

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company and the Group are property investment, development and management, building contractor and investment holding.

RESULTS

The results of the Company and its subsidiary companies (the “Group”) for the year ended 31st March 2002 are shown on page 21.

DIVIDENDS

The Directors have not declared any interim dividend during the year (2001: 1.1 cents per share totalling HK\$1,330,560). The Directors recommend the payment of a final dividend of 2.0 cents per share totalling HK\$2,419,200 (2001: 2.8 cents per share totalling HK\$3,386,880) which will be payable on Friday, 30th August 2002.

EMPLOYEE INFORMATION

The Group has less than 20 employees and their remuneration are maintained at competitive levels. Employees’ salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees by reference to the Group’s result and individual performance. Other benefits include education subsidies, medical and retirement benefits.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The Group’s cash and bank balances amounted to HK\$62.2 million at 31st March 2002. The Board believes that the Group has sufficient financial resources for its operations. The Group has no exposure to foreign exchange rate fluctuation and material contingent liabilities.

FIVE YEAR FINANCIAL SUMMARY

A summary of the Group’s results and of its assets and liabilities for the past five financial years is shown on page 46.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 22 to the accounts.

REPORT OF THE DIRECTORS *(Continued)*

PROPERTIES

Details of the movements in investment properties are shown in note 12 to the accounts.

Details of the properties held by the Group for sale and investment purposes are shown on pages 48 to 55.

DIRECTORS

The Directors during the year and at the date of this report are:

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)
Madam Chin Lan Hong
Mr. Cheung Lin Wee
Mr. Cheung Ying Wai, Eric

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith
Mr. John Ho
Mr. Ng Kwok Tung (appointed on 14th December 2001)

In accordance with Article 94 of the Company's Articles of Association, Mr. Ng Kwok Tung retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Cheung Kee Wee and Mr. John Ho retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company or its subsidiary companies which is not determinable within one year without payment of compensation, other than statutory compensation.

Brief biographical details of Directors and senior management are set out on page 2.

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS' INTERESTS

At 31st March 2002, the beneficial interests of the Directors and their associates in the share capital of the Company as recorded in the Company's register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Name of Directors	Personal Interests
Madam Chin Lan Hong	1,634,400
Mr. Cheung Kee Wee	598,160
Mr. Cheung Lin Wee	372,000
Mr. Cheung Ying Wai, Eric	10,000

None of the Directors had any Family Interests or Other Interests in the share capital of the Company and its associated corporations.

Apart from certain non-beneficial interests held for the benefit of the Company in respect of its wholly-owned subsidiary companies, the Directors, chief executives and their respective associates have no other interests in the subsidiary companies, beneficial or non-beneficial.

No contracts of significance in relation to the Company's business to which the Company or its subsidiary companies 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.

At no time during the year was the Company or its subsidiary companies 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.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following interests, being 10% or more, in its issued share capital.

Name of shareholder	Number of shares
Mr. Cheung Kung Hai, deceased	87,391,440

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's shares during the year.

REPORT OF THE DIRECTORS *(Continued)*

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover during the year attributable to the Group's five largest customers was 45% of the Group's total turnover, of which 15% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total revenue purchases.

None of the Directors, their associates or any shareholder who to the knowledge of the directors owns more than five per cent of the Company's issued share capital has an interest in the major customers or suppliers disclosed above, except that Mr. Cheung Kung Hai, deceased, substantial shareholder of the Company, has beneficial interests in three of the Group's five largest customers and Madam Chin Lan Hong, Director of the Company, has beneficial interests in two of the Group's five largest customers.

THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied 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 throughout the year, except that Independent Non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with Article 103(A) of the Company's Articles of Association.

AUDIT COMMITTEE

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an audit committee, comprising three Independent Non-executive Directors, namely Mr. Lam Hon Keung, Keith, Mr. John Ho and Mr. Ng Kwok Tung, was set up.

By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants, written terms of reference which describe the authority and duties of the audit committee were prepared and adopted by the Board of the Company. The principal activities of the audit committee include the review and supervision of the Group's financial reporting process and internal controls.

REPORT OF THE DIRECTORS *(Continued)*

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cheung Kee Wee

Chairman

Hong Kong, 12th July 2002