
REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of corporate management services. The activities of its principal subsidiaries and associate are set out in notes 38 and 39 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 18.

Special distribution of HK\$1.626 per share, amounting to HK\$870,494,154, was paid to the shareholders during the year. The amount was distributed from the contributed surplus.

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 64 of the annual report.

SHARE CAPITAL

Details of the Company's share capital are set out in note 27 to the financial statements.

INVESTMENT PROPERTIES

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

PROPERTY, PLANT AND EQUIPMENT

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

REPORT OF THE DIRECTORS

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DIRECTORS

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

Executive directors

Wong Kin Wah, George
Hwang Yiou Hwa, Victor
Hwang Yiu Hwa, Richard
Hwang Teh Hwa, Tony

Independent non-executive directors

Ma Chi Man
The Hon Lau Hon Chuen, Ambrose, G.B.S., J.P.

In accordance with the Company's Bye-laws, Messrs. Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony shall retire from the board at the forthcoming annual general meeting 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 Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

- (a) (1) During the year, the Group had the following transactions with Tri-View Limited ("Tri-View") of which Messrs. Wong Kin Wah, George, Hwang Yiou Hwa, Victor, Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony were directors and in which they had beneficial interests.
- (i) Rentals of HK\$567,000 for car parking spaces at Hong Kong Parkview, building management fee of HK\$324,038 and club house subscription fees of HK\$184,000 were paid to Tri-View in order to provide parking and recreational club facilities to tenants of investment properties owned by group companies.
 - (ii) Payment of general expenses totalling of HK\$6,908,663 to Tri-View with respect to daily operating activities.

REPORT OF THE DIRECTORS

(Continued)

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

- (iii) On 6th May 1996, Hong Kong Parkview Management Services Limited (the "Manager"), a former wholly-owned subsidiary of the Company, entered into conditional management agreements (the "Management Agreements"), which were approved by shareholders in a Special General Meeting held on 14th June 1996, with each of Parkview (Suites) Limited ("Parkview Suites") and Parkview (Club House) Limited ("Parkview Clubhouse"), both of them are wholly owned subsidiaries of Tri-View. Pursuant to the Management Agreements, it was agreed that the Manager would take over the management of the serviced apartments comprising Towers 1 and 2 (the "Parkview Apartments") and of the Clubhouse (the "Clubhouse") of Hong Kong Parkview.

Pursuant to the Management Agreements, the Manager has been appointed as manager of the Parkview Apartments and the Clubhouse for a period of twenty years from 1st June 1996. The Manager is entitled to receive from Parkview Clubhouse and Parkview Suites a management fee equal to an amount by which the Operating Profit exceeds the Minimum Profit, as defined in the Management Agreements. On the other hand, the Manager will pay to Parkview Clubhouse and Parkview Suites a management fee equal to an amount by which the Operating Profit is less than the relevant Minimum Profit. The detailed calculation of Operating Profit and Minimum Profit were fully described in the circular to shareholders dated 29th May 1996.

During the year, Parkview Suites paid management fee of HK\$4,701,873 to the Group and Parkview Clubhouse received the management fee of HK\$354,686 from the Group.

During the period from 30th September 1998 to 31st March 2000, Parkview Suites and Parkview Clubhouse waived all obligations contained in the Management Agreements on the part of the Manager to pay the Minimum Profit.

Upon the disposal of subsidiaries as described in (a) (3) below, the Management Agreements were terminated.

- (2) During the year, the Group sold goods of saleable value of HK\$177,857 and HK\$17,980 to Messrs. Hwang Teh Hwa, Tony and Hwang Yiu Hwu, Richard, respectively.

REPORT OF THE DIRECTORS

(Continued)

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS (Continued)

- (3) On 17th August 2001, the Company entered into an agreement (the "Agreement") with Outshine Holdings Limited ("Outshine"). Pursuant to the Agreement, the Company agreed to sell to Outshine its entire interest in Allhead Holdings Limited ("Allhead"), which immediately prior to the completion date set on the Agreement, held those subsidiaries disposed of. These subsidiaries principally held the properties in Hong Kong and in the United Kingdom (the "UK"), investments in vessels and other assets. Details of this transaction are set out in the Company's announcement dated 20th August 2001. The transaction was completed on 7th November 2001. The consideration was HK\$833,392,140 which resulted in a gain on disposal of subsidiaries of approximately HK\$164 million. The consideration was arrived at after arm's length negotiations.
- (b) Other than those as disclosed above, no contracts of significance to which the Company, its holding company, fellow subsidiaries or 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.
- (c) At no time during the year was the Company, its holding company, fellow subsidiaries or 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.
- (d) No director proposed for re-election at the forthcoming annual general meeting 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.

MANAGEMENT PROFILES

A. Executive directors

Mr. Wong Kin Wah, George, aged 50 is Chairman of the Group. He has been engaged in construction and real estate business in Taiwan and Hong Kong since graduating in building construction design in 1973. He was appointed as Director in 1992.

Mr. Hwang Yiu Hwa, Victor, aged 48 held a Bachelor Degree in Administration and Finance. He has been involved in the Group's overseas business developments. He was appointed as Director in 1992.

Mr. Hwang Yiu Hwa, Richard, aged 47 held a Bachelor Degree of Science in Civil Engineering. He has been involved in construction field since 1982. He was appointed as Director in 1993.

REPORT OF THE DIRECTORS

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MANAGEMENT PROFILES (Continued)

A. Executive directors (Continued)

Mr. Hwang Teh Hwa, Tony, aged 46 held a Master Degree in Management and Organisational Development. He is responsible for the development of business in mainland China. He was appointed as Director in 1992.

