

Report of the Directors



The directors herein present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the production and distribution of wines. In the prior year, the Group also was engaged in ostrich farming for the production and trading of ostrich leather and meat, which were discontinued during that year.

Results and dividends

The Group's loss for the year ended 31 December 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 18 to 68.

The directors do not recommend the payment of any dividend for the year.

Summary financial information

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below:

	Year ended 31 December				
	2002	2001	2000	1999	1998
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
TURNOVER					
Continuing operations	152,916	152,821	135,617	134,116	110,775
Discontinued operations	–	40,342	52,374	52,910	63,319
	<u>152,916</u>	<u>193,163</u>	<u>187,991</u>	<u>187,026</u>	<u>174,094</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS					
	<u>(27,953)</u>	<u>(341,359)</u>	<u>(82,375)</u>	<u>(37,263)</u>	<u>(1,008)</u>





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Summary financial information (continued)

ASSETS, LIABILITIES AND MINORITY INTERESTS	2002 HK\$'000	2001* HK\$'000	As at 31 December		
			2000* HK\$'000	1999* HK\$'000	1998* HK\$'000
Total assets	475,855	519,053	931,710	768,844	776,543
Total liabilities	(219,527)	(231,256)	(348,534)	(283,633)	(296,124)
Minority interests	(85,363)	(88,128)	(87,287)	(84,230)	(87,619)
	<u>170,965</u>	<u>199,669</u>	<u>495,889</u>	<u>400,981</u>	<u>392,800</u>

* Details of the reclassification of certain balance sheet items have been disclosed in note 38 to the financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Company and the Group are set out in note 14 to the financial statements.

Share capital and share options

Details of movements in the share capital and share options of the Company for the year ended 31 December 2002 together with the reasons therefor, are set out in notes 29 and 30 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.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated summary statement of changes in equity.



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Distributable reserves

The Company did not have any reserves available for cash distribution or distribution in specie at 31 December 2002 as computed in accordance with the Companies Act 1981 of Bermuda (as amended). The share premium account of HK\$542,584,000 as at 31 December 2002 may be distributed in the form of fully paid bonus shares.

Pledge of assets

Details of the pledge of certain assets of the Group as at the balance sheet date are set out in notes 14 and 26 to the financial statements.

Directors

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

Executive directors

Kwee Cahyadi Kumala (*Chairman*)
Chan Chuen Wing (*Vice Chairman and Managing Director*)
Liaw Chung Shiung
Guan Xian Liang
Dequina Karen
Amantoy Jose B. (resigned on 24 May 2002)

Independent non-executive directors

Chuan Kow Chian (appointed on 24 May 2002)
Leow Bock Lim (appointed on 11 December 2002)
Pikanto Hanyman (resigned on 24 May 2002)
Chiu Chi Keung Parker (resigned on 11 December 2002)

In accordance with articles 91 and 99(B) of the Company's bye-laws, Mr. Chuan Kow Chian, Mr. Leow Bock Lim, and Ms. Dequina Karen will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The term of office of each of the independent non-executive directors is the period up to their retirement by rotation in accordance with the Company's articles of association.





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Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment other than statutory compensation.

Directors' interests in shares

At 31 December 2002, the interests of the directors in the listed securities of the Company as recorded in the register required to be kept pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of director	Number of ordinary shares held and nature of interest		
	Personal	Corporate	Total
Kwee Cahyadi Kumala	52,500,000	727,410,624 (Note)	779,910,624
Chan Chuen Wing	52,500,000	–	52,500,000
Guan Xian Liang	32,500,000	–	32,500,000
Dequina Karen	5,000,000	–	5,000,000

Note: These shares were held by Prestbury Incorporated Ltd., which is beneficially owned by Mr. Kwee Cahyadi Kumala.

At the balance sheet date, the beneficial interests of the directors in the share capital of the associated corporation (within the meaning of the SDI Ordinance) of the Company, which had been notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 or Section 31 of the SDI Ordinance, or which were required to be entered in the register maintained pursuant to Section 29 of the SDI Ordinance, comprised the holding of Mr. Chan Chuen Wing of 70,968 shares in Perfect Period Limited, a subsidiary of the Company.

Save as disclosed above, none of the directors of the Company or their associates had any interest in the securities of the Company or any of its associated corporations which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Section 28 of the SDI Ordinance (including interests which they are deemed or taken to have under Section 31 and Part I of the Schedule to that Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein.



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Directors' interests in contracts

No director had a beneficial interest in any material contract to which the Company or any of its subsidiaries was a party during the year.

Directors' rights to acquire shares or debentures

Apart from the details disclosed in note 30 to the financial statements, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the directors and chief executives of the Company, their respective spouse, or children under 18 years of age, to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share option scheme

Due to the adoption of Statement of Standard Accounting Practice No. 34 "Employee benefits" during the year, the detailed disclosures relating to the Company's share option scheme have been moved to note 30 to the financial statements.

Substantial shareholders

At 31 December 2002, the following interests of 10% or more in the issued share capital of the Company were recorded in the register of interests required to be kept by the Company under Section 16(1) of the SDI Ordinance:

Name	Number of ordinary shares held
Prestbury Incorporated Ltd. <i>(Note)</i>	727,410,624
Pan Asia Sat Media Ltd.	665,568,000

Note: The ultimate beneficial owner of Prestbury Incorporated Ltd. is Mr. Kwee Cahyadi Kumala. The total number of shares held by Mr. Kwee Cahyadi Kumala is 779,910,624, after adding those shares held under his own name.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" above, has registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.





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Major customers and suppliers

In the year under review, sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for less than 19% of the Group's total sales and 24% of the Group's total purchases from continuing operations for the year.

Purchase, redemption or sale of listed securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Post Balance Sheet Events

Details of the post balance sheets have been set out in note 37 to financial statements.

Code of Best Practice

In the opinion of the directors, the Company 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 accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code of Best Practice.

Audit committee

In compliance with the requirements of The Stock Exchange of Hong Kong Limited in its Code of Best Practice, the Company has an audit committee, which was established with written terms of reference and comprises the two independent non-executive directors of the Company. Two audit committee meetings were held during the year prior to the date of this report.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of The Board

Chan Chuen Wing
Managing Director

Hong Kong 24 April 2003

