

The directors present their annual report and the audited financial statements for the year ended 31st March, 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of property development and investment, operation of a power plant and money lending business in Hong Kong, other regions in the People's Republic of China (the "PRC") and the United Kingdom. During the year, the Company incorporated a subsidiary which is engaged in restaurant business in the United Kingdom.

The Group's turnover and profit from operations for the year ended 31st March, 2002 analysed by principal activity and geographical market were set out in note 5 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and principal associates at 31st March, 2002 are set out in notes 42 and 17 to the financial statements, respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2002 are set out in the consolidated income statement on page 14.

No interim dividend was paid to the shareholders during the year. The directors do not recommend the payment of a final dividend.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 29 to the financial statements.

Under The Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31st March, 2002, the Company's reserves available for distribution in accordance with The Companies Act 1981 of Bermuda (as amended) consist of contributed surplus of HK\$187,193,000 and retained profits of HK\$161,217,000.

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 58 of the annual report.

INVESTMENT PROPERTIES

The Group's investment properties were revalued at the year end date. The surplus of HK\$13,187,000 arising on the revaluation has been dealt with in reserves.

Details of these and other movements during the year in investment properties of the Group are set out in note 11 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold land and buildings were revalued at the year end date. The net surplus of HK\$585,000 arising on the revaluation has been dealt with in reserves and the income statement.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st March, 2002 are set out on pages 59 to 64 of the annual report.

SHARE CAPITAL AND WARRANTS

During the year, the registered holders of warrants exercised their rights to subscribe for 404,494 shares of the Company. At 31st March, 2002, the Company had no outstanding warrant.

Details of movements during the year in the share capital and warrants of the Company are set out in notes 26 and 27 to the financial statements, respectively.

DIRECTORS

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

Executive directors:

Mr. Tai Kuen, S.B.S., J.P. (*Chairman*)
Mr. Tai Chi Wah (*Managing Director*)
Mr. Poon Chi Fai, J.P.
Mr. Tai Yiu Wah, Robert
Madam Tai Seow Yoke Peng
Mr. Charles Arthur Alan Nicol, O.B.E., A.M.N.

Independent non-executive directors:

Mr. Wan Tai Min, Tommy
Mr. Wong Po Lung, John
Mr. Liu Chun Ning, Wilfred

In accordance with Clauses 86(2) and 87 of the Company's Bye-laws, Mr. Poon Chi Fai, J.P., Mr. Tai Yiu Wah, Robert and Mr. Wong Po Lung, John retire and, being eligible, offer themselves for re-election. All remaining directors continue in office.

DIRECTORS (continued)

The terms of office of independent non-executive directors are subject to retirement by rotation in accordance with the Company's Bye-laws.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract with the Group 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, 2002, the interests of the directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") were as follows:

Name of director	Personal interests	Number of shares held		
		Family interests	Corporate interests	Other interests
Mr. Tai Kuen, S.B.S., J.P.	1,518,000	–	–	–
Mr. Tai Chi Wah (Notes i & ii)	27,586,000	–	322,863,556	–
Mr. Poon Chi Fai, J.P.	120,000	–	–	–
Mr. Tai Yiu Wah, Robert	454,000	–	–	–
Madam Tai Seow Yoke Peng (Notes i, iii & iv)	1,490,000	234,389,556	–	–
Mr. Charles Arthur Alan Nicol, O.B.E., A.M.N.	160,000	–	–	–
Mr. Wan Tai Min, Tommy	120,000	–	–	–
Mr. Wong Po Lung, John	310,000	–	–	–
Mr. Liu Chun Ning, Wilfred	–	–	–	–

Notes:

- (i) 154,427,556 shares are held through Questrole Profits Limited ("Questrole Profits"), a company incorporated in the British Virgin Islands. Questrole Profits is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and the spouse of Madam Tai Seow Yoke Peng and their respective family members.
- (ii) 168,436,000 shares are held through Propertyline Properties Limited ("Propertyline"), a company incorporated in the British Virgin Islands. Propertyline is beneficially owned by a discretionary trust, the discretionary objects of which include Mr. Tai Chi Wah and his family members.
- (iii) 79,602,000 shares are held by Oodless Investment Limited, a company incorporated in Hong Kong and beneficially owned by the spouse of Madam Tai Seow Yoke Peng as to 99.99% and by her as to 0.01%.
- (iv) 360,000 shares are held by the spouse of Madam Tai Seow Yoke Peng.

