

## DIRECTORS' REPORT

The directors have pleasure to present their report and the audited financial statements of the Company and of the Group for the year ended 31st March, 2005.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the Company's principal subsidiaries and the Group's principal associates as at 31st March, 2005 are set out in note 50 to the financial statements.

### SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to operating results for the year ended 31st March, 2005 is set out in note 5 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2005 are set out in the consolidated income statement on page 24 of the annual report.

An interim dividend of 1.0 cent per ordinary share amounting to approximately HK\$6,543,000 was paid to the shareholders during the year. The directors recommend the payment of a final dividend of 1.5 cents per ordinary share in cash with scrip dividend of ordinary shares option to the holders of ordinary shares whose names appear on the register of holders of ordinary shares on 5th October, 2005 amounting to approximately HK\$16,080,000.

The directors resolved to pay a dividend of HK\$0.04 per redeemable convertible preference share in respect of the twelve month period ending on but excluding 3rd November, 2005 to holders of redeemable convertible preference shares whose names appear on the register of redeemable convertible preference shares as at the close of business on 14th October, 2005 amounting to approximately HK\$10,678,000.

### RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 28 and note 38 to the financial statements, respectively.

### MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers in aggregate and the single largest customer of the Group for the year ended 31st March, 2005 accounted for approximately 70% and 25% of the turnover of the Group respectively. The aggregate purchases attributable to the five largest suppliers of the Group during the year were less than 30% of the purchases of the Group.

As far as the directors are aware, certain director and/or his associate, within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"), have an interest of less than 1% in shares and/or equity derivatives of one of the five largest customers of the Group for the year ended 31st March, 2005.

Save as disclosed above, as far as the directors are aware, none of the directors, their associates, within the meaning of the Listing Rules, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital have an interest in any of the five largest customers of the Group for the year ended 31st March, 2005.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 77 of the annual report.



## DIRECTORS' REPORT *(continued)*

### PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired a property at a cost of approximately HK\$107 million, which together with other land and buildings was revalued at the year end date. The net surplus arising on the revaluation, which had been credited directly to revaluation reserve and income statement, amounted to approximately HK\$14 million and HK\$291,000 respectively.

Certain of the Group's property, plant and equipment were disposed as a result of the disposal of its listed subsidiary, Paul Y. – ITC Construction Holdings Limited ("Paul Y. – ITC"). The net book value of property, plant and equipment disposed of amounted to approximately HK\$396 million.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.

### INVESTMENT PROPERTIES

During the year, the Group's principal investment properties were disposed of as a result of the disposal of Paul Y. – ITC.

Details of these and other movements in the investment properties of the Group during the year are set out in note 17 to the financial statements.

### SUBSIDIARIES AND ASSOCIATES

Particulars of the principal subsidiaries of the Company and principal associates of the Group as at 31st March, 2005 are set out in note 50 to the financial statements.

### SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 36 to the financial statements.

### SHARE OPTIONS

Details of the movements in the share options of the Company, its subsidiary and associate during the year are set out in note 37 to the financial statements.

### BORROWINGS

Bank borrowings and other loans repayable within one year or on demand are classified as current liabilities. Details of the repayment analysis of bank borrowings and other loans of the Group and the Company as at 31st March, 2005 are set out in notes 32 and 33 to the financial statements respectively.

As at 31st March, 2005, the Group had in issue convertible notes with an aggregate principal value of HK\$164,500,000. Details of the convertible notes are set out in note 31 to the financial statements.

Interest of approximately HK\$1,491,000 was capitalised into contracts in progress by the Group during the year.

