

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

## **Principal activities**

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries comprise the provision of banking, insurance and investment services which are set out in greater detail in note 20 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

## **Results and dividends**

The Group's profit for the year ended 31st 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 27 to 93.

An interim dividend of HK2.5 cents per share, totalling approximately HK\$26,451,000, was paid on 15th October, 2004.

The directors recommend the payment of a final dividend of HK7.5 cents per ordinary share, totalling approximately HK79,352,000 in respect of the year ended 31st December, 2004, which will be payable on 2nd June, 2005 in cash to shareholders on the register of members of the Company on 26th May, 2005. This recommendation has been incorporated in the financial statements as an allocation of the contributed surplus within the shareholders' equity section in the Company's balance sheet. Further details of this accounting treatment are set out in note 3 to the financial statements.

## **Fixed assets and investment properties**

Details of movements in the fixed assets and investment properties of the Company and of the Group during the year are set out in note 24 to the financial statements.

## **Share capital**

There were no movements in either the Company's authorised or issued share capital during the year.

## Distributable reserves

At 31st December, 2004, the Company's reserves available for cash distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to HK\$326,799,000, of which HK\$79,352,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account and capital reserve, in the amount of HK\$770,811,000 in aggregate may be distributed in the form of fully paid bonus shares.

## Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 27 to the financial statements.

## Five year financial summary

The results, assets, liabilities and minority interests of the Group for the last five years, as extracted from the published audited financial statements are summarised below:

### Results

	Year ended 31st December,				
	2004	2003	2002	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<b>1,058,791</b>	1,017,700	878,462	853,517	853,359
Net profit from ordinary activities attributable to shareholders	<b>240,108</b>	203,204	43,802	30,378	176,405

### Assets, liabilities and minority interests

	31st December,				
	2004	2003	2002	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	<b>16,263,405</b>	15,130,811	14,732,797	15,129,571	15,777,039
Total liabilities	<b>(12,826,160)</b>	(11,831,984)	(11,613,465)	(12,023,568)	(12,655,192)
Minority interests	<b>(27,371)</b>	(27,381)	(5,238)	(10,266)	(10,861)
	<b>3,409,874</b>	3,271,446	3,114,094	3,095,737	3,110,986

## Major customers

During the year, the Group derived less than 30% of its total income from its five largest customers.

As far as the directors are aware, neither the directors, their associates, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers.

## Major suppliers

The Group's major subsidiaries are banking and insurance companies, which are exempted from disclosing particulars of suppliers. Accordingly, no such information is disclosed.

## Directors

The directors of the Company during the year were:

Robin Y.H. Chan, G.B.S., LL.D., J.P. \*

Lau Ki Chit \*

The Hon. Bernard Charnwut Chan \*

Chatri Sophonpanich

Tan Sri Frank W.K. Tsao

Dr. Leo Tung Hai Lee, G.B.S., LL.D., J.P.

Ng Song Hin

Dr. The Hon. Philip Y.H. Wong, G.B.S.

Tan Eng Heng, B.B.M.(I)

Choedchu Sophonpanich

Kenneth Chi Lam Siao

Na Wu Beng

(appointed on 16th February, 2004)

Yoshitaka Sawamura

(appointed on 1st July, 2004)

Takashi Muraoka

(appointed on 3rd September, 2004)

Andrew Chiu Cheung Ma \*\*

(appointed on 3rd September, 2004)

Anna Suk Han Chow \*\*

(appointed on 27th September, 2004)

Chan Yeow Toh

(appointed as alternate director to Tan Sri Frank W.K. Tsao on 1st November, 2004)

Kosuke Furukawa

(appointed as alternate director to Takashi Muraoka on 1st November, 2004)

Katsuya Kimura

(resigned on 1st July, 2004)

Takeshi Ogasawara

(resigned on 3rd September, 2004)

\* *Executive directors*

\*\* *Independent non-executive directors*

## **Directors (cont'd)**

Subsequent to the balance sheet date, on 1st January, 2005, Ko Wing Man was appointed as an independent non-executive director of the Company. In addition, on 15th January, 2005, Chatri Sophonpanich resigned as a non-executive director of the Company.

