

# 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 2000.

## *Principal activities*

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 11 to the financial statements. There were no changes in the nature of the Group's principal activities during the year.

## *Segmental information*

### *(a) By geographical area*

The Group's principal operations are located in Hong Kong.

### *(b) By class of business*

The Group's turnover and the operating loss before tax by principal activity for the year ended 31 December 2000 is as follows:

	Turnover HK\$	Operating loss before tax HK\$
Restaurant operations and related activities	97,539,608	(12,809,195)
Property investment and related activities	4,441,139	3,326,298
Investment and others	7,194,715	1,267,534
	<u>109,175,462</u>	<u>(8,215,363)</u>

## *Results and dividends*

The loss of the Group for the 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 22 to 46.

The directors do not recommend the payment of any dividend in respect of the year.

## *Summary financial information*

A summary of the results and of the assets and liabilities of the Group for the last five financial years, extracted from the audited financial statements and reclassified as appropriate, is set out below.

## Results

	Year ended 31 December				
	2000	1999	1998	1997	1996
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	<u>109,175,462</u>	<u>113,738,722</u>	<u>134,086,881</u>	<u>202,912,266</u>	<u>277,394,383</u>
Net profit/(loss) from ordinary activities attributable to shareholders	<u>(6,567,759)</u>	<u>(17,294,817)</u>	<u>(11,794,625)</u>	<u>10,396,169</u>	<u>57,024,986</u>

## Assets and liabilities

	31 December				
	2000	1999	1998	1997	1996
	HK\$	HK\$	HK\$	HK\$	HK\$
Total assets	<u>445,655,031</u>	<u>468,408,560</u>	<u>457,787,341</u>	<u>525,547,796</u>	<u>544,062,650</u>
Total liabilities	<u>(15,701,903)</u>	<u>(42,096,531)</u>	<u>(10,778,271)</u>	<u>(20,018,684)</u>	<u>(44,281,915)</u>
Minority interests	<u>(28,982,770)</u>	<u>(29,569,370)</u>	<u>(32,971,594)</u>	<u>(39,650,829)</u>	<u>(44,237,826)</u>
Net assets	<u>400,970,358</u>	<u>396,742,659</u>	<u>414,037,476</u>	<u>465,878,283</u>	<u>455,542,909</u>

### *Major customers and suppliers*

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

Purchases from the five largest suppliers of the Group accounted for 32.8% of the Group's total purchases for the year. In particular, purchases from the Group's largest supplier accounted for approximately 11.6% of the Group's total purchases for the year.

To the best knowledge of the directors, none of the directors, their associates, or any shareholders who own more than 5% of the Company's issued share capital had any beneficial interest at any time during the year in the Group's five largest customers or suppliers.

# Report of the Directors

## *Investment properties and property, plant and equipment*

Details of movements in the investment properties and property, plant and equipment of the Group during the year are set out in notes 9 and 10 to the financial statements, respectively.

## *Subsidiaries*

Particulars of the Company's principal subsidiaries as at the balance sheet date are set out in note 11 to the financial statements.

## *Issued share capital and share options*

Details of the issued share capital and share options of the Company during the year are set out in notes 21 and 26 to the financial statements.

## *Share premium account*

Details of the share premium account of the Company are set out in note 22 to the financial statements.

## *Capital reserve account*

Details of the capital reserve account of the Company and the Group are set out in note 23 to the financial statements.

## *Investment property revaluation reserve*

Details of movements in the Group's investment property revaluation reserve during the year are set out in note 24 to the financial statements.

## *Directors*

The directors of the Company during the year were:

### *Executive directors:*

Dr. Stanley Ho

Ms. Pansy Ho

Ms. Daisy Ho

Mr. Ambrose So

Mr. Patrick Huen

Mr. Andrew Tse

Mr. Anthony Chan

*Non-executive director:*

Madam Winnie Ho Yuen Ki

*Independent non-executive directors:*

Sir Roger Lobo

Mr. Robert Kwan

Mr. Jose Balcór Hun Prado

Mr. Roque Choi

In accordance with article 103 of the Company's articles of association, Sir Roger Lobo, Mr. Robert Kwan, Ms. Daisy Ho and Ms. Pansy Ho will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

***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 of compensation other than statutory compensation.

***Directors' interests in securities***

As at 31 December 2000, the beneficial interests of the directors and their associates in the issued share capital of the Company as recorded in the register required to be maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Director	Number of ordinary shares and nature of interests		
	Personal interests	Family interests	Corporate interests*
Dr. Stanley Ho	8,216,185	214,727	1,585,000
Madam Winnie Ho Yuen Ki	82,023	–	–
Mr. Jose Balcór Hun Prado	4,284	–	–
Mr. Roque Choi	51,733	–	–
Ms. Pansy Ho	8,291,000	–	–
Ms. Daisy Ho	7,225,000	–	–
Mr. Ambrose So	416,250	–	–
Mr. Patrick Huen	776,854	–	–
Mr. Andrew Tse	716,250	–	–
Mr. Anthony Chan	401,250	–	–

\* Dr. Stanley Ho has beneficial interests in Sharikat Investments Ltd. and Dareset Ltd. which beneficially owned 500,000 and 1,085,000 shares in the Company, respectively.

## Report of the Directors

Save as disclosed above, none of the directors or their associates had any personal, family, corporate or other interest in the issued share capital of the Company or any of its associated corporations as defined in the SDI Ordinance.

### *Directors' rights to acquire shares*

During the year, share options granted in prior years to certain directors of the Company to acquire the ordinary shares in the Company lapsed upon the expiry of the exercise period on 21 October 2000. As at 31 December 2000, there were no outstanding share options entitling directors of the Company to subscribe for the ordinary shares in the Company.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, 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.

