

REPORT OF THE DIRECTORS

The Directors are pleased to submit their report and the audited financial statements for the year ended 31st March, 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 38 to the financial statements on pages 56 to 58.

Further information on the segmental details is provided in note 5 of the financial statements on pages 33 to 34.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2004 are set out in note 38 to the financial statements on pages 56 to 58.

RESULTS & APPROPRIATIONS

The results of the Group for the year ended 31st March, 2004 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 18 to 59.

DIVIDENDS

No interim dividend was paid during the year. The Directors have now recommended for adoption at the Annual General Meeting to be held on Wednesday, 25th August, 2004 the payment of a final dividend of HK5.0 cents per share in respect of the financial year ended 31st March, 2004 on 1st September 2004 to Shareholders on record as at 25th August, 2004. This recommendation has been disclosed in the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 62.

REPORT OF THE DIRECTORS (Cont'd)

RESERVES

Movements in reserves during the year are set out in note 29 to the financial statements on pages 50 and 51.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 15 to the financial statements on pages 41 and 42.

BANK LOANS AND OVERDRAFTS

Particulars of all bank loans and overdrafts of the Group at 31st March, 2004 repayable on demand or within a period not exceeding one year and those which fall due for repayment after a period of one year are set out in note 27 to the financial statements on page 49.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to the major suppliers and customers respectively were as follows:

Percentage of purchases attributable to the Group's largest supplier	27%
Percentage of purchases attributable to the Group's five largest suppliers	54%
Percentage of sales attributable to the Group's largest customer	11%
Percentage of sales attributable to the Group's five largest customers	36%

None of the Directors or their associates, nor does any Shareholder owning (to the knowledge of the Directors) more than 5% of the Company's issued share capital hold, any interests in the share capital of the suppliers and customers noted above.

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS

The Directors of the Company during the year were:

Chua Nai Tuen
Chua Nai King
Se Ying Kin
Siy Yap
Jimmy Siy Tiong
Luis Chua
Rene Siy Chua
Tsai Han Yung
Chan Man Hon, Eric*
James L. Kwok*

* *Independent Non-executive Directors*

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Siy Yap, Luis Chua and Tsai Han Yung shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company or its subsidiaries, which is not determinable by the employer within one year without payment of compensation.

COMPLIANCE WITH CODE OF BEST PRACTICE

Throughout the year, save that the Non-executive Directors have not been appointed for a specific term but are subject to retirement by rotation, the Company has complied with the Code of Best Practice set out in Appendix 14 of the Listing Rules of the Stock Exchange.

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st March, 2004, Directors of the Company had the following beneficial interests, all being long positions, in the share capitals of the Company, the subsidiaries and associate companies of the Company:

	Number of shares held			% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	
(a) The Company				
(Ordinary shares of HK\$1.00 per share)				
Chua Nai Tuen	2,475	–	70,623,495 (Note)	35.73
Chua Nai King	6,528,055	680,803	2,558,514 (Note)	4.94
Jimmy Siy Tiong	6,390,796	–	–	3.23
Siy Yap	4,858,980	1,537,305	–	3.24
Luis Chua	8,696,754	–	–	4.40
Se Ying Kin	549,036	5,655,085	–	3.14
Rene Siy Chua	8,696,754	–	–	4.40
Tsai Han Yung	6,512,754	–	–	3.30
(b) Full Safe Industries Limited				
(Ordinary shares of HK\$1.00 each)				
Chua Nai Tuen	–	–	20,000 (Note)	20.00
(c) Nan Sing Plastics Limited				
(Ordinary shares of HK\$100.00 each)				
Chua Nai Tuen	–	6,965	–	4.64
(d) Titan Dragon Properties Corporation				
(Capital stock of Philippines Peso 1,000.00 each)				
Chua Nai Tuen	4,000	12,000	4,400 (Note)	25.50
Rene Siy Chua	3,200	–	–	4.00

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS' INTERESTS IN SHARE CAPITAL (Cont'd)

Note: The shares regarding 'Corporate interests' in which Messrs. Chua Nai Tuen and Chua Nai King were taken to be interested as stated above were the interests of corporations in general meetings of which they were either entitled to exercise (or were taken under Part XV of the Securities and Futures Ordinance (the "SFO") to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

- (a) there were no interests, both long and short positions, held as at 31st March, 2004 by any of the Directors or Chief Executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial year no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31st March, 2004 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	% of the Issued Share Capital
J & N International Limited	48,306,189	24.44
Sonliet Investment Company Limited	22,317,306	11.29

For the avoidance of doubts and double counting, it should be noted that these interests are entirely duplicated with Mr. Chua Nai Tuen's interests as recorded in the preceding note.

All the interests stated above represented long positions and as at 31st March, 2004, there were no short positions recorded in the said register.

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS' INTERESTS IN CONTRACTS

During the year, consultancy fees of HK\$2,794,712 were paid by the Group to Sonliet Investment Company Limited ("Sonliet"), Rolling Development Limited ("Rolling") and Holytex Investment Company Limited ("Holytex") of which Messrs. Chua Nai Tuen and Chua Nai King were the directors of Sonliet and Rolling respectively and Mr. Se Ying Kin was the manager of Holytex.

Apart from the foregoing, 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.

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 year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year.

AUDITORS

The financial statements now presented have been audited by Messrs. K. L. Young & Company who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Chua Nai Tuen
Managing Director

Hong Kong, 16th July, 2004