

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The principal activities of its subsidiaries are set out in note 15 to the financial statements.

## RESULTS

The results of the Group for the year ended 31 December 2004 are set out in the consolidated income statement on page 17.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

## INVESTMENT PROPERTIES

The Group revalued its investment properties at the balance sheet date. The revaluation increase, which has been credited to consolidated income statement, amounted to HK\$11 million. Details of movements in the investment properties of the Group during the year are set out in note 13 to the financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 22 to the financial statements.

## INTERESTS IN PROPERTIES

Particulars of the Group's interests in investment properties are set out on page 60.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## 董事會報告

董事會謹提呈截至二零零四年十二月三十一日止年度之年報及經審核財務報表。

## 主要業務

本公司作為一間投資控股公司，向附屬公司提供企業管理服務。附屬公司之主要業務載於財務報表附註15。

## 業績

本集團於截至二零零四年十二月三十一日止年度之業績載於第17頁之綜合收益表。

## 物業、廠房及設備

本集團物業、廠房及設備於本年度之變動詳載於財務報表附註12。

## 投資物業

本集團重估旗下所有投資物業於年結日之價值。重估出現約11,000,000港元之增值，並已計入綜合收益表。本集團投資物業於本年度之變動詳載於財務報表附註13。

## 股本

本公司之股本於本年度之變動詳載於財務報表附註22。

## 物業權益

本集團物業權益詳載於第60頁。

## 購買、出售或贖回上市證券

於本年度，本公司及任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

## MAJOR CUSTOMERS AND SUPPLIERS

The largest customer and the five largest customers accounted for 13% and 36% of the Group's turnover respectively. The largest supplier and the five largest suppliers accounted for 52% and 83% of the Group's purchases respectively.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

## DIRECTORS

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

### Executive directors:

Mr. Xu Ying (*Chairman*)  
 Mr. Liu Ming Hui (*Managing Director*)  
 Mr. Xu Yongxuan (*resigned on 5 January 2004*)

### Non-executive director:

Mr. Zhang Shuang (*resigned on 1 February 2005*)

### Independent non-executive directors:

Mr. Wang Xian Jun  
 Mr. Wan Tze Fan, Terence (*appointed on 28 September 2004*)  
 Mr. Liu Fengliang (*appointed on 28 September 2004*)  
 Mr. Kan Chi Kin, Billy Albert (*appointed on 31 May 2004 and resigned on 29 June 2004*)  
 Mr. Li Weibin (*resigned on 28 September 2004*)

In accordance with clauses 99(A) and 99(B) of the Company's Bye-Laws, Mr. Wang Xianjun will retire and, being eligible, offer themselves for re-election.

## 主要客戶及供應商

本集團最大客戶及五大客戶分別佔本集團營業額13%及36%。本集團最大供應商及五大供應商分別佔本集團採購額52%及83%。

於本年度任何時間，概無董事、彼等之聯繫人士或就董事所知擁有本公司股本5%以上之本公司任何股東於本集團五大供應商或客戶擁有任何權益。

## 董事

於本年度及直至本報告日期止，本公司董事為：

### 執行董事：

徐鷹先生(主席)  
 劉明輝先生(董事總經理)  
 許永軒先生 (於二零零四年一月五日辭任)

### 非執行董事：

張爽先生 (於二零零五年二月一日辭任)

### 獨立非執行董事：

王憲軍先生  
 溫子勳先生 (於二零零四年九月二十八日委任)  
 劉鳳良先生 (於二零零四年九月二十八日委任)  
 簡志堅先生 (於二零零四年五月三十一日委任及於二零零四年六月二十九日辭任)  
 李偉斌先生 (於二零零四年九月二十八日辭任)

根據本公司之公司細則第99(A)及99(B)條，王憲軍先生將告退，惟彼等符合資格並願膺選連任。

Independent non-executive directors are not appointed for a specific term. All directors (including non-executive director and independent non-executive directors) are subject to retirement by rotation in accordance with the Company's Bye-Laws.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract 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 AND UNDERLYING SHARES

At 31 December 2004, none of the directors nor their associates had any interests or short position in any shares or any underlying shares of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme as disclosed in note 23 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements 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' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract 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.

