

The Directors have pleasure in submitting their report together with the audited accounts of the Company and the Group for the financial year ended 31st March, 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the Company's subsidiaries are building construction, civil engineering, piling and foundations, renovation and fitting-out, building repair and maintenance, construction management, property investment, property rental, property development, contractor finance and undertaking projects on a "Build, Operate and Transfer" basis. An analysis of the Group's performance for the year by business segments is set out in note 2 to the accounts.

RESULTS

The results of the Group for the financial year ended 31st March, 2002 are set out in the Consolidated Profit and Loss Account on page 51.

The Directors do not recommend the payment of dividend for the financial year.

RESERVES

Movements in the reserves of the Group and the Company during the financial year are set out in note 25 to the accounts.

DONATIONS

During the financial year, donations by the Company and its subsidiaries amounted to HK\$133,500 (2001: HK\$350,050).

FIXED ASSETS

Detail of the movements in the fixed assets of the Group are set out in note 12 to the accounts.

GROUP'S PROPERTIES

A summary of the Group's major properties is included in the section of the annual report entitled "Major Properties".

SHARE CAPITAL

Detail of the movement in share capital of the Company are set out in note 24 to the accounts.

No pre-emptive rights exist in Bermuda in which the Company is incorporated.

SALE AND PURCHASE OF OWN SHARES

Pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited and according to the provisions of the Bye-Laws of the Company relating to share repurchase, the Directors intend to seek the shareholders' approval at

the forthcoming Annual General Meeting for the grant of an unconditional general mandate to purchase shares of the Company to an extent not exceeding 10% of the issued share capital of the Company at the date of passing the resolution approving the mandate for share repurchase.

During the financial year, the Company repurchased a total of 4,044,000 shares of HK\$0.10 each on The Stock Exchange of Hong Kong Limited at prices ranging from HK\$0.42 to HK\$0.51 per share for an aggregate consideration of HK\$1,869,000. All of the repurchased shares were cancelled. Details of shares repurchased are shown in note 24 to the accounts. The repurchases of the Company's shares during the year were effected by the directors, pursuant to the mandate from shareholders, with a view to benefiting shareholders as a whole by enhancing the net asset value of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the financial year.

DIRECTORS

The Directors in office during the financial year and up to the date of this report are:

Meou-tsen Geoffrey YEH

V-nee YEH

Rodney Gordon FRANKS (appointed on 7th January, 2002)

Siu-lun CHEUNG

Ming Joseph LAI (appointed on 1st December, 2001)

Woon-cheong Steven LAM (resigned on 1st July, 2001)

Wai-tai LAW (appointed on 9th July, 2001)

David Wylie GAIRNS *

Ho-ming Herbert HUI *

Brian ROBERTSON *

Hin-chak Ian TANG (resigned on 9th July, 2001)

YAO Kang * (retired on 1st July, 2002)

Mou-chong David YEH

Ling-sun YU (retired on 24th August, 2001)

Kok-foo James LEE (appointed as Alternate Director to Siu-lun CHEUNG on 9th July, 2001)

Shiu-chung Jacky POON (appointed as Alternate Director to Wai-tai LAW on 9th July, 2001)

* Independent Non-Executive Director

As Messrs. Wai-tai LAW and Ming Joseph LAI were appointed Directors of the Company on 9th July, 2001 and 1st December, 2001 respectively, they shall retire at the forthcoming Annual General Meeting in accordance with Bye-Law 101 (B) of the Company's Bye-Laws and, being eligible, offer themselves for re-election.

Mr. Mou-chong David YEH will retire by rotation at the forthcoming Annual General Meeting in accordance with Bye-Law 98 of the Company's Bye-Laws and, being eligible, offer himself for re-election at the forthcoming Annual General Meeting.

Messrs. David Wylie GAIRNS, Ho-ming Herbert HUI, Brian ROBERTSON and YAO Kang, Independent Non-Executive Directors, were appointed for a term of two years subject to rotation as stipulated in the Company's Bye-Laws. Mr. YAO Kang retired as Independent Non-Executive Director upon the expiry of the term of appointment with effect from 1st July, 2002.