DIRECTORS' INTERESTS IN SECURITIES (continued)

Other than as disclosed above and certain nominee shares in subsidiaries held by certain directors in trust for the Company or its subsidiaries, none of the directors, or their associates, had any interest in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors, 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 right during the year.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme adopted at the special general meeting of the Company held on 23rd September, 1993:

- (a) The Directors may, at their discretion, invite employees of the Group including directors of the Group (other than employees and directors of the associated companies) to take up options to subscribe for shares of the Company (the "Shares") at a price calculated in accordance with sub-paragraph (b) below, thereby strengthen the links between individual staff and shareholder interests.
- (b) The subscription price for Shares under the Share Option Scheme will not be less than 80 percent of the average of the official closing prices of the Shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the five trading days immediately preceding the date of offer of the option or the nominal value of the Shares, whichever is the greater.
- (c) The maximum number of Shares in respect of which options may be granted (together with options exercised and options then outstanding) under the Share Option Scheme may not (when aggregated with any securities subject to any other share option scheme of the Company) exceed 10 percent of the issued share capital of the Company from time to time, excluding for this purposed Shares issued on exercise of options granted under the Share Option Scheme.
- (d) No option may be granted to any one person which if exercised in full would result in the total number of Shares already, issued and issuable to him under the Share Option Scheme exceeding 25 percent of the aggregate number of Shares in respect of which options are issuable under the Share Option Scheme.
- (e) An option may be exercised in accordance with the terms of the Share Option Scheme at any time six months after the date on which the option is deemed to be granted and prior to expiry of ten years from that date.
- (f) No consideration is payable on the grant of an option.
- (g) The Share Option Scheme will remain in force for a period of ten years commencing on the date of its adoption.

As at 31st March, 2002, no option has been granted or agreed to be granted pursuant to the Share Option Scheme.

Save as aforesaid, 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.

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

During the year, the Company repurchased a total of 12,940,000 shares of HK\$0.10 each in the share capital of the Company through the Stock Exchange, all of which were then cancelled, at an aggregate price of HK\$6,457,470. Details of the aforesaid repurchases are set out in note 26 to the financial statements. The directors considered that, as the Company's shares were trading at a relative low price per share and did not reflect the underlying value of the Company, the above mentioned share repurchases would be beneficial to the Company.

Save as aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

- (a) During the year, the Group paid architectural fees and professional service fees with an aggregate amount of HK\$3,500,000 to Wong & Tai Associates Architects in which Messrs. Tai Chi Wah and Wong Po Lung, John are partners.
- (b) During the year, the Group received property rental income amounting to HK\$5,700,000 from Gold-Face (Restaurant Group) Limited, a company wholly-owned by Questrole Profits.

In the opinion of the independent non-executive directors, the transactions with Wong & Tai Associates Architects and Gold-Face (Restaurant Group) Limited referred to above were carried out in the usual course of business and on normal commercial terms.

Save as aforesaid, 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.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that, other than the interests disclosed above in respect of the directors, the following shareholder had an interest of 10% or more in the share capital of the Company:

Name of shareholder	Number of shares	%
Value Consultants Limited	131,697,600	14

Other than as disclosed above and under "Directors' Interests in Securities", the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st March, 2002.

DONATIONS

During the year, the Group made charitable donations amounting to HK\$391,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, approximately 46% of the costs incurred on properties under development, properties held for future development and properties held for sale were attributable to the Group's five largest suppliers. Costs incurred comprised the cost of land, together with direct costs attributable to the development of the properties, professional fees and interest charges capitalised during the period of development. The Group's largest supplier accounted for approximately 21% of the costs incurred. None of the directors, their associates or any shareholders (which to the knowledge of the directors) owning more than 5% of the Company's share capital had any beneficial interest in transactions with the major suppliers.

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total turnover for the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year ended 31st March, 2002 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.

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

Tai Chi Wah

Managing Director

10th July, 2002