

On behalf of the Board of Directors, I submit to the Shareholders the Annual Report of the Group for the year ended 31st March, 2003.

RESULTS

During the year, the Group's profits attributable to Shareholders was HK\$12,526,211 (2001/2002: HK\$14,315,990). Earnings per share was HK6.3 cents (2001/2002: HK7.2 cents after adjusting for the bonus issue). Turnover was HK\$176,739,905 (2001/2002: HK\$162,157,378).

During the year, the Group's profit before taxation was HK\$12,972,846 (2001/2002: HK\$15,976,471). Given below is an analysis of the profit from operations of the Group's principal activities:

	2003	2002
	HK\$	HK\$
Property investments and development	6,244,090	5,795,564
Manufacturing and trading of plastic packaging materials	19,518,744	12,650,717
Stock broking and finance	(5,117,991)	535,769
Exchange reserve realised upon winding up of a subsidiary	–	2,792,025
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Profit from operations	20,644,843	21,774,075
Finance costs	(6,099,123)	(8,005,314)
Share of (loss)/profits of associated companies	(1,572,874)	2,207,710
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Profit before taxation	12,972,846	15,976,471
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DIVIDENDS

No interim dividend was paid during the year. The Directors have recommended the payment of a final dividend of HK2.5 cents per share, subject to the Shareholders' approval at the forthcoming Annual General Meeting. The total dividend distribution for this year will be HK2.5 cents per share.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

REVIEW OF OPERATIONS

Property investments and development

Owing to the continual declination of the Hong Kong property leasing market, the Group's overall net rental income amounted to HK\$15.1 million, a decrease of 14.7% as compared with that of last year.

Hong Kong

(a) Dragon House, Tsimshatsui

This nine-storey commercial/residential building is located in the commercial and shopping centre of Tsimshatsui and its total gross floor area is approximately 2,800 square meters. The Group retains 8 units for self-use and all other units are for lease. During this year, the occupancy rate declined and the net rental income amounted to HK\$10.98 million, a decrease of 15.3% as compared with that of last year.

(b) Nan Sing Industrial Building, Kwai Chung

This ten-storey industrial building is located in Kwai Chung industrial area and its total gross floor area is approximately 11,000 square meters. During this year, this property was still wholly let to a third party for running godown business. The net rental income amounting to HK\$4.13 million, a slight decrease of 9.4% as compared with that of last year.

(c) 24 Essex Road, Kowloon Tong

This two-storey building is located in Kowloon Tong and its total gross floor area is approximately 600 square meters. This property is still used for operating guesthouse business. During this year, this business recorded a turnover of HK2.8 million, a decrease of 19.6% from that of last year.

Mainland China

(a) Tower 1 Residential Building, Ming Yue Hua Yuan, Futian District, Shenzhen

During this year, the oversupply problem still persisted in the property market of Mainland China. At 31st March, 2003, the Group still held a number of units in Ming Yue Hua Yuan with a total gross floor area of 5,320 square meters.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Property investments and development (Cont'd)

Mainland China (Cont'd)

- (b) Shopping mall and car parks in Ming Yue Hua Yuan, Futian District, Shenzhen

The Group's associated company owns 20% interest in the shopping mall situated at the Ground floor of Ming Yue Hua Yuan with an area of over two thousand square meters as well as 36 car parks in the basement thereof. During this year, the whole shopping mall had been let to third parties. However, one of the tenants stopped paying rent and moved out before the expiration of the tenancy agreement in December, 2002 owing to poor performance in its business. The associated company is now demanding that tenant to settle the outstanding rent.

- (c) Tianjian Yangguang Hua Yuan, Futian District, Shenzhen

The Group had entered into agreement with our China partner in respect of the Tianjian Yangguang Hua Yuan project. However, certain details are still under discussion. The Group is expected to receive its entitled sum of money in the next financial year.

- (d) Huaxin Garden & Nan Sing Building in Zhangmutou, Dongguan

The Group had started to build a new phase of Dongguan Nan Sing factory on the land previously reserved for building Huaxin Garden. It is expected that the construction work for four blocks of two-storey factories with a total gross floor area of about 22,000 square meters will be completed in the next financial year. Besides, the Group continues to plan for the construction of a commercial property on the site previously reserved for Nan Sing Building.

