

# DIRECTORS' REPORT

The directors are pleased to present to the shareholders their report and audited financial statements of the Company and of the Group for the financial year ended March 31, 2003.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company.

Its principal subsidiaries are engaged in the design, development, manufacture, and sale and marketing of various consumer electronic products.

## SEGMENT INFORMATION

Details of segment information are set out in note 36 to the financial statements.

## RESULTS

The results of the Group for the year ended March 31, 2003 are set out in the consolidated income statement on page 44 and further analysis is given in the accompanying notes to the financial statements.

## DIVIDENDS

An interim dividend of 2.0 HK cents per share in cash (2002: 1.0 HK cent per share in cash) was paid to the shareholders of the Company on January 27, 2003.

The directors of the Company have decided to recommend at the forthcoming annual general meeting of the Company to be held on August 28, 2003 a final dividend of 5.0 HK cents per share in cash (2002: 3.5 HK cents per share in cash) to be paid on or about September 19, 2003 to the shareholders whose names appear on the register of members of the Company on August 28, 2003. The proposed final dividend, together with the interim dividend already paid, will amount to total dividends of 7.0 HK cents per share for the year (2002: 7.0 HK cents per share which included a special cash dividend of 2.5 HK cents per share paid to commemorate IDT's 25th anniversary).

## GROUP 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 2.

## SUBSIDIARIES AND ASSOCIATE

Details of the Company's principal subsidiaries at March 31, 2003 are set out in note 14 to the financial statements.

Details of the Company's interest in an associate at March 31, 2003 are set out in note 15 to the financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 25 to the financial statements.

## RESERVES

Details of movements in reserves of the Group and of the Company during the year are set out in note 26 to the financial statements.

## INVESTMENT PROPERTIES

Details of the investment properties of the Group during the year are set out in note 12 to the financial statements.

## PROPERTY, PLANT AND EQUIPMENT

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

## DONATIONS

During the year, the Group made charitable and other donations of HK\$78,449 (2002: HK\$211,000).

## BORROWINGS

Details of the Group's borrowings are set out in notes 23 and 24 to the financial statements. No interest was capitalised by the Group during the year.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate percentage of purchases attributable to the Group's five largest suppliers in the year was, as last year, less than 30% of the Group's purchases.

The aggregate percentage of turnover attributable to the Group's five largest customers was approximately 32% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer was approximately 22% of the Group's turnover for the year.

None of the directors, their associates or shareholders, who to the knowledge of the directors own more than 5% of the Company's share capital, had any interest in any of the five largest customers.

## CONNECTED TRANSACTIONS

### (1) Voluntary Conditional Cash Offer for I-Comm Technology Limited

I-Comm Technology Limited ("I-Comm") is a company incorporated in Bermuda. It is now a wholly owned subsidiary of the Company and continues to hold the Telecommunication Products business. I-Comm was previously a 75% owned subsidiary listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") since January 2000.

In an announcement dated September 18, 2002, shareholders of the Company were advised that a voluntary conditional cash offer ("Offer") was made by Top Treasure Group Limited ("Offeror"), a wholly owned subsidiary of the Company incorporated in the British Virgin Islands, to acquire all the issued shares of US\$0.05 each ("I-Comm Shares") in the share capital of I-Comm at an offer price of S\$0.30 per I-Comm Share ("Offer Price"). The Offer was made to enable the Company to privatise I-Comm which, in the opinion of the directors of the Company, would give the Group (excluding I-Comm and its subsidiaries ("I-Comm Group")) more flexibility in deploying and managing the resources of the Group and would enable the I-Comm Group to benefit from the economies of scale and of cost efficiency from being integrated with other members of the Group.

In another announcement dated December 5, 2002 and the interim report for the six months ended September 30, 2002 of the Company, shareholders were further advised, inter alia, that the Offer had closed at 3:30 p.m. on December 5, 2002 (the "Close"). As at the Close, the Offeror and parties acting or deemed to be acting in concert with the Offeror in connection with the Offer owned, controlled and agreed to acquire (either before or during the Offer and pursuant to the Offer (included acceptances of the Offer) or otherwise) an aggregate of 280,746,302 I-Comm Shares, representing approximately 90.64% of the issued share capital of I-Comm as at December 5, 2002. Having fulfilled the conditions to the Offer, the Offeror declared that the Offer became unconditional in all respects and exercised its rights under Section 102(1) of the Companies Act 1981 of Bermuda to compulsorily acquire all the remaining I-Comm Shares not acquired pursuant to the Offer from the dissenting shareholders of I-Comm. Upon completion of the compulsory acquisition, I-Comm became a wholly owned subsidiary of the Company and was de-listed from the Official List of the SGX-ST on January 29, 2003.

