

## Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31st July, 2002.

### PRINCIPAL ACTIVITIES

The Company's principal activities during the year consisted of the manufacture and sale of garments, property investment and investment holding. Except for the cessation of the manufacture of garments, the principal activities have not changed during the year.

The Group's principal activities have not changed during the year and included the manufacture and trading of garments, property development, property investment and investment holding.

### SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 31st July, 2002 is set out in note 4 to the financial statements.

### RESULTS

The Group's loss for the year ended 31st July, 2002 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 27 to 77.

### FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Company and the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 21 and 22.

### PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 16 to the financial statements. Further details of the Group's properties under development are set out on page 22.

### SHARE CAPITAL

Details of share capital of the Company during the year are set out in note 28 to the financial statements.

### RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the financial statements.

### DISTRIBUTABLE RESERVES

At 31st July, 2002, the Company did not have any reserves for distribution in accordance with the provisions of Section 79B of the Companies Ordinance.

### DONATIONS

During the year, the Group made charitable and other donations totalling HK\$571,000.

## Report of the Directors

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's sales to its five largest customers accounted for less than 30% of the Group's combined sales and the Group's purchases from its five largest suppliers accounted for less than 30% of the Group's combined purchases.

### DIRECTORS

The directors of the Company as at the date of this report and those who were in office during the year are as follows:

Lim Por Yen (*Chairman and Managing Director*)

Lam Kin Ngok, Peter (*Deputy Chairman*)

Lam Kin Ming (*Deputy Chairman*)

Chiu Wai

Shiu Kai Wah

Lee Po On

Lam Kin Hong, Matthew

U Po Chu

Lai Yuen Fong

Lam Wai Kei, Vicky #

(appointed on 3rd September, 2001)

Wong Kai Cho, Kenneth \*

(resigned on 15th March, 2002)

Mui Chiu Ying \*

(resigned on 25th July, 2002)

Wan Yee Hwa, Edward \*

(appointed on 15th March, 2002)

Leung Shu Yin, William \*

(appointed on 25th July, 2002)

# *Alternate director to Madam Lai Yuen Fong*

\* *Independent non-executive directors*

In accordance with Article 93 of the Company's Articles of Association, Mr. Wan Yee Hwa, Edward and Mr. Leung Shu Yin, William retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election at the said meeting.

In accordance with Article 102 of the Company's Articles of Association, Mr. Lam Kin Ming, Mr. Lee Po On and Madam U Po Chu retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election at the said meeting.

### DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 5 to the financial statements, no director had a material interest, whether direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

## Report of the Directors

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following directors of the Company are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Ming, Madam U Po Chu and Madam Lai Yuen Fong held interests and/or directorships in companies engaged in businesses of property investment and development in Hong Kong and the Mainland.

As the Board is independent from the boards of the aforesaid companies and none of the above directors of the Company can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

### CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

At no time during the year had the Company or any of its subsidiaries, and the controlling shareholder or any of its subsidiaries entered into any contract of significance with, or any contract of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

### CONNECTED TRANSACTIONS

Certain connected transactions of the Group subsisted or had been entered into during the year. Details of these connected transactions, which have been approved by the Company's directors, are included in notes 17 and 19 to the financial statements.

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### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

#### Directors

##### Executive Directors

**Mr. Lim Por Yen**, Chairman and Managing Director of the Company, aged 87, is the founder of the Lai Sun Group and has been an executive director of the Company since October 1987. He is also the honorary chairman of Lai Sun Development Company Limited, the chairman of Crocodile Garments Limited and Lai Fung Holdings Limited, and an executive director of eSun Holdings Limited. Mr. Lim first became involved in the property and investment business in the mid-1950's and has over 60 years' experience in the garment business. He is an honorary citizen of the city of Guangzhou, the city of Swatow, the city of Xiamen and the city of Zhong Shan in the People's Republic of China. Mr. Lim was also one of the Hong Kong Affairs Advisers to the People's Republic of China and is a founder member of The Better Hong Kong Foundation.

