

Report of the Directors

The Directors present to shareholders their annual report together with the audited financial statements of the Company and of the Group for the year ended 31st March, 2002.

Principal Activities

The principal activity of the Company is investment holding while the principal activities of its subsidiaries are marketing, installation and maintenance of lifts and escalators, air-conditioning systems, electrical and mechanical systems, power equipment and industrial equipment; environmental engineering; supply and installation of building materials and equipment; sale, servicing and leasing of automobiles; property development and investment; insurance underwriting and brokerage; a wide range of voice and data communication equipment and services; system integrated IT solutions; sale and servicing of business machines and household products.

The Group's turnover and results for the year ended 31st March, 2002 analysed by business and geographical segments are set out in note 5 to the financial statements.

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 32. An interim dividend of HK2 cents was paid on Wednesday, 16th January, 2002. The Directors now recommend the payment of a final dividend of HK1.5 cents per share with an option to elect for shares of the Company.

Share Capital

Movements in the Company's share capital during the year are set out in note 30 to the financial statements.

Reserves

Movements in reserves during the year are set out in note 31 to the financial statements.

Investment Properties

Movements in investment properties during the year are set out in note 13 to the financial statements.

Property, Plant and Equipment

Movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

Report of the Directors

Financial Summary

A financial summary of the Group is shown on page 2.

Major Customers and Suppliers

The Group's turnover and purchases of the year attributable to the Group's five largest customers and suppliers respectively were less than 30%. Except for the contracts with CCHL Group as disclosed more fully in the section "Connected Transactions" below, none of the Directors, their associates or any shareholder (whom to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers or five largest customers.

Properties

Particulars of the major properties of the Group as at 31st March, 2002 are set out on pages 16 to 17.

Employees and Remuneration Policies

The Group employed approximately 4,100 full time staff in Hong Kong and overseas as at 31st March, 2002. Total staff costs amounted to HK\$556,280,000 for the year ended 31st March, 2002. The remuneration policy is reviewed periodically on the basis of the nature of job, market trend, company performance and individual performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, retirement schemes and employees' share option scheme.

Donations

During the year, the Group made donations of HK\$3,253,000 to charitable bodies and HK\$34,000 to other communities.

Principal Subsidiaries, Associates and Jointly Controlled Entities

Particulars regarding the principal subsidiaries, associates and jointly controlled entities of the Group are shown on pages 72 to 78.

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 where the Company is incorporated.

Purchase, Sale or Redemption of Listed Securities

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

Report of the Directors

Directors

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Dr CHOW Yei Ching	<i>(Chairman and Managing Director)</i>
Mr KUOK Hoi Sang	<i>(Managing Director)</i>
Mr FUNG Pak Kwan	
Mr KAN Ka Hon	
Mr WONG Kie Ngok, Alexander	
Mr TAM Kwok Wing	
Mr FUNG Wo Shun	<i>(Resigned on 1st April, 2002)</i>

Independent Non-Executive Directors

Mr Iain Leonard DALE
Mr CHENG Ming Fun, Paul
Mr WONG Wang Fat, Andrew

In accordance with the Company's Bye-laws, Messrs Iain Leonard DALE and CHENG Ming Fun, Paul shall retire from office at the forthcoming Annual General Meeting and Mr CHENG Ming Fun, Paul, being eligible, will offer himself for re-election. The Independent Non-Executive Directors are subject to the same retirement requirements as the Executive Directors.

Directors' Interests in Contracts

Dr CHOW Yei Ching, Messrs KUOK Hoi Sang, FUNG Pak Kwan, KAN Ka Hon, WONG Kie Ngok, Alexander, TAM Kwok Wing and Fung Wo Shun are/were interested in certain contracts in that they are/were the Directors and/or have beneficial interests in CiTL and/or CCHL. Details of these contracts are more fully disclosed in the section "Connected Transactions" below.

Save as aforementioned, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a director had a material interest subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

None of the Directors have an interest in any business constituting a competing business to the Group.

