

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The activities of the Company's principal subsidiaries as at 31st March 2002 are set out in note 40 to the financial statements.

RESULTS

The results of the Group for the year ended 31st March 2002 are set out in the consolidated income statement on page 22 of the annual report and in the accompanying notes to the financial statements.

The directors do not recommend the payment of a dividend.

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RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2002, the aggregate turnover and purchase attributable to the five largest customers and suppliers of the Group were less than 30% of the total turnover and purchase of the Group, respectively.

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 68 of the annual report.

INVESTMENT PROPERTIES

During the year, the Group disposed of investment properties amounting to approximately HK\$26,940,000. In addition, the Group has delivered the possession of certain investment properties amounting to approximately HK\$3,100,000 to a bank and put into market for sale during the year.

The Group's remaining investment properties were revalued at 31st March 2002 at the amount of HK\$147,800,000 and the deficit arising on revaluation amounted to approximately HK\$17,500,000, of which approximately HK\$11,278,000 and approximately HK\$6,222,000 have been debited to investment property revaluation reserve and consolidated income statement, respectively.

INVESTMENT PROPERTIES (continued)

Details of these and other movements in the investment properties of the Group during the year are set out in note 15 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group disposed of motor vehicles with a net book value of approximately HK\$3,776,000.

In addition, the Group's land and buildings were revalued at 31st March 2002 at the amount of HK\$1,440,000, and the deficit arising on revaluation amounted to HK\$16,000 has been debited to consolidated income statement.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.

PROPERTIES

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Particulars of the major properties of the Group as at 31st March 2002 are set out on page 69 of the annual report.

PRINCIPAL SUBSIDIARIES AND ASSOCIATE

Particulars of the Company's principal subsidiaries and the Group's principal associate as at 31st March 2002 are set out in notes 40 and 19 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 28 to the financial statements.

SHARE OPTIONS

Pursuant to the Company's share option scheme adopted on 30th September, 1999 (the "Scheme"), the Board of Directors of the Company may, at their discretion, grant options to any eligible employees of the Company or any of its subsidiaries (including Executive Directors and other officers of the Company or its subsidiaries) to subscribe for shares in the Company in accordance with the terms of the Scheme.

The exercise price of the options shall be determined by the Directors of the Company, being not less than 80% of the average closing prices of the shares of the Company for the five trading days immediately preceding the date of offer of the option, or the nominal value of the shares, whichever is higher. 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.

Details of the movement in the Company's share option granted by the Company during the year are set out in note 29 to the financial statements.

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BORROWINGS

Bank and other borrowing repayable within one year or on demand are classified as current liabilities. Repayment analyses of obligations under finance leases and bank and other borrowings as at 31st March 2002 are set out in notes 26 and 27 to the financial statements, respectively.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Ms. Shirley Choi Siu Lui

(Chairman and Chief Executive Officer)

Mr. Choi Sai Leung *(Honorary Chairman)*

Mr. Norman Choi Sung Fung *(Deputy Chairman)*

Ms. Ou Yirong

Mr. Vincent Cheung Wing Hung

Mr. Kenneth Keung Yui Fai

Mr. Ronald Lau Kin Hon

(appointed on 1st April 2001)

Mr. Kwok Kong Shu

(vacated office on 11th April 2001)

In accordance with Clauses 94 and 111 of the Company's Bye-laws, Mr. Vincent Cheung Wing Hung and Mr. Kenneth Keung Yui Fai shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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Each of the Independent Non-executive Directors has been appointed for a fixed term of two years commencing 1st April 2001 and ending 31st March 2003. They are also subject to retirement by rotation in accordance with Clauses 94 and 111 of the Company's Bye-Laws.

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS

Executive Directors

Ms. Shirley Choi Siu Lui *(Chairman and Chief Executive Officer)*, aged 33, was appointed as a Director of the Company in February 1994 and as the Chairman and Chief Executive Officer of the Company in June 2000. Ms. Choi received a Master Degree in Business Administration from Pepperdine University in the State of California, U.S.A. and Degrees in Business Administration (Finance) and Arts (Music) from University of San Diego. She has extensive experience in corporate development and supply chain management. She is the daughter of Mr. Choi Sai Leung, the Honorary Chairman and a Non-executive Director of the Company and the elder sister of Mr. Norman Choi Sung Fung, the Deputy Chairman and an Executive Director of the Company.

Mr. Norman Choi Sung Fung *(Deputy Chairman)*, aged 30, was appointed as the Deputy Chairman and an Executive Director of the Company in June 2000. Mr. Choi received a Degree in Business Administration from the University of San Diego, U.S.A. and has more than seven years' experience in securities investment, corporate development and internet business. He is also a Director of Upyear Limited ("Upyear"), a substantial shareholder of the Company as of 31st March 2002 pursuant to Part II of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"). Mr. Choi is the son of Mr. Choi Sai Leung, the Honorary Chairman and a Non-executive Director of the Company and the younger brother of Ms. Shirley Choi Siu Lui, the Chairman and Chief Executive Officer of the Company.

