

Report of the Directors

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31 March 2001.

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 78 and 79.

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 page 60.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2001 are set out on pages 78 and 79.

RESULTS, APPROPRIATIONS AND RESERVES

The results of the Group and appropriations of profits for the financial year ended 31 March 2001 are set out in the Consolidated Profit and Loss Account on page 45.

Movements in reserves during the financial year are set out in Note 23 to the Accounts on pages 72 to 74.

DIVIDENDS

An interim dividend of 2.5 cents per share was paid on 18 January 2001. 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 2001, payable on 21 September 2001 to Shareholders on record as at 31 August 2001. This recommendation has been incorporated in the Accounts.

SHARE CAPITAL

During the year, as a result of exercises by certain grantees of options granted under the Company's Executive Share Incentive Scheme, the Company allotted and issued a total of 96,000 ordinary shares of HK\$0.50 each, of which 56,000 shares were issued at a price of HK\$5.50 per share and 40,000 shares at HK\$5.20 per share.

FIXED ASSETS

Movements in fixed assets during the financial year are set out in Note 12 to the Accounts on pages 66 and 67.

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 2001 repayable on demand or within a period not exceeding one year are set out in Note 20 to the Accounts on page 70. Those which would fall due for repayment after a period of one year are set out in Note 24 to the Accounts on page 74.

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Set out below is information regarding certain borrowings of the Group outstanding as at 31 March 2001 in the form of debt securities issued by a wholly-owned subsidiary of and guaranteed by the Company:

Name of Subsidiary/Borrower	Description of Debt Securities Issued	Outstanding Principal Amount
Lawley International Limited	8.75 per cent unsecured Guaranteed Notes due December 2001	HK\$500 Million

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 61.

DONATIONS

The Group made donations during the financial year totalling HK\$3.4 million.

DIRECTORS

The Directors of the Company during the financial year were Mr. B. M. Chang, Sir S. Y. Chung, Mr. J. T. Hung, 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.

Ms. D. Y. F. Lee, Mr. P. Y. C. Tsui and Mr. H. S. S. Wong are due to retire from the Board by rotation in accordance with Article 103(A) of the Company's Articles of Association at the forthcoming Annual General Meeting. Being eligible, they offer themselves for re-election.

With the exception of the Chairman and those Directors holding executive offices of the Company (who are all not subject to retirement by rotation under the provisions of the Company's Articles of Association) together with Ms. D. Y. F. Lee, Mr. P. Y. C. Tsui and Mr. H. S. S. Wong (who are due to retire from the Board at the forthcoming Annual General Meeting as mentioned above), all the present Directors were respectively re-elected at Annual General Meetings held in the past three years, upon their retirement thereat in accordance with the provisions of the Company's Articles of Association, to continue to serve on the Board for a further term of approximately three years, until they respectively become due to retire from the Board again 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.

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DIRECTORS' INTERESTS IN SHARES

As at 31 March 2001, Directors of the Company had the following beneficial interests in the share capitals 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 ("NART"):

	No. of Ordinary Shares	Nature of Interest
The Company		
Mr. B. M. Chang	8,629,575	Corporate Interest (See note below)
Mr. J. T. Hung	10,000	Personal Interest
Mr. G. W. J. Li	1,486,491	Personal Interest
Mr. S. T. H. Ng	100,000	Personal Interest
Mr. T. Y. Ng	70,000	Personal Interest
Wharf		
Sir S. Y. Chung	348,238	Personal Interest in 189,427 shares and Corporate Interest in 158,811 shares (See note below)
Mr. G. W. J. Li	686,549	Personal Interest
Mr. S. T. H. Ng	230,057	Personal Interest
Mr. T. Y. Ng	128,016	Personal Interest
NART		
Sir S. Y. Chung	94,710	Family Interest
Mr. G. W. J. Li	2,900	Personal Interest

Note: 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 Securities (Disclosure of Interests) Ordinance (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.

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As at 31 March 2001, Directors of the Company had the following personal interests in options to subscribe for ordinary shares of the Company granted under the Executive Share Incentive Scheme of the Company:

Name of Directors	Number of ordinary shares	Date granted	Period during which rights exercisable (Day/Month/Year)	Price per share to be paid on exercise of options	Consideration paid for the options granted
Mr. J. T. Hung	100,000	7 Oct. 1993	30/9/1997 to 29/9/2003	HK\$10.60	HK\$1
Mr. S. T. H. Ng	200,000	13 Aug. 1991	13/8/1994 to 12/8/2001	HK\$5.20	HK\$1
Mr. H. S. S. Wong	250,000	14 Apr. 1992	13/4/1995 to 12/4/2002	HK\$5.50	HK\$1

Save as disclosed above, as recorded in the register kept by the Company under section 29 of the SDI Ordinance or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

- (i) there were no interests held as at 31 March 2001 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) during the financial year, there existed 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 of any such rights by any of them.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2001, Bermuda Trust (Guernsey) Limited was taken under the SDI Ordinance to be interested in 1,241,458,820 shares of the Company, representing 61.13 per cent of its entire issued share capital as at that date. Apart from this, no interest in 10 per cent or more of the nominal value of any class of share capital of the Company was held (or taken under the SDI Ordinance to be held) by any person as at 31 March 2001 according to the record in the register kept by the Company under section 16(1) of the SDI Ordinance.

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.

MANAGEMENT CONTRACTS

No contract 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.

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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 arrangements 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 Company's Executive Share Incentive Scheme (the "Scheme") to, *inter alia*, certain executives of the Group, some of whom were Directors of the Company during the financial year.

Under the Scheme, shares of the Company are to be issued at such prices, not being less than 90 per cent of the average closing price on the Stock Exchange for the five trading days immediately preceding the date of offer of the options, and the relevant options are exercisable during such periods, not being beyond the expiration of ten years from the date of grant, as determined by the Board of Directors of the Company. During the financial year, no share of the Company was issued to any Director of the Company under the Scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries 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, 26 June 2001