### DIRECTORS

The directors of the Company during the year and up to the date of this report were:

#### Executive directors:

Chan Kwok Keung, Charles (*Chairman*)  
 Lau Ko Yuen, Tom (*Deputy Chairman*)  
 Chau Mei Wah, Rosanna (*Managing Director*)  
 Chan Kwok Hung  
 Chan Fut Yan  
 Cheung Hon Kit  
 Wong Kun To

(retired on 7th September, 2004)

## DIRECTORS' REPORT *(continued)*

### DIRECTORS *(continued)*

#### Independent non-executive directors:

Chuck, Winston Calptor	
Lee Kit Wah	(appointed on 23rd July, 2004)
Wong Kam Cheong, Stanley	(appointed on 30th September, 2004)
Lai, Dominic	(retired on 7th September, 2004)

In accordance with Bye-law 98(A) of the Company's Bye-laws, Mr. Lau Ko Yuen, Tom and Mr. Chuck, Winston Calptor retire by rotation at the forthcoming annual general meeting. In addition, in accordance with Bye-law 103(B) of the Company's Bye-Laws, Mr. Wong Kam Cheong, Stanley retires at the forthcoming annual general meeting. All retiring directors, being eligible for re-election, offer themselves for re-election, except Mr. Lau Ko Yuen, Tom who does not offer himself for re-election.

The term of office for each of the independent non-executive directors is the period up to his retirement by rotation at least once every three years and in accordance with the Company's Bye-laws.

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

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March, 2005, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules were as follows:

#### (a) *Interests and short positions in shares, underlying shares and debentures of the Company*

Name of director	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Number of underlying shares (in respect of convertible notes (unlisted equity derivatives)) of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	359,681,910	–	33.55%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	443,333,334 (Note 2)	41.36%

#### Notes:

- Galaxyway Investments Limited ("Galaxyway") was a wholly-owned subsidiary of Chinaview International Limited ("Chinaview") which was, in turn, wholly owned by Dr. Chan Kwok Keung, Charles. Dr. Chan Kwok Keung, Charles was deemed to be interested in 359,681,910 ordinary shares of the Company held by Galaxyway.
- Dr. Chan Kwok Keung, Charles owned convertible notes issued by the Company in an aggregate principal amount of HK\$133,000,000 carrying rights to convert into 443,333,334 ordinary shares of the Company at an initial conversion price of HK\$0.30 per ordinary share, subject to adjustment.



**DIRECTORS' REPORT** (continued)**DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**  
(continued)**(b) Interests and short positions in shares, underlying shares and debentures of Trasy Gold Ex Limited ("Trasy")**

Name of director	Capacity	Long position/ Short position	Number of shares of Trasy held	Approximate percentage of the issued share capital of Trasy
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	1,391,430,000	50.07%

Note: The shares of Trasy were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of Trasy.

**(c) Interests and short positions in shares, underlying shares and debentures of Paul Y. – ITC**

Name of director	Capacity	Long position/ Short position	Number of shares of Paul Y. – ITC held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of Paul Y. – ITC held	Approximate percentage of the issued share capital of Paul Y. – ITC
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	678,791,961	–	49.58%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,840,896	–	0.86%
Cheung Hon Kit	Beneficial owner	Long position	400	–	0.00%
Lau Ko Yuen, Tom	Beneficial owner	Long position	–	13,000,000	0.95%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	13,000,000	0.95%
Chan Fut Yan	Beneficial owner	Long position	–	13,000,000	0.95%

Note: The shares of Paul Y. – ITC were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of Paul Y. – ITC.

**DIRECTORS' REPORT** *(continued)***DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**  
*(continued)***(d) Interests and short positions in shares, underlying shares and debentures of Hanny Holdings Limited ("Hanny")**

Name of director	Capacity	Long position/ Short position	Number of shares of Hanny held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of Hanny held	Approximate percentage of the issued share capital of Hanny
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	45,798,813	–	20.48%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	5,600,000	2.50%
Chan Kwok Hung	Beneficial owner	Long position	–	3,350,000	1.50%

*Note:* The shares of Hanny were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of Hanny.

**(e) Interests and short positions in shares, underlying shares and debentures of Burcon NutraScience Corporation ("Burcon")**

Name of director	Capacity	Long position/ Short position	Number of shares of Burcon held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of Burcon held	Approximate percentage of the issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	285,769	–	1.58%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	45,000	0.25%



**DIRECTORS' REPORT** *(continued)***DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES***(continued)***(f) Interests and short positions in shares, underlying shares and debentures of Paul Y. Engineering Group Limited ("Paul Y. Engineering")**

Name of director	Capacity	Long position/ Short position	Number of shares of Paul Y. Engineering held	Number of underlying shares (in respect of the unlisted equity derivatives) of Paul Y. Engineering held	Approximate percentage of the issued share capital of Paul Y. Engineering
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	375,826,317	–	65.17%
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	–	100,000,000	17.34%

