

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in notes 31 to the financial statements.

RESULTS

The results of the Group for the year ended 31st March, 2003 are set out in the consolidated income statement on page 19 of the annual report.

An interim dividend of HK1.2 cents per share (as adjusted pursuant to the consolidation of share) amounting to HK\$4,640,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK1.3 cents per share of HK\$0.10 each and a special dividend of HK2.0 cents per share of HK\$0.10 each to the shareholders on the register of members on 26th August, 2003, amounting to approximately HK\$5,026,000 and HK\$7,733,000, respectively, and the retention of the remaining profit for the year.

The Register of the Members of the Company will be closed from Monday, 25th August, 2003 to Thursday, 28th August, 2003 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend and special dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Share Registrar, Secretaries Limited at G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 22nd August, 2003.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Pursuant to a resolution passed by the shareholders of the Company in a special general meeting held on 18th March, 2003, every ten ordinary shares of HK\$0.01 each in the issued and unissued share capital of the Company were consolidated into one ordinary share of HK\$0.10 each.

SHARE CAPITAL (continued)

Details of these and other movements in the share capital of the Company during the year are set out in note 22 to the financial statements.

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

DIRECTORS

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

Executive directors:

Mr. Li Man Ching (*Chairman*)

Ms. Li Mei Lin (*Deputy Chairman*)

Mr. Li Man Shun

Mr. Li Man Tak

Independent non-executive directors:

Mr. Lau Chung Man, Louis

Mr. Tsui Wing Yin

In accordance with Article 110(A) of the Company's Bye-laws, Mr. Li Man Tak and Mr. Lau Chung Man, Louis retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office for each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' SERVICE CONTRACTS

Mr. Li Man Tak and Mr. Lau Chung Man, Louis have entered into service contracts with the Company for the term commencing 1st March, 1999. All their appointments shall continue thereafter, subject to termination by either party giving at least three months' prior notice to the other party.

Other than as disclosed above, no directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At 31st March, 2003, the interests of the directors and chief executives and their associates 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:

	Number of shares held	
	Personal interests	Other interests (Note)
Mr. Li Man Ching	–	163,748,000
Ms. Li Mei Lin	–	163,748,000
Mr. Li Man Shun	–	163,748,000
Mr. Li Man Tak	10,742,000	163,748,000

Note: Mr. Li Man Ching, Ms. Li Mei Lin, Mr. Li Man Shun and Mr. Li Man Tak beneficially own 24,300 shares, 22,500 shares, 21,600 shares and 21,600 shares, respectively, in Rayten Limited, representing 27 per cent, 25 per cent, 24 per cent and 24 per cent, respectively, of the issued share capital of Rayten Limited, which in turn owns 163,748,000 shares of HK\$0.10 each in the Company.

Other than as disclosed above, none of the directors or chief executives, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

SHARE OPTION SCHEME

Details of Company's share option schemes are set out in note 23 to the financial statements.

The directors of the Company considered that it is not appropriate to value the share options granted during the year as a number of critical factors for the valuation of the share options granted cannot be determined accurately.

During the year, no share options was granted to director under share option schemes.

Other than the share option schemes of the Company as disclosed in note 23 to the financial statement, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executives 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 none of the directors, chief executives or 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 during the year.

SUBSTANTIAL SHAREHOLDERS

Other than the interest as disclosed above in respect of certain directors and their associates, the register maintained by the Company pursuant to Section 16(1) of the SDI Ordinance shows that the Company had not been notified of the existence of any interest representing 10% or more of the issued share capital of the Company as at 31st March, 2003.

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.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st March, 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 will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board



Chairman

Hong Kong, 18th July, 2003