

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

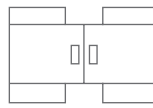
The principal activities of the Company consisted of investment holding and the provision of management services.

The principal activities of the Group consisted of the printing and manufacture of paper and carton boxes, the trading of paper and the manufacture of corrugated cartons. There were no changes in the nature of the Group's principal activities during the year.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to profit from operating activities by each principal activity and by geographical area is as follows:

	Turnover 2001 HK\$'000	Contribution to profit from operating activities 2001 HK\$'000	Turnover 2000 HK\$'000	Contribution to profit from operating activities 2000 HK\$'000
By activity:				
Paper and carton box printing and manufacturing	1,035,364	240,333	907,991	200,303
Paper trading	310,060	36,849	308,706	41,515
Corrugated carton manufacturing	454,738	68,549	405,815	49,430
	1,800,162	345,731	1,622,512	291,248
By geographical area:				
The People's Republic of China (the "PRC"):				
Hong Kong	1,187,411	230,702	1,115,177	200,392
Elsewhere	260,231	47,451	225,621	39,443
Overseas	352,520	67,578	281,714	51,413
	1,800,162	345,731	1,622,512	291,248



RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2001 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 32 to 68.

An interim dividend of HK9.5 cents per share was paid on 10 January 2001. The directors recommend the payment of a final dividend of HK19 cents per share in respect of the year to shareholders on the register of members on 22 August 2001. This recommendation has been incorporated in the financial statements.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below.

Results

	Year ended 31 March				
	2001	2000	1999	1998	1997
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER	1,800,162	1,622,512	1,370,988	1,204,640	1,064,107
PROFIT FROM OPERATING ACTIVITIES	345,731	291,248	238,973	229,356	214,385
Finance costs	(13,489)	(7,087)	(6,615)	(10,602)	(16,845)
Share of profits/(losses) of associates	13,340	19,378	11,896	2,615	(293)
PROFIT BEFORE TAX	345,582	303,539	244,254	221,369	197,247
Tax	(46,385)	(31,572)	(23,528)	(27,784)	(24,001)
PROFIT BEFORE MINORITY INTERESTS	299,197	271,967	220,726	193,585	173,246
Minority interests	(25,534)	(20,937)	(15,614)	(13,146)	(10,767)
NET PROFIT ATTRIBUTABLE TO					
SHAREHOLDERS	273,663	251,030	205,112	180,439	162,479
EARNINGS PER SHARE					
Basic	47.7 cents	43.6 cents	36.9 cents	34.0 cents	34.9 cents
Diluted	N/A	N/A	36.6 cents	32.4 cents	34.8 cents



REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION (continued)

Assets and Liabilities

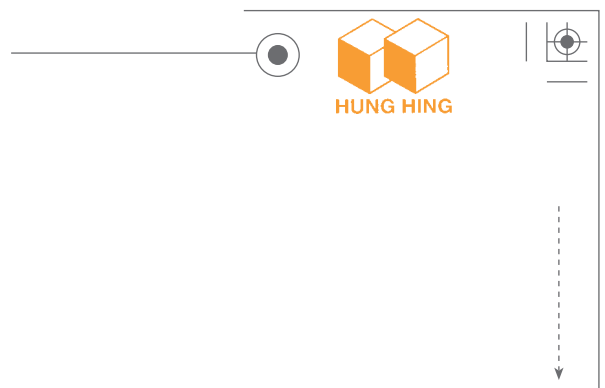
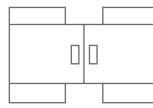
	At 31 March				
	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000
FIXED ASSETS	698,808	653,260	638,752	619,764	449,970
LONG TERM INVESTMENTS	5,694	7,207	21,111	1,379	1,379
PROPERTIES UNDER CONSTRUCTION	30,945	34,187	10,760	19,219	45,875
INTERESTS IN ASSOCIATES	141,764	102,935	89,927	78,031	75,416
CURRENT ASSETS	980,483	949,325	780,115	613,006	559,988
TOTAL ASSETS	1,857,694	1,746,914	1,540,665	1,331,399	1,132,628
CURRENT LIABILITIES	308,884	371,329	274,514	185,849	213,460
LONG TERM LOANS	45,094	—	—	30,973	138,973
LONG TERM PORTION OF FINANCE					
LEASE PAYABLES	245	662	1,035	1,363	—
DEFERRED TAX	10,728	8,653	6,345	7,297	8,113
TOTAL LIABILITIES	364,951	380,644	281,894	225,482	360,546
MINORITY INTERESTS	124,618	108,429	92,596	86,793	73,647
NET ASSETS	1,368,125	1,257,841	1,166,175	1,019,124	698,435

