

The directors present their report for the year ended 30th June 2001:

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be holding investments in various subsidiaries.

The principal activities of the Group continue to be the development of and investment in properties for sale and rent. Ancillary and supporting businesses, which are described under subsidiaries on pages 116 to 120, are integrated with the main business of the Group. Turnover and contributions to operating profit from overseas activities are immaterial. A segmented analysis of turnover and contributions to operating profit for the Group (excluding jointly controlled entities and associates) is set out below:

	Turnover		Profit from Operations before Finance Cost	
	2001 HK\$M	2000 HK\$M	2001 HK\$M	2000 HK\$M
Property sales	8,218	16,957	3,625	4,078
Rental income	5,392	5,292	4,073	4,059
Property management	860	817	252	234
Hotel operation	590	542	195	150
Other business activities	2,641	2,218	122	263
	17,701	25,826	8,267	8,784
Other revenue			547	42
Unallocated administrative expenses			(485)	(486)
Profit from operations			8,329	8,340

GROUP PROFITS

Profit after taxation, including shares of profit from jointly controlled entities and associates, amounted to HK\$8,340 million (2000: HK\$10,809 million). After taking minority interests into account, profit attributable to shareholders was HK\$8,330 million (2000: HK\$10,822 million).

DIVIDENDS

An interim dividend of HK\$0.55 per share (2000: HK\$0.55) was paid on 12th April 2001. The directors recommend a final dividend of HK\$1.00 per share (2000: HK\$1.20), making a total dividend of HK\$1.55 per share for the full year ended 30th June 2001 (2000: HK\$1.75).

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its ordinary shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's ordinary shares during the year.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company and the Group during the year are shown in note 26 to the financial statements.

FIXED ASSETS

Movements of fixed assets during the year are shown in note 11 to the financial statements.

GROUP FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five years are summarized on page 70.

PROPERTIES

Particulars of major investment properties held by the Group are set out on pages 36 to 37.

DIRECTORS

The list of directors is set out on page 2 of the report and their particulars are set out on pages 79 to 82. All directors, other than Dr. Ho Tim who retired on 20th March 2001 and Sir Sze-yuen Chung who has been appointed as independent non-executive director on 30th March 2001, held office for the whole year. In accordance with Article 95 of the Company's Articles of Association, the new director, Sir Sze-yuen Chung, will retire at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election. In accordance with Article 104(A) of the Company's Articles of Association, Dr. Victor Fung Kwok-king, Messrs. Kwong Chun, Michael Wong Yick-kam and Mike Wong Chik-wing will retire by rotation at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. None of the directors proposed for re-election has a service agreement with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation. Mr. Law King-wan, executive director, will retire on 1st October 2001 but will continue to act as non-executive director.

DISCLOSURE OF INTERESTS

Directors' Interests in the Company

As at 30th June 2001, the interests of the directors and the chief executive of the Company in the equity securities of the Company, as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "Ordinance"), were as follows:

Name of Director	No. of shares in which the Directors were interested				Total
	Category of Interest				
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Kwok Ping-sheung, Walter	–	–	–	1,073,792,522 (Note 1)	1,073,792,522
Lee Shau-kee	486,340	–	–	343,000	829,340
Kwok Ping-kwong, Thomas	1,901,281	304,065	–	1,071,842,214 (Note 1)	1,074,047,560
Kwok Ping-luen, Raymond	–	1,000	–	1,074,985,895 (Note 1)	1,074,986,895
Kwan Cheuk-yin, William	123,780	–	–	–	123,780
Lo Chiu-chun, Clement	137,273	62,117	–	–	199,390
Law King-wan	20,000	70,267	–	–	90,267
Chan Kai-ming	41,186	–	–	–	41,186
Chan Kui-yuen, Thomas	126,500	66,000	–	–	192,500
Kwong Chun	702,722	339,358	–	–	1,042,080
Wong Yick-kam, Michael	50,904	–	–	–	50,904
Wong Chik-wing, Mike	150,999	–	–	–	150,999

Note 1 Messrs. Walter Kwok Ping-sheung, Thomas Kwok Ping-kwong and Raymond Kwok Ping-luen were deemed (by virtue of the Ordinance) to be interested in the number of shares in the Company shown opposite their names respectively. Of those shares, 1,051,808,347 shares represented the same interests and were therefore duplicated among those three directors.

