

Report of the Directors

The Directors submit their Report and the Audited Accounts for the financial year ended 31 March 2002.

PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activities of the Company are investment holding and provision of management services to Group companies and those of its principal subsidiaries are set out on pages 76 to 78.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 56 to 59.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2002 are set out on pages 76 to 78.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group and appropriations of losses for the financial year ended 31 March 2002 are set out in the Consolidated Profit and Loss Account on page 42.

Movements in reserves during the financial year are set out in Note 17 to the Accounts on page 72.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is given on pages 79 to 80.

DIVIDENDS

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

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 9 to the Accounts on pages 66 and 67.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws or regulations of Bermuda (in which country the Company was incorporated) which, in the event of new shares being issued by the Company, would oblige the Company to offer new shares to existing Shareholders, or, in the event of any Shareholders intending to dispose of any of their shareholdings in the Company, would require such Shareholders to offer to sell the relevant shares to other Shareholders of the Company.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Particulars of all bank loans, overdrafts and / or other borrowings (if any) of the Group as at 31 March 2002, all being borrowings

by subsidiaries of the Company and repayable on demand or within a period not exceeding one year, are set out in Note 15 to the Accounts on page 70.

DIRECTORS

The Directors of the Company during the financial year were Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma, Mr. Michael E. Brillhart, Mr. John T. Hung (resigned on 1 February 2002), Mr. Michael C. Kalyk, Mr. Eric F. C. Li, Mr. Gonzaga W. J. Li, Mr. Eric K. K. Lo, Ms. Yvette T. Ma, Mr. Stephen T. H. Ng, Mr. T. Y. Ng, Mr. Paul Y. C. Tsui and Mr. Harry S. S. Wong (appointed on 1 February 2002).

In accordance with the Company's bye-laws, all Directors will retire and being eligible, offer themselves for re-election at

the forthcoming Annual General Meeting.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation.

DIRECTORS' INTERESTS IN SHARES

At 31 March 2002, Directors of the Company had the following beneficial interests in the share capital of the Company, of the ultimate holding company of the Company, namely, Wheelock and Company Limited ("Wheelock"), of a subsidiary and an associate of Wheelock, namely, New Asia Realty and Trust Company, Limited ("New Asia") and The Wharf (Holdings) Limited ("Wharf") respectively:

	No. of Ordinary Shares	Nature of Interest
The Company		
Mr. Walter K. W. Ma	368,000,000	Other Interest (See Note below)
Mrs. Joyce E. Ma	368,000,000	Other Interest (See Note below)
Ms. Adrienne M. Ma	368,000,000	Other Interest (See Note below)
Ms. Yvette T. Ma	368,000,000	Other Interest (See Note below)
Wheelock		
Mr. Gonzaga W. J. Li	1,486,491	Personal Interest
Mr. Stephen T. H. Ng	300,000	Personal Interest
Mr. T. Y. Ng	70,000	Personal Interest
Mr. Harry S. S. Wong	230,000	Personal Interest
New Asia		
Mr. Gonzaga W. J. Li	2,900	Personal Interest
Wharf		
Mr. Gonzaga W. J. Li	686,549	Personal Interest
Mr. Stephen T. H. Ng	230,057	Personal Interest
Mr. T. Y. Ng	178,016	Personal Interest

Note: The 368,000,000 shares in the Company stated above as "Other Interest" against the names of Mr. Walter K. W. Ma, Mrs. Joyce E. Ma, Ms. Adrienne M. Ma and Ms. Yvette T. Ma (the "Ma Family"), represented an interest in the same block of shares comprised in certain trust property in which the Ma Family was taken to be interested, under the provisions of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") which are applicable

to a director or chief executive of a listed company. For the avoidance of doubt and double counting, it should be noted that the shareholding is entirely duplicated and included in the shareholding interest of J. W. Mark Limited and Asiatrust Limited, as mentioned below in the section headed "Substantial Shareholders' Interests".

