

Report of the Directors

The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of subsidiaries are property development and investment, the provision of property information and professional valuation services through websites, the provision of retail photo finishing services, securities trading and food manufacturing. In the prior year, the Group was engaged in property development and investment and food manufacturing. As further explained in note 15, in July 2000, the Group subcontracted the operations of food manufacturing to the minority shareholder of a subsidiary in return for a guaranteed profit to the Group for the period from 1 July 2000 to 31 December 2003 following which the subsidiary has been accounted for as a jointly-controlled entity.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to loss from operating activities by principal activity and by geographical location for the year ended 31 March 2001 is set out below.

	Turnover		Contribution to loss from operating activities	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
By principal activity:				
Food manufacturing	1,830	21,267	(1,232)	(20,562)
Property development and investment	9,746	14,468	2,934	16,171
Provision of property information and professional valuation services through websites	2,102	—	715	—
Retail photo finishing services	2,981	—	(9,098)	—
Securities trading	1,555	—	(17,303)	—
Others	—	—	(8,809)	(24,868)
	18,214	35,735	(32,793)	(29,259)
By geographical location:				
People's Republic of China	4,811	21,333	(10,330)	(21,032)
Hong Kong	13,403	14,292	(22,572)	(3,376)
Malaysia	—	110	109	(4,851)
	18,214	35,735	(32,793)	(29,259)

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2001 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 18 to 58.

Report of the Directors (continued)

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 59. This summary is not part of the audited financial statements.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Company and the Group are set out in notes 10 and 12, respectively, to the financial statements.

DATABASE

Details of movements in the database of the Group are set out in note 11 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 14 to the financial statements.

JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

Particulars of the Group's interest in its jointly-controlled entity and associates are set out in notes 15 and 16, respectively, to the financial statements.

BORROWINGS

Details of the borrowings of the Company and the Group at the balance sheet date are set out in notes 24 and 25 to the financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year and, where appropriate, the reasons for the issue are set out in note 27 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 28 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors (continued)

DISTRIBUTABLE RESERVES

Under the laws of Bermuda, the amount standing to the credit of the share premium account of HK\$270,895,000 as at 31 March 2001, may be distributed in the form of fully paid bonus shares.

Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company in the amount of HK\$217,891,000 as at 31 March 2001 is distributable to shareholders in certain circumstances, prescribed by Section 54 thereof.

SIGNIFICANT POST BALANCE SHEET EVENTS

Significant post balance sheet event of the Group is set out in note 34 to the financial statements.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Li Chi Sing	
Lo Ming Chi, Charles	
Chang Kin Man	
Chen Ka Chee	(appointed on 19 May 2000)
Ng Eng Leng	(appointed on 22 June 2000)

Independent non-executive directors:

Kan Ka Chong, Frederick	
Wong Kwok Tai, Wytan	
Lai Yuen Kwan, Sandy	(retired on 25 September 2000)

Subsequent to the balance sheet date, on 30 May 2001, Mr. Kan Ka Chong, Frederick resigned and Mr. Lau Pok Lam was appointed as an independent non-executive director.

In accordance with article 86(2) of the Company's bye-laws, Mr. Lau Pok Lam will retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with article 87(2) of the Company's bye-laws, Mr. Lo Ming Chi, Charles and Mr. Wong Kwok Tai, Wytan will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Report of the Directors (continued)

DIRECTOR AND MANAGEMENT BIOGRAPHIES

(a) Directors

Li Chi Sing, aged 44, joined the Company in April 1997. Mr. Li was appointed as Chairman of the Company in October 1997. Mr. Li has more than nineteen years of experience in property investment and development.

Lo Ming Chi, Charles, JP, aged 51, joined the Company as an executive director in March 1999. He is a Certified Practising Accountant of Australia and an associate member of the Securities Institute of Australia. He has more than twenty-five years of professional and business experience in financial and investment services in Australia, Hong Kong and other Asian countries.

Chang Kin Man, aged 38, joined the Company in January 1998 as an executive director and the Company Secretary. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants. Mr. Chang holds a Bachelor of Science degree in Economics and a Master's degree in Applied Finance. Before joining the Company, Mr. Chang worked for an international audit firm and a public listed company for more than ten years.

Chen Ka Chee, aged 36, joined the Company as an executive director in May 2000. Ms. Chen holds a Bachelor of Commerce degree and is an associate member of the Australian Society of Certified Practising Accountants. Prior to joining the Company, Ms. Chen has eight years of experience in the accounting field at a senior level.

Ng Eng Leng, aged 52, joined the Company as an executive director in June 2000. Mr. Ng is a member of the Marketing Institute of Singapore and the Singapore Institute of Directors. He has thirty years of senior executive working experience with a wide range of multi-national corporations, especially in new event launches, marketing, research and operational management.

