

DIRECTORS' REPORT

董事會報告書

The Directors present to the shareholders their report together with the audited financial statements of the Group and the Company for the year ended 31st December, 2002.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities and other particulars of its subsidiaries as at 31st December, 2002 are set out in note 35 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2002 are set out in the consolidated income statement on page 30.

No interim dividend was declared for the year (2001: Nil). The Board did not recommend the payment of any final dividend for the year ended 31st December, 2002 (2001: Nil).

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to loss from operations by principal activities is set out in note 5 to the financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 62.

INVESTMENT PROPERTIES

During the year, investment property of HK\$48,380,000 was disposed of at a consideration of HK\$48,380,000.

Details of these and other movements in investment properties during the year are set out in note 15 to the financial statements.

PROPERTY AND OTHER FIXED ASSETS

Movements in the property and other fixed assets of the Group and the Company during the year are set out in note 16 to the financial statements.

本董事會謹向股東提呈截至二零零二年十二月三十一日止年度之董事會報告書及本集團及本公司之經審核財務報表。

主要業務

本公司為投資控股公司，其附屬公司於二零零二年十二月三十一日之主要業務及其他資料載於財務報表附註 35 內。

業績及分配

本集團截至二零零二年十二月三十一日止年度之業績載於第 30 頁之綜合收益表。

本年度並無宣派中期股息（二零零一年：無）。董事會不建議派付截至二零零二年十二月三十一日止年度之任何末期股息（二零零一年：無）。

分類資料

本集團按主要業務劃分之營業額及經營虧損分析載於財務報表附註 5 內。

財務概要

本集團過往五個財政年度之業績、資產與負債概要載於第 62 頁內。

投資物業

年內，48,380,000 港元之投資物業以代價 48,380,000 港元出售。

年內有關上述投資物業之變動及其他變動詳情載於財務報表附註 15 內。

物業及其他固定資產

本集團及本公司之物業及其他固定資產於年內之變動載於財務報表附註 16 內。

PROPERTIES UNDER DEVELOPMENT

Details of movements in properties under development during the year are set out in note 17 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group at 31st December, 2002 are set out on pages 63 and 64.

BANK LOANS AND OTHER BORROWINGS

Details of the bank loans and other borrowings of the Group and the Company are set out in the balance sheets on pages 31 to 33 and in notes 21 to 23 to the financial statements respectively.

INTEREST CAPITALISATION

Details of the interest capitalisation of the Group are set out in note 9 to the financial statements.

SHARE CAPITAL AND WARRANTS

Movements in share capital and warrants of the Company during the year are set out in notes 24 and 25 to the financial statements, respectively.

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 31 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the statement of changes in equity on page 34.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 2002, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

發展中物業

年內有關發展中物業之變動詳情載於財務報表附註 17 內。

主要物業

本集團於二零零二年十二月三十一日之主要物業詳情載於第 63 及 64 頁內。

銀行貸款及其他借貸

本集團及本公司之銀行貸款及其他借貸之詳情分別載列於第 31 至 33 頁之資產負債表及財務報表附註 21 至 23。

撥充資本之利息

本集團撥充資本利息之詳情載於財務報表附註 9。

股本及認股權證

本公司之股本及認股權證於年內之變動情況分別載於財務報表附註 24 及 25 內。

購股權計劃

本公司購股權計劃之詳情載於財務報表附註 31。

儲備

本集團及本公司之儲備於本年內之變動情況載於第 34 頁之股本變動報表內。

購入、出售或贖回上市證券

於截至二零零二年十二月三十一日止年度內，本公司或其任何附屬公司概無購入、出售或贖回本公司任何上市證券。

DIRECTORS' REPORT

董事會報告書

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31st December, 2002, the aggregate purchases attributable to the Group's five largest suppliers contributed less than 30% of the total purchases.

For the year ended 31st December, 2002, the aggregate turnover attributable to the Group's five largest customers was less than 30% of the total turnover.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

Mr. Thomas Lau, Luen-hung (*Chairman*)

Mr. Joseph Lau, Luen-hung

Independent Non-executive Directors:

Mr. Eddie Chan, Kwok-wai

Mr. Shum, Man-wai

In accordance with Article 101 of the Company's Articles of Association, Mr. Eddie Chan, Kwok-wai will retire and, being eligible, offer himself for re-election.