DIRECTORS' INTERESTS

- (i) At 31st March, 2002, the Directors and Alternate Director of the Company listed below had the following beneficial interests in the share capital of the Company as recorded in the register of directors' interests required to be kept by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"):

	Number of Shares Held				
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Grant of Right*
Meou-tsen Geoffrey YEH	3,471,800	46,726	183,130,508	—	1,386,000
V-nee YEH	15,489,450	—	—	102,679,634 (Note 1)	768,000
Siu-lun CHEUNG	221,983	—	—	—	—
Wai-tai LAW	1,907,716	421,000	—	—	560,000
Mou-chong David YEH	831,959	—	—	75,075,776 (Note 2)	—
Kok-foo James LEE (Alternate to Siu-lun CHEUNG)	197,556	—	—	—	958,000

* Options to subscribe for shares in the Company under the Company's Executive Share Option Scheme.

Note 1: The share interests are held by GHY Company Limited acting as trustee of a trust to which Mr. V-nee YEH has a beneficial interest.

Note 2: The share interests are held by Howay Investment Ltd. which is wholly owned by a trust to which Mr. Mou-chong David YEH has a beneficial interest.

Dr. Meou-tsen Geoffrey YEH and Mr. V-nee YEH were participants of the Employee Share Subscription Scheme ("Scheme") of the Company for the Operating Period from 1st January, 2002 to 30th June, 2002. The unit price and the number of shares to be issued to the participants under the Scheme will only be determined at the end of the Operating Period.

- (ii) Save as disclosed above, none of the other Directors and Alternate Directors of the Company had any beneficial interests, as defined in Paragraph (i) above, in the share capital of the Company and its associated corporations as at 31st March, 2002.

SUBSTANTIAL SHAREHOLDERS

As recorded in the register of substantial shareholders' interests required to be kept by the Company under section 16(1) of the SDI Ordinance, the following shareholders were, directly and indirectly, interested in 10% or more of the issued share capital of the Company as at 31st March, 2002:

Shareholder's Name	Number of Shares Held
Meou-tsen Geoffrey YEH	186,649,034 (Note 1)
Hsin Chong International Holdings Limited	183,130,508
V-nee YEH	118,169,084 (Note 2)
GHY Company Limited	102,679,634
Mou-chong David YEH	75,907,735 (Note 3)
Howay Investment Ltd.	75,075,776

Note 1: These share interests include 183,130,508 shares held by Hsin Chong International Holdings Limited with respect to which Dr. Meou-tsen Geoffrey YEH has a corporate interest pursuant to the SDI Ordinance.

Note 2: These share interests include 102,679,634 shares held by GHY Company Limited acting as trustee of a trust to which Mr. V-nee YEH has a beneficial interest.

Note 3: These share interests include 75,075,776 shares held by Howay Investment Ltd. which is wholly owned by a trust to which Mr. Mou-chong David YEH has a beneficial interest.

DIRECTORS' INTERESTS IN CONTRACTS

During or at the end of the financial year, none of the Directors had a material interest in any significant contracts with the Company or its subsidiaries, other than Dr. Meou-tsen Geoffrey YEH, who is interested in the connected transactions mentioned below by virtue of his shareholding in Hsin Chong International Holdings Limited.

CONNECTED TRANSACTIONS

Under Chapter 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited ("Listing Rules"), the following transactions between the subsidiaries of the Company and subsidiaries of Hsin Chong International Holdings Limited ("HCIH") constituted connected transactions by virtue of HCIH being the substantial shareholder of the Company and Dr. Meou-tsen Geoffrey YEH having a controlling interest in HCIH:

- (a) During the financial year, certain subsidiaries of the Company paid insurance premiums on normal commercial terms in an aggregate amount of approximately HK\$39,406,000 to Summit Insurance (Asia) Limited, a subsidiary of HCIH.
- (b) During the financial year, an agency agreement subsisted which was entered into between Cogent Spring Limited ("Cogent Spring"), a subsidiary of the Company and Hsin Chong Real Estate Agency Limited ("HCREA"), a subsidiary of HCIH whereby Cogent Spring appointed HCREA as sole agent relating to sub-letting of the leased premises at No.3 Lockhart Road, Wanchai, Hong Kong. In the opinion of the Directors, the transaction was conducted on normal commercial terms in the ordinary course of business of the Group. The transaction was reviewed by Independent Non-Executive Directors on 9th June, 1994.

- (c) During the financial year, an agreement subsisted which was entered into between Anber Limited (“Anber”), a subsidiary of the Company and Hsin Chong (Project Management) Limited (“HCPM”), a subsidiary of HCIH whereby Anber appointed HCPM as the project manager of the development of the Proposed Service Apartments at 179 Nguyen Cu Trinh Street, District 1, Ho Chi Minh City, Vietnam (“Vietnam Development”) with a project management fee of 2.5% of the total construction cost of the Vietnam Development and a bonus equivalent to 15% of the profit from the sale of the Vietnam Development. In addition, another agreement subsisted which was entered into between Easeway Thaison Co. Limited (“Easeway”), a subsidiary of the Company and HCPM whereby Easeway appointed HCPM to provide logistic services for the Vietnam Development. Due to the suspension of the Vietnam Development, the fee for providing logistic services has been suspended during the financial year until further notice.
- (d) During the financial year, an agreement subsisted which was entered into between Hsin Chong Construction (Tianjin) Limited (“HCCT”), a subsidiary of the Company and HCPM whereby HCCT appointed HCPM as the project manager of the development of Taifeng Industrial Park (Phase I), Tianjin, the People’s Republic of China (“PRC”) (“Tianjin Development”) with a project management fee of 3% of the total construction cost of the Tianjin Development. In addition, another agreement subsisted which was entered into between HCCT and HCPM whereby HCCT appointed HCPM to provide logistic services for the Tianjin Development.
- (e) During the financial year, an agreement subsisted which was entered into between Rife Yard Limited (“Rife Yard”), a subsidiary of the Company and HCREA whereby Rife Yard appointed HCREA as the selling agent for the commercial areas of Tuen Mun Town Lot No.395 Private Sector Participation Scheme with an agency fee of 1% of the selling price and a further incentive bonus with rates ranging from 2.5% to 10% for sales exceeding HK\$400,000,000.
- (f) During the financial year, an agreement subsisted which was entered into between Guangzhou Fengyu Real Estate Co. Ltd. (“GZFRE”), a subsidiary of the Company and HCPM whereby GZFRE appointed HCPM as the project manager of the development of Guangzhou Wen Chang Square (Phase I), Guangzhou City, PRC (“Guangzhou Development”) with a project management fee of 3% of the total construction cost of the Guangzhou Development. Another agreement subsisted which was entered into between Glenwell Orient Limited (“Glenwell”), a subsidiary of the Company and HCPM whereby Glenwell appointed HCPM to provide logistic services for the Guangzhou Development. In addition, another agreement subsisted which was entered into between GZFRE and HCPM whereby HCPM was appointed to provide demolition and removal management services for the Guangzhou Development.
- (g) During the financial year, a novation agreement subsisted which was entered into between Deventer Limited (“Deventer”), a subsidiary of the Company and Hsin Sheng Services Limited (“HSS”), a subsidiary of HCIH and Hsin Chong Johnson Controls IFM Limited (“HCJC”), a jointly controlled entity of HCIH whereby Deventer appointed HCJC to replace HSS as property manager in respect of management and maintenance of the property at 107–109 Wai Yip Street, Kwun Tong (“Hsin Chong Center”).

- (h) During the financial year, a tenancy agreement subsisted which was entered into between Deventer as the landlord and Hsin Chong Holdings (H.K.) Limited (“HCH”), a subsidiary of HCIH as the tenant whereby HCH rent the premises at Hsin Chong Center as headquarters for the period from 2nd April, 1999 to 31st March, 2005, with rental for the remaining unexpired period determined or to be determined at the then prevailing market rates, at 1st April, 2001 and 1st April, 2003 respectively. The announcement of the transaction was made on 15th March, 1999.
- (i) On 17th April, 2000, a tenancy agreement was entered into between Cogent Spring as the landlord and CyberStreet Developments Limited (“CyberStreet”), a subsidiary of HCIH as the tenant whereby CyberStreet rented the leased premises at No. 3 Lockhart Road, Wanchai, Hong Kong. The principal activity of Cogent Spring is property investment and therefore the transaction was in the ordinary and usual course of business. The monthly rental was HK\$137,690 exclusive of rates, air-conditioning fee, management fees and other outgoings for the period from 15th May, 2000 to 14th May, 2003 (both days inclusive). The announcement of the transaction was made on 17th April, 2000. The tenancy agreement was terminated on 30th April, 2001.
- (j) On 28th July, 2001, a tenancy agreement was entered into between Firmwin Peak Limited (“Firmwin Peak”), a subsidiary of HCIH and Hsin Chong Construction Company Limited (“HCC”), a subsidiary of the Company whereby HCC rented a parcel of ground situated at Ngau Tam Mei, Yuen Long owned by Firmwin Peak for storage of plants and machinery on month-by-month basis commencing from 1st April, 2001 at a monthly rental of HK\$117,049 with same terms each month. The agreement will be terminated with one month’s prior notice to HCC. The announcement of the transaction was made on 1st August, 2001.

