

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31st March, 2001.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property investment and those of its subsidiaries are shown in note 35 to the financial statements on page 44.

Turnover and operating profit of the principal activities of the Group for the year ended 31st March, 2001 are set out as follows:

Business Segments

	Turnover		Segment Results	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Property development and investment	29,802,207	44,097,695	3,119,190	9,734,980
Manufacturing and trading of plastic packaging material	128,135,185	116,295,416	3,023,417	6,314,340
Stock broking and finance	22,338,142	25,424,974	23,190,177	17,824,291
Investments in securities	—	—	(172,067)	(1,887,532)
	<u>180,275,534</u>	<u>185,818,085</u>	<u>29,160,717</u>	<u>31,986,079</u>
Finance costs			<u>(17,909,040)</u>	<u>(17,156,183)</u>
			<u>11,251,677</u>	<u>14,829,896</u>

Geographical Segments

	Turnover		Segment Results	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Hong Kong	55,679,772	53,986,352	34,313,421	28,011,820
Mainland China	9,274,096	22,281,451	(7,701,712)	(86,317)
North America	35,877,852	28,608,672	846,557	1,553,328
Europe	25,627,037	30,818,285	604,683	1,673,300
Australia	48,691,370	49,774,438	1,148,898	2,702,538
Asia	5,125,407	348,887	(51,130)	(1,868,590)
	<u>180,275,534</u>	<u>185,818,085</u>	<u>29,160,717</u>	<u>31,986,079</u>
Finance costs			<u>(17,909,040)</u>	<u>(17,156,183)</u>
			<u>11,251,677</u>	<u>14,829,896</u>

REPORT OF THE DIRECTORS *(Cont'd)*

SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2001 are set out in note 35 to the financial statements on page 44.

RESULTS & APPROPRIATIONS

The results of the Group for the year ended 31st March, 2001 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 17 to 45.

DIVIDENDS

No interim dividend was paid during the year. The Directors now recommend the payment of a final dividend of HK4 cents per share in respect of the financial year ended 31st March, 2001, payable on 17th September, 2001 to Shareholders on record as at 24th August, 2001. This recommendation has been incorporated in the Accounts.

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 48.

RESERVES

Movements in reserves during the year are set out in note 26 to the financial statements on page 39.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 13 to the financial statements on pages 32 and 33.

BANK LOANS AND OVERDRAFTS

Particulars of all bank loans and overdrafts of the Group at 31st March, 2001 repayable on demand or within a period not exceeding one year and those which would fall due for repayment after a period of one year are set out in note 23 to the financial statements on page 37.

MAJOR CUSTOMERS AND SUPPLIERS

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

Percentage of purchases attributable to the Group's largest supplier	18%
Percentage of purchases attributable to the Group's five largest suppliers	57%
Percentage of sales attributable to the Group's largest customer	10%
Percentage of sales attributable to the Group's five largest customers	33%

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 *

* *Independent Non-executive Directors*

In accordance with Article 107(A) of the Company's Articles of Association, Messrs. Siy Yap, Luis Chua and James L. Kwok 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 by The Stock Exchange of Hong Kong Limited.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st March, 2001, the interests of the Directors and their associates in the share capital of the Company and its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI" Ordinance) were as follows:

	Number of shares held		
	Personal interests	Family interests	Corporate interests
(a) The Company			
(Ordinary shares of HK\$1.00 each)			
Chua Nai Tuen	14,649,425	—	10,759,537 (Note)
Chua Nai King	226,935	453,869	1,705,676 (Note)
Jimmy Siy Tiong	6,324,912	—	—
Siy Yap	5,300,041	1,024,870	—
Luis Chua	5,797,836	—	—
Se Ying Kin	366,024	3,770,057	—
Rene Siy Chua	5,797,836	—	—
Tsai Han Yung	4,341,836	—	—
(b) Full Safe Industries Limited			
(Ordinary shares of HK\$1.00 each)			
Chua Nai Tuen	—	—	20,000 (Note)
(c) Nan Sing Plastics Limited			
(Ordinary shares of HK\$100.00 each)			
Chua Nai Tuen	—	6,900	—
(d) Titan Dragon Properties Corporation			
(Capital stock of Philippines Peso 1,000 each)			
Chua Nai Tuen	4,000	12,000	4,000 (Note)
Rene Siy Chua	3,200	—	—
Tsai Han Yung	400	—	—

Messrs. Chua Nai Tuen, Chua Nai King and Se Ying Kin held shares of certain associated corporations in trust of, ultimately, the Company.

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 the SDI Ordinance to be able to exercise) or control the exercise of one-third or more of the voting power.

REPORT OF THE DIRECTORS (Cont'd)

DIRECTORS' INTERESTS IN SHARE CAPITAL (Cont'd)

Save as disclosed above, no interests were held or deemed or taken (under the SDI Ordinance) to be held by any Directors or Chief Executives of the Company in any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as at 31st March, 2001. Furthermore, during or prior to the year under review, no right was granted to and no right or warrant was held by any Directors or Chief Executives of the Company or any of their spouses or children under eighteen years of age to subscribe for equity or debt securities of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2001, Ms. Chua Juliet Perez had registered interests of 25,408,962 ordinary shares in the share capital of the Company as recorded in the register maintained under Section 16(1) of the SDI Ordinance.

The above information has been set out solely in order to comply with the requirements of the SDI Ordinance. 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. Save as stated above, no person had registered interests in more than 10% of the issued share capital of the Company as at 31st March 2001.

DIRECTORS' INTERESTS IN CONTRACTS

During the year, consultancy fees of HK\$3,209,834 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 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, 23rd July, 2001