

## **Directors' Report**

The Directors present their annual report together with the audited financial statements for the financial year ended 31 December 2001.

### **Principal activities**

The principal activity of the Company was investment holding and the activities of its subsidiaries and associates are shown in notes 16 and 17 to the financial statements respectively.

### **Commentary on annual results**

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

### **Financial Statements**

The loss of the Group for the financial year ended 31 December 2001 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 13 to 39.

### **Particulars of subsidiaries**

Particulars regarding the subsidiaries of the Group are set out in notes 16 and 36 to the financial statements.

### **Particulars of associates**

Particulars regarding the associates of the Group are set out in note 17 to the financial statements.

### **Share capital**

The movements in share capital during the financial year are set out in note 25 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.

### **Reserves**

The movements in reserves during the financial year are set out in note 26 to the financial statements.

### **Dividends**

In October 2001, an interim dividend of 1 cent per share was paid, amounting to HK\$3,403,000 (2000: HK\$3,423,000). The Directors now recommend the payment of a final dividend of 1 cent per share, amounting to HK\$3,388,000 (2000: HK\$3,418,000).

### **Summary of financial information**

A summary of the turnover, results, assets and liabilities of the Group for the last five financial years is shown on page 40.

### **Major customers and suppliers**

During the year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

## Directors' Report (Cont'd)

### Fixed assets

Details of movements in fixed assets during the year are set out in note 14 to the financial statements on pages 26 to 27.

### 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

2. In accordance with the Company's Articles of Association, the following Directors are due to retire and, being eligible, offer themselves for re-election.

Mr. Ang Guan Seng

Mr. Yeung Chik kin

### Service contracts of Directors

No Directors 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 the payment of compensation other than statutory compensation.

## Directors' Report (Cont'd)

### Directors' 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 of the Company had, whether directly or indirectly, a material interest subsisted at the end of the financial year or at any time during the financial year.

### Connected transactions

On 25 May 2001, the Group entered into the following transactions on normal commercial terms, and in the ordinary and usual course of the Group's activities:-

1. The Group disposed of its interest in Kiwi Profits Limited to Steady Profits Limited ("SPL") for HK\$28.3 million satisfied by the issue and allotment of 8,790,616 shares in New World China Land Limited ("NWCL").
2. The Group disposed of its interest in Nanjing Huawei Real Estate Development Company Limited to New World Development (China) Limited ("NWDL") for HK\$6.8 million satisfied by the issue and allotment of 2,121,140 shares in NWCL.

SPL and NWDL are subsidiaries of New World Development Company Limited ("NWD"). NWD (Hotels Investments) Limited, a substantial shareholder of the Company is also a subsidiary of NWD.

The above transactions therefore constitute connected transactions under the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited.

### Directors' interests in shares

At 31 December 2001, the beneficial personal interests and corporate interests of the Directors and their associates in the share capital of the Company as recorded in the register required to be maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

Directors	No. of Ordinary Shares	
	Personal interests	Corporate interests
Mr. Tan Boon Seng	900,000	19,442,000 (i) (iii) (iv)
Mr. Ang Guan Seng	–	–
Mr. Ho Hau Chong, Norman	–	–
Mr. Ng Hung Sang, Robert	–	–
Mr. Tan Choon Keat, Tony	–	8,304,000 (i) (ii)
Mr. Tan Kai Seng	–	–
Mr. Yeung Chik Kin	225,800	–

## Directors' Report (Cont'd)

### Directors' interests in shares (Cont'd)

Notes:

- (i) Wah Seong Enterprises Sdn. Bhd. held 2,100,000 shares. Messrs. Tan Choon Keat, Tony and Tan Boon Seng had beneficial interests in this company.
- (ii) Tan Kim Yeow Sdn. Bhd. and TKY Investments Pte. Ltd. in aggregate held 6,204,000 shares. Mr. Tan Choon Keat, Tony had beneficial interests in these companies.
- (iii) HK 1 Limited held 14,361,000 shares. Mr. Tan Boon Seng had beneficial interest in this company.
- (iv) TYMS Limited held 2,981,000 shares. This company is beneficially owned by Mr. Tan Boon Seng's children and Mr. Tan Boon Seng acts as trustee for his children.

Certain nominee shares in subsidiaries were held by Mr. Tan Boon Seng in trust for the Company or its subsidiaries.

Save as mentioned above, no Directors held an interest in the share capital of the Company's subsidiaries.

As at 31 December 2001, no right was granted to or exercised by any Director of the Company or his spouse or children under 18 years of age to subscribe for equity or debt securities of the Company.

### Substantial shareholders

Details of substantial shareholders as recorded in the register of substantial shareholders' interests required to be kept by the Company under Section 16(1) of the Securities (Disclosure of Interests) Ordinance at 31 December 2001 were as follows:

	<u>No. of Ordinary Shares</u>	<u>Percentage holding</u>
Parkway Holdings Limited	125,332,186 (i)	36.94
NWD (Hotels Investments) Limited	54,500,000 (ii)	16.06
IGB Corporation Berhad	35,020,000 (iii)	10.32

Notes:

- (i) The interest of Parkway Holdings Limited was held through its wholly-owned subsidiaries, Parkway Panama Limited Inc. and M & P Investments Pte. Limited.
- (ii) The interest of NWD (Hotels Investments) Limited (64% owned by New World Development Co. Ltd. and 36% owned by Chow Tai Fook Enterprises Ltd.) was held through its wholly-owned subsidiary company, Keep Silver Investments Limited.
- (iii) The interest of IGB Corporation Berhad was held through its wholly-owned subsidiary, Intercontinental Aviation Services Sdn. Bhd.

Save as mentioned above, none of the Company's shareholder was interested in ten percent or more of the issued share capital of the Company as at 31 December 2001.

## **Directors' Report** (Cont'd)

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

Details of repurchases by the Company of its own shares during the year are set out in note 25 to the financial statements on page 33. The repurchases were made for the purpose of enhancing the net asset value per share of the Company.

Save as mentioned above, there was no purchase, sale or redemption by the Company or its subsidiaries of the Company's listed securities during the financial year.

### **Management contracts**

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 financial 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 Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year except that the Independent Non-executive Directors are not appointed for a specific term as they are subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

### **Auditors**

The retiring auditors, H. C. Watt & Company Limited, have expressed their willingness to continue in office. A resolution to reappoint them as auditors of the Company will be put to the annual general meeting.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Board.

Tan Boon Seng  
Chairman

Hong Kong, 23 April 2002