

## **Other Corporate Information**

### **FINANCIAL REVIEW**

The Group's turnover was HK\$339,524,000 for the year ended 31 December 2003, an increase of 51% over the corresponding period in 2002. This increase was due primarily to higher revenue generated by sale of properties in Macau and revenue generated from the operation of the Sheraton Saigon Hotel & Towers which commenced business in May 2003 in Vietnam. Profit from operations was HK\$40,934,000 for the year ended 31 December 2003 as compared to a profit of HK\$16,031,000 in 2002. Profit attributable to shareholders amounted to HK\$32,860,000.

The Group's net borrowings as at 31 December 2003 amounted to approximately HK\$296,815,000, representing total bank loans and other borrowings of HK\$584,399,000 less cash equivalents of HK\$287,584,000. The Group's ratio of net borrowings to total assets was 13%. Of the total amount of bank borrowings of HK\$280,573,000, HK\$142,013,000 are repayable within twelve months and the remaining of HK\$138,560,000 are repayable within two to five years.

The Group's bank borrowings are mostly in Hong Kong dollars and United States dollars. Cash and cash equivalents are mostly in Hong Kong dollars, Euros, Australian dollars and United States dollars. Most of the Group's bank borrowings are on a floating rate basis. Taking into account cash in hand and available credit facilities, the Group has sufficient working capital for its present requirements.

### **PLEDGE OF ASSETS**

As at 31 December 2003, the secured bank loan facilities granted to the Group were secured by mortgages over the Group's properties, including investment properties, other properties, a hotel property and properties held for sale with an aggregate carrying value of approximately HK\$510 million. In addition, at 31 December 2003, shares in a subsidiary were pledged to a bank as part of security given to secure a bank loan and shares in an associate were pledged to a bank by a subsidiary of the Group in return for banking facilities granted to that associate.

### **CONTINGENT LIABILITIES**

At 31 December 2003, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties under development amounting to HK\$6,311,000 (2002: HK\$6,311,000).

At 31 December 2003, there were guarantees given by a subsidiary to banks on behalf of purchasers of flats amounting to HK\$37,379,000 (2002: HK\$Nil).

At 31 December 2003, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries and the associates amounted to HK\$182.3 million and HK\$62 million (2002: HK\$183 million and HK\$51.5 million) respectively.

## **Other Corporate Information** (Continued)

### **CONTINGENT LIABILITIES** (Continued)

At 31 December 2003, guarantees given by a subsidiary to a bank to secure banking facilities made available to its associate amounted to HK\$37.5 million (2002: HK\$33.1 million).

To finance the capital expenditure of its subsidiary, an intermediate subsidiary provided a guarantee to a bank to secure a banking facility made available to the Company. At 31 December 2003, the guarantee granted by the subsidiary amounted to HK\$62 million (2002: HK\$Nil).

Pursuant to the revised agreement with the Macau SAR Government on 29 August 2003, a subsidiary of the Group is required to complete the remaining phase of the development project by 4 September 2005. Failure to complete the remaining phase of the development by the deadline would give rise to the possibility of fines being imposed by the Macau SAR Government in a manner more particularly described in Note 28 on the financial statements. Delays beyond the 180-day period would give rise to the possibility of rescission of the lease by the Macau SAR Government without compensation to the subsidiary. The directors are confident that the remaining phase of its development project will be completed by 4 September 2005.

## Other Corporate Information (Continued)

### DETAILS OF DIRECTORS AND SENIOR MANAGEMENT PROFILES

**Mr Ho Kian Guan**, aged 58 is the Executive Chairman of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited which are substantial shareholders of the Company and the Chairman and director of Keck Seng (Malaysia) Berhad (a company listed on the Kuala Lumpur Stock Exchange). He also serves on the board of Shangri-La Asia Limited (a company listed on the Hong Kong Stock Exchange). He is a brother of Mr Ho Kian Hock and Mr Ho Kian Cheong.

**Mr Ho Kian Hock**, aged 56 is the Deputy Executive Chairman of the Company. He was appointed as a director of the Company on 19 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited which are substantial shareholders of the Company and a Managing Director of Keck Seng (Malaysia) Berhad (a company listed on the Kuala Lumpur Stock Exchange). He is a brother of Mr Ho Kian Guan and Mr Ho Kian Cheong.

**Mr Ho Kian Cheong**, aged 54 is a non-executive director of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited which are substantial shareholders of the Company and Keck Seng (Malaysia) Berhad (a company listed on the Kuala Lumpur Stock Exchange). He is also an alternate director of Shangri-La Asia Limited (a company listed on the Hong Kong Stock Exchange). He is a brother of Mr Ho Kian Guan and Mr Ho Kian Hock.

**Mr Paul Tse See Fan**, aged 49 is an executive director of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Goodland Limited and Kansas Holdings Limited, companies which are substantial shareholders of the Company.

**Dr Robin Chan Yau Hing**, GBS, LLD, JP, aged 71 is an independent non-executive director of the Company. He was appointed as a director of the Company on 8 September 1988. He is also the Chairman and Managing Director of Asia Financial Holdings Limited and a director of K. Wah International Holdings Limited and Liu Chong Hing Bank Limited (companies listed on the Hong Kong Stock Exchange), the Chairman and Chief Executive Officer of Asia Commercial Bank Ltd, and the Chairman of Asia Insurance Company, Limited. He is also a director and adviser of numerous other companies with over 40 years experience in banking business. Dr Chan was awarded the Order of Commander (Third Class) of the Most Exalted Order of the White Elephant by His Majesty, the King of Thailand. He is also a Deputy to the Chinese National People's Congress and the ex-officio Life Honorary Chairman of the Chinese General Chamber of Commerce, Hong Kong.

**Mr Arthur Kwok Chi Shun**, aged 58 is an independent non-executive director of the Company. He was appointed as a director of the Company on 3 January 1995. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale. He is also the Commandant of the Hong Kong Auxiliary Police Force.