

# DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31st December, 2000.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its principal subsidiaries are engaged in apparel manufacturing, trading and retailing, property holding, development and management, hospitality management and other investing activities. The Company and its subsidiaries are hereinafter collectively referred to as the Group.

The Group's associates are principally engaged in property development and distribution of branded casual wear.

Details of the Company's principal subsidiaries and the Group's principal associates as at 31st December, 2000 are set out in notes 38 and 39 to the financial statements respectively.

## RESULTS

The results of the Group for the year ended 31st December, 2000 are set out in the consolidated income statement on page 30.

The directors do not recommend the payment of a dividend for the year ended 31st December, 2000.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 74.

## SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's authorised and issued share capital as at 31st December, 2000 are set out in note 22 to the financial statements. There was no change in the year.

Details of the Company's share option scheme and the changes during the year in the options granted are set out in note 23 to the financial statements.

## RESERVES

Movements in the reserves of the Group and of the Company are set out in note 24 to the financial statements.

## INVESTMENT PROPERTIES

The Group revalued its investment properties as at 31st December, 2000 on an open market value basis. Movements during the year are set out in note 11 to the financial statements.

An analysis of the properties held by the Group for investment purposes at 31st December, 2000 is set out on page 75.

## PROPERTIES UNDER DEVELOPMENT

An analysis of the Group's properties under development at 31st December, 2000 are set out on page 76. Movements during the year are set out in note 12 to the financial statements.

## **OTHER PROPERTIES, PLANT AND EQUIPMENT**

During the year, the Group acquired other properties, plant and equipment totalling HK\$24.6 million in its normal course of business. These and other significant movements during the year are set out in note 13 to the financial statements.

## **BORROWINGS**

Details of the Group's short-term bank borrowings, bank loans and other long-term loans are set out in notes 21, 25 and 26 to the financial statements respectively.

During the year, interest of HK\$15.5 million on borrowings incurred to finance the Group's properties under development was capitalised.

## **DONATIONS**

During the year, the Group made charitable and other donations totalling HK\$0.1 million.

## **DIRECTORS AND DIRECTORS' SERVICES CONTRACTS**

The directors of the Company during the year and up to the date of this report were:

### ***Executive directors***

Christopher Cheng Wai Chee JP *Chairman*

Edward Cheng Wai Sun *Chief Executive*

Francis Cheng Man Piu

Frederick Ng Tak Wai

### ***Non-executive directors***

Cheng Wai Keung

Walter Kwok Ping Sheung

Thomas Kwok Ping Kwong

Raymond Kwok Ping Luen

Michael Wong Yick Kam

*(Alternate to Walter Kwok Ping Sheung, Thomas Kwok Ping Kwong and Raymond Kwok Ping Luen)*

### ***Independent non-executive directors***

Simon Murray CBE

Kenneth Fang Hung JP

In accordance with bye-law 100 of the Company's bye-laws, Messrs. Edward Cheng Wai Sun, Frederick Ng Tak Wai and Simon Murray will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

All directors, except the Chairman of the Company, are subject to retirement by rotation as required by the Company's bye-laws.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied throughout the financial year ended 31st December, 2000 with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Audit Committee of the Company comprises Messrs. Simon Murray and Kenneth Fang Hung who are the independent non-executive directors of the Company. In establishing the terms of reference for this

Committee, the directors have had regard to the "Guide for the formation of an audit committee" issued by the Hong Kong Society of Accountants in December 1997.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY

At 31st December, 2000, as notified to the Company pursuant to Hong Kong's Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), the interests of the directors and the chief executive in the shares of the Company were as follows:

Name of director	Number of shares held			
	Personal interests	Family interests	Corporate interests	Other interests
Christopher Cheng Wai Chee	75,999	–	150,409,086 Note (a)	110,595,862 Notes (b) & (c)
Edward Cheng Wai Sun	–	–	–	110,595,862 Notes (b) & (d)
Francis Cheng Man Piu	–	–	–	110,595,862 Note (b)
Frederick Ng Tak Wai	26,000	762,000	–	Note (e)
Cheng Wai Keung	–	–	–	110,595,862 Note (b)
Walter Kwok Ping Sheung	–	–	–	–
Thomas Kwok Ping Kwong	–	–	–	–
Raymond Kwok Ping Luen	–	–	–	–
Simon Murray	–	–	–	Note (f)
Kenneth Fang Hung	–	–	–	–
Michael Wong Yick Kam (alternate to Walter Kwok Ping Sheung, Thomas Kwok Ping Kwong and Raymond Kwok Ping Luen)	–	–	–	–

Notes:

- (a) *By virtue of the SDI Ordinance, Mr. Christopher Cheng Wai Chee was interested in 150,409,086 shares of the Company beneficially owned by Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited. Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited were the beneficial owners of 68,747,996, 66,698,122 and 14,962,968 shares of the Company respectively.*
- (b) *Messrs. Christopher Cheng Wai Chee, Edward Cheng Wai Sun, Francis Cheng Man Piu and Cheng Wai Keung were beneficiaries of a trust which assets included indirect interests in 110,595,862 shares of the Company beneficially owned by Brave Dragon Limited and Wing Tai Garment Manufactory (Singapore) Pte Limited as set out under "Substantial Shareholders" below.*
- (c) *Mr. Christopher Cheng Wai Chee had outstanding options to subscribe for 2,000,000 shares of the Company as set out below under "Directors' and Chief Executive's rights to acquire Shares or Debentures" pursuant to the share option scheme of the Company.*
- (d) *Mr. Edward Cheng Wai Sun had outstanding options to subscribe for 9,255,555 shares of the Company as set out below under "Directors' and Chief Executive's rights to acquire Shares or Debentures" pursuant to the share option scheme of the Company.*
- (e) *Mr. Frederick Ng Tak Wai had outstanding options to subscribe for 1,623,333 shares of the Company as set out below under "Directors' and Chief Executive's rights to acquire Shares or Debentures" pursuant to the share option scheme of the Company.*
- (f) *Mr. Simon Murray had outstanding options to subscribe for 1,111,111 shares of the Company as set out below under "Directors' and Chief Executive's rights to acquire Shares or Debentures" pursuant to the share option scheme of the Company.*

Other than disclosed above, as at 31st December, 2000, none of the directors or the chief executive has (i) any interest in, or any deemed interest in, pursuant to Section 28 of the SDI Ordinance or under Section 31 or Part I of the Schedule to the SDI Ordinance, the shares of the Company or any associated corporation (within the meaning of the SDI Ordinance); or (ii) any interest which is required to be entered in the register kept by the Company pursuant to Section 29 of the SDI Ordinance; or (iii) any interest which is required to be disclosed, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules, to the Company and The Stock Exchange of Hong Kong Limited.

## **DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Under the Company's share option scheme, certain directors of the Company have personal interests in share options which have been granted to them to subscribe for shares in the Company.