

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 2001.

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 16 to the financial statements.

During the year, the Group was engaged in the production and distribution of wines, ostrich farming for the production of ostrich leather and meat. The Group's ostrich farming operations for the production of ostrich leather and meat were discontinued during the year, details of which are set out in note 11 to the financial statements.

Segment information

An analysis of the Group's turnover and contribution to results from ordinary activities, analysed by principal activity and geographic area of operations for the year ended 31 December 2001 is set out in note 5 to the financial statements.

Results and dividends

The Group's results for the year ended 31 December 2001 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 22 to 78.

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				
	2001	2000	1999	1998	1997
RESULTS	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER					
Continuing operations	152,821	135,617	134,116	110,775	138,697
Discontinued operations	40,342	52,374	52,910	63,319	211,120
	<u>193,163</u>	<u>187,991</u>	<u>187,026</u>	<u>174,094</u>	<u>349,817</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>(341,359)</u>	<u>(82,375)</u>	<u>(37,263)</u>	<u>(1,008)</u>	<u>(100,221)</u>

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Summary financial information (continued)

ASSETS, LIABILITIES AND MINORITY INTERESTS	As at 31 December				
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Total assets	519,053	931,710	768,844	776,543	939,754
Total liabilities	(216,088)	(307,623)	(268,513)	(284,217)	(356,105)
Minority interests	(103,296)	(128,198)	(99,350)	(99,526)	(205,631)
Net assets	<u>199,669</u>	<u>495,889</u>	<u>400,981</u>	<u>392,800</u>	<u>378,018</u>

Accounting policies

The principal accounting policies of the Group are set out in note 4 to the financial statements.

Property, plant and equipment

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

Share options

Details of movements in the share options of the Company for the year ended 31 December 2001 together with the reasons therefor, are set out in note 28 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 29 to the financial statements.



Distributable reserves

The Company did not have any reserves available for cash distribution or distribution in specie at 31 December 2001 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 2001 may be distributed in the form of fully paid bonus shares.

Pledge of assets

Details of the pledge of assets of the Group 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*)

Amantoy Jose B.

Guan Xian Liang

Dequina Karen

Liaw Chung Shiung

Jong Soebakti Harsono (resigned on 21 May 2001)

Non-executive directors

Chiu Chi Keung Parker

Pikanto Hanyman

In accordance with articles 91 and 99(B) of the Company's bye-laws, Messrs. Amantoy Jose B. and Guan Xian Liang 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 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 2001, 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 (<i>Note</i>)	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 were required to be entered in the register maintained pursuant to Section 29 of the SDI Ordinance, were that Mr. Chan Chuen Wing held 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.

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

The Company has a share option scheme under which the directors may grant options to employees, including directors, of the Group to subscribe up to 10% of the nominal amount of the issued share capital of the Company. No option was granted to the directors under this scheme during the year and no option was outstanding as at date of this report.

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

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include employees of the Group, including executive directors of the Group. The Scheme became effective on 16 September 1992 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The options granted can be exercised at any time during the period of the two years commencing on the expiry of six months after the date which the option is accepted and expiring on the last date of the two year period or 15 September 2002, whichever is the earlier.

Subsequent to the adoption of the Scheme on 16 September 1992, The Stock Exchange of Hong Kong Limited has introduced a number of changes to the Listing Rules on share option schemes. These new rules came into effect on 1 September 2001. No share options have been granted under the Scheme during the year and outstanding as at 31 December 2001. However, any option to be granted under the Scheme shall be subject to the new changes which include, inter alia, the following:

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Share option scheme (continued)

- (a) the maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting;
- (b) share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by independent non-executive directors; and
- (c) the exercise price of share options is determined by directors, but may not be less than the higher of (i) the closing price of the shares listed on The Stock Exchange of Hong Kong Limited on the date of grant of the share options; and (ii) the average closing price of the shares listed on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of the grant.

The Company shall amend, in due course, the terms of the Scheme to comply with the requirements of the amended Listing Rules on share option schemes.

The following share options granted under the Scheme were outstanding during the year:

Name or category of participant	Number of shares in respect of options			Date of grant of share options*	Exercise price of share options** HK\$	Exercise period of share options	Price of Company's shares at date of grant***
	At 1 January 2001	Lapsed during the year	At 31 December 2001				
Non-director employees	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>	10/7/1998	0.10	10/1/1999 to 9/1/2001	0.101

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of the grant of the share options is the closing price of the Company's shares listed on The Stock Exchange of Hong Kong Limited on the trading day immediately prior to the date of the grant of the options.



Share option scheme (continued)

Summary details of the Company's share option scheme are also set out in note 28 to the financial statements.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time when the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional issued share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Substantial shareholders

As at 31 December 2001, the following interests of 10% or more in the share capital of the Company were recorded in the register 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. Total number of shares held by Mr. Kwee Cahyadi Kumala is 779,910,624, after adding those shares held under his name.

Save as disclosed above, the directors were not aware of any person who was, directly or indirectly, interested in 10% or more of the issued share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

Major customers and suppliers

In the year under review, sales to the Group's five largest customers from continuing operations and purchases from the Group's five largest suppliers from continuing operations accounted for less than 30% of the Group's total sales and 30% of the Group's total purchases from continuing operations for the year.

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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 significant post balance sheet events of the Group are set out in note 35 to the 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.

Audit committee

In compliance with the additional requirement of The Stock Exchange of Hong Kong Limited in its Code of Best Practice, on 22 June 1999, the Company established an audit committee with written terms of reference comprising two non-executive directors. Two audit committee meetings were held 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, 26 April 2002