*Note:* The shares of Paul Y. Engineering were held by a wholly-owned subsidiary of Paul Y. – ITC of which a wholly-owned subsidiary of the Company owns approximately 49.58% of the issued share capital. Paul Y. – ITC also indirectly held an interest in 100,000,000 underlying shares of Paul Y. Engineering by virtue of a loan facility pursuant to which convertible note(s) will be issued by Paul Y. Engineering, upon draw down of the facility, in the principal amount of the facility drawn. Such convertible notes are convertible into shares of Paul Y. Engineering at an initial conversion price of HK\$1.00 per share, up to a maximum aggregate principal amount of HK\$100,000,000. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares and underlying shares of Paul Y. Engineering.

**(g) Interests and short positions in shares, underlying shares and debentures of China Strategic Holdings Limited ("China Strategic")**

Name of director	Capacity	Long position/ Short position	Number of shares of China Strategic held	Approximate percentage of the issued share capital of China Strategic
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	258,819,795	29.36%

*Note:* The shares of China Strategic were held by a wholly-owned subsidiary of Paul Y. – ITC of which a wholly-owned subsidiary of the Company owned approximately 49.58% of the issued share capital. By virtue of his deemed interests in approximately 33.55% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares of China Strategic.

Paul Y. – ITC entered into a conditional share sale agreement for the disposal of 135,000,000 shares of China Strategic on 10th March, 2005. The disposal has not yet been completed as at 31st March, 2005.

## DIRECTORS' REPORT *(continued)*

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Trasy, Paul Y. – ITC, Hanny, Burcon, Paul Y. Engineering and China Strategic are associated corporations of the Company within the meaning of Part XV of the SFO.

Dr. Chan Kwok Keung, Charles was, by virtue of his deemed interest in approximately 33.55% of the issued ordinary share capital of the Company, deemed to be interested in the shares and underlying shares (in respect of equity derivatives), if any, of the associated corporations (within the meaning of Part XV of the SFO) of the Company held by the Group under Part XV of the SFO.

Save as disclosed above, as at 31st March, 2005, none of the directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

#### (a) Share Option Scheme of the Company adopted on 16th January, 2002 (the "ITC Scheme")

As at 31st March, 2005, there were no outstanding share options granted by the Company pursuant to the ITC Scheme. No share options were granted, exercised, cancelled or lapsed during the year. Details of the ITC Scheme are set out in note 37 to the financial statements.

#### (b) New Share Option Scheme of Paul Y. – ITC adopted on 27th August, 2002 (the "Paul Y. – ITC New Scheme")

As at 20th October, 2004, the date on which Paul Y. – ITC ceased to be a subsidiary of the Company, there were no outstanding share options granted by Paul Y. – ITC pursuant to the Paul Y. – ITC New Scheme. No share options were granted, exercised, cancelled or lapsed during the period from 1st April, 2004 to 20th October, 2004. Details of the Paul Y. – ITC New Scheme are set out in note 37 to the financial statements.

#### (c) Pre-IPO Option Plan of Trasy adopted on 6th November, 2000 and New Share Option Scheme of Trasy adopted on 30th April, 2002.

As at 31st March, 2005, there were no share options granted by Trasy pursuant to the share option schemes of Trasy to the directors of the Company. Details of the two share option schemes of Trasy are set out in note 37 to the financial statements.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 49 to the financial statements, 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.



## DIRECTORS' REPORT *(continued)*

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the directors of the Company is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as at 31st March, 2005.

