

Report of Directors

Directors' Interests in Contracts and Connected Transactions (Continued)

- ii. South Light Limited (South Light) is owned as to 40% by the Group, 10% by Dr. Stanley Ho, 20% by STDM, and 30% by independent investors. All shareholders have extended loans to South Light totalling HK\$179.2 million in proportion to their respective shareholdings on an interest-free basis. The loans were extended for the year ended 31st December, 2000.
- iii. Shun Tak Cultural Centre Limited (STCC) is owned as to 60% by the Group and 40% by a company beneficially owned by Dr. Stanley Ho. All shareholders have extended shareholder loans to STCC totalling HK\$384.0 million on an interest-free basis, such loans being in proportion to their respective shareholdings in STCC.
- iv. Ranex is owned as to 51% by the Group, 29% by SHK, 10% each by NWD and Liu Chong Hing Investment Limited (LCH). The Group, SHK, NWD and LCH extended shareholder loans of HK\$2,332.0 million, HK\$1,986.9 million, HK\$449.7 million and HK\$449.7 million, respectively, to Ranex which bear interest at the rate of HIBOR plus 1.25% per annum. The interest accrued for the year ended 31st December, 2000 to the account of the Group was HK\$166.5 million. The Company, SHK, NWD and LCH have provided guarantees to the bankers in respect of the term loan facilities of HK\$3,957.5 million obtained by Ranex and the guarantors' percentages were 31.67%, 48.33%, 10% and 10% respectively.
- v. Treasure Peninsula Limited (TPL) is owned as to 51% by the Group, 29% by SHK, 10% each by NWD and LCH. All shareholders have extended shareholder loans totalling HK\$35.0 million on an interest-free basis to TPL, such loans being in proportion to their respective shareholdings in TPL.
- vi. DFS Macau Limited (DFS) is owned as to 50% by the Group and 50% by DFSHK. The Group and DFSHK each extended shareholder loans of HK\$28.7 million on an interest-free basis to DFS, such loans being in proportion to their respective shareholdings in DFS.
- vii. ST-CTS is owned as to 71% by the Group and 29% by CTII. The banks have extended financing to ST-CTS during the year ended 31st December, 2000. The total amount of such financing as at 31st December, 2000 was HK\$446.0 million. The Group and CTII have entered into arrangements so as to ensure that contingent liabilities under various guarantees and shareholder support given in respect of all of the aforesaid financing will be assumed ultimately in proportion to their respective shareholdings in ST-CTS. All shareholders have extended shareholder loans totalling HK\$300.0 million on an interest-free basis to ST-CTS, such loans being in proportion to their respective shareholdings in ST-CTS.

Under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Stock Exchange), the above transactions constitute connected transactions of the

Company and require disclosure in the annual report of the Company.

The Company's independent non-executive directors have reviewed the above transactions and confirmed the transactions were in the ordinary and usual course of business of the Group, on normal commercial terms and fair and reasonable as far as the shareholders of the Company are concerned.

In respect of items 1(ii) to (v) & 2 to 6, the independent non-executive directors have further confirmed that the transactions were maintained within the amounts and in accordance with the conditions relating to the transactions as agreed with the Stock Exchange.

Save for the transactions aforementioned, no other contract of significance 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 year or at any time during the year.

Directors' Interests in Competing Businesses

During the year and up to the date of this report, the following directors are considered to have interests in the

following businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group were as follows:-

Dr. Stanley Ho and Madam Winnie Ho Yuen Ki are directors and have direct and / or indirect beneficial interests in Melco International Development Limited (Melco), STC and STDM, which are also engaged in the businesses of property investment and / or hospitality.

Dr. Cheng Yu Tung is a director and / or has direct and / or indirect beneficial interests in NWD, Chow Tai Fook Enterprises Limited, Aberdeen Restaurant Enterprises Limited, STC and STDM, which are also engaged in the businesses of property investment, development, ferry services and / or hospitality.

Ms. Pansy Ho, Ms. Daisy Ho and Mr. Andrew Tse are directors and / or have direct and / or indirect beneficial interests in Melco and STC, which are also engaged in the businesses of property investment and / or hospitality.

Messrs Ambrose So, Patrick Huen and Anthony Chan are directors and have direct beneficial interests in Melco which is also engaged in the businesses of property investment and hospitality.

As the Board of Directors of the Company is independent of the board of these entities, the Group is therefore capable of carrying on such businesses independently of, and at arm's length from the businesses of these entities.

Disclosure of Interests

As at 31st December, 2000, the interests of the directors of the Company in the share capital of the Company or its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance (SDI Ordinance) which have been notified to The Stock Exchange of Hong Kong Limited (the Stock Exchange) and the Company, pursuant to Section 28 of the SDI Ordinance, including interests which they are deemed or taken to have under Section 31 or Part I of the schedule of the SDI Ordinance, or which are required pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were set out in the following page.

