

The directors submit their report together with the audited accounts for the year ended 30 April 2001.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the manufacturing and trading of office furniture and building materials, together with supply and installation of kitchen cabinets.

An analysis of the Group's turnover and contribution to loss before taxation, by principal activity and market is set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results for the year are set out in the consolidated profit and loss account on page 22.

The directors do not recommend the payment of a dividend.

RESERVES

At 30 April 2001, the distributable reserves of the Company available for distribution as dividends amounted to HK\$233,000 (2000: HK\$64,894,000).

Movements in the reserves of the Group and the Company during the year are set out in note 17 to the accounts.

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 10 to the accounts.

INTEREST CAPITALISED

The amount of interest capitalised by the Group during the year is set out in note 4 to the accounts.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of the bank loans, overdrafts and other borrowings of the Group as at 30 April 2001 are set out in note 18 to the accounts.

SHARE CAPITAL, WARRANTS AND OPTIONS

Particulars and details of movements in the share capital, warrants and options of the Company are set out in note 16 to the accounts.

FIVE YEAR 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 56.

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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

DIRECTORS

The directors during the year and up to the date of this report were:

Executive directors:

Lam Ching Wah, Clement	
Kok Kin Hok	(appointed on 8 August 2001)
Lam Bing Sum	(appointed on 8 August 2001)
Chow Siu Fan, Farida	(resigned on 8 August 2001)
Lam Andy Siu Wing J.P.	(resigned on 8 August 2001)
Ng Chung Shu, Andy	(resigned on 8 August 2001)
Lee Kam Chee, Donald	(resigned on 8 August 2001)
Chan Kit Yee, Joyce	(resigned on 8 August 2001)
Hung Kim Yung, Dayton	(resigned on 8 August 2001)

Non-executive directors:

Hou Ziqiang	(appointed on 8 August 2001)
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Independent non-executive directors:

Dr. Yang Shiqin	(appointed on 8 August 2001)
Dr. Li Jianhua	(appointed on 8 August 2001)
Wang Shunian	(appointed on 8 August 2001)
Dato Dr. Tan Tiong Hong	(resigned on 8 August 2001)
Zhang Yunkun	(resigned on 8 August 2001)

In accordance with the Company's Bye-laws, Kok Kin Hok, Lam Bing Sum, Hou Ziqiang, Dr. Yang Shiqin, Dr. Li Jianhua and Wang Shunian retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

No directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 11 to 14.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN EQUITY OR DEBT SECURITIES

At 30 April 2001 the interests of the directors and chief executive in the shares and options of the Company and its associated corporation (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

(a) Shares of the Company

Name of directors	Number of shares	
	Personal interest	Family interest
Lam Ching Wah, Clement	7,992,000	Note (1 and 3)
Ng Chung Shu, Andy	–	Note (2 and 3)
Lee Kam Chee, Donald	1,403,200	–

Notes:

1. Lam Ching Wah, Clement and his family are the objects of the Forward Action Trust ("FAT"), a discretionary trust which beneficially owns 101,160,000 shares in the Company. In addition 1,109,700,000 shares in the Company are beneficially owned by Ingenious Inc., a company held as to 95.4% by FAT.
2. Ng Chung Shu, Andy and his family are the objects of the Twinkle Crystal Trust ("TCT"), a discretionary trust which beneficially owns 30,240,000 shares in the Company. In addition 1,109,700,000 shares in the Company are beneficially owned by Ingenious Inc., a company held as to 4.6% by TCT.
3. Subsequent to the year end on 8 August 2001, Lam Ching Wah, Clement and Ng Chung Shu, Andy disposed of their entire interests in the Company's shares to Anglo Express Group Limited ("AEGL") that is solely owned by Kok Kin Hok. AEGL then became the substantial shareholder of the Group interested in 32.6% of the issued share capital of the Company.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN EQUITY OR DEBT SECURITIES *(Continued)*

(b) Share options

As at 30 April 2001, details of the outstanding share options granted by the Company to the directors of the Company were set out below. Details of the share option schemes of the Company are set out in note 16(c) to the accounts.

