

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30th June, 2002.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 34 to the financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2002 are set out in notes 34 and 17, respectively, to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30th June, 2002 are set out in the consolidated income statement on page 25 of the annual report.

An interim dividend of HK1 cent per share amounting to HK\$7,972,552 was paid to shareholders during the year. The Directors now recommend a final dividend of HK1 cent per share amounting to HK\$8,030,542 to be paid to shareholders whose names appear on the Register of Members of the Company on 13th November, 2002.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 22 to the financial statements.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 23 to the financial statements.

TREASURY AND GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a conservative approach in its treasury management with foreign exchange exposure being kept at minimal and interest rates on floating rate bases. As at 30th June, 2002, the Group had cash resources of approximately HK\$207.24 million, comprising cash on hand of approximately HK\$16.74 million together with committed unutilised facilities of approximately HK\$190.50 million. Bank loans accounted for 12.75% of the Group's assets. Details of bank loans and other borrowings of the Group are set out in note 24 to the financial statements. No interest was capitalised by the Group during the year.

DIRECTORS' REPORT *(Continued)*

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PRE-EMPTIVE RIGHTS

No provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders exist in the Cayman Islands, being the jurisdiction in which the Company was incorporated.

DIRECTORS

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

Executive Directors

Mr. Robert Ng Chee Siong
Ms. Doreen Fong Lai Min (resigned on 1st June, 2002)
Mr. Eric Ip Sai Kwong
Mr. Ivan Lee Wank-hay
Ms. Florence So Yeo Guat Eng
Mr. Raymond Tong Kwok Tung

Independent Non-Executive Directors

Mr. Ronald Joseph Arculli, GBS, OBE, JP
Mr. Paul Cheng Ming Fun, JP
Mr. Gilbert Lui Wing Kwong

In accordance with the provisions of the Company's Articles of Association, Mr. Paul Cheng Ming Fun, JP and Ms. Florence So Yeo Guat Eng will retire at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS IN SHARES OR DEBT SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30th June, 2002, the Directors and their associates held the following interests, which were beneficial unless otherwise stated, in shares and debt securities of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"):

Name of Director	Number of ordinary shares held				Total interests
	Personal interests	Family interests	Corporate interests	Other interests	
Mr. Robert Ng Chee Siong	215,168	638,463	—	—	853,631
Mr. Ronald Joseph Arculli, GBS, OBE, JP	277,329	—	—	—	277,329
Mr. Paul Cheng Ming Fun, JP	66,485	—	—	—	66,485
Mr. Gilbert Lui Wing Kwong	—	—	—	—	—
Mr. Eric Ip Sai Kwong	—	6,050	—	—	6,050
Mr. Ivan Lee Wank-hay	—	—	—	—	—
Ms. Florence So Yeo Guat Eng	—	—	—	—	—
Mr. Raymond Tong Kwok Tung	—	—	—	—	—

Save as disclosed herein, neither the Directors nor any of their associates had any beneficial or non-beneficial interests in shares or debt securities of the Company or its associated corporations as defined in the SDI Ordinance. Furthermore, none of the Directors or any of their spouses or children under the age of 18 were granted any rights or options to subscribe for shares or debt securities of the Company or its associated corporations.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to paragraph 8.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company discloses that during the year and up to the date of this report, Mr. Robert Ng Chee Siong, the Chairman of the Board, held interest and/or directorships in hotels which operate in Hong Kong.

As the Board of Directors of the Company is independent of the boards of these hotels and maintains three Independent Non-Executive Directors, the Group operates its business independently of, and at arm's length from, these hotels.

DIRECTORS' REPORT *(Continued)*

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of Directors' interests in contracts of significance are set out in note 33 to the financial statements.

Other than as disclosed in note 33, no other 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.

MANAGEMENT CONTRACTS

None of the Directors of the Company has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

CONNECTED PARTY TRANSACTIONS

Details of connected party transactions are set out in note 33 to the financial statements.

SUBSTANTIAL SHAREHOLDER

As at 30th June, 2002, the following shareholder of the Company was interested in 10% or more in the issued share capital of the Company as recorded in the register kept under Section 16(1) of the SDI Ordinance:

Name of shareholder	Number of ordinary shares held
Mr. Ng Teng Fong	375,335,208

Save as disclosed herein, no other person is recorded in the register as having an interest of 10% or more of the issued share capital of the Company as at 30th June, 2002.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate turnover or purchases attributable to the Group's five largest customers or suppliers was less than 30% of the Group's total turnover or purchases for the year under review.

RETIREMENT BENEFITS SCHEME

The Group participates in a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee.

The retirement benefits cost charged to income statement represents contribution payable to the scheme by the Group at rates specified in the rules of the scheme.

DIRECTORS' REPORT *(Continued)*

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, an Audit Committee comprising Mr. Paul Cheng Ming Fun, JP and Mr. Gilbert Lui Wing Kwong, Independent Non-Executive Directors, was established on 16th September, 1998. The Audit Committee reports to the Board and has held regular meetings since its establishment to review and recommend improvements to the Group's financial reporting process and internal controls.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 30th June, 2002 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The term of office for each Independent Non-Executive Director is the period up to his retirement by rotation and re-election at the Annual General Meeting in accordance with the Company's Articles of Association.

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
Robert NG Chee Siong
Chairman

Hong Kong, 24th September, 2002