Report of the Directors

Connected Transactions

The Group has from time to time conducted transactions with CCHL and CiTL which are the “connected persons” for the purposes of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Stock Exchange had granted waivers on 31st January, 1996 and 2nd April, 1997 to the Company from strict compliance with the requirements as stipulated in Chapter 14 of the Listing Rules on connected transactions. Pursuant to the waivers, details of the following connected transactions which have been entered into between certain subsidiaries of CCHL, CiTL and the Group in the ordinary and usual course of business are not required to be disclosed by press notice and/or circular nor is the Company required to obtain prior independent shareholders’ approval on each occasion:

1. An agreement was made between CCHL and the Company whereby CCHL Group as main contractor may source from time to time supply of lifts and escalators, air-conditioning systems, electrical and mechanical systems, building materials and equipment and related installation services from the various subsidiaries of the Company. The Group had entered into the following connected transactions as within the meaning of the Listing Rules:

Main contractor	Nature of transaction	Sub-contractor	Estimated contract value	Interest attributable to the Group
			HK\$'000	%
Chevalier Construction (Hong Kong) Limited (“CCHK”)	Supply and installation of building materials	Chevalier (Building Supplies & Engineering) Limited (“CBS”)	5,757	100
CCHK	Supply and installation of electrical equipment	Chevalier (HK) Limited (“CHK”)	702	100
Chevalier (Construction) Company Limited (“CCCL”)	Supply and installation of building materials	Chevalier (Aluminium Engineering) Limited	15,000	100
CCCL	Supply and installation of building materials	CBS	9,082	100
CCCL	Supply and installation of electrical and mechanical equipment	CHK	32,992	100

Sales and progress receipts made during the year ended 31st March, 2002 in respect of the above contracts amounted to approximately HK\$44 million.

2. The Company had entered into an administrative service agreement with CCHL under which the Group provided accounting, treasury, electronic data processing, company secretarial and personnel management services to the CCHL Group at a management fee calculated based on 0.3% of CCHL Group’s annual turnover. The management fee paid by CCHL to the Company during the year ended 31st March, 2002 amounted to HK\$1,584,000.

*Report of the Directors***Connected Transactions** (continued)

3. The following properties were leased to CiTL Group and CCHL Group by the wholly-owned subsidiaries of the Company at commercial rates:

Landlord	Renting of Property (usage)	Tenant	Rental for the year
			HK\$'000
Union Pearl Development Limited	Portion of Chevalier Commercial Centre (office)	CiTL Group CCHL Group	1,074 1,595
Winfield Development Limited	Portion of Chevalier Warehouse Building (warehouse)	CiTL Group CCHL Group	32 236
Peak Gain Limited	Portion of Chevalier Engineering Service Centre (office/warehouse)	CiTL Group CCHL Group	4,328 264
Futex Development Limited	Regent Villa (resort)	CiTL Group CCHL Group	147 147
Oriental Sharp Limited	Portion of Charming Garden (shop)	CiTL Group	98
Union Mark Development Limited	Portion of Yin Hai Commercial Building (office)	CiTL Group	118
Well Stamp Limited	Portion of Jin Du Mansion (office)	CiTL Group	67
Well Stamp Limited	Portion of Dongshan Plaza (office)	CiTL Group	45

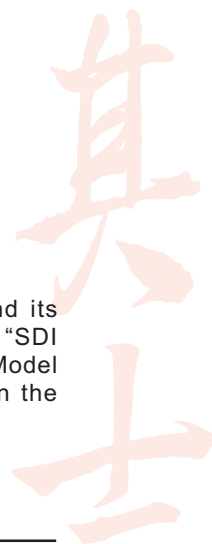
During the year, rentals amounting to approximately HK\$5.9 million and HK\$2.2 million were paid to the Group by CiTL Group and CCHL Group respectively.

The Independent Non-Executive Directors of the Company confirm that the aforesaid connected transactions conducted by the Group during the year ended 31st March, 2002 were:

- (i) in the ordinary and usual course of the Group's business;
- (ii) on normal commercial terms or on terms no less favourable than terms available to/from independent third parties;
- (iii) fair and reasonable so far as the shareholders of the Company are concerned; and
- (iv) within the relevant amounts as stipulated under the relevant waivers.

