



DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 15 to the financial statements.

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 23.

An interim dividend of HK3 cents per share amounting to HK\$71,938,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK 7 cents per share and a special dividend of HK 2 cents per share to the shareholders whose names appear on the Register of Members on 30 July 2003, amounting to HK\$215,813,000.

PROPERTY, PLANT AND EQUIPMENT

All of the Group's land and buildings were revalued at 31 March 2003. The revaluation resulted in a deficit amounting to HK\$7,059,000, of which HK\$1,339,000 and HK\$5,720,000 have been charged to the properties revaluation reserve and to the consolidated income statement, respectively.

Details of these and other movements during the year in the property, plant and equipment of the Group and of the Company are set out in note 13 to the financial statements.

RESERVES

Details of the movements during the year in the reserves of the Group and of the Company are set out in the statement of changes in equity on page 26.



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DIRECTORS

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

Executive directors

Mr. Ching-kwan MA, *Chairman* (appointed on 5 March 2003)

Mr. Shun-choi LAM

Mr. Shun-chuen LAM

Mr. Cheuk-wa SHAM

Independent non-executive directors

Mr. Siu-leun CHAM, *O.B.E., J.P.*

Mr. Ping-wing PAO, *J.P.*

Mr. Dominic LAI

In accordance with Article 94 of the Company's Articles of Association, Mr. Ching-kwan MA shall retire and, being eligible, offers himself for re-election at the forthcoming annual general meeting. In accordance with Article 103 of the Company's Articles of Association, Messrs. Shun-chuen LAM and Cheuk-wa SHAM shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

At 31 March 2003, the interest of directors and the chief executive of the Company and their associates 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"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange")



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pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), was as follows:

Name of director	Number of shares held				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Mr. Siu-leun CHAM	165,000	–	–	–	165,000

Save as disclosed herein, none of the directors or the chief executive, nor any of their associates, had any interests in any shares in the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executive, nor their spouses or children under the age of 18, had any right to subscribe for any shares in the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 24 to the financial statements, there were no contracts of significance to which the Company, any of its holding companies or any of its subsidiaries was a party and in which a director of the Company had, whether directly or indirectly, a material interest subsisting at the end of the year or at any time during the year.

None of the directors has a service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, any of its holding companies 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 IN THE COMPANY

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



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SUBSTANTIAL SHAREHOLDERS

At 31 March 2003, so far as the Directors were aware, those persons or corporations who, directly or indirectly, were interested in 10% or more of the nominal value of the issued share capital of the Company as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance were as follows:

Name of shareholder	Number of shares held		Shareholding percentage
	Direct interest	Indirect interest	
Mr. Ching-fat MA (Trustee for Ma's Family Trust)	–	1,532,853,800	63.9%
Ma's Holdings Limited	–	1,532,853,800	63.9%
Wonderful Star Limited	–	1,532,853,800	63.9%
Magicway Investment Limited	–	1,532,853,800	63.9%
Ever Holdings Limited	84,281,880	1,448,571,920	63.9%
Tarbela Company Limited	681,037,500	–	28.4%
Tarboca Company Limited	519,222,020	–	21.7%
Sermost Limited	248,312,400	–	10.4%

Ma's Family Trust is the beneficial owner of the entire issued share capital of Ma's Holdings Limited, and Mr. Ching-fat MA holds the entire issued shares of Ma's Holdings Limited as trustee for Ma's Family Trust. Ma's Holdings Limited is the holding company of Wonderful Star Limited, the holding company of Magicway Investment Limited. Magicway Investment Limited is the holding company of Ever Holdings Limited. Ever Holdings Limited is the holding company of Tarbela Company Limited, Tarboca Company Limited and Sermost Limited. Accordingly, the holding of shares by Mr. Ching-fat MA in Ma's Holdings Limited as trustee for Ma's Family Trust, and the interests of Mr. Ching-fat MA in Wonderful Star Limited and Magicway Investment Limited in the Company duplicate the interests of Ever Holdings Limited and the interests of Ever Holdings Limited in the Company duplicate the interests of its three wholly-owned subsidiaries mentioned above.

Save as disclosed herein, the Directors are not aware of any person holding 10% or more of the Company's issued share capital as at 31 March 2003.



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DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$2,892,000.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are shown in note 25 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2003, the five largest customers of the Group accounted for approximately 53% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 41%.

The percentage of purchases attributable to the Group's five largest suppliers is less than 30% of the Group's total purchases for the year and the Directors do not consider any one supplier to be influential to the Group.

None of the directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of the five largest customers.

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 Listing Rules.

AUDITORS

During the year, Messrs. Lui & Mak, who acted as one of the joint auditors of the Company, resigned and Messrs. Deloitte Touche Tohmatsu were appointed as auditors of the Company. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board
Shun-choi LAM
Director

12 June 2003