In accordance with bye-law 87(2) of the Company, Leo Tung Hai Lee, Philip Y.H. Wong and Tan Eng Heng will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with bye-law 86(2) of the Company, Yoshitaka Sawamura, Takashi Muraoka, Andrew Chiu Cheung Ma, Anna Suk Han Chow and Ko Wing Man will hold office until the forthcoming general meeting and, being eligible, will offer themselves for re-election.

The Company has received independence confirmation from the independent non-executive directors, Andrew Chiu Cheung Ma, Anna Suk Han Chow and Ko Wing Man and considers them to be independent.

## **Directors' service contracts**

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

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

At 31st December, 2004, the interests of the directors in the share capital and underlying shares of the Company or 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 by the Company pursuant to 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 Issuers, were as follows:

Name of director	Number of ordinary shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
Robin Y.H. Chan	12,505,264	991,883	336,493,441 <sup>(1)</sup>	349,990,588	33.08
Lau Ki Chit	21,080	–	–	21,080	0.00
The Hon. Bernard Charnwut Chan	2,803,089	1,038,432	–	3,841,521	0.36
Chatri Sophonpanich	6,464,775	–	–	6,464,775	0.61
Tan Sri Frank W.K. Tsao	–	–	25,301,619 <sup>(2)</sup>	25,301,619	2.39
Ng Song Hin	–	–	15,139,827 <sup>(3)</sup>	15,139,827	1.43
Tan Eng Heng	346,360	–	–	346,360	0.03
Choedchu Sophonpanich	791,496	–	–	791,496	0.07
Anna Suk Han Chow	41,559	–	–	41,559	0.00

(1) Of the 336,493,441 shares, (i) 124,132,600 shares were held through Cosmos Investments Inc., (ii) 65,989,175 shares were held through Man Tong Company Ltd., (iii) 27,335,986 shares were held through Treasure Investments Inc., (iv) 24,520,105 shares were held through Bonham Strand Ltd., (v) 24,642,532 shares were held through Asia Panich Investment Co. (HK) Ltd., (vi) 49,738,457 shares were held through United Asia Enterprises Inc., (vii) 4,246,728 shares were held through United Asia Company Ltd. and (viii) 15,887,858 shares were held through Robinson Enterprise Ltd. Such corporations are either accustomed to act in accordance with the directions or instructions of Robin Y.H. Chan or Robin Y.H. Chan is entitled to exercise (or taken under the SFO to be able to exercise) or control the exercise of one third or more of the voting power in general meetings of such corporations.

(2) Tan Sri Frank W.K. Tsao was deemed to be interested in 25,301,619 shares that were held through Sable Investment Corporation, a company beneficially owned by Tan Sri Tsao.

(3) Ng Song Hin was deemed to be interested in 15,139,827 shares that were held through Cosmic International Inc. which was 40% held by Mr. Ng.

## **Directors' interests and short positions in shares and underlying shares (cont'd)**

In addition to the above, Robin Y.H. Chan has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 31st December, 2004, none of the directors and chief executive 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## **Directors' rights to acquire shares or debentures**

At no time during the year were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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

At 31st December, 2004, the following interests of 5% or more of the issued share capital of the Company were recorded in the Register of Interests in Shares and Short Positions required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company:

<b>Name of shareholder</b>	<b>Notes</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the Company's issued share capital</b>
Asia General Holdings Ltd.	(a)	90,769,455	8.58
Bangkok Bank Public Company Limited		95,488,236	9.03
UFJ Holdings, Inc.	(b)	84,125,264	7.95
Man Tong Company Ltd.	(c), (d)	65,989,175	6.24
Cosmos Investments Inc.	(d), (e)	266,620,398	25.20

## Substantial shareholders' and other persons' interests and short positions in shares and underlying shares (cont'd)

Notes:

