

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2004.

## Principal activities

The Company acted as an investment holding company during the year. The principal activities of its subsidiaries were deposit taking, personal and commercial lending, mortgage financing, stockbroking, the letting of investment properties, the provision of finance to purchasers of taxis and public light buses, the trading of taxi cabs and taxi licences, and the leasing of taxis. There were no significant changes in the nature of the Group's principal activities during the year.

Details of the principal activities of the Company's subsidiaries are set out in note 20 to the financial statements.

## Results and dividends

The Group's profit for the year ended 31 December 2004 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 25 to 64.

A first interim dividend of HK\$0.05 (2003: HK\$0.04) per ordinary share together with a special dividend of HK\$1.75 (2003: Nil) per ordinary share were paid on 30 September 2004. A second interim dividend of HK\$0.40 (2003: HK\$0.20) per ordinary share was declared on 30 December 2004 and will be payable on 22 February 2005 to shareholders of the Company whose names appear on the register of members on 7 February 2005. The directors do not recommend the payment of a final dividend (2003: Nil).

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 7.

## Investment properties and fixed assets

Details of movements in the investment properties and fixed assets of the Group are set out in notes 19 and 23 to the financial statements, respectively.

## Share capital and share options

Details of the Company's share capital and share options are set out in notes 29 and 30 to the financial statements, respectively.

## Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's bye-laws ("Bye-laws") or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## Purchase, sale or redemption of listed shares of the Company

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

## Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 31 to the financial statements and the consolidated summary statement of changes in equity.

## Distributable reserves

The Company's contributed surplus is distributable to shareholders in accordance with the Companies Act 1981 of Bermuda. At 31 December 2004, the Company's reserves available for cash distribution and/or distribution in specie amounted to approximately HK\$94,193,000 (inclusive of the Company's contributed surplus) as computed in accordance with the generally accepted accounting principles of Hong Kong, SAR. In addition, the Company's share premium account in the amount of approximately HK\$1,209,593,000 may be distributed in the form of fully paid bonus shares.

## Major customers and suppliers

In the year under review, income attributable to the Group's five largest customers accounted for less than 30% of the total income for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

## Directors

The directors of the Company during the year were as follows:

### *Non-executive Directors:*

Tan Sri Dato' Sri Dr. Teh Hong Piow, *Chairman*  
Datuk Tay Ah Lek  
Wong Kong Ming  
Chang Kat Kiam (appointed on 26 March 2004)

### *Executive Directors:*

Tan Yoke Kong  
Lee Huat Oon

### *Independent Non-executive Directors:*

Geh Cheng Hooi, Paul  
Dato' Yeoh Chin Kee  
Lee Chin Guan (appointed on 23 September 2004)

In accordance with the Bye-laws, Mr. Chang Kat Kiam and Mr. Lee Chin Guan will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Company still considers such directors to be independent.

## Directors' remuneration and the five highest paid individuals

Details of directors' remuneration and that of the five highest paid individuals in the Group are set out in notes 8 and 9 to the financial statements, respectively.

## Directors' service contracts

No director 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.

## Directors' interests in contracts

Except as detailed in note 36 to the financial statements and in the section headed "Connected transactions" below, no director had a beneficial interest, whether direct or indirect, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries and fellow subsidiaries was a party at the balance sheet date or at any time during the year.

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

At the balance sheet date, the directors' interests and short positions in the shares and underlying shares of the Company or any of 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

### (a) Long positions in ordinary shares of the Company and associated corporations

Interests in	Note	Name of director	Number of ordinary shares			Total	Percentage of interest in issued share capital
			Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
1. The Company		Tan Sri Dato' Sri Dr. Teh Hong Piow	–	–	466,768,110	466,768,110	65.9502
		Tan Yoke Kong	50,000	–	–	50,000	0.0071
2. Public Bank, the ultimate holding company	1	Tan Sri Dato' Sri Dr. Teh Hong Piow	781,250	–	799,668,596	800,449,846	23.8530
	1	Datuk Tay Ah Lek	5,822,609	–	139,482	5,962,091	0.1777
	1	Dato' Yeoh Chin Kee	250,000	25,000	–	275,000	0.0082
	1	Lee Chin Guan	1,250,000	–	–	1,250,000	0.0372
	1	Chang Kat Kiam	191,735	–	–	191,735	0.0057
	1	Tan Yoke Kong	15,000	–	–	15,000	0.0004
	1	Lee Huat Oon	5,000	–	–	5,000	0.0001
3. Public Mutual Bhd., a fellow subsidiary		Tan Sri Dato' Sri Dr. Teh Hong Piow	–	–	5,400,000	5,400,000	90.0000
		Tan Sri Dato' Sri Dr. Teh Hong Piow	–	–	15,500	15,500	96.8750
4. Winsure Company, Limited, a subsidiary		Tan Sri Dato' Sri Dr. Teh Hong Piow	–	–	15,500	15,500	96.8750

Note 1: 2 shares of RM0.50 each of Public Bank were consolidated into 1 share of RM1.00 each during the year.