獨立非執行董事並無特定任期。按照本公司之公司細則，所有董事（包括非執行董事及獨立非執行董事）須輪流告退。

於應屆股東週年大會上獲提名輪選之董事概無訂立不可由本集團於一年內終止而毋須作出賠償（法定賠償除外）之服務合約。

### 董事於股份及相關股份之權益及淡倉

於二零零四年十二月三十一日，董事或彼等之聯繫人士概無於本公司或任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）之股本或相關股份中擁有根據證券及期貨條例第352條須登記於本公司置存之登記冊之權益或淡倉；或根據上市公司董事進行證券交易的標準守則須知會本公司與聯交所之權益或淡倉。

### 購買股份或債券之安排

除財務報表附註23所披露之購股權計劃之外，本公司或其任何附屬公司概無於本年度內任何時間訂立任何安排，以使本公司董事可藉收購本公司或任何其他法團股份或債券而獲益。

### 董事於重大合約中之權益

於本年度結束時或本年度內任何時間，本公司或其任何附屬公司概無訂立任何本公司董事直接或間接擁有重大權益之重大合約。

**SUBSTANTIAL SHAREHOLDERS**

At 31 December 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

**(1) Long positions – ordinary shares of HK\$0.005 each of the Company**

**主要股東**

於二零零四年十二月三十一日，按本公司根據證券及期貨條例第336條置存之主要股東登記冊所示，下列股東已知會本公司彼等所擁有本公司已發行股本之相關權益。

**(1) 長倉—本公司每股面值0.005港元之普通股**

Name of shareholder		Notes	Number of shares held	Percentage to issued share capital
股東名稱		附註	持有股份數目	佔已發行股本百分比
Hai Xia Finance Limited	海峽財務有限公司	1	12,200,000	5.12%
Iwai Investments Limited	Iwai Investments Limited	1	12,200,000	5.12%
China Gas Holdings Limited	中國燃氣控股有限公司	1	12,200,000	5.12%
Mr. Chan Heng Fai	陳恒輝先生	2	12,250,400	5.14%
Ms. Chan Yoke Keow	陳玉嬌女士	2	12,250,400	5.14%
Suntek Corp.	Suntek Corp.	3	23,186,000	9.73%
Mr. Chiu Winerthan	Chiu Winerthan先生	3	23,186,000	9.73%
Billion Charm Holdings Limited	Billion Charm Holdings Limited	4	33,100,000	13.88%
Mr. Huang Lai Pei	黃賴培先生	4	33,100,000	13.88%
Mr. Chen Changgui	陳長貴先生		41,608,000	17.45%

Notes:

- Hai Xia Finance Limited is a wholly owned subsidiary of Iwai's Investments Limited ("IIL") which in turn is a wholly owned subsidiary of China Gas Holdings Limited ("China Gas") and both IIL and China Gas were therefore deemed to have interest in the shares.
- Ms. Chan Yoke Keow is the spouse of Mr. Chan Heng Fai and deemed to have interest in the shares.
- The entire issued share capital of Suntek Corp. is wholly and beneficially owned by Mr. Chiu Winerthan.
- The entire issued share capital of Billion Charm Holdings Limited is wholly and beneficially owned by Mr. Huang Lai Pei.

附註：

- 海峽財務有限公司為Iwai's Investments Limited (「IIL」)之全資附屬公司，而IIL則為中國燃氣控股有限公司(「中國燃氣」)之全資附屬公司，故IIL及中國燃氣均被視為擁有該等股份權益。
- 陳玉嬌女士為陳恒輝先生之配偶，故被視為擁有該等股份權益。
- Suntek Corp.之全部已發行股本均由Chiu Winerthan先生全資實益擁有。
- Billion Charm Holdings Limited之全部已發行股本均由黃賴培先生全資實益擁有。

**(2) Short positions – ordinary shares of HK\$0.005 each of the Company**

**(2) 淡倉—本公司每股面值0.005港元之普通股**

Name of shareholder 股東名稱		Number of shares held 持有股份數目	Percentage to issued share capital 佔已發股本百分比
China Main Investment (H.K.) Company Limited	中國未名投資(香港)有限公司	32,000,000	13.42%