- (a) *Asia General Holdings Ltd. was beneficially interested in 16,029,375 shares of the Company. The interest held by Asia General Holdings Ltd. also comprised 13,803,957 shares held by its wholly-owned subsidiary, The Asia Insurance Co. Ltd. (Singapore), 23,978,935 shares held by its 74.58%-owned subsidiary, The Asia Life Assurance Society Ltd. and 36,957,188 shares held by its wholly-owned subsidiary, Univest Securities Ltd.*
- (b) *The ordinary shares are held by UFJ Bank Limited (the "UFJ Bank"), which is wholly owned by UFJ Holdings, Inc.*
- (c) *The ordinary shares are held by Man Tong Company Ltd., which is 60.5% owned by Cosmos Investments Inc.*
- (d) *These shares have been included in the interest disclosure of Mr. Robin Y.H. Chan as set out in the section "Directors' interests and short positions in shares and underlying shares" above.*
- (e) *Cosmos Investments Inc. was beneficially interested in 124,132,600 shares of the Company. The interest held by Cosmos Investments Inc. also comprised 65,989,175 shares held by its 60.5%-owned subsidiary, Man Tong Company Ltd., 27,335,986 shares held by its wholly-owned subsidiary, Treasure Investments Inc., 24,520,105 shares held by its wholly-owned subsidiary, Bonham Strand Ltd. and 24,642,532 shares held by its 53.5%-owned subsidiary, Asia Panich Investment Co. (HK) Ltd.*

Save as disclosed above, as at 31st December, 2004, no persons, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## Directors' interests in contracts

No director had a material beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

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

No right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any person during the year ended 31st December, 2004.

## Directors' interests in competing businesses

During the year and up to the date of this report, the following directors are considered to have interests in the following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the directors of the Company were appointed as directors to represent the interests of the Company and/or the Group, pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), as set out below:

Name of director	Name of entity whose businesses are considered to compete or likely to compete with the businesses of the Group	Description of the businesses of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the director in the entity
Robin Y.H. Chan	Liu Chong Hing Bank Ltd.	Banking	Non-executive director
Lau Ki Chit	Summit Insurance (Asia) Ltd.	General insurer	Non-executive director
Takashi Muraoka	UOB Insurance (HK) Ltd.	General insurer	Director
	Dah Sing Banking Group Limited	Banking	Non-executive director

Although the companies listed above operate in similar fields of certain operations of the Group, the Board believes that the directors concerned are able to manage any potential conflicts of interest arising from their respective directorships and/or interests in such companies.

As the Board is independent from the board of directors of these companies, the Group is capable of carrying on its businesses independently of, and at an arm's length from, the businesses of these companies.



## **Brief biographical details in respect of directors and senior management staff**

### **Executive directors:**

**Robin Y.H. Chan**, G.B.S., LL.D., J.P., aged 72, is the Chairman of the Company. He has been working for the Group for 49 years. He is the Chairman of Asia Commercial Bank Limited (“Asia Commercial Bank”) and Asia Insurance Company, Limited (“Asia Insurance”), both of which are wholly-owned subsidiaries of the Company, and also director of certain other subsidiaries of the Company. Mr. Chan is also a director of Cosmos Investments Inc., a substantial shareholder of the Company. Mr. Chan was awarded the Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand by His Majesty, the King of Thailand and the Gold Bauhinia Star of the Hong Kong Special Administrative Region Government of the People’s Republic of China. He is a Deputy to the Chinese National People’s Congress and the Ex-officio Life Hon Chairman of The Chinese General Chamber of Commerce, Hong Kong. He is also a director of and an adviser to numerous other companies and has extensive experience in the banking industry. He is the brother of Mr. Chatri Sophonpanich and Mr. Choedchu Sophonpanich.

**Lau Ki Chit**, aged 74, is an executive director of the Company. Mr. Lau has been working for the Group for 46 years and is the Chairman of the board of executive directors of Asia Insurance. He joined Asia Insurance in 1959. With over 40 years’ experience in the insurance industry, he is primarily responsible for the overall policy of the Asia Insurance Group. Mr. Lau holds an engineering degree in aeronautics. He is also a director of Asia Commercial Bank and several other subsidiaries of the Company. In addition, Mr. Lau holds directorships in various external companies, including Uninvest Securities Ltd. As to community services, Mr. Lau sits on the board of directors of the HK Tuberculosis, Chest & Heart Diseases Association and is a member of the Hospital Governing Committee of Ruttonjee Hospital, Tang Shiu Kin Hospital and Grantham Hospital. He is the Permanent Honourable Chairman of Chiu Chow Association Building (Property Holdings) Ltd., and is the Honourable Chairman of the Chiu Chow Chamber of Commerce. He is the Vice Chairman of the Federation of Hong Kong Chiu Chow Community Organisations and the school manager of Chiu Chow Association Secondary School. He has been a director of the Tung Wah Group of Hospitals, the President of the Rotary Club of Hong Kong Island West and has served as a member in a number of social service organisations.