Directors' Interests in Other Associated Corporations

As at 30th June 2001, the interests of the directors and the chief executive of the Company in the equity securities of any associated corporation (within the meaning of the Ordinance), as recorded in the register required to be kept under section 29 of the Ordinance, were as follows:

- (i) The following directors had the following interests in the equity securities of SUNeVision Holdings Limited:

Name of Director	No. of shares in which the Directors were interested				Total
	Category of Interest				
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
Kwok Ping-sheung, Walter	–	–	–	1,070,000 (Note 2)	1,070,000
Kwok Ping-kwong, Thomas	–	–	–	1,070,000 (Note 2)	1,070,000
Kwok Ping-luen, Raymond	672,500	–	–	1,070,000 (Note 2)	1,742,500
Fung Kwok-king, Victor	–	–	–	8,000	8,000
Kwan Cheuk-yin, William	884	–	–	–	884
Lo Chiu-chun, Clement	2,771	–	–	–	2,771
Chan Kai-ming	115,000	–	–	–	115,000
Kwong Chun	300,000	–	–	–	300,000
Wong Chik-wing, Mike	109,000	–	–	–	109,000

Note 2 Messrs. Walter Kwok Ping-sheung, Thomas Kwok Ping-kwong and Raymond Kwok Ping-luen were deemed (by virtue of the Ordinance) to be interested in the number of shares shown opposite their names respectively. Of those shares 1,070,000 shares represented the same interests and were therefore duplicated among those three directors.

- (ii) Each of Messrs. Walter Kwok Ping-sheung, Thomas Kwok Ping-kwong and Raymond Kwok Ping-luen had the following interests in the equity securities of the following associated corporations:

Associated Corporation	No. and Class of Securities	Category of Interest
Superindo Company Limited	10 shares	Personal
Super Fly Company Limited	10 shares	Personal
Splendid Kai Limited	2,500 shares	Corporate
Hung Carom Company Limited	25 shares	Corporate
Tinyau Company Limited	1 share	Corporate
Open Step Limited	8 shares	Corporate

- (iii) Mr. Walter Kwok Ping-sheung, Mr. Raymond Kwok Ping-luen and Sir Sze-yuen Chung had personal interests of 61,522 shares, 393,350 shares and 18,821 shares respectively in the equity securities of The Kowloon Motor Bus Holdings Limited.
- (iv) Mr. Raymond Kwok Ping-luen had a personal interest of 692,846 shares in the equity securities of SmarTone Telecommunications Holdings Limited.

(v) Dr. Lee Shau-kee has other interests in the equity securities of the following associated corporations:

Associated Corporation (Note 3)	No. and Class of Securities
Mightypattern Limited	200 shares
Star Play Development Limited	1 share
Central Waterfront Property Holdings Limited	47.5% of issued share capital
Newfoundworld Holdings Limited	40,000 shares
Topcycle Development Limited	1 share
Anbok Limited	2 shares
Teamfield Property Limited	4,918 shares
SmarTone Telecommunications Holdings Limited	179,500 shares

Note 3 The shares in Mightypattern Limited and Star Play Development Limited were beneficially owned by Henderson Investment Limited ("HI").

The respective interests of Henderson Land Development Company Limited ("HL") and The Hong Kong and China Gas Company Limited (a company in which the subsidiaries of HI owned more than one-third of its issued shares) in Central Waterfront Property Holdings Limited were 32.5 per cent and 15 per cent respectively.

The shares in Newfoundworld Holdings Limited and Topcycle Development Limited were beneficially owned by HL.

The shares in Anbok Limited and in Teamfield Property Limited were held by a company in which HL had a 50 per cent interest.

The shares in SmarTone Telecommunications Holdings Limited were beneficially owned by a subsidiary of the Hong Kong and China Gas Company Limited.

Dr. Lee Shau-kee beneficially owned all the issued capital of Hopkins (Cayman) Limited. Hopkins (Cayman) Limited, as the trustee of a unit trust, owned all the issued ordinary shares which carried voting rights in the capital of Henderson Development Limited ("HD"). HD was the holding company of HL, which was the holding company of HI.

By virtue of the provisions of the Ordinance and the matters aforesaid, Dr. Lee Shau-kee was taken to be interested in the shares and interests as mentioned above.

(vi) Dr. Victor Fung Kwok-king had corporate interests of 70 shares in the equity securities of Fun Fun World Investment Limited.

(vii) None of the directors had any interests in any debt securities issued by the Company or any jointly controlled entities and associated corporation.

SHARE OPTION SCHEME

Share option scheme of the Company

The following directors were granted options at HK\$1.00 per option in respect of shares of the Company under its share option scheme during the period ended 30th June 2001 as follows:

Name of Director	Date of Grant	Exercise Price (HK\$)	No. of Shares	Option Exercised During the Year	Balance Outstanding at 30/6/2001
Chan Kui-yuen, Thomas	15/2/2000	70.00	150,000	–	150,000
Wong Yick-kam, Michael	15/2/2000	70.00	150,000	–	150,000
Wong Chik-wing, Mike	15/2/2000	70.00	150,000	–	150,000

The above mentioned options can be exercised in accordance with the following terms:

- other than in the circumstances set out in the scheme, the options are not exercisable during the first year of the option period running from 15th February 2000; and
- the option holder can exercise up to one third of the option during the second year of the option period, up to two thirds of the option during the third year of the option period and all or part of the option any time three years after 15th February 2000.