On 6th March, 2002, the Board of Directors of the Company proposed to make a voluntary unconditional cash offer through its wholly-owned subsidiary, Success Vantage Limited ("the Offeror"), to acquire all the ordinary shares of S\$0.20 each in the capital of Chevalier Singapore Holdings Limited ("CSHL") at an offer price of S\$0.45. The offer period has been closed on 25th April, 2002 and extended to 23rd May, 2002. CSHL is a subsidiary of the Company and listed on The Singapore Exchange Securities Trading Limited ("SGX-ST"). At the close of the offer period, the Offeror has acquired 99,601,000 shares in CSHL, representing approximately 88.53% of the issued share capital of CSHL. As the Offeror had received acceptances of the Offer less than 90% of the issued share capital of CSHL, the Offeror was not entitled under the Singapore Companies Act to privatise CSHL. CSHL remained listed on SGX-ST with a public float of approximately 11.47%. Pursuant to Rule 14.23(1)(a) of the Listing Rules, the acquisition by the Offeror for the interest of Dr Chow Yei Ching in CSHL constituted a connected transaction under Rule 14.23(1)(a). As the aggregate consideration payable by the Offeror to Dr Chow for his 4,375,000 CSHL shares is S\$1,968,750, the transaction fell under Rule 14.25(1) of the Listing Rules and was subject to disclosure requirement. Completion of the acquisition of Dr Chow's interest took place on 3rd May, 2002 pursuant to the terms of the Offer.

Report of the Directors



Directors' Interests in Shares

As at 31st March, 2002, the interests of the Directors in the share capital of the Company and its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) which have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or required to be recorded in the register of the Company pursuant to Section 29 of the SDI Ordinance were as follows:

(a) Interests in the Company - Shares

Name of Director	Number of ordinary shares		
	Personal interests	Family interests	Total
CHOW Yei Ching	640,527,782*	–	640,527,782
KUOK Hoi Sang	491,083	–	491,083
FUNG Pak Kwan	456,450	–	456,450
KAN Ka Hon	145,200	–	145,200
TAM Kwok Wing	845,078	162,365	1,007,443
Iain Leonard DALE	42,016	–	42,016

* Dr CHOW Yei Ching beneficially owned 640,527,782 shares, representing approximately 50.23% of the issued share capital of the Company. These shares were same as those shares described in "Substantial Shareholder" below.

(b) Interests in Associated Corporations - Shares

Name of Director	Associated corporation	Number of ordinary shares			Total
		Personal interests	Corporate interests	Family interests	
CHOW Yei Ching	CiTL	34,079,270	432,334,666*	–	466,413,936
	CSHL	4,375,000	80,000,000*	–	84,375,000
	CCHL	61,036,489	89,385,444*	–	150,421,933
KUOK Hoi Sang	CiTL	12,000,000	–	–	12,000,000
	CCHL	1,326,437	–	–	1,326,437
FUNG Pak Kwan	CiTL	12,900,000	–	–	12,900,000
FUNG Wo Shun	CiTL	300,000	–	–	300,000
	CCHL	295,600	–	–	295,600
KAN Ka Hon	CiTL	2,256,000	–	–	2,256,000
TAM Kwok Wing	CiTL	2,000,000	–	52,000	2,052,000
	CCHL	625,796	–	7,142	632,938

* Dr CHOW Yei Ching had notified CiTL, CSHL and CCHL that under the SDI Ordinance, he was deemed to be interested in 432,334,666 shares in CiTL, 80,000,000 shares in CSHL and 89,385,444 shares in CCHL which were all held by the Company as Dr Chow beneficially owned 640,527,782 shares, representing approximately 50.23% of the issued share capital of the Company.

*Report of the Directors***Directors' Interests in Shares** (continued)

In addition, certain directors personally hold share options to subscribe for ordinary shares of the Company and its associated corporations as disclosed under the paragraph "Share Option Scheme" below.

Save as disclosed above and in the Share Option Scheme stating below, as at 31st March, 2002, none of the Directors of the Company nor their spouses nor children under the age of 18 had or were deemed to have any interest in the securities of the Company or any of its associated corporations (as defined in the SDI Ordinance) pursuant to Section 28 of the SDI Ordinance or under Section 31 or Part I of the Schedule to the SDI Ordinance.

