

| REPORT OF THE DIRECTORS |

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 66 and 67.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 44 to 46.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 March 2003 are set out in the Consolidated Profit and Loss Account on page 29.

Appropriations of profits and movements in reserves during the financial year are set out in Note 25 to the Accounts on pages 60 to 62.

DIVIDENDS

An interim dividend of 2.5 cents per share was paid on 29 January 2003. The Directors now recommend the payment of a final dividend of 5.0 cents per share in respect of the financial year ended 31 March 2003, payable on 28 August 2003 to Shareholders on record as at 21 August 2003. This recommendation has been disclosed in the Accounts.

SHARE CAPITAL

During the financial year, upon exercise by a grantee of options granted under the Company's Executive Share Incentive Scheme, a total of 92,000 ordinary shares of HK\$0.50 each of the Company, credited as fully paid, were allotted and issued by the Company at a price of HK\$5.50 per share.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 13 to the Accounts on page 54.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all such bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 March 2003 as would be repayable on demand or within a period not exceeding one year are set out in Note 22 to the Accounts on page 58. Those which would fall due for repayment after a period of one year are set out in Note 26 to the Accounts on page 62.

DONATIONS

The Group made donations during the financial year totalling HK\$4.2 million.

DIRECTORS

The Directors of the Company during the financial year were Mr. P. K. C. Woo (appointed on 1 April 2002), Mr. A. S. K. Au (appointed on 5 September 2002), Mr. B. M. Chang, Sir S. Y. Chung, Mr. Q. Y. K. Law (resigned on 4 September 2002), Ms. D. Y. F. Lee (resigned on 4 September 2002), Mr. W. W. Y. Lee, Mr. K. H. Leung (resigned on 1 January 2003), Mr. G. W. J. Li, Mr. S. T. H. Ng, Mr. T. Y. Ng (resigned on 4 September 2002), Mr. P. Y. C. Tsui, Mr. H. S. S. Wong (resigned on 4 September 2002) and Mr. W. Turnbull (appointed on 5 September 2002). Subsequent to the financial year end, Mr. J. E. Strickland was appointed a Director of the Company with effect from 1 May 2003. (*Subsequent note: Mr. J. E. Strickland resigned from the Board with effect from 26 June 2003.*)

Mr. P. Y. C. Tsui assumed the title of Executive Director with effect from 1 March 2003.

Messrs. A. S. K. Au and W. Turnbull, being appointed as Directors of the Company after the last Annual General Meeting, are due to retire from the Board in accordance with Article 94 of the Company's Articles of Association, and Sir S. Y. Chung and Mr. W. W. Y. Lee are also due to retire from the Board by rotation in accordance with Article 103(A), at the forthcoming Annual General Meeting. Sir S. Y. Chung and Mr. W. W. Y. Lee have decided not to stand for re-election while the other retiring Directors, being eligible, offer themselves for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Under the provisions of the Company's Articles of Association, the Chairman and the Executive Director of the Company are not subject to retirement from the Board by rotation. As regards the other Directors (none of them holding any executive title of the Company), four of them will retire as Directors at the forthcoming Annual General Meeting to be held on 21 August 2003 as mentioned above, and the remaining three Directors will have their respective terms of office coming to an end by reason of retirement by rotation at the Annual General Meeting of the Company in 2004 or 2005 in accordance with Article 103(A) of the Company's Articles of Association.

INTERESTS IN CONTRACTS

No contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial 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.

AUDITORS

The Accounts now presented have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board
Wilson W S Chan
Secretary

Hong Kong, 18 June 2003