

Report of the Directors

The Directors have pleasure in submitting their report and the audited accounts for the year ended 31 March 2004.

Principal activities

The principal activity of the Company is investment holding. The names, particulars and activities of its principal subsidiaries, associated companies and jointly controlled entities are set out on pages 42 to 44.

Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 13.

An analysis of the Group's turnover and profit for the year by business and geographical segments is set out in note 2 to the accounts.

A summary of the results and assets and liabilities of the Group for the last 5 years is set out on page 47.

An interim dividend of 5 cents per share, totalling HK\$12,984,000, was paid on 5 February 2004. The Directors have recommended a final dividend of 8 cents per share and a special dividend of 10 cents per share, totalling HK\$46,744,000, payable on 8 September 2004.

Share Capital

There are no movements in the share capital of the Company during the year.

Reserves

Details of the movements in reserves of the Group and the Company during the year are set out in notes 23 and 24 to the accounts.

Donations

Charitable donations made by the Group during the year amounted to HK\$3,000 (2003: HK\$22,000).

Fixed assets

Details of the movements in fixed assets during the year are set out in note 12 to the accounts.

Bank borrowings and interest capitalized

Details of bank borrowings are set out in notes 21 and 25 to the accounts. The Group does not have other borrowings. No interest has been capitalized during the year.

Management contracts

No contracts concerning the management and administration of the Company were entered into or existed during the year.

Directors

The Board of Directors as now constituted is listed on page 2. The brief biographical details of the Directors are set out on pages 3 to 4.

Lord Sandberg, Mr. Chow Ming Shan and Mr. Ting Hsiun Shih, Patrick retire by rotation under the provisions of Articles 104 and 105 at the forthcoming annual general meeting. Mr. Ting Hsiun Shih, Patrick decided not to stand for re-election. The other two retiring Directors, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company.

Compliance with the Code of Best Practice

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

Pursuant to the Code of Best Practice, an Audit Committee with written terms of reference was appointed on 18 December 1998. The present Audit Committee comprises two independent non-executive Directors, namely Mr. Ho Fook Hong, Ferdinand and Mr. Yue Kwok Hung, Justin. The Audit Committee's principal duties include the review of the Group's financial reports, the effectiveness of both the external and internal audits and of internal controls and risk evaluation. Five meetings of the Audit Committee were held during the year.

Directors' interests in contracts and in equity or debt securities

Save and except for the relevant transactions disclosed in note 11(a) to the accounts, no contracts of significance in relation to the Group's business 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.

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.

The interests of the Directors at 31 March 2004 in the issued share capital of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept under section 352 of the SFO are set out below: -

Name of Director	Nature of interests and capacity in which interests are held			Percentage of issued share capital
	Interests held as beneficial owner	Interests held by controlled corporation <i>(Note)</i>	Total number of shares held	
The Company				
<i>Ordinary shares:</i>				
Mr. Chou Wen Hsien	—	192,615,464	192,615,464	74.17%
Mr. Chow Chung Kai	—	192,615,464	192,615,464	74.17%
Super-Rich Finance Limited				
<i>Ordinary shares:</i>				
Mr. Chou Wen Hsien	462,759	—	462,759	33.33%
Mr. Chow Chung Kai	472,064	—	472,064	34.00%
Mr. Chow Wai Wai, John	165,987	—	165,987	11.96%
Mr. Chow Ming Shan	137,078	—	137,078	9.87%
Mr. Tang Hung Yuan	100,381	—	100,381	7.23%
Mr. Tang Ming Chien, Manning	2,000	—	2,000	0.14%
Mr. Lam Woon Bun	600	—	600	0.04%
Winsor Health Investment Limited				
<i>Ordinary shares:</i>				
Mr. Chou Wen Hsien	—	300	300	30.00%
Mr. Chow Chung Kai	—	300	300	30.00%
Winsor Health Products Limited				
<i>Ordinary shares:</i>				
Mr. Chou Wen Hsien	—	15,000	15,000	30.00%
Mr. Chow Chung Kai	—	15,000	15,000	30.00%
<i>10% Redeemable preference shares:</i>				
Mr. Chou Wen Hsien	—	3,000	3,000	30.00%
Mr. Chow Chung Kai	—	3,000	3,000	30.00%
Winsor Health Products (International) Limited				
<i>Ordinary shares:</i>				
Mr. Chou Wen Hsien	—	3,000	3,000	30.00%
Mr. Chow Chung Kai	—	3,000	3,000	30.00%
<i>Note:</i>				
The interests in the shares in the Company are beneficially owned by Super-Rich Finance Limited where Mr. Chou Wen Hsien and Mr. Chow Chung Kai are entitled to exercise 33.33% and 34.00% respectively of the voting power at its general meetings. The interests in the shares in Winsor Health Investment Limited, Winsor Health Products Limited and Winsor Health Products (International) Limited are beneficially owned by corporations where Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each entitled to exercise 50% of the voting power at their general meetings. Under Part XV of the SFO, Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each deemed to be interested in the said shares in the Company and its associated corporations.				

