

Report of the Directors

The directors are pleased to present their report together with the audited financial statements of Berjaya Holdings (HK) Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended April 30, 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and is principally engaged in property investment for rental income and development purposes.

The principal activities of the subsidiaries and the associate are set out in Notes 6, 7 and 8 to the financial statements.

An analysis of the Group’s turnover and contributions to operating loss before taxation by principal activities and geographical markets is as follows:

	Turnover		Operating loss before taxation	
	2001	2000	2001	2000
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
By principal activities –				
Property letting	1,792	1,948	(6,896)	(5,193)
Investment holding	–	–	(5,782)	1,200
	<u>1,792</u>	<u>1,948</u>	<u>(12,678)</u>	<u>(3,993)</u>
By geographical markets –				
Hong Kong	1,771	1,948	(12,329)	(3,936)
Malaysia	21	–	(349)	(57)
	<u>1,792</u>	<u>1,948</u>	<u>(12,678)</u>	<u>(3,993)</u>

RESULTS AND APPROPRIATIONS

The Group’s results for the year ended April 30, 2001 are set out on page 17 of the annual report.

The directors do not recommend the payment of a dividend, and recommend that the deficit of the Company of approximately HK\$31,123,000 at April 30, 2001 be carried forward.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in Note 17 to the financial statements.

As of April 30, 2001, the Company has no reserve available for distribution.

FINANCIAL SUMMARY

A summary of the consolidated results of the Group and its consolidated balance sheets for each of the past five years are set out on pages 43 and 44 of the annual report.

FIXED ASSETS

Details of the movements in fixed assets of the Group and the Company during the year are set out in Note 10 to the financial statements.

BANK LOAN

Details of the bank loan of the Group and the Company as of April 30, 2001 are set out in Notes 12 and 25 to the financial statements.

SUBSIDIARIES AND ASSOCIATE

Details of the subsidiaries of the Company and the associate of the Group and the Company as of April 30, 2001 are set out in Notes 6, 7, and 8 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 16 to the financial statements.

DIRECTORS

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

Tan Sri Dato' Tan Kok Ping
Mr. Chan Kien Sing
Mr. Chin Chee Seng, Derek
Ms. Tan Ee Ling
Mr. Kwok Chi Hung
Dato' Lee Ah Hoe*
Mr. Tan Tee Yong*

* *Independent non-executive directors*

In accordance with Articles 110 and 111 of the Articles of Association of the Company, Dato' Lee Ah Hoe and Mr. Chin Chee Seng, Derek retire by rotation and, being eligible, offer themselves for re-election.

Except for the transactions with related companies disclosed in Note 9 to the financial statements, no contract, commitment or agreement of significance in relation to the Group's business, to which the Company, its subsidiaries or shareholders was a party and in which any of the Company's directors or members of its management had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS

Board of Directors

Tan Sri Dato' Tan Kok Ping, J.P., aged 55, a graduate of Nanyang University, Singapore 1969 with a Bachelor's degree in Commerce, was appointed as the Chairman of the Company in 1993. He is also the Director of Berjaya Group Berhad, the substantial shareholder of the Company. Tan Sri Dato' Tan has more than 30 years of experience in the various business sectors which include property development, manufacturing of consumer electronics, garment, corrugated and plastic packaging products. Tan Sri Dato' Tan is the President of the Penang Chinese Chamber of Commerce and was the former Deputy President of the Associated Chinese Chambers of Commerce and Industry of Malaysia.

Mr. Chan Kien Sing, aged 45, joined the Group in 1993. He is a member of the Malaysian Association of Certified Public Accountants and Malaysian Institute of Accountants. Mr. Chan joined Berjaya Group Berhad in 1989 as General Manager, Investment. In 1993, he was appointed as group executive director to the Board of Berjaya Group Berhad. He is a Director of various subsidiary companies under the Berjaya Group of companies in Malaysia. He is also a Director in several foreign based companies in Hong Kong and USA.

Mr. Chin Chee Seng Derek, aged 44, joined the Group in 1993. He was admitted as an advocate and solicitor of the High Court of Malaya in 1983 and practised in the legal firm of Allen & Gledhill, Kuala Lumpur for six years until he joined Berjaya Group Berhad in 1989. He is currently the senior general manager in charge of legal affairs for Berjaya Group Berhad.

Ms. Tan Ee Ling, aged 30, joined the Group in 1993. She holds a Master's Degree in Business Administration and is a daughter of Tan Sri Dato' Tan Kok Ping.

Mr. Kwok Chi Hung, aged 40, joined the Group in 1991. Mr. Kwok has over 10 years of experience in the business sector and has held directorships in finance, investment and garment exporting companies in Hong Kong.

Dato' Lee Ah Hoe, J.P., aged 57, joined the Group in 1994 as an independent non-executive director. Dato' Lee has over 30 years of experience in property development.

Mr. Tan Tee Yong, aged 37, joined the Group in 1998 as an independent non-executive director. Mr. Tan has over 10 years of experience in the business sector and has held directorships in freight forwarding, investment and automobile industry in Malaysia.

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DIRECTORS' SERVICE CONTRACTS

None of the directors has an unexpired service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

As of April 30, 2001, the following director of the Company had or was deemed to have interests in the securities of the Company and its associated corporations as recorded in the register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"):

Name of the director	Type of interests	Number of ordinary shares
Tan Sri Dato' Tan Kok Ping	Personal	24,000,000

Save as disclosed above, the Company has no notice of any other interests to be recorded under Section 29 of the SDI Ordinance as of April 30, 2001. Also, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As of April 30, 2001, the following shareholders of the Company had or were deemed to have interests of 10% or more of the issued share capital of the Company under the provisions of the SDI Ordinance as recorded in the register maintained pursuant to Section 16(1) of the SDI Ordinance:

Name of shareholders	Number of ordinary shares	Percentage of shareholding
Berjaya Group Berhad (Note)	292,149,475	49.43%
Berjaya Group (Cayman) Limited (Note)	252,149,475	42.66%
Grandgroup Investments Limited	126,245,000	21.36%

Note: Berjaya Group Berhad's interests in the share capital of the Company include the interests of Berjaya Group (Cayman) Limited and Berjaya Leisure (Cayman) Limited, subsidiaries of Berjaya Group Berhad.

Save as disclosed above, the Company has not been notified of any interests to be recorded under Section 16(1) of the SDI Ordinance as of April 30, 2001.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended April 30, 2001, less than 30% of the Group's turnover was attributable to the Group's five largest customers. The Group had no significant supplier during the year.

As of April 30, 2001, none of the directors, their associates, or any shareholder (which to the knowledge of the directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers.

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 except as described below:

- (1) independent non-executive directors are not appointed for a specific term as they 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 Articles of Association; and
- (2) full board meetings have not been held as frequently as every six months as the directors consider meetings by circulation are sufficient.

AUDIT COMMITTEE

An audit committee was established on December 15, 2000 to act in an advisory capacity and make recommendations to the Board. Its members currently include Dato' Lee Ah Hoe and Mr. Tan Tee Yong, being the independent non-executive directors of the Company.

The audit committee has met regularly to review with management the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters (including the interim and annual financial statements before recommending them to the Board of Directors for approval).

AUDITORS

The financial statements for the year ended April 30, 2001 have been audited by Arthur Andersen & Co. A resolution for their reappointment as the Company's auditors for the ensuing year is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board,

Tan Sri Dato' Tan Kok Ping
Chairman

Hong Kong,
June 27, 2001.