FIXED ASSETS

Details of movements in the fixed assets of the Company and the Group are set out in note 12 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 15 to the financial statements.



ASSOCIATES

Particulars of the Company's and Group's associates are set out in note 16 to the financial statements.

BANK AND OTHER BORROWINGS

The amounts of bank and other borrowings of the Company and the Group at 31 March 2001 are set out in notes 22, 23 and 24 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 26 to the financial statements.

RESERVES

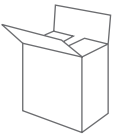
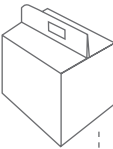
Details of movements in the reserves of the Company and the Group during the year are set out in note 27 to the financial statements.

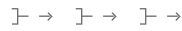
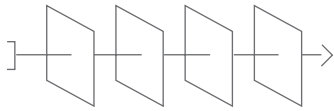
DISTRIBUTABLE RESERVES

At 31 March 2001, the Company had reserves available for distribution, calculated in accordance with the provisions of Section 79B of the Companies Ordinance, amounted to HK\$45,479,000. In addition, the Company's share premium account in the amount of HK\$590,690,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the five largest customers accounted for less than 30% of the total sales for the year. Purchases from the five largest suppliers accounted for 32% of the total purchases for the year and purchases from the largest supplier included therein amounted to 10%. None of the directors, their associates or any shareholders which to the knowledge of the directors, own more than 5% of the Company's issued share capital had any interest in the five largest suppliers.





REPORT OF THE DIRECTORS

CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK\$58,000.

DIRECTORS

The directors of the Company during the year were:

Executive Directors

- Yam Cheong Hung
- Yum Chak Ming, Matthew
- Yam Ho Ming, Michael
- Yam Hon Ming, Tommy (appointed on 11 July 2000)

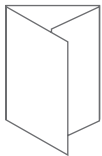
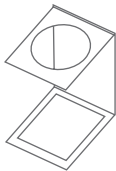
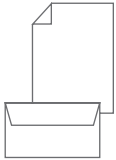
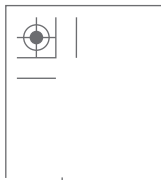
Non-Executive Directors

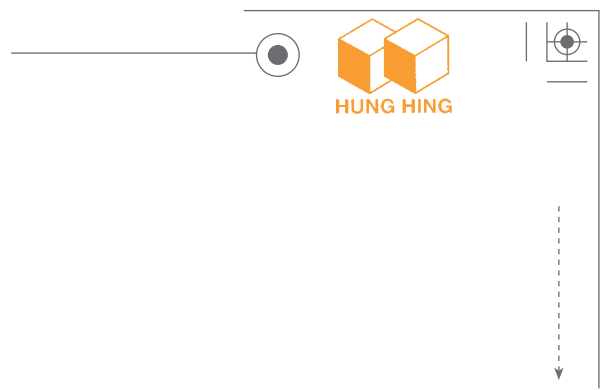
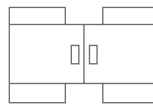
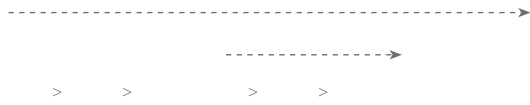
- Chu Shu Ho, David
- Fan Song Jun (resigned on 11 July 2000)
- Lin Syaru, Shirley (resigned on 11 July 2000)
- Mary Y. Nee (appointed on 11 July 2000)
- Shen Chun Cai
- Wong Siu Ping (appointed on 11 July 2000)
- Yum Pui Ming, Anna