**Mr. Lam Kin Ngok, Peter**, aged 45, is a Deputy Chairman of the Company. He has been an executive director of the Company since October 1987. Mr. Lam is also the chairman and president of Lai Sun Development Company Limited, and an executive director of eSun Holdings Limited, Crocodile Garments Limited and Lai Fung Holdings Limited. Mr. Lam has extensive experience in the property and investment business. He is a director of the Real Estate Developers Association of Hong Kong, a member of the Hong Kong Hotel Owners Association and a council member of the Anglo Hong Kong Trust. Mr. Lam is a son of Mr. Lim Por Yen and is the younger brother of Mr. Lam Kin Ming.

## Report of the Directors

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued) Directors (continued)

#### Executive Directors (continued)

Mr. Lam Kin Ming, aged 65, is a Deputy Chairman of the Company. He has been a director of the Company since October 1987 and has been involved in the management of garment business since 1958. Mr. Lam is also the deputy chairman of Crocodile Garments Limited and Lai Fung Holdings Limited, a non-executive director of Lai Sun Development Company Limited and eSun Holdings Limited. Mr. Lam is also an alternate director to certain directors of Lai Fung Holdings Limited. Mr. Lam is a son of Mr. Lim Por Yen and is the elder brother of Mr. Lam Kin Ngok, Peter.

Mr. Chiu Wai, aged 71, has been a director of the Company since October 1987. Mr. Chiu is also a non-executive director of Lai Sun Development Company Limited, eSun Holdings Limited, Lai Fung Holdings Limited and Crocodile Garments Limited. Mr. Chiu has over 45 years' experience in production management. He has been working for the Lai Sun Group's garment business since 1955.

Mr. Shiu Kai Wah, aged 70, has been a director of the Company since December 1990. He is also a non-executive director of Lai Sun Development Company Limited, eSun Holdings Limited, Lai Fung Holdings Limited and Crocodile Garments Limited. Mr. Shiu has over 30 years' experience in the management of the garment business.

Mr. Lee Po On, aged 47, has been a director of the Company since June 1991. Mr. Lee is also an executive director and the chief executive officer of eSun Holdings Limited. Mr. Lee joined the Lai Sun Group in November 1987 and held the position of chief executive officer of Asia Television Limited from 1992 to 1996. He is a Fellow of the Association of Chartered Certified Accountants with over 24 years' financial and commercial experience.

Mr. Lam Kin Hong, Matthew, aged 34, was appointed an executive director of the Company in March 2001. He is a legal advisor of the Company and is also an executive director of Crocodile Garments Limited, and an executive director and the chief executive officer of Lai Fung Holdings Limited. He attained a Bachelor of Science degree from the University of London and underwent his training as a solicitor with an international law firm, Messrs. Richards Butler. He is a member of the Law Society of Hong Kong and the Law Society of England and Wales. Mr. Lam has considerable experience in the property development and corporate finance fields in Hong Kong and China. Mr. Lam is a son of Mr. Lim Por Yen and is the younger brother of Mr. Lam Kin Ming and Mr. Lam Kin Ngok, Peter.

#### Non-Executive Directors

Madam U Po Chu, aged 77, has been a director of the Company since December 1990. She is also a non-executive director of Lai Sun Development Company Limited, Crocodile Garments Limited and eSun Holdings Limited. Madam U has over 55 years' experience in the garment manufacturing business and had been involved in the printing business in the mid-1960's. In the early 1970's, she started to expand the business to fabric bleaching and dyeing, and also became involved in property development and investment in the late 1980's. Madam U is Mr. Lim Por Yen's wife.

Madam Lai Yuen Fong, aged 88, has been a director of the Company since May 1992. Madam Lai is Mr. Lim Por Yen's wife.

## Report of the Directors

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued) Directors (continued)

#### Non-Executive Directors (continued)

Miss Lam Wai Kei, Vicky, aged 30, was appointed the alternate director to Madam Lai Yuen Fong in September 2001. She graduated from the University of Southern California in the United States with bachelor's degrees in business administration and architecture in 1996. She is a member of the American Institute of Architects and prior to joining the Lai Sun Group in August 2000, she worked as an architect and project manager with Skidmore, Owings and Merrill Co. Ltd., an architects firm in New York which participated in various substantial projects such as the New York Stock Exchange, John Kennedy Airport and Times Square Tower. She is currently a vice president of Kingscord Investment Limited, a wholly-owned subsidiary of the Company engaged in property investments in the Mainland of China and Hong Kong. Miss Lam is a daughter of Mr. Lam Kin Ming and a granddaughter of Mr. Lim Por Yen.

