

Directors' Report

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

Principal Activities

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 15 to the financial statements.

Results

The results of the Group for the year ended 31st March, 2003 are set out in the consolidated income statement on page 14.

Property, Plant and Equipment

During the year, the Group acquired furniture and fixtures, office equipment and plant and machinery at a cost of approximately HK\$4.1 million, HK\$3.4 million and HK\$28.7 million, respectively. In addition, the Group acquired machinery at a cost of approximately HK\$16.4 million, which was still under installation at the balance sheet date.

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

Investment Properties

During the year, the Group acquired a landed property (the "Property") in Hong Kong at a cost of approximately HK\$191.2 million. The Property was leased back to the vendor at a monthly rental of HK\$1.2 million for a term of three years. The investment properties held by the Group were revalued at the year end date. The revaluation increase of HK\$0.5 million has been credited to the income statement for the current year.

Details of movements in the investment properties of the Group during the year are set out in note 14 to the financial statements.

Directors' Report

Directors

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

Executive directors:

Mr. Fang Hung, Kenneth

Mr. Li Kwok Wai, Frankie

Mr. Lam Kam Cheung, Kelvin

Dr. Harry Ling *(resigned on 7th August, 2002)*

Mr. Wong Kam Wah *(alternate to Dr. Harry Ling, ceased to act on 7th August, 2002)*

Non-executive director:

Mr. Chen Chin Tung, Daniel *(resigned on 7th August, 2002)*

Independent non-executive directors:

Mr. Tien Pei Chun, James

Mr. Chu Chi Wai, Allan

In accordance with Clauses 86(2) and 87 of the Company's Bye-Laws, Mr. Tien Pei Chun, James, retires and, being eligible, offers himself for re-election.

None of the directors proposed for re-election offers at the forthcoming Annual General Meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The non-executive directors have been appointed for a term subject to retirement by rotation in accordance with the Company's Bye-Laws.

Directors' Interests in Shares

At 31st March, 2003, the interests of the Company's directors and their associates in the issued share capital of the Company within the meaning of the Hong Kong Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

	Number of ordinary shares held	
	Personal interests	Corporate interests
Mr. Fang Hung, Kenneth	20,130,000	697,692,368 (Notes 1 & 2)
Mr. Li Kwok Wai, Frankie	16,386,013	697,692,368 (Notes 1 & 2)

Directors' Interests in Shares *(continued)*

Notes:

1. These shares are held by Antrix Investment Limited ("Antrix"), a company controlled by Messrs. Fang Hung, Kenneth and Li Kwok Wai, Frankie.
2. On 25th June, 2002, Antrix entered into a share purchase agreement with Cando Corporation ("Cando") to acquire 350,000,000 shares in the Company from Cando at HK\$0.25 per share for a total consideration of HK\$87.5 million. After the completion of the share purchase agreement, the shareholding of Antrix and its shareholders in the Company increased by 350,000,000 shares and the shareholding of Cando and its shareholders in the Company decreased by 350,000,000 shares.

On 17th July, 2002, a mandatory unconditional cash offer to other shareholders was made. Antrix acquired 219,600 shares from the shareholders accepting the offer.

Save as disclosed above and other than certain nominee shares in subsidiaries held by certain directors in trust for the Group at 31st March, 2003, none of the Company's directors or their associates had any interests in the shares of the Company or any of its subsidiaries or associated corporations as defined in the SDI Ordinance, and none of the directors or their spouses or children under the age of 18, had any right to subscribe for the shares in the Company, or had exercised any such right during the year.

Share Options

Particulars of the Company's share option scheme are set out in note 28 to the financial statements.

Directors' Interests in Contracts

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.

Arrangements to Purchase Shares or Debentures

Other than the share option scheme set out in note 28 to the financial statements, 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.

Substantial Shareholders

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no person as having an interest of 10 per cent or more in the Company's issued share capital as at 31st March, 2003.

Directors' Report

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 the Company's Listed Securities

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

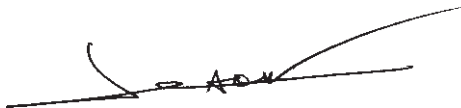
Corporate Governance

The Company has complied throughout the year ended 31st March, 2003 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 except that the non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

Auditors

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

On behalf of the Board



LI KWOK WAI, FRANKIE
CHIEF EXECUTIVE OFFICER

Hong Kong
17th July, 2003