

## **Directors' Report**

The Directors present their annual report together with the audited financial statements for the financial year ended 31 December 2003.

### **Principal activities**

The principal activity of the Company is 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 pages 7 to 8.

### **Financial statements**

The profit of the Group for the financial year ended 31 December 2003 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 42.

### **Particulars of subsidiaries**

Particulars regarding the subsidiaries of the Group are set out in note 16 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 26 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 27 to the financial statements.

### **Dividends**

The Company did not pay any interim dividend during the financial year (2002: 1 cent per share). The Directors now recommend the payment of a final dividend of 1 cent per share (2002: nil), amounting to HK\$2,133,000.

### **Donations**

During the year, the Group made donations for charitable and community purposes amounting to HK\$30,000 (2002: HK\$7,000).

### **Summary of financial information**

A summary of the turnover, results and of the assets and liabilities of the Group for the last five financial years is shown on page 46.

### **Group borrowings**

Details of bank loans are shown in note 25 to the financial statements.

## Directors' Report (Cont'd)

### 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.

### Fixed assets

Details of movements in fixed assets during the year are set out in note 14 to the financial statements on page 31.

### 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. Tan Choon Keat, Tony

Mr. Tan Kai Seng

Mr. Yeung Chik Kin

Mr. Fung Ka Pun (appointed on 3 July 2003)

Mr. Chan Kai Kwok (appointed on 4 September 2003)

Mr. Ng Hung Sang, Robert (resigned on 3 July 2003)

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. Tan Kai Seng

Mr. Fung Ka Pun

Mr. Chan Kai Kwok

### Biographical details of Directors and senior management

Brief of biographical details of Directors and senior management are set out on page 3.

## Directors' Report (Cont'd)

### Service contracts of Directors

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

### 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.

### Directors' interests and short positions in shares, underlying shares and debentures

As at 31 December 2003, the Directors' interests in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Directors	No. of ordinary shares		Percentage holding
	Personal interests	Corporate interests	
Mr. Tan Boon Seng	900,000	19,442,000 (i)(iii)(iv)	6.00
Mr. Ang Guan Seng	—	—	—
Mr. Ho Hau Chong, Norman	—	—	—
Mr. Tan Choon Keat, Tony	—	8,304,000 (i)(ii)	2.45
Mr. Tan Kai Seng	—	—	—
Mr. Yeung Chik Kin	225,800	—	0.07
Mr. Fung Ka Pun	—	—	—
Mr. Chan Kai Kwok	—	—	—

#### 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 2003, 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.

## Directors' Report (Cont'd)

### Substantial shareholders

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2003 the Company had been notified of the following interest in the Company's shares:

	<u>No. of ordinary shares</u>	<u>Percentage holding</u>
Parkway Holdings Limited	125,332,186 (i)	37.00
NWD (Hotels Investments) Limited	54,500,000 (ii)	16.09
IGB Corporation Berhad	35,020,000 (iii)	10.34
Tan Boon Seng	20,342,000 (iv)	6.00

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, Keep Silver Investments Limited.
- (iii) The interest of IGB Corporation Berhad was held through its wholly-owned subsidiary, Intercontinental Aviation Services Sdn. Bhd.
- (iv) The 20,342,000 shares are held as to 900,000 shares by Mr. Tan Boon Seng, as to 2,100,000 shares by Wah Seong Enterprises Sdn. Bhd., as to 14,361,000 shares by HK 1 Limited and as to 2,981,000 shares by TYMS Limited. Wah Seong Enterprises Sdn. Bhd. is beneficially owned by Mr. Tan Choon Keat, Tony and Mr. Tan Boon Seng. HK 1 Limited is beneficially owned by Mr. Tan Boon Seng. TYMS Limited is beneficially owned by the children of Mr. Tan Boon Seng and Mr. Tan Boon Seng acts as trustee for his children.

### Purchase, sale or redemption of listed securities

The Company has not redeemed any of its shares during the year. Neither the Company nor its subsidiary has purchased or sold any of the Company's shares during the 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.

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

### **Connected transaction**

Details of connected transaction disclosed under the Listing Rules are set out in note 35 to the financial statements.

### **Post balance sheet event**

Details of post balance sheet event are set out in note 35 to the financial statements.

### **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 and 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, 22 April 2004