

REPORT OF THE DIRECTORS

The directors of Tai Sang Land Development Limited (the "Company") submit their report together with the audited accounts of the Company and its subsidiary companies (collectively the "Group") for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the principal subsidiary companies are shown in note 29 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2003 are set out in the consolidated profit and loss account on page 11 of this annual report.

The directors have declared an interim dividend of HK4.5 cents (2002: HK6 cents) per ordinary share, totalling HK\$12,945,143 (2002: HK\$17,260,181), which was paid on 8th October 2003.

The directors recommend the payment of a final dividend of HK5 cents (2002: HK5 cents) per ordinary share, totalling HK\$14,383,484 (2002: HK\$14,383,484).

The total dividends for the year ended 31st December 2003 amounted to HK9.5 cents (2002: HK11 cents) per ordinary share.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 24 to the accounts.

DONATIONS

During the year, the Group made charitable and other donations of HK\$54,008 (2002: HK\$186,696).

FIXED ASSETS

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

PRINCIPAL PROPERTIES

A list of the Group's significant properties is set out on pages 46 and 47 of this annual report.

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year.

BORROWINGS

Particulars of the bank loans and overdrafts are shown in notes 19 and 20 to the accounts.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in note 4 to the accounts.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December 2003, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$286,312,662 (2002: HK\$304,950,645).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 48 of this annual report.

DIRECTORS

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

Executive directors:

William Ma Ching Wai	<i>(Chairman)</i>
Alfred Ma Ching Kuen	<i>(Managing director)</i>
Amy Ma Ching Sau	<i>(Managing director)</i>
Katy Ma Ching Man	
Ruth Ma Ching Keung	
Patrick Ma Ching Hang	
Ida Ma Ching Kwai	
Philip Ma Ching Yeung	

Independent non-executive directors:

Edward Cheung Wing Yui
Kevin Chau Kwok Fun

In accordance with Article 103 of the Company's Articles of Association, Ms. Ruth Ma Ching Keung, Mr. Philip Ma Ching Yeung and Mr. Edward Cheung Wing Yui retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management are set out on pages 1 and 2 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Details of directors' and senior management's emoluments are set out in note 6 to the accounts.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

At 31st December 2003 the interests and short positions of each director and chief executive in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity			Total	Percentage
	Beneficial interest (personal)	Corporate interests (notes (a) and (b))	Joint interests (notes (c))		
Directors:					
William Ma Ching Wai	3,644,013	158,246,458	38,115	161,928,586	56.2898%
Alfred Ma Ching Kuen	7,200	—	—	7,200	0.0025%
Amy Ma Ching Sau	20,570	—	—	20,570	0.0072%
Katy Ma Ching Man	97,767	—	—	97,767	0.0340%
Ruth Ma Ching Keung	2,772	—	—	2,772	0.0010%
Patrick Ma Ching Hang	261	8,732,013	38,115	8,770,389	3.0488%
Ida Ma Ching Kwai	19,712	—	—	19,712	0.0069%
Philip Ma Ching Yeung	3,157,522	—	—	3,157,522	1.0976%
Edward Cheung Wing Yui	—	—	—	—	—
Kevin Chau Kwok Fun	—	—	—	—	—
Chief executive:					
Ted Mok Tat Hung	—	—	—	—	—

Notes:

- Kam Chan & Company, Limited and its associates and Holston Investment Limited directly or indirectly owned 137,108,221 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.
- Tai Sang International Limited directly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.
- Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly held 38,115 ordinary shares in the Company.
- Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary company, Tai Sang Cold Storage & Godown Company Limited.
- Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%) and Mr. Alfred Ma Ching Kuen and Ms. Ida Ma Ching Kwai each beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary company, Kam Hang Company Limited.

- (f) In addition, certain directors of the Company hold non-beneficial interests in certain subsidiary companies in trust to the absolute benefit of the Company, the details of which are available for inspection at the Company's registered office.
- (g) Other than as stated above, no directors or chief executive of the Company had any interest or short position in the shares or underlying shares of the Company or any of its associated corporation.
- (h) At no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the directors and the chief executive of the Company (including their spouse and children under 18 year of age) to acquire benefits by the acquisition of shares, or underlying shares of, the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS

At 31st December 2003, the interest and short position of substantial shareholders in the shares or underlying shares of the Company, as recorded in the register maintained by the Company under Section 336 of the SFO or as notified to the Company were as follows:

Ordinary shares of HK\$1 each

	Capacity		Total	Percentage
	Beneficial owner	Corporate interests (note)		
Substantial shareholders:				
Kam Chan & Company, Limited	112,248,758	24,859,463	137,108,221	47.6617%
Holston Investment Limited	21,138,237	—	21,138,237	7.3481%
Gold Fortune Investment Co. Ltd.	15,488,636	—	15,488,636	5.3842%

All interests stated above represent long positions.

Note:

Gold Fortune Investment Co. Ltd, Suremark Limited (beneficially interested in 3,964,405 shares in the Company) and Montgomery Securities Limited (beneficially interested in 5,406,422 shares in the Company) are the wholly owned subsidiary companies of Kam Chan & Company, Limited. The aggregate shareholding of these three companies are deemed to be the corporate interest of Kam Chan & Company, Limited in the ordinary shares in the Company.

DIRECTORS' INTERESTS IN CONTRACTS

Other than the transaction disclosed in note 22 to the accounts in which Mr. William Ma Ching Wai is interested by virtue of his ownership and control in the related companies, no other contracts of significance in relation to the Group's business to which the Company or any of its subsidiary companies 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.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the purchases for the year attributable to the Group's major suppliers are as follows:

– the largest supplier	16.2%
– five largest suppliers	45.3%

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) had an interest in the suppliers noted above.

During the year, the Group earned less than 30% of its turnover from its five largest customers.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at Annual General Meeting of the Company in accordance with the Company's Articles of Association.

DIRECTORS' INTEREST IN COMPETING BUSINESS

All directors except for independent non-executive directors are directors and shareholders of Kam Chan & Company, Limited which is also engaged in property development and property investment.

AUDIT COMMITTEE

The Audit Committee which was established pursuant to the requirements of the Listing Rules comprising Mr. Edward Cheung Wing Yui and Mr. Kevin Chau Kwok Fun, met twice in the year. The Audit Committee has reviewed matters which formed the basis of the Company's financial statements.

AUDITORS

The accounts for the year have been audited by PricewaterhouseCoopers who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

William Ma Ching Wai
Chairman

Hong Kong, 31st March 2004