

# REPORT OF THE DIRECTORS

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The directors of Tai Sang Land Development Limited (the “Company”) submit their report together with the audited accounts of the Company and its subsidiary companies (collectively the “Group”) for the year ended 31st December 2002.

## PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the principal subsidiary companies are shown in note 28 to the accounts.

An analysis of the Group’s performance for the year by business and geographical segments is set out in note 2 to the accounts.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2002 are set out in the consolidated profit and loss account on page 12 of this annual report.

The directors have declared an interim dividend of HK6 cents (2001: HK9 cents) per ordinary share, totalling HK\$17,260,181 (2001: HK\$25,890,271), which was paid on 7th October 2002.

The directors recommend the payment of a final dividend of HK5 cents (2001: HK7 cents) per ordinary share, totalling HK\$14,383,484 (2001: HK\$20,136,877).

The total dividends for the year ended 31st December 2002 amounted to HK11 cents (2001: HK16 cents) per ordinary share.

## RESERVES

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

## DONATIONS

During the year, the Group made charitable and other donations of HK\$186,696 (2001: HK\$199,351).

## FIXED ASSETS

Details of the movements in fixed assets are set out in note 12 to the accounts.

## PRINCIPAL PROPERTIES

A list of the Group’s significant properties is set out on pages 46 to 47 of this annual report.

## PURCHASE, SALE AND REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company’s issued shares during the year.

## BORROWINGS

Particulars of the bank loans and overdrafts are shown in notes 18 and 19 to the accounts.

## RETIREMENT BENEFIT SCHEME

Details of the retirement benefit schemes of the Group are set out in note 4 to the accounts.

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## **DISTRIBUTABLE RESERVES**

Distributable reserves of the Company at 31st December 2002, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$304,950,645 (2001: HK\$279,177,736).

## **FIVE YEAR FINANCIAL SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 48 of this annual report.

## **DIRECTORS**

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

William Ma Ching Wai	<i>(Chairman)</i>
Alfred Ma Ching Kuen	<i>(Managing director)</i>
Amy Ma Ching Sau	<i>(Managing director)</i>
Katy Ma Ching Man	
Ruth Ma Ching Keung	
Patrick Ma Ching Hang	
Ida Ma Ching Kwai	
Philip Ma Ching Yeung	

*Independent non-executive directors:*

Edward Cheung Wing Yui  
Kevin Chau Kwok Fun

In accordance with Article 103 of the Company's Articles of Association, Ms. Katy Ma Ching Man, Ms. Ida Ma Ching Kwai and Mr. Kevin Chau Kwok Fun retire by rotation and, being eligible, offer themselves for re-election.

## **DIRECTORS' SERVICE CONTRACTS**

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

## **BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT**

Biographical details of directors and senior management are set out on pages 1 and 2 of this annual report.

## **DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS**

Details of directors' and senior management's emoluments are set out in note 6 to the accounts.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the year was the Company or any of its subsidiary companies a party to any arrangements to enable the directors of the Company or their associated corporations as defined in Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

At no time during the year, the directors and chief executive (including their spouse and children under 18 years of age) had been granted any rights to subscribe for shares or debentures of the Company and its associated corporations as defined in the SDI Ordinance.

## **DIRECTORS' INTERESTS IN EQUITY SECURITIES**

At 31st December 2002 the interests of the directors and chief executive in the shares of the Company as recorded in the register maintained under Section 29 of the SDI Ordinance or as notified to the Company were as follows:

### **Ordinary shares of HK\$1 each**

	<u>Personal interests</u>	<u>Family interests</u>	<u>Corporate interests</u> (notes (a) and (b))	<u>Joint interests</u> (note (c))	<u>Total</u>
Directors:					
William Ma Ching Wai	3,644,013	—	158,246,459	38,115	161,928,587
Alfred Ma Ching Kuen	57,200	—	—	—	57,200
Amy Ma Ching Sau	20,570	—	—	—	20,570
Katy Ma Ching Man	97,767	—	—	—	97,767
Ruth Ma Ching Keung	2,772	—	—	—	2,772
Patrick Ma Ching Hang	261	—	8,732,013	38,115	8,770,389
Ida Ma Ching Kwai	19,712	—	—	—	19,712
Philip Ma Ching Yeung	3,157,522	—	—	—	3,157,522
Edward Cheung Wing Yui	—	—	—	—	—
Kevin Chau Kwok Fun	—	—	—	—	—
Chief executive:					
Ted Mok Tat Hung	—	—	—	—	—

### **Notes:**

- Kam Chan & Company, Limited and its associates, and Holston Investment Limited directly or indirectly owned 137,108,222 and 21,138,237 ordinary shares in the Company respectively. Mr. William Ma Ching Wai is a substantial shareholder of these companies.
- Tai Sang International Limited directly or indirectly owned 8,732,013 ordinary shares in the Company. Mr. Patrick Ma Ching Hang is a substantial shareholder of this company.
- Mr. William Ma Ching Wai and Mr. Patrick Ma Ching Hang jointly held 38,115 ordinary shares in the Company.
- Mr. Alfred Ma Ching Kuen beneficially held 9,886 shares (or 0.1765%) in the issued share capital of a subsidiary company, Tai Sang Cold Storage and Godown Company Limited.
- Mr. William Ma Ching Wai indirectly held beneficial interest in 150,000 shares in the issued share capital of a subsidiary company, GYB Properties, Inc.
- Mr. Patrick Ma Ching Hang and Ms. Katy Ma Ching Man jointly and beneficially held 47 shares (or 0.94%), and Mr. Alfred Ma Ching Kuen and Ms. Ida Ma Ching Kwai each beneficially held 23 shares (or 0.46%) in the issued share capital of a subsidiary company, Kam Hang Company Limited.
- In addition, certain directors of the Company hold non-beneficial interests in subsidiary companies in trust to the absolute benefit for the Company, details of which are available for inspection at the Company's registered office.

## **DIRECTORS' INTERESTS IN CONTRACTS**

Other than the transaction disclosed in note 20 to the accounts in which Mr. William Ma Ching Wai is interested by virtue of his ownership and control in the related companies, no other contracts of significance in relation to the Group's business to which the Company or any of 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.

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## **SUBSTANTIAL SHAREHOLDERS**

At 31st December 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those of the directors as disclosed above.

## **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 percentages of the purchases for the year attributable to the Group's major suppliers are as follows:

– the largest supplier	14.8%
– five largest suppliers	43.5%

None of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the suppliers noted above.

During the year, the Group earned less than 30% of its turnover from its five largest customers.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

During the year ended 31st December 2002, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at Annual General Meeting of the Company in accordance with the Company's Articles of Association.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

All directors except for independent non-executive directors are directors and shareholders of Kam Chan & Company, Limited which is also engaged in property development and property investment.

## **AUDIT COMMITTEE**

The Audit Committee which was established pursuant to the requirements of the Listing Rules, comprising Mr. Edward Cheung Wing Yui and Mr. Kevin Chau Kwok Fun, met twice in the year. The Audit Committee has reviewed matters which formed the basis of the Company's financial statements.

## **AUDITORS**

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

On behalf of the Board

**William Ma Ching Wai**  
*Chairman*

Hong Kong, 28th March 2003