Shareholders were also advised that five directors of the Company, namely Mrs. Chan Pau Shiu Yeng, Shirley, Mr. Jack William Edouard Heuer, Mr. Shigenobu Morita, Mr. Lo Kai Yiu, Anthony and Mr. Jack Schmuckli (collectively the "Accepting Directors"), and certain directors of certain subsidiaries of the Company, all of whom were connected persons of the Company under the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), had tendered valid acceptances in respect of an aggregate of 3,403,000 I-Comm Shares pursuant to the Offer. The acceptances to the Offer tendered by these connected persons constituted connected transactions of the Company for the financial year ended March 31, 2003. Total aggregate Offer Price paid to these connected persons for their acceptances to the Offer was S\$1,020,900 which was less than 3% of the consolidated net tangible assets of the Company as at the date of the relevant transactions.

## CONNECTED TRANSACTIONS (continued)

### (1) Voluntary Conditional Cash Offer for I-Comm Technology Limited (continued)

The Accepting Directors, who held in aggregate 2,978,000 I-Comm Shares, representing approximately 0.96% of the issued and paid-up share capital of I-Comm, had given irrevocable undertakings to accept the Offer in respect of their entire shareholdings in I-Comm. These irrevocable undertakings would lapse if, for whatever reason, other than a breach by Integrated Communication Technology Enterprises Limited (a wholly-owned subsidiary of the Company, which was the owner of approximately 81.70% of the issued share capital of I-Comm as at October 17, 2002, being the latest practicable date as referred to in the Circular dated October 21, 2002 to the I-Comm shareholders, and had also given an irrevocable undertaking to accept the Offer in respect of its entire shareholdings in I-Comm) or any Accepting Director who had given an irrevocable undertaking to accept the Offer, the Offer was withdrawn, lapsed, or failed to become or be declared unconditional for any reason.

### (2) Management Services and Licence Agreements

In addition, the following connected transactions were entered into by members of the Group during the year:

- (i) Pursuant to a management services agreement ("IDTS Management Services Agreement") dated December 31, 1996 entered into between Integrated Display Technology Limited ("IDTL"), a wholly owned subsidiary of the Company, and IDT Holdings (Singapore) Limited ("IDTS"), a non-wholly owned subsidiary of the Company listed on the SGX-ST, the Group (excluding IDTS and its subsidiaries ("IDTS Group")) has provided to the IDTS Group general corporate functions and logistic support (sales and marketing, personnel and administration, corporate services, financial and accounting, electronic data processing, research and development) and has distributed products manufactured by the IDTS Group through the marketing and distribution network of the Group (excluding the IDTS Group). During the year ended March 31, 2003, management service fee of HK\$49,326,377 was received under the IDTS Management Services Agreement.
- (ii) Pursuant to a licence agreement ("Licence Agreement") dated December 31, 1996 entered into between the Company and IDTL as licensors and IDTS as licensee, and as amended by two supplemental letters dated November 29, 2001 and December 17, 2002 respectively, the IDTS Group was granted the rights, inter alia, to use certain trademarks on their products on a royalty-free basis from the commencement of the Licence Agreement up to and including December 30, 2003 and such period is extendable at the option of the parties.
- (iii) Pursuant to the management services agreement ("I-Comm Management Services Agreement") dated January 15, 2000 entered into between IDTL and I-Comm, the Group (excluding I-Comm Group) had provided to the I-Comm Group management services in respect of sales and marketing, personnel and administration, corporate services, electronic data processing and research and development as well as certain office, factory, staff quarter and dormitory space. I-Comm was previously a non-wholly owned subsidiary of the Company listed on the SGX-ST and such transactions with the I-Comm Group constituted connected transactions of the Company. During the year ended March 31, 2003, a management service fee of HK\$26,184,942 was received from the I-Comm Group under the I-Comm Management Services Agreement.

The independent non-executive directors of the Company have confirmed that the transactions described in (i), (ii) and (iii) above were conducted in the ordinary and usual course of business of the Company and in accordance with the terms of the relevant agreements governing the transactions and were fair and reasonable so far as the shareholders of the Company were concerned. The total consideration received under the IDTS Management Services Agreement and the Licence Agreement had not exceeded 10% of the total turnover of the Group for the year ended March 31, 2003. The consideration received under the I-Comm Management Services Agreement had not exceeded 10% of the total turnover of the I-Comm Group for the year ended March 31, 2003.