## **Brief biographical details in respect of directors and senior management staff (cont'd)**

### **Executive directors: (cont'd)**

**The Hon. Bernard Charnwut Chan**, aged 40, is an executive director and the President of the Company. Mr. Chan has been working for the Group for 15 years. He is the youngest son of Mr. Robin Y.H. Chan, the Chairman of the Company. He graduated from Pomona College in California, U.S.A. and holds the positions of the President of Asia Insurance and director of Asia Commercial Bank. In addition to directorships in many other subsidiaries of the Group, he also sits on the boards of City e-Solutions Ltd., Peaktop International Holdings Ltd., Pioneer Global Group Ltd., Yau Lee Holdings Ltd. and Chen Hsong Holdings Ltd. He has been appointed as the Deputy Chairman of Lingnan University; a member of the Mandatory Provident Fund Schemes Advisory Committee, the Insurance Advisory Committee and the Greater Pearl River Delta Business Council. In addition, he serves as the Chairperson of The Hong Kong Council of Social Service, the Chairman of the Hong Kong-Thailand Business Council and the Standing Committee on Disciplined Services Salaries & Conditions of Service, a committee member of the Chinese People's Political Consultative Committee of Guangxi Zhuang Autonomous Region in China, a member of both the Executive Council and Legislative Council of the Hong Kong Special Administrative Region.

### **Non-executive directors:**

**Chatri Sophonpanich**, aged 71, had been a non-executive director of the Company since 1997 and resigned on 15th January, 2005. Mr. Sophonpanich is currently the Chairman of Bangkok Bank Public Company Ltd. and is a brother of Mr. Robin Y.H. Chan, the Chairman of the Company. He received his Honorary Degree (Honoris Causa) of Doctor of Law from Pepperdine University, Malibu, California, U.S.A. in 1983 and an Honorary Degree (Honoris Causa) of Business Management from De La Salle University, Manila, Philippines in 1987. He has won several distinctions in the business area, including being appointed Chairman of Asean Banking Council from 1987 to 1989, Chairman of the Thai Bankers Association from 1986 to 1988, Chairman of the Asian-Pacific Bankers Club from 1993 to 1994, a director of the International Monetary Conference in 1994, a member of the Executive Management Committee of the Association of Development and Industrial Bank of Asia in 1995, a member of The International Business Leaders' Advisory Council for the Mayor of Shanghai since 1996 and the Chairman of the Thailand-U.S. Business Council since 1997. He has been awarded many royal decorations and medals, such as Commander (Third Class) of the Most Exalted Order of the White Elephant in 1978, Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant in 1983, The King's Mahidol Memorial Award in 1992 and Knight Commander (Second Class) of the Most Illustrious Order of Chula Chom Klao in 1996.

## **Brief biographical details in respect of directors and senior management staff (cont'd)**

### **Non-executive directors: (cont'd)**

**Tan Sri Frank Wen King Tsao**, aged 79, is a non-executive director of the Company and Asia Insurance. Tan Sri Tsao has been with the Group for 38 years. He is the founder of IMC Holdings Ltd. ("IMC") and has over 50 years' experience in the shipping industry. He had been the Executive Chairman of IMC since its formation in 1966 under the name of International Maritime Carriers (Holdings) Limited. From 1st January, 1995 until 5th May, 1997, Tan Sri Tsao assumed the position of Honorary Chairman of IMC. Currently, he serves as the Chairman of each of Hong Kong Shipowners Association, Suntec City Development Pte Ltd., Singapore and Great Asia Industrial Development Co. Ltd. He is also a director of numerous other companies in Hong Kong and overseas.