Share Option Scheme**(A) The Company**

A Share Option Scheme (the "Share Option Scheme") for the benefit of the full-time employees of the Company and its subsidiaries was approved and adopted on 30th September, 1991 under which the Directors of the Company or its subsidiaries are authorised to grant share options to their respective full-time employees, including Executive Directors, to take up options to subscribe for shares for an aggregate of not more than 10% of the total number of shares in issue at a consideration of HK\$1 for each grant. No option may be exercised earlier than six months or later than three and a half years after it has been accepted. No option may be granted after 29th September, 2001 and to any one person when if exercised in full by that person would result in the total number of shares issued to that person exceeding 25% of the aggregate number of the shares in respect of which options are granted. The Share Option Scheme had been expired on 29th September, 2001 but in all other respect the provisions of the Share Option Scheme should remain in full force and effect for those outstanding options previously granted.

At 31st March, 2002, the number of shares in respect of which options had been granted under the Share Option Scheme was 34,150,000, representing 2.7% of the shares of the Company in issue at that date.

Report of the Directors

Share Option Scheme (continued)

As at 31st March, 2002, details of the share options of the Company and its associated corporations are as follows:

(a) Interests in the Company - Share Options

	Date of grant	Period during which options are exercisable	Exercise price per option (HK\$)	Number of Share Options					Outstanding as at 31st March, 2002
				Balance as at 1st April, 2001	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	
(i) Name of Director									
CHOW Yei Ching	04/02/1998	03/09/1998-02/09/2001	0.5376	18,000,000	-	-	-	18,000,000	-
	17/12/1999	30/06/2000-29/06/2003	0.4880	8,450,000	-	-	-	-	8,450,000
KUOK Hoi Sang	04/02/1998	03/09/1998-02/09/2001	0.5376	10,000,000	-	-	-	10,000,000	-
	17/12/1999	30/06/2000-29/06/2003	0.4880	5,350,000	-	-	-	-	5,350,000
FUNG Pak Kwan	04/02/1998	03/09/1998-02/09/2001	0.5376	8,000,000	-	-	-	8,000,000	-
	17/12/1999	30/06/2000-29/06/2003	0.4880	5,350,000	-	-	-	-	5,350,000
FUNG Wo Shun	04/02/1998	03/09/1998-02/09/2001	0.5376	2,200,000	-	-	-	2,200,000	-
KAN Ka Hon	04/02/1998	04/09/1998-03/09/2001	0.5376	2,200,000	-	-	-	2,200,000	-
	17/12/1999	30/06/2000-29/06/2003	0.4880	5,000,000	-	-	-	-	5,000,000
WONG Kie Ngok, Alexander	04/02/1998	04/09/1998-03/09/2001	0.5376	1,200,000	-	-	-	1,200,000	-
	17/12/1999	30/06/2000-29/06/2003	0.4880	5,000,000	-	-	-	-	5,000,000
TAM Kwok Wing	04/02/1998	04/09/1998-03/09/2001	0.5376	1,700,000	-	-	-	1,700,000	-
	17/12/1999	30/06/2000-29/06/2003	0.4880	5,000,000	-	-	-	-	5,000,000
(ii) Full-time employees	09/03/1998	07/10/1998-06/10/2001	0.6464	21,970,000	-	-	140,000	21,830,000	-

Report of the Directors

Share Option Scheme (continued)

(b) Interests in Associated Corporations - Share Options

Name of Director	Associated corporation	Date of grant	Period during which options are exercisable	Exercise price per option (HK\$)	Number of Share Options					Outstanding as at 31st March, 2002
					Balance as at 1st April, 2001	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	
CHOW Yei Ching	CiTL	04/02/1998	03/09/1998–02/09/2001	0.3376	14,000,000	-	-	-	14,000,000	-
		17/12/1999	30/06/2000–29/06/2003	0.4640	7,000,000	-	-	-	-	7,000,000
	CCHL	04/02/1998	03/09/1998–02/09/2001	0.3248	4,400,000	-	-	-	4,400,000	-
KUOK Hoi Sang	CiTL	04/02/1998	03/09/1998–02/09/2001	0.3376	4,300,000	-	-	-	4,300,000	-
		17/12/1999	30/06/2000–29/06/2003	0.4640	5,000,000	-	-	-	-	5,000,000
	CCHL	04/02/1998	03/09/1998–02/09/2001	0.3248	4,000,000	-	-	-	4,000,000	-
FUNG Pak Kwan	CiTL	04/02/1998	03/09/1998–02/09/2001	0.3376	3,000,000	-	-	-	3,000,000	-
		17/12/1999	30/06/2000–29/06/2003	0.4640	6,550,000	-	-	-	-	6,550,000
FUNG Wo Shun	CiTL	04/02/1998	03/09/1998–02/09/2001	0.3376	2,300,000	-	-	-	2,300,000	-
KAN Ka Hon	CiTL	17/12/1999	30/06/2000–29/06/2003	0.4640	5,000,000	-	-	-	-	5,000,000

