

# DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2004.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 15 to the financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2004 are set out in the consolidated income statement on page 20.

An interim dividend of HK3 cents per share amounting to HK\$71,938,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK9 cents per share and a special dividend of HK2 cents per share to the shareholders whose names appear on the Register of Members on 25 August 2004, amounting to HK\$263,771,000.

## PROPERTY, PLANT AND EQUIPMENT

All of the Group's land and buildings were revalued at 31 March 2004. The revaluation resulted in a surplus amounting to HK\$16,617,000, of which HK\$14,517,000 and HK\$2,100,000 have been credited to the properties revaluation reserve and to the consolidated income statement, respectively.

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

## RESERVES

Details of the movements during the year in the reserves of the Group and of the Company are set out in the statement of changes in equity on page 23.

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## DIRECTORS

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

### *Executive directors*

Mr. Shun-chuen LAM, *Chairman*

Mr. Shun-choi LAM, *Vice-Chairman*

Mr. Ching-kwan MA (resigned on 4 November 2003)

Mr. Cheuk-wa SHAM (resigned on 1 February 2004)

### *Independent non-executive directors*

Mr. Siu-leun CHAM, *O.B.E., J.P.*

Mr. Ping-wing PAO, *J.P.*

Mr. Dominic LAI

In accordance with Article 103 of the Company's Articles of Association, Mr. Siu-leun CHAM and Mr. Dominic LAI shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The term of office for each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

At 31 March 2004, the directors, the chief executive and their respective associates had interests in the shares and underlying shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") as follows:

### Interests in the Company

Name of Director	Capacity	Number of ordinary shares				Total	Percentage of shareholding
		Personal interests	Family interests	Corporate interests	Other interests		
Ching-kwan MA	Beneficiary of discretionary trust	-	-	-	1,387,815,800 <i>(Note)</i>	1,387,815,800	57.88%
Shun-chuen LAM	Founder of discretionary trust	-	-	-	1,387,815,800 <i>(Note)</i>	1,387,815,800	57.88%
Siu-leun CHAM	Beneficial owner	165,000	-	-	-	165,000	-

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*Note:* Such 1,387,815,800 shares are held by Ever Holdings Limited (holding 84,281,880 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 374,184,020 shares) and Sermost Limited (holding 248,312,400 shares). Tarbela Company Limited, Tarboca Company Limited and Sermost Limited are the wholly-owned subsidiaries of Ever Holdings Limited; Ever Holdings Limited is the wholly-owned subsidiary of Magicway Investment Limited; Magicway Investment Limited is the wholly-owned subsidiary of Wonderful Star Limited and Wonderful Star Limited is the wholly-owned subsidiary of Ma's Holdings Limited. Ma's Family Trust is the sole beneficial owner of Ma's Holdings Limited and Mr. Ching-fat MA is the trustee of Ma's Family Trust, a discretionary trust. The Company's directors, Mr. Ching-kwan MA, being a beneficiary of the discretionary trust, and Mr. Shun-chuen LAM, being a founder of the discretionary trust, are taken to be interested in the shares of the Company and thus are taken to be interested in those 1,387,815,800 shares held by the above mentioned companies.

Other than the holdings disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executive of the Company or their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. None of the directors or the chief executive or their associates had, as at 31 March 2004, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its above-mentioned associated corporations, or had exercised any such rights.

### **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

Other than as disclosed in note 24 to the financial statements, there were no contracts of significance to which the Company, any of its holding companies or any of its subsidiaries was a party and in which a director of the Company had, whether directly or indirectly, a material interest subsisting at the end of the year or at any time during the year.

None of the directors has a service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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### DISCLOSABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

At 31 March 2004, shareholders (other than directors or chief executive of the Company) who had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Interests in the Company

Name	Capacity	Number of ordinary shares	Percentage of shareholding
Ching-fat MA	Trustee of a discretionary trust	1,387,815,800 <i>(Note)</i>	57.88%
Ma's Holdings Limited	Interest of controlled corporations	1,387,815,800 <i>(Note)</i>	57.88%
Wonderful Star Limited	Interest of controlled corporations	1,387,815,800 <i>(Note)</i>	57.88%
Magicway Investment Limited	Interest of controlled corporations	1,387,815,800 <i>(Note)</i>	57.88%
Ever Holdings Limited	Beneficial owner and interest of controlled corporations	1,387,815,800 <i>(Note)</i>	57.88%
Tarbela Company Limited	Beneficial owner	681,037,500 <i>(Note)</i>	28.40%
Tarboca Company Limited	Beneficial owner	374,184,020 <i>(Note)</i>	15.60%
Sermost Limited	Beneficial owner	248,312,400 <i>(Note)</i>	10.36%
Doris Lai-fun LEE	Interest of spouse	1,387,815,800	57.88%
Mui-fong HUNG	Interest of spouse	1,387,815,800	57.88%

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*Note:* Such 1,387,815,800 shares are held by Ever Holdings Limited (holding 84,281,880 shares), Tarbela Company Limited (holding 681,037,500 shares), Tarboca Company Limited (holding 374,184,020 shares) and Sermost Limited (holding 248,312,400 shares). Tarbela Company Limited, Tarboca Company Limited and Sermost Limited are the wholly-owned subsidiaries of Ever Holdings Limited; Ever Holdings Limited is the wholly-owned subsidiary of Magicway Investment Limited; Magicway Investment Limited is the wholly-owned subsidiary of Wonderful Star Limited and Wonderful Star Limited is the wholly-owned subsidiary of Ma's Holdings Limited. Ma's Family Trust is the sole beneficial owner of Ma's Holdings Limited and Mr. Ching-fat MA is the trustee of the Ma's Family Trust.

Save as disclosed above, no other party had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **DONATIONS**

During the year, the Group made charitable and other donations amounting to approximately HK\$3,178,000.

### **RETIREMENT BENEFIT SCHEME**

Details of the retirement benefit scheme of the Group are shown in note 25 to the financial statements.

### **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31 March 2004, the five largest customers of the Group accounted for approximately 52% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 51%.

The percentage of purchases attributable to the Group's five largest suppliers is less than 30% of the Group's total purchases for the year and the Directors do not consider any one supplier to be influential to the Group.

None of the directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of the five largest customers.

### **CODE OF BEST PRACTICE**

The Company has complied throughout the year ended 31 March 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

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## AUDITORS

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

On behalf of the Board

**Shun-chuen LAM**  
*Chairman*

28 June 2004