

The directors present their annual report and the audited financial statements of the Group and the Company for the year ended 31st March, 2003.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The activities of its principal subsidiaries, associates and jointly controlled entities at 31st March, 2003 are set out in note 45 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31st March, 2003 are set out in the consolidated income statement on page 22 of the annual report and in the accompanying notes to the financial statements.

An interim dividend of 1.0 cent per share amounting to HK\$10,491,000 was paid to the shareholders during the year. The directors recommend the payment of a final dividend of 1.0 cent per share in scrip form with a cash option to shareholders whose names appear on the register of members on 6th October, 2003, amounting to approximately HK\$10,630,000. Details of the dividends are set out in note 11 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March, 2003, the five largest customers and the single largest customer of the Group accounted for approximately 68% and 17% of the turnover of the Group, respectively. The aggregate purchases attributable to the five largest suppliers of the Group during the year were less than 30% of the purchases of the Group.

As far as the directors are aware, certain directors and/or their associates, within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"), have an interest of less than 1% in shares and/or equity derivatives of one of the five largest customers of the Group for the year ended 31st March, 2003.

Save as disclosed above, as far as the directors are aware, none of the directors, their associates, within the meaning of the Listing Rules, or those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital have an interest in any of the five largest customers of the Group for the year ended 31st March, 2003.

LIQUIDITY AND CAPITAL RESOURCES

The Group currently maintains a variety of credit facilities to meet its working capital requirements. At 31st March, 2003, the Group's total borrowings amounted to approximately HK\$781,598,000 with approximately HK\$144,423,000 repayable within one year, approximately HK\$30,900,000 repayable between one to two years, approximately HK\$578,700,000 repayable between two to five years and approximately HK\$27,575,000 repayable after five years. Cash, bank balances and deposits at 31st March, 2003 amounted to approximately HK\$236,096,000. The Group's current ratio was 1.3 and the long term debt to equity ratio was 0.2 at 31st March, 2003.

INVESTMENT PROPERTIES

The investment properties of the Group were revalued on 31st March, 2003. The resulting deficit on revaluation of the properties amounting to approximately HK\$99,392,000 has been charged to the income statement.

Details of these and other movements in the investment properties of the Group during the year are set out in note 13 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$28,611,000 on property, plant and equipment to expand and upgrade its operating capacity. In addition, property, plant and equipment with aggregate net book values of approximately HK\$103,000,000 and HK\$647,359,000 were acquired and disposed of as a result of the acquisition and disposal of subsidiaries, respectively.

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

MAJOR PROPERTIES

Particulars regarding major properties of the Group at 31st March, 2003 are set out on page 69 of the annual report.

SHARE CAPITAL AND WARRANTS

Details of movements in the issued share capital and the warrants ("2003 Warrants") of the Company during the year are set out in notes 31 and 32 to the financial statements, respectively.

SHARE OPTIONS

Particulars of the Company's share option schemes are set out in note 33 to the financial statements.

The following table discloses movements in the Company's share options during the year:

Name of director	Date of grant	Exercise price per share HK\$	Number of shares of the Company to be issued upon exercise of the share options		
			Outstanding at 1.4.2002	Lapsed during the year	Outstanding at 31.3.2003
Chan Kwok Keung, Charles	18th December, 1998	0.6048	9,587,301	(9,587,301)	-
Lau Ko Yuen, Tom	18th December, 1998	0.6048	9,587,301	(9,587,301)	-
	17th December, 1999	0.5552	5,000,000	-	5,000,000
Chan Fut Yan	18th December, 1998	0.6048	9,587,301	(9,587,301)	-
	17th December, 1999	0.5552	5,000,000	-	5,000,000
Chau Mei Wah, Rosanna	18th December, 1998	0.6048	9,587,301	(9,587,301)	-
	17th December, 1999	0.5552	6,100,000	-	6,100,000
			54,449,204	(38,349,204)	16,100,000

The outstanding options can be exercised at any time during a period of three years commencing on the expiry of six months after the date of acceptance of the options.

DIRECTORS

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

Executive directors

Chan Kwok Keung, Charles	<i>(Chairman)</i>
Lau Ko Yuen, Tom	<i>(Deputy Chairman)</i>
Chan Fut Yan	<i>(Managing Director)</i>
Wong Wing Hoo, Billy	<i>(Deputy Managing Director)</i> (appointed on 18th February, 2003)
Chau Mei Wah, Rosanna	
Cheung Hon Kit	
Law Man Wah, Conrad	(appointed on 18th February, 2003)
Lee Hon Chiu	(appointed on 18th February, 2003)

Independent non-executive directors

Cheung Ting Kau, Vincent
Kwok Shiu Keung, Ernest

In accordance with Clauses 87(1) and 87(2) of the Company's bye-laws, Mr. Kwok Shiu Keung, Ernest retires by rotation, and is eligible for re-election, at the forthcoming annual general meeting.