**Dr. Leo Tung Hai Lee**, G.B.S., LL.D., J.P., aged 83, was an independent non-executive director of the Company from 18th November, 1994 until his re-designation as a non-executive director on 27th September, 2004. Dr. Lee is the Chairman of Tung Tai Group of Companies and an independent non-executive director of several other publicly listed companies in Hong Kong, including Beijing Enterprises Holdings Limited. He is a member of a number of public services committees and heads many social service organisations, including serving as an adviser of the Advisory Board of the Tung Wah Group of Hospitals, the Chairman of the Association of Chairmen of the Tung Wah Group of Hospitals, the Chairman of Friends of Hong Kong Association and Vice President of China Overseas Friendship Association. Dr. Lee served as a Standing Committee member of the eighth and ninth National Committee of the Chinese People's Political Consultative Conference; an adviser on Hong Kong Affairs to the Hong Kong & Macau Affairs Office of the State Council and the Xinhua News Agency, Hong Kong Branch; a member of the Preparatory Committee for the Hong Kong Special Administrative Region; and a member of the Hong Kong Special Administrative Region Selection Committee. He has been honoured with awards by different governments, which include the Cavaliere di Gran Croce of Italy, the O.B.E. of Great Britain, the Chevalier Legion d'Honneur of France, the Commandeur de l'Ordre de Leopold II of Belgium and the Gold Bauhinia Star of the Hong Kong Special Administrative Region Government of the People's Republic of China. Dr. Lee has over 40 years of experience in business management.

**Ng Song Hin**, aged 71, is a non-executive director of the Company and Asia Commercial Bank. He has been with the Group for 24 years. Mr. Ng was educated in Australia. He is also the Chairman of Ng Song Choon & Brothers Sdn. Bhd., Kinta Realty Sdn. Bhd., KIB Development Sdn. Bhd. and Ikatan Bina Sdn. Bhd. in Malaysia. He is also the Deputy Chairman of Shenzhen Xengzhong Building Material Co., Ltd., and a director of Pen Apparel Sdn. Bhd. and Imperial Garments Sdn. Bhd. in Malaysia. He was the President of the Malaysian Textiles Manufacturers Association from 1979 to 1981.

## **Brief biographical details in respect of directors and senior management staff (cont'd)**

### **Non-executive directors: (cont'd)**

**Dr. The Hon. Philip Yu Hong Wong**, G.B.S., aged 66, has been an independent non-executive director of the Company from 19th October, 1990 until his re-designation as a non-executive director on 3rd September, 2004. He is also an independent non-executive director of Asia Insurance. He has been with the Group for 14 years. Dr. Wong attained his BSc., MSc., JD and PhD degrees in 1963, 1967, 1982 and 1987 respectively. He is the Chairman and Chief Executive of Winco Paper Products Co. Ltd. He is also a member of the Legislative Council of Hong Kong Special Administrative Region, a Deputy to the Chinese National People's Congress, the Treasurer of the Chinese General Chamber of Commerce and a member of the Hong Kong Trade Development Council. Dr. Wong is currently the non-executive Chairman of Qin Jia Yuan Media Services Company Limited and an independent non-executive director of Hop Hing Holdings Limited, Goldlion Holdings Limited and Grand Investment International Limited, all of which are listed on the Stock Exchange.

**Tan Eng Heng**, B.B.M. (L), aged 74, is a non-executive director of the Company and Asia Insurance. Mr. Tan has been with the Group for 18 years. He had been the Chairman of The Asia Insurance Company Limited, Singapore and The Asia Life Assurance Society Limited ("Asia Life"), Singapore. He had been with Asia Life for 45 years until October 2004 and has extensive experience in insurance and related businesses. He is a director of Bukit Sembawang Estates Limited and Singapore Reinsurance Corporation Limited. Mr. Tan was the Deputy Chairman of the Police and Civil Defence Services Commission and a member of the Public Service Commission and Legal Service Commission until January 1998. He was awarded The Public Service Star and The Public Service Star (Bar) in 1984 and 1994, respectively, for his contribution to the Public Service Commission. Mr. Tan has a Bachelor of Civil Engineering degree from Union College and a Master of Science (Engineering) degree from the University of Michigan, U.S.A.

**Choedchu Sophonpanich**, aged 58, is a non-executive director of the Company and has been with the Group for 19 years. He is also a non-executive director of Asia Commercial Bank and an executive director of Asia Insurance. He is a brother of Mr. Robin Y.H. Chan, the Chairman of the Company. He is also a director of Cosmos Investments Inc., a substantial shareholder of the Company and the Deputy Chairman of Bangkok Life Assurance Company Limited. He graduated with a BSc (Econ) degree from the London School of Economics.