The auditors of the Company have provided to the directors (including the independent non-executive directors) of the Company their letters stating that the above transactions have received the approval of the board of directors of the Company, the transactions were conducted in accordance with the terms of the relevant agreements governing the transactions, and total considerations of the transactions had not exceeded the respective limits as stated above for the year ended March 31, 2003.

# DIRECTORS' REPORT

## DIRECTORS

The directors of the Company who held office during the year and up to the date of this report are:

### Executive:

Raymond Chan, *Chairman & Chief Executive Officer*

Alain Jacques Gilbert Li, *Chief Financial Officer*

Chan Pau Shiu Yeng, Shirley

Shigenobu Morita

### Non-Executive:

Jack William Edouard Heuer

Lo Kai Yiu, Anthony\*

Kao Ying Lun\*

Jack Schmuckli\*

Kenichi Ohmae\*

Woo Chia Wei

(appointed on June 8, 2002)

\* Independent Non-Executive Director

At the forthcoming annual general meeting of the Company, Mr. Kao Ying Lun, Mr. Alain Jacques Gilbert Li and Mr. Jack Schmuckli will retire as directors by rotation in accordance with Bye-law 97 of the Company's Bye-laws. Being eligible, all of them offer themselves for re-election.

The term of office of each independent non-executive director is subject to retirement by rotation in accordance with the Company's Bye-laws.

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for those irrevocable undertakings given by the Accepting Directors as disclosed under the section "Connected Transactions" above, there were 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.

## DIRECTORS' INTERESTS IN SECURITIES

As at March 31, 2003, the interests of the directors of the Company and their associates in the share capital of the Company as recorded in the register kept under Section 29 of the then prevailing Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

Name	Number of ordinary shares of HK\$0.10 each held		
	Personal interests	Family interests	Corporate interests
Raymond Chan	59,132,919	241,956,920 (Note 1)	842,275,225 (Note 2)
Alain Jacques Gilbert Li	3,068,000	–	–
Chan Pau Shiu Yeng, Shirley	70,964,526	901,408,144 (Note 1)	170,992,394 (Note 2)
Shigenobu Morita	2,527,476	–	–
Jack William Edouard Heuer	4,000,000	–	–
Lo Kai Yiu, Anthony	1,424,439	–	–
Kao Ying Lun	–	–	–
Jack Schmuckli	–	–	–
Kenichi Ohmae	–	–	–
Woo Chia Wei	–	–	–

Notes:

1. Mr. Raymond Chan is the husband of Mrs. Chan Pau Shiu Yeng, Shirley. The personal and corporate interests of Mr. Raymond Chan above are also disclosed as the family interests of Mr. Chan Pau Shiu Yeng, Shirley. The personal and corporate interests of Mrs. Chan Pau Shiu Yeng, Shirley above are also disclosed as the family interests of Mr. Raymond Chan.
2. 842,275,225 ordinary shares were held by Integrated Display Technology Limited, a company incorporated in the British Virgin Islands, and were beneficially owned by Mr. Raymond Chan. 170,992,394 ordinary shares were held by Raymax Time Company Limited, a company incorporated in the British Virgin Islands, and were beneficially owned by Mrs. Chan Pau Shiu Yeng, Shirley.

The interests of the directors of the Company in share options are disclosed in the sub-section entitled “Share Option Schemes” of this report and in note 33 to the financial statements.

Save as disclosed above and also certain nominee shares in subsidiaries held by the directors in trust for the Group, none of the directors or their associates had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance as at March 31, 2003, and none of the directors or their spouse 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.

## SHARE OPTION SCHEMES

The Group offers share options to attract, motivate and retain key employees who contribute to the growth of the Group.

At the special general meeting held on August 28, 2002, the Company adopted a new share option scheme (“2002 IDT International Option Scheme”) and terminated its old share option scheme adopted previously on September 28, 1993 (“1993 IDT International Option Scheme”).

The Company’s two subsidiaries, IDTS and I-Comm, have each operated a share option scheme (referred to as the “IDTS Option Scheme” and “I-Comm Option Scheme” respectively) during the year. The I-Comm Option Scheme was terminated on March 31, 2003 by the sole shareholder of I-Comm after the de-listing of I-Comm from the SGX-ST.

## SHARE OPTION SCHEMES (continued)

Particulars of each option scheme are set out in note 33 to the financial statements. Details of movements in the share options to subscribe for shares under each scheme were as follows.

