

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 Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 41 and 18 to the financial statements, respectively. Details of the discontinued operations are disclosed in note 10 to the financial statements.

CHANGE OF NAME

Pursuant to a special resolution passed by the shareholders in a special general meeting held on 2nd April, 2001, the name of the Company was changed from Huey Tai International Limited to Sing Pao Media Group Limited (成報傳媒集團有限公司).

Pursuant to another special resolution passed by the shareholders in a special general meeting held on 18th July, 2001, the name of the Company was changed from Sing Pao Media Group Limited (成報傳媒集團有限公司) to Premium Land Limited (策略置地有限公司). On 20th March, 2002, the Chinese name of the Company was changed from 策略置地有限公司 to 上海策略置地有限公司.

RESULTS

The results of the Group for the year ended 31st March, 2002 are set out in the consolidated income statement on page 24.

The directors do not recommend the payment of a dividend for the year ended 31st March, 2002.

INVESTMENT PROPERTIES

The Group's investment properties were revalued on 31st March, 2002 at HK\$83.6 million and the deficit arising on the revaluation of approximately HK\$120,000 has been charged to the investment property revaluation reserve.

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

Particulars of the major investment properties of the Group at 31st March, 2002 are set out on page 78.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment with an aggregate net book value of approximately HK\$101.0 million were disposed of upon the disposal of certain subsidiaries during the year. Details of this and other movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

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PUBLISHING RIGHT

During the year, the intangible asset with respect to the rights to publish newspaper under the trademark and tradename of “Sing Pao” with an aggregate carrying value of approximately HK\$67.2 million were disposed of upon the sale of a subsidiary. Details are set out in note 16 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 26 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 28 to the financial statements.

DIRECTORS

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

Executive directors:

Dong Bo, Frederic (<i>Chairman</i>)	(appointed on 26th October, 2001)
Lau Man Tak	(appointed on 26th October, 2001)
Choo Yeow Ming	(appointed on 11th July, 2001 and redesignated as non-executive director on 26th October, 2001)
Ma Wai Man, Catherine	(appointed on 11th July, 2001 and redesignated as non-executive director on 26th October, 2001)
Cheung Kwok Wah	(resigned on 10th August, 2001)
Tong Chin Shing	(resigned on 10th August, 2001)
Tsang Chi Wai, Eric	(resigned on 10th August, 2001)
Wong Lai Shun, Benny	(resigned on 10th August, 2001)

Non-executive directors:

Choo Yeow Ming	(resigned on 1st November, 2001)
Ma Wai Man, Catherine	(resigned on 1st November, 2001)
Lee Peng Fei, Allen	(resigned on 10th August, 2001)

REPORT OF THE DIRECTORS

DIRECTORS *(Continued)*

Independent non-executive directors:

Kan Kwok Shu	(appointed on 29th October, 2001)
Shum Ka Hei	(appointed on 29th October, 2001)
Leung Tze Hang, David	(appointed on 11th July, 2001 and resigned on 26th October, 2001)
Wen, Carson	(appointed on 11th July, 2001 and resigned on 26th October, 2001)
Alice Choi	(resigned on 10th August, 2001)
Tse Wan Chung, Philip	(resigned on 10th August, 2001)

In accordance with Clause 86(2) of the Company's bye-laws, all remaining directors retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

The term of office for each non-executive director is the period up to his retirement by rotation in accordance with the bye-laws of the Company.

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2002, the interests of the directors and their associates in the share capital of the Company and of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance were as follows:

Name of director	Number of ordinary shares held as corporate interest <i>(note)</i>
Dong Bo, Frederic	120,208,070

Note: United Jumbo Limited ("United Jumbo") holds the 120,208,070 shares of the Company and is beneficially wholly-owned by Dong Bo, Frederic.

Save as disclosed above, none of the directors or their associates had any interests in any securities of the Company or any of its subsidiaries or its associated corporations within the meaning of the SDI Ordinance as recorded in the register kept by the Company under section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

REPORT OF THE DIRECTORS

SHARE OPTIONS

The Company has adopted share option schemes to provide incentives to directors and eligible employees. Under these schemes, the board of directors of the Company may at its discretion offer to any executive and/or employee, including executive directors, of the Company and/or its subsidiaries options to subscribe for shares in the Company in accordance with the terms of the respective schemes.

