

# 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 activity of the Company is investment holding. The principal activities of its subsidiaries are the manufacture, trading and distribution of garments, property investment and development, and the operation of restaurant business.

There were no significant changes in the nature of the Group's principal activities during the year.

## SEGMENTED INFORMATION

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

	2001		2000	
	Turnover HK\$'000	Contribution to profit/ (loss) from operating activities HK\$'000	Turnover HK\$'000	Contribution to profit/ (loss) from operating activities HK\$'000
By principal activity:				
Garment operations	678,318	56,097	933,378	73,544
Restaurant	204,608	6,908	209,211	10,629
Property investment and development	117,894	14,435	3,116	(9,772)
Others	4,253	(4,224)	7,518	(566)
	<b>1,005,073</b>	<b>73,216</b>	1,153,223	73,835
By geographical area:				
America	409,802	28,550	602,046	42,838
South Africa	179,741	26,753	247,177	47,207
The People's Republic of China (the "PRC"):				
Hong Kong Special Administrative				
Region ("Hong Kong")	97,210	(7,439)	101,013	(6,381)
Mainland China	244,979	21,421	127,759	(14,461)
Japan	57,896	3,050	58,979	4,370
Others	15,445	881	16,249	262
	<b>1,005,073</b>	<b>73,216</b>	1,153,223	73,835

# Report of the Directors



## 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 33 to 81.

The directors recommend the payment of a final dividend of HK2 cents per ordinary share in respect of the year, to the shareholders on the register of members on 22 August 2001. This recommendation has been incorporated in the financial statements.

## SUMMARY OF FINANCIAL INFORMATION

The table set out below summarises the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements of the Group, after making appropriate adjustments and reclassifications.

	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000
<b>RESULTS</b>					
TURNOVER	<b>1,005,073</b>	1,153,223	1,003,064	1,017,450	1,036,095
PROFIT FROM OPERATING ACTIVITIES	<b>73,216</b>	73,835	65,361	63,842	65,414
Finance costs	<b>(16,823)</b>	(20,371)	(37,047)	(42,236)	(39,004)
Share of profits less losses of:					
Jointly-controlled entity	<b>(768)</b>	(844)	(1,458)	(1,778)	–
Associates	<b>(13,973)</b>	(13,251)	13,007	(6,571)	82,184
PROFIT BEFORE TAX	<b>41,652</b>	39,369	39,863	13,257	108,594
Tax	<b>(10,808)</b>	(13,138)	(18,731)	(9,934)	(35,106)
PROFIT BEFORE MINORITY INTERESTS	<b>30,844</b>	26,231	21,132	3,323	73,488
Minority interests	<b>(4,113)</b>	(5,620)	(5,211)	(4,866)	(2,403)
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<b>26,731</b>	20,611	15,921	(1,543)	71,085

# Report of the Directors



## SUMMARY OF FINANCIAL INFORMATION (continued)

	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000
<b>ASSETS AND LIABILITIES</b>					
TOTAL ASSETS	1,172,956	1,274,844	1,349,783	1,217,330	1,298,707
TOTAL LIABILITIES	(439,973)	(536,760)	(593,361)	(532,906)	(637,510)
MINORITY INTERESTS	(28,295)	(42,838)	(35,438)	(32,547)	(29,211)
NET ASSETS	704,688	695,246	720,984	651,877	631,986

## 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 notes 12 and 14, respectively, to the financial statements.

## PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 13 to the financial statements.

## INTEREST-BEARING BANK AND OTHER BORROWINGS

Details of the interest-bearing bank and other borrowings of the Company and the Group are set out in notes 25 and 26 to the financial statements.

## SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year, together with the reasons therefor, are set out in note 28 to the financial statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements.

# Report of the Directors



## DISTRIBUTABLE RESERVES

At 31 March 2001, the Company's reserves available for distribution, calculated in accordance with the provision of The Companies Act 1981 of Bermuda, amounted to HK\$80,568,000. In addition, the Company's share premium account, in the amount of HK\$464,208,000, may be distributed in the form of fully paid bonus shares.

## CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

Details of the Group's contingent liabilities and pledge of assets are set out in notes 31 and 33, respectively, to the financial statements.

## SUBSIDIARIES

Particulars of the Company's principal subsidiaries and unconsolidated subsidiaries are set out in notes 15 and 16, respectively, to the financial statements.

## JOINTLY-CONTROLLED ENTITY AND ASSOCIATES

Particulars of the Group's interests in its jointly-controlled entity and principal associates are set out in notes 17 and 18, respectively, to the financial statements.

## INTEREST CAPITALISED

Interest expenses in the amount of HK\$15,082,000 (2000: HK\$15,457,000) were capitalised during the year in respect of the Group's properties under development.

## CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK\$494,000 (2000: HK\$232,000).

## DIRECTORS

The directors of the Company during the year were:

### Executive:

Ma Kai Cheung

Ma Kai Yum

Ng Yan Kwong

(appointed on 1 September 2000)

Chan Yuk Tong

(resigned on 1 September 2000)

### Non-executive:

Lau Wong Fat \*

Yip Hing Chung

Lo Ming Chi, Charles \*

\* Independent non-executive directors

# Report of the Directors



## DIRECTORS (continued)

In accordance with clauses 99 and 102(B) of the Company's Bye-laws, Yip Hing Chung and Ng Yan Kwong will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Details of the directors' and the five highest paid employees' remuneration, as per the disclosure requirements pursuant to Section 161 of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out in notes 6 and 7, respectively, to the financial statements.

There were no specific terms of remuneration in respect of the non-executive directors.

## DIRECTOR AND SENIOR MANAGEMENT BIOGRAPHIES

### Executive Directors

MA Kai Cheung, 59, is the Chairman and founder of the Group and Chairman of Carrianna Holdings Limited. He is a committee member of the Chinese People's Political Consultative Conference, a standing committee member of the Political Consultative Conference of Guangdong Province. He is a Vice-President of the Foreign Investment Association in Shenzhen, Vice-President of Shenzhen General Chamber of Commerce and also a consultant of the Advisory Mission for Economic and Social Development of the People's Government of Yunnan Province. Mr Ma also serves as President of the Hong Kong & Kowloon Chiu Chow Public Association and Vice-Chairman of Chiu Chow Chamber of Commerce Limited. Mr Ma has more than 30 years' experience in the garment distribution and manufacturing business, over 16 years' experience in the restaurant business, and about 11 years' experience in property investment and development. He is responsible for the strategic planning and business development of the Group.

MA Kai Yum, 50, is Managing Director of the Group. He has been a Director of the Group for over 17 years since 1984 and has over 26 years' experience in the garment business. Mr Ma is responsible for the daily operations and administration and, together with Mr Ma Kai Cheung, for the strategic planning of the Group. Mr Ma also serves as a Director of the Chinese Manufacturers Association of Hong Kong and the Federation of Hong Kong Garment Manufacturers and is a member of Clothing Industry Training Authority. Mr Ma is a brother of Mr Ma Kai Cheung.

NG Yan Kwong, 40, is Executive Director and Chief Financial Officer of the Group. He holds a Bachelor's degree in Commerce of the University of Newcastle in Australia and is a member of the Hong Kong Society of Accountants and the Australian Society of CPAs. Before joining the Group in July 2000, Mr Ng was the finance director of a reputable beverage company. Mr Ng has over 10 years corporate and financial management experience with multinational consumer product companies in South East Asia and Greater China. He also has substantial working experience in public accountancy practice with a major international accounting firm.