### (1) 1993 IDT International Option Scheme

The movements of share options under the 1993 IDT International Option Scheme during the year and the balances as at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Exercise price per share	Lapsed/Cancelled during the year	Outstanding at 3.31.2003	Closing price per share immediately before date of grant
<b>Directors</b>									
Raymond Chan	8.30.2001	3.13.2002 to 8.30.2011	7,000,000	-	-	HK\$0.453	-	7,000,000	
Chan Pau Shiu Yeng, Shirley	8.30.2001	3.13.2002 to 8.30.2011	2,000,000	-	-	HK\$0.453	-	2,000,000	
Alain Jacques Gilbert Li	4.11.2002	4.11.2004 to 4.10.2007	-	1,000,000	-	HK\$0.6545	-	1,000,000	HK\$0.75
Shigenobu Morita	12.29.1998*	12.30.1999 to 12.29.2008	218,750*	-	-	HK\$0.509	-	218,750*	
	12.29.1998*	12.30.2000 to 12.29.2008	218,750*	-	-	HK\$0.509	-	218,750*	
<b>Employees</b>									
	12.29.1998*	12.30.1999 to 12.29.2008	1,511,000*	-	(544,500)	HK\$0.509	(2,500)	964,000*	
	12.29.1998*	12.30.2000 to 12.29.2008	2,405,000*	-	(1,065,500)	HK\$0.509	(262,500)	1,077,000*	
	1.12.2001	1.13.2003 to 1.12.2011	150,000	-	(150,000)	HK\$0.525	-	-	
	1.12.2001	1.13.2005 to 1.12.2011	150,000	-	-	HK\$0.525	-	150,000	
			13,653,500	1,000,000	(1,760,000)		(265,000)	12,628,500	

\* Share options granted on December 29, 1998 were adjusted in terms of number and exercise price owing to the two-for-one bonus issue of shares and three-for-four bonus issue of shares made by the Company in October 1997 and August 1999 respectively.

The weighted average price of the shares of the Company issued in respect of options exercised during the year under the 1993 IDT International Option Scheme was HK\$0.737 per share.

SHARE OPTION SCHEMES (continued)

(2) 2002 IDT International Option Scheme

The movements of share options under the 2002 IDT International Option Scheme during the year and the balances as at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Subscription price per share	Lapsed/ Cancelled during the year	Outstanding at 3.31.2003	Closing price
									per share immediately before date of grant
<b>Directors</b>									
Alain Jacques	3.17.2003	3.18.2005 to	-	500,000	-	HK\$0.780	-	500,000	HK\$0.780
Gilbert Li		3.16.2013							
	3.17.2003	3.18.2007 to	-	500,000	-	HK\$0.780	-	500,000	HK\$0.780
		3.16.2013							
<b>Employees</b>									
	8.30.2002	8.30.2004 to	-	1,000,000	-	HK\$0.730	-	1,000,000	HK\$0.720
		8.29.2012							
	10.18.2002	10.18.2003 to	-	250,000	-	HK\$0.730	-	250,000	HK\$0.720
		10.17.2012							
	10.18.2002	10.18.2005 to	-	250,000	-	HK\$0.730	-	250,000	HK\$0.720
		10.17.2012							
	2.28.2003	3.1.2005 to	-	500,000	-	HK\$0.798	-	500,000	HK\$0.780
		2.27.2013							
	2.28.2003	3.1.2007 to	-	500,000	-	HK\$0.798	-	500,000	HK\$0.780
		2.27.2013							
			-	3,500,000	-		-	3,500,000	

## SHARE OPTION SCHEMES (continued)

### (3) IDTS Option Scheme

The movements of the share options under the IDTS Option Scheme during the year and the balances as at March 31, 2003 are set out below:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Subscription price per share	Lapsed/Cancelled during the year	Outstanding at 3.31.2003	Closing price
									per share immediately before date of grant
<b>Directors</b>									
Shigenobu Morita	12.29.1998**	12.30.1999 to 12.28.2003	125,000**	-	-	US\$0.616	-	125,000**	
	12.29.1998**	12.30.2000 to 12.28.2003	125,000**	-	-	US\$0.616	-	125,000**	
<b>Employees</b>									
	12.29.1998**	12.30.1999 to 12.28.2003	361,250**	-	(65,000)	US\$0.616	(62,500)	233,750**	
	12.29.1998**	12.30.2000 to 12.28.2003	1,853,500**	-	-	US\$0.616	(406,250)	1,447,250**	
	8.14.2000	8.15.2001 to 8.13.2005	100,000	-	-	S\$2.149	(100,000)	-	
	8.14.2000	8.15.2002 to 8.13.2005	910,000	-	-	S\$2.149	(137,500)	772,500	
	8.14.2000	8.15.2003 to 8.13.2005	200,000	-	-	S\$2.149	-	200,000	
	8.14.2000	8.15.2004 to 8.13.2005	810,000	-	-	S\$2.149	(137,500)	672,500	
	1.12.2001	1.13.2003 to 1.11.2006	155,000	-	-	S\$1.424	-	155,000	
	1.12.2001	1.13.2005 to 1.11.2006	155,000	-	-	S\$1.424	-	155,000	
	1.4.2002	1.5.2003 to 1.3.2007	125,000	-	-	S\$1.132	(125,000)	-	
	1.4.2002	1.5.2005 to 1.3.2007	125,000	-	-	S\$1.132	(125,000)	-	
			5,044,750	-	(65,000)		(1,093,750)	3,886,000	