## **Brief biographical details in respect of directors and senior management staff (cont'd)**

### **Non-executive directors: (cont'd)**

**Kenneth Chi Lam Siao**, aged 57, had been an independent non-executive director of the Company from 28th June, 1999 until his re-designation as a non-executive director on 30th September, 2004. He is the founder and senior partner of Messrs. Siao, Wen and Leung, Solicitors and Notaries. He obtained his Bachelor of Commerce degree (B.Com) from McGill University, Canada and his Bachelor of Laws degree (LL.B) from King's College, the University of London. He is a Notary Public, Hong Kong and a China-Appointed Attesting Officer. Mr. Siao has extensive experience in banking, commercial, corporate and property matters. He currently acts as legal adviser to a number of banking and financial institutions.

**Na Wu Beng**, aged 49, was appointed as a non-executive director of the Company on 16th February, 2004. He is also a non-executive director of Asia Commercial Bank. Mr. Na is currently the Executive Vice President of Oversea-Chinese Banking Corporation Limited and has extensive experience in the banking industry.

**Yoshitaka Sawamura**, aged 53, was appointed as a non-executive director of the Company on 1st July, 2004. Mr. Sawamura is currently the Operating Officer of the Overseas Business Unit of Aioi Insurance Company, Limited ("Aioi Insurance"). He graduated from Waseda University with a degree in Economics and joined The Chiyoda Fire & Marine Insurance Company, Limited (now known as Aioi Insurance) in 1974 and has extensive experience in the insurance business.

**Takashi Muraoka**, aged 50, was appointed as a non-executive director of the Company on 3rd September, 2004. He is also a non-executive director of Asia Commercial Bank. Mr. Muraoka is currently the General Manager of the Planning & Administration Department of Global Banking and Trading Division of UFJ Bank (being a wholly-owned subsidiary of UFJ Holdings, Inc., a shareholder holding 5% or more of the issued share capital of the Company) and has extensive experience in banking business. He obtained his Bachelor of Laws degree from The Tokyo University in 1978 and joined UFJ Bank (previously Sanwa Bank) in 1978.

**Andrew Chiu Cheung Ma**, aged 63, was appointed as an independent non-executive director of the Company on 3rd September, 2004. Mr. Ma is currently a director of Andrew Ma DFK (CPA) Limited and has over 30 years of experience in accounting and finance. He received his bachelor's degree, majoring in economics from the London School of Economics and Political Science (University of London) in England. Mr. Ma is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of the Hong Kong Institute of Certified Public Accountants. He was the past President of Rotary Club of Hong Kong Island West. Currently, he is the President of The Hong Kong Federation of Youth Groups, Vice President of Chiu Yang Residents Association Limited and Vice President of Hong Kong Chiu Chow Chamber of Commerce Limited. He is currently also an independent non-executive director of a few other companies listed on the Stock Exchange.

## **Brief biographical details in respect of directors and senior management staff (cont'd)**

### **Non-executive directors: (cont'd)**

**Anna Suk Han Chow**, aged 57, was appointed as an independent non-executive director of the Company on 27th September, 2004. Ms. Chow is a practicing solicitor and is currently a partner of Messrs. Peter C. Wong, Chow and Chow. She is also an independent non-executive director of each of Asia Commercial Bank and Asia Insurance. Ms. Chow was admitted as a solicitor of the Supreme Court of England and admitted to practise in Hong Kong since 1973. She was appointed as a notary public by the Faculty Office of Archbishop of Canterbury in 1984 and as a China-appointed attesting officer by the Ministry of Justice, The People's Republic of China in 1991. Ms. Chow is a member of a number of public services committees. She is currently serving as a Deputy Chairman of the Inland Revenue Board of Review, a member of the Administrative Appeals Board, a member of the Railway Objections Hearing Panel and a member of ICAC Complaints Committee. She was also a past member of the Solicitors Disciplinary Tribunal Panel of the Law Society, the Criminal Injuries Compensation Board and the Law Enforcement Injuries Compensation Board. She is also a director of Chi Lin Nunnery, Poh Yea Ching Shea Limited and Chi Hong Ching Yuen Limited and a trustee of The D.H. Chen Foundation. Ms. Chow is the honorary legal advisor to The Federation of Medical Societies of Hong Kong, and a director and the secretary to the Association of China-Appointed Attesting Officers Limited.

