

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The Group's loss for the year ended 31 December 2002 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 17 to 71.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and 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 on pages 73 to 74. This summary does not form part of the audited financial statements.

FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 72.

PROPERTIES UNDER DEVELOPMENT

Details of movements in the properties under development of the Group during the year are set out in note 16 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND WARRANTS

Details of movements in the Company's share capital, share options and warrants during the year, together with the reasons therefor, are set out in notes 34 and 35 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, its holding company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the financial statements.

DISTRIBUTABLE RESERVES

At 31 December 2002, the Company had no retained profits available for cash distribution and/or distribution in specie. Under the Companies Act 1981 of Bermuda (as amended), the Company's contributed surplus in the amount of HK\$178,927,000 is currently not available for distribution. The Company's share premium account, in the amount of HK\$35,455,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 67.1% of the total turnover for the year and sales to the largest customer included therein amounted to approximately 31.7%.

The purchases attributable to the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr. Choi Wai Him

Mr. Wong Chi Kwong

Mr. Kwok Yu Kwong, James

Mr. Liang Yi Hua

(resigned on 20 February 2002)

Independent non-executive directors:

Mr. Tsao Kwang Yung, Peter

Mr. Leung Man Kit

Mr. Chan Kwok Wai

Mdm. Chen Po Sum

Mr. Au Son Yiu

(appointed on 31 December 2002)

(appointed on 31 December 2002)

(resigned on 19 December 2002)

(resigned on 30 December 2002)

Subsequent to the balance sheet date, Mr. Tsao Kwang Yung, Peter and Mr. Kwok Yu Kwong, James resigned as directors of the Company on 4 January 2003 and 28 January 2003, respectively. Mr. Wong Cheung Leung was appointed as a director of the Company on 24 March 2003.

In accordance with the Company's bye-laws 86(2), 87(1) and (2), Mr. Wong Cheung Leung, Mr. Leung Man Kit and Mr. Chan Kwok Wai will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. All of the other directors will remain in office for the ensuing year.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company are set out on page 8 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Chi Kwong and Mr. Wong Cheung Leung have entered into service contracts with the Company which is subject to termination by either party giving not less than six months' written notice.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting had a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2002, the interests of the directors in the share capital of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), were as follows:

Interests in the Company's shares

	Notes	Number of shares held as corporate interest
Mr. Choi Wai Him	(a)	142,300,000
Mr. Wong Chi Kwong	(b)	14,062,500
Mr. Kwok Yu Kwong, James (resigned on 28 January 2003)	(c)	1,100,000

Notes:

- (a) 142,300,000 shares are held by Perfect Land Limited of which the entire issued share capital is held by GMA Limited which is, in turn, wholly-owned by Mr. Choi Wai Him. These 142,300,000 shares represented approximately 46.02% of the issued share capital of the Company as at 31 December 2002.
- (b) 14,062,500 shares are held by Capetown International Limited of which the entire issued share capital is held by Mr. Wong Chi Kwong. These 14,062,500 shares represented an aggregate of 4.55% of the issued share capital of the Company as at 31 December 2002.
- (c) These 1,100,000 shares represented an aggregate of 0.36% of the issued share capital of the Company as at 31 December 2002.

The interests of the directors in the share options of the Company are separately disclosed in note 35 to the financial statements.

REPORT OF THE DIRECTORS

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed in the share option scheme disclosures in note 35 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Company's directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Due to the adoption of Statement of Standard Accounting Practice No. 34 "Employee benefits" during the year, most of the detailed disclosures relating to the Company's share option scheme have been moved to note 35 to the financial statements.

SUBSTANTIAL SHAREHOLDERS

Other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" above, no person had registered an interest in the share capital of the Company that was required to be recorded pursuant to Section 16(1) of the SDI Ordinance.

POST BALANCE SHEET EVENTS

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

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, throughout the accounting period covered by this report, except that the independent non-executive directors are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with by-laws 86(2), 87(1) and (2) of the Company.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with paragraph 14 of the Code of Best Practice, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises two independent non-executive directors of the Company, namely Mr. Leung Man Kit and Mr. Chan Kwok Wai.

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

Choi Wai Him

Chairman

Hong Kong, 27 June 2003