



The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2005.

## Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries and associates are set out in notes 47 and 48 to the financial statements, respectively. 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 31 December 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 57 to 159.

No interim dividend was paid during the year (2004: Nil). The directors recommend the payment of a final dividend of HK 3 cents (2004: HK 3 cents) per ordinary share in respect of the year to shareholders on the register of members on 19 May 2006. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

## Summary financial information

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 160. This summary does not form part of the audited financial statements.

## Property, plant and equipment and investment properties

Details of movements in the property, plant and equipment and investment properties of the Company and the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on pages 119 to 121.

## Share capital, share options and warrants

Details of movements in the Company's share capital, share options and warrants during the year, together with the reasons therefor, are set out in notes 37 and 38 to the financial statements.

## Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in note 39(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

## Distributable reserves

As at 31 December 2005, the Company's reserves available for distribution, calculated in accordance with the provisions of Section 79B of the Hong Kong Companies Ordinance, amounted to HK\$621,800,000 of which HK\$31,816,000 was proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$2,732,898,000, may be distributed in the form of fully paid bonus shares.

## Major suppliers and customers

In the year under review, the Group's major supplier was DaimlerChrysler AG, which accounted for 40% of the Group's total purchases. The Group's five largest suppliers accounted for 92% of the Group's total purchases.

In the year under review, the Group's sales to its five largest customers accounted for 27% of the Group's total sales. The Group's largest customer accounted for 9% of the Group's total sales.

None of the directors of the Company or any of their associates or any shareholders (which, to the best 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 or five largest suppliers.

## Directors

The directors of the Company during the year were:

### ***Executive directors:***

GAN Khian Seng

YONG Foo San, JP

LIM Mooi Ying, Marianne

HARMS Volker Josef Eckehard

POH Yeow Kim Lawrence

(appointed on 22 September 2005)

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

YANG Victor

LANGLEY Christopher Patrick, OBE

LAM Kwong Yu, SBS

(re-designated on 4 August 2005)

### ***Independent non-executive directors:***

FUNG Ka Pun

MEIER Hubert

SMITH Alan Howard, JP

Subsequent to the balance sheet date, on 19 April 2006, Mr Volker Josef Eckehard Harms and Mr Poh Yeow Kim Lawrence resigned as executive directors of the Company.





In accordance with article 116 of the Company's articles of association, Mr Yong Foo San, Mr Fung Ka Pun and Mr Victor Yang will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr Fung Ka Pun, Mr Hubert Meier and Mr Alan Howard Smith, and as at the date of this report still considers them to be independent.

## Directors' and senior management's profiles

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 46 to 48 of the annual report.

## Directors' service contracts

No director 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 in shares and underlying shares

At 31 December 2005, 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

*Long position in ordinary shares of the Company:*

Name of director	Number of 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	Beneficiary of a trust			
Lim Mooi Ying, Marianne	<i>Note</i>	–	–	60,000	–	60,000	0.006

*Long position in warrants of the Company:*

Name of director		Number of warrants held, capacity and nature of interest			Beneficiary of a trust
		Directly beneficially owned	Through spouse or minor children	Through controlled corporation	
Lim Mooi Ying, Marianne	<i>Note</i>	–	–	12,000	–

*Note:* The corporate interests in these shares and warrants are held through Westwood Management Limited, of which Ms Lim Mooi Ying, Marianne is a controlling shareholder.

The interests of the directors in the share options of the Company are separately disclosed in note 38 to the financial statements.

Save as disclosed above, as at 31 December 2005, and other than certain nominee interests in the subsidiaries held in trust for the Company, none of the directors had registered an interest or short position in the shares and 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.

## Directors' rights to acquire shares or debentures

Save as disclosed under the heading "Directors' interests in shares and underlying shares" above and in the share option scheme disclosures in note 38 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director 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.

## 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.





## Substantial shareholders' and other persons' interests in shares and underlying shares

At 31 December 2005, the following interests of 5% or more of the issued share capital and warrants of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### *Long positions:*

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of warrants held
Victon Investment Limited	Beneficial owner	235,282,761	22	47,056,551
Amerdale Investments Limited	Beneficial owner	205,271,883	19	–

Save as disclosed above, as at 31 December 2005, no person, other than a director of the Company, whose interests are set out in the section "Directors' interests 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.

## 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.

## Sufficiency of public float

Based on information that is publicly available to the Company and to the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

## Post balance sheet event

Details of the post balance sheet event of the Group are set out in note 49 to the financial statements.

## Corporate Governance

The Company has published its Corporate Governance Report, details of which are set out on pages 36 to 45 of this report.

## Audit committee

The Company has an audit committee which was established for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

## Auditors

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

ON BEHALF OF THE BOARD

**Lim Mooi Ying, Marianne**

*Company Secretary*

Hong Kong

19 April 2006