Report of the Directors *(continued)*

Save as disclosed herein, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations at 31 March 2004.

Directors' interests in competing business

Set out below is information disclosed pursuant to paragraph 8.10(2) of the Listing Rules:-

Three executive Directors, namely Messrs. Chow Wai Wai, John, Lam Woon Bun and Tang Ming Chien, Manning, being also directors of Winsor Properties Holdings Limited ("WPHL"), a company listed in Hong Kong, are considered to be interested in WPHL under paragraph 8.10(2).

Ownership of various industrial premises and carpark spaces for letting by WPHL's subsidiaries constitutes competing business to the Group's ownership of an industrial building and carpark spaces in Hong Kong for letting. In view of the WPHL Group's experience and expertise in industrial property letting and management, the Group has appointed two subsidiaries of WPHL as agents for the letting and management of the Group's said properties.

Since the WPHL Group properties are targeted at different customers and/or situated in different areas compared to the Group's own properties, the Group considers that its interest in the business of owning and letting of industrial premises and carparking spaces is adequately safeguarded.

Share Options

The Company adopted a 10 year share option scheme ("the Scheme") at the annual general meeting held on 15 August 2001

for the purpose of providing incentives to full-time employees. No option has been granted by the Company under the Scheme since its adoption. As at the date of this report, the total number of shares available for issue under the Scheme is 25,968,528 shares, being 10% of the 259,685,289 shares of the Company in issue. The maximum entitlement of each participant in the Scheme is 25% of the available shares.

The period within which an option granted under the Scheme can be exercised is ten years from the date of grant, and an option is exercisable once granted. A consideration of HK\$1.00 is payable on acceptance of the option. The price payable in full on the exercise of an option is determined by the Directors but cannot be less than the higher of (i) the nominal value of a share in the Company; and (ii) 80% of the average closing price of the Company's share for the five business days immediately preceding the date the option is offered.

On 1 September 2001 the Stock Exchange amended Chapter 17 of the Listing Rules. As a result, granting of share options by the Company under the Scheme will not be permitted unless it is in compliance with the Listing Rules and may entail an amendment of the terms of the Scheme or the adoption of a new scheme. The Directors do not have a present plan for the granting of share options and will seek shareholders' approval of a new scheme when the need arises.

Substantial Shareholders

Apart from the interests of the Directors in the issued share capital of the Company as disclosed in the section "Directors' interests in contracts and in equity or debt securities", the register kept under section 336 of the SFO shows that at 31 March 2004 the Company has been notified of the following interests in the issued share capital of the Company:

Name of substantial shareholder	Number of ordinary shares held	Percentage of issued share capital
Mrs. Chou Yim Wan Chun, Ina	192,615,464	74.17%
Mrs. Chow Yu Yue Chen	192,615,464	74.17%
Super-Rich Finance Limited	192,615,464	74.17%
Liu Chong Hing Bank Limited	192,621,235	74.17%

Notes:
Super-Rich Finance Limited is the beneficial owner of 192,615,464 shares (the "said Shares") in the Company which approximately represents 74.17% of the issued share capital of the Company. Mr. Chou Wen Hsien (and Mrs. Chou Yim Wan Chun, Ina, his spouse) and Mr. Chow Chung Kai (and Mrs. Chow Yu Yue Chen, his spouse) are deemed to be interested in the said Shares by reason that each of Mr. Chou Wen Hsien and Mr. Chow Chung Kai controls one-third or more of the voting power at general meetings of Super-Rich Finance Limited. Liu Chong Hing Bank Limited is deemed to be interested in the said Shares as custodian appointed by Super-Rich Finance Limited.

Save as disclosed herein, as at 31 March 2004 the Company had not been notified by any person of any interests or short positions in the

shares or underlying shares of the Company which are notifiable to the Company under Divisions 2 and 3 of Part XV of the SFO.

Related party and connected transactions

- (a) Significant related party transactions entered by the Group during the year, which do not constitute connected transactions under the Listing Rules, are disclosed in note 11(a) to the accounts.
- (b) Another related party transaction, which also constitutes a connected transaction under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules, is disclosed in note 11(b) to the accounts.

Purchase, sale or redemption of shares

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 shares during the year.

Major customers and suppliers

The percentages of the Group's purchases and sales for the year attributable to major suppliers and customers are as follows:

Purchases

Percentage of purchases attributable to the Group's largest supplier	11.85%
Percentage of purchases attributable to the Group's five largest suppliers	30.53%

Sales

Percentage of sales attributable to the Group's largest customer	27.63%
Percentage of sales attributable to the Group's five largest customers	45.40%

None of the Directors, their associates, or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in the suppliers and customers disclosed above.

Auditors

The accounts have been audited by PricewaterhouseCoopers who offer themselves for re-appointment at a fee to be agreed.

On behalf of the Board

CHOU Wen Hsien
Chairman

Hong Kong, 15 July 2004