

The directors present their annual report and the audited financial statements for the year ended 31st March, 2001.

## **PRINCIPAL ACTIVITIES**

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 49 to the financial statements.

## **RESULTS**

The results of the Group for the year ended 31st March, 2001 are set out in the consolidated income statement on page 16 of the annual report.

No dividend was paid during the year.

## **FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 62 of the annual report.

## **SHARE CAPITAL AND SHARE OPTIONS**

Details of the movements during the year in the authorised and issued share capital and share options of the Company are set out in notes 31 and 32 to the financial statements, respectively.

## **CONVERTIBLE BONDS**

During the year, the Company issued 7.5% convertible bonds with an aggregate principal amount of HK\$378.8 million. The net proceeds of approximately HK\$371.4 million was to settle part of the consideration for the acquisition of additional shareholding in a subsidiary, an associate and investments in securities; and to provide general working capital of the Group. Details of the convertible bonds of the Group and the Company are set out in note 30 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 33 to the financial statements.

## **INVESTMENT PROPERTIES**

During the year, the Group's investment properties increased by approximately HK\$11 million as a result of the acquisition of subsidiaries and decreased by HK\$164 million as a result of the disposal of subsidiaries. The Group revalued its investment properties at 31st March, 2001 on an open market value basis. Details of these and other movements during the year in the investment properties of the Group are set out in note 14 to the financial statements.

## PROPERTY, PLANT AND EQUIPMENT

During the year, the Group's property, plant and equipment increased by approximately HK\$13 million as a result of the acquisition of subsidiaries. The Group also disposed of property, plant and equipment at a net book value of approximately HK\$13 million. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 15 to the financial statements.

## MAJOR PROPERTIES

A summary of the major properties held by the Group as at 31st March, 2001 is set out on page 63 of the annual report.

## PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

During the year, the Group acquired a 23.33% equity interest in an associate, CashThrough International Limited (formerly CashThrough.com International Limited), from independent third parties for a total consideration of approximately HK\$140 million.

Details of the Company's principal subsidiaries and the Group's principal jointly controlled entities and associates at 31st March, 2001 are set out in notes 49, 50 and 19 to the financial statements, respectively.

## BORROWINGS

Bank and other borrowings and obligations under finance leases repayable within one year or on demand are classified as current liabilities. Repayment analyses of bank and other borrowings are set out in notes 28, 34 and 35 to the financial statements. Repayment analysis of obligations under finance leases is set out in note 29 to the financial statements.

No interest was 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:

Chan Hung Lit, Simon ( <i>Chairman</i> )	(appointed on 19th March, 2001)
Sam Zuchowski ( <i>Deputy Chairman</i> )	
Lee Sze Kwong, William ( <i>Managing Director</i> )	
Lo Siu Wah	
Cheung Kwai Sun, Roger	
Ma Kwok Leung	
Li Wing Kin	(appointed on 19th March, 2001)
Tam Ngai Hung	(appointed on 3rd October, 2000 and resigned on 23rd March, 2001)
Cheung, Elaine Yee Ling	(resigned on 30th April, 2000)

## **DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (continued)**

### **Independent non-executive directors:**

Lai Hin Wing, Henry	
Wong Kai Tat	(appointed on 3rd January, 2001)
Tsang Yim Fan, Josephine	(appointed on 12th July, 2001)
Fung Wan Yiu, Agnes	(resigned on 3rd January, 2001)

In accordance with clauses 86(2) and 87(2) of the Company's Bye-laws, Messrs. Chan Hung Lit, Simon, Li Wing Kin, Wong Kai Tat, Tsang Yim Fan, Josephine and Sam Zuchowski will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each independent non-executive director is the period up to his/her retirement as required by the Company's Bye-laws, or for a period of two years from date of appointment.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any 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.

## **DIRECTORS' INTERESTS IN SECURITIES**

As at 31st March, 2001, save for Mr. Lo Siu Wah whose interests are disclosed below, and save for the interests disclosed under the section headed "Directors' rights to acquire shares or debentures" below, none of the directors of the Company had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register kept by the Company under Section 29 of the SDI Ordinance.

<b>Name of director</b>	<b>Number of ordinary shares held as other interests</b>
Lo Siu Wah	139,194,953

Note: Fine Essence Limited held 139,194,953 shares of the Company, which is wholly and beneficially owned by Fullway Champion Incorporated. Fullway Champion Incorporated is wholly and beneficially owned by Wealth Creator Assets Limited. Wealth Creator Assets Limited is the trustee of a discretionary family trust, the eligible beneficiaries of which include Mr. Lo Bing Kai, the father of Mr. Lo Siu Wah.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the share option scheme of the Company adopted on 16th August, 1990 (the "1990 Scheme"), certain directors of the Company have personal interests in share options which have been granted to them to subscribe for shares in the Company. Details of the movements of share options granted under the 1990 Scheme to these directors during the year were as follows:

Name of director	Date of grant	Exercise price per share HK\$	Outstanding as at 1.4.2000	Number of share options		Outstanding as at 31.3.2001
				Granted during the year	Lapsed on resignation during the year	
Sam Zuchowski	30.10.1999	0.9696	7,500,000	–	–	7,500,000
	4.1.2000	1.6704	1,700,000	–	–	1,700,000
	5.1.2000	1.8080	50,000	–	–	50,000
	6.1.2000	1.8960	420,000	–	–	420,000
	20.1.2000	2.1400	3,650,000	–	–	3,650,000
	24.3.2000	0.9840	3,600,000	–	–	3,600,000
Lee Sze Kwong, William	30.10.1999	0.9696	1,200,000	–	–	1,200,000
	4.1.2000	1.6704	600,000	–	–	600,000
	5.1.2000	1.8080	26,000	–	–	26,000
	6.1.2000	1.8960	140,000	–	–	140,000
	20.1.2000	2.1400	1,220,000	–	–	1,220,000
	24.3.2000	0.9840	1,370,000	–	–	1,370,000
Lo Siu Wah	4.1.2000	1.6704	1,700,000	–	–	1,700,000
	5.1.2000	1.8080	50,000	–	–	50,000
	6.1.2000	1.8960	420,000	–	–	420,000
	20.1.2000	2.1400	3,650,000	–	–	3,650,000
	24.3.2000	0.9840	3,600,000	–	–	3,600,000
Cheung Kwai Sun, Roger	4.1.2000	1.6704	600,000	–	–	600,000
	5.1.2000	1.8080	26,000	–	–	26,000
	6.1.2000	1.8960	140,000	–	–	140,000
	20.1.2000	2.1400	1,220,000	–	–	1,220,000
	24.3.2000	0.9840	1,200,000	–	–	1,200,000

# DIRECTORS' REPORT

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (continued)

Name of director	Date of grant	Exercise price per share HK\$	Outstanding as at 1.4.2000	Number of share options		Outstanding as at 31.3.2001
				Granted during the year	Lapsed on resignation during the year	
Ma Kwok Leung	4.1.2000	1.6704	600,000	–	–	600,000
	5.1.2000	1.8080	26,000	–	–	26,000
	6.1.2000	1.8960	140,000	–	–	140,000
	20.1.2000	2.1400	1,220,000	–	–	1,220,000
	24.3.2000	0.9840	1,200,000	–	–	1,200,000
Cheung, Elaine Yee Ling	30.10.1999	0.9696	9,000,000	–	–	9,000,000
	4.1.2000	1.6704	1,700,000	–	–	1,700,000
	5.1.2000	1.8080	50,000	–	–	50,000
	6.1.2000	1.8960	420,000	–	–	420,000
	20.1.2000	2.1400	3,650,000	–	–	3,650,000
	24.3.2000	0.9840	3,600,000	–	–	3,600,000
Tam Ngai Hung	3.7.2000	0.5056	–	9,050,000	(9,050,000)	–

The above options can be exercised at any time during the three year period after the date of the options granted.

On 23rd August, 2000, the Company adopted a new share option scheme (the "2000 Scheme"). Pursuant to the 2000 Scheme, certain of directors of the Company have personal interests in share options which have been granted to them to subscribe for shares in the Company. Details of the movements in the share options granted under the 2000 Scheme to these directors during the year were as follows:

Name of director	Date of grant	Exercise price per share HK\$	Granted during the year	Number of share options		Outstanding as at 31.3.2001
				Exercised during the year	Lapsed on resignation during the year	
Sam Zuchowski	26.8.2000	0.504	4,000,000	–	–	4,000,000
	21.2.2001	0.100	1,200,000	–	–	1,200,000

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES (continued)**

Name of director	Date of grant	Exercise price per share HK\$	Granted during the year	Number of share options		Outstanding as at 31.3.2001
				Exercised during the year	Lapsed on resignation during the year	
Lee Sze Kwong, William	26.8.2000	0.504	7,760,000	–	–	7,760,000
	21.2.2001	0.100	1,000,000	–	–	1,000,000
Lo Siu Wah	26.8.2000	0.504	22,500,000	–	–	22,500,000
	28.8.2000	0.504	6,500,000	–	–	6,500,000
	21.2.2001	0.100	1,200,000	–	–	1,200,000
Cheung Kwai Sun, Roger	26.8.2000	0.504	4,000,000	–	–	4,000,000
	21.2.2001	0.100	1,000,000	–	–	1,000,000
Ma Kwok Leung	26.8.2000	0.504	4,000,000	–	–	4,000,000
	21.2.2001	0.100	1,000,000	–	–	1,000,000
Tam Ngai Hung	26.8.2000	0.504	22,500,000	–	(22,500,000)	–
	28.8.2000	0.504	6,500,000	–	(6,500,000)	–
	21.2.2001	0.100	1,200,000	–	(1,200,000)	–

The above options can be exercised at any time during the ten year period after the date of the options granted.

Details of the share option schemes of the Company are set out in note 32 to the financial statements.

Save as disclosed above, 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 and none of the directors, or their spouses or children under the age of 18, had any rights to subscribe for securities of the Company, or had exercised any such rights.

## **SUBSTANTIAL SHAREHOLDERS**

As at 31st March, 2001, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that no person was interested in 10% or more of the nominal value of the issued ordinary shares of the Company. The Company has not been notified of any interests as at 31st March, 2001 representing 10% or more of the issued share capital of the Company.

## **DIRECTORS' INTERESTS IN CONTRACTS**

During the year, the Group paid legal and professional fees totalling HK\$1,233,000 for services rendered by a firm of solicitors, P.C. Woo & Co., in which Mr. Lai Hin Wing, Henry is a partner of the firm.

During the period from 1st April, 2000 to 3rd January, 2001, the date Ms. Fung Wan Yiu, Agnes resigned as a director of the Company, the Group also paid legal and professional fees totalling HK\$340,000 for services rendered by a firm of solicitors, Vincent T.K. Cheung, Yap & Co., in which Ms. Fung Wan Yiu, Agnes, is a partner of the firm.

Save as disclosed above, there were no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

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

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

## **PRE-EMPTIVE RIGHTS**

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

## **CORPORATE GOVERNANCE**

The Company has complied throughout the year ended 31st March, 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.

## **POST BALANCE SHEET EVENTS**

Details of significant post balance sheet events are set out in note 51 to the financial statements.

## **AUDITORS**

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

On behalf of the Board

**Chan Hung Lit, Simon**  
*Chairman*

Hong Kong, 19th July, 2001