Independent Non-Executive Directors

- Wu Shu Chih, Alex
- Yip Yu Bun

Subsequent to the balance sheet date, on 10 July 2001, Mr. Shen Chun Cai resigned as a non-executive director.

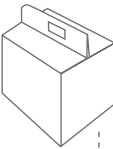




DIRECTORS (continued)

In accordance with the Company's articles of association, the following directors will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting:

Yam Cheong Hung
Yum Chak Ming, Matthew
Chu Shu Ho, David
Yip Yu Bun



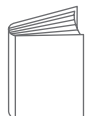
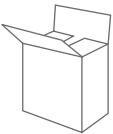
BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP

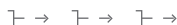
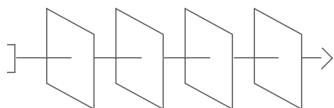
Executive Directors

Mr. Yam Cheong Hung, aged 72, has been the Chairman and a director of the Company since 1991. He is responsible for the strategic policy and the corporate development of the Group. He has over 50 years of experience in the printing industry.

Mr. Yum Chak Ming, Matthew, aged 43, has been the Managing Director and a director of the Company since 1991. He holds a Bachelor of Applied Science degree in Industrial Engineering and a Master of Business Administration degree in Marketing and Finance, both from the University of Toronto. He is responsible for the overall management of the Group. He has been with the Group since 1983 and is a son of Mr. Yam Cheong Hung.

Mr. Yam Ho Ming, Michael, aged 42, is the General Manager and a director of the Company and is responsible for the general management of the Group. He holds a Bachelor of Science degree in Printing Management from Rochester Institute of Technology, U.S.A.. He has over 10 years of experience in the printing industry both in Hong Kong and overseas. He worked for 3 years in sales and marketing with a paper mill in Canada before rejoining the Group in 1992. He became a director of the Company in June 1996. He is a son of Mr. Yam Cheong Hung.





REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP (continued)

Executive Directors (continued)

Mr. Yam Hon Ming, Tommy, aged 37, was a director of the Company from 1991 to 1996. He rejoined the Group in 1999 and became a director of the Company in July 2000. He holds a Bachelor of Arts degree in Economics from York University, Canada. He is responsible for the business development of the Group. He has over 5 years of experience in the sales and marketing of paper and carton boxes. He is a son of Mr. Yam Cheong Hung.

