

## Report of the Directors

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The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2002.

### PRINCIPAL ACTIVITIES AND TRADING OPERATIONS

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 65 and 66.

An analysis of the principal activities and geographical locations of trading operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 42 to 44.

### SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2002 are set out on pages 65 and 66.

### RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group for the financial year ended 31 March 2002 are set out in the Consolidated Profit and Loss Account on page 26.

Appropriations of profits and movements in reserves during the financial year are set out in Note 22 to the Accounts on pages 59 to 61.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is given on page 72.

### DIVIDENDS

An interim dividend of 2.5 cents per share was paid on 31 January 2002. The Directors now recommend the payment of a final dividend of 5.0 cents per share in respect of the financial year ended 31 March 2002, payable on 20 September 2002 to Shareholders on record as at 4 September 2002. This recommendation has been disclosed in the Accounts.

### SHARE CAPITAL

During the financial year, upon exercises by certain grantees of options granted under the Company's Executive Share Incentive Scheme (the "Option Scheme"), a total of 842,000 ordinary shares of HK\$0.50 each of the Company, credited as fully paid, were allotted and issued by the Company, of which 502,000 shares were issued at a price of HK\$5.50 per share and 340,000 shares at HK\$5.20 per share.

### FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 11 to the Accounts on page 53.

**Report of the Directors (continued)**

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**BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS**

Particulars of all bank loans, overdrafts and/or other borrowings of the Company and of the Group as at 31 March 2002, all being repayable on demand or within a period not exceeding one year, are set out in Note 19 to the Accounts on page 57. Those which would fall due for repayment after a period of one year are set out in Note 23 to the Accounts on page 62.

**INTEREST CAPITALISED**

The amount of interest capitalised by the Group during the financial year is set out in Note 5 to the Accounts on page 48.

**DONATIONS**

The Group made donations during the financial year totalling HK\$2.3 million.

**DIRECTORS**

The Directors of the Company during the financial year were Mr. B. M. Chang, Sir S. Y. Chung, Mr. J. T. Hung (resigned on 1 February 2002), Mr. Q. Y. K. Law, Ms. D. Y. F. Lee, Mr. W. W. Y. Lee, Mr. K. H. Leung, Mr. G. W. J. Li, Mr. S. T. H. Ng, Mr. T. Y. Ng, Mr. P. Y. C. Tsui and Mr. H. S. S. Wong.

Subsequent to the financial year end, Mr. P. K. C. Woo has resumed as Chairman of the Company while Mr. G. W. J. Li has relinquished the title of Chairman and assumed the title of Senior Deputy Chairman, all with effect from 1 April 2002.

It is the intention of the Board that future board composition should include more independent Directors after the coming Annual General Meeting. Mr. G. W. J. Li, Ms. D. Y. F. Lee and Mr. H. S. S. Wong are due to retire from the Board by rotation at the forthcoming Annual General Meeting. Mr. G. W. J. Li, being eligible, offers himself for re-election. However, Ms. D. Y. F. Lee and Mr. H. S. S. Wong, both senior executives of The Wharf (Holdings) Limited, would not offer themselves for re-election. Mr. Q. Y. K. Law and Mr. T. Y. Ng, both Directors of The Wharf (Holdings) Limited, have decided to resign as Directors of the Company, effective on the conclusion of the forthcoming Annual General Meeting.

With the exception of the Chairman and a Director holding executive office of the Company (who are both not subject to retirement by rotation under the provisions of the Company's Articles of Association) together with Mr. G. W. J. Li, Mr. Q. Y. K. Law, Ms. D. Y. F. Lee, Mr. T. Y. Ng and Mr. H. S. S. Wong (who will retire/resign from the Board at the forthcoming Annual General Meeting as mentioned above), the remaining six present Directors would continue to serve on the Board for a term of one to three years until they become due to retire from the Board by rotation in accordance with Article 103(A) of the Company's Articles of Association.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation.