\*\* Share options granted on December 29, 1998 had been adjusted in terms of number and subscription price owing to the one-for-four bonus issue of shares made by IDTS in August 1999.

The weighted average price of the IDTS shares issued in respect of options exercised during the year under the IDTS Option Scheme was S\$1.34 per share.

Where the IDTS Option Scheme is subject to its scheme rules and the listing rules of the SGX-ST, the requirements under Chapter 17 of the Hong Kong Listing Rules, if more onerous, shall apply.



## SHARE OPTION SCHEMES (continued)

### (4) I-Comm Option Scheme

The movements of share options under the I-Comm Option Scheme during the year and the balances at March 31, 2003 are set out belows:

Participants	Date of grant (M/D/Y)	Period during which options are exercisable (M/D/Y)	Outstanding at 4.1.2002	Granted during the year	Exercised during the year	Subscription price per share	Lapsed/Cancelled during the year	Outstanding at 3.31.2003	Closing price per share immediately before date of grant
Employees	10.30.2000	10.31.2002 to 10.29.2010	3,150,000	-	-	\$0.370	(3,150,000)	-	
		10.31.2004 to 10.29.2010	3,150,000	-	-	\$0.370	(3,150,000)	-	
	5.25.2001	5.26.2003 to 5.24.2011	300,000	-	-	\$0.250	(300,000)	-	
		5.26.2005 to 5.24.2011	300,000	-	-	\$0.250	(300,000)	-	
			6,900,000	-	-		(6,900,000)	-	

The I-Comm Option Scheme was terminated on March 31, 2003 by the sole shareholder of I-Comm.

Share options granted under the above option schemes are not recognised in the financial statements of the respective companies until such options are exercised. Upon exercise of options, the shares issued are recorded as the relevant company's additional share capital at nominal value of such shares and the excess of the exercise price/subscription price over the nominal value of the shares issued is recorded in the relevant company's share premium account.

The directors of the Company do not consider it appropriate to disclose a theoretical value of the share options granted during the year under the 1993 IDT International Option Scheme and the 2002 IDT International Option Scheme because the value of share options calculated using theoretical models is subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of the assumptions of expected future performance input to the models and certain inherent limitations of the models.

## ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Details of share options granted to or exercised by the directors of the Company during the year and their outstanding balances at March 31, 2003 are set out in the sub-section entitled "Share Option Schemes" above and also in note 33 to the financial statements.

Save as disclosed, 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.

## CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save for the share options set out in the sub-section entitled "Share Option Schemes" above and also in note 33 to the financial statements, the Company had no outstanding convertible securities, options, warrants or similar rights at March 31, 2003.

Other than the issue and exercise of share options pursuant to the share option schemes of the Company as explained above, there was no issue or exercise of any convertible securities, options, warrants or similar rights of the Company during the year.

# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS

As at March 31, 2003, the register of substantial shareholders kept under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors, the Company has not been notified of any interests representing 10% or more of the Company's issued share capital.

## COMPLIANCE WITH 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 throughout the year ended March 31, 2003. The Company has established an audit committee comprising Mr. Lo Kai Yiu, Anthony (Chairman of the audit committee) and Mr. Kao Ying Lun, independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters.

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

During the year under review, IDTS, a 63% owned subsidiary of the Company listed on the SGX-ST repurchased its shares on the SGX-ST as follows:

Date of purchases	No. of shares purchased	Highest price paid per share	Lowest price paid per share	Total consideration paid
January 7, 2003	436,000	S\$1.14	S\$1.14	S\$497,040.00
January 8, 2003	458,000	S\$1.15	S\$1.14	S\$526,516.80

Save as disclosed above, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws in Bermuda although there are no restrictions against such rights under the laws in Bermuda.

## AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as the auditors of the Company for the past three financial years. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors.

On behalf of the board of directors



**Raymond Chan**  
Group Chairman & Chief Executive Officer



**Alain J.G. Li**  
Executive Director & Chief Financial Officer

Hong Kong  
June 18, 2003