

Report of the Directors

The Directors submit herewith their Report and the Audited Statement of Accounts for the financial year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on page 55.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 33 and 34.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 March 2003 are set out in the Consolidated Profit and Loss Account on page 20.

Appropriations of profits and movements in reserves during the financial year are set out in Note 24 to the Accounts on pages 48 and 49.

DIVIDENDS

An interim dividend of 2.0 cents per share was paid on 24 January 2003. The Directors now recommend the payment of a final dividend of 5.0 cents per share in respect of the financial year ended 31 March 2003, payable on 27 August 2003 to Shareholders on record as at 20 August 2003. This recommendation has been disclosed in the Accounts.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 13 to the Accounts on page 41.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all such bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 March 2003 as would be repayable on demand or within a period not exceeding one year are set out in Note 21 to the Accounts on page 46. Those which would fall due for repayment after a period of one year are set out in Note 25 to the Accounts on page 50.

DONATIONS

The Group made donations during the financial year totalling HK\$1.4 million.

Report of the Directors

DIRECTORS

The Directors of the Company during the financial year were Messrs. G. W. J. Li, C. C. Haung, K. H. Leung (resigned on 1 January 2003), T. Y. Ng, C. L. Pan and J. Y. K. Yang (resigned on 3 June 2002).

Subsequent to the financial year end, Messrs. J. M. K. Chow and G. S. Yee were appointed Directors of the Company, both with effect from 6 May 2003.

Messrs. J. M. K. Chow and G. S. Yee, being appointed as Directors of the Company after the last Annual General Meeting, are due to retire from the Board in accordance with Article 94 of the Company's Articles of Association, and Mr. C. L. Pan is also due to retire from the Board by rotation in accordance with Article 103(A), at the forthcoming Annual General Meeting. Mr. Pan has decided not to stand for re-election while the other retiring Directors, being eligible, offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation). Furthermore, Mr. C. C. Haung has resigned as a Director of the Company, effective from the conclusion of the forthcoming Annual General Meeting.

Under the provisions of the Company's Articles of Association, the Chairman is not subject to retirement from the Board by rotation. As regards the other Directors (none of them holding any executive title of the Company), four of them will retire as or otherwise cease to be Directors at the forthcoming Annual General Meeting to be held on 20 August 2003 as mentioned above, and the remaining one Director will have his term of office coming to an end by reason of retirement by rotation at the Annual General Meeting of the Company in 2004 in accordance with Article 103(A) of the Company's Articles of Association.

INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

MANAGEMENT CONTRACTS

There was in existence during the financial year an agreement dated 31 March 1992 between the Company and Wheelock Properties Limited ("Wheelock Properties"), whereby Wheelock Properties were appointed the General Managers of the Company. The said appointment has been effective since 31 March 1992 and shall continue in force until it is terminated by Wheelock Properties by the giving of six months' prior notice in writing. Mr. T. Y. Ng is a director of Wheelock Properties and is accordingly regarded as interested in the said agreement.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The Accounts now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board

Wilson W. S. Chan

Secretary

Hong Kong, 10 June 2003