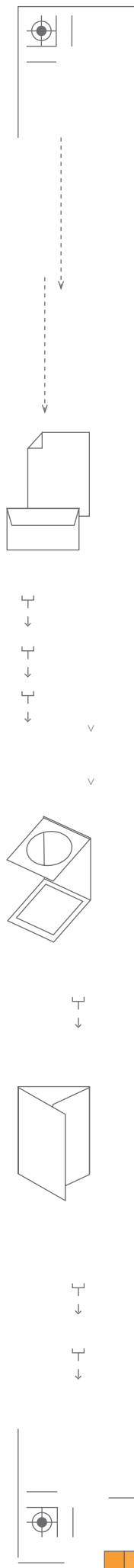
Non-Executive Directors

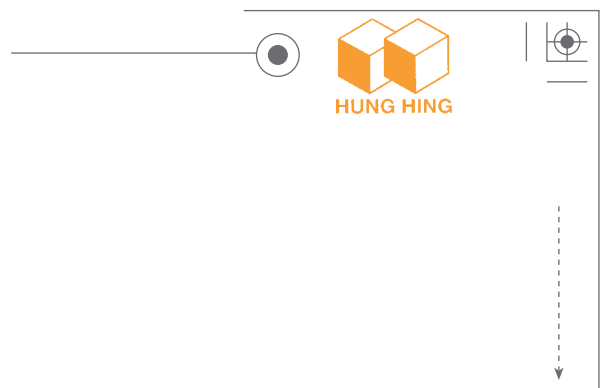
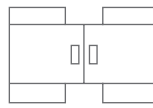
Dr. Chu Shu Ho, David, JP, aged 50, has been a director of the Company since 1991. He has over 28 years of experience in the paper packaging industry. He is the Honorary Chairman of the Hong Kong Corrugated Paper Manufacturers Association Limited and a member of the National Committee of the Chinese People's Political Consultative Conference. He is well known in the Chinese sports society. Dr. Chu is the Chairman of the Mission Hills Group and Mission Hills Golf Club.

Mr. Fan Song Jun, aged 48, has been a director of the Company since 1991. He is the Deputy General Manager of The Universal Development Company Limited. He is a director of a number of packaging companies in Hong Kong and China. He has over 16 years of experience in finance and general management in the packaging industry.

Ms. Lin Syaru, Shirley, aged 33, is the Managing Director of Goldman Sachs (Asia) L.L.C.. Based in Hong Kong, she is Head of the Principal Investment Area in the Merchant Banking Division responsible for the firm's direct investment business in Asia outside Japan, where she has been active since 1993. She holds a Bachelor's degree from Harvard University, U.S.A..

Ms. Mary Y. Nee, aged 40, is the CFO and an Executive Director in Principal Investment Area of Goldman Sachs (Asia) L.L.C.. Prior to transferring to Principal Investment Area in June 2000, she was an Executive Director in the Fixed Income Division in Goldman Sachs since 1991. Ms. Nee holds a Bachelor of Science degree in Electrical Engineering and a Master of Business Administration degree from Columbia University, U.S.A..





BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP (continued)

Non-Executive Directors (continued)

Mr. Shen Chun Cai, aged 50, has been a director of the Company since 1995. He is the General Manager of The Universal Development Company Limited. Before his appointment as a director of the Company, he held several management positions with China National Packaging Import and Export Corporation in China. He has over 20 years of experience in the packaging industry.

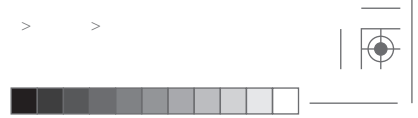
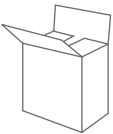
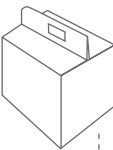
Mr. Wong Siu Ping, aged 52, is the Deputy General Manager, Finance Department of China Resources (Holdings) Company Limited. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants. He has over 15 years of experience in general and financial management of a diversified business group in Hong Kong.

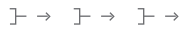
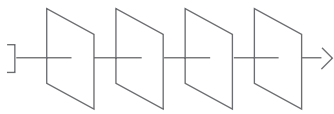
Ms. Yum Pui Ming, Anna, aged 40, has been a director of the Company since 1992. She has 12 years of experience in administration and finance. She holds a diploma in secretarial and business studies from St. Godric's College, London. She is a daughter of Mr. Yam Cheong Hung.

Independent Non-Executive Directors

Dr. Wu Shu Chih, Alex, CBE, LLD, JP, aged 81, has been a director of the Company since 1992. He was a former member of the Legislative Council, and former Vice Chairman of The Hong Kong Stock Exchange. He is presently the Chairman of Fidelity Management Ltd., Vice Chairman of Dai Nippon Printing Co. (HK) Ltd. and a non-executive director of a number of listed companies including Hong Kong Aircraft Engineering Co., Ltd., Hong Kong Ferry (Holdings) Co., Ltd., K. Wah International Holdings Ltd. and Paliburg Holdings Ltd.. Dr. Wu is also the Life Honorary President of the Hong Kong Printers Association.