Wong Kwok Tai, Wystan, aged 62, joined the Company as an independent non-executive director in May 1999. Mr. Wong is a fellow of the Australian Society of Certified Practising Accountants and a fellow of the Hong Kong Society of Accountants and is a Certified Public Accountant. He has more than thirty-six years financial experience. Mr. Wong is the company secretary of many listed companies in Hong Kong and also the principal of W. Wong & Co., C.P.A.

Lau Pok Lam, aged 54, joined the Company as an independent non-executive director in May 2001. Mr. Lau is a Certified Public Accountant, a fellow member both of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants, an associate member of the Taxation Institute of Hong Kong and a member of the Society of Chinese Accountants and Auditors. He has over than 30 years of experience in the professional accountancy and financial fields.

Report of the Directors (continued)

DIRECTOR AND MANAGEMENT BIOGRAPHIES (continued)

(b) Senior management

Yu Wai Man, aged 37, joined the Company in August 1997 as financial controller. Mr. Yu has more than sixteen years of experience in the accounting field, including three years in external audit and two years in internal audit. He is an associate member of the Association of Chartered Certified Accountants and the Hong Kong Society of Accountants.

Wong Chi Lik, Alec, aged 36, joined the Group in April 2000 as a result of the Group's acquisition of Land Search Online Limited ("Land Search Online"). Mr. Wong is the founder and chief executive officer of Land Search Online. He has more than fourteen years of experience in programming property-related information systems, including valuation comparable systems, property agency stock enquiry systems, term and reversion calculation systems, property management systems and accounting systems. He also spent ten years working in a reputable chartered surveyor firm.

(c) Former directors

Kan Ka Chong, Frederick, aged 60, joined the Company as an independent non-executive director in April 1999. He holds a Bachelor of Applied Science degree in Mechanical Engineering and a Bachelor of Law both from the University of Toronto, Canada. Mr. Kan is the senior partner of Fred Kan & Co., Solicitors and Notaries. He is also a China-appointed attesting officer and a recognised arbitrator in Hong Kong, Shanghai, Tianjin, Shenzhen and Shantou. He resigned as an independent non-executive director on 30 May 2001.

Lai Yuen Kwan, Sandy, aged 32, joined the Company as an independent non-executive director in May 1998. She holds a Bachelor of Law degree from the University of Hong Kong and is a solicitor of Hong Kong and of England and Wales. She was also a legal advisor of the Scout Association of Hong Kong, Yau Tsim District, and the Public Relations Committee, New Territories region, for the years 1996-98 and is still the legal advisor of the Public Relations Committee, New Territories region of the Scout Association of Hong Kong. Ms. Lai is a partner of Johnny K.K. Leung & Co., Solicitors and Notaries. She retired as an independent non-executive director on 25 September 2000.

DIRECTORS' SERVICE CONTRACTS

As at the date of this report, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or its subsidiaries within one year without payment other than statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

Further details of the share option scheme are set out in note 27 to the financial statements.

Report of the Directors (continued)

DIRECTORS' INTERESTS IN SHARES

As at 31 March 2001, the interests of directors in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Name of director	Number of ordinary shares of HK\$0.01 each Personal interest
Lo Ming Chi, Charles	25,712,000
Li Chi Sing	19,892,000
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	45,604,000

Apart from the above, none of the directors or their associates had, as at the balance sheet date, any personal, family, corporate or other interest in the share capital of the Company or any of its associated corporations, as defined in the SDI Ordinance.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a significant beneficial interest in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

RETIREMENT SCHEME

Details of the Group's retirement scheme and the contribution cost are set out in note 2 and 4 to the financial statements, respectively.

SUBSTANTIAL SHAREHOLDERS

Based on returns submitted to the Company by the parties concerned, as at 31 March 2001, the following interests of 10% or more in the share capital of the Company were recorded in the register of interests that was required to be maintained by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares
New Century Worldwide Investment Limited	106,548,000

Mr. Huang Cheow Leng is the beneficial owner of New Century Worldwide Investment Limited.

Report of the Directors (continued)

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate purchases and sales attributable to the five largest suppliers and customers accounted for 47% and 19% of the Group's respective purchases and sales for the year.

The aggregate purchases and sales attributable to the largest supplier and customer accounted for 12% and 6% of the Group's respective purchases and sales for the year.

No director, their associates or any shareholder of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital had any beneficial interest in the suppliers or customers mentioned above.

AUDIT COMMITTEE

The Company established an audit committee to assist the board of directors in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Company, as well as the efficiency and effectiveness of the Company's operations and internal controls. It also provides a channel of communication and a forum for issues of concern for both management and the external auditors. At the balance sheet date, the audit committee comprises two independent non-executive directors, Mr. Wong Kwok Tai, Wytan and Mr. Kan Ka Chong, Frederick. Following the resignation of Mr. Kan Ka Chong, Frederick on 30 May 2001, Mr. Lau Pok Lam joined the audit committee on the same date. Two audit committee meetings were held prior to the date of this report.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's bye-laws.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Li Chi Sing
Chairman

Hong Kong
27 July 2001