

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended March 31, 2001.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of the principal subsidiaries are set out in note 44 to the financial statements.

RESULTS

The results of the Group for the year ended March 31, 2001 are set out in the consolidated income statement on page 33.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 76 and 77.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 24 to the financial statements.

SHARE OPTIONS

Details of movements during the year in the share options of the Company are set out in note 26 to the financial statements.

RESERVES

Details of movements during the year in the reserves of the Group and the Company are set out in note 27 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$516,000. The Group also disposed of property, plant and equipment with aggregate net book value of approximately HK\$42,000.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries at March 31, 2001 are set out in note 44 to the financial statements.

ASSOCIATE

Particulars of the Group's associate at March 31, 2001 are set out in note 17 to the financial statements.

BORROWINGS

Repayment schedules and details of debentures, amounts due to related companies and amounts due to minority shareholders of subsidiaries are set out in notes 28, 30 and 31 to the financial statements, respectively.

No interest has been capitalised by the Group during the year.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Luk Siu Man, Semon (*Chairperson*)

Wong Chi Fai

Fan Man Seung, Vanessa

Mok Fung Lin, Ivy

Independent non-executive directors:

Chan Sim Ling, Irene

Lam San Keung

The term of office of each director, including the independent non-executive directors, is the period up to his/her retirement by rotation in accordance with the Bye-laws of the Company.

In accordance with Bye-law 87 of the Company's Bye-laws, all directors retire 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 or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

SUBSTANTIAL SHAREHOLDERS

At March 31, 2001, according to the register kept by the Company under Section 16(1) of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), the following persons had notified the Company that they were interested in 10% or more of the issued share capital of the Company:

Name	Number of shares
Worthy Strong Investment Limited ("Worthy Strong")	1,278,089,875
Emperor Investment Limited ("EIL") (<i>Note 1</i>)	1,279,649,875
Emperor International Holdings Limited ("Emperor International") (<i>Note 2</i>)	1,352,827,830
Charron Holdings Limited ("Charron") (<i>Note 3</i>)	1,352,827,830
Questrel Holdings Limited ("Questrel") (<i>Note 3</i>)	1,352,827,830
Yeung Sau Shing, Albert ("Mr. Albert Yeung") (<i>Note 3</i>)	1,352,827,830

Notes:

1. EIL was deemed to be interested in the 1,278,089,875 shares and 1,560,000 shares held by its wholly-owned subsidiaries, Worthy Strong and Actmore Estate Limited, respectively.
2. Emperor International was deemed to be interested in the following:
 - (a) the 1,279,649,875 shares deemed to be held by its wholly-owned subsidiary, EIL;
 - (b) the 73,177,955 shares held by its wholly-owned subsidiary, Star Point Limited.

SUBSTANTIAL SHAREHOLDERS *(continued)*

Notes: (continued)

3. Questrel, a company controlled by Mr. Albert Yeung held substantial interest in Emperor International through its wholly-owned subsidiary, Charron. Accordingly, Mr. Albert Yeung, Questrel and Charron were deemed to be interested in the 1,352,827,830 shares held by Emperor International.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at March 31, 2001.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At March 31, 2001, none of the directors or the chief executives of the Company or their associates held an interest in the securities of the Company or its associated corporations according to the register required to be maintained by the Company pursuant to Section 29 of SDI Ordinance.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company has a share option scheme, details of which are set out in note 26 to the financial statements.

Details of the share options granted to the directors of the Company under the share option scheme are as follows:

Name of director	Date of grant	Exercise price HK\$	Number of share options		
			Outstanding as at April 1, 2000	Waived and cancelled during the year	Outstanding as at March 31, 2001
Wong Chi Fai	October 3, 1997	0.360	57,416,895	(57,416,895)	—
	December 24, 1997	0.308	11,375,000	(11,375,000)	—
Fan Man Seung, Vanessa ("Ms. Vanessa Fan")	October 3, 1997	0.360	57,416,895	(57,416,895)	—
	December 24, 1997	0.308	11,375,000	(11,375,000)	—

No share options were granted to or exercised by the directors during the year.

Save as disclosed above:

- (i) None of the directors, nor their spouse 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; and
- (ii) 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 debt securities (including debentures) of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the year, the Group paid a secretarial fee amounting to HK\$320,000 to Sinobond Management Limited, a company in which Ms. Vanessa Fan, a director of the Company, has a beneficial interest.

Save as disclosed above, no contracts of significance 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 year or at any time during the year.

CONNECTED TRANSACTIONS

1. During the year, the Group received the repayment of advances amounting to HK\$16,436,000 from Riverside Properties Limited ("Riverside") which is a 95% owned subsidiary of the Group indirectly holding a development project in Xiamen, the People's Republic of China (the "PRC"). The advances were made in proportion to the Group's equity interest in Riverside and to provide general working capital of Riverside and its subsidiary and fellow subsidiaries. At March 31, 2001, the total outstanding balance of these advances made by the Group is HK\$134,014,000 and these advances are non-interest bearing, unsecured and do not have any fixed terms of repayment.
2. During the year, the Group received the repayment of advances amounting to HK\$1,835,000 from Expert Pearl Investments Limited ("Expert Pearl") which is a 90% owned subsidiary of the Group indirectly holding the land use right of a site in Shanghai, the PRC. The advances were made in proportion to the Group's equity interest in Expert Pearl and to provide general working capital to Expert Pearl and its subsidiaries. At March 31, 2001, the total outstanding balance of these advances made by the Group is HK\$312,876,000 and these advances are non-interest bearing, unsecured and do not have any fixed terms of repayment.

CONNECTED TRANSACTIONS *(continued)*

3. During the year, the Group also received the repayment of short-term advances amounting to HK\$304,000 from Star City Entertainment Holdings Limited, which owns 10% interest in Expert Pearl. At March 31, 2001, the total outstanding balance of these advances and the interest accrued are as follows:

	Balance of advance	Interest accrued
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest bearing at 1% over Hong Kong prime interest rate	18,663	13,194

4. During the year, the Group is entitled to interest income of HK\$3,618,000 from Wilson Enterprises Limited, which owns 25% interest in Gold Spirit Investments Limited, a subsidiary of the Group which previously indirectly held a property development project in Shunde, the PRC.

CONVERTIBLE SECURITIES, SHARE OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the share options and debentures referred to in notes 26 and 28 to the financial statements respectively, the Company had no outstanding convertible securities, share options, warrants or similar rights as at March 31, 2001. There had been no exercise of convertible securities, share options, warrants or similar rights during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws in Bermuda.

CODE OF BEST PRACTICE

The Company had complied throughout the year ended March 31, 2001 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, except that: (i) the independent non-executive directors of the Company are not appointed for specific terms. The independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws; (ii) no full board meeting was held during the year.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended March 31, 2001, the aggregate amount of purchases and turnover attributable to the Group's five largest suppliers and customers respectively represented less than 30% of the Group's total purchases and turnover.

AUDITORS

A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Wong Chi Fai

Director

July 19, 2001