Report of Directors

Disclosure of Interests (Continued)

a) Interests of directors in the Company

Name of Director	Ordinary shares of HK\$0.25 each			
	Personal Interests	Family Interests	Corporate Interests	Share Options
Stanley Ho	240,517,502	4,915,780	36,285,523 ⁽¹⁾	30,000,000
Sir Roger Lobo	–	–	–	1,000,000
Robert Kwan	–	–	–	–
Cheng Yu Tung	–	–	–	–
Winnie Ho Yuen Ki	885,511	–	–	–
Mok Ho Yuen Wing, Louise	266,102	–	–	–
David Hill	–	–	–	800,000
Pansy Ho	8,835,045	–	–	12,500,000
Daisy Ho	8,373,802	–	–	12,700,000
Ambrose So	8,325,000	–	–	–
Patrick Huen	48,000	–	–	–
Andrew Tse	2,325,000	–	–	–
Anthony Chan	8,025,000	–	–	–

Notes:

- (1) Dr. Stanley Ho has beneficial interests in Sharikat Investments Ltd. and Dareset Ltd., which beneficially owned 11,446,536 and 24,838,987 shares in the Company respectively.
- (2) During the year, each of Ms. Pansy Ho and Ms. Daisy Ho was granted 10,000,000 share options to subscribe for ordinary shares at an exercise price of HK\$1.2 per share in the Company. The options are exercisable within a period of 10 years from the date of grant. No directors had exercised options to subscribe for shares in the Company during the year.

b) Interests of directors in subsidiaries

Name of Director	Name of Subsidiaries	Personal Interests	Corporate Interests
Stanley Ho	Shun Tak Cultural Centre Ltd.	–	4 ordinary shares (or 40%)
	Stabilo Ltd.	560 ordinary shares (or 11.2%)	–
Ambrose So	Stabilo Ltd.	72 ordinary shares (or 1.44%)	–
Patrick Huen	Stabilo Ltd.	68 ordinary shares (or 1.36%)	–
Andrew Tse	Stabilo Ltd.	68 ordinary shares (or 1.36%)	–
Anthony Chan	Stabilo Ltd.	32 ordinary shares (or 0.64%)	–

Certain nominee shares in subsidiaries were held by Messrs. Ambrose So, Andrew Tse, Patrick Huen, Ms. Pansy Ho and Ms. Daisy Ho in trust for the Company or its subsidiaries.

c) Interests of directors in an associate

Dr. Stanley Ho owned 1 ordinary share (representing 10% interest) in South Light Ltd. as his personal interest.

d) Substantial Shareholders

As at 31st December, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that other than Dr. Stanley Ho whose interests are set out above, the following shareholder was interested in 10% or more of the issued share capital of the Company.

<u>Name of shareholder</u>	<u>No. of ordinary shares held</u>
Shun Tak Shipping Co., Ltd. (Note)	598,030,322

Note:

Dr. Stanley Ho, Dr. Cheng Yu Tung, Madam Winnie Ho Yuen Ki and Mrs. Mok Ho Yuen Wing, Louise have beneficial interests in Shun Tak Shipping Co., Ltd.

Save as disclosed above, no other person has notified the Company as having any interest representing 10% or more of the Company's issued share capital.

Purchase, Sale or Redemption of the Company's Listed Securities

In May 2000, the Company purchased 974,000 of its own shares in an aggregate consideration of HK\$892,984 on the Stock Exchange at prices ranging from HK\$0.80 to HK\$0.98 per share. The shares were redeemed by the Company. Save as aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

Directors' Right to Acquire Shares or Debentures

Except for the above mentioned share options scheme as stated in note 16 to the financial statements on page 66, at no time during the 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 the acquisition of shares in or debentures of the Company or any other body corporate.

Service Contract of Directors

No director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Report of Directors

Management Contract

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Code of Best Practice

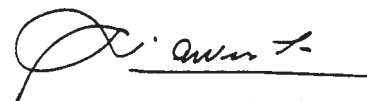
In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the annual report except that the independent non-executive directors of the Company are not appointed for specific terms. The Audit Committee was established in March 1999. The members of the Audit Committee are Mr. Robert Kwan (Chairman), Sir Roger Lobo and Mrs. Mok Ho Yuen Wing, Louise. The Audit Committee met twice during the financial year to consider the effectiveness of the systems of internal control and compliance, the nature and scope of audit reviews and the interim and annual reports.

Summary of the Results, Assets and Liabilities

A summary of the results, assets and liabilities of the Group for the last five financial years is shown on page 81.

Auditors

The financial statements for the year were audited by H.C. Watt & Company Limited, who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment.



Stanley Ho
Group Executive Chairman
11th April, 2001