The Stock Exchange has amended the requirements for share option schemes under Chapter 17 of the Listing Rules, which came into effect on 1st September, 2001. These new requirements make some of the provisions of the Share Option Scheme no longer applicable. As such, no option has been granted since 1st September, 2001. The Directors proposed for the adoption of a new share option scheme at the forthcoming Annual General Meeting of the Company. During the transitional period, the Company must nevertheless comply with the new requirements of the Listing Rules.

(B) Chevalier iTech Holdings Limited

A Share Option Scheme ("CiTL Share Option Scheme") for the benefit of the full-time employees of CiTL and its subsidiaries was approved and adopted on 30th September, 1991 under which the Directors of CiTL or its subsidiaries are authorised to grant share options to their respective full-time employees, including Executive Directors, to take up options to subscribe for shares for an aggregate of not more than 10% of the total number of shares in issue at a consideration of HK\$1 for each grant. No option may be exercised earlier than six months or later than three and a half years after it has been accepted. No option may be granted after 29th September, 2001 and to any one person when if exercised in full by that person would result in the total number of shares issued to that person exceeding 25% of the aggregate number of the shares in respect of which options are granted. CiTL Share Option Scheme had been expired on 29th September, 2001 but in all other respect the provisions of CiTL Share Option Scheme should remain in full force and effect for those outstanding options previously granted.

At 31st March, 2002, the number of shares in respect of which options had been granted under CiTL Share Option Scheme was 28,550,000, representing 3.3% of the shares of CiTL in issue at that date.



Report of the Directors

Share Option Scheme (continued)

(B) Chevalier iTech Holdings Limited (continued)

The Stock Exchange has amended the requirements for share option schemes under Chapter 17 of the Listing Rules, which came into effect on 1st September, 2001. These new requirements make some of the provisions of CiTL Share Option Scheme no longer applicable. As such, no option has been granted since 1st September, 2001. The directors of CiTL proposed for the adoption of a new share option scheme at its forthcoming annual general meeting.

Pursuant to Chapter 17 of the Listing Rules, all schemes involving the grant by a listed issuer or any of its subsidiaries of options over new shares or other new securities of the listed issuer or its subsidiaries must be approved by shareholders of the listed issuer in general meeting. Accordingly, an ordinary resolution will be proposed for the approval of the new share option scheme of CiTL at the forthcoming Annual General Meeting of the Company. During the transitional period, CiTL must nevertheless comply with the new requirements of the Listing Rules.

Directors' Service Contracts

No Director offering for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Management Contracts

Apart from the management agreement entered into with CCHL as mentioned above, no other contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or subsisted during the year.

Directors' Biographies

Executive Directors

Dr CHOW Yei Ching, Chairman and Managing Director, aged 66, is the founder of Chevalier Group and the Chairman of CiTL and CCHL, both of which are public listed companies in Hong Kong, and the Chairman of CSHL, a public listed company in Singapore. He is also a Non-Executive Director of Van Shung Chong Holdings Limited, Television Broadcasts Limited and Shaw Brothers (Hong Kong) Limited. In 1995, Dr Chow was awarded an Honorary Doctor Degree in Business Administration by The Hong Kong Polytechnic University and an Honorary University Fellowship by The University of Hong Kong. In 1996 and 1997, he was appointed as an Honorary Member of the Board of Directors by Nanjing University and was conferred an Honorary Degree of Doctor of Laws by The University of Hong Kong respectively. Dr Chow also serves actively in a number of educational advisory committees and gives substantial support to the aforementioned two Universities in Hong Kong and The Hong Kong University of Science & Technology in areas of researches and developments. He is also an Honorary Professor of Zhejiang University and Sichuan Union University in the PRC. Dr Chow's enthusiasm in public services is evidenced in his appointment in 1996 as a Member of both The Selection Committee for the First Government of the Hong Kong Special Administrative Region and the Board of Directors of The Community Chest in Hong Kong in 1995. He was also appointed as the Honorary Consul of the Kingdom of Bahrain in Hong Kong in 2001. He also actively participates in various professional bodies and associations on fraternal and Chinese affairs. To name a few, he is a Member of the Chinese People's Political Consultative Conference, Shanghai, the President of The Japan Society of Hong Kong and the Chairman of the National Taiwan University-HK Alumni Association, etc.. In recognition of his contributions to local and overseas societies alike, Dr Chow was awarded honorable decorations from Britain, Belgium, France and Japan.