In accordance with Clause 86(2) of the Company's bye-laws, Mr. Wong Wing Hoo, Billy, Mr. Law Man Wah, Conrad and Mr. Lee Hon Chiu retire, and are eligible for re-election, at the forthcoming annual general meeting.

The term of office of each non-executive director is the period from the date of appointment up to his retirement by rotation in accordance with the Company's bye-laws.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN SECURITIES

At 31st March, 2003, the interests of the directors of the Company in the securities of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), as recorded in the register kept by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules (the "Model Code") were as follows:

(a) Interest in the Company

Name of director	Nature of interest	Number of shares of the Company held	Amount of the 2003 Warrants held HK\$	Number of share options of the Company held
Chan Kwok Keung, Charles	Corporate interest (note)	685,220,227	46,034,370.80	-
	Personal interest	8,624,000	-	-
Lau Ko Yuen, Tom	Personal interest	-	-	5,000,000
Chan Fut Yan	Personal interest	-	-	5,000,000
Chau Mei Wah, Rosanna	Personal interest	-	-	6,100,000
Cheung Hon Kit	Personal interest	400	32.00	-
Law Man Wah, Conrad	Personal interest	6,445	515.60	-

(b) Interest in ITC Corporation Limited ("ITC")

Name of director	Nature of interest	Number of ordinary shares of ITC held	Amount of 2006 convertible notes of ITC held HK\$
Chan Kwok Keung, Charles	Corporate interest (note)	219,681,911	-
	Personal interest	-	250,000,000

(c) Interest in Hanny Holdings Limited ("Hanny")

Name of director	Nature of interest	Number of shares of Hanny held	Number of share options of Hanny held
Chan Kwok Keung, Charles	Corporate interest (note)	45,298,813	-
	Personal interest	-	4,000,000

(d) Interest in Burcon NutraScience Corporation ("Burcon")

Name of director	Nature of interest	Number of common shares of Burcon held	Number of warrants of Burcon held	Number of share options of Burcon held
Chan Kwok Keung, Charles	Corporate interest (note)	3,860,000	460,000	-
Chau Mei Wah, Rosanna	Personal interest	280,000	-	40,000

DIRECTORS' INTERESTS IN SECURITIES *(Continued)*
(e) Interest in Star East Holdings Limited ("Star East")

Name of director	Nature of interest	Number of shares of Star East held	Number of share options of Star East held
Chan Kwok Keung, Charles	Corporate interest <i>(note)</i>	635,082,479	-
Lau Ko Yuen, Tom	Personal interest	382,000	-
Chau Mei Wah, Rosanna	Personal interest	-	12,500,000

Note: Dr. Chan Kwok Keung, Charles was deemed to have corporate interest in ordinary shares of ITC by virtue of his indirect shareholding in Galaxyway Investments Limited which owned these ordinary shares. ITC is the ultimate holding company of the Company effective from December 2002. Hanny, Burcon and Star East were associated corporations of ITC. Accordingly, these companies were associated corporations, within the meaning of the SDI Ordinance, of the Company. Dr. Chan Kwok Keung, Charles was deemed to have corporate interest in the securities of the Company, Hanny, Burcon and Star East by virtue of his deemed interest in the ordinary shares of ITC.

Save as disclosed above, at 31st March, 2003, none of the directors of the Company had any personal, family, corporate or other interests in any securities of the Company or any of its associated corporations, within the meaning of the SDI Ordinance, as recorded in the register kept by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year was the Company or any of its holding companies or fellow subsidiaries or 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 debt securities including debentures, of the Company or any other body corporate, and none of the directors, chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Interests of directors of the Company in competing businesses at 31st March, 2003 required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Name of director	Name of company	Nature of competing business	Nature of interest
Chan Kwok Keung, Charles	Ananda Wing On Travel (Holdings) Limited ("AWO") and its subsidiaries	Property business in Hong Kong	As a director of AWO
	Star East and its subsidiaries	Property business in Hong Kong and the PRC	As a substantial shareholder of Star East
Lau Ko Yuen, Tom	New World CyberBase Limited ("New World CyberBase") and its subsidiaries	Property business in Hong Kong	As a director of New World CyberBase
Chan Fut Yan	Rosedale Hotel Group Limited ("Rosedale") and its subsidiaries	Property business in the PRC	As the vice chairman of Rosedale
Chau Mei Wah, Rosanna	Rosedale and its subsidiaries	Property business in the PRC	As a director of Rosedale
	Star East and its subsidiaries	Property business in Hong Kong and the PRC	As a director of Star East
Cheung Hon Kit	Rosedale and its subsidiaries	Property business in the PRC	As the executive vice chairman of Rosedale