No Director being 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' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st December, 2002, the interests of the Directors and Chief Executives of the Company in the securities of the Company and its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, 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 Companies were as follows:

主要供應商及客戶

截至二零零二年十二月三十一日止年度，本集團之五大供應商應佔之購貨總額佔本集團之購貨總額少於 30%。

截至二零零二年十二月三十一日止年度，本集團之五大客戶應佔之營業總額佔本集團之營業總額少於 30%。

董事

於本年度內及直至本報告日期止，本公司之董事為：

執行董事：

劉鑾鴻先生（主席）

劉鑾雄先生

獨立非執行董事：

陳國偉先生

岑文偉先生

根據本公司組織章程細則第 101 條之規定，陳國偉先生將告退，惟願膺選連任。

擬於即將舉行之股東週年大會上膺選連任之董事概無訂立不可由本集團於一年內終止而毋須支付賠償（法定賠償除外）之服務合約。

董事及主要行政人員於本公司及相聯法團之證券權益

於二零零二年十二月三十一日，本公司董事及主要行政人員於本公司及其相聯法團（定義見證券（披露權益）條例（「披露權益條例」））之證券中擁有根據披露權益條例第 29 條置存之登記冊所載錄或根據上市公司董事證券交易標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益如下：

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS
IN THE SECURITIES OF THE COMPANY AND
ASSOCIATED CORPORATIONS (cont'd)**

董事及主要行政人員於本公司及相聯法團之
證券權益 (續)

I. The Company 本公司

Name of Director	董事姓名	Number of Shares 股份數目	Units of Warrants 認股權證份數
Mr. Joseph Lau, Luen-hung – Corporate interests	劉鑾雄先生 – 公司權益	2,159,475,904 (note 1) (附註 1)	383,527,348 (note 1) (附註 1)

II. Associated Corporation of the Company 本公司之相聯法團

Chinese Estates Holdings Limited (“Chinese Estates”) (「華人置業」)

Name of Director	董事姓名	Number of Shares 股份數目	
Mr. Joseph Lau, Luen-hung – Personal interests – Other interests	劉鑾雄先生 – 個人權益 – 其他權益	430,133,668 1,000,000,000	 (note 2) (附註 2)
Total interests	權益總額	1,430,133,668	
Mr. Thomas Lau, Luen-hung – Corporate interests – Other interests	劉鑾鴻先生 – 公司權益 – 其他權益	11,508,000 206,379,187	 (note 3) (附註 3)
Total interests	權益總額	217,887,187	

Notes:

- (1) Mr. Joseph Lau, Luen-hung, by virtue of his 62.34% interest in the issued share capital of Chinese Estates as disclosed in paragraph II above, was deemed to be interested in the said securities of the Company under the provisions of the SDI Ordinance.
- (2) These shares were indirectly held by a discretionary trust of which certain family members of Mr. Joseph Lau, Luen-hung are eligible beneficiaries.
- (3) These shares were indirectly held by another discretionary trust of which certain family members of Mr. Thomas Lau, Luen-hung are eligible beneficiaries.

Save as disclosed above, none of the Directors or Chief Executives of the Company had or were deemed under the SDI Ordinance to have any interest in any securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as at 31st December, 2002, and none of the Directors or Chief Executives of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations during the year.

附註:

- (1) 正如上文第 II 段所披露，劉鑾雄先生擁有華人置業已發行股本中之 62.34% 權益，故根據披露權益條例之規定，被視為擁有上述本公司證券。
- (2) 該等股份由一項以劉鑾雄先生之若干家族成員為合資格受益人之全權信託間接持有。
- (3) 該等股份由另一項以劉鑾鴻先生之若干家族成員為合資格受益人之全權信託間接持有。

除上文所披露者外，於二零零二年十二月三十一日，本公司董事或主要行政人員概無擁有或根據披露權益條例被視為擁有本公司或其任何相聯法團（定義見披露權益條例）之證券之任何權益，並於本年度內，本公司之董事或主要行政人員或彼等之配偶或未滿十八歲之子女概無獲授予或已行使任何可認購本公司或其任何相聯法團之證券之任何權利。

**SUBSTANTIAL SHAREHOLDERS' INTERESTS
IN THE COMPANY**

As at 31st December, 2002, so far as are known to the Directors, the following parties (other than directors or chief executives of the Company) were recorded in the register of substantial shareholders maintained by the Company under Section 16 (1) of the SDI Ordinance as being, directly or indirectly, interested or deemed to be interested in 10% or more of the nominal value of the issued share capital of the Company:

Name of Shareholders 股東名稱	Number of Shares 股份數目	Notes 附註
Billion Up Limited	2,159,475,904	1 & 3
Lucky Years Ltd.	2,159,475,904	1 & 3
Chinese Estates 華人置業	2,159,475,904	1 & 3
Global King Ltd.	2,159,475,904	2 & 3
Credit Suisse Trust Limited as trustee 作為受託人	2,159,475,904	2 & 3

Notes:

- (1) *Billion Up Limited is a wholly-owned subsidiary of Lucky Years Ltd., which in turn is a wholly-owned subsidiary of Chinese Estates, and its interests in the shares in the Company are duplicated and included in the shareholding stated against Lucky Years Ltd. and Chinese Estates.*
- (2) *These shares relate to the same parcel of shares in the Company which are duplicated in the shareholding stated against Chinese Estates due to its interests in Chinese Estates.*
- (3) *The shareholdings stated against the above shareholders relate to the same parcel of shares referred to in corporate interests of Mr. Joseph Lau, Luen-hung under the heading "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations".*

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more in the Company's issued share capital as at 31st December, 2002.

