



## **DIRECTORS' REPORT**

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The directors present their annual report and the audited financial statements for the year ended 31st January, 2003.

### **PRINCIPAL ACTIVITIES**

The Company continues to engage in the business of property investment and to act as an investment holding company.

The principal activities of its subsidiaries are property development and trading.

### **RESULTS**

The results of the Group for the year ended 31st January, 2003 are set out in the consolidated income statement on page 14.

### **RESERVES**

Details of the movements in the reserves of the Group and of the Company during the year are set out on page 17 and in note 22 to the financial statements, respectively.

### **INVESTMENT PROPERTIES**

The Group revalued all of its investment properties at 31st January, 2003, resulting in a revaluation deficit of HK\$1,430,000, details of which are set out in note 12 to the financial statements.

### **PARTICULARS OF PROPERTIES**

Details of the properties of the Group at 31st January, 2003 are set out on page 40.

### **SHARE CAPITAL**

Details of the movements in the share capital of the Company are set out in note 21 to the financial statements.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

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



## DIRECTORS' REPORT

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### DIRECTORS

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

**Executive directors:**

Mr. Jong Kong Ki  
Mr. Lo Cheung Kin  
Mr. So Yiu Kong  
Mr. Jong Tat Fung  
Ms. Yin Hoi Yeung

**Non-executive directors:**

Mr. Chu Kwok Chue *(redesignated from independent non-executive director on 27th February, 2002)*  
Ms. Jong Lai Ching *(redesignated from independent non-executive director on 27th February, 2002)*

**Independent non-executive directors:**

Mr. Siu Wing Keung  
Mr. Jeaffreson, David Gregory, *CBE, JP*

In accordance with Article 81 of the Company's Articles of Association, Messrs. So Yiu Kong, Chu Kwok Chue and Siu Wing Keung will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his/her retirement by rotation in accordance with the Company's Articles of Association.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES

At 31st January, 2003, the interests of the directors in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name	Number of ordinary shares		Number of preference shares
	Personal interests	Corporate interests	Corporate interests
Mr. Jong Kong Ki	–	21,600,000 (Note 1)	–
Mr. Lo Cheung Kin	–	14,141,399 (Note 2)	3,032,239 (Note 2)
Mr. So Yiu Kong	982,000	–	–
Mr. Chu Kwok Chue	420,000	–	–

Notes:

1. 16,650,000 ordinary shares are held in the name of Nordstan Company Limited, 89.5% issued share capital of which is beneficially owned by Mr. Jong Kong Ki. 3,918,000 ordinary shares and 1,032,000 ordinary shares are held in the name of Kik Keung Finance Limited and Benwee Company Limited respectively. Both are beneficially owned by Mr. Jong Kong Ki.
2. The ordinary and preference shares are held in the name of Mass Honour Investment Limited which is controlled by Mr. Lo Cheung Kin.

In addition, Mr. Jong Kong Ki also holds 3,000,000 ordinary shares on behalf of an independent third party.

Other than as disclosed above, at 31st January, 2003, neither the directors nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SDI Ordinance.



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### ARRANGEMENT TO PURCHASE 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, and neither the directors nor their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right.

### CONNECTED TRANSACTION

During the year, the Group received rental income of HK\$240,000 from Victorfield Limited, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests.

In the opinion of the directors, the above transaction was carried out at market price.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed above under connected transaction, 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.

### SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance discloses no other person as having an interest of 10% or more in the issued share capital of the Company as at 31st January, 2003.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st January, 2003, the five largest customers accounted for 100%, of which 51% was attributable to the largest customer, by value of the Group's total turnover and the five largest suppliers accounted for less than 30% by value of the Group's total purchases. The Group's largest customer was Victorfield Limited, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests.



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Save as disclosed above, none of the directors, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) has an interest in any of the Group's five largest customers.

## CORPORATE GOVERNANCE

The Company had complied throughout the year ended 31st January, 2003 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.

## AUDITORS

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

**JONG KONG KI**

*Chairman*

Hong Kong, 23rd May, 2003