Ms. Ou Yirong, aged 59, joined the Group in 1995 as a Director of the China Division. She was appointed an Executive Director of the Company in April 1998. Ms. Ou received a Master of Law Degree from the Columbia University, Law School, New York and is a Chinese Attorney at Law of China Lawyers Association. She has more than thirty-two years' working experience with government authorities, companies and law firms worldwide including the People's Republic of China (the "PRC"), U.S.A. and Hong Kong Special Administrative Region ("Hong Kong SAR").

Mr. Vincent Cheung Wing Hung, aged 55, was appointed as an Executive Director of the Company in July 1999. Prior to joining the Board of Directors of the Company, he was an Executive Director and the General Manager of Next Media Limited (formerly known as Paramount Publishing Group Limited), the then subsidiary of the Company from March 1995 to October 1999. Before that, he was an alternate Chief Executive and Deputy General Manager of Kredietbank N.V. Hong Kong Branch and representative of Kredietbank S.A. Luxembourgeoise in Hong Kong. Mr. Cheung has over thirty one years of experience in commercial and investment banking, share broking, advertising and printing business.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGERS (continued)**Non-executive Director**

Mr. Choi Sai Leung (*Honorary Chairman*), aged 61, was appointed as an Executive Director of the Company in May 1990 and had acted as the Chairman of the Company until June 2000 when he considered that the Group has been firmly established under the new management. Mr. Choi therefore resigned as the Chairman and relinquished from the executive functions as Director and passed on the leadership of the Group to the new management team. Since June 2000, Mr. Choi has been appointed as Honorary Chairman and remains as a Non-executive Director of the Company. He has over thirty years of experience in property development, securities investment, financial planning and business management. He is also a Director of Upyear, Norham Corporation ("Norham") and Celleroy Limited ("Celleroy"), substantial shareholders of the Company as of 31st March 2002 pursuant to Part II of the SDI Ordinance. Mr. Choi is the father of Ms. Shirley Choi Siu Lui, the Chairman and Chief Executive Officer of the Company and Mr. Norman Choi Sung Fung, the Deputy Chairman and an Executive Director of the Company.

Independent Non-executive Directors

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Mr. Kenneth Keung Yui Fai, aged 42, was appointed as a Director of the Company in April 1999. Mr. Keung is a practising solicitor in Hong Kong SAR and is currently a partner of a law firm.

Mr. Ronald Lau Kin Hon, aged 34, was appointed as a Director of the Company in April 2001. He is a practising solicitor and is currently a partner of a law firm.

Company Secretary

Mr. Ip Pui Sum, aged 43, graduated from the Hong Kong Polytechnic with a Higher Diploma in Accountancy in 1982. He is fellow member of the Association of Chartered Certified Accountants (United Kingdom) and an Associate of the Hong Kong Society of Accountants, the Chartered Institute of Management Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. Mr. Ip has over 20 years of experience in public accounting and company secretarial practices. He is also a certified public accountant in Hong Kong. He joined the Group in June 2002.

DIRECTORS' INTERESTS IN SECURITIES

As at 31st March 2002, the interests of the Directors of the Company and their associates in the securities of the Company and its associated corporations, within the meaning of the SDI Ordinance, as recorded in the register maintained by the Company pursuant to section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Shares in the Company

Name of Director	Nature of interests	Number of shares held
Mr. Choi Sai Leung ("Mr. Choi")	Other interests	127,144,278 <i>(note)</i>

Note: This represents the deemed interest of Mr. Choi in 127,144,278 shares in the Company held by Norham as at 31st March 2002. Norham was the asset of a discretionary trust, the Celleroy Trust. Mr. Choi being the sole shareholder and sole director of the trustee, Celleroy, was deemed to have an interest in these shares pursuant to Section 8 of the SDI Ordinance.