*Report of the Directors***Directors' Biographies** (continued)**Executive Directors** (continued)

Mr KUOK Hoi Sang, Managing Director, aged 52, joined Chevalier Group in 1972 and is a Director of CiTL and CSHL and the Vice Chairman of CCHL. He is also the President of The Lift and Escalator Contractors Association in Hong Kong, the Vice-Chairman of the Hong Kong - China Branch of The International Association of Elevator Engineers and a Registered Lift and Escalator Engineer in Hong Kong. He was appointed as member of Chinese People's Political Consultative Conference, Guangzhou. Mr Kuok has extensive experience in business development and is responsible for the strategic planning and management of the operations of lifts and escalators, building construction, building materials and supplies, aluminium works, electrical and mechanical services, civil engineering, property development as well as investment projects of the Group.

Mr FUNG Pak Kwan, Director, aged 50, joined Chevalier Group in 1974 and is the Managing Director of CiTL and a Director of CSHL. He was appointed as executive member of the Guangdong Federation of Industry & Commerce and Guangdong Chamber of Commerce. Mr Fung is responsible for Chevalier Group's strategic planning and management of operations of subsidiaries with focus on a wide range of voice and data communication equipment and services, system integrated IT solutions as well as the sale and distribution of mobile phones, business machines, computer systems and equipment, telephone systems and relevant after-sales services. He also actively involves in the planning of property investment and development projects, environmental engineering, automobile and hotel business in North America of the Group.

Mr KAN Ka Hon, Director and Company Secretary, aged 51, joined Chevalier Group in 1986 and is a Director and Company Secretary of CiTL and Company Secretary of CCHL. He is also a Non-Executive Director of Victory City International Holdings Limited. He is responsible for management of the Chevalier Group's accounting and treasury, corporate finance, company secretarial and electronic data processing activities. Mr Kan holds a Bachelor Degree in Science from The University of Hong Kong and is a fellow member of The Association of Chartered Certified Accountants in the U.K. and a member of Hong Kong Society of Accountants.

Mr WONG Kie Ngok, Alexander, Director, aged 73, joined Chevalier Group in 1989 and is a Director of CCHL. He is responsible for the internal audit and project development of Chevalier Group. Mr Wong is a member of The Australian Society of Certified Public Accountants, a fellow member of The Hong Kong Society of Accountants and a fellow member of The Taxation Institute of Hong Kong.

Mr TAM Kwok Wing, Director, aged 41, joined the Chevalier Group in 1986 and is a Director of CCHL. Apart from his participation in running the insurance underwriting business together with property development, property management and cold storage warehousing divisions, he is also responsible for legal affairs, general administration, human resources management, public relations and travel agency business of Chevalier Group. Mr Tam holds a Bachelor Degree in Laws from the Beijing University of the PRC, a Master of Arts Degree from City University of Hong Kong and a Postgraduate Diploma in Corporate Administration from The Hong Kong Polytechnic University. He is also fellow members of the Chartered Institute of Arbitrators, the Institute of Chartered Secretaries and Administrators in the U.K. and the Hong Kong Institute of Company Secretaries. Presently, he also serves as an Honorary Secretary of the Insurance Claims Complaints Bureau.