The changes in details of the directors' interests in competing businesses previously disclosed in the annual report of the Company for the year ended 31st March, 2004 (the "Annual Report 2004") were set out below:

1. Dr. Chan Kwok Keung, Charles is the chairman and chief executive officer of China Strategic and Mr. Chan Kwok Hung is an alternate director to Dr. Chan Kwok Keung, Charles. Ms. Chau Mei Wah, Rosanna is an executive director of China Strategic. China Strategic and its subsidiaries had competing business of property business in the Mainland (being the People's Republic of China, excluding Hong Kong and Macau) as disclosed in the Annual Report 2004.
2. Dr. Chan Kwok Keung, Charles resigned as a director of Wing On Travel (Holdings) Limited ("Wing On Travel") on 30th December, 2004. Mr. Cheung Hon Kit is the managing director of Wing On Travel. Wing On Travel and its subsidiaries had competing business of property business in Hong Kong as disclosed in the Annual Report 2004.
3. Dr. Chan Kwok Keung, Charles and Mr. Chan Kwok Hung resigned on 10th May, 2004, as the chairman and an executive director, respectively, of Pacific Century Premium Developments Limited ("PCPD"). PCPD and its subsidiaries had competing business of trading of building materials in Hong Kong as disclosed in the Annual Report 2004.
4. Mr. Cheung Hon Kit holds indirect shareholding interest in Universal Engineering & Construction Ltd. which had competing business of construction as disclosed in the Annual Report 2004. Mr. Cheung Hon Kit is a director and a shareholder of Silver City Limited, Co-Forward Development Limited, China Development Limited and Asia City Holding Limited, all of which had competing business of property business in Hong Kong as disclosed in the Annual Report 2004.
5. Mr. Wong Kun To retired as an executive director of the Company on 7th September, 2004.
6. All the competing businesses as mentioned in items (1) to (4) above are also businesses of Paul Y. – ITC, which ceased to be a subsidiary of the Company in October 2004.



## DIRECTORS' REPORT *(continued)*

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31st March, 2005, so far as is known to the directors and the chief executives of the Company, the interests or short positions of substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

#### (a) *Interests and short positions of substantial shareholders in shares and underlying shares of the Company*

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Number of underlying shares (in respect of the unlisted equity derivatives) of the Company held	Approximate percentage of the issued ordinary share capital of the the Company
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	359,681,910	-	33.55%
Chan Kwok Keung, Charles	Beneficial owner	Long position	-	443,333,334 <i>(Note)</i>	41.36%
Chinaview	Interest of controlled corporation <i>(Note)</i>	Long position	359,681,910	-	33.55%
Galaxyway	Beneficial owner	Long position	359,681,910	-	33.55%
Ng Yuen Lan, Macy	Interest of spouse <i>(Note)</i>	Long position	359,681,910	-	33.55%
Ng Yuen Lan, Macy	Interest of spouse <i>(Note)</i>	Long position	-	443,333,334 <i>(Note)</i>	41.36%

*Note:* Galaxyway was a wholly-owned subsidiary of Chinaview which was in turn wholly owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy is the spouse of Dr. Chan Kwok Keung, Charles. Chinaview, Dr. Chan Kwok Keung, Charles and Ms. Ng Yuen Lan, Macy were deemed to be interested in the ordinary shares of the Company held by Galaxyway.

Dr. Chan Kwok Keung, Charles owned convertible notes issued by the Company in an aggregate principal amount of HK\$133,000,000 carrying rights to convert into 443,333,334 ordinary shares of the Company at an initial conversion price of HK\$0.30 per ordinary share, subject to adjustment. Ms. Ng Yuen Lan, Macy, being the spouse of Dr. Chan Kwok Keung, Charles, was deemed to be interested in the underlying shares (in respect of the convertible notes (unlisted equity derivatives)) held by Dr. Chan Kwok Keung, Charles.