Mr. Yip Yu Bun, aged 74, has been a director of the Company since 1994. He is the Managing Director of The Green Pagoda Press Limited. He is the Honorary President and Chairman of the Supervisory Committee of the Hong Kong Printers Association, the former Chairman of the Printing, Publishing & Newspaper Industries Occupational, Safety & Health Committee and the past Chairman of the Printing Industry Training Board of the Vocational Training Council. He has over 30 years of experience in the printing industry.





REPORT OF THE DIRECTORS

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP (continued)

Senior Management

Mr. Man Lim Huen, aged 67, is a director and co-founder of the Group's subsidiary, Tai Hing Paper Products Company, Limited. He is responsible for the general management of the Group's subsidiary, Hung Hing Printing (Shenzhen) Company Limited. He has over 30 years of experience in production and factory management in the corrugated carton industry. He has been with the Group since 1966.

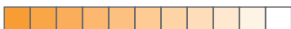
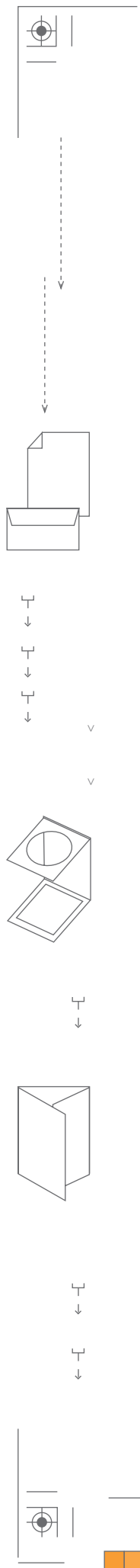
Mr. Chan Siu Man, Alvin, aged 43, is the Deputy General Manager of the Group's subsidiary, Hung Hing Off-Set Printing Company, Limited and is responsible for sales and marketing. He holds a Bachelor of Applied Science degree in Electrical Engineering from the University of Toronto. He has been with the Group since 1990. He is a son-in-law of Mr. Yam Cheong Hung.

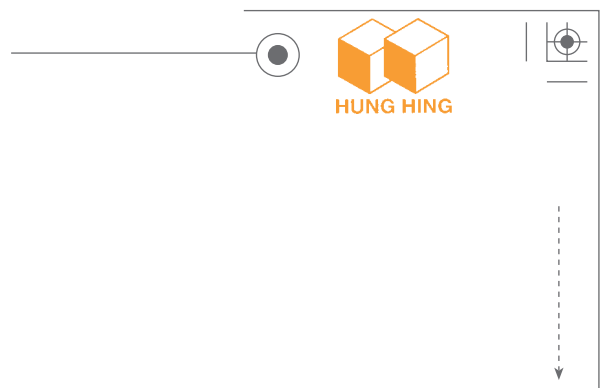
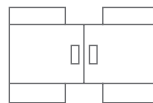
Mr. Sung Chee Keung, aged 42, is the General Manager of the Group's subsidiary, Zhongshan Hung Hing Printing & Packaging Company Limited and is responsible for its general management. He holds a Bachelor of Science degree in Printing Engineering from Rochester Institute of Technology, U.S.A.. He has 16 years of experience in the printing industry and has been with the Group since 1986.

Mr. Chan Tai Ho, aged 52, is the Deputy General Manager of the Group's subsidiary, Tai Hing Paper Products Company, Limited and is responsible for sales and marketing. He has over 30 years of experience in the corrugated carton industry and has been with the Group since 1969.

Mr. Song Zhi Yi, aged 40, is the Deputy General Manager of the Group's subsidiary, Hung Hing Printing (Shenzhen) Company Limited. He is responsible for the administration and production management of the Fu Yong plant. He holds a Bachelor's degree in Forestry from the Southern China University, PRC. He has been with the Group since 1990.