Report of the Directors

Directors' Biographies (continued)

Independent Non-Executive Directors (continued)

Mr Iain Leonard DALE, aged 62, was appointed to the Board in 1992. Mr Dale is the Chairman of Henderson TR Pacific Investment Trust plc, Bowman Power Ltd and an Ambassador for British Business appointed by the U.K. Foreign and Commonwealth Office. He also chairs the British Council's BOND Scheme, which places overseas business people in the U.K. industry. He was previously the Chairman of Dale Electric International plc and a Director of Vislink plc and chaired both the South East Asian Trade Advisory Group and the Southern Asian Advisory Group for the British Government. He is a former member of British Overseas Trade Board (BOTB).

Mr CHENG Ming Fun, Paul, aged 65, was appointed to the Board in 1998. Mr Cheng is a founding partner of China Key Consultants Ltd and a former Legislative Councillor, he was also the Chairman of Inchcape Pacific Limited and N M Rothschild & Sons (Hong Kong) Limited. He holds a number of non-executive directorships with listed companies in both Hong Kong and the U.K.. He was also an adjunct professor of Management of Organizations and a member of the Court at The Hong Kong University of Science and Technology.

Mr WONG Wang Fat, Andrew, aged 58, was appointed to the Board in 1999. Mr Wong has been an elected member of the Legislative Council since 1985. He has been lecturing at The Chinese University of Hong Kong since 1970 and is currently Honorary Professor of Government and Public Administration. He is also a Non-Executive Director of New Island Printing Holdings Limited and the Honorary President of the Hong Kong Corrugated Paper Manufacturers Association. Mr Wong holds a Bachelor of Arts (Honours) degree in literature from The University of Hong Kong and a Master of Public Administration degree from the Syracuse University, U.S.A.

Retirement Schemes

The Company and its Hong Kong subsidiaries were participating companies in the Chevalier Group Staff Provident Fund Scheme (the "Scheme") as defined in the Occupational Retirement Schemes Ordinance which is a defined contribution retirement scheme for its eligible employees. The Scheme was granted exemption from Mandatory Provident Fund regulations by the Mandatory Provident Fund Scheme Authority. Certain of the Company's overseas subsidiaries contribute to their local government's central pension plans for their employees. Contributions to these schemes are made by both the employers and the employees at the rate of 3.5% to 16% on the employees' salaries.

Pursuant to Government legislation, Bank Consortium Trust Company Limited was selected by the Group as an alternative Mandatory Provident Fund ("MPF") service provider for employees of the Group who do not wish to remain in the Scheme or join the Group from 1st December, 2000. The MPF is available to the employees aged 18 to 65 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions are made by the Group at 5% based on the staff's relevant income at a maximum of HK\$20,000 per month. The benefits are required by law to be preserved until the retirement age of 65.

The Group's total contributions to these schemes charged to the consolidated income statement during the year amounted to HK\$25,894,000 against which the forfeited contributions amounting to HK\$4,000,000 have been deducted. There were forfeited contributions amounting to HK\$341,000 available at the year end date for the reduction of future employer's contributions.

Report of the Directors

Substantial Shareholder

As at 31st March, 2002, the sole substantial shareholder of the Company was Dr CHOW Yei Ching who held 640,527,782 shares, representing approximately 50.23% of the issued share capital of the Company as recorded in the register of the Company required to be kept under Section 16(1) of the SDI Ordinance.

Save as disclosed above, none of the Directors is aware of any other person having an interest in shares or right to subscribe for shares, equivalent to 10% or more of the issued share capital of the Company during the year.

Arrangement for Acquisition of Shares or Debentures

Except for the share option schemes adopted by the Company and CiTL and the share options granted to certain Directors, at no time during the year was the Company or any of its subsidiaries a party to any arrangement 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.

Audit Committee

The Audit Committee, which was established pursuant to the requirements of the Listing Rules, comprising Messrs Iain Leonard DALE and WONG Wang Fat, Andrew, both independent Non-Executive Directors of the Company, met twice in the year. During the meetings, the Committee reviewed the Connected Transactions, interim and annual reports of the Group and discussed with management the auditing, internal controls and financial reporting matters.

Code of Best Practice

In the opinion of the Directors, the Company has complied throughout the year with the guidelines for the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

Auditors

The financial statements for the year have been audited by Messrs Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

CHOW Yei Ching

Chairman and Managing Director

Hong Kong, 11th July, 2002