

The directors present their annual report and the audited financial statements of the Company and of the Group for the year ended 31st December, 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities and other details of the principal subsidiaries are set out in note 42 to the financial statements.

During the year, the Group acquired the entire interest in, and the shareholder's loan to, AsianWisdom.Com Limited ("AsianWisdom") for an aggregate consideration of HK\$252,900,000. The principal activities of AsianWisdom and its subsidiaries are property investment and development.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st December, 2001 are set out in the consolidated income statement on page 21 of the annual report and in the accompanying notes to the financial statements.

A semi-annual preference share dividend calculated on a daily basis amounting to HK\$294,000 has accrued to the preference shareholders for the year ended 31st December, 2001.

The directors now recommend the payment of a final dividend of HK2 cents per share to the ordinary shareholders on the register of members on 27th May, 2002, amounting to approximately HK\$7,306,000 for the year ended 31st December, 2001.

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 67 of the annual report.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest suppliers and customers of the Group accounted for approximately 37% and 33% of the Group's purchases and sales, respectively. The largest supplier accounted for approximately 13% of the purchases of the Group. The largest customer accounted for approximately 14% of the sales of the Group.

None of the directors, their associates or any shareholders (which to the knowledge of directors own more than 5% of the Company's share capital) had any interest in the five largest suppliers or customers.

INVESTMENT PROPERTIES

During the year, the Group acquired certain investment properties with an aggregate carrying value of HK\$143,700,000 through acquisition of subsidiaries. At 31st December, 2001, the investment properties of the Group were revalued by a firm of independent professional valuers on an open market value basis at HK\$143,700,000. There was no surplus or deficit arising on the revaluation. Details of these movements in the investment properties of the Group are set out in note 12 to the financial statements.



PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$38 million in aggregate on factory premises and other equipment to expand and upgrade its production capacity.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 to the financial statements.

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.

DIRECTORS

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

Executive directors:

Mr. CHAN Sheung Chiu (*Chairman*)

Mr. KWONG Tin Lap (*Managing Director*)

Mr. KWOK Chi Fai

(appointed on 4th January, 2001)

Ms. LI Mee Sum, Ann

Mr. TANG Chow Ming, Paul

(appointed on 4th January, 2001)

Ms. KAN Yin Ping, Gloria

(ceased to act on 4th January, 2001)

Mr. TSOI Chit Shun

(ceased to act on 20th March, 2001)

Mr. LAU Chuk Kin

(ceased to act on 2nd April, 2001)

Ms. LAM Mei Lan

(ceased to act on 2nd April, 2001)

Non-executive director:

Mr. LEE Sai Wai

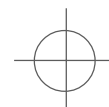
Independent non-executive directors:

Mr. LAI Dominic

Mr. TANG Wei, Donald

Mr. SHEK Lai Him, Abraham

(appointed on 15th August, 2001)



In accordance with article 119 of the Company's Articles of Association, Mr. SHEK Lai Him, Abraham retires and, being eligible, offers himself for re-election.

In accordance with article 116 of the Company's Articles of Association, Mr. CHAN Sheung Chiu and Mr. TANG Wei, Donald retire by rotation and, being eligible, offer themselves for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

At 31st December, 2001, the interests of the directors and chief executives and their associates in the securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of Hong Kong's Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), are as follows:

Name of director	Nature of interest	Number of ordinary shares of the Company held
Mr. SHEK Lai Him, Abraham	Personal interests	10,000

Other than as disclosed above and in the section "Share Options" below, at 31st December, 2001, none of the directors or chief executives of the Company, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives, nor their spouses or their children under the age of 18, had any rights to subscribe for the securities of the Company or had exercised any such rights during the year.



SHARE OPTIONS

The share option scheme of the Company adopted on 22nd May, 1996 (the "1996 Scheme") was for the primary purpose of providing incentives to directors and eligible employees, and would be valid and effective for a period of ten years from the date of its adoption. Under the 1996 Scheme, the directors of the Company might grant options to any executive director or employee of the Group to subscribe for ordinary shares in the Company at a price notified by the directors and should not be less than 80 percent of the average of the closing prices of the Company's ordinary shares as stated in the daily quotation sheets issued by the Stock Exchange ("Daily Quotation Sheets") for the five trading days immediately preceding the date of the offer of the option or the nominal value of the ordinary shares, whichever is the higher. The number of ordinary shares in respect of which options might be granted to any individual at any time was not permitted to exceed 2.5 percent of the issued ordinary share capital of the Company at any point in time and the maximum number of shares in respect of which options might be granted under the 1996 Scheme should not exceed 10 percent of the issued ordinary share capital of the Company from time to time.

