



# Report of the Directors

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The directors submit their report together with the audited accounts for the year ended 31st March 2002.

## **Principal activities and geographical analysis of operations**

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 11 to the accounts. The Group's restaurant operations in the PRC were discontinued in June 2001.

An analysis of the Group's performance for the year by business and geographical segment is set out in note 2 to the accounts.

## **Results and appropriations**

The results of the Group for the year are set out in the consolidated profit and loss account on page 14.

The directors do not recommend the payment of a dividend.

## **Reserves**

Movements in the reserves of the Group and the Company during the year are set out in note 19 to the accounts.

## **Fixed assets**

Details of the movements in fixed assets of the Group and the Company are set out in note 10 to the accounts.

## **Principal properties**

Details of the principal properties held for investment purpose are set out on page 40.

## **Share capital**

Details of the movements in share capital of the Company are set out in note 18 to the accounts.

## **Distributable reserves**

At 31st March 2002, the Company has no reserve available for distribution.

## **Pre-emptive rights**

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda.

## **Five year financial summary**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3.

## **Purchase, sale or redemption of shares**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.



## Report of the Directors *(continued)*

### Share options

Pursuant to the Company's share option scheme (the "Scheme"), which became effective on 2nd January 1991, the directors of the Company might at their discretion grant options to directors and employees of the Company and its subsidiaries to subscribe for shares in the Company subject to the terms and conditions stipulated therein.

The maximum number of shares in the Company issued or issuable in respect of which options may be granted under the Scheme should not exceed 10 per cent. of the issued share capital of the Company at the time of granting of the option (excluding any shares issued related to the exercise of the options granted under the Scheme). As at the date of the annual report, there were outstanding options entitling their holders to subscribe for a total of 38,456,000 shares (representing approximately 3.5% of the existing issued share capital of the Company) under the Scheme. The maximum entitlement of each participant under the Scheme is 25 per cent. of the options which might be granted under the Scheme.

The period within which an option may be exercised would be determined by the directors of the Company, save that no option might be exercised later than 10 years from the date on which the option was granted and notwithstanding the Scheme may have expired. The Scheme was expired on 1st January 2001.

The exercise price for any particular option shall be such price as the directors of the Company might in their absolute discretion but should not be less than whichever was the higher of the nominal value of a share and 80 per cent. of the average of the 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 grant of an option.

At 31st March 2002, particulars of outstanding share options granted are as follows:

	Date of grant	Exercise price HK\$	Balance outstanding as at 1st April 2001	Options exercised during the year	Options lapsed during the year	Balance outstanding as at 31st March 2002	Exercisable period
Director – Mr. Kwan Ming	26th April 2000	0.58	10,000,000	–	–	10,000,000	1st August 2000 to 31st July 2005
Kau, Cary	29th December 2000	0.26	5,000,000	–	–	5,000,000	29th December 2000 to 31st July 2005
Director – Ms. Ma Shuk Kam and her spouse <i>(note (a))</i>	26th April 2000	0.58	20,000,000	–	(10,000,000)	10,000,000	1st August 2000 to 31st July 2005
	29th December 2000	0.26	5,000,000	–	–	5,000,000	29th December 2000 to 31st July 2005
Director – Mr. Liu Yu Mo	26th April 2000	0.58	2,000,000	–	–	2,000,000	1st August 2000 to 31st July 2005
	29th December 2000	0.26	2,000,000	–	–	2,000,000	29th December 2000 to 31st July 2005
Director – Mr. Cheng Kai Sum, Eric <i>(note (b))</i>	26th April 2000	0.58	10,000,000	–	(10,000,000)	–	1st August 2000 to 31st July 2005
	29th December 2000	0.26	5,000,000	–	(5,000,000)	–	29th December 2000 to 31st July 2005
Continuous contract employees <i>(note (c))</i>	26th April 2000	0.58	2,800,000	–	(300,000)	2,500,000	1st August 2000 to 31st July 2005
	29th December 2000	0.26	4,560,000	(1,884,000)	(720,000)	1,956,000	29th December 2000 to 31st July 2005
			<u>66,360,000</u>	<u>(1,884,000)</u>	<u>(26,020,000)</u>	<u>38,456,000</u>	

Note:

- Options to subscribe for 10,000,000 shares issued to the director's spouse were lapsed upon his termination of service.
- Options to subscribe for 15,000,000 shares were lapsed upon the director's resignation of office.
- Options to subscribe for 1,020,000 shares were lapsed upon the resignation of respective employees.



## Report of the Directors *(continued)*

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### **Directors**

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

#### *Executive directors:*

Ms. Ma Shuk Kam  
Mr. Kwan Ming Kau, Cary  
Mr. Liu Yu Mo  
Mr. Chung Siu Wah (changed to be an executive director on 28th November 2001)  
Mr. Yeung Chi Hang (appointed on 1st May 2002)  
Mr. Cheng Kai Sum (resigned on 27th August 2001)

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

Ms. Lin Wai Yi, Deca  
Mr. Cheung Chi Wah (appointed on 27th November 2001)  
Mr. Chung Siu Wah (ceased to be an independent non-executive director on 28th November 2001)

In accordance with Bye-laws 86(2) and 87(2) of the Company's Bye-laws, Mr. Yeung Chi Hang and Mr. Kwan Ming Kau, Cary shall retire and, being eligible, offer themselves for re-election.

### **Biographical details of directors and senior management**

#### **Chairperson**

Ms. Ma Shuk Kam, aged 48, was elected the Chairperson of the Board on 29th December 2000. Ms. Ma is a veteran property investor with diversified portfolio in Hong Kong and the PRC. Ms. Ma is responsible for the overall business development of the Group.

#### **Executive Directors**

Mr. Kwan Ming Kau, Cary, aged 50, has many years of experience in the hotel management and restaurant operation prior to joining the Company in January 2000. Mr. Kwan is a citizen of the United States of America and has experience in property investment in the United States of America.

Mr. Liu Yu Mo, aged 43, was appointed as a director of the Company on 29th December 2000. Mr. Liu has over 17 years of experience in auditing and accounting. Mr. Liu obtained a master of business administration degree in 2002. Mr. Liu is a certified practising accountant (Aust.) and a fellow member of the Hong Kong Society of Accountants.

Mr. Chung Siu Wah, aged 45, was appointed as an executive director of the Company on 28th November 2001 and ceased to be a member of the Audit Committee of the Company on the same date. He has been a solicitor practising in Hong Kong since 1989 and is a partner of Messrs. Tong Kan and Company, Solicitors and Notaries.

Mr. Yeung Chi Hang, aged 23, first joined the Group as Assistant General Manager of Golden Island (Management) Limited, a subsidiary of the Company, in 2001. Mr. Yeung was appointed as a director of the Company on 1st May 2002. Mr. Yeung worked in property investment and wedding services companies in Hong Kong prior to joining the Company. He is the son of Ms. Ma Shuk Kam.



## Report of the Directors *(continued)*

### Independent non-executive Directors

Mr. Cheung Chi Wah, aged 34, has been a solicitor practising in Hong Kong since 1997 and became a partner of Messrs. Tony Kan and Company, Solicitors and Notaries in July 2001.

Ms. Lin Wai Yi, Deca, aged 38, obtained Bachelor, Master and Doctorate degrees in Chinese Law from the Beijing University in 1992, 1996 and 2002 respectively. Ms. Lin has been a solicitor practising in Hong Kong since 1994 and in England and Wales since 1996. Ms. Lin runs her own solicitors firm, Messrs. Deca Lin & Partners, since October 1998.

### Senior management

Mr. Wong Hung Ting, aged 53, is a General Manager of Golden Island Catering Group Company Limited. He has over 34 years of experience in the catering field and has been with the Group for more than 20 years. Mr. Wong is in charge of the day-to-day operation of the Group's restaurant at Star House, Tsimshatsui, Kowloon.

Mr. Ng Muk Hing, aged 56, is the Chief chef of Golden Island Catering Group Company Limited. He has over 34 years of experience in catering and has been with the Group for more than 20 years.

### Directors' service contracts

None of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

### Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company 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.

### Directors' interests in equity or debt securities

At 31st March 2002, the interests of the directors and chief executive in the shares and options of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

Name	Types of interest	Number of ordinary shares of HK\$0.05 each in the Company
Ms. Ma Shuk Kam	Corporate <i>(Note)</i>	450,000,000
Mr. Kwan Ming Kau, Cary	Corporate <i>(Note)</i>	450,000,000

*Note:* These shares were held by World Possession Assets Limited in which each of Ms. Ma Shuk Kam and Mr. Kwan Ming Kau, Cary has 1/3 interest.

Share options were granted to directors under the Company's share option scheme, details of which are set out under the heading "Share options" above.



## Report of the Directors *(continued)*

### **Directors' interests in equity or debt securities *(continued)***

Save as disclosed above, and other than certain nominee shares in subsidiaries held by a director in trust for the Group as at 31st March 2002, none of the directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interests in the equity or debt securities of the Company and its associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

Save as disclosed above, at no time during the year was the Company, its subsidiaries or its holding company a party to any arrangement to enable the directors or chief executive of the Company (including their spouses and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **Substantial shareholder**

At 31st March 2002, according to the register of interests required to be kept by the Company under Section 16(1) of the SDI Ordinance, the shareholder who was interested in 10 percent or more of the issued share capital of the Company (other than the interests of directors disclosed above) was as follow:

<b>Name</b>	<b>Number of shares</b>
World Possession Assets Limited	450,000,000

### **Management contracts**

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

### **Major customers and suppliers**

During the year, the Group's 5 largest customers accounted for less than 30% of its total turnover.

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases	
– the largest supplier	20%
– the five largest suppliers combined	53%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in any of the major suppliers or customers noted above.

### **Compliance with the Code of Best Practice of the Listing Rules**

In the opinion of the directors, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31st March 2002 except that the non-executive directors were not appointed for a specific term. However, they are subjected to retirement by rotation in annual general meetings of the Company in accordance with the Company's Bye-laws.



## Report of the Directors *(continued)*

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### **Audit Committee**

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to ‘‘A Guide for The Formation of An Audit Committee’’ published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company’s auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness both of the external audit and of internal controls and risk evaluation.

Mr. Chung Siu Wah ceased to be a member of the Audit Committee of the Company on 28th November 2001 subsequent to his appointment as an executive director of the Company. Mr. Cheung Chi Wah was appointed to fill the vacancy. The Committee currently comprises two independent non-executive directors namely Mr. Cheung Chi Wah and Ms. Lin Wai Yi, Deca. Two meetings were held during the financial year ended 31st March, 2002.

### **Auditors**

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board  
**Ma Shuk Kam**  
*Chairperson*

Hong Kong, 16th July, 2002