**Ko Wing Man**, J.P., aged 47, was appointed as an independent non-executive director of the Company on 1st January, 2005. He is also an independent non-executive director of Asia Insurance. Dr. Ko has been the Director (Professional Services and Human Resources) of the Hospital Authority. He obtained his Bachelor of Medicine and Bachelor of Surgery degree from the University of Hong Kong and Master of Health Administration degree from the University of New South Wales, Australia. Dr. Ko is a member of The Chinese People's Political Consultative Conference Chaozhou Committee and he also serves as a committee member, advisor and director of a number of public services organisations.

**Chan Yeow Toh**, aged 49, was appointed as an alternate director to Tan Sri Frank Wen King Tsao on 1st November, 2004. She is also an alternate director to Tan Sri Tsao of Asia Insurance. Ms. Chan joined the IMC Group in 1990 and is presently the Director-Corporate Development & Investment of IMC Development & Management Limited. She is a Fellow Member of The Institute of Chartered Secretaries & Administrators, the United Kingdom and The Malaysian Association of Company Secretaries. She was the Company Secretary of IMC Holdings Limited from 1990 until 2002 when it was delisted from the Stock Exchange. She is also director of a number of other companies in Hong Kong and overseas.

**Kosuke Furukawa**, aged 51, was appointed as an alternate director to Mr. Takashi Muraoka on 1st November, 2004. He is also an alternate director to Mr. Muraoka of Asia Commercial Bank. Mr. Furukawa is currently the General Manager of the Hong Kong Branch of UFJ Bank. He obtained his Bachelor of Business degree from Osaka City University in 1977 and joined UFJ Bank (previously Tokai Bank) in 1977.

## **Brief biographical details in respect of directors and senior management staff (cont'd)**

### **Non-executive directors: (cont'd)**

**Katsuya Kimura**, aged 60, was appointed as a non-executive director of the Company on 1st April, 2002 and resigned on 1st July, 2004. He has been the managing director of Aioi Insurance Company, Limited and has extensive experience in the insurance field.

**Takeshi Ogasawara**, aged 51, was appointed as a non-executive director of the Company on 4th July, 2003 and resigned on 3rd September, 2004. Mr. Ogasawara was the general manager of UFJ Bank, Planning & Administration Department of Global Banking and Trading Division and has extensive experience in the banking business. He obtained his Bachelor of Laws degree from The Kyoto University in 1977.

## **Employees and remuneration policy**

The total number of employees of the Group was approximately 556 at the balance sheet date (2003: 546). Annual remuneration increments and promotions are determined through a performance-oriented appraisal system, with the basic pay structure being reviewed from time to time to reflect market trends. In addition to the basic salary, employees also receive an annual bonus based on both the Group's and their individual performance. Housing loans, and medical and retirement benefits schemes are made available to all levels of personnel. There was no share option scheme in operation during the year. The Group also offers various training and induction programmes to its employees.

## **Purchase, redemption or sale of listed securities of the Company**

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

## **Donations**

During the year, the Group made charitable donations totalling HK\$1,784,500 (2003: HK\$1,301,000).

## **Sufficiency of public float**

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company believes that the number of shares of the Company which are in the hands of the public is above the relevant prescribed minimum percentage as at the date of this report.

## **Pre-emptive rights**

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

## **Compliance with the Code of Best Practice**

The Group complied fully with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules as recommended by the Stock Exchange during the year, except that the non-executive directors of the Company are not appointed for any specific terms of office as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's bye-laws.

## **Model Code for Securities Transactions**

The Company had adopted a code of conduct regarding directors' securities transactions (the "Code of Conduct") on terms no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as set out in Appendix 10 to the Listing Rules.

All directors have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Code of Conduct and the Model Code during the year ended 31st December, 2004.

## **Audit committee**

The audit committee is responsible for reviewing the Group's financial controls, internal control and risk management systems, annual reports and accounts, and interim reports. All issues raised have been addressed by management. The work and findings of the audit committee have been reported to the Board. During the year, no issues brought to the attention of management and the Board were of sufficient importance to require disclosure in the annual report. The present members of the audit committee are Andrew Chiu Cheung Ma (Chairman), Kenneth Chi Lam Siao, Ng Song Hin, Anna Suk Han Chow and Ko Wing Man. The majority of the members are independent non-executive directors with the Chairman having appropriate professional qualification and experience in financial matters.



## **Auditors**

Ernst & Young retire and a resolution of their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

**Robin Y.H. Chan**

*Chairman*

Hong Kong

21st March, 2005