Details of these schemes are as follows:

(a) The 1998 share option scheme

Pursuant to the share option scheme of the Company adopted on 8th September, 1998 (the "1998 Scheme") which was scheduled to expire on 7th September, 2001, the board of directors of the Company might at its discretion offer to any employee, including executive directors, of the Company and/or its subsidiaries options to subscribe for shares in the Company at a consideration of HK\$1 for each lot of share options granted. Options granted were to be accepted within 21 days from the date of grant.

The exercise price was determined by the directors of the Company, and was not less than the higher of the nominal value of the Company's shares, and 80% of the average closing price of the shares for the five business days immediately preceding the date of grant. Options granted could be exercised at any time within three years from the date of acceptance.

The total number of shares in respect of which options may be granted under the 1998 Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without a prior approval from the Company's shareholders.

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 all the options previously granted to him and the said option exceeding 25% of the number of shares issued and issuable under all the options which may be granted under the 1998 Scheme at the time it is proposed to grant the said option to that person.

An option may be exercised in accordance with the terms of the 1998 Scheme at any time after the date upon which the option is granted and prior to the expiry of 3 years from that date. The period during which an option may be exercised will be determined by the board of directors in its absolute discretion, save that no option may be exercised more than 3 years after it has been granted. No option may be granted more than 3 years after the date of approval of the 1998 Scheme.

No options were granted or exercised during the year and the 1998 Scheme was terminated on 9th April, 2001.

REPORT OF THE DIRECTORS**SHARE OPTIONS** *(Continued)***(b) The 2001 share option scheme** *(Continued)*

Pursuant to the share option scheme of the Company adopted on 9th April, 2001 (the "2001 Scheme") which will expire on 8th April, 2011, the board of directors of the Company may at its discretion offer to any employee, including executive directors, of the Company and/or its subsidiaries options to subscribe for shares in the Company at a consideration of HK\$1 for each lot of share options granted. Options granted should be accepted within 14 days from the date of grant.

The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the Company's shares and 80% of the average closing price of the shares for the five business days immediately preceding the date of grant.

At 31st March, 2002, the number of shares in respect of which options had been granted and remained outstanding under the 2001 Scheme was 9,000,000, representing 2.0% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2001 Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without a prior approval from the Company's shareholders.

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 all the options previously granted to him and the said option exceeding 25% of the number of shares issued and issuable under all the options which may be granted under the 2001 Scheme at the time it is proposed to grant the said option to that person.

An option may be exercised in accordance with the terms of the 2001 Scheme at any time after the date upon which the option is granted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the board of directors in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the 2001 Scheme. Subject to earlier termination by the Company in general meeting or by the board of directors' resolution at a general meeting, the 2001 Scheme shall be valid and effective for a period of 10 years after the date of adoption of the 2001 Scheme.

REPORT OF THE DIRECTORS

SHARE OPTIONS (Continued)

(b) The 2001 share option scheme (Continued)

The following table discloses movements in the Company's share options during the year:

	Number of shares subject to option			
	Outstanding at 1st April, 2001	Granted during the year	Cancelled during the year	Outstanding at 31st March, 2002
Category 1: Director				
Ma Wai Man, Catherine (note i)	–	9,000,000	(9,000,000)	–
Category 2: Employees				
Total employees (note ii)	–	28,450,000	(19,450,000)	9,000,000
Total all categories	–	37,450,000	(28,450,000)	9,000,000

Notes:

- (i) On 26th October, 2001, Ma Wai Man, Catherine resigned as an executive director of the Company and the share options granted were surrendered voluntarily on the same date.
- (ii) The outstanding share options were cancelled in April 2002.

The options were granted by the Company on 30th August, 2001 at an exercise price of HK\$0.22 per share, after adjusting the nominal value of the shares of the Company during the year and subject to further adjustments, and are exercisable from 30th August, 2001 to 8th April, 2011. In the five years from the date of grant, the exercise of the options is restricted to a cumulative total of 20% of the entitlement of the options in each year. The closing price of the Company's shares immediately before 30th August, 2001, the date of grant, was HK\$0.21.

