

The directors present their annual report and the audited financial statements for the year ended 31 March 2002.

**CHANGE OF COMPANY NAME**

The name of the Company was changed from Kessel International Holdings Limited to A-Max Holdings Limited with effect from 4 September 2002.

**PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company. The principal activities of its subsidiaries during the year are set out in note 19 to the financial statements.

**RESULTS AND DIVIDENDS**

The results of the Group for the year ended 31 March 2002 are set out in the consolidated income statement on page 21.

The directors do not recommend the payment of any dividends in respect of the year.

**SUMMARY FINANCIAL INFORMATION**

A summary of the results and of the assets and liabilities of the Group is set out on page 60.

**PROPERTY, PLANT AND EQUIPMENT**

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

**SUBSIDIARIES**

Details of the Company's subsidiaries as at 31 March 2002 are set out in note 18 and 19 to the financial statements.

**SHARE CAPITAL AND SHARE OPTIONS**

Details of movements in the Company's share capital during the year and details of the share option scheme are set out in note 28 and 29 to the financial statements, respectively. There was no movement in the Company's share capital during the year.

**RESERVES**

Details of movements in the reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

Under The Companies Act 1981 of Bermuda (as amended), in addition to the accumulated profits, contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

## DISTRIBUTABLE RESERVES

As computed in accordance with The Companies Act 1981 of Bermuda (as amended), the Company had no reserves available for cash distribution and/or distribution in specie to shareholders of the Company as at 31 March 2002. In addition, the Company's share premium account with a balance of HK\$69,823,000 may be distributed in the form of fully paid bonus shares.

## DIRECTORS

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

### Executive directors

Mr. Li Wing Bun ( <i>Chairman</i> )	(appointed on 21 August 2002)
Mr. Lee Wing Chan ( <i>Deputy Chairman</i> )	(appointed on 21 August 2002)
Ms. Ching Mei Yee	(appointed on 21 August 2002)
Mr. Shun Wing Chiu	(resigned on 21 August 2002)
Mr. Lam Chi Kong	(resigned on 21 August 2002)
Ms. Chan Yuk Lin	(resigned on 31 October 2001)
Mr. Hui Kam Luen, Terence	(resigned on 24 August 2001)
Mr. Lam Shing	(resigned on 24 August 2001)

### Independent non-executive directors

Mr. Gordon Ng	(appointed on 21 August 2002)
Mr. Ng Wai Hung, Raymond	(appointed on 21 August 2002)
Ms. Lo Miu Sheung, Betty	(resigned on 5 November 2001)
Ms. Chan Chung Yee, Louise	(resigned on 5 November 2001)

Pursuant to the bye-laws of the Company, Ms. Ching Mei Yee and Mr. Gordon Ng will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive directors entered into a service contract with the Company for a term of three years commencing 21 August 2002 and which expired on 20 August 2005. These service contracts continue unless and until terminated by either the Company or the director giving to the other party not less than 6 months' notice in writing. Following the resignation of Mr. Shun Wing Chiu, Mr. Lam Chi Kong and Mr. Hui Kam Luen, Terence as a director of the Company, their service contracts were terminated with effect from the date of their resignation as a director of the Company.

The term of office of each of the independent non-executive directors is the period up to his or her retirement by rotation as required by the Company's Bye-laws.

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 other statutory compensation.

**DIRECTORS' INTERESTS IN SHARE CAPITAL**

At 31 March 2002, 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 Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Type of interest	Number of shares held
Mr. Shun Wing Chiu (resigned on 21 August 2002)	Other ( <i>Note</i> )	211,200,000

*Note:* These shares are held by Stangee International Limited, a company incorporated in the British Virgin Islands with limited liability. The entire issued share capital of Stangee International Limited is held by the Trustee of The Stangee 1993 Trust, a discretionary trust in which Mr. Shun Wing Chiu and his spouse, Ms. Chan Yuk Lin, are included as beneficiaries.

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance during the year.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Details of the Company's share option scheme are set out in note 29 to the financial statements.

No options had been granted to any of the directors during the year.

Save as disclosed above, 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 spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangements to enable the directors to acquire such rights in any other body corporate.

**DIRECTORS' INTERESTS IN CONTRACTS**

No director had a significant beneficial interest, either direct or indirect, in any contracts 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**

Other than the interests disclosed above in respect of Mr. Shun Wing Chiu, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10 per cent. or more in the issued share capital of the Company as at 31 March 2002.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

**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 during the year.

**CODE OF BEST PRACTICE**

Since the annual results is released more than four months after the year end date, the Directors were unable to represent whether the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

**AUDIT COMMITTEE**

To comply with the revised Code of Best Practice, as set out in Appendix 14 of the Listing Rules, the Company set up an audit committee (the "Committee") on 21 August 2002, for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Committee comprises two independent non-executive directors, namely Mr. Gordon Ng and Mr. Ng Wai Hung, Raymond. The Group's financial statements for the year ended 31 March 2002 have been reviewed by the Committee, who are of the opinion that such statements comply with the applicable accounting standards, and the Stock Exchange and legal requirements, and that adequate disclosures have been made.

**POST BALANCE SHEET EVENTS**

Details of significant post balance sheet events of the Group, up to the date of auditors' report, are set out in note 4 to the financial statements.

**AUDITORS**

Deloitte Touche Tohmatsu retire and a resolution for the appointment of Messrs. Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board



Li Wing Bun

*Chairman and Managing Director*

Hong Kong, 12 September 2002