

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report together with the audited accounts for the year ended 31st March 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiary companies (the “Group”) are investment holding, property development and investment, property management and building contractor.

RESULTS

The results of the Company and the Group for the year ended 31st March 2003 are shown on page 16.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2003 (2002: 2.0 cents per share).

FIVE YEAR FINANCIAL SUMMARY

A summary of the Group’s results and of its assets and liabilities for the past five financial years is shown on page 44.

RESERVES

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

PROPERTIES

Details of the movements in investment properties are shown in note 12 to the accounts.

Details of the properties held by the Group for investment and sale purposes are shown on pages 46 to 53.

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS

The Directors during the year and at the date of this report are:

Executive Directors

Mr. Cheung Kee Wee (Chairman)
 Mr. Cheung Lin Wee
 Mr. Cheung Ying Wai, Eric
 Madam Chin Lan Hong (resigned on 2nd September 2002)

Independent Non-executive Directors

Mr. Lam Hon Keung, Keith
 Mr. John Ho
 Mr. Ng Kwok Tung

In accordance with Article 103(A) of the Company's Articles of Association, Mr. Cheung Lin Wee and Mr. Cheung Ying Wai, Eric retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company or its subsidiary companies which is not determinable within one year without payment of compensation, other than statutory compensation.

Brief biographical details of Directors and senior management are set out on page 2.

DIRECTORS' INTERESTS

At 31st March 2003, the beneficial interests of the Directors and their associates in the share capital of the Company as recorded in the Company's register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

| Name of Directors | Personal Interests | Corporate Interests | Total |
|---------------------------|--------------------|-----------------------------|-----------|
| Mr. Cheung Kee Wee | — | 1,705,360 ^(Note) | 1,705,360 |
| Mr. Cheung Lin Wee | 572,000 | — | 572,000 |
| Mr. Cheung Ying Wai, Eric | 660,000 | — | 660,000 |

Note: These shares are held by a corporation in which Mr. Cheung Kee Wee is taken to be interested pursuant to the SDI Ordinance.

REPORT OF THE DIRECTORS *(Continued)*

DIRECTORS' INTERESTS *(Continued)*

None of the Directors had any Family Interests or Other Interests in the share capital of the Company and its associated corporations.

Apart from certain non-beneficial interests held for the benefit of the Company in respect of its wholly-owned subsidiary companies, the Directors, chief executives and their respective associates have no other interest in the subsidiary companies, beneficial or non-beneficial.

No contracts of significance in relation to the Company's business to which the Company or 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.

At no time during the year was the Company or its subsidiary companies 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.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following interests, being 10% or more, in its issued share capital.

| Name of shareholder | Number of shares |
|-------------------------------|-------------------------|
| Mr. Cheung Kung Hai, deceased | <u>87,391,440</u> |

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any of the Company's shares during the year.

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.

REPORT OF THE DIRECTORS *(Continued)*

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover during the year attributable to the Group's five largest customers was 45% of the Group's total turnover, of which 15% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total revenue purchases.

None of the Directors, their associates or any shareholder who to the knowledge of the Directors owns more than 5% of the Company's issued share capital has an interest in the major customers or suppliers disclosed above, except that Mr. Cheung Kung Hai, deceased, substantial shareholder of the Company, has beneficial interests in two of the Group's five largest customers and Madam Chin Lan Hong, a shareholder owns more than 5% of the Company's issued share capital, has beneficial interest in one of the Group's five largest customers.

THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has 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 year, except that Independent Non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation in accordance with Article 103(A) of the Company's Articles of Association.

AUDIT COMMITTEE

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, an audit committee, comprising three Independent Non-executive Directors, namely Mr. Lam Hon Keung, Keith, Mr. John Ho and Mr. Ng Kwok Tung, was set up.

By reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants, written terms of reference which describe the authority and duties of the audit committee were prepared and adopted by the Board of the Company. The principal activities of the audit committee include the review and supervision of the Group's financial reporting process and internal controls.

REPORT OF THE DIRECTORS *(Continued)*

AUDITORS

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

On behalf of the Board

Cheung Kee Wee

Chairman

Hong Kong, 11th July 2003