### *Directors' interests in contracts*

Save as disclosed in note 30 to the financial statements, no director had a significant beneficial interest in any contract of significance to the business of the Company to which the Company or any of its subsidiaries was a party during the year.

### *Substantial shareholders*

As at 31 December 2000, according to the register maintained pursuant to Section 16(1) of the SDI Ordinance, the following shareholder was interested in 10% or more of the issued share capital of the Company.

<b>Name</b>	<b>Number of shares of the Company</b>
Shun Tak Shipping Company Limited	26,055,432

Save as disclosed herein and other than the interests of the Company's directors and companies controlled by them as set out in the foregoing, it is not known to the Company's directors and the chief executive of the Company that there is any person who, as at 31 December 2000, was directly or indirectly interested in 10% or more of the issued share capital of the Company or in any interest which was required to be recorded under Section 16(1) of the SDI Ordinance.

*Brief biographical details in respect of directors*

<b>Name</b>	<b>Age</b>	<b>Position held</b>	<b>Number of years of service</b>	<b>Business experience</b>
<i>Executive directors:</i>				
Dr. Stanley Ho	79	Chairman	32	The Group Executive Chairman of Shun Tak Holdings Limited, President of The Real Estate Developers Association of Hong Kong. He is also the Managing Director of Sociedade Turismo e Diversões de Macau, S.A.R.L., Vice Chairman of CAM – Macau International Airport Company Limited.
Ms. Pansy Ho	38	Director	6	Daughter of Dr. Stanley Ho and has extensive experience in the commercial and public relations business. She is also the managing director of Shun Tak Holdings Limited.
Ms. Daisy Ho	36	Director	6	Daughter of Dr. Stanley Ho and has extensive experience in the banking business. She is also the deputy managing director and chief financial officer of Shun Tak Holdings Limited.
Mr. Ambrose So	50	Director	7	A director of Shun Tak Holdings Limited and has extensive experience in the commercial and business fields.

## Report of the Directors

Name	Age	Position held	Number of years of service	Business experience
Mr. Patrick Huen	59	Director	19	A director of Shun Tak Holdings Limited and has extensive experience in the banking field.
Mr. Andrew Tse	48	Director	7	A director of Shun Tak Holdings Limited and has extensive experience in the banking and corporate finance sectors.
Mr. Anthony Chan	53	Director	7	A director of Shun Tak Holdings Limited and has extensive experience in property investment and development.
<i>Non-executive director:</i>				
Madam Winnie Ho Yuen Ki	78	Director	19	A director of Banco Seng Heng, S.A.R.L., CAM - Macau International Airport Company Limited and Executive Director of Sociedade de Turismo e Diversões de Macau, S.A. She is also a director of Shun Tak Holdings Limited and a sister of Dr. Stanley Ho.
<i>Independent non-executive directors:</i>				
Sir Roger Lobo	78	Director	3	A director of Shun Tak Holdings Limited, a member of the Board of Trustees of Business and Professionals Federation of Hong Kong, a council member of Caritas Hong Kong and also the vice patron of the Community Chest of Hong Kong and The Society for the Rehabilitation of Offenders.

Name	Age	Position held	Number of years of service	Business experience
Mr. Robert Kwan	64	Director	3	A director of Shun Tak Holdings Limited, chairman of Deloitte Touche Tohmatsu Certified Public Accountants and also the honorary treasurer of Operation Smile – China Medical Mission Limited.
Mr. Jose Balcór Hun Prado	81	Director	31	A director of Agencia Commercial Ultra Marina, LDA., Companhia de Formento Predial Marina and Tai Ming LDA.
Mr. Roque Choi	81	Director	30	A consultant of Banco Seng Heng, S.A.R.L., a director of Sociedade de Turismo e Desenvolvimento Insular S.A.R.L. and Empresa de Formento Industriale Comercial Concordia Limitada.

### ***Purchase, sale or redemption of listed securities of the Company***

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

### ***Connected transaction***

Details of a discloseable and connected transaction regarding the disposal of the Group's Jumbo Palace Restaurant Boat and Sea Palace Kitchen Boat and their operational assets are set out in note 30 to the financial statements. Save as disclosed therein, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The independent non-executive directors are of the opinion that the terms of the above disposal are fair and reasonable so far as the shareholders of the Company are concerned and that the disposal is in the interests of the Company and its shareholders as a whole. Further details of the disposal are set out in a circular issued by the Company dated 4 January 2000.



# Report of the Directors

## *Director's interests in competing businesses*

All the directors, except the independent non-executive directors, have direct or indirect beneficial interests in Shun Tak Holdings Limited, its subsidiaries and associates (the "Shun Tak Group") as shareholders and/or directors. In addition, Dr. Stanley Ho and Madam Ho Yuen Ki have beneficial interests in Sociedade de Turismo e Diversões de Macau, its subsidiaries and associates (the "STDM Group") as directors and/or shareholders.

During the year and up to the date of this report, the businesses of property investment and hospitality (which includes restaurant operations) carried out by the Shun Tak Group and the STDM Group were considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

All the directors, except the independent non-executive directors, are actively involved in the management of the Shun Tak Group.

Dr. Stanley Ho and Madam Ho Yuen Ki are actively involved in the management of the STDM Group which operates principally outside Hong Kong.

As the board of directors of the Company is independent of the boards of the Shun Tak Group and the STDM Group, the Group is therefore capable of carrying on such businesses independently of, and at an arm's length from the businesses of these companies.

## *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 of 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*

The Company has established an audit committee in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, with written terms of reference which were formulated by reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December 1997. The present members of the audit committee are Sir Roger Lobo, Mr. Robert Kwan and Mr. Roque Choi.

## *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

**Stanley Ho**

*Chairman*

Hong Kong

11 April 2001