Ms. Chong Wai Kan, Winky, aged 31, is the General Manager of the Group's subsidiary, Sun Hing Paper Company, Limited and is responsible for its general management. She has over 8 years of experience in sales and marketing in paper trading. She has been with the Group since 1992.





BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY AND SENIOR MANAGEMENT OF THE GROUP (continued)

Senior Management (continued)

Mr. Tung Yu Bui, aged 52, is the Financial Controller and Company Secretary of the Company and is responsible for the financial and secretarial affairs of the Group. He is a fellow member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants. Prior to joining the Group, he had 5 years of experience with a major international accounting firm in Hong Kong and 11 years of experience in financial management with a multinational company in Hong Kong. He has been with the Group since 1992.

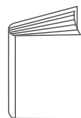
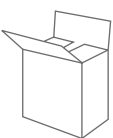
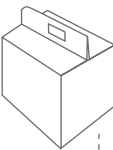
Mr. Sung Wei Han, Henry, aged 68, is the Group's representative in the management of the Group's associate, Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited, working in the capacity of Deputy General Manager. He is responsible for sales, finance and administration. He has over 30 years of experience in administration and general management with a shipping company in Hong Kong. He has been with the Group since 1996.

DIRECTORS' SERVICE CONTRACTS

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 other than statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the share option scheme as detailed below under the heading "Share Option Scheme", at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debt securities of the Company or any other body corporate.



REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN SHARES

At 31 March 2001, the interests of the directors in the share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interest) Ordinance ("SDI Ordinance") were as follows:

Director	Notes	Number of shares and nature of interests			
		Personal interests	Family interests	Corporate interests	Other interests
Yam Cheong Hung	(a) & (b)	59,444,480	21,266,463	182,689,149	1,700,000
Yum Chak Ming, Matthew	(a)	7,811,834	—	182,689,149	—
Yam Ho Ming, Michael	(a)	2,868,000	—	182,689,149	—
Yam Hon Ming, Tommy	(a)	—	—	182,689,149	—
Yum Pui Ming, Anna	(a)	1,150,000	877,759	182,689,149	—
Shen Chun Cai	(b)	—	—	—	400,000

Notes:

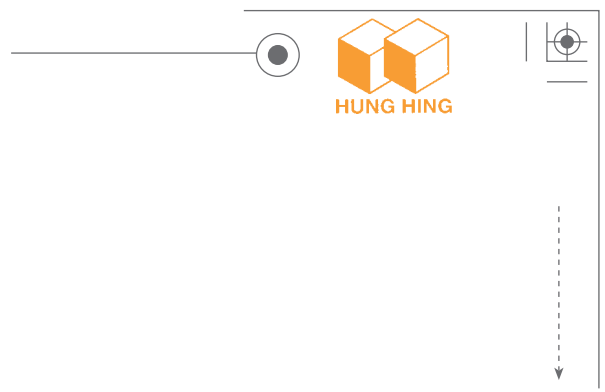
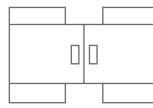
(a) Corporate interests

Yam Cheong Hung, Yum Chak Ming, Matthew, Yam Ho Ming, Michael, Yam Hon Ming, Tommy and Yum Pui Ming, Anna are beneficial shareholders of approximately 9.15%, 14.08%, 14.08%, 14.08% and 9.86%, respectively, of the issued share capital of C.H. Yam International Limited, which directly holds 7,068,000 shares of the Company and indirectly holds 175,621,149 shares of the Company through its subsidiary, Hung Tai Industrial Company Limited.

(b) Other interests

- (i) Yam Cheong Hung's spouse is a director of Oberon Worldwide Limited which holds 1,700,000 shares of the Company.
- (ii) Shen Chun Cai is the General Manager of The Universal Development Company Limited, which holds 400,000 shares of the Company.

Save as disclosed above, none of the directors and chief executives or their associates had any personal, family, corporate or other interest in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.



DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 29 to the financial statements, no director had a significant beneficial interest in any material contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 March 2001, the following interest of 10% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance.

