

# REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report and the Audited Statement of Accounts for the financial year ended 31st December, 2004.

## Principal Activities and Operations

The principal activity of the Company is investment holding and those of its principal subsidiaries and associates are set out on page 62.

An analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year is set out in Note 2 to the Accounts on pages 37 and 38.

## Results, Appropriations and Reserves

The results of the Group for the financial year ended 31st December, 2004 are set out in the Consolidated Profit and Loss Account on page 18.

Appropriations of profits and movements in reserves during the financial year are set out in Note 17 to the Accounts on pages 54 to 56.

## Dividends

An interim dividend of 5.0 cents per share was paid on 7th October, 2004. The Directors now recommend the payment on 17th May, 2005 of a final dividend of 12.0 cents per share in respect of the financial year ended 31st December, 2004, payable to Shareholders on record as at 9th May, 2005. This recommendation has been disclosed in the Accounts.

## Fixed Assets

Movements in fixed assets during the financial year are set out in Note 9 to the Accounts on pages 45 to 47.

## Donations

The Group made donations during the financial year totalling HK\$1,286,000.

## REPORT OF THE DIRECTORS (cont'd)

### Directors

The Directors of the Company during the financial year were Mr. G. W. J. Li, Mr. B. S. Forsgate, Mr. C. C. Haung, Mr. T. Y. Ng, Mr. H. M. V. de Lacy Staunton, Mr. M. K. Tan (appointed on 30th September, 2004) and Mr. P. Y. C. Tsui.

Subsequent to the year end, Mr. P. Y. C Tsui resigned as a Director of the Company with effect from 27th January, 2005.

Mr. M. K. Tan, being appointed as a Director of the Company after the last Annual General Meeting, is due to retire from the Board in accordance with Article 94 of the Company's Articles of Association at the forthcoming Annual General Meeting. Furthermore, Mr. B. S. Forsgate is due to retire from the Board by rotation and Mr. C. C. Haung will also retire from the Board in accordance with Article 103(A) at the Annual General Meeting. Mr. Forsgate and Mr. Tan, being eligible, offer themselves for re-election, and Mr. Haung will not stand for re-election. None of the retiring Directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Under the provisions of the Company's Articles of Association, the Chairman of the Company is not subject to retirement from the Board by rotation. As regards the other five Directors (none of them holding any executive title of the Company), three of them will retire as Directors at the forthcoming Annual General Meeting to be held on 9th May, 2005 as mentioned above, and the remaining two Directors will have their respective terms of office coming to an end by reason of retirement by rotation at the Annual General Meeting of the Company in 2006 in accordance with Article 103(A) of the Company's Articles of Association.

### Interests in Contracts

No contract of significance in relation to the Company's business to which the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year.

### Management Contracts

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the financial year.

## REPORT OF THE DIRECTORS (cont'd)

### Arrangements to Purchase Shares or Debentures

At no time during the financial year was the Company, its subsidiaries or its ultimate holding company or any subsidiary of that ultimate holding company a party to any arrangement to enable the Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

### Auditors

The Accounts now presented have been audited by KPMG, Certified Public Accountants, who retire and being eligible, offer themselves for re-appointment.

By Order of the Board

**Wilson W. S. Chan**

*Secretary*

Hong Kong, 8th March, 2005