

# Report of the Directors

The Directors have pleasure in submitting their report and the audited accounts for the year ended 31 March 2003.

## 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 39 to 41.

## 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 42.

An interim dividend of 5 cents per share, totalling HK\$12,984,000, was paid on 6 February 2003. The Directors have recommended a final dividend of 8 cents per share, totalling HK\$20,775,000, payable on 3 September 2003.

## 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\$22,000.

## Fixed assets

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

## Bank borrowings and interest capitalised

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 capitalised 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.

Their brief biographical details are set out on pages 3 to 4.

Mr. Chow Pai Ying retired by rotation at the annual general meeting held on 28 August 2002 and did not stand for re-election.

Mr. Chou Wen Hsien, Mr. Ho Fook Hong, Ferdinand and Mr. Tang Ming Chien, Manning retire by rotation under the provisions of Articles 104 and 105 at the forthcoming annual general meeting and, 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 audit and of internal controls and risk evaluation. Four 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 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 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 2003 in the issued share capital of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance) as recorded in the register maintained under section 29 of that Ordinance are set out below.

<b>Name of Director</b>	<b>Personal interests</b>	<b>Family interests</b>	<b>Corporate interests (Note)</b>	<b>Total</b>
<b><i>The Company</i></b>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	192,615,464	192,615,464
Mr. Chow Chung Kai	—	—	192,615,464	192,615,464
<b><i>Winsor Health Investment Limited</i></b>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	300	300
Mr. Chow Chung Kai	—	—	300	300
<b><i>Winsor Health Products Limited</i></b>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	15,000	15,000
Mr. Chow Chung Kai	—	—	15,000	15,000
<i>10% Redeemable preference shares held:</i>				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000
<b><i>Winsor Health Products (International) Limited</i></b>				
<i>Ordinary shares held:</i>				
Mr. Chou Wen Hsien	—	—	3,000	3,000
Mr. Chow Chung Kai	—	—	3,000	3,000
<i>Note : Such interests are held by corporations where Mr. Chou Wen Hsien and Mr. Chow Chung Kai are each entitled to exercise one-third or more of the voting power at their general meetings.</i>				

The Company has not granted any right to subscribe for equity or debt securities of the Company.

### **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.

**Report of the Directors** *(continued)***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**

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that at 31 March 2003 the Company has been notified of the following interests, being 10% or more of the issued share capital of the Company, other than those of the Directors as disclosed above:-

	Number of <u>Ordinary shares held</u>	<u>% of Total</u>
Super-Rich Finance Limited	192,615,464	74.17%

**Related party and connected transactions**

- (a) Significant related party transactions entered by the Group during the year ended 31 March 2003, 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 14 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 sales for the year attributable to major customers are as follows:

Percentage of sales attributable to the Group’s largest customer	22.33%
Percentage of sales attributable to the Group’s five largest customers	36.25%

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 customers disclosed above.

During the year, less than 30% of the Group’s purchases was attributable to its five largest suppliers.

**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, 10 July 2003.