Name of director	Date of grant	Exercise price per share (Note 1)	Options		Options outstanding at 30 April 2001	Exercisable period
			outstanding at 1 May 2000	Adjustment during the year (Note 1)		
Lam Ching Wah, Clement (Note 2)	3 January 2000	HK\$0.1055	21,400,000	10,700,000	32,100,000	3 January 2000 to 2 January 2004
	3 July 1997	HK\$0.2619	33,600,000	16,800,000	50,400,000	3 July 1997 to 2 July 2007
Chow Siu Fan, Farida (Note 2)	3 January 2000	HK\$0.1055	24,000,000	12,000,000	36,000,000	3 January 2000 to 2 January 2004
	3 July 1997	HK\$0.2619	480,000	240,000	720,000	3 July 1997 to 2 July 2007
	13 July 1996	HK\$0.3164	240,000	120,000	360,000	13 July 1996 to 12 July 2006
Lam Andy Siu Wing (Note 2)	3 January 2000	HK\$0.1055	28,000,000	14,000,000	42,000,000	3 January 2000 to 2 January 2004
Ng Chung Shu, Andy (Note 2)	3 January 2000	HK\$0.1055	24,000,000	12,000,000	36,000,000	3 January 2000 to 2 January 2004
Lee Kam Chee, Donald	3 January 2000	HK\$0.1055	24,000,000	12,000,000	36,000,000	3 January 2000 to 2 January 2004
Chan Kit Yee, Joyce	3 January 2000	HK\$0.1055	8,000,000	4,000,000	12,000,000	3 January 2000 to 2 January 2004
	3 July 1997	HK\$0.2619	432,000	216,000	648,000	3 July 1997 to 2 July 2007
	13 July 1996	HK\$0.3164	144,000	72,000	216,000	13 July 1996 to 12 July 2006
Hung Kim Yung, Dayton	3 January 2000	HK\$0.1055	8,000,000	4,000,000	12,000,000	3 January 2000 to 2 January 2004
	3 July 1997	HK\$0.2619	384,000	192,000	576,000	3 July 1997 to 2 July 2007
	13 July 1996	HK\$0.3164	192,000	96,000	288,000	13 July 1996 to 12 July 2006

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN EQUITY OR DEBT SECURITIES (Continued)

(b) Share options (Continued)

Notes:

1. The number of options and their exercise prices were adjusted to take into account the changes in the capital structure of the Company during the year in accordance with the terms and conditions of the Company's share option schemes.
2. Subsequent to the year end, Lam Ching Wah, Clement, Ng Chung Shu, Andy, Chow Siu Fan, Farida and Lam Andy Siu Wing J.P. have undertaken that they would not exercise their share options.

Apart from the foregoing, none of the directors and chief executive including their spouses and children under 18 years of age had been granted or exercised, any rights to subscribe for shares or warrants of the Company; and at no time during the year was the Company or its subsidiaries a party to any arrangement 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.

SUBSTANTIAL SHAREHOLDERS

At 30 April 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those of the directors as disclosed above.

Subsequent to the year end on 8 August 2001, Lam Ching Wah, Clement and Ng Chung Shu, Andy disposed of their entire interests in the Company's shares to Anglo Express Group Limited ("AEGL") that is solely owned by Kok Kin Hok. AEGL then became the substantial shareholder of the Group interested in 32.6% of the issued share capital of the Company.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group sold less than 30% of its goods and services to its 5 largest customers.

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

The largest supplier	8%
Five largest suppliers combined	30%

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers noted above.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that non-executive directors of the Company are not appointed for specific terms. According to the Company's Bye-laws, non-executive directors are subject to retirement by rotation and re-election at the Annual General Meeting of the Company. In the opinion of the directors, this meets the same objective as the Code of Best Practice.

AUDIT COMMITTEE

To comply with the Code of Best Practice, an audit committee of the Company has been established on 28 December 1998 ("the Committee") with the written terms of reference. The Committee's principal duties are the review and supervision of the financial reporting process and internal control of the Group. The Committee comprises two independent non-executive directors. Two meetings were held during the current financial year.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Kok Kin Hok

Chairman

Hong Kong, 24 August 2001