# Report of the Directors



## DIRECTOR AND SENIOR MANAGEMENT BIOGRAPHIES (continued)

### Executive Directors (continued)

CHAN Yuk Tong, 39, was Executive Director of the Group. Mr Chan graduated from the University of Newcastle, Australia, with a Bachelor's degree in Commerce. He is a member of both the Hong Kong Society of Accountants and the Australian Society of CPAs. Before joining the Group in February 1999, Mr Chan worked for a number of international accounting firms for over 13 years where he gained extensive experience in providing business advisory services to local and multinational companies. He resigned as Executive Director of the Group in September 2000.

### Non-executive Directors

Hon. LAU Wong Fat, GBS, JP, 64, is a member of the Legislative Council, Chairman of the Tuen Mun District Board, Chairman of the New Territories Heung Yee Kuk and a committee member of the Chinese People's Political Consultative Conference. He joined the Group in 1991.

YIP Hing Chung, MBE, JP, 78, is Chairman and Managing Director of Gemmy Development Company Limited, Vice-Chairman of Carrianna Holdings Limited and a director of a number of listed companies in Hong Kong. Mr Yip is a committee member of the Political Consultative Conference of Guangdong Province. He also serves as a President of the Hong Kong & Kowloon Chiu Chow Public Association, Honorary Permanent President of the Hong Kong Chiu Chow Chamber of Commerce Limited, Vice-President of the Chinese Manufacturers Association of Hong Kong and a member of the executive committee of the New Territories Heung Yee Kuk. Mr Yip is also a member of the First Nominating Committee of the Special Administrative Region of Hong Kong, a committee member of the National Industrial and Commercial Association (Guangdong Province) and an Advisory Committee Member of The Special Economic Zone of Shantou. He joined the Group in 1994.

LO Ming Chi Charles, JP, 51, is a member of the Australian Society of CPAs and a member of the Securities Institute of Australia. He serves as a director on a number of listed companies in Hong Kong. He has over 21 years of professional and business experience in financial and investment services in Australia, Hong Kong and other Asian countries. He joined the Group in 1991.

### Senior Management

MA Nelson, 40, is Managing Director of Poltex Garments (Pty) Limited in Lesotho, as well as Amica Fashion Company (Pty) Limited in South Africa. He is in charge of the Group's sales and production operations in South Africa and Lesotho. He has been serving the Group for more than 20 years after joining in 1980. He has over 18 years' experience in garment manufacturing and marketing.

# Report of the Directors



## DIRECTOR AND SENIOR MANAGEMENT BIOGRAPHIES (continued)

### Senior Management (continued)

MA Hung Ming, John, 34, is Managing Director of the Group's restaurant and property development operations. He graduated from the University of New York, with a Bachelor's degree in Business Management. He has extensive experience in the catering industry as well as property management and development. He joined the Group in 1990. He is the son of Mr. Ma Kai Cheung.

WONG See King, 39, is Group Financial Controller. He is a member of Australian Society of CPAs. Before joining the Group in June 2001, Mr. Wong had worked with an international accounting firm and several multinational companies respectively and gained substantial financial management experience in property development, manufacturing and distribution businesses.

NGAI Chi Yin Danny, 38, is Executive Director of Tak Sing Alliance Limited, the Group's garment subsidiary in Hong Kong. He is responsible for strategic planning for garment business and in charge of the Sales and Merchandising operations of this Company. He has been serving the Group for more than 12 years since 1989 and has over 18 years experience in the garment business.

YUEN Wai Man, 44, is General Manager of the Group's Carrianna restaurants in the PRC. He has been serving the Group for 11 years since 1991. He has over 25 years' experience in restaurant operations and the catering industry.

WONG Michael, 45, is President of International Fashions Group Inc., the Group's subsidiary in Canada. He is in charge of the administration, merchandising and sale of garments in Canada. Mr. Wong has been serving the Group for 8 years since he joined in 1993. He has over 23 years of garment manufacturing and merchandising experience.

## DIRECTORS' SERVICE CONTRACTS

Ma Kai Cheung and Ng Yan Kwong have service contracts with the Company. The contracts have no fixed terms of engagement and are subject to termination by either party giving three months' notice in writing.