Options granted under the 1996 Scheme should be taken up within 28 days from the date of grant of share options and were exercisable at any time after the date of options were accepted ("Acceptance Date") to the third anniversary of the Acceptance Date, subject to certain restrictions contained in the offer letters. Consideration received by the Company for the options granted was nominal.

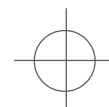
At 31st December, 2001, the number of shares in respect of which options had been granted under the 1996 Scheme was 1,500,000, representing 0.41 percent of the then issued ordinary share capital of the Company.

A summary of the movements during the year in the share options granted under the 1996 Scheme, which were all granted to employees of the Company and its subsidiaries, is as follows:

Date of grant	Exercise price per share HK\$	Exercisable period	Number of ordinary shares to be issued upon exercise of the share options			
			Balance at 1.1.2001	Lapsed during the year (note 1)	Exercised during the year (note 2)	Balance at 31.12.2001
27.1.1998	0.230	27.1.1998 to 26.1.2001	630,000	-	630,000	-
1.3.1999	0.175	1.3.1999 to 28.2.2002	876,000	376,000	-	500,000
3.2.2000	0.320	3.2.2000 to 2.2.2003	1,000,000	-	-	1,000,000

Note 1: These options lapsed upon resignation of grantees.

Note 2: The weighted average closing price of the Company's ordinary shares immediately before the dates on which the options were exercised was HK\$0.30.



Pursuant to a special general meeting held on 13th December, 2001, a new share option scheme (the "2001 Scheme") was adopted by the Company in place of the 1996 Scheme. The termination of the 1996 Scheme did not affect the rights of the holders of the share options granted prior thereto and such options granted continue to remain valid and exercisable in accordance with the 1996 Scheme.

The purpose of the 2001 Scheme is to recognise the significant contribution of the employees, including directors of the Company and its subsidiaries (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long term prosperity.

Under the 2001 Scheme which is valid and effective for a term of ten years from the date of its adoption, the directors of the Company may grant options to the Eligible Persons to subscribe for ordinary shares in the Company at a price to be notified by the directors and to be no less than the higher of: (i) the closing price of the Company's ordinary shares as stated in the Daily Quotation Sheets on the day of offer; (ii) the average of the closing prices of the Company's ordinary shares as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. The number of ordinary shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1 percent of the issued ordinary share capital of the Company at any point in time, without prior approval from the Company's shareholders. The maximum number of shares in respect of which options may be granted under the 2001 Scheme shall not exceed 10 percent of the issued ordinary share capital of the Company from time to time.

Options granted under the 2001 Scheme must be taken up within 28 days from the date of grant, upon payment of a nominal price. Options may be exercised at any time after the Acceptance Date, but none of them can be exercised later than ten years from the Acceptance Date. No options have been granted under the 2001 Scheme since its adoption.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme detailed in the section "Share Options", 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 debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



CONNECTED TRANSACTIONS

Details of connected transactions entered into by the Group during the year are set out in note 41 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2001, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed that the following shareholders as having an interest of 10 percent or more in the Company's issued ordinary share capital:

Name of shareholder	Number of ordinary shares held
Gold Throne Finance Limited	60,000,000
Chuang's China Investments Limited (formerly known as "China Cyberworld Limited") ("Chuang's China")	60,000,000 (note)
Profit Stability Investments Limited ("PSI")	60,000,000 (note)
Chuang's Consortium International Limited ("CCIL")	60,000,000 (note)

Note: Such interests arose through the ownership of relevant shares by Gold Throne Finance Limited, a wholly owned subsidiary of Chuang's China in which CCIL is entitled to exercise or control the exercise of one third or more of the voting power in general meetings through its wholly-owned subsidiary, PSI.

Other than as disclosed above, the Company has not been notified of any other interests representing 10 percent or more of the Company's issued ordinary share capital at 31st December, 2001.

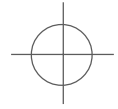
PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, 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 December, 2001 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

An audit committee has been established by the Company since 1999 to review and supervise the Company's financial reporting process and internal controls. The current members of the Audit Committee are the three independent non-executive directors Messrs. Dominic LAI, TANG Wei, Donald and SHEK Lai Him, Abraham and the non-executive director Mr. LEE Sai Wai.



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 of
Midas Printing Group Limited

CHAN Sheung Chiu
Chairman

Hong Kong, 4th April, 2002