For transactions (c) to (g) above, the Independent Non-Executive Directors have reviewed the transactions and confirmed that they are conducted in the ordinary and usual course of business of the Group; on normal commercial terms or on terms no less favourable than terms available to (or from) independent third parties; fair and reasonable so far as the shareholders of the Company are concerned and that the said transactions entered into in the financial year are within the cap amount approved by the shareholders at the Annual General Meeting held on 21st August, 1997.

The following transactions other than those as mentioned above constituted connected transactions as defined in the Listing Rules:

- (k) On 17th August, 2001, Linders View Limited (“LVL”), in which the Company has 92.79% interest, entered into two deeds of assignments with the Company and HCC respectively whereby the Company and HCC assigned debts owing by Flannel Limited (“Flannel”) (formerly known as Hsin Chong (Foundations) Limited), in which the Company has 92.79% interest, in an aggregate sum of HK\$20,000,000 to LVL. In consideration of the assignments, LVL paid to the Company and HCC in an aggregate sum of HK\$19,500,000 which represent a discount of 2.5% to the amount of the debts assigned. The reason for the assignments was due to the fact that both the Company and HCC are intended not to be lending vehicles within the Group. As both a director of Flannel and a non-executive director of the Company were connected persons of the Company, the

assignments constituted connected transactions under the Listing Rules. The announcement of the assignments of debts was made on 17th August, 2001.

- (l) On 14th December, 2001, a sale and purchase agreement was entered into between Hsin Chong Construction (BVI) Ltd. ("HCCBVI"), a subsidiary of the Company and China Resources (Holdings) Company Limited ("CR") whereby HCCBVI acquired the residual 15% of the issued share capital of Rife Yard at a consideration of HK\$4,360,000. The consideration was satisfied by way of issuance of 4,000,000 shares of the Company at HK\$1.09 each to CR. CR was a substantial shareholder of Rife Yard and therefore a connected person of the Company. The transaction also constituted a share transaction under the Listing Rules. The purpose of the transaction is to reduce the Group's administrative cost in managing Rife Yard. The announcement of the transaction was made on 14th December, 2001.

The following connected transactions are relating to granting of financial assistance by the Group to its non wholly owned subsidiaries:

- (m) On 17th January, 2000, HCCBVI provided a credit facility of HK\$20,000,000 to Flannel. As security for the credit facility and other borrowings, Flannel provided a debenture pledging its assets in favour of HCCBVI as the lender. As at 31st March, 2002, Flannel had borrowed HK\$20,000,000 under the said credit facility and an additional sum of HK\$5,495,000 from HCCBVI at an interest rate of 1.25% over Hong Kong Interbank Offer Rate per annum.

HCC had advanced HK\$1,556,000 to Flannel as at 31st March, 2002 to finance its daily operations. These advances are unsecured, non interest bearing and have no fixed terms of repayment.

- (n) On 23rd October, 2001, HCCBVI provided a credit facility of HK\$15,000,000 to Flannel (Asia) Limited ("Flannel Asia") (formerly known as Hsin Chong (Foundations) Asia Limited), in which the Company has 92.79% interest. As security for the credit facility and other borrowings, Flannel Asia provided a debenture pledging its assets in favour of HCCBVI as the lender. As at 31st March, 2002, Flannel Asia had borrowed HK\$10,317,000 under the said credit facility from HCCBVI, at an interest rate of 5% over Hong Kong's prime rate per annum.

As at 31st March, 2002, HCC had advanced HK\$3,877,000 to Flannel (Asia) to finance its daily operation. This advance is unsecured, non interest bearing and has no fixed terms of repayment.

- (o) On 21st June, 2000, the Company had provided a parent company guarantee in favour of an employer in respect of Flannel's due performance of the foundation works for the Senior Citizen Residence at Tseung Kwan O ("Works") awarded to Flannel with a contract sum of HK\$15,300,000. On 4th October, 2000, the Company had provided an indemnity to a surety which issued a bond in the amount of HK\$3,825,000 in favour of an employer in respect of the Works.
- (p) On 20th July, 2001, the Company had provided an indemnity to a surety which issued a bond in the amount of HK\$1,000,000 in favour of an employer in respect of Flannel Asia's due performance of the foundation works for proposed residential building at 377 Prince Edward Road, Kowloon.

- (q) On 21st September, 1995, a joint venture agreement was entered into between Glenwell, Guangzhou Free Trade Zone Dongjing Property Co. Ltd. (“Dongjing”), both in which the Group has 70% equity interest (after taking into account the changes in shareholding of Glenwell and Dongjing after 21st September, 1995), and Guangzhou Development District Real Estate Corporation (“PRC Party”) for setting up a joint venture known as GZFRE for the purpose of development of Guangzhou Wen Chang Square located at Guangzhou City, PRC. GZFRE is owned as to 60% by Glenwell and 40% by the PRC Party. Pursuant to the terms of the said joint venture agreement, Glenwell has agreed to make financial arrangements for any additional working capital for the Phase I development of Guangzhou Wen Chang Square in excess of the initial registered capital of GZFRE of HK\$80,000,000. However, such additional working capital will not exceed HK\$120,000,000 (of which Dongjing will provide a maximum of HK\$48,000,000) and will be arranged either by way of shareholders’ loan or external borrowings. The details have been disclosed in the announcement dated 21st September, 1995. Accordingly, the Group entered into the following transactions:
- (i) As at 31st March, 2002, Glenwell advanced a total of HK\$23,310,000 to GZFRE which carries interest at 3% over the Hong Kong prime rate per annum.
- (ii) In May and December 2000 and December 2001, Glenwell arranged three three-year loan facilities with financial institutions in PRC of a total of RMB30,000,000, RMB8,000,000 and RMB2,500,000 respectively on the condition that each drawdown is to be secured by a collateral deposit of Glenwell. At 31st March, 2002, the drawdown of the said facilities amounted to RMB13,800,000, RMB8,000,000 and RMB2,500,000 respectively.
- (iii) In June 2000, Dongjing arranged a three-year loan facility with a financial institution in PRC of a total of RMB15,000,000 on the condition that each drawdown is to be secured by a collateral deposit of Dongjing. As at 31st March, 2002, the drawdown of the said facility amounted to RMB10,800,000.

Save as aforementioned, there were no other connected transactions which were required to be disclosed under the Listing Rules, entered into between the Company or any of its subsidiaries and a connected person in respect of and subsequent to the financial year.

CONTRACTS OF SIGNIFICANCE

No contracts of significance 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 financial year or at any time during the financial year.

DIRECTORS’ SERVICE CONTRACT

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting have entered into any service contract with the Company, which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

EXECUTIVE SHARE OPTION AND EMPLOYEE SHARE SUBSCRIPTION SCHEMES

The Company operates an Executive Share Option Scheme (“ESOS”) and an Employee Share Subscription Scheme (“ESSS”). Summaries of the ESOS and ESSS are included in the section of the annual report entitled “Summary of Share Schemes”.

During the financial year, movements of the options granted under the ESOS and shares allotted under ESSS are set out below:

ESOS

Name of participant	Date of grant	Options held as at 1/4/2001	Changes during the financial year				Options held as at 31/3/2002	Exercise price (HK\$)	Exercisable period
			Lapsed	Granted	Exercised	Cancelled			
Director and Substantial Shareholder									
Meou-tsen Geoffrey YEH	25/9/1996	694,000	—	—	—	—	694,000	0.80	25/9/1998 — 24/9/2008
	25/9/1996	692,000	—	—	—	—	692,000	0.80	25/9/1999 — 24/9/2009
V-nee YEH	25/9/1996	384,000	—	—	—	—	384,000	0.80	25/9/1998 — 24/9/2008
	25/9/1996	384,000	—	—	—	—	384,000	0.80	25/9/1999 — 24/9/2009
Director									
Woon-cheong Steven LAM	25/9/1996	512,000	512,000	—	—	—	Nil	0.80	25/9/1997 — 24/9/2007
	25/9/1996	616,000	616,000	—	—	—	Nil	0.80	25/9/1998 — 24/9/2008
	25/9/1996	616,000	616,000	—	—	—	Nil	0.80	25/9/1999 — 24/9/2009
Wai-tai LAW	25/9/1996	280,000	—	—	—	—	280,000	0.80	25/9/1998 — 24/9/2008
	25/9/1996	280,000	—	—	—	—	280,000	0.80	25/9/1999 — 24/9/2009
Alternate Director									
Kok-foo James LEE	25/9/1996	178,000	—	—	—	—	178,000	0.80	25/9/1997 — 24/9/2007
	25/9/1996	390,000	—	—	—	—	390,000	0.80	25/9/1998 — 24/9/2008
	25/9/1996	390,000	—	—	—	—	390,000	0.80	25/9/1999 — 24/9/2009
Employees (in aggregate)	25/9/1996	1,012,000	824,000	—	—	—	188,000	0.80	25/9/1997 — 24/9/2007
	25/9/1996	2,334,000	514,000	—	—	—	1,820,000	0.80	25/9/1998 — 24/9/2008
	25/9/1996	2,326,000	512,000	—	—	—	1,814,000	0.80	25/9/1999 — 24/9/2009
		11,088,000	3,594,000	—	—	—	7,494,000		

ESSS

Name of participant	Date of allotment	Changes during the financial year			Subscription price (HK\$)	Closing price (immediately before the date of allotment) (HK\$)	Operating period
		Allotted	Lapsed	Cancelled			
Director and Substantial Shareholder							
Meou-tsen Geoffrey YEH	3/7/2001	201,671	—	—	0.430	0.485	1/1/2001 — 30/6/2001
	3/1/2002	228,468	—	—	0.370	0.370	1/7/2001 — 31/12/2001
V-nee YEH	3/7/2001	238,241	—	—	0.430	0.485	1/1/2001 — 30/6/2001
	3/1/2002	266,135	—	—	0.370	0.370	1/7/2001 — 31/12/2001
Director							
Siu-lun CHEUNG	3/7/2001	70,219	—	—	0.430	0.485	1/1/2001 — 30/6/2001
	3/1/2002	81,247	—	—	0.370	0.370	1/7/2001 — 31/12/2001
Woon-cheong Steven LAM	3/7/2001	70,219	—	—	0.430	0.485	1/1/2001 — 30/6/2001
Wai-tai LAW	3/7/2001	181,251	—	—	0.430	0.485	1/1/2001 — 30/6/2001
	3/1/2002	209,716	—	—	0.370	0.370	1/7/2001 — 31/12/2001
Employees (in aggregate)	3/7/2001	113,470	—	—	0.430	0.485	1/1/2001 — 30/6/2001
	3/1/2002	38,185	—	—	0.370	0.370	1/7/2001 — 31/12/2001
		1,698,822	—	—			

Save as mentioned in the preceding paragraphs, at no time during the year was the Company or its subsidiaries, a party to any other arrangements to enable the Directors or Chief Executives or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

MANAGEMENT CONTRACT

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 financial year.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The particulars of bank loans, overdrafts and other borrowings of the Company and its subsidiaries at 31st March, 2002 are set out in note 22 to the accounts.

FIVE YEAR FINANCIAL INFORMATION

The published results and the assets and liabilities of the Group for the last five years are included in the section of the annual report entitled "Five Year Financial Summary".

PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

A proforma combined balance sheet of certain affiliated companies with major financial assistance and the Group's attributable interest in these affiliated companies are shown on page 88 pursuant to Practice Note 19 of the Listing Rules of The Stock of Exchange of Hong Kong Limited.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year, the Group's five largest customers accounted for 87% of the Group's total turnover. None of the Directors, their associates, or any shareholder which, to the knowledge of the Directors, owns more than 5% of the Company's share capital has any interest in any of the Group's five largest customers. The Group's largest customer accounted for 28% of the Group's total turnover for the year.

During the financial year, the Group's five largest suppliers accounted for less than 30% of the Group's total purchases. The Group's largest supplier accounted for 5% of the Group's total purchases for the year.

SUBSEQUENT EVENT

Detail of the subsequent event is set out in note 32 to the accounts.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who shall retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment at a fee to be determined by the Board.

On behalf of the Board
Meou-tsen Geoffrey YEH
Chairman

Hong Kong SAR, 5th July, 2002