

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31st March, 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 37 to the financial statements on pages 52 to 53.

Further information on the segmental details is provided in Note 4 of the financial statements on pages 31 to 32.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2002 are set out in note 37 to the financial statements on page 52 to 53.

RESULTS & APPROPRIATIONS

The results of the Group for the year ended 31st March, 2002 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 17 to 54.

DIVIDENDS

No interim dividend was paid during the year. The Directors now recommend the payment of a final dividend of HK4 cents per share in respect of the financial year ended 31st March, 2002, payable on 25th September, 2002 to Shareholders on record as at 18th September, 2002.

BONUS ISSUE OF SHARES

The Directors has recommended a bonus issue on the basis of 1 new share for every 2 shares held by the Shareholders whose names appear on the register of members on 18th September, 2002. Such new shares will rank pari passu with the existing issued shares of the Company in all respects, except that they will not rank for the final dividend for the year ended 31st March, 2002. Certificates for the new shares issued under the bonus issue are expected to be despatched to Shareholders on or before 25th September, 2002.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 58.

REPORT OF THE DIRECTORS (Cont'd)

RESERVES

Movements in reserves during the year are set out in note 25 to the financial statements on pages 45 and 46.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 13 to the financial statements on pages 38 and 39.

BANK LOANS AND OVERDRAFTS

Particulars of all bank loans and overdrafts of the Group at 31st March, 2002 repayable on demand or within a period not exceeding one year and those which fall due for repayment after a period of one year are set out in note 23 to the financial statements on page 44.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases for the year attributable to the major suppliers and customers were as follows:

Percentage of purchases attributable to the Group's largest supplier	38%
Percentage of purchases attributable to the Group's five largest suppliers	68%
Percentage of sales attributable to the Group's largest customer	10%
Percentage of sales attributable to the Group's five largest customers	32%

None of the Directors or their associates, nor does any Shareholder owning (to the knowledge of the Directors) more than 5% of the Company's issued share capital hold, any interests in the share capital of the suppliers and customers noted above.

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS

The Directors of the Company during the year were:

Chua Nai Tuen
Chua Nai King
Se Ying Kin
Siy Yap
Jimmy Siy Tiong
Luis Chua
Rene Siy Chua
Tsai Han Yung
Chan Man Hon, Eric*
James L. Kwok*

** Independent Non-executive Directors*

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Chua Nai King, Jimmy Siy Tiong and Se Ying Kin shall retire by rotation 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 or its subsidiaries, which is not determinable by the employer within one year without payment of compensation.

COMPLIANCE WITH CODE OF BEST PRACTICE

Throughout the year, save that the Non-executive Directors have not been appointed for a specific term but are subject to retirement by rotation, the Company has complied with the Code of Best Practice set out by The Stock Exchange of Hong Kong Limited.

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st March, 2002, the interests of the Directors and their associates in the share capital of the Company and its associated corporations as defined in the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance") were as follows:

	Number of shares held		
	Personal Interests	Family Interests	Corporate Interests
(a) The Company			
(Ordinary shares of HK\$1.00 per share)			
Chua Nai Tuen	14,649,425	—	28,087,900 (Note)
Chua Nai King	226,935	453,869	1,705,676 (Note)
Jimmy Siy Tiong	6,324,912	—	—
Siy Yap	5,300,041	1,024,870	—
Luis Chua	5,797,836	—	—
Se Ying Kin	366,024	3,770,057	—
Rene Siy Chua	5,797,836	—	—
Tsai Han Yung	4,341,836	—	—
(b) Full Safe Industries Limited			
(Ordinary shares of HK\$1.00 each)			
Chua Nai Tuen	—	—	20,000 (Note)
(c) Nan Sing Plastics Limited			
(Ordinary shares of HK\$100.00 each)			
Chua Nai Tuen	—	6,900	—
(d) Titan Dragon Properties Corporation			
(Capital stock of Philippines Peso 1,000.00 each)			
Chua Nai Tuen	4,000	12,000	4,000 (Note)
Rene Siy Chua	3,200	—	—
Tsai Han Yung	400	—	—

Note: The shares regarding 'Corporate Interests' in which Messrs. Chua Nai Tuen and Chua Nai King were taken to be interested as stated above were the interests of corporations in general meetings of which they were either entitled to exercise (or were taken under the SDI Ordinance to be able to exercise) or control the exercise of one-third or more of the voting power.

Save as disclosed above, no interests were held or deemed or taken (under the SDI Ordinance) to be held by any Directors or Chief Executives of the Company in any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as at 31st March, 2002. Furthermore, during or prior to the year under review, no right was granted to and no right or warrant was held by any Directors or Chief Executives of the Company or any of their spouses or children under eighteen years of age to subscribe for equity or debt securities of the Company.

REPORT OF THE DIRECTORS (Cont'd)

SUBSTANTIAL SHAREHOLDERS' INTERESTS

In accordance with the records in the register maintained under 16(1) of the SDI Ordinance, no person had registered interests in 10% or more of the share capital of the Company as at 31st March, 2002 other than Mr. Chua Nai Tuen whose interests are set out above.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, consultancy fees of HK\$4,825,931 were paid by the Group to Sonliet Investment Company Limited ("Sonliet"), Rolling Development Limited ("Rolling") and Holytex Investment Company Limited ("Holytex") of which Messrs. Chua Nai Tuen and Chua Nai King were the directors of Sonliet and Rolling respectively and Mr. Se Ying Kin was the manager of Holytex.

Apart from the foregoing, 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.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDITORS

The financial statements now presented have been audited by Messrs. K. L. Young & Company who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

CHUA NAI TUEN

Managing Director

Hong Kong, 12th July, 2002