## Report of the Directors (continued)

**DIRECTORS' INTERESTS IN SHARES**

At 31 March 2002 (except otherwise stated), Directors of the Company had the following beneficial interests in the share capital of the Company, of an associate of the Company, namely, The Wharf (Holdings) Limited ("Wharf"), and of a subsidiary of the Company, namely, New Asia Realty and Trust Company, Limited ("New Asia"):

	No. of Ordinary Shares	Nature of Interest
<b>The Company</b>		
Mr. Peter K. C. Woo (at 1 April 2002)	1,204,934,330	Corporate Interest in 209,712,652 shares and Other Interest in 995,221,678 shares (See Notes a & b)
Mr. B. M. Chang	8,629,575	Corporate Interest (See Note b)
Mr. G. W. J. Li	1,486,491	Personal Interest
Mr. S. T. H. Ng	300,000	Personal Interest
Mr. T. Y. Ng	70,000	Personal Interest
Mr. H. S. S. Wong	230,000	Personal Interest
<b>Wharf</b>		
Sir S. Y. Chung	348,238	Personal Interest in 189,427 shares and Corporate Interest in 158,811 shares (See Note b)
Mr. G. W. J. Li	686,549	Personal Interest
Mr. S. T. H. Ng	230,057	Personal Interest
Mr. T. Y. Ng	178,016	Personal Interest
<b>New Asia</b>		
Sir S. Y. Chung	94,710	Family Interest
Mr. G. W. J. Li	2,900	Personal Interest

## Notes:

- (a) Mr. Peter K. C. Woo became Chairman and Director of the Company on 1 April 2002. The 995,221,678 shares in the Company stated above as "Other Interest" against the name of Mr. Peter K. C. Woo represented an interest comprised in certain trust properties in which Mr. Woo was taken, under certain provisions of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") which are applicable to a director or chief executive of a listed company, to be interested. For the avoidance of doubt and double counting, it should be noted that such 995,221,678 shares were entirely duplicated and included in the shareholding interest of Bermuda Trust (Guernsey) Limited as mentioned below in the paragraph headed 'Substantial Shareholders' Interests'.
- (b) The shareholdings classified as "Corporate Interest" in which the Directors concerned were taken to be interested as stated above were interests of corporations at respective general meetings of which the relevant Directors were respectively entitled to either exercise (or taken under the SDI Ordinance to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

**Report of the Directors (continued)**

During the financial year, Mr. S. T. H. Ng exercised options under the Option Scheme to subscribe for a total of 200,000 ordinary shares of the Company at an exercise price of HK\$5.20 per share, and Mr. H. S. S. Wong also exercised options under the Option Scheme to subscribe for a total of 250,000 ordinary shares of the Company at an exercise price of HK\$5.50 per share, and ordinary shares of the Company were allotted and issued to them accordingly.

Save as disclosed above, as recorded in the register kept by the Company under section 29 of the SDI Ordinance in respect of information required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the SDI Ordinance or to the Model Code for Securities Transactions by Directors of Listed Companies:

- (i) there were no interests held as at 31 March 2002 by any Directors and Chief Executive of the Company in securities of the Company and its associated corporations (within the meaning of the SDI Ordinance), and
- (ii) there existed during the financial year no rights to subscribe for equity or debt securities of the Company which were held by any Directors or Chief Executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

**SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Given below are the names of all parties which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2002 as recorded in the register kept by the Company under section 16(1) of the SDI Ordinance:

Names	No. of Ordinary Shares
(i) Mr. Peter K. C. Woo	209,712,652
(ii) Mrs. Bessie P. Y. Woo	209,712,652
(iii) Bermuda Trust (Guernsey) Limited	995,221,678

Notes:

- (a) The shareholdings stated against Mr. Woo and Mrs. Woo respectively under (i) and (ii) above represented the same block of shares, which were also included in Mr. Woo's shareholding interest as stated above under the section headed 'Directors' Interests in Shares'.
- (b) The 995,221,678 shares of the Company in which Bermuda Trust (Guernsey) Limited was interested as stated under (iii) above represented an interest comprised in certain trust properties in which Mr. Woo has been taken, under certain provisions of the SDI Ordinance which are applicable to a director or chief executive of a listed company, to be also interested with effect from 1 April 2002 (being the effective date of appointment and election of Mr. Woo as a Director and Chairman of the Company).

**INTERESTS IN CONTRACTS**

No contract of significance in relation to the Company's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

Report of the Directors (continued)

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## MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the financial year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, with the exception of the options to subscribe for ordinary shares of the Company previously granted under the Option Scheme to, *inter alia*, certain executives of the Group, some of whom were Directors of the Company during the financial year. Particulars and the effect of the Option Scheme are set out in the Disclosure of Further Corporate Information under the heading "(I) Summary of the Scheme" on pages 18 and 19.

## PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the financial year.

## AUDITORS

The Accounts now presented have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

PricewaterhouseCoopers replaced Price Waterhouse in October 1998 following their merger with Coopers & Lybrand.

By Order of the Board

**Wilson W. S. Chan**

*Secretary*

Hong Kong, 14 June 2002