## DIRECTORS' REPORT *(continued)*

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO *(continued)*

#### *(b) Interests and short positions of other persons in shares and underlying shares of the Company*

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Number of underlying shares (in respect of the unlisted equity derivatives) of the Company held	Approximate percentage of the issued ordinary share capital of the the Company
CEF Holdings Limited ("CEF Holdings")	Interest of controlled corporations <i>(Note)</i>	Long position	2,773,046	–	0.26%
CEF Holdings	Interest of controlled corporations <i>(Note)</i>	Long position	–	213,015,153	19.87%
Canadian Imperial Bank of Commerce	Interest of controlled corporations <i>(Note)</i>	Long position	2,773,046	–	0.26%
Canadian Imperial Bank of Commerce	Interest of controlled corporations <i>(Note)</i>	Long position	–	213,015,153	19.87%
Cheung Kong (Holdings) Limited ("CKH")	Interest of controlled corporations <i>(Note)</i>	Long position	2,773,046	–	0.26%
CKH	Interest of controlled corporations <i>(Note)</i>	Long position	–	213,015,153	19.87%
Li Ka-Shing Unity Trustee Company Limited ("TUT1")	Trustee <i>(Note)</i>	Long position	2,773,046	–	0.26%
TUT1	Trustee <i>(Note)</i>	Long position	–	213,015,153	19.87%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1")	Trustee & beneficiary of a trust <i>(Note)</i>	Long position	2,773,046	–	0.26%
TDT1	Trustee & beneficiary of a trust <i>(Note)</i>	Long position	–	213,015,153	19.87%

## DIRECTORS' REPORT *(continued)*

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO *(continued)*

#### *(b) Interests and short positions of other persons in shares and underlying shares of the Company (continued)*

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Number of underlying shares (in respect of the unlisted equity derivatives) of the Company held	Approximate percentage of the issued ordinary share capital of the the Company
Li Ka-Shing Unity Trustcorp Limited ("TDT2")	Trustee & beneficiary of a trust <i>(Note)</i>	Long position	2,773,046	–	0.26%
TDT2	Trustee & beneficiary of a trust <i>(Note)</i>	Long position	–	213,015,153	19.87%
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts <i>(Note)</i>	Long position	2,773,046	–	0.26%
Li Ka-shing	Interest of controlled corporations & founder of discretionary trusts <i>(Note)</i>	Long position	–	213,015,153	19.87%
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long position	48,844,000	–	4.55%
Deutsche Bank Aktiengesellschaft	Security interest	Long position	38,450,000	–	3.59%

*Note:* The number of ordinary shares and underlying shares (in respect of listed equity derivatives) of the Company held by Asialand Investment Limited ("Asialand"), CEF (Capital Markets) Limited ("CEF Capital Markets") and Asian Resources Investment Limited ("Asian Resources") were 48,076,922, 164,938,231 and 2,773,046 respectively. CEF Capital Markets and Asian Resources were wholly owned by CEF Holdings. Asialand was wholly owned by CEF M B Investments Limited which was in turn wholly owned by CEF Holdings.

Each of CKH and CIBC Holdings (Cayman) Limited was entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of CEF Holdings. CIBC Holdings (Cayman) Limited was wholly owned by Canadian Imperial Bank of Commerce. CEF M B Investments Limited was deemed to be interested in ordinary shares and/or underlying shares (in respect of listed equity derivatives) of the Company held by Asialand. CEF Holdings, CIBC Holdings (Cayman) Limited and Canadian Imperial Bank of Commerce were all deemed to be interested in ordinary shares and underlying shares (in respect of listed equity derivatives) of the Company held by Asialand, CEF Capital Markets and Asian Resources.



## DIRECTORS' REPORT *(continued)*

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO *(continued)*

#### **(b) Interests and short positions of other persons in shares and underlying shares of the Company *(continued)***

*Note: (continued)*

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard was interested in one-third of the entire issued share capital, owned the entire issued share capital of TUT1. TUT1 as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of CKH.

In addition, Li Ka-Shing Unity Holdings Limited also owned the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 held units in The Li Ka-Shing Unity Trust.

By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, CKH, TUT1, TDT1 and TDT2 was deemed to be interested in ordinary shares and underlying shares (in respect of listed equity derivatives) of the Company held by Asialand, CEF Capital Markets and Asian Resources.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31st March, 2005.

### RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in note 42 to the financial statements.

### PRE-EMPTIVE RIGHTS

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

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, which was in force prior to 1st January, 2005, except that during the year the independent non-executive directors of the Company were not appointed for a specific term as they were subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

### MODEL CODE

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors.

All directors have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code during the year ended 31st March, 2005.

### PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed minimum public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

## DIRECTORS' REPORT *(continued)*

### CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the annual confirmation of independence from each of the independent non-executive directors as required under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st March, 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of Company's listed securities.

### POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 48 to the financial statements.

### AUDITORS

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**Dr. Chan Kwok Keung, Charles**  
*Chairman*

Hong Kong, 22nd July, 2005