Mr. Wan Yee Hwa, Edward, aged 66, was appointed an independent non-executive director of the Company in March 2002. Mr. Wan is also an independent non-executive director of Crocodile Garments Limited. He has been a Certified Public Accountant in Hong Kong since 1961.

Mr. Leung Shu Yin, William, aged 53, is an independent non-executive director of the Company. Mr. Leung is a certified public accountant, a member of the Hong Kong Securities Institute and a fellow of both the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants. He is practising as a practising director of a Certified Public Accountants' firm in Hong Kong and is also an independent non-executive director of another company listed in Hong Kong.

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#### Senior Management

Mr. Lau Shu Yan, Julius, aged 46, joined the Lai Sun Group in July 1991 as an executive director of Lai Sun Development Company Limited. Mr. Lau has over 15 years of experience of holding senior management positions in the property and securities industries. He was a director of Jones Lang Wootton Limited and then Jardine Fleming Broking Limited prior to his current appointment. Mr. Lau is a director and a member of the Executive Committee of the Real Estate Developers Association of Hong Kong.

Mr. Wu Shiu Kee, Keith, aged 39, joined the Lai Sun Group in November 1997 and was appointed an executive director of Lai Sun Development Company Limited on 1st January, 1998. He has over 15 years' experience in investment research and asset management. Prior to his appointment with the Lai Sun Group, Mr. Wu served as a director and head of Hong Kong / China Research for Peregrine Brokerage Limited. He holds a Bachelor in Science degree from the University of Toronto and a Master in Science degree from Stanford University.

Mr. Lien Jown Jing, Vincent, aged 41, first joined the Lai Sun Group as an independent non-executive director of eSun Holdings Limited ("eSun") in August 1998 and was later appointed an executive director and elected the chairman of eSun in December 1999. He has over 13 years' experience in banking and corporate finance in Hong Kong, China, Singapore and South-east Asia, having held various senior positions at different major multinational banking institutions.

## Report of the Directors

### DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 31st July, 2002, the interests of the directors and chief executive in the equity or debt securities of the Company or its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), as recorded in the register required to be kept pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Code for Securities Transactions by Directors adopted by the Company (the "Code") were as follows:

#### (1) The Company

Name of Director	Number of Ordinary Shares Held				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Lim Por Yen	484,991,750	Nil	Nil	Nil	484,991,750
Lam Kin Ngok, Peter	110,794,951	Nil	Nil	Nil	110,794,951
Chiu Wai	199,600	Nil	Nil	Nil	199,600
U Po Chu	3,669,000	Nil	Nil	Nil	3,669,000
Lai Yuen Fong	4,451,790	Nil	Nil	Nil	4,451,790

#### (2) Associated Corporations

##### (a) Lai Sun Development Company Limited ("LSD")

Name of Director	Number of LSD Ordinary Shares Held				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Lim Por Yen	197,859,550	Nil	1,582,869,192 (Note)	Nil	1,780,728,742
Lam Kin Ngok, Peter	10,099,585	Nil	Nil	Nil	10,099,585
Chiu Wai	195,500	Nil	Nil	Nil	195,500
U Po Chu	633,400	Nil	Nil	Nil	633,400
Lam Wai Kei, Vicky	100,000	Nil	Nil	Nil	100,000

*Note:* The Company and its wholly-owned subsidiary beneficially owned 1,582,869,192 ordinary shares in LSD. Mr. Lim Por Yen was deemed to be interested in such shares in LSD by virtue of his interest (including those of his associates) of approximately 34.3% in the issued share capital of the Company. Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Madam U Po Chu and Madam Lai Yuen Fong were directors of the Company and held an interest of approximately 42% in aggregate in the issued share capital of the Company.

## Report of the Directors

### DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES (continued)

#### (2) Associated Corporations (continued)

##### (b) Lai Fung Holdings Limited ("Lai Fung")

Name of Director	Number of Lai Fung Ordinary Shares Held				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Lim Por Yen	Nil	Nil	1,767,125,360	Nil	1,767,125,360

(Note)

Note : The Company and its wholly-owned subsidiary beneficially owned 1,767,125,360 shares in Lai Fung. Mr. Lim Por Yen was deemed to be interested in such shares in Lai Fung by virtue of his interest (including those of his associates) of approximately 34.3% in the issued share capital of the Company. Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Madam U Po Chu and Madam Lai Yuen Fong were directors of the Company and held an interest of approximately 42% in aggregate in the issued share capital of the Company.