China Main Investment (H.K.) Company Limited ("China Main") is owned as to 60% by Centre Mark Development Limited and as to 40% by Sino Elite International Limited. Centre Mark Development Limited is owned as to 99.99% by Mr. Chen Dacheng and as to 0.01% by China Main Group Company Limited. Sino Elite International Limited is owned as to 99.99% by China Main Group Limited and as to 0.01% by Mr. Pai Chin Ming. China Main Group Company Limited is owned as to 99% by Mr. Chen Dacheng and as to 1% by Mr. Pai Chin Ming.

中國未名投資(香港)有限公司(「中國未名」)由中心發展有限公司擁有60%及由Sino Elite International Limited擁有40%。中心發展有限公司由陳達成先生擁有99.99%及由中國未名集團有限公司擁有0.01%。Sino Elite International Limited由中國未名集團有限公司擁有99.99%及由白金明先生擁有0.01%。中國未名集團有限公司由陳達成先生擁有99%及由白金明先生擁有1%。

On 14 April 2003, Shenzhen Venture Capital (BVI) Company Limited ("Shenzhen Venture Capital") reported that it has a security interest in 32,000,000 shares. Shenzhen Venture Capital is owned as to 50% by Mr. Mei Jian and 50% by Mr. Zhang Minlong.

於二零零三年四月十四日，Shenzhen Venture Capital (BVI) Company Limited (「Shenzhen Venture Capital」)公佈其擁有32,000,000股證券權益。Shenzhen Venture Capital分別由梅健先生及張閩龍先生各擁有50%權益。

Save as disclosed above, the Company has not been notified of any other shareholders who had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company as at 31 December 2004.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is decided by the Board of Directors on the basis of their merit, qualifications and competence.

The emolument of the directors of the Company are decided by the Board of Directors, having regard to the Company's operating results and prevailing market rate.

The Company has adopted a share option scheme as an incentive to directors and eligible employees and the details of the scheme is set out in note 23 to the financial statements.

## PRE-EMPTIVE RIGHTS

There are no provision 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.

## CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2004 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (which was in force prior to 1 January 2005) except that the independent non-executive directors are not appointed for a specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company.

除上文披露者外，於二零零四年十二月三十一日，本公司並無獲知會任何其他股東於本公司股份或相關股份中擁有根據證券及期貨條例第 XV 部第 2 及 3 分部須向本公司披露之權益或淡倉，或直接或間接擁有股本中附帶可在所有情況下於本公司股東大會上投票之權利之任何類別股本面值 5% 或以上權益。

## 酬金政策

本集團之僱員酬金政策由董事會按僱員之條件、資格與能力而釐定。

本公司之董事酬金由董事會按本公司經營業績、董事個別表現及目前市況而釐定。

本公司已採納購股權計劃以獎勵董事及合資格僱員，計劃詳情載於財務報表附註 23。

## 優先認購權

本公司之公司細則或百慕達法例中並無優先認購權條文，要求本公司向現有股東按比例提呈發售新股份。

## 公司管治

截至二零零四年十二月三十一日止年度，本公司一直遵守於二零零五年一月一日前有效之香港聯合交易所有限公司證券上市規則（「上市規則」）附錄 14 所載之最佳應用守則，惟本公司之獨立非執行董事並無特定任期，而是根據本公司之公司細則於股東週年大會上輪流告退。

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2004.

### POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 33 to the financial statements.

### AUDITORS

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

On behalf of the Board

**Xu Ying**

*Chairman*

Hong Kong, 20 April 2005

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出有關獨立性之年度確認書。本公司認為全體獨立非執行均具獨立身份。

### 足夠公眾持股量

本公司於截至二零零四年十二月三十一日止年度一直維持足夠之公眾持股量。

### 結算日後事項

重大結算日後事項之詳情載於財務報表附註33。

### 核數師

在股東週年大會上將提呈決議案續聘德勤•關黃陳方會計師行為本公司核數師。

承董事會命

**徐鷹**

*主席*

香港，二零零五年四月二十日