Ma Kai Yum had no service contract with the Company at the balance sheet date.

There were no specific terms of reappointment in respect of the non-executive directors.

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

## DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from the Company's share option scheme, details of which are set out in note 28 to the financial statements, 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 debentures of the Company or any other body corporate.

# Report of the Directors



## DIRECTORS' RIGHTS TO ACQUIRE SHARES (continued)

Details of the directors' interests in the Company's warrants and share options during the year are set out in the section headed "Directors' interests in the securities of the Company and its Associated Corporations" below.

## DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 31 March 2001, the interests of the directors and their associates in the equity securities of the Company and its associated corporations as recorded in the register required to be maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

### The Company

#### (a) Interests in shares

Name of director	Number of shares held and nature of interest			Total
	Personal interests	Family interests	Other interests	
Ma Kai Cheung	29,510,000	5,400,000 (Note 1)	259,129,025 (Note 2)	294,039,025
Ma Kai Yum	–	–	101,201,040 (Notes 3 & 4)	101,201,040
Lo Ming Chi, Charles	30,000	–	–	30,000

#### (b) Interests in warrants

Name of director	Number of warrants held and nature of interest			Total
	Personal interests	Family interests	Other interests	
Ma Kai Cheung	2,951,000	540,000 (Note 1)	25,912,902 (Note 2)	29,403,902
Ma Kai Yum	–	–	10,120,104 (Notes 3 & 4)	10,120,104
Lo Ming Chi, Charles	3,000	–	–	3,000



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## DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

### (c) Interests in share options

Name of director	Number of options Granted on 29 January 2001 (Note 7)	Number of options exercised during the year	Number of options outstanding as at 31 March 2001
Ma Kai Cheung (Note 5)	2,700,000	–	2,700,000
Ma Kai Yum (Note 6)	2,700,000	–	2,700,000
Ng Yan Kwong	6,000,000	–	6,000,000
	<u>11,400,000</u>		<u>11,400,000</u>

#### Notes:

- (1) The shares and warrants were owned by Cheung Lin Kiu, the spouse of Ma Kai Cheung.
- (2) Ma Kai Cheung and his family are the objects of a discretionary trust which effectively owns the entire issued share capital of Regent World Investments Limited (“Regent World”) and 70% of the entire issued share capital of Bond Well Investments Limited (“Bond Well”). At the balance sheet date, Regent World owned 184,121,625 shares and 18,412,162 warrants and Bond Well owned 75,007,400 shares and 7,500,740 warrants of the Company.
- (3) Ma Kai Yum and his family are the objects of a discretionary trust which effectively owns the entire issued share capital of Grand Wealth Investments Limited (“Grand Wealth”) and Peaceful World Limited (“Peaceful World”). At the balance sheet date, Grand Wealth owned 74,651,040 shares and 7,465,104 warrants and Peaceful World owned 19,050,000 shares and 1,905,000 warrants of the Company.
- (4) Peaceful World owns the entire issued share capital of Real Potential Limited (“Real Potential”). At the balance sheet date, Real Potential owned 7,500,000 shares and 750,000 warrants of the Company. The interests of Real Potential in the Company are therefore deemed to be the interests of Peaceful World in which Ma Kai Yum is also deemed to have interests for the reason as stated in note 3 above.
- (5) The share options were granted to Cheung Lin Kiu, the spouse of Mr. Ma Kai Cheung.
- (6) The share options were granted to Kwok Kit Mei, the spouse of Mr. Ma Kai Yum.
- (7) The options were exercisable at any time before the expiry date on 28 January 2004 at a price of HK\$0.16 per share.