The changes in details of the directors' interests in competing businesses previously disclosed in the annual report of the Company for the year ended 31st March, 2002 were set out below:

1. Dr. Chan Kwok Keung, Charles was appointed as a director of AWO on 19th April, 2002;
2. The name of China Land Group Limited was changed to Rosedale Hotel Group Limited with effect from 9th December, 2002;
3. Rosedale and its subsidiaries ceased to carry out property business in Hong Kong during the year; and
4. China Strategic Holdings Limited ("China Strategic") and its subsidiaries ceased to carry out property business in Hong Kong and the PRC during the year.

Subsequent to the balance sheet date, Mr. Lau Ko Yuen, Tom resigned as a director of New World CyberBase and an alternate director of China Strategic on 9th June, 2003 and 11th June, 2003 respectively.

Having considered the nature, size and scope of the above businesses, the directors of the Company believe that there is unlikely to be any significant competition with the businesses of the Group.

Save as disclosed above, none of the directors of the Company is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly and indirectly, with the businesses of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed "Connected Transactions" below, no contracts of significance to which the Company or any of its holding companies or fellow subsidiaries or 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

During the year, the Group entered into transactions with certain associates of ITC, within the meaning of the Listing Rules. Dr Chan Kwok Keung, Charles, Mr. Lau Ko Yuen, Tom, Mr. Chan Fut Yan, Ms. Chau Mei Wah, Rosanna and Mr. Cheung Hon Kit, directors of the Company, are also directors of ITC. The transactions include purchase of building materials, rental and related building management fee charged and sales of motor car registration marks by the Group and the aggregate amount for each class of transaction is below HK\$1 million.

In addition, at 31st March, 2003, a subsidiary of the Company advanced approximately HK\$43,786,000 to Hamker Concrete Products Limited ("Hamker") which is 70% owned by the Group for financing its operations. Such advance was the only financial assistance given by Hamker's shareholders to Hamker, and is unsecured, has no fixed terms of repayment and bears interest at commercial rate.

SUBSTANTIAL SHAREHOLDERS

At 31st March, 2003, according to the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance and so far as is known to the directors of the Company, the following shareholders had an interest of 10% or more in the issued share capital of the Company:

Name of shareholder	Number of shares of the Company held		Percentage of issued share capital %
	Direct interest	Deemed interest	
Chan Kwok Keung, Charles	8,624,000	685,220,227 <i>(Note)</i>	65.3
Chinaview International Limited	–	685,220,227 <i>(Note)</i>	64.5
Galaxyway Investments Limited	–	685,220,227 <i>(Note)</i>	64.5
ITC	–	685,220,227 <i>(Note)</i>	64.5
ITC Investment Holdings Limited	–	685,220,227 <i>(Note)</i>	64.5
Hollyfield Group Limited	685,220,227 <i>(Note)</i>	–	64.5

Note: Hollyfield Group Limited, a wholly-owned subsidiary of ITC Investment Holdings Limited, which was, in turn, a wholly-owned subsidiary of ITC, owned 685,220,227 shares in the Company. Galaxyway Investments Limited, a wholly-owned subsidiary of Chinaview International Limited, owned more than one-third of the issued share capital of ITC. Dr. Chan Kwok Keung, Charles owned the entire issued share capital of Chinaview International Limited. ITC Investment Holdings Limited, ITC, Galaxyway Investments Limited, Chinaview International Limited and Dr. Chan Kwok Keung, Charles were all deemed to be interested in 685,220,227 shares in the Company.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more in the issued share capital of the Company at 31st March, 2003.

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in notes 6(b) and 38 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 although there are no restrictions against such rights under the laws of Bermuda.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied throughout the year ended 31st March, 2003 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

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

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

POST BALANCE SHEET EVENT

Details of a significant post balance sheet event are set out in note 43 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations of approximately HK\$20,000.

AUDITORS

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

Dr. Chan Kwok Keung, Charles

Chairman

Hong Kong, 21st July, 2003