##### (c) Crocodile Garments Limited ("CGL")

Name of Director	Number of CGL Ordinary Shares Held				Total
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
Lim Por Yen	Nil	Nil	338,982,809	Nil	338,982,809
Lee Po On	6,194,000	Nil	Nil	Nil	6,194,000

(Note)

Note : The Company and its wholly-owned subsidiary beneficially owned 338,982,809 shares in CGL. Mr. Lim Por Yen was deemed to be interested in such shares in CGL by virtue of his interest (including those of his associates) of approximately 34.3% in the issued share capital of the Company. Mr. Lim Por Yen, Mr. Lam Kin Ngok, Peter, Madam U Po Chu and Madam Lai Yuen Fong were directors of the Company and held an interest of approximately 42% in aggregate in the issued share capital of the Company.

In addition to the above, a director of the Company held a non-beneficial interest in the share capital of a subsidiary of the Company as a nominee shareholder, for the purpose of complying with the statutory requirement for a minimum number of shareholders for such subsidiary.

Save as disclosed above, as at 31st July, 2002, none of the directors or chief executive of the Company or their respective associates had any interests in the equity or debt securities of the Company or any of its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 or Part 1 of the Schedule to that Ordinance) or the Code or which were required, pursuant to Section 29 of that Ordinance, to be entered in the register referred to therein.

## Report of the Directors

### ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable a director of the Company to acquire benefits by means of the acquisition of shares in, or debentures, of the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS

As at 31st July, 2002, the following person was interested in 10% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 16(1) of the SDI Ordinance:

Name	Number of Shares Held
Mr. Lim Por Yen	493,112,540 (Note)

*Note:* Mr. Lim Por Yen's interest in the said 493,112,540 shares in the Company included 4,451,790 shares and 3,669,000 shares in the Company respectively held by Madam Lai Yuen Fong and Madam U Po Chu, the spouses of Mr. Lim Por Yen, who were also deemed under the SDI Ordinance to have interests in Mr. Lim Por Yen's interest in the share capital of the Company.

Save for the interests disclosed above, the directors are not aware of any other person being interested in 10% or more of the issued share capital of the Company as at 31st July, 2002.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year ended 31st July, 2002, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

### DETAILS OF PROPERTIES

The principal investment properties of the Group are as follows:

Location	Group interest	Tenure	Use
Shop G9/9A and G10 on ground floor, Room no. 213A on 2nd floor and Room no. 413A on 4th floor, Hankow Centre, 5-15 Hankow Road, 41-51 Peking Road, 4, 4A and 4B Ashley Road and 1, 1A-1E Middle Road, Tsim Sha Tsui, Kowloon, Hong Kong	54.93%	Inland Lot No. 8219 is held for a term of 150 years commencing on 24th June, 1895	Commercial/ rental



## Report of the Directors

### DETAILS OF PROPERTIES (continued)

Location	Group interest	Tenure	Use
The whole of basement, Shop No. 24 on Ground and Mezzanine Floors, Shop No. 33B on Ground and Mezzanine Floors, Tsimshatsui Mansion, Nos. 83-97 Nathan Road, Nos. 36-50 Lock Road, Tsim Sha Tsui, Kowloon, Hong Kong	54.93%	The property is held under Conditions of Renewal No.5289 for a term of 150 years commencing on 24th June, 1889	Commercial/rental
Crocodile Building, No. 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong	54.93%	Inland Lot No. 692 is held for a term of 92 years commencing on 1st July, 1955	Commercial/rental

The Group's investment properties are situated in Hong Kong and are held under medium leases.

Particulars of the Group's properties under development are as follows:

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Location	Group interest	Stage of construction	Expected completion date	Expected use	Gross floor area
A piece of land at junction of Da Tong Road and Zhi Jiang Xi Road, Su Jia Xiang, Zhabei, Shanghai, PRC	95%	Development under planning	2004	Commercial/residential	The total site area is 41,800 sq.m. The total gross floor area will be 194,000 sq.m.