Report of the Directors

At 31 March 2002, Directors of the Company had the following personal interests in options to subscribe for ordinary shares of the Company granted under the Share Option Scheme of the Company:

Name of Directors		No. of ordinary share represented by unexercised options outstanding as at 01/04/2001	No. of ordinary share represented by unexercised options outstanding as at 31/03/2002	Date granted	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options	Consideration paid for the options granted
Mrs. Joyce E. Ma		6,000,000	6,000,000	4 Nov 1997	08/04/1998 to 07/10/2002	HK\$0.475	HK\$10
Ms. Adrienne M. Ma	(1)	1,600,000	1,600,000	4 Nov 1997	08/04/1998 to 07/10/2002	HK\$0.475	HK\$10
	(2)	13,800,000	13,800,000	28 Jun 2000	26/12/2000 to 25/06/2005	HK\$0.186	HK\$10

Save as disclosed above, as recorded in the register kept by the Company under section 29 of the SDI Ordinance in respect of information required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the SDI Ordinance or to the Model Code for Securities Transactions by Directors of Listed Companies:

- (i) there were no interests held as at 31 March 2002 by any Directors and Chief Executive of the Company in securities of the Company and its associated corporations (within the meaning of the SDI Ordinance), and
- (ii) there existed during the financial year no rights to subscribe for equity or debt securities of the Company which were held by any Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties which were, directly or indirectly, interested in 10% or more of the nominal value of the share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2002 as recorded in the register kept by the Company under section 16(1) of the SDI Ordinance:

Name	No. of Ordinary Shares
(i) Wheelock International Limited	831,862,723
(ii) Ansett Limited	831,862,723
(iii) Wheelock (Hong Kong) Limited	831,862,723
(iv) Baber Holdings Limited	831,862,723
(v) Wheelock Pacific Limited	831,862,723
(vi) Wheelock and Company Limited	831,862,723
(vii) Bermuda Trust (Guernsey) Limited	831,862,723
(viii) J. W. Mark Limited	*368,000,000
(ix) Asiatruster Limited	*368,000,000

* *J. W. Mark Limited's and Asiatrust Limited's interests in 368,000,000 shares as stated above represent the same block of shares and have also been disclosed as other interest of the Ma Family under the section headed "Directors' Interests in Shares" above.*

Note: For the avoidance of doubt and double counting, it should be noted that apart from the duplication of shareholdings in which both J. W. Mark Limited and Asiatrust Limited were deemed to be interested as stated above, duplication also occurs in respect of all of the shareholdings stated against parties (i) to (vii) above in that they all represent the same block of shares.

INTERESTS IN CONTRACTS

Save as disclosed in Note 20 to the Accounts, no contract of significance in relation to the Company's business to which the Company, any subsidiary or holding company of the Company or any subsidiary of the Company's holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company, any of its subsidiaries or its holding company or any subsidiary of that holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception of the options to subscribe for ordinary shares of the Company and of Wheelock and Company Limited ("Wheelock") previously granted under the Company's Share Option Scheme (the "Company's Scheme") and Wheelock's Executive Share Incentive Scheme (the "Wheelock's Scheme") to, *inter alia*, certain employees of the Company or its subsidiaries and certain executives of Wheelock or its subsidiaries respectively, some of whom were

Directors of the Company during the financial year.

Under the rules of the two schemes (subject to any such restrictions or alterations as may be prescribed or provided under the Listing Rules of the Stock Exchange from time to time in force), shares of the Company and Wheelock would be issued at such prices, not being less than 80% and 90% of their respective average closing price on the Stock Exchange for the five trading days immediately preceding the date of offer of the options, and the relevant options would be exercisable during such periods, in the case of the Company's Scheme, not being beyond the expiration of five years from the date of offer, and in the case of the Wheelock's Scheme, not being beyond the expiration of ten years from the date of grant, as determined by the boards of directors of the Company and Wheelock respectively. During the financial year, certain shares of Wheelock were allotted and issued to Mr. Harry S. S. Wong, a Director of the Company, on his exercise of options under the Wheelock's Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDITORS

During the financial year, PricewaterhouseCoopers were appointed as Auditors of the Company to fill the vacancy occasioned by the retirement on 30 August 2001 of Ernst & Young as Auditors of the Company. The Accounts now presented have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board
Wilson W. S. Chan
Secretary

Hong Kong, 5 June 2002