11 June 2001