

Report of the Directors

The directors present herewith their report and the accounts for the year ended 31 March 2003.

ACCOUNTS

The results for the year are set out in the consolidated income statement on page 15.

The state of affairs of the Group and the Company as at 31 March 2003 are set out in the balance sheets on pages 16 and 17 respectively.

The cash flows of the Group are set out in the statement on page 19.

PRINCIPAL SEGMENT ACTIVITIES AND INFORMATION

The Group is principally engaged in property development, property investment, general trading, sale of computer-aided-designed systems and machinery. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments.

Details of the segment information are set out in note 4 of the statement on page 28 to 30.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and turnover attributable to the Group's major suppliers and customers are as follows:

	2003	2002
	%	%
Purchases		
– the largest supplier	100	93
– five largest suppliers combined	100	100
Turnover		
– the largest customer	64	31
– five largest customers combined	35	45

No directors, their associates or shareholders (which to the knowledge of the directors own more than 5% of the company's share capital) were interested at any time in the year in the above suppliers or customers.

SHARE CAPITAL

Details of the movement in share capital of the Company are set out in note 15 on page 38.

DIVIDENDS

The directors do not recommend payment of any dividend in respect of the year ended 31 March 2003.

RESERVES

The amounts and particulars of material transfers to and from reserves of the Company and of the Group during the year are set out in notes 16, 18 and 19 on pages 38 to 39 and in the consolidated statement of changes in equity.

DONATIONS

There was no donation made by the Group during the year.

PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the year are set out in note 9 on page 32.

PURCHASE, SALE AND REDEMPTION OF SHARES

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

DIRECTORS

The directors who held office during the year and up to the date of this report were:

Mr. WONG Kwong Yu

Ms. DU Juan – appointed on 16 August 2002

Mr. LAM Pang

Mr. NG Kin Wah

Mr. SZE Tsai Ping, Michael** – appointed on 31 October 2002

Mr. PENG Chengzhi**

Mr. NG Lap Kwan** – resigned on 31 October 2002

** *independent non-executive directors*

In accordance with Clause 102 of the Company's Bye-laws, all directors appointed during the year retires at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any director proposed for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its holding company, its subsidiaries was a party, and in which any director had a material interest directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' BENEFITS FROM RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, any of its holding companies 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 March 2003, the interest of directors and the chief executive of the Company and their associates in the securities 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 ("SDI Ordinance"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of director	Number of shares held		Total
	Personal interests	Corporate interests	
WONG Kwong Yu	36,003,500	1,170,000,000	1,206,003,500

(See Note 1 on next page)

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2003, according to the register of substantial shareholders kept by the Company under section 16(1) of the Securities (Disclosure of Interests) Ordinance and so far as was known to the directors, the following persons were interested or taken or deemed to be interested in 10% or more of the nominal value of the issued share capital of the Company:

Name of shareholder	Number of shares	Shareholding percentage
Wong Kwong Yu (<i>Note 1</i>)	1,206,003,500	74.52%
Shinning Crown Holdings Inc.	1,170,000,000	72.30%

Note 1: The shares are held as to 36,003,500 personally by Mr. Wong Kwong Yu and as to 1,170,000,000 shares by Shinning Crown Holdings Inc., which is 100% beneficially owned by Mr. Wong.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the annual report, in compliance with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited except that independent non-executive directors are not appointed for a specific term as they are subject to rotation at Annual General Meetings in accordance with the Bye-laws of the Company.

POST BALANCE SHEET EVENTS

Details of the post balance sheet events are set out in note 27 on page 46.

AUDITORS

The accounts for the year ended 31 March 2003 have been audited by Louis Leung & Partners CPA Limited. A resolution for their appointment as the Company's auditors for the ensuing year is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

NG Kin Wah

Director

Hong Kong, 28 July 2003