

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended March 31, 2001.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 47 and 48 to the financial statements, respectively.

RESULTS AND DIVIDENDS

The results of the Group for the year ended March 31, 2001 are set out in the consolidated income statement on page 32.

An interim dividend, amounting to approximately HK\$6,906,000, was distributed from the contributed surplus and paid to the shareholders during the year. The directors recommend the payment of a final dividend of HK\$1.8 cents per share to the shareholders on the register of members on August 27, 2001, amounting to approximately HK\$15,540,000.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on pages 103 and 104.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 29 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 31 to the financial statements.

INVESTMENT PROPERTIES

During the year, the Group acquired investment properties at a cost of approximately HK\$94 million. At March 31, 2001, the Group revalued all of its investment properties on an open market value basis. The surplus arising on the revaluation amounted to approximately HK\$6 million and has been credited to the income statement, since it reverses a deficit arising on the revaluation of the investment properties previously charged to the income statement.

Details of the movements during the year in the investment properties of the Group are set out in note 13 to the financial statements.

A summary of investment properties of the Group at March 31, 2001 is set out on pages 105 to 111.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$25 million.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Luk Siu Man, Semon (*Chairperson*)

Wong Chi Fai (*Managing Director*)

Fan Man Seung, Vanessa (*Managing Director*)

Yeung Lik Shing, Michael

Tse Wai Chuen

Mok Fung Lin, Ivy

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(continued)***Independent non-executive directors:**

Law Ka Ming, Michael	(appointed on November 16, 2000)
Chan Man Hon, Eric	(appointed on February 28, 2001)
Hong Po Kui, Martin	(appointed on September 25, 2000 and resigned on November 16, 2000)
Li Bolun	(retired on September 25, 2000)
Cheung Hon Kit	(resigned on February 28, 2001)

The term of office of each director, including the independent non-executive directors, is the period up to his/her retirement by rotation in accordance with the Bye-laws of the Company.

In accordance with Bye-law 86(2) of the Company's Bye-laws, Messrs. Law Ka Ming, Michael and Chan Man Hon, Eric retire and, being eligible, offer themselves for re-election.

In accordance with Bye-laws 87(2) and 87(3) of the Company's Bye-laws, Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan") retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the directors has a 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).

SUBSTANTIAL SHAREHOLDERS

At March 31, 2001, according to the register kept by the Company under Section 16(1) of the Securities (Disclosure of interests) Ordinance (the "SDI Ordinance"), the following parties had notified the Company that they were interested in 10% or more of the issued share capital of the Company:

Name of shareholder	Number of shares
Charron Holdings Limited ("Charron") <i>(Note 1)</i>	431,119,297
Questrel Holdings Limited ("Questrel") <i>(Note 1)</i>	431,119,297
Yeung Sau Shing, Albert ("Mr. Albert Yeung") <i>(Notes 1 and 2)</i>	431,779,770
Luk Siu Man, Semon ("Ms. Semon Luk") <i>(Note 3)</i>	431,779,770

Notes:

1. Charron is a wholly-owned subsidiary of Questrel, a company controlled by Mr. Albert Yeung. Accordingly, Questrel and Mr. Albert Yeung were deemed to be interested in 431,119,297 shares held by Charron.
2. Mr. Albert Yeung was also deemed to be interested in 660,473 shares held by Ms. Semon Luk, his spouse.
3. Ms. Semon Luk has personal interests in 660,473 shares and she was also deemed to be interested in the 431,119,297 shares held by Charron and Questrel in which her spouse, Mr. Albert Yeung was deemed to be interested.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at March 31, 2001.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

At March 31, 2001, save for the interests of Ms. Semon Luk as disclosed in the section headed "Substantial shareholders", none of the directors, chief executives or their associates, had any interests in any securities of the Company or any of its associated corporations according to the register required to be maintained by the Company pursuant to Section 29 of the SDI Ordinance.

DIRECTORS' AND EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company has a share option scheme, details of which are set out in note 30 to the financial statements.

No shares options have been granted since the adoption of this scheme.

During the year,

- (i) none of the directors or chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights; and
- (ii) at no time was the Company or any of its subsidiaries, a party to any arrangements to enable the directors or chief executives 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At March 31, 2001, the following directors have interests in some property investment companies which are considered to compete or are likely to compete with the businesses of the Group pursuant to Rule 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

1. Ms. Semon Luk is a director and a substantial shareholder of Well Nation Development Limited which holds a property in Hong Kong for investment purposes.
2. Ms. Vanessa Fan is a director and a substantial shareholder of Bacchus International Limited, the subsidiaries of which hold some properties in Hong Kong for investment purposes.
3. Mr. Yeung Lik Shing, Michael ("Mr. Michael Yeung") is a director and substantial shareholder of (i), (ii), (iii), and (iv) below and a substantial shareholder of (v) and (vi) below. All of these companies hold some properties in Hong Kong for investment purpose.
 - (i) Always Income Limited
 - (ii) Crown New Investment Limited
 - (iii) Perfect Sino Investment Limited
 - (iv) Grand Fair Limited
 - (v) Longhill Enterprise Limited
 - (vi) Kindyfield International Investment Limited

In view of the small scale of the properties held by Ms. Semon Luk, Ms. Vanessa Fan and Mr. Michael Yeung for investment purposes, any competition from such investments, if any, would be negligible. The Group would be able to carry on its business at arm's length and independently of such investments.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

During the year, the Group had the following significant transactions with directors or companies in which certain directors have beneficial interests:

1. During the year, the Group leased certain properties, on normal commercial terms, to Strong Time Investments Limited (“Strong Time”), a company in which Mr. Michael Yeung has beneficial interests. The rental income received for the year amounted to approximately HK\$6,864,000.
2. During the year, the Group received service fees totalling approximately HK\$1,993,000 from Emperor Bullion Investments Limited and Emperor International Exchange (Hong Kong) Co. Limited, companies in which Ms. Semon Luk has beneficial interests, for administrative services provided by the Group to the companies.

Save as disclosed above, no 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, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

1. During the year, the Group paid interest amounting to approximately HK\$13,970,000 to Mr. Albert Yeung, a deemed substantial shareholder of the Company for advances made by him to the Group.
2. During the year, the Group leased certain properties to Beauty Royal Limited, a wholly-owned subsidiary of Emperor Watch & Jewellery Holdings Company Limited (“EWJ Holdings”) which in turn was substantially owned by a company controlled by Mr. Albert Yeung. The aggregate rental income received for the year, on normal commercial terms, was approximately HK\$1,200,000.

CONNECTED TRANSACTIONS *(continued)*

3. During the year, the Group leased certain properties to Emperor Watch & Jewellery Co. Ltd., a wholly-owned subsidiary of EWJ Holdings. The rental income received for the year, on normal commercial terms, was approximately HK\$1,472,000.
4. During the year, the Group received services fees amounting to approximately HK\$1,706,000 from Emperor Entertainment Group Limited, a company in which Mr. Albert Yeung has beneficial interests, for advisory and related services provided by the Group to the company.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding convertible securities, options, warrants or similar rights as at March 31, 2001. There had been no exercise of convertible securities, options, warrants or similar rights during the year.

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

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

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.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$4,866,000.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended March 31, 2001, the aggregate amount of purchases and turnover attributable to the Group's five largest suppliers and customers respectively represented less than 30% of the Group's total purchases and turnover.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company had complied throughout the year ended March 31, 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 except that no full board meeting was held during the year.

AUDITORS

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

On behalf of the Board

Wong Chi Fai

Director

July 20, 2001