

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2004.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 73 and 74.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 48 to 51.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 March 2004 are set out in the Consolidated Profit and Loss Account on page 33.

Appropriations of profits and movements in reserves during the financial year are set out in Note 23 to the Accounts on pages 65 to 67.

DIVIDENDS

An interim dividend of 2.5 cents per share was paid on 9 January 2004. The Directors have now recommended for adoption at the Annual General Meeting to be held on Friday, 13 August 2004 the payment on 20 August 2004 to Shareholders on record as at 13 August 2004 of a final dividend of 6.5 cents per share in respect of the financial year ended 31 March 2004. This recommendation has been disclosed in the Accounts.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 12 to the Accounts on page 59.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 March 2004 which are repayable on demand or within a period not exceeding one year are set out in Note 20 to the Accounts on page 63. Those which would fall due for repayment after a period of one year are particularised in Note 24 to the Accounts on page 67.

DONATIONS

The Group made donations during the financial year totalling HK\$1.6 million.

DIRECTORS

The Directors of the Company during the financial year were Mr. P. K. C. Woo, Mr. A. S. K. Au, Mr. W. K. Chan (appointed on 1 September 2003 and resigned on 11 December 2003), Mr. B. M. Chang, Sir S. Y. Chung (retired on 21 August 2003), Mr. W. W. Y. Lee (retired on 21 August 2003), Mr. G. W. J. Li, Mr. S. T. H. Ng, Mr. J. E. Strickland (appointed on 1 May 2003 and resigned on 26 June 2003), Mr. P. Y. C. Tsui, The Hon K. W. S. Ting (appointed on 1 September 2003) and Mr. W. Turnbull. (Subsequent note: Mr. D. J. Lawrence was appointed as an Executive Director of the Company with effect from 1 July 2004.)

Mr. D. J. Lawrence and The Hon. K. W. S. Ting, being appointed as Directors of the Company after the last Annual General Meeting, are due to retire from the Board in accordance with Article 94 of the Company's Articles of Association, and Messrs. B. M. Chang and S. T. H. Ng are also due to retire from the Board by rotation in accordance with Article 103(A), at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Under the provisions of the Company's Articles of Association, the Chairman and the Directors holding executive office of the Company are not subject to retirement from the Board by rotation. As regards the other six Directors not holding any executive title of the Company, three of them, together with an Executive Director, namely, Mr. D. J. Lawrence, will retire as Directors at the forthcoming Annual General Meeting to be held on 13 August 2004 as mentioned above, and the remaining three Directors will have their respective terms of office coming to an end by reason of retirement by rotation at the Annual General Meeting of the Company in 2005 or 2006 in accordance with Article 103(A) of the Company's Articles of Association.

INTERESTS IN CONTRACTS

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

MANAGEMENT CONTRACTS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The Accounts now presented have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board
Wilson W. S. Chan
Secretary

Hong Kong, 14 June 2004