

The Directors submit their report and the audited financial statements for the year ended 31st March, 2005.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 37 to the financial statements on pages 58 to 60.

Further information on the segmental details is provided in note 4 of the financial statements on pages 36 to 37.

### **SUBSIDIARIES**

Particulars of the Company's principal subsidiaries as at 31st March, 2005 are set out in note 37 to the financial statements on pages 58 to 60.

### **RESULTS & APPROPRIATIONS**

The results of the Group for the year ended 31st March, 2005 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 21 to 61.

### **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, 31st August, 2005 the payment of a final dividend of HK1.5 cents per share in respect of the financial year ended 31st March, 2005 on 7th September 2005 to Shareholders on record as at 31st August, 2005. 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 64.

**RESERVES**

Movements in reserves during the year are set out in note 28 to the financial statements on pages 52 and 53.

**PROPERTY, PLANT AND EQUIPMENT**

Movements in property, plant and equipment during the year are set out in note 14 to the financial statements on pages 43 and 44.

**BANK LOANS AND OVERDRAFTS**

Particulars of all bank loans and overdrafts of the Group at 31st March, 2005 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 26 to the financial statements on page 51.

**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	68%
Percentage of sales attributable to the Group's largest customer	11%
Percentage of sales attributable to the Group's five largest customers	42%

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.

## 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\*  
Lee Man Ban\*  
Wong Shek Keung\*

\* *Independent Non-executive Directors*

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Chua Nai King, Se Ying Kin, Jimmy Siy Tiong and Chan Man Hon, Eric shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. In accordance with Article 98 of the Company's Articles of Association, Messrs. Lee Man Ban and Wong Shek Keung shall retire 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.

## DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st March, 2005, 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	
<b>(a) The Company</b>				
(Ordinary shares of HK\$1.00 per share)				
Chua Nai Tuen	2,475	–	75,945,495 ( <i>Note</i> )	38.42
Chua Nai King	6,528,055	680,803	2,558,514 ( <i>Note</i> )	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>(b) Nan Sing Plastics Limited</b>				
(Ordinary shares of HK\$100.00 each)				
Chua Nai Tuen	–	6,965	–	4.64
<b>(c) Titan Dragon Properties Corporation</b>				
(Capital stock of Philippines Peso 1,000.00 each)				
Chua Nai Tuen	4,000	13,600	4,000 ( <i>Note</i> )	27.00
Rene Siy Chua	3,200	–	–	4.00

*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.

**DIRECTORS' INTERESTS IN SHARE CAPITAL (Cont'd)**

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, 2005 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, 2005 as recorded in the register kept by the Company under section 336 of the SFO:

	<b>No. of Ordinary Shares held</b>	<b>% of the Issued Share Capital</b>
J & N International Limited	48,306,189	24.44
Sonliet Investment Company Limited	27,639,306	13.98

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, 2005, there were no short positions recorded in the said register.

### **DIRECTORS' INTERESTS IN CONTRACTS**

During the year, consultancy fees of HK\$2,851,301 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, 15th July, 2005