



Directors' Report

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31st March, 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the operation of restaurants in Hong Kong.

All of the activities of the Group are based in Hong Kong and all of the Group's turnover and operating loss are derived from Hong Kong.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2002, the percentage of turnover attributable to the Group's five largest customers was less than 30%. The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 49% of the Group's total purchases of which the largest supplier accounted for approximately 16%.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

RESULTS

The results of the Group for the year ended 31st March, 2002 are set out in the consolidated income statement on page 21.

SHARE CAPITAL AND WARRANTS

Pursuant to a special resolution passed at a special general meeting of the Company held on 22nd February, 2002, the issued share capital of the Company was reduced by HK\$0.0995 on each of the shares of HK\$0.1 each in issue on 23rd February, 2002 (the "Capital Reduction") so that each issued share in the capital of the Company was treated as one fully-paid up ordinary share of HK\$0.0005 in the capital of the Company (the "Reduced Share"); each of the shares of nominal value of HK\$0.1 each in the authorised but unissued share capital of the Company following the Capital Reduction was subdivided ("Share Subdivision") into 200 shares of HK\$0.0005 each ("Subdivided Share"). The credit arising from the Capital Reduction was credited to the contributed surplus account of the Company and was then applied to eliminate the accumulated losses of the Company.

SHARE CAPITAL AND WARRANTS *(continued)*

Subsequent to the Capital Reduction and Share Subdivision taking effect, every twenty new Reduced Shares and Subdivided Shares were consolidated into one share of HK\$0.01 each in the capital of the Company.

At 1st April, 2001, the Company had outstanding warrants in the amount of HK\$41,301,540. During the year, no warrants were exercised to subscribe for ordinary shares of the Company and all warrants expired on 31st October, 2001.

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

SHARE OPTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to written resolutions of the shareholders of the Company passed on 27th August, 1997 for the primary purpose of providing incentives to directors and eligible employees. The Scheme will expire on 26th August, 2007. Under the Scheme, the board of directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may be granted to any one employee shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the Scheme.

Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 per option. Options may be exercised 3 months from the date of grant of the share option to the fifth anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and not less than 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on the five trading days immediately preceding the date of grant of the options or the nominal value of the shares, whichever is the higher.

No option has been granted under the Scheme since its adoption.

RESERVES

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

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 pages 63 and 64.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired furniture, fixtures and equipment at a cost of approximately HK\$19 million.

The Group's leasehold land and buildings were revalued at 31st March, 2002. The result of the revaluation was a net deficit of HK\$1,538,000 which has been charged to 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 16 to the financial statements.

DIRECTORS AND SERVICE CONTRACTS

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

Executive directors:

Dr. Chan Kong Sang, Jackie (*Chairman*)

Mr. Chan Chee Kheong

Mr. So Che Hung, Solon

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Mr. Cheung Ting Kau, Vincent

Mr. May Wai Kwan (appointed on 12th September, 2001)

Independent non-executive directors:

Dr. Chow King Wai

Ms. Wan Choi Ha, Noven

In accordance with bye-law 86 (2) of the Company's Bye-laws, director who was appointed during the year, retires but shall be eligible for re-election at the forthcoming annual general meeting.

In accordance with bye-law 87 of the Company's Bye-laws, one-third of the directors will retire at the forthcoming annual general meeting and are eligible for re-election.

DIRECTORS AND SERVICE CONTRACTS *(continued)*

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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.

DIRECTORS' INTERESTS IN SHARES

At 31st March, 2002, the interests of the directors and their associates in the share capital of the Company and its associated corporations within the meaning of Securities (Disclosure of Interests) Ordinance ("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 shares	Notes
Dr. Chan Kong Sang, Jackie ("Dr. Jackie Chan")	5,489,900	(1)
Mr. Cheung Ting Kau, Vincent ("Mr. Vincent Cheung")	575,000	(2)

Notes:

- (1) The shares are beneficially owned by Pariain Enterprises Corp., a company controlled by the discretionary trust of Dr. Jackie Chan.
- (2) The shares are beneficially owned by Giant Profit Investments Inc., a company controlled by the discretionary trust of Mr. Vincent Cheung.

Save as disclosed above, at 31st March, 2002, none of the directors or chief executives or their respective associates had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives, nor 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.

SUBSTANTIAL SHAREHOLDERS

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

Name of substantial shareholder	Number of shares	Shareholding percentage
Forever Rich Profits Limited ("Forever Rich")	38,540,325	64.75%
Jumbo Wealth Limited ("Jumbo Wealth")	38,540,325	64.75%
Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung")	38,540,325	64.75%

The shares are registered in the name of and beneficially owned by Forever Rich, a company controlled by Mr. Albert Yeung. The entire issued share capital of Forever Rich was held by Jumbo Wealth on trust for The A & A Trust, a unit trust under the discretionary trust of Mr. Albert Yeung. Accordingly, Mr. Albert Yeung was deemed to be interested in the 38,540,325 shares held by Forever Rich.

Save as disclosed above, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the Company's share option scheme disclosed above under the heading "SHARE OPTIONS", 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

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

PRE-EMPTIVE RIGHTS

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

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 except that no full board meeting was held during the year as one of the directors was absent from Hong Kong.

AUDITORS

A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Wong Chi Fai

Director

Hong Kong, 18th July, 2002