

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in investment holding, property development and general trading.

RESULTS

Details of the results of the Group for the year ended 30 June 2002 are set out in the consolidated income statement on page 15.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 21 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

Particulars of the properties of the Group as at 30 June 2002 are set out on page 42.

BORROWINGS AND INTEREST CAPITALISED

Bank loans and overdrafts repayable within one year or on demand are classified as current liabilities. Repayment schedules of the Group's bank loans are set out in note 19 to the financial statements.

Interest capitalised by the Group during the year in respect of properties held under development amounted to HK\$33,453,000.

DIRECTORS

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

Executive directors:

Hsin Yu Ping
Law Fong (*Acting Chairman*)
Zhou Shiji

Non-executive director:

Oung Shih Hua, James

Independent non-executive directors:

Zhu Pei Qing
Cao Dacheng

In accordance with the provisions of the Company's Bye-laws, Messrs. Hsin Yu Ping and Zhou Shiji retire 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 Company's Bye-laws.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2002, the interests of the directors and chief executives and their associates in the securities of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of ordinary shares in the Company held as personal interests
Oung Shih Hua, James	5,000,000

Save as disclosed above, and other than certain nominee shares in certain subsidiaries held in trust for the Group, as at 30 June 2002, none of the directors, chief executives or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

According to the register maintained by the Company under Section 16(1) of the SDI Ordinance, the Company was notified of the following interest representing 10% or more of the issued share capital of the Company as at 30 June 2002:

Name of shareholder	Number of ordinary shares	%
Five Star Investments Limited	267,815,017	50.70

SHARE OPTIONS AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES

Pursuant to the share option scheme (the "Scheme") adopted at a special general meeting of the Company held on 23 September 1996, the directors of the Company may grant options as incentives to directors or employees of the Company or its subsidiaries to subscribe for shares in the Company within a period of ten years commencing from 23 September 1996. The subscription price of the shares is set to be the higher of the nominal value of the Company's shares or an amount which is 80% of the average closing price of the Company's shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of grant of the options.

The maximum number of shares in respect of which options may be granted cannot 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 cannot exceed 25% of the maximum number of shares in respect of which options may be granted under the Scheme. Consideration of HK\$1 is payable on each grant.

No share options have been granted under the Scheme since its adoption.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. None of the spouses or children under the age of 18 of the directors or chief executive had any right to subscribe for the securities of the Company or had exercised such rights during the year.

DIRECTORS' INTEREST 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.

CONNECTED TRANSACTIONS

Details of connected transactions entered into during the year are set out in note 30 to the financial statements.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company has complied throughout the year 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.

PURCHASE, SALE AND REDEMPTION OF SHARES

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

AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company for the past three years.

On behalf of the Board

Law Fong

ACTING CHAIRMAN

Hong Kong

30 October 2002