

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

Principal Activities

The Company acts as an investment holding company.

The principal activities of the Company's principal subsidiaries are set out in note 26 to the financial statements.

Results and Dividends

The results of the Group for the year ended 31 March 2003 are set out in the consolidated income statement on page 15.

An interim dividend of 2.0 Hong Kong cents per share was declared and paid to the shareholders during the year. A final dividend of 3.5 Hong Kong cents per share being proposed by the directors is subject to approval by the shareholders in the forthcoming annual general meeting. The total dividends declared in respect of the year are set out in note 9 to the financial statements.

Reserves

Movements in the reserve of the Group and the Company during the year are set out on page 18 and note 22 to the financial statements respectively.

Property, Plant and Equipment

During the year, the Group incurred approximately HK\$2.7 million on the acquisition of property, plant and equipment of which approximately HK\$2.4 million was incurred on the acquisition of furniture, fixtures and equipment. Details of these and other movements in property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

Directors and Directors' Service Contracts

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

Executive directors:

Yeung Ming Biu (*Chairman*)

Yeung Him Kit, Dennis (*Managing Director*)

Chan Che Kwong, William (*Senior Director*)

Fung Kwong Yiu

Yeung Man Yee, Shirley

Lam Hing Lun, Alain (appointed on 23 April 2003)

Choi Kwok Yum (appointed on 23 April 2003)

Siu Leung Wai (resigned on 31 March 2003)

Independent non-executive directors:

Sun Ping Hsu, Samson, Dr.

Li Sau Hung, Eddy, Dr.

In accordance with Clauses 86 and 87 of the Company's Bye-laws, Messrs. Fung Kwong Yiu, Chan Che Kwong, William, Choi Kwok Yum and Lam Hing Lun, Alain retire and, being eligible, offer themselves for re-election.

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

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Securities

As at 31 March 2003, the interests of the directors and their associates in the ordinary shares of the Company and their associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares held			
	Personal interest	Family interest	Corporate interest	Other interest
Yeung Ming Biu	10,787,260	6,000,000	96,800,000 <i>Note (a)</i>	—
Siu Leung Wai	—	—	6,069,244 <i>Note (b)</i>	<i>Note (c)</i>
Fung Kwong Yiu	1,803,152	—	—	<i>Note (c)</i>
Chan Che Kwong, William	9,778,515	—	—	<i>Note (d)</i>
Yeung Man Yee, Shirley	—	167,547	—	<i>Note (e)</i>
Yeung Him Kit, Dennis	—	—	—	<i>Note (f)</i>
Sun Ping Hsu, Samson, Dr.	—	—	2,000,000 <i>Note (g)</i>	—

Notes:

- (a) Mr. Yeung Ming Biu and his wife, Madam Au Po Kee, are the beneficial owners of 45% and 22.5% respectively of the issued share capital of Realtower Holdings Limited. Realtower Holdings Limited is the beneficial owner of 55% of the issued share capital of Furama Investments Limited, which is the beneficial owner of 80% of the issued share capital of Datsun Holdings Limited. Datsun Holdings Limited is the beneficial owner of 96,800,000 shares in the Company.
- (b) Mr. Siu Leung Wai and his family members are the beneficial owners of the entire issued share capital of Power Dragon Holdings Limited, which is the beneficial owner of 6,069,244 shares in the Company.
- (c) Messrs. Siu Leung Wai and Fung Kwong Yiu are the beneficial owners of 21% and 6% respectively of the issued share capital of Real Champ Limited, which is the beneficial owner of 20% of the issued share capital of Datsun Holdings Limited.

Directors' Interests in Securities *(Continued)*

- (d) Mr. Chan Che Kwong, William is the beneficial owner of 10% of the issued share capital of Furama Investments Limited and 10% of the issued share capital of Y.H. Chan Limited which is the beneficial owner of 25% of the issued share capital of Furama Investments Limited. Y.H. Chan Limited also directly holds 294,365 shares in the Company.
- (e) Madam Yeung Man Yee, Shirley is the beneficial owner of 7.5% of the issued share capital of Realtower Holdings Limited.
- (f) Mr. Yeung Him Kit, Dennis is the beneficial owner of 10% and 7% of the issued share capital of Realtower Holdings Limited and Real Champ Limited respectively.
- (g) Dr. Sun Ping Hsu, Samson and his family members are beneficial owners of the entire issued share capital of Sun International Limited, which is the beneficial owner of 2,000,000 shares in the Company.

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

Directors' Rights to Acquire Shares or Debentures

The Company has a share option scheme adopted on 20 September 1993. Details of which are set out in note 21 to the financial statements.

Save as disclosed above, 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 debt securities (including debentures) of, the Company or any other body corporate and none of the directors or their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

Substantial Shareholders

As at 31 March 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following persons, in addition to the directors stated under the paragraph headed "Directors' interests in securities", are interested in 10% or more of the nominal value of the issued ordinary shares of the Company:

Name of shareholder	Number of shares held
Datsun Holdings Limited	96,800,000
Furama Investments Limited	96,800,000
Realtower Holdings Limited	96,800,000

Substantial Shareholders *(Continued)*

Realtower Holdings Limited holds 55% of the issued share capital of Furama Investments Limited which holds 80% of the issued share capital of Datsun Holdings Limited. Accordingly, both Realtower Holdings Limited and Furama Investments Limited are deemed under the SDI Ordinance to be interested in the 96,800,000 shares in the Company which are held by Datsun Holdings Limited.

Messrs. Yeung Ming Biu, Siu Leung Wai, Fung Kwong Yiu, Chan Che Kwong, William and Yeung Him Kit, Dennis and Madam Au Po Kee (wife of Mr. Yeung Ming Biu) and Madam Yeung Man Yee, Shirley are deemed by the SDI Ordinance to be interested in the shares of the Company beneficially owned by Datsun Holdings Limited in the manner described under the above paragraph headed "Directors' interests in securities".

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31 March 2003.

Directors' Interests in Contracts

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.

Purchase, Sale or Redemption 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 securities.

Donations

During the year, the Group made charitable and other donations totalling HK\$5,000.

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.

Corporate Governance

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.

Auditors

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

YEUNG MING BIU

Chairman

Hong Kong, 9 July 2003