Tan Sri Dato' Sri Dr. Teh Hong Piow, by virtue of his direct and deemed interests of 800,449,846 shares in Public Bank, is also deemed interested in the shares of the Company and its associated corporations as disclosed above, to the extent Public Bank has interests.

## Directors' interests and short positions in shares and underlying shares (Continued)

### (b) Long positions in underlying shares of an associated corporation

Interests in	Name of director	Number of ordinary shares attached to the share options			At the end of the year	Exercise price	Exercisable period	
		At the beginning of the year	Granted during the year	Exercised during the year				
Public Bank	Tan Sri Dato' Sri Dr. Teh Hong Piow	125,000 <sup>#</sup>	–	125,000 <sup>#</sup>	–	RM1.64 <sup>#</sup>	10.4.1998 to 24.2.2006	
		37,500 <sup>#</sup>	–	37,500 <sup>#</sup>	–	RM1.64 <sup>#</sup>	23.4.2001 to 24.2.2006	
		18,180,000 <sup>#</sup>	–	18,180,000 <sup>#</sup>	–	RM3.56 <sup>#</sup>	6.6.2002 to 24.2.2006	
		40,625 <sup>#</sup>	–	40,625 <sup>#</sup>	–	RM1.64 <sup>#</sup>	18.7.2002 to 24.2.2006	
		4,545,000 <sup>#</sup>	–	4,545,000 <sup>#</sup>	–	RM3.56 <sup>#</sup>	18.7.2002 to 24.2.2006	
		50,782 <sup>#</sup>	–	50,782 <sup>#</sup>	–	RM1.64 <sup>#</sup>	25.7.2003 to 24.2.2006	
		5,681,250 <sup>#</sup>	–	5,681,250 <sup>#</sup>	–	RM3.56 <sup>#</sup>	25.7.2003 to 24.2.2006	
		–	20,743,000	–	20,743,000	–	RM4.92	9.6.2004 to 24.2.2006
		28,660,157	20,743,000	28,660,157	20,743,000	–		
Datuk Tay Ah Lek		87,500 <sup>#</sup>	–	87,500 <sup>#</sup>	–	RM1.64 <sup>#</sup>	10.4.1998 to 24.2.2006	
		26,250 <sup>#</sup>	–	26,250 <sup>#</sup>	–	RM1.64 <sup>#</sup>	23.4.2001 to 24.2.2006	
		5,000,000 <sup>#</sup>	–	5,000,000 <sup>#</sup>	–	RM3.56 <sup>#</sup>	6.6.2002 to 24.2.2006	
		28,438 <sup>#</sup>	–	28,438 <sup>#</sup>	–	RM1.64 <sup>#</sup>	18.7.2002 to 24.2.2006	
		1,250,000 <sup>#</sup>	–	500,000 <sup>#</sup>	750,000 <sup>#</sup>	RM3.56 <sup>#</sup>	18.7.2002 to 24.2.2006	
		35,547 <sup>#</sup>	–	35,547 <sup>#</sup>	–	RM1.64 <sup>#</sup>	25.7.2003 to 24.2.2006	
		1,562,500 <sup>#</sup>	–	–	1,562,500 <sup>#</sup>	RM3.56 <sup>#</sup>	25.7.2003 to 24.2.2006	
		–	2,000,000 <sup>#</sup>	–	2,000,000 <sup>#</sup>	RM4.60 <sup>#</sup>	6.2.2004 to 24.2.2006	
		–	5,000,000	–	5,000,000	RM4.92	9.6.2004 to 24.2.2006	
		7,990,235	7,000,000	5,677,735	9,312,500	–		
Dato' Yeoh Chin Kee		–	2,250,000	250,000	2,000,000	RM4.92	9.6.2004 to 24.2.2006	
Lee Chin Guan		–	1,250,000	1,250,000	–	RM4.92	9.6.2004 to 24.2.2006	

## Directors' interests and short positions in shares and underlying shares (Continued)

### (b) Long positions in underlying shares of an associated corporation (Continued)

Interests in	Name of director	Number of ordinary shares attached to the share options				Exercise price	Exercisable period
		At the beginning of the year	Granted during the year	Exercised during the year	At the end of the year		
Public Bank	Chang Kat Kiam	264,063 <sup>#</sup>	–	264,063 <sup>#</sup>	–	RM3.56 <sup>#</sup>	6.6.2002 to 24.2.2006
		175,000 <sup>#</sup>	–	50,000 <sup>#</sup>	125,000 <sup>#</sup>	RM4.60 <sup>#</sup>	22.12.2003 to 24.2.2006
		439,063	–	314,063	125,000		
	Tan Yoke Kong	–	15,000	15,000	–	RM4.92	25.6.2004 to 24.2.2006
	Lee Huat Oon	–	5,000	5,000	–	RM4.92	25.6.2004 to 24.2.2006
	Wong Kong Ming	50,000 <sup>#</sup>	–	50,000 <sup>#</sup>	–	RM3.56 <sup>#</sup>	6.6.2002 to 24.2.2006
		12,500 <sup>#</sup>	–	12,500 <sup>#</sup>	–	RM3.56 <sup>#</sup>	18.7.2002 to 24.2.2006
		15,625 <sup>#</sup>	–	15,625 <sup>#</sup>	–	RM3.56 <sup>#</sup>	25.7.2003 to 24.2.2006
		–	15,000	–	15,000	RM4.92	17.6.2004 to 24.2.2006
		78,125	15,000	78,125	15,000		

# The number of ordinary shares at par value of RM0.50 each attached to the share options and the relevant exercise prices have been adjusted to reflect the consolidation of 2 shares of RM0.50 each into 1 share of RM1.00 each of Public Bank during the year.

Note: The options to subscribe for ordinary shares of RM1.00 (RM0.50 prior to completion of the aforesaid share consolidation on 2 June 2004) each in Public Bank were first granted on 10 April 1998 under the Public Bank Berhad Employees' Share Option Scheme ("PBB ESOS"). Following approvals from the relevant authorities and the shareholders of Public Bank at the extraordinary general meetings held on 20 May 2002 and 20 April 2004, the PBB ESOS has been extended for a total of three years to 25 February 2006. Hence, the exercisable period of the options has also been extended up to and including 24 February 2006. The options are exercisable subject to the terms of the PBB ESOS.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, or underlying shares of the Company or any of its associated corporations that was required to be recorded under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code at the balance sheet date.

## Directors' rights to acquire shares or debentures

Apart from the share option scheme disclosed above and set out in note 30 to the financial statements, at no time during the year was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or in any other body corporate.

## Directors' interests in competing business

Tan Sri Dato' Sri Dr. Teh Hong Piow and Datuk Tay Ah Lek are also directors of Public Bank, which is also engaged in the provision of financing for licensed public vehicles, mortgage loans and taking of deposits from customers in Hong Kong through its fully licensed branch in Hong Kong.

Tan Sri Dato' Sri Dr. Teh Hong Piow is deemed to be a substantial shareholder of Public Bank by virtue of his interest in Public Bank.

The provision of financing for licensed public vehicles undertaken by Public Bank and JCG Finance during the year were referred by Winton Holdings (Bermuda) Limited ("Winton") and its subsidiaries and other taxi dealers. The terms and conditions of the taxi financing loans are market driven and agreed at arm's length between the hirers and the financiers. The terms and conditions of other businesses of JCG Finance and Public Bank, Hong Kong Branch are also market driven.

## Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

At the balance sheet date, the register of interests and short positions in the shares and underlying shares of the Company kept under Section 336 of the SFO showed that, other than the interests of Tan Sri Dato' Sri Dr. Teh Hong Piow as disclosed above, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Name	Capacity	Number of ordinary shares	Percentage of interest in issued share capital
<b>Substantial shareholder</b>			
1. Public Bank	Beneficial owner	466,768,110	65.9502
<b>Other person</b>			
2. The Capital Group Companies, Inc.	Investment manager	41,363,278	5.8443

All the interests stated above represent long positions. Save as disclosed above and under the heading "Directors' interests and short positions in shares and underlying shares", no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded under Section 336 of the SFO at the balance sheet date.

## Connected transactions

- (1) A tenancy arrangement was first made on 23 July 1997 and renewed subsequently by tenancy agreements between JCG Finance, a wholly-owned subsidiary, as the landlord and Public Bank, the ultimate holding company, as the tenant whereby JCG Finance agreed to lease an apartment located in Taikoo Shing, Hong Kong to Public Bank as its staff quarters. The existing tenancy agreement was entered into on 15 July 2004 for a term of two years commencing from 1 August 2004 to 31 July 2006 at a monthly rental of HK\$19,000.

A lease arrangement was first made on 1 September 1993 and renewed subsequently by tenancy agreements between JCG Finance as the landlord and Public Bank as the tenant whereby JCG Finance agreed to lease a portion of the office premises located at 11th Floor, Wing On House, Hong Kong to Public Bank as its office. The existing tenancy agreement was entered into on 6 July 2004 for a term of two years commencing from 1 August 2004 to 31 July 2006 at a monthly rental of HK\$33,000.

On 11 November 2003, a tenancy agreement was entered into between the Company as the landlord and Public Bank, Hong Kong Branch as the tenant whereby the Company agreed to lease the premises located at Shop A, Ground Floor, Wing On House, Hong Kong to Public Bank, Hong Kong Branch as its branch office for a term of three years commencing from 1 November 2003 to 31 October 2006 at a monthly rental of HK\$150,000 with an option to renew for a further two years at the then prevailing market rate.

- (2) Pursuant to the master dealer agreement entered into between Winton Motors, Limited ("WML"), a wholly-owned subsidiary, and Public Bank on 29 December 1994, WML may from time to time refer hirers to Public Bank for obtaining taxi financing loans, and in return, WML will receive dealer's commission from Public Bank (the "Transaction"). Dealer's commission received/receivable by WML for the year from Public Bank was HK\$5,397,000 (2003: HK\$9,975,000).

The Transaction is only subject to the reporting requirements set out in Rules 14A.45 and 14A.46 of the Listing Rules. Mr. Geh Cheng Hooi, Paul, Dato' Yeoh Chin Kee and Mr. Lee Chin Guan, the Independent Non-executive Directors of the Company, have reviewed the Transaction. They have confirmed that the Transaction was entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the relevant master dealer agreement on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole. The auditors have also confirmed that (i) the Transaction received the approval of the Company's Board of Directors; (ii) the terms were in accordance with the pricing policy of WML; (iii) the Transaction was entered into in accordance with the relevant master dealer agreement; and (iv) the dealer's commission received/receivable by WML did not exceed the percentage ratios as allowed under Rule 14A.34 of the Listing Rules.

- (3) During the year, the Group placed fixed deposits with Public Bank at prevailing market rates. As at 31 December 2004, the fixed deposits placed amounted to HK\$176,000 (2003: HK\$1,010,505,000). Interest income received/receivable by the Group for the year from Public Bank in respect of the placements amounted to approximately HK\$4,590,000 (2003: HK\$8,978,000).
- (4) During the year, fixed deposits were accepted from PB Trust (L) Ltd, a fellow subsidiary of the Company, in the ordinary course of business and under normal commercial terms by JCG Finance. As at 31 December 2004, fixed deposits placed amounted to HK\$700,161,000 (2003: Nil). Interest paid/payable to PB Trust (L) Ltd for the year by JCG Finance in respect of the placements amounted to approximately HK\$2,005,000 (2003: Nil).

## Compliance with Supervisory Policy Manuals

The Group has followed the guidelines on “Financial Disclosure by Locally Incorporated Authorised Institutions” and “Corporate Governance of Locally Incorporated Authorised Institutions” under the Supervisory Policy Manuals issued by the Hong Kong Monetary Authority (“HKMA”).

## 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 throughout the accounting year covered by this annual report. The Non-executive Directors and Independent Non-executive Directors of the Company are appointed subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the provisions of the Bye-laws.

## Model Code for securities transactions by directors

The Company has adopted for compliance by the directors the code of conduct for dealings in securities of the Company as set out in the Model Code of the Listing Rules, and that the directors have complied with the required standards set out in the Model Code throughout the accounting year covered by this annual report.

## Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained the amount of public float as required under the Listing Rules during the year.

## Audit Committee

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors and a Non-executive Director of the Company.

## 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

**Tan Yoke Kong**

*Director*

Hong Kong

12 January 2005