

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited accounts for the year ended 30th April 2003.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company and is principally engaged in property investment for rental income and development purposes. The principal activities of its subsidiaries and associated company are set out in notes 9 and 10 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 3 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 14.

The Directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of the share capital of the Company are set out in note 17 to the accounts. Movements in the reserves of the Group and the Company during the year are set out in note 18 to the accounts.

FIXED ASSETS

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

PRINCIPAL PROPERTIES

Details of the principal properties held for development, for sale and for investment purposes are set out on page 44.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws in Hong Kong.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

Tan Sri Dato' Tan Kok Ping (*Chairman*)

Mr. Chan Kien Sing

Mr. Chin Chee Seng Derek

Ms. Tan Ee Ling

Mr. Kwok Chi Hung

Independent Non-Executive Directors:

Dato' Lee Ah Hoe

Mr. Tan Tee Yong

In accordance with Articles 110 and 111 of the Company's Articles of Association, Mr. Chan Kien Sing and Ms. Tan Ee Ling retire by rotation and, being eligible, offer themselves for re-election.

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DIRECTORS' SERVICE CONTRACTS

No Directors have an unexpired service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business 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.

BIOGRAPHICAL DETAILS OF DIRECTORS

Tan Sri Dato' Tan Kok Ping, J.P., aged 57, was appointed as the Chairman of the Company in 1993. He was graduated from Nanyang University, Singapore in 1969 with a Bachelor's degree in Commerce. Tan Sri Dato' Tan has more than 32 years of experience in the various business sectors which include property development, manufacturing of consumer electronics, garment, corrugated and plastic packaging products. Tan Sri Dato' Tan is currently the executive advisor of the Penang Chinese Chamber of Commerce to which he was the former president. He was also the former Deputy President of the Associated Chinese Chambers of Commerce and Industry of Malaysia.

Mr. Chan Kien Sing, aged 47, joined the Group in 1993. He is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Mr. Chan joined Berjaya Group Berhad in 1989 as General Manager, Investment. In 1993, he was appointed as group executive director to the Board of Berjaya Group Berhad. He is a director of various subsidiary companies under the Berjaya Group of companies in Malaysia. He is also a director in several foreign based companies in Hong Kong and USA.

Mr. Chin Chee Seng Derek, aged 46, joined the Group in 1993. He was admitted as an advocate and solicitor of the High Court of Malaya in 1983 and practised in the legal firm of Allen & Gledhill, Kuala Lumpur for six years until he joined Berjaya Group Berhad in 1989. He is currently the senior general manager in charge of legal affairs for Berjaya Group Berhad.

Ms. Tan Ee Ling, aged 32, joined the Group in 1993. She holds a Master's Degree in Business Administration and is a daughter of Tan Sri Dato' Tan Kok Ping.

Mr. Kwok Chi Hung, aged 42, joined the Group in 1991. Mr. Kwok has over 10 years of experience in the business sector and has held directorships in finance, investment and garment exporting companies in Hong Kong.

Dato' Lee Ah Hoe, J.P., aged 59, joined the Group in 1994 as an Independent Non-Executive Director. Dato' Lee has over 30 years of experience in property development.

Mr. Tan Tee Yong, aged 39, joined the Group in 1998 as an Independent Non-Executive Director. Mr. Tan has over 15 years of experience in the business sector and has held directorships in freight forwarding, investment and automobile industry in Malaysia.

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DIRECTORS' INTERESTS IN SHARES

As at 30th April 2003, the interests of the Directors and chief executive of the Company in the shares of the Company and its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")), as recorded in the register maintained by the Company under Section 29 of the SDI Ordinance or as otherwise notified to the Company were as follows:

Director	Type of interest	Number of ordinary shares
Tan Sri Dato' Tan Kok Ping	Personal	24,000,000

Other than as disclosed above, as at 30th April 2003, none of the Directors, the chief executive or their associates, had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

At no time during the year was the Company or any of its 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 debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30th April 2003, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had a beneficial interest of 5% or more in the issued share capital of the Company:

Name of shareholder	Number of ordinary shares	Percentage of shareholding
Berjaya Group Berhad <i>(Note)</i>	292,149,475	49.43%
Berjaya Group (Cayman) Limited <i>(Note)</i>	252,149,475	42.66%
Grandgroup Investments Limited	126,245,000	21.36%
Berjaya Leisure (Cayman) Limited <i>(Note)</i>	40,000,000	6.77%

Note: Berjaya Group Berhad's interests in the share capital of the Company include the interests of Berjaya Group (Cayman) Limited and Berjaya Leisure (Cayman) Limited, subsidiaries of Berjaya Group Berhad.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

MANAGEMENT CONTRACT

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.

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MAJOR CUSTOMERS AND SUPPLIERS

The largest customer for the year ended 30th April 2003 represented 24% (2002: 21%) of the Group's turnover, and the combined total of the revenue from the five largest customers accounted for 44% (2002: 39%) of the Group's total turnover for the year.

The Group had no significant supplier during the year.

None of the Directors, their associates, or any shareholder who to the knowledge of the Directors owns more than 5% of the Company's share capital had an interest in the major customers disclosed above.

Compliance with the Code of Best Practice of the Listing Rules of The Stock Exchange of Hong Kong Limited

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year except as described below:

- (1) Independent Non-Executive Directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Company's Articles of Association; and
- (2) full board meetings have not been held as frequently as every six months as the Directors consider meetings by circulation are sufficient.

AUDIT COMMITTEE

An audit committee was established on 15th December 2000 to act in an advisory capacity and make recommendations to the Board of Directors. Its members currently include Dato' Lee Ah Hoe and Mr. Tan Tee Yong, being the Independent Non-Executive Directors of the Company.

During the year, the audit committee has met twice to review the accounting principles and practices adopted by the Group and to discuss auditing, internal control and financial reporting matters of the Group (including the interim report and annual accounts) before recommending them to the Board of Directors for approval.

AUDITORS

Arthur Andersen & Co. were auditors of the Company for the years ended 30th April 2001 and 2002.

The accounts for the year ended 30th April 2003 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. PricewaterhouseCoopers replaced Arthur Andersen & Co when it did not stand for re-appointment at the annual general meeting in July 2002.

On behalf of the Board
Tan Sri Dato' Tan Kok Ping
Chairman

Hong Kong, 13th August 2003