

REPORT OF THE DIRECTORS

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

CHANGE OF COMPANY NAME

The name of the Company was changed from Fairyoung Holdings Limited (惠揚控股集團有限公司) to Dynamic Global Holdings Limited (環球動力控股有限公司) pursuant to a special resolution passed at a special general meeting of the Company held on 26 June 2002 and took effect upon the approval of the Registrar of Companies of Bermuda granted on 1 July 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the principal subsidiaries, joint ventures and the principal associates are set out in detail in notes 17, 18 and 19, respectively, to the financial statements.

There was no change in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 31 December 2002 is set out in note 5 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 23 to 90.

The directors do not recommend the payment of any dividends in respect of the year ended 31 December 2002 (2001: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 31 December 2002, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 91. The summary is not part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group are set out in note 15 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group are set out in note 16 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year and subsequent thereto, together with the reasons therefor, are set out in notes 35 and 36 to the financial statements respectively.

RESERVES

Details of movements in the reserves of the Company and of the Group are set out in note 37 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2002 the Company did not have any reserves available for distribution as calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance. However, the Company's share premium account and capital redemption reserve in an aggregate amount of HK\$78,010,000 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year, and the purchases attributable of the five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

DIRECTORS

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

Executive Directors

Mr. Xu Rong (<i>Chairman</i>)	(appointed on 1 November 2002)
Mr. Liang Jianhua (<i>Chief Executive Officer</i>)	(appointed on 23 October 2002)
Mr. Chen Jung Hsin	(appointed on 4 February 2002)
Mr. Long Changqing	(appointed on 23 October 2002)
Mr. Su Xixiong	(appointed on 30 December 2002)
Mr. Lam Wai Kit	(appointed on 1 November 2002)
Ms. Wong Lin Chooi	
Mr. Chang Xi Min	
Mr. Shi Xiaolei	(appointed on 24 October 2002 and retired on 30 December 2002)
Mr. Wong Siu Kay	(resigned on 13 November 2002)
Mr. Tsao Ke Wen, Calvin	(resigned on 1 November 2002)
Mr. Yuen Chi Kong	(resigned on 1 November 2002)
Mr. Chan King Nin	(resigned on 13 November 2002)
Ms. Wong Shiao Yen, Helen	(appointed on 27 June 2002 and resigned on 1 November 2002)
Mr. Cheung Kwok Keung, Geoffrey	(appointed on 27 June 2002 and resigned on 1 November 2002)
Mr. Lau Chun Ting	(appointed on 27 June 2002 and resigned on 22 October 2002)

DIRECTORS (Continued)

Non-executive Directors

Mr. Cheng Chun Ping <i>JP</i>	(appointed on 1 November 2002)
Mr. Ma Jun	(retired on 30 December 2002)
Ms. Fung Yuen Lam	(retired on 30 December 2002)
Ms. Ma Lee Kwan	(retired on 30 December 2002)

Independent Non-executive Directors

Dr. Lu Jianhua	(appointed on 30 December 2002)
Mr. Shi Neng He	
Mr. Huang Liang Chen	(retired on 30 December 2002)

In accordance with Bye-law 109(A) of the Company's Bye-laws, Mr. Chang Xi Min and Ms. Wong Lin Chooi will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Mr. Shi Neng He will also retire from office by rotation in accordance with Bye-law 109(A) but has not offered himself for re-election.

DIRECTORS' SERVICE CONTRACTS

Mr. Chang Xi Min, Ms. Wong Lin Chooi and Mr. Chen Jung Hsin have entered into service contracts with the Company for an initial term of two years commencing on 1 December 2001, 1 December 2001, and 4 February 2002 respectively and shall continue thereafter unless terminated in accordance with the terms of their respective service contracts.