In the opinion of the directors, the disclosure of the fair value of options granted during the year were of no significant value to the shareholders as the 2001 Scheme was terminated upon the adoption of the 2002 share option scheme on 24th April, 2002.

REPORT OF THE DIRECTORS**SHARE OPTIONS** *(Continued)***(c) The 2002 share option scheme** *(Continued)*

Pursuant to the share option scheme of the Company adopted on 24th April, 2002 (the "2002 Scheme") which will expire on 23rd April, 2012, the board of directors of the Company may at its discretion offer to any employee, including executive directors, or consultants of the Company and/or its subsidiaries options to subscribe for shares in the Company at a consideration of HK\$1 for each lot of share options granted. Options granted should be accepted within 30 days from the date of grant.

The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant, or (iii) the nominal value of the Company's shares.

The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of shareholders' approval of the 2002 Scheme, without a prior approval from the Company's shareholders.

The maximum aggregate number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other schemes, must not, in aggregate, exceed 30% of the total number of shares of the Company in issue from time to time.

An option may be exercised in accordance with the terms of the 2002 Scheme at any time after the date upon which the option is granted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the board of directors in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the 2002 Scheme. Subject to earlier termination by the Company in general meeting or by the board of directors' resolution at a general meeting, the 2002 Scheme shall be valid and effective for a period of 10 years after the date of adoption of the 2002 Scheme.

The maximum number of shares (issued and to be issued) in respect of which options may be granted to any eligible person in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue, unless a shareholders' approval has been obtained.

In May 2002, options for subscription of the shares of the Company in an aggregate number of 269,930,000 (after subdivision of shares of the Company in April 2002) have been granted to certain directors and other employees' at a subscription price of HK\$0.298 per share. The options are exercisable up to 80% of the option shares in a period of twelve months from the date of acceptance and at any time after the expiry of twelve months from the date of acceptance up to the expiry of eighteen months from the date of acceptance to subscribe for the balance of the option shares in respect of which the option has not been exercised.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed above, at no time during the year was the Company or any of its fellow subsidiaries or subsidiaries a party to any arrangements to enable the directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or chief executives, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2002, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed that the following persons, had an interest of 10% or more in the issued share capital of the Company:

Name	Note	Number of shares held	Approximate shareholding percentage
United Jumbo	1	120,208,070	26.72%
Dong Bo, Frederic	1	120,208,070	26.72%
Great Huge Investment Corporation ("Great Huge")	2	74,980,000	16.67%
Chen Long ("Mr. Chen")	2	74,980,000	16.67%

Note:

1. Dong Bo, Frederic is the sole beneficial shareholder of United Jumbo and is accordingly deemed by the SDI Ordinance to be interested in the shares of the Company beneficially owned by United Jumbo.
2. Mr. Chen is the sole beneficial shareholder of Great Huge and is accordingly deemed by the SDI Ordinance to be interested in the shares of the Company beneficially owned by Great Huge.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the issued share capital of the Company as at 31st March, 2002.

CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

- (a) In November 2000, the Group entered into a lease agreement with Mr. Chan Boon Ho, Peter ("Mr. Chan"), a former director of the Company, under which an investment property of the Group was leased to Mr. Chan for a period of three years commencing 17th November, 2000 for a monthly rental of HK\$320,000 exclusive of rates and management fee. The rental income received by the Group during the year amounted to HK\$3,840,000. The rental was negotiated by reference to prevailing market rates.

REPORT OF THE DIRECTORS**CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE** *(Continued)*

- (b) In May 2001, the Company entered into a conditional sales and purchase agreement with Expert Solution Limited, a company which was 65% owned by China Strategic Holdings Limited ("China Strategic") and 35% owned by Star East Holdings Limited ("Star East"), in connection to the disposal of the Group's entire interest of a subsidiary, Actiwater Resources Limited, to Expert Solution Limited at a consideration of HK\$110 million.

China Strategic was the Company's former ultimate holding company and Star East was a former substantial shareholder of the Company. The transaction constituted a connected transaction, details of which were set out in the circular dated 18th June, 2001 issued by the Company.