Name	Number of shares	%
Hung Tai Industrial Company Limited	175,621,149	30.61

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

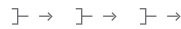
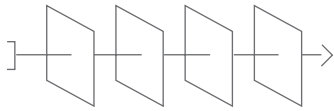
Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the financial year.

Subsequent to the balance sheet date, the Company repurchased on The Stock Exchange of Hong Kong Limited a total of its 800,000 shares, all of which have been cancelled, at a total consideration of HK\$2,249,000. The nominal value of the cancelled shares was credited to the capital redemption reserve and the aggregate consideration in respect of the share repurchases was paid out of the retained profits of the Company. Further details of the repurchases are as follows:

Month	Number of shares	Price per share		Total cost HK\$'000
		Highest HK\$	Lowest HK\$	
May 2001	800,000	2.80	2.80	2,249

The directors believe that the repurchases are in the best interests of the Company and its shareholders and will lead to an enhancement of the net assets and earnings per share of the Company.





REPORT OF THE DIRECTORS

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

Details of the directors' emoluments and those of the five highest paid employees in the Group are set out in notes 5 and 6 to the financial statements, respectively.

STAFF RETIREMENT SCHEME

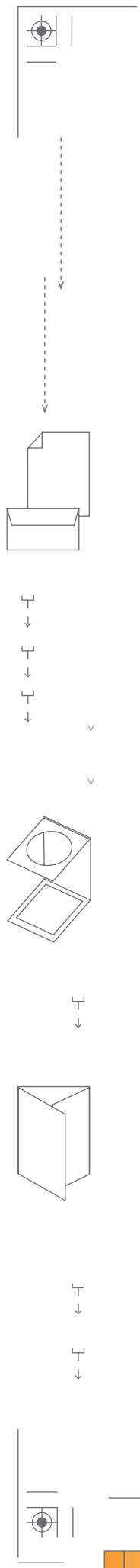
Details of the staff retirement scheme of the Group and the employer's contribution costs charged to the profit and loss account for the year are set out in notes 2 and 4 to the financial statements, respectively.

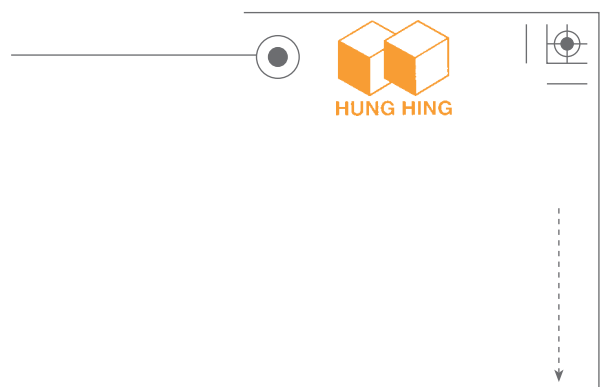
SHARE OPTION SCHEME

At the extraordinary general meeting of the Company held on 22 February 1992, the Share Option Scheme (the "Scheme") was adopted. The Scheme allows the directors to grant to any executives and/or employees (including directors) of the Group, options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the Company's shares and a price being not less than 80% of the average of the closing prices of the Company's shares quoted on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of offer of the option, provided that the total number of shares subject to the Scheme, when aggregated with any shares subject to any other schemes involving the issue or grant of options over shares or other securities of the Company for the benefit of any executives and/or employees, may not exceed in nominal amount 10% of the issued share capital of the Company from time to time (excluding shares issued upon exercise of options granted pursuant to the Scheme). The Scheme will expire on the last business day preceding 22 February 2002. Up to 31 March 2001, no share options had been granted or were outstanding under the Scheme.

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 Listing Rules of The Stock Exchange of Hong Kong Limited, throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's articles of association.





AUDITORS

Ernst & Young and Charles Mar Fan & Co. 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
Yam Cheong Hung
Chairman

Hong Kong, 10 July 2001