主要股東於本公司之權益

據董事會所知悉，於二零零二年十二月三十一日，本公司根據披露權益條例第 16(1) 條須置存之主要股東名冊所載錄，直接或間接持有或被視為持有本公司已發行股本面值 10% 或以上權益之人士（本公司之董事或主要行政人員除外）如下：

附註：

- (1) Billion Up Limited 為 Lucky Years Ltd. 之全資附屬公司，Lucky Years Ltd. 為華人置業之全資附屬公司，其於本公司股份之權益已重複計入，並包括在 Lucky Years Ltd. 及華人置業所述之股權內。
- (2) 因其於華人置業之權益，該等股份乃本公司之同一批股份，並已重複計入華人置業所述之股權內。
- (3) 上述股東所擁有之股權均為「董事及主要行政人員於本公司及相聯法團之證券權益」中所述劉鑾雄先生之公司權益中所指之同一批股份。

除上文所披露者外，本公司並無接獲任何其他持有本公司於二零零二年十二月三十一日已發行股本 10% 或以上權益之通知。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option scheme as set out in note 31 to the financial statements and the warrants held as shown under “Directors’ and Chief Executives’ Interests in the Securities of the Company and Associated Corporations” above, there were no other arrangements to which the Company, its ultimate holding company, or any of its ultimate holding company’s subsidiaries was a party 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 during the year.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN CONTRACTS

By an agreement dated 20th November, 2000 entered into between Billion Up Limited and the Company, HK\$12,226,197 was designated as a shareholder’s loan to the Company. The loan was unsecured, interest free, and was fully repaid during the year.

Other than as disclosed herein and under the heading “Connected Transactions” below, there were no other contracts of significance in relation to the Company’s business, to which the Company or any of the Company’s subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which a Director had, whether directly or indirectly, a material interest, nor there were any other contracts of significance in relation to the Company’s business between the Company or any of the Company’s subsidiaries and a controlling shareholder or any of its subsidiaries.

CONNECTED TRANSACTIONS

1. By a lease dated 20th November, 2000 entered into between the Company and Pioneer Time Investment Limited (“Pioneer Time”), a wholly-owned subsidiary of Chinese Estates, Pioneer Time agreed to lease to the Company the office premises at Room 1003, 10th Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong on normal commercial terms from 1st July, 2000 to 30th June, 2002 at a monthly rental of HK\$40,000. The lease was terminated on 28th February, 2002.

購買股份或債券之安排

除財務報表附註 31 所載有關購股權計劃及「董事及主要行政人員於本公司及相聯法團之證券權益」中所載持有認股權證外，本公司、其最終控股公司或其最終控股公司之任何附屬公司概無於本年度內作出其他安排，以使本公司董事可藉購入本公司或任何其他法人團體之股份或債券而獲得利益。

董事及控股股東於合約之權益

Billion Up Limited 與本公司於二零零零年十一月二十日訂立協議，據此，12,226,197 港元被定作借予本公司之股東貸款。該項貸款為無抵押、免息及已於年內悉數償還。

除本文及下文「關連交易」一節所披露者外，本公司或本公司之任何附屬公司概無於本年年底或本年度內任何時間訂立與本公司業務有關之重大合約而董事於其中直接或間接擁有重大權益，亦概無與控股股東或其任何附屬公司訂立與本公司業務有關之重大合約。

關連交易

1. 根據本公司與華人置業之全資附屬公司 Pioneer Time Investment Limited（「Pioneer Time」）於二零零零年十一月二十日訂立之租約，Pioneer Time 同意按一般商業條款向本公司租出位於香港灣仔告士打道 38 號美國萬通大廈 10 樓 1003 室之寫字樓物業，租期由二零零零年七月一日起至二零零二年六月三十日止，月租為 40,000 港元。租約已於二零零二年二月二十八日終止。

CONNECTED TRANSACTIONS (cont'd)

2. By a sub-lease agreement dated 2nd July, 2002 entered into between the Company and Chinese Estates, Limited (“CEL”), a wholly-owned subsidiary of Chinese Estates, CEL agreed to sub-lease to the Company the office premises at Room 101, 1st Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong on normal commercial terms for two years commencing from 1st March, 2002 to 29th February, 2004 at a monthly rental of HK\$7,500 with rent free for three months in 2002 and two months in 2003.
3. During the year, Fame Winner Limited, a wholly-owned subsidiary of the Company, agreed to pay a guarantee fee in an amount of HK\$79,000 to Chinese Estates in consideration of a guarantee, a funding undertaking and a completion guarantee provided by Chinese Estates in respect of a banking facility of HK\$79 million granted by a bank to Fame Winner Limited.
4. Grandhall Secretarial Services Limited, a wholly-owned subsidiary of Chinese Estates, provides general company secretarial services to each of the subsidiaries of the Company at a fee of HK\$3,500 per annum for each subsidiary. For the year ended 31st December, 2002, the aggregate payment made to the Chinese Estates group for the above services amounted to HK\$52,500.
5. On 11th February, 2003, the Company and Jumbo Legend Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Chinese Estates relating to:
 - (i) the purchase of the entire interest of a group of wholