

# DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2005.

## PRINCIPAL ACTIVITIES

The Company continues to act as an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 17 and 18 to the financial statements respectively.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2005 are set out in the consolidated income statement on page 13.

An interim dividend of HK1.2 cents per share amounting to HK\$3,693,750 was paid on 2 January 2005. The Directors now recommend the payment of a final dividend of HK2.0 cents per share to be paid to the shareholders on the Register of Members on 2 September 2005 amounting to HK\$6,156,251 and the retention of the remaining profit for the year of HK\$14,698,036.

## INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group revalued all of its investment properties at the balance sheet date. The net surplus arising on revaluation, which has been credited directly to the income statement, amounted to HK\$313,343,301.

Details of these and other movements during the year in investment properties and property, plant and equipment of the Group and the Company are set out in notes 14 and 15 to the financial statements respectively.

## PARTICULARS OF PROPERTIES HELD BY THE GROUP

Details of the properties held by the Group at 31 March 2005 are set out on pages 49 to 50.

## SHARE CAPITAL

Details of movements in the share capital of the Company are set out in note 25 to the financial statements.

## DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

### Executive Director

Mr. Chan Hoi Sow

Mr. Chan Yan Tin, Andrew

Mr. Chan Siu Keung, Leonard

### Independent Non-Executive Director

Mr. Lee Yip Wah, Peter

(Resigned on 30 September 2004)

Mr. Lee Ka Sze, Carmelo

(Resigned on 30 September 2004)

Mr. Wong Wellington

(Appointed on 30 September 2004)

Mr. Chan Kwok Wai

(Appointed on 30 September 2004)

Mr. Tse Lai Han, Henry

(Appointed on 30 September 2004)

None of the Directors has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

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In accordance with Article 103 of the Articles of Association of the Company, Mr. Chan Siu Keung, Leonard shall retire by rotation and, being eligible, offer himself for re-election.

In accordance with Article 94 of the Articles of Association of the Company, Mr. Wong Wellington, Mr. Chan Kwok Wai and Mr. Tse Lai Han, Henry shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS IN SHARES

At 31 March 2005, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Director	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Mr. Chan Hoi Sow	Beneficial Owner	Personal Interest	2,036,000	171,478,896	55.71
	Interest of Controlled Corporation ( <i>Note</i> )	Corporate Interest	169,442,896		
Mr. Chan Yan Tin, Andrew	Beneficial Owner	Personal Interest	792,000	792,000	0.26
Mr. Chan Siu Keung, Leonard	-	-	-	-	-
Mr. Wong Wellington	-	-	-	-	-
Mr. Chan Kwok Wai	-	-	-	-	-
Mr. Tse Lai Han, Henry	-	-	-	-	-

### *Note:*

Mr. Chan Hoi Sow had a 100% interest in Beyers Investments Limited which, through its wholly owned subsidiary, Noranger Company Limited, held 143,620,000 ordinary shares of the Company. He also had a 100% interest in Evergrade Investments Limited which held 25,822,896 ordinary shares of the Company. Accordingly, Mr. Chan Hoi Sow and his spouse, Madam Loo Kuo Pin, were deemed to have interests in 169,442,896 ordinary shares of the Company.

Other than as disclosed above, none of the Directors had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO and none of the Directors nor their spouses or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company as at 31 March 2005 or had been granted or exercised any such right during the year.

# DIRECTORS' REPORT

## ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

## DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## SUBSTANTIAL SHAREHOLDERS

At 31 March 2005, the interests and short positions of persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of substantial shareholders	Capacity	Nature of interests	Number of shares held	Aggregate long position	Percentage of aggregate long position in shares to the issued share capital
Loo Kuo Pin	Interest of Spouse (Note 1)	Family Interest	171,478,896	171,478,896	55.71
Noranger Company Limited	Beneficial Owner (Note 2)	Corporate Interest	143,620,000	143,620,000	46.66
Beyers Investments Limited	Interest of Controlled Corporation (Note 2)	Corporate Interest	143,620,000	143,620,000	46.66
Evergrade Investments Limited	Beneficial Owner (Note 3)	Corporate Interest	25,822,896	25,822,896	8.39
Edward Kew	Beneficial Owner (Note 4)	Personal Interest	5,461,200	25,968,494	8.44
	Interest of Spouse (Note 4)	Family Interest	8,856,494		
	Interest of Controlled Corporation (Note 4)	Corporate Interest	11,650,800		
Kew Youn Lunn	Beneficial Owner (Note 5)	Personal Interest	2,380,800	25,968,494	8.44
	Interest of Spouse (Note 5)	Family Interest	5,461,200		
	Interest of Controlled Corporation (Note 5)	Corporate Interest	18,126,494		

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## Notes:

1. The interest is in fact the same block of shares already disclosed under the personal and corporate interests of her husband, Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
2. The two references to 143,620,000 shares relate to same block of shares in the Company. These shares are held by Noranger Company Limited which is wholly owned by Beyers Investments Limited which in turn is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
3. These shares are held by Evergrade Investments Limited which is wholly owned by Mr. Chan Hoi Sow and accordingly form part of the block of shares already disclosed under the corporate interests of Mr. Chan Hoi Sow as disclosed in the section headed "DIRECTORS' INTERESTS".
4. These interests in aggregate are in fact the same block of shares disclosed under the interests of Madame Kew Youn Lunn, the wife of Mr. Edward Kew.
5. These interests in aggregate are in fact the same block of shares disclosed under the interests of Mr. Edward Kew, the husband of Madame Kew Youn Lunn.

Other than as disclosed above, there was no person, other than a Director of the Company, who as at 31 March 2005, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers and suppliers of the Group accounted for less than 30% of total turnover and total purchases of the Group respectively. The Directors do not consider any one customer or supplier to be influential to the Group.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

## CORPORATE GOVERNANCE

The Company is committed to good corporate governance principles and continues to improve its corporate governance practices from time to time.

During the year ended 31 March 2005, the Company has complied with the Code of Best Practice as was then set out in Appendix 14 of the Listing Rules.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all the Directors have complied with the required standard set out in the Model Code.

## BOARD OF DIRECTORS

The Board of Directors of the Company comprises six Directors, of which three are Executive Directors, namely Mr. Chan Hoi Sow, Mr. Chan Yan Tin, Andrew and Mr. Chan Siu Keung, Leonard and three are Independent Non-Executive Directors, namely Mr. Wong Wellington, Mr. Chan Kwok Wai and Mr. Tse Lai Han, Henry. The Directors are collectively responsible for the development of the Group's strategies and policies. The Executive Directors are responsible for the daily operation of the Group while the Independent Non-Executive Directors provide their professional advices to the Group.

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The Independent Non-Executive Directors have professional experiences in legal, finance and accounting, property development and engineering respectively. The Company has received confirmation from each of the Independent Non-Executive Directors as regards to their independence to the Company and considers that each of the Independent Non-Executive Directors is independent of the Company.

One-third of all the Directors shall retire by rotation from office each year in accordance with the Company's Articles of Association. The term of office of the Directors is the period up to their retirement by rotation.

## AUDIT COMMITTEE

The Audit Committee of the Company comprises all three Independent Non-Executive Directors, with Mr. Chan Kwok Wai as the chairman of the Audit Committee. The Audit Committee has adopted specific written terms of reference in accordance with the provisions set out in the Code on Corporate Governance Practices and is accountable to the Board.

The Audit Committee meets twice a year to review the Group's financial statements, accounting policies and practices, financial reporting system and internal control procedures, and discuss audit scope and findings with the Company's auditors. The Audit Committee also approves the remuneration of the Company's auditors for their audit and other services.

## REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises two Independent Non-Executive Directors, namely Mr. Chan Kwok Wai and Mr. Tse Lai Han, Henry with Mr. Chan Kwok Wai as the chairman of the Remuneration Committee. The Remuneration Committee has adopted specific written terms of reference in accordance with the provisions set out in the Code on Corporate Governance Practices and is accountable to the Board.

The principal responsibilities of the Remuneration Committee include the review of the remuneration policies of the Company's Directors and Senior Management and recommend specific remuneration packages of Executive Directors and Senior Management to the Board.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, there is sufficient public float, as not less than 25% of the Company's issued shares are held by the public.

## AUDITORS

The financial statements for the year have been audited by Messrs. HLM & Co., Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Chan Hoi Sow**

*Chairman*

Hong Kong, 17 June 2005