Philippines

The Group is still holding 49% equity interest in an associated company, Titan Dragon Properties Corporation. It holds a land of approximately 71,000 square meters in the residential area of Quezon City, Manila for developing residential properties. During this year, owing to the persistent declination of the local economy and property market, the associated company still deferred the development of this project.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

REVIEW OF OPERATIONS (Cont'd)

Manufacturing and trading of plastic packaging materials

During this year, this business recorded an operating profit before finance costs of HK\$19.52 million (2001/2002: HK\$12.65 million). Turnover amounted to HK\$145.75 million, an increase of 15.1% over that of last year.

During this year, the Group was not only suffering from the negative impact of the sluggish US economy but also facing the rise of raw materials and fuel prices brought by the US allies' military actions against Iraq. However, with our staff's concerted efforts made in implementing the management's persistent policy, we still had good performance in sales, production and operation costs control which resulted in positive results. Regarding the expansion of Dongguan Nan Sing factory, the construction work is now in progress. It is expected that production can be commenced in the new factory in the fourth quarter of year 2003 and we would have new prospects for our business development by that time.

Stock broking

The market sentiments of Hong Kong stock market during this year was weaker than that of last year. Despite of the closure of further 80 stock brokers' firms, the competition was still strong. Severe Acute Respiratory Syndrome had a very serious impact on the overall business environment in Hong Kong and it further weakened the gloomy stock broking business shortly before the end of this financial year. Brokerage income of HK\$11.95 million was recorded, representing a decrease of 4.9% from that of the last year.

Our stockbroking division had entered into an agreement with a software provider who had leased Broker Supplied Systems to us. The testing of these systems had been completed and we had already started to provide our clients with internet trading services.

DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE (Cont'd)

LIQUIDITY AND FINANCIAL RESOURCES

In this year, in keeping our principle of sound financial management, the Group still maintained a healthy balance between assets and liabilities. At the year end date, the Group's bank borrowings dropped from HK\$117.57 million of the last year to HK\$109.48 million of this year, in which the short term borrowings amounted to HK\$84.67 million and long term borrowings amounted to HK\$24.81 million. The Group's current year debt/equity ratio was 27.7% expressed as a percentage of the Group's total bank borrowings over the Shareholders' funds of HK\$395.47 million.

To minimize exposure on foreign exchange fluctuations, the Group's borrowings are primarily denominated in Hong Kong dollars and United States dollars. The Group has no significant exposure to foreign exchange rate fluctuations.

CAPITAL STRUCTURE

As at 31st March, 2003, the Group's Shareholders' funds amounted to HK\$395.47 million (2001/2002: HK\$390.2 million). The Group's consolidated net assets per share as at the year end date was HK\$2.0. Details of the Group's capital structure are set out in consolidated statement of changes in equity on page 20.

PLEDGE OF ASSETS

Details of the Group's pledge of assets are set out in note 33 to the financial statements on page 53.

CONTINGENT LIABILITIES

Details of the Group's contingent liabilities are set out in note 34 to the financial statements on page 54.

EMPLOYEES

The Group had approximately 850 employees as at 31st March, 2003. Employees were remunerated according to nature of the job and market trend.

RETIREMENT SCHEME

The Group had joined a Mandatory Provident Fund Scheme to conform to the requirements as stipulated in the Mandatory Provident Schemes Ordinance. Details of the scheme are set out in note 30 to the financial statements on page 52.

OUTLOOK

The conflicts in international politics and sluggish global economy bring uncertainties to the economic outlook of Hong Kong in the short term. With sustained fiscal deficits and high unemployment rate, Hong Kong is experiencing a highly difficult time. We do not anticipate any significant improvement in our business environment in the foreseeable future. Consequently, we are cautious towards the Group's overall performance in 2003/2004.

Nevertheless, the Mainland is known to be a nation with the largest population and the greatest potential for economic growth, as evidenced by its continuous growth rate of 7% or above. The Mainland's manufacturing industry is particularly competitive in the global market. In order to grasp this business opportunity, we will continue to focus in developing the business of manufacturing and trading of plastic packaging materials in China. For the purpose of strengthening and improving the Group's overall results, we will on the one hand, expand Dongguan Nan Sing factory to increase production and on the other hand, we will broaden our market to increase sales volume.

APPRECIATION

Finally, I sincerely thank the Board and all staff for their diligence and dedication in the past year.

Chua Nai Tuen

Chairman

Hong Kong, 18th July, 2003