## Report of the Directors

### SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and adjusted as appropriate, is set out below. The amounts for the financial year ended 31st July, 2000 have been restated for the effect of the retrospective change in accounting policy affecting goodwill, as detailed in notes 2 and 13 to the financial statements.

### RESULTS

	Year ended 31st July,				
	2002	2001	2000	1999	1998
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)		
TURNOVER	<u>1,297,622</u>	<u>1,317,571</u>	<u>2,966,884</u>	<u>3,180,510</u>	<u>5,099,666</u>
PROFIT/(LOSS) BEFORE TAX	(1,162,612)	(608,191)	(3,061,925)	(7,658,991)	385,429
Tax	<u>(28,622)</u>	<u>(18,695)</u>	<u>(29,211)</u>	<u>(49,758)</u>	<u>(143,515)</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	(1,191,234)	(626,886)	(3,091,136)	(7,708,749)	241,914
Minority interests	<u>(9,040)</u>	<u>(2,550)</u>	<u>2,008,849</u>	<u>4,074,093</u>	<u>(175,400)</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>(1,200,274)</u>	<u>(629,436)</u>	<u>(1,082,287)</u>	<u>(3,634,656)</u>	<u>66,514</u>

## Report of the Directors

### SUMMARY OF FINANCIAL INFORMATION (continued) ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31st July,				
	2002 HK\$'000	2001 HK\$'000	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000
Fixed assets	35,581	234,067	376,975	2,414,824	2,832,790
Investment properties	221,100	142,800	77,700	10,034,000	13,348,900
Properties under development	177,228	188,702	187,840	7,982,105	11,111,712
Goodwill	107,867	125,847	128,366	258,544	519,314
Deferred pre-operating expenses	—	—	—	10,718	32,256
Interests in associates	1,659,150	2,788,652	2,654,130	1,124,655	2,396,143
Interests in jointly-controlled entities	—	—	—	188,572	183,219
Long term investments	—	—	—	1,018,389	2,073,429
Long term note receivable	—	—	—	245,000	1,100,000
Current assets	<u>648,098</u>	<u>513,174</u>	<u>493,410</u>	<u>2,613,982</u>	<u>2,984,506</u>
<b>TOTAL ASSETS</b>	<u>2,849,024</u>	<u>3,993,242</u>	<u>3,918,421</u>	<u>25,890,789</u>	<u>36,582,269</u>
Current liabilities	(629,733)	(509,953)	(450,086)	(5,133,268)	(5,024,203)
Note payable	(210,000)	—	—	—	—
Long term deposits received	(23,375)	(39,875)	—	(102,635)	(124,527)
Provision for premium on bonds redemption	—	—	—	(249,554)	(135,915)
Provision for premium on convertible note redemption	—	—	—	(1,667)	—
Interest-bearing bank and other borrowings	(7)	(2,387)	(7,858)	(3,195,936)	(5,479,975)
Convertible bonds	—	—	—	(2,098,581)	(2,102,757)
Convertible note	—	—	—	(600,000)	—
Long term bonds payable	—	—	—	(891,250)	(891,250)
Deferred tax	—	—	(1,063)	(188)	(1,534)
<b>TOTAL LIABILITIES</b>	<u>(863,115)</u>	<u>(552,215)</u>	<u>(459,007)</u>	<u>(12,273,079)</u>	<u>(13,760,161)</u>
<b>MINORITY INTERESTS</b>	<u>(144,156)</u>	<u>(182,541)</u>	<u>(198,880)</u>	<u>(9,123,369)</u>	<u>(13,713,106)</u>
	<u>1,841,753</u>	<u>3,258,486</u>	<u>3,260,534</u>	<u>4,494,341</u>	<u>9,109,002</u>

## Report of the Directors

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied 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 throughout the accounting period covered by the annual report. All non-executive directors of the Company were not appointed for a specific term as they are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Articles of Association of the Company.

### AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice, for the purpose of reviewing the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

### AUDITORS

Ernst & Young retire at the forthcoming Annual General Meeting and a resolution for their reappointment as auditors of the Company will be proposed at the said meeting.

On Behalf of the Board

Lim Por Yen

*Chairman & Managing Director*

Hong Kong

8th November, 2002