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## DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

### Subsidiaries

#### Interests in shares

Name of subsidiaries	Name of directors	Number of shares held	Type of shares	Nature of shares held
Amica Development Limited	Ma Kai Yum	10,000	Ordinary	Personal
Carrianna Chiu Chow Restaurant (T.S.T.) Limited	Ma Kai Yum	15,000	Ordinary	Other
Carrianna Chiu Chow Restaurant (T.S.T.) Limited	Yip Hing Chung	100,000	Ordinary	Personal
Ginza Development Company Limited	Ma Kai Cheung	5	Ordinary	Personal
Ginza Development Company Limited	Ma Kai Yum	6	Ordinary	Other
Ginza Development Company Limited	Yip Hing Chung	10	Ordinary	Personal
Gartrend Development Limited	Ma Kai Cheung	500,000	Non-voting deferred	Personal
Gartrend Development Limited	Ma Kai Yum	500,000	Non-voting deferred	Personal
Tak Sing Alliance Limited	Ma Kai Cheung	9,000	Non-voting deferred	Personal
Tak Sing Alliance Limited	Ma Kai Yum	1,000	Non-voting deferred	Personal

In addition to the above, Ma Kai Cheung and Ma Kai Yum have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Group solely for the purpose of complying with their minimum company membership requirements.

# Report of the Directors



## DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

### Associated corporations

#### Interests in shares

Name of associated corporations	Name of directors	Number of ordinary shares held/ nature of interest
Carrianna (Thailand) Company Limited	Ma Kai Cheung	86,400/Corporate
Carrianna (Thailand) Company Limited	Ma Kai Yum	54,000/Corporate
Carrianna Holdings Limited	Lau Wong Fat	1,000,000/Corporate (Note)
Carrianna Holdings Limited	Yip Hing Chung	2,500,000/Corporate (Note)

Note: A total of 14,000,000 shares of Carrianna Holdings Limited, representing 56% of the entire issued share capital thereof, are held by a company, in which Lau Wong Fat and Yip Hing Chung held interests as to 7.14% and 17.86%, respectively.

Save as disclosed above, none of the directors, chief executives or their associates had, at the balance sheet date, any personal, family, corporate or other interests in the equity securities of the Company or any of its associated corporations (as defined in the SDI Ordinance) as recorded in the register required to be kept under Section 29 of the SDI Ordinance, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

## DIRECTORS' INTERESTS IN CONTRACTS

Save as detailed in note 34 to the financial statements, no director had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

# Report of the Directors



## CONNECTED TRANSACTIONS

During the year, the following transactions have constituted connected transactions for the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

### I. Joint venture agreement with Luendan Enterprises Company Limited

Pursuant to a joint venture agreement dated 22 September 1997, which was entered into between Carrianna (Shenzhen) Investments Co., Ltd. (“Carrianna (Shenzhen)”), a wholly-owned subsidiary of the Company, and Luendan Enterprises Company Limited (“Luendan”), in which Mr. Yip Hing Chung, a non-executive director of the Company, and his family own 80% of the equity interest, for the redevelopment of a building (now known as “Imperial Palace”) in Shenzhen (“Redevelopment Project”), Luendan shares 20% of the rights and profits of the Redevelopment Project. This transaction has constituted a connected transaction for the Company under the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The details of this transaction are set out in note 34 to the financial statements.

The Stock Exchange of Hong Kong Limited, on application by the Company, granted a waiver of strict compliance with the requirements of the Listing Rules in relation to this connected transaction subject to certain disclosure requirements.

In the opinion of the directors of the Company, these transactions had been conducted on normal commercial terms. The independent non-executive directors have confirmed that such transactions were entered into on normal commercial terms in the ordinary course of business of the Group and in accordance with the agreement governing these transactions.

### II. Disposal of the 90% equity interest in Maran, Inc.

Pursuant to a Stock Purchase Agreement dated 19 December 2000, which was entered into between Tak Sing Holding B.V. (“TSBV”), a wholly-owned subsidiary of the Company, and Maran, Inc. (“Maran”), the then 90% owned subsidiary of the Company, TSBV disposed of its entire interest in Maran (18,000 shares, representing 90% equity interest therein) at a total consideration of US\$10.5 million (HK\$81.9 million). This transaction has constituted a connected and disclosable transaction for the Company under the Listing Rules. The details of this transaction are set out in the circular to shareholders dated 10 January 2001.