(b) Shares in associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interests	Number of shares held
Mr. Choi	SRI	Personal interests	9,000,000
	Seafeld Investments Limited	Personal interests	500,000
	Seapower Consortium (China) Limited	Personal interests	5,000
Ms. Shirley Choi Siu Lui ("Ms. Choi")	SRI	Personal interests	500,000

DIRECTORS' INTERESTS IN SECURITIES (continued)

(c) Share options in SRI

Details of the share options granted to the Directors of the Company or their associates on 22nd November 1999 to subscribe for shares in SRI, subject to adjustment, and exercisable from 23rd May 2000 to 22nd November 2004 are as follows:

Name of director	Nature of interests	Exercise price <i>HK\$</i>	Outstanding share options at 1.4.2001 and 31.3.2002
Ms. Choi	Personal interests	0.125	38,584,795
Mr. Norman Choi Sung Fung ("Mr. Norman Choi")	Personal interests	0.125	10,784,435
Ms. Ou Yirong ("Ms. Ou")	Personal interests	0.125	11,981,846
Mr. Vincent Cheung Wing Hung ("Mr. Cheung")	Personal interests	0.125	1,796,116
Mr. Choi	Personal interests	0.125	38,584,795
Mr. Choi	Family interests <i>(note)</i>	0.125	38,584,795

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Note: These share options were granted to Madam Hui Kam Yip ("Madam Hui"), the wife of Mr. Choi.

No options were granted to or exercised by the Directors of the Company or their associates during the year.

Save as disclosed above and under the section headed "Directors' Rights to Acquire Shares or Debentures" below, as at 31st March 2002, none of the Directors, chief executives or their associates had any interests in any securities of the Company or any of its associated corporations, within the meaning of the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the Company's share option scheme are set out in note 29 to the financial statements.

Details of the share options granted to the Directors of the Company or their associates on 22nd November 1999 to subscribe for shares in the Company at an exercise price of HK\$0.23 per share, subject to adjustment, and exercisable from 23rd May 2000 to 22nd November 2004, are as follows:

Name of director	Nature of interests	Outstanding share options at
		1.4.2001 and 31.3.2002
Ms. Choi	Personal interests	12,700,000
Mr. Norman Choi	Personal interests	2,000,000
Ms. Ou	Personal interests	5,600,000
Mr. Cheung	Personal interests	1,000,000
Mr. Choi	Personal interests	12,700,000
Mr. Choi	Family interests	12,700,000

(note)

Note: These share options were granted to Madam Hui.

No options were granted to or exercised by the Directors of the Company or their associates during the year.

Save as disclosed above, at no time during the year was the Company or any of the 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 debt securities (including debentures) of, the Company or any other body corporate, and none of the Directors, chief executives or their spouses or children under the age of eighteen had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

CONNECTED TRANSACTIONS

The related party transactions disclosed in note 39(a) to the financial statements do not constitute connected transactions of the Company while the transaction disclosed in note 39(b) falls within the exemption provisions under Rule 14.24 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed above under the section headed "Connected Transactions", 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.

SUBSTANTIAL SHAREHOLDERS

Saved as disclosed above under the section headed "Directors' Interests in Securities", the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the SDI Ordinance shows that the following shareholders had an interest of 10% or more of the issued share capital of the Company as at 31st March 2002:

Name of shareholder	Number of shares of the Company held			Percentage of issued share capital %	Notes
	Direct interest	Deemed interest	Total interest		
Upyear	69,301,600	–	69,301,600	13.63	
Norham	–	127,144,278	127,144,278	25.01	1
Celleroy (as trustee of the Celleroy Trust)	–	127,144,278	127,144,278	25.01	2

Notes:

- Upyear is a wholly-owned subsidiary of Norham and the interest of Norham included its deemed interest in the 69,301,600 shares in the Company held by Upyear.
- Celleroy as trustee of the Celleroy Trust was deemed to be interested in 127,144,278 shares in the Company held by Norham by virtue of the Celleroy Trust's interest in Norham.

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.

RETIREMENT BENEFIT SCHEME

Information on the Group's retirement benefit scheme and MPF Scheme are set out in note 8 to the financial statements.

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.

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.

PRACTICE NOTE 19 ("PN19") TO THE LISTING RULES

Financial assistance provided to an affiliated company:

The Group has provided financial assistance by way of granting guarantee to its associate SRI, details of which have been announced on the Company's interim report for the six months period ended 30th September 2001. As of 31st March 2002, the aggregate financial assistance granted by the Group to SRI were:

Affiliated company	Percentage of interest held by the Group as at 31st March 2002	Guarantee given to a bank	Loan drawn under the guarantee
	%	HK\$'000	HK\$'000
SRI	27.54	38,660	38,660

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Financial position of SRI and net assets attributable to the Group as at 30th September 2001, disclosed pursuant to clause 3.10 of PN19 are as follows:

	<i>HK\$'000</i>
Financial position of SRI:	
Non-current assets	1,482,758
Current assets	75,268
Current liabilities	(1,305,948)
Minority interests	(4,057)
Non-current liabilities	(282)
Net assets	<u>247,739</u>
Net assets attributable to the Group	<u>68,125</u>

No financial information of SRI as at 31st March 2002 was available as SRI is under restructuring.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the year ended 31st March 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDITORS

A resolution will be submitted to 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

Shirley Choi Siu Lui

Chairman

Hong Kong, 30th August 2002