- (c) In November 2001, the Company entered into a loan agreement with Asean Resources Limited, a subsidiary of Asean Resources Holdings Limited ("Asean"). Mr. Chan is a director of Asean. The loan principal amounted to HK\$105,000,000 and is unsecured, interest bearing at Hong Kong prime rate plus 1% and is repayable within one year after drawdown.

At 31st March, 2002, the accrued interest expense on this loan amounted to approximately HK\$2,587,000.

- (d) In January 2002, the Company entered into a subscription agreement (the "Subscription Agreement") with Great Huge, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Chen. Pursuant to the Subscription Agreement, Great Huge would subscribe for a total of 74,980,000 new shares of the Company at a subscription price of HK\$0.6 per share, resulting in net proceeds of approximately HK\$44.0 million. Mr. Chen deemed to be a substantial shareholder of the Company in January 2002.

On the same date, Super Target Limited, a wholly owned subsidiary of the Company entered into a conditional sale and purchase agreement with Great Huge to acquire a 51% interest in Shanghai Hualong Construction Stock Co. Limited ("Shanghai Hualong") (上海華龍建設股份有限公司), a company established in the PRC with limited liability of which Mr. Chen has beneficial interest. Shanghai Hualong is engaged in the business of properties investment and development in the PRC. The consideration of approximately HK\$43.9 million was determined after arm's length negotiation by reference to the fair market value of the property interest in Shanghai Hualong as at 30th November, 2001.

REPORT OF THE DIRECTORS**CONNECTED TRANSACTIONS AND DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE** *(Continued)*

(d) *(Continued)*

The net proceeds raised from the subscription of shares by Great Huge would principally be used for the acquisition of Shanghai Hualong. The acquisition of Shanghai Hualong was completed in July 2002. The above transactions constituted connected transactions, details of which were set out in the circular dated 1st March, 2002 issued by the Company.

(e) As at 31st March, 2002, the Group had pledged a bank deposit of approximately HK\$2.0 million and given a corporate guarantee amounting to HK\$8 million to a bank in respect of credit facilities granted to a non-wholly owned subsidiary of the Company, Prosper City International Limited ("Prosper City"). At 31st March, 2002, the facilities utilised by Prosper City amounted to approximately HK\$2.0 million.

The minority shareholder (also a director of Prosper City) pledged certain bank deposits of approximately HK\$6.5 million in respect of other credit facilities granted to Prosper City. At 31st March, 2002, the facilities utilised by Prosper City amounted to approximately HK\$5.9 million.

(f) During the year ended 31st March, 2002, Mr. Chan advanced an aggregate of approximately HK\$18,239,000 to certain non-wholly owned subsidiaries of the Company. The advances were unsecured, interest bearing at Hong Kong prime rate plus 2% and were repayable within one year after drawdown. The respective subsidiaries were disposed of during the year.

The interest expenses incurred during the year up to the date of disposal of the respective subsidiaries amounted to approximately HK\$605,000.

(g) During the year ended 31st March, 2002, certain operating expenses of the Group amounting to approximately HK\$2.0 million were paid by a former substantial shareholder of the Company, Capital Strategic Investment Limited, on behalf of the Group. The amount was unsecured, interest free and was fully reimbursed during the year.

Save as disclosed above, no other contracts of significance to which the Company or any of its 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.

REPORT OF THE DIRECTORS**COMPETING INTEREST**

None of the directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2002, the aggregate turnover attributable to the Group's five largest customers were less than 30% of the Group's sales.

The aggregate purchases attributable to the Group's five largest suppliers during the year accounted for approximately 38% of the total purchases of the Group and the largest supplier accounted for approximately 26% of the total purchases of the Group.

At no time during the year did the directors, their associates or any shareholders of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest or suppliers of the Group.

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

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

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.

CORPORATE GOVERNANCE

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 except that the guidelines set out in paragraph 14 of the Code have not been fully complied with in that there were no independent non-executive directors during the period from 26th October, 2001 to 29th October, 2001 due to the change of substantial shareholders on 26th October, 2001.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in note 40 to the financial statements.

REPORT OF THE DIRECTORS

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

Dong Bo, Frederic
Chairman

Hong Kong, 29th July, 2002