

# Directors' Report

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## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the year ended 31 March 2002.

## **PRINCIPAL ACTIVITIES**

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 15 to the financial statements.

## **TURNOVER AND CONTRIBUTION BY SEGMENT**

The Group's turnover and contribution to profit from operations analysed by principal activities are set out in notes 4 and 5 to the financial statements.

## **RESULTS AND APPROPRIATIONS**

The results of the Group for the year ended 31 March 2002 are set out in the consolidated income statement on page 18.

An interim dividend of HK 3 cents per share amounting to HK\$71,938,000 was paid to the shareholders during the year. The Directors now recommend the payment of final dividend of HK 7 cents per share to the shareholders whose names appear on the Register of Members on 7 August 2002, amounting to HK\$167,854,000.

## **PROPERTY, PLANT AND EQUIPMENT**

All of the Group's land and buildings were revalued at 31 March 2002. The revaluation resulted in a deficit as compared with book values amounting to HK\$22,940,000, of which HK\$10,540,000 and HK\$12,400,000 have been charged to the other properties revaluation reserve and to the income statement, respectively.

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

## **PROPERTY UNDER DEVELOPMENT**

Details of expenditures during the year on the property under development of the Group are set out in note 14 to the financial statements.

## **SHARE CAPITAL**

Details of the share capital of the Company are set out in note 22 to the financial statements.

## **RESERVES**

Details of the movements during the year in the reserves of the Group and of the Company are set out in note 23 to the financial statements.

## DIRECTORS

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

### Executive directors

Mr. Shun-choi LAM, *Chairman*  
Mr. Shun-chuen LAM, *Vice-Chairman*  
Mr. Cheuk-wa SHAM

### Independent non-executive directors

Mr. Siu-leun CHAM, *O.B.E., J.P.*  
Mr. Ping-wing PAO, *J.P.*  
Mr. Dominic LAI

Under the Company's Articles of Association, Messrs. Shun-choi LAM and Ping-wing PAO shall retire from office by rotation in accordance with Article 103 at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

At 31 March 2002, the interest of directors and the chief executive of the Company and their associates in the share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), was as follows:

Name of director	Number of shares held				Total
	Personal interests	Family interests	Corporate interests	Other interests	
Mr. Siu-leun CHAM	165,000	–	–	–	165,000

Save as disclosed herein, none of the directors or the chief executive, nor any of their associates, had any interests in any shares in the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executive, nor their spouses or children under the age of 18, had any right to subscribe for any shares in the Company, or had exercised any such right during the year.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed in note 32 to the financial statements, there were no contracts of significance to which the Company, any of its holding companies or any of its subsidiaries was a party and in which a director of the Company had, whether directly or indirectly, a material interest subsisting at the end of the year or at any time during the year.

None of the directors has a service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, any of its holding companies 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.

## PURCHASE, SALE OR REDEMPTION OF SHARES IN THE COMPANY

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

## SUBSTANTIAL SHAREHOLDERS

At 31 March 2002, so far as the directors were aware, those persons or corporations who, directly or indirectly, were interested in 10% or more of the nominal value of the issued share capital of the Company as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance were as follows:

<u>Name of shareholder</u>	<u>Number of shares held</u>		<u>Shareholding percentage</u>
	<u>Direct interest</u>	<u>Indirect interest</u>	
Mr. Ching-fat MA (Trustee for Ma's Family Trust)	–	1,535,967,800	64
Ma's Holdings Limited	–	1,535,967,800	64
Wonderful Star Limited	–	1,535,967,800	64
Magicway Investment Limited	–	1,535,967,800	64
Ever Holdings Limited	84,281,880	1,451,685,920	64
Tarbela Company Limited	681,037,500	–	28.4
Tarboca Company Limited	522,636,020	–	21.8
Sermost Limited	248,012,400	–	10.3

## **SUBSTANTIAL SHAREHOLDERS (Continued)**

Ma's Family Trust is the owner of the entire issued share capital of Ma's Holdings Limited, and Mr. Ching-fat MA holds the entire issued shares of Ma's Holdings Limited as trustee for Ma's Family Trust. Ma's Holdings Limited is the ultimate holding company of Wonderful Star Limited, the holding company of Magicway Investment Limited. Magicway Investment Limited is the holding company of Ever Holdings Limited. Ever Holdings Limited is the holding company of Tarbela Company Limited, Tarboca Company Limited and Sermost Limited. Accordingly, the holding of shares by Mr. Ching-fat MA in Ma's Holdings Limited as trustee for Ma's Family Trust, and the interests of Mr. Ching-fat MA in Wonderful Star Limited and Magicway Investment Limited in the Company duplicate the interests of Ever Holdings Limited and the interests of Ever Holdings Limited in the Company duplicate the interests of its three wholly-owned subsidiaries mentioned above.

Save as disclosed herein, the Directors are not aware of any person holding 10% or more of the Company's issued share capital as at 31 March 2002.

## **DONATIONS**

During the year, the Group made charitable and other donations amounting to approximately HK\$3,209,000.

## **RETIREMENT BENEFIT SCHEME**

Details of the retirement benefit scheme of the Group are shown in note 33 to the financial statements.

## **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31 March 2002, the five largest customers of the Group accounted for approximately 52% of the Group's turnover and the percentage of turnover attributable to the Group's largest customer amounted to approximately 41%.

The percentage of purchases attributable to the Group's five largest suppliers is less than 30% of the Group's total purchases for the year and the Directors do not consider any one supplier to be influential to the Group.

None of the directors, their associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of the five largest customers.

## **FIVE YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years are set out on page 10.

## **CODE OF BEST PRACTICE**

The Company has complied throughout the year ended 31 March 2002 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

## AUDITORS

The financial statements have been jointly audited by Messrs. Deloitte Touche Tohmatsu and Messrs. Lui & Mak.

On behalf of the Board

**Shun-choi LAM**

*Chairman*

Hong Kong, 20 June 2002