### III. Consultancy agreement with Maran, Inc.

Pursuant to a consultancy agreement dated 19 December 2000, which was entered into between Perfectus Ltd (“Perfectus”), a wholly-owned subsidiary of the Company, and Maran. Maran agreed to appoint Perfectus as its consultant for providing general advice and assistance in respect of the sourcing and procurement of supplies of wearing apparel and products in Asia for a fixed term of two years. This transaction has constituted a connected transaction for the Company under the Listing Rules. The details of this transaction are set out in the circular to shareholder dated 10 January 2001.

# Report of the Directors



## CONNECTED TRANSACTIONS (continued)

### III. Consultancy agreement with Maran, Inc. (continued)

The Stock Exchange of Hong Kong Limited, on application by the Company, granted waivers of strict compliance with the requirements of the Listing Rules in relation to the connected transactions as set out in II and III above subject to certain disclosure requirements.

These transactions have been reviewed by the directors of the Company (including the independent non-executive directors), and the independent non-executive directors have confirmed that they consider that the above transactions were conducted on a fair and reasonable basis as far as the interests of the shareholders are concerned and are in the best interest of the Group.

## SUBSTANTIAL SHAREHOLDERS

At 31 March 2001, the following interests of 10% or more of the 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	Notes	Number of shares held	%
Regent World Investments Limited	(a)	184,121,625	25.35
Bond Well Investments Limited	(a)	75,007,400	10.33
Grand Wealth Investments Limited	(b)	74,651,040	10.28

Notes:

- (a) The interests of Regent World Investments Limited and Bond Well Investments Limited are duplicated in the disclosure of Ma Kai Cheung's interests in the Company's share capital under the section headed "Directors' interests in the securities of the Company and its associated corporations" set out above.
- (b) The interests of Grand Wealth Investments Limited are duplicated in the disclosure of Ma Kai Yum's interests in the Company's share capital under the section headed "Directors' interests in the securities of the Company and its associated corporations" set out above.

Save as disclosed above, the directors of the Company are not aware of any other persons who, as at 31 March 2001, were directly or indirectly beneficially interested in 10% or more of the issued share capital of the Company.

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## PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

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

## MAJOR CUSTOMERS AND SUPPLIERS

For the year ended  
31 March 2001

### Customers

Percentage of turnover attributable to the Group's five largest customers	39.15%
Percentage of turnover attributable to the Group's largest customer	16.66%

### Suppliers

Percentage of purchases attributable to the Group's five largest suppliers	44.90%
Percentage of purchases attributable to the Group's largest supplier	18.52%

None of the directors of the Company or any their associates or any shareholders (which, to the best knowledge of the directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

## EMPLOYEES AND REMUNERATION POLICY

The Group's staff consists of approximately 300 employees in Hong Kong and approximately 3,000 employees outside Hong Kong. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

## STAFF RETIREMENT SCHEME

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

# Report of the Directors



## 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 Listing Rules of The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report.

The Company has established an audit committee in accordance with paragraph 14 of the Code of Best Practice. The audit committee meets regularly to consider the nature and scope of audit reviews, the effectiveness of the internal control systems and compliance with the relevant rules and regulations.

## LIQUIDITY AND FINANCIAL RESOURCES

At 31 March 2001, the Group's total bank and other borrowings, netting off pledged time deposits was HK\$154,421,000. With usable cash and bank balances amounting to approximately HK\$76,625,000 and taking into account the availability of banking facilities, the directors believe that the Group has adequate cash resources to meet its commitments and working capital requirements.

Particulars of the Group's interest-bearing bank and other borrowings are set out in notes 25 and 26 to the financial statements.

## 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

**Ma Kai Yum**

*Managing Director*

Hong Kong  
24 July 2001