Save as disclosed, as at 31 December 2002, none of the directors have a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had any beneficial interest, either direct or indirect, in any significant contract to which the Company, any of its holding companies or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

DIRECTORS' INTERESTS IN EQUITY SECURITIES

As at 31 December 2002, the interests of the directors 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 (the "SDI Ordinance") are set out below:

Name of Director	Note	Type of Interests	No. of Shares
Mr. Xu Rong	1	–	591,754,000
Mr. Liang Jianhua	2	–	591,754,000
Ms. Wong Lin Chooi	3	Family	421,637,963
Mr. Chen Jung Hsin	4	Corporate	11,250,813

Note 1: Deemed interests by virtue of Mr. Xu Rong's shareholding in Gree Group (HK) Limited.

Note 2: Deemed interests by virtue of Mr. Liang Jianhua's shareholding in Gree Group (HK) Limited.

Note 3: Ms. Wong Lin Chooi is deemed to have a family interest in the said shares held by her husband, Mr. Chan Boon Ning, John.

Note 4: The shares are registered in the name of Bestray Investments Limited, the entire share capital of which is held by Mr. Chen Jung Hsin.

Save as disclosed above, as at 31 December 2002, none of the directors or their associates had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

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 and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group. The Scheme became effective on 28 June 2000 and, unless otherwise cancelled or amended, will remain in force for 3 years from the date.

SHARE OPTION SCHEME (Continued)

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. There is no limit on the maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period. No eligible participant shall be granted options exceeds 25% of the total share options permitted to be granted under the scheme.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, with no consideration being payable by the grantee. The vesting period and exercise period of the share options granted would be determined by the directors and the exercise period ends on a date which is not later than ten years from the date of the offer of the share options.

The exercise price of the share options would be determined by the directors, but may not be less than the higher of (i) the nominal value of the shares; and (ii) not less than 80% of the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

At no time during the year was the Company, any of its holding companies or any of its subsidiaries a party to any arrangement to enable the directors of the Company or chief executives or their respective spouse or children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, the following persons were interested in 10% or more of the issued share capital of the Company as required to be recorded in the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance:

Name of shareholder	Note	No. of ordinary shares of HK\$0.10 each				Shareholding percentage
		Family interests	Personal interests	Corporate interests	Total interests	
Gree Group (HK) Limited	5	–	–	591,754,000	591,754,000	22.58%
Ms. Leong On Kei, Angela	6	–	–	422,133,000	422,133,000	16.11%
Mr. Chan Boon Ning, John	7	–	42,584,000	379,053,963	421,637,963	16.09%
Ms. Wong Lin Chooi	8	421,637,963	–	–	421,637,963	16.09%

Note 5: Mr. Xu Rong and Mr. Liang Jianhua are deemed to be interested in all 591,754,000 shares by virtue of their respective shareholding in Gree Group (HK) Limited.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS *(Continued)*

Note 6: The shares were charged by Angklong Limited to Maxwick Investment Limited, which is beneficially owned by Ms. Leong On Kei, Angela.

Note 7: Mr. Chan Boon Ning, John is deemed to be interested in 379,053,963 shares held by Angklong Limited by virtue of his shareholding in Harrio Assets Limited, the holding company of Angklong Limited.

Note 8: Ms. Wong Ling Chooi is deemed to have a family interest in the said shares held by her husband, Mr. Chan Boon Ning, John.

Saved as disclosed above, as at 31 December 2002, no person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 43 to the financial statements.

CODE OF BEST PRACTICE

The Directors are not aware of any matter which did not comply with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year. Although the independent non-executive directors were not appointed for a specific term, they are subject to retirement by rotation and are eligible to offer themselves for re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws.

AUDITORS

The financial statements for the year ended 31 December 2001 were audited by Ernst & Young. Ernst & Young resigned as auditors of the Company on 11 June 2003 and Charles Chan, Ip & Fung CPA Limited ("CCIF") were then appointed as auditors to fill the casual vacancy. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint CCIF as auditors of the Company.

ON BEHALF OF THE BOARD

Chen Jung Hsin

Executive Director

Hong Kong, 11 July 2003