

Directors' Report

The Directors present their report and the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 30 April 2003.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 12 to the financial statements.

An analysis of the Group's consolidated turnover and contribution to operating results by principal activity and geographical location for the year is set out in note 3 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2003 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 15 to 64.

No interim dividend was paid or declared during the year. The Directors do not recommend the payment of a final dividend for the year ended 30 April 2003 (2002: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 65.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 21 to the financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 20 and note 23 to the financial statements.

Directors' Report (continued)

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.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment during the year are set out in note 11 to the financial statements.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 30 April 2003 are set out in note 12 to the financial statements.

BORROWINGS AND INTEREST CAPITALISED

Details of the borrowings of the Group as at 30 April 2003 are set out in note 19 to the financial statements.

There was no interest capitalised by the Group during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Turnover attributable to the Group's largest customer and five largest customers accounted for 96% and 100% respectively of the Group's total turnover for the year.

The Group had no significant suppliers during the year.

None of the Directors of the Company or any of their associates or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

Directors' Report (continued)

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group transacted during the period from 1 May 2003 up to the date of this report are set out in note 27 to the financial statements.

DIRECTORS

The Directors of the Company during the year were as follows:

Executive Directors:

Lai Leong	
Zhang Yao Hui	(appointed on 20 January 2003)
Lu Fang	(resigned on 20 January 2003)
Lai Hok Lim, Alex	(resigned on 12 December 2002)

Independent Non-Executive Directors:

Chan Kin Shing	
Zheng Kuan	(appointed on 20 January 2003)
Kwan Ka Po	(resigned on 12 December 2002)

In accordance with Bye-law 86(2) of the Company's Bye-laws, Messrs. Zhang Yao Hui and Zheng Kuan shall retire at the forthcoming Annual General Meeting and are eligible to offer themselves for re-election.

Directors' Report (continued)

BIOGRAPHICAL DETAILS OF DIRECTORS AND COMPANY SECRETARY

DIRECTORS

Executive Directors

Mr. LAI Leong, aged 39, is the Chairman of the Company. Mr. Lai is also the chairman of Oriental Investment Corporation Limited, the securities of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lai has worked for several property and trading companies in the People's Republic of China (the "PRC") and has over 12 years of experience in corporate management for companies in Hong Kong and the PRC.

Mr. ZHANG Yao Hui, aged 32, is the Executive Director of the Company. Mr. Zhang has worked for China International Futures Co. Ltd. and the investment banking division of Hai Tong Securities Limited and is experienced in areas such as formulating corporate development strategies, planning financing activities in relation to company listing, acquisitions and mergers and management of investment portfolios. Mr. Zhang is the independent directors of two joint stock companies in the PRC which engage in tourism and medical industries respectively. He holds a Bachelor Degree in Science from Fu Dan University and a Master's Degree in Management Studies from Central South University.

Independent Non-Executive Directors

Mr. CHAN Kin Shing, aged 50, is an Independent Non-Executive Director of the Company. Mr. Chan has extensive experience in investment, finance, trading, business management and development. Mr. Chan currently is the managing director of Winson Holdings (International) Limited.

Mr. ZHENG Kuan, aged 31, is an Independent Non-Executive Director of the Company. Mr. Zheng has worked for China Economic Development Trustee Investment Security Company and the investment banking division of Hai Tong Securities Limited. He has over 8 years of experience in investment banking area. Mr. Zheng currently is the deputy general manager of the investment banking division of Hai Tong Securities Limited.

Directors' Report (continued)

COMPANY SECRETARY

Miss CHAN Yim Kum, aged 39, is the company secretary of the Company. Miss Chan holds a Bachelor's Degree (Honours) in Business Administration from the United Kingdom and a Master's Degree in Professional Accountancy from Hong Kong. Miss Chan is a member of The Institute of Chartered Secretaries and Administration of the United Kingdom; The Hong Kong Institute of Company Secretaries; and The Taxation Institute of Hong Kong. Miss Chan has more than 14 years of experience in corporate management and administration.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

As at 30 April 2003, the Directors or their associates have the following interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules ("Model Code"):

Name of Director	Number of shares of HK\$0.10 each held	Nature of interest	Approximate percentage holding
Lai Leong*	240,591,000	Corporate interest	27.5%

* *Mr. Lai Leong was deemed to be interested in 240,591,000 shares in the Company by virtue of his 90% interest in Wealth Bonus Limited which held such shares.*

Save as disclosed above, as at 30 April 2003, none of the Directors or their associates held any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report (continued)

SHARE OPTIONS

Particulars of the Company's share options are set out in note 22 to the financial statements.

As at 30 April 2003, the following options to subscribe for shares were outstanding under the Company's share option scheme adopted on 19 August 1993 and as amended on 24 October 2000 and placement agreement dated 31 March 2000:

Name of category of participant	Number of share options outstanding at 1 May 2002 '000	Lapsed during the year '000	Number of share options outstanding at 30 April 2003 '000	Exercise period	Adjusted exercise price after the capital reorganisation (note 21 (b)) and rights issue (note 21 (c))
Employees, in aggregate	360	*(310)	50	1 August 2001 to 29 October 2005	HK\$1.00
Independent investors**	1,124,000	(1,124,000)	-	15 May 2000 to 14 May 2002	HK\$0.84
Total	1,124,360	(1,124,310)	50		

* *The options were cancelled after resignation of the relevant employees from the Group.*

** *In prior year, the Company granted 1,124,000,000 options at a consideration of HK\$0.01 per option to several independent investors to subscribe for 1,124,000,000 new shares of the Company. All these share options have expired during the year.*

Directors' Report (continued)

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

No options were granted to or exercised by the Directors during the year. At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their respective spouses or children under the age of 18 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 30 April 2003, the following company (other than a Director of the Company) which has interest or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Number of shares of HK\$0.10 each held in the Company	Percentage of issued share capital held
Wealth Bonus Limited	240,591,000	27.5%

Save as disclosed above, no other person (other than the Director of the Company) has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming Annual General Meeting have a service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation other than that of a statutory nature.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the financial year.

Directors' Report (continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's listed securities during the financial year ended 30 April 2003.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange throughout the year. Although Independent Non-Executive Directors, Mr. Chan Kin Shing and Mr. Zheng Kuan 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.

AUDIT COMMITTEE

In accordance with the requirements of the Code, the Company has set up an audit committee (the "Committee") with written terms of reference for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Committee comprises Mr. Chan Kin Shing and Mr. Zheng Kuan, two Independent Non-Executive Directors of the Company. The Group's financial statements for the year ended 30 April 2003 have been reviewed by the Committee.

AUDITORS

Deloitte Touche Tohmatsu who acted as auditors of the Company for the year ended 30 April 2000 resigned in July 2001 and Grant Thornton were appointed as auditors of the Company in August 2001. Grant Thornton retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

For and on behalf of the Board

Lai Leong
Chairman

26 August 2003