

## Directors' Report

The Directors present their annual report together with the audited financial statements for the financial year ended 31 December 2000.

### Principal activities

The principal activity of the Company was investment holding and the activities of its subsidiaries and associates are shown in notes 12 and 13 to the financial statements respectively.

An analysis of the Group's turnover and contribution to operating loss after finance costs by principal activities is as follows:

	Turnover		Contribution to operating loss	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
<u>Continuing operation</u>				
Share investment and dealing	399,973	300,870	( 87,317)	( 62,302)
Interest income	12,585	5,415	12,585	5,415
Rental income	3,025	2,897	3,025	2,829
	<u>415,583</u>	<u>309,182</u>	<u>( 71,707)</u>	<u>( 54,058)</u>
Other revenue			202	1,595
Corporate expenses – provision for unsold properties			–	( 12,736)
– finance costs			( 12,761)	( 924)
– others			( 13,068)	( 13,471)
Operating loss after finance costs			<u>( 97,334)</u>	<u>( 79,594)</u>

The activities of the Group are primarily conducted in Hong Kong.

### Commentary on annual results

A commentary on annual results is included in Management Discussion and Analysis on pages 6 and 7.

### Financial Statements

The loss of the Group for the financial year ended 31 December 2000 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 15 to 38.

### Particulars of subsidiaries

Particulars regarding the subsidiaries of the Group are set out in notes 12 and 31 to the financial statements.

### Particulars of associates

Particulars regarding the associates of the Group are set out in note 13 to the financial statements.

### Share capital

The movements in share capital during the financial year are set out in note 21 to the financial statements.

### Directors' right to acquire 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 to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## Directors' Report (Cont'd)

### Reserves

The movements in reserves during the financial year are set out in note 22 to the financial statements.

### Dividends

In October 2000, an interim dividend of 1 cent per share was paid absorbing HK\$3,423,000 (1999: HK\$5,183,000). The financial statements incorporate the Directors' recommendation to distribute a final dividend of 1 cent per share, thus absorbing another HK\$3,418,000 (1999: HK\$3,443,000).

### Summary of financial information

A summary of the results and of the assets and liabilities of the Group for the last five financial years is shown on page 39.

### Major customers and suppliers

In the year under review, sales to the Group's five largest customers accounted for 31% of the total sales for the year and sales to the largest customer included therein amounted to 29%.

Purchases from the Group's five largest suppliers accounted for 95% of the total purchases for the year and purchases from the largest supplier included therein amounted to 95%.

One of the Independent Non-executive Directors of the Company, Mr. Ng Hung Sang, Robert, had beneficial interests in the Group's largest customer.

Save as mentioned above, none of the Directors of the Company, 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 interests in the major customers or suppliers.

### Directors' remuneration

	2000 HK\$'000	1999 HK\$'000
Fees		
Independent Non-executive Directors	40	40
Other Directors	110	110
Other emoluments (Executive Directors)		
Salaries and allowances	4,262	4,210
Contributions to retirement scheme	179	162
	<u>4,591</u>	<u>4,522</u>
	2000 Number of Directors	1999 Number of Directors
HK\$ Nil – HK\$1,000,000	6	6
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$3,500,001 – HK\$4,000,000	1	–
	<u>7</u>	<u>7</u>

There was no arrangement under which a Director had waived or agreed to waive any remuneration. Pursuant to an Annual Bonus Scheme approved by the Board, Mr. Tan Boon Seng and Mr. Yeung Chik Kin were eligible to an annual cash bonus determinable under the terms of that Scheme. No such cash bonus was provided for the year (1999: nil).

## Directors' Report (Cont'd)

### Five highest-paid employees

During the year, the five highest-paid employees in the Group included two (1999: two) Directors, details of whose emoluments are included in the disclosure of Directors' remuneration. The details of the remaining three (1999: three) highest-paid non-director employees are as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and other emoluments	1,076	1,012
Contributions to retirement scheme	54	56
	<u>1,130</u>	<u>1,068</u>

The emoluments of each of the three non-director employees were below HK\$1,000,000 for 2000 and 1999.

### Donations

The Group's charitable donations during the financial year amounted to HK\$102,500 (1999: HK\$120,800).

### Fixed assets

Details of movements in fixed assets during the year are set out in note 11 to the financial statements on pages 25 and 26.

### Particulars of properties

The investment properties of the Group are as follows:

Location	Gross floor area (sq. ft.)	Nature of property	Percentage of interest	Lease expiry
Store in Basement, Lyndhurst Building, 2, 2A, 4, 4A & 6 Gage Street, Hong Kong.	4,594	Commercial	100	999 years from 22.1.1844
Duplex Apartment B on 31/F. and 32/F., Tower II and Car Parking Spaces Nos. 6 and 7 on 2nd level, Regent on the Park, 9A Kennedy Road, Wanchai, Hong Kong	2,700	Residential	100	75 years from 20.10.1980 renewable for further 75 years

### Directors

1. The Directors during the financial year were:

- Mr. Tan Boon Seng (Managing Director)
- Mr. Ang Guan Seng
- Mr. Ho Hau Chong, Norman
- Mr. Ng Hung Sang, Robert
- Mr. Tan Choon Keat, Tony
- Mr. Tan Kai Seng
- Mr. Yeung Chik Kin