



The directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2002.

## Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 10 to the financial statements.

## Segment Information

The business activities of the Group can be categorised into sales of magnetic media products and related equipment and sales of by-products. Details of the segment information are set out in note 29 to the financial statements.

## Financial Results

The loss and cash flows of the Group for the year ended 31 March 2002 and the state of affairs of the Group and the Company at that date are set out in the financial statements on pages 19 to 23.

## Dividends

The directors do not recommend the payment of any dividend for the year (2001: Nil).

## Financial Summary

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years is set out on page 50.

## Reserves

Details of the reorganisation in the reserves of the Group and the Company by way of a capital reorganisation and a share consolidation scheme during the year are set out in notes 19 and 21 to the financial statements.

## Fixed Assets

Details of movements in fixed assets of the Group and the Company during the year are set out in note 9 to the financial statements.

## Share Capital

Details of movements in share capital during the year are set out in note 19 to the financial statements.



### Share Option Scheme

Details of the share option scheme of the Company are set out in note 20 to the financial statements.

### Borrowings

Details of the borrowings of the Group and the Company at 31 March 2002 are set out in note 22 to the financial statements.

### Directors

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

#### Executive directors:

CHEONG Swee Kheng (Chairperson)

LIU Kwok Wah, Martin

Budiman RAHARDJA

(appointed on 12 September 2001)

#### Non-executive directors:

Herlina NURYANTI

YUEN Ping Chiu

LO Yuk Lam

(appointed on 2 January 2002)

Cahyadi Kumala KWEE

(resigned on 5 September 2001)

KEH Mei Mei

(resigned on 15 May 2002)

CHAN Tak Yin, Daniel

(resigned on 31 December 2001)

In accordance with the Company's Bye-Laws, all the directors retire and, being eligible, offer themselves for re-election.

### Directors' Service Contracts

Madam CHEONG Swee Kheng has entered into a service agreement with the Company for a period of three years with effect from 1 November 2000 and will continue thereafter unless and until terminated by either party by six months' prior notice.

Mr. LIU Kwok Wah, Martin has entered into a service agreement with the Company for a period of two years from 2 January 2001 and will continue thereafter unless and until terminated by either party by two months' prior notice.



## Directors' Service Contracts (Continued)

Mr. Budiman RAHARDJA has entered into a service agreement with the company for a period of two years from 12 September 2001 and will continue thereafter unless and until terminated by either party by two months' prior notice.

Apart from the above, none of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without the payment of compensation other than statutory compensation.

## Directors' Interests in Shares

The beneficial interests of the directors and their associates in the share capital of the Company at the balance sheet date were as follows:

Name	Personal Interests	Number of shares	
		Family Interests	Corporate Interests
CHEONG Swee Kheng	35,050,000	100,132,200 (Note 1)	–
LIU Kwok Wah, Martin	1	–	–
Budiman RAHARDJA	1	–	–
Cahyadi Kumala KWEE (resigned director)	–	–	650,000 (Note 2)

Notes:

- (1) Madam CHEONG Swee Kheng personally held 35,050,000 shares in the Company. She was deemed to be interested in the 100,132,200 shares by virtue of the fact that her husband, Dr. Hendra RAHARDJA, was interested in the Company's shares through his beneficial shareholding interests in Fortune Grand Investment Limited. Dr. Hendra RAHARDJA, Madam CHEONG Swee Kheng and another family member together are the beneficial owners of the entire issued share capital of Fortune Grand Investment Limited, of which Dr. Hendra RAHARDJA and Madam CHEONG Swee Kheng are directors.
- (2) These shares were held by Prestbury Incorporated Limited, of which Mr. Cahyadi Kumala KWEE is a director who wholly and beneficially owns its entire issued share capital.

Save as disclosed above and other than certain nominee shares in the subsidiaries held in trust for the Group by certain directors, at 31 March 2002, none of the directors and their associates had any interests in any shares of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance.

The Company had adopted a share option scheme, under which the directors might, at their discretion, grant options to any person under full-time employment, including executive directors, of any member in the Group, to subscribe for shares not exceeding 10 per cent of the issued share capital in the Company. The share option scheme expired on 30 June 2001.



### Directors' Interests in Shares (Continued)

No options were granted under the share option scheme during the year and no share options previously granted were outstanding as at the balance sheet date.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

### Substantial Shareholders

According to the register kept by the Company pursuant to section of 16(1) of the Securities (Disclosure of Interests) Ordinance, the following persons were interested or taken or deemed to be interested in 10 per cent or more of the nominal value of the issued share capital of the Company as at 31 March 2002:

Name	Number of shares
Madam CHEONG Swee Kheng	135,182,200 (Note 1)
Dr. Hendra RAHARDJA	135,182,200 (Note 1)
Fortune Grand Investment Limited	100,132,200 (Note 1)

Note:

- (1) These shareholdings are duplicated and refer to the same parcel of shares as set out in Note (1) to the section headed "Directors' Interests in Shares" above.

Save as disclosed above, no other person was directly or indirectly beneficially interested in 10 per cent or more of the nominal value of the issued share capital of the Company as at 31 March 2002.

### Directors' Interests in Contracts

Save as disclosed under "Connected Transactions" below, no contract of significance to which the Company or any of its subsidiaries was a party and in which any 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.



## Major Customers and Suppliers

For the year ended 31 March 2002:

- (i) The Group's largest customer and five largest customers accounted for approximately 19% and 47% respectively of the Group's total turnover.
- (ii) The Group's largest supplier and five largest suppliers accounted for approximately 17% and 61% respectively of the Group's total purchases (not including purchases of items which are of capital nature).

None of the directors, their associates, or any shareholders (which to the best knowledge of the directors owned more than 5% of the Company's share capital) has any beneficial interests in these major customers and suppliers.

## Purchase, Sale or Redemption of Own Shares

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## Pre-emptive Rights

There are no provisions for pre-emptive rights in respect of the shares of the Company under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

## Connected Transactions

On 7 November 2000, Happy Universal Investment Limited ("HUI") a wholly owned subsidiary of the Company, entered into agreements with Full Sea International Limited ("FSI") and Jade Gold Properties Limited ("JGP") pursuant to which HUI agreed to acquire two units of residential premises in Sydney, Australia (the "Properties") from FSI and JGP. Madam CHEONG Swee Kheng and Ms. Herlina NURYANTI are directors of FSI and JGP. Madam CHEONG Swee Kheng, Ms. Herlina NURYANTI and together with Madam CHEONG's family interests wholly own FSI and JGP. The consideration of acquisition of the Properties was AUD640,250 of which AUD32,500 had been paid in the year 2000 as deposits.

These Properties were intended to be used for providing accommodation to the Group's personnel who would be assigned to supervise and monitor the development by the Group of a residential property project in Sydney, which was subsequently disposed of after the balance sheet date and was disclosed in note 30 to the financial statements. Therefore, the Properties were no longer required. The contracts with FSI and JGP had been terminated by HUI involving forfeiture of AUD32,500 deposits previously paid. The directors consider the forfeiture is reasonable and based on normal and commercial terms.



### **Audit Committee**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group in the preparation of the audited consolidated financial statements for the year ended 31 March 2002.

### **Code of Best Practice**

The Company has complied 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 throughout the year ended 31 March 2002.

The term of office for the Non-executive Directors of the Company is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company.

### **Auditors**

The auditors, BKR Lew & Barr Limited, a corporation of Certified Public Accountants, retire and, being eligible, offer themselves for re-appointment.

By order of the Board  
**CHEONG Swee Kheng**  
*Chairperson*

Hong Kong, 25 July 2002