Mr. Wong Kin Wah, George, Mr. Hwang Yiou Hwa, Victor, Mr. Hwang Yiu Hwa, Richard and Mr. Hwang Teh Hwa, Tony are brothers.

B. Independent non-executive directors

Mr. Ma Chi Man, aged 70 is a Vice-chairman of the International Chinese Culture Institute and the honorary chairman of Hong Kong Association of China Travel Organisations Limited. He was appointed as Director in 1994.

The Honourable Lau Hon Chuen, Ambrose, G.B.S., J.P., aged 55 is the senior partner of Chu & Lau, Solicitors and Notaries. Mr. Lau is a member of the Legislative Council, the National Committee of Chinese People's Political Consultative Conference and the Board of the Urban Renewal Authority among his many public service appointments. He was appointed as Director in 1995.

C. Senior Management Staff

Mr. Sin Kit Leung, Peter, aged 62 held a diploma in Business Management. Mr. Sin has extensive experience in investment and real estate development. Mr. Sin joined the Group in 1990 and is responsible for business development of the Group.

Mr. Chan Chi Fai, Brian, aged 47 is a fellow member of The Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Society of Accountants. He has over 20 years' of experience in banking and commercial sectors. Mr. Chan joined the Group in 1990 and is now responsible for the overall management of the Group.

Mr. Laurence Neil Baum, aged 48 is in charge of the Group's legal affairs since joining the Group in 1991. He is a Solicitor of the Supreme Court of England and Wales as well as Hong Kong.

Mr. Eric Charrington, aged 55 is a Fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Society of Accountants. Before joining the Group in 1995, he was involved in direct investments in China and financial services in a multinational organisation.

REPORT OF THE DIRECTORS

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MANAGEMENT PROFILES (Continued)

C. Senior Management Staff (Continued)

Mr. Cheung King Ching, Herbert, aged 60 is an Authorised Person and Registered Architect with over 20 years' of experience in construction and building industry. He joined Hong Kong Parkview in 1988 and is responsible for the management of the Group's property construction activities.

Mr. Chow Kwing Chan, aged 50 has over 20 years' of experience in the hotel industry and retail business. He joined Hong Kong Parkview in 1988 and was involved in setting up the Group's motor car trading business. Since 1995 has been in charge of Gallaria Furnishings International Limited.

Mr. Chow Wai Kong, Eddie, aged 53 is responsible for the overall management of the Group's marine business in Asia, Europe and North America. He has vast experience in the field of ferry operation and shipbuilding industry. Since joining the Group in 1990, he had been involved in projects of ocean cruise operation in South East Asia, fast ferry operations in Hong Kong, Macau and various regions of China.

Mr. Ng Chan Shing, Lawrence, aged 58 has 30 years' of experience in government and commercial sectors. Before joining the Group in 1997, Mr. Ng was a director of a diversified public company. Mr. Ng is responsible for the Group's household equipment trading activities.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31st March 2002, the Directors and their respective associates had interests in the issued share capital of the Company as follows:

	Personal interests	Number of shares held		Other interests
		Family interests	Corporate interests	
Wong Kin Wah, George	2,000,000	–	98,000,000	–
			<i>(Note)</i>	

Note: These shares were held by High Return Trading Limited and in which Mr. Wong Kin Wah, George was deemed to have interests since he was entitled to exercise more than one-third of the voting power at the general meetings of High Return Trading Limited. This interest has also been disclosed under the section headed "SUBSTANTIAL SHAREHOLDERS".

REPORT OF THE DIRECTORS

(Continued)

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY (Continued)

Messrs. Wong Kin Wah, George, Hwang Yiu Hwa, Victor, Hwang Yiu Hwa, Richard and Hwang Teh Hwa, Tony are directors and shareholders of Kompas International Limited which owned 293,674,138 shares in the Company.

Apart from the above, no interests were held or deemed or taken under the Securities (Disclosure of Interests) Ordinance to be held by any Directors or Chief Executives of the Company or their respective associates in the share capital of the Company or any of its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Section 28 of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") or which are required pursuant to Section 29 of the SDI Ordinance to be entered in the register referred to therein.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2002, the following shareholders of the Company were interested in ten per cent or more of the issued share capital of the Company:

	Number of shares held
Kompass International Limited	293,674,138
High Return Trading Limited	98,000,000 (<i>Note</i>)

Note: These shares represented the same parcel of shares as Mr. Wong Kin Wah, George was deemed to have interest in as disclosed above under "DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY".

Apart from the above, no other person was recorded in the register kept pursuant to Section 16 of the Securities (Disclosure of Interests) Ordinance as having an interest in ten per cent or more of the issued share capital of the Company.

EMOLUMENTS OF DIRECTORS AND HIGHEST PAID EMPLOYEES

Details of emoluments of the directors and the five highest paid employees are set out in note 9 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

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

The percentage of sales attributable to the Group's largest customer and the five largest customers during the year was 17.4% and 30.5%, respectively.

REPORT OF THE DIRECTORS

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MAJOR CUSTOMERS AND SUPPLIERS (Continued)

None of the directors, their associates or any shareholder which to the knowledge of the directors owned more than 5% of the Company's share capital has an interest in any of the Group's five largest customers or five largest suppliers.

CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS

There were no convertible securities, warrants or options issued by the Company or its subsidiaries during the year.

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

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

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.

CHARITABLE DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$100,000.

COMPLIANCE WITH 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.

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

Wong Kin Wah, George
Chairman

Hong Kong, 19th July 2002