

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2003.

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 16 and 17 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2003 are set out in the consolidated income statement on page 14.

An interim dividend of HK1.2 cents per share amounting to HK\$3,693,750 was paid on 13 January 2003. The Directors now recommend the payment of a final dividend of HK1.6 cents per share to be paid to the shareholders on the Register of Members on 15 August 2003 amounting to HK\$4,925,000 and the retention of the remaining profit for the year of HK\$21,090,517.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group revalued all of its investment properties at the balance sheet date. The net deficit arising on revaluation, which has been charged directly to the investment property revaluation reserve, amounted to HK\$21,349,862.

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.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Details of the properties held by the Group at 31 March 2003 are set out on pages 47 to 49.

SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 21 to the financial statements.

DIRECTORS' REPORT

DIRECTORS

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

Executive Director

Mr. Chan Hoi Sow

Mr. Chan Siu Keung, Leonard

Non-Executive Director

Mr. Chan Yan Tin, Andrew

Independent Non-Executive Director

Mr. Lee Yip Wah, Peter

Mr. Lee Ka Sze, Carmelo

None of the Directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with Article 103 of the Articles of Association of the Company, Mr. Chan Hoi Sow and Mr. Lee Yip Wah, Peter 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.

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DIRECTORS' INTERESTS IN SHARES

At 31 March 2003, 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	169,296,896 <i>(Note)</i>	171,332,896
Mr. Chan Siu Keung, Leonard	Nil	Nil	Nil
Mr. Chan Yan Tin, Andrew	792,000	Nil	792,000
Mr. Lee Yip Wah, Peter	Nil	Nil	Nil
Mr. Lee Ka Sze, Carmelo	Nil	Nil	Nil

Note: Mr. Chan Hoi Sow had a 100% interest in Beyers Investments Limited which, through its wholly owned subsidiary, Noranger Company Limited, held 143,474,000 ordinary shares of the Company. He also had a 100% interest in Evergrade Investments Limited which held 25,822,896 ordinary shares of the Company. Accordingly, Mr. Chan Hoi Sow and his spouse, Madam Loo Kuo Pin, were deemed to have interests in 169,296,896 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.

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SUBSTANTIAL SHAREHOLDERS

At 31 March 2003, 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
Beyers Investments Limited (<i>Note</i>)	143,474,000	46.6

Note: Beyers Investments Limited beneficially owns 100% 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 and under Directors' interests in shares, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital at 31 March 2003.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers and suppliers of the Group accounted for less than 30% of total turnover and total purchases of the Group respectively. The Directors do not consider any one customer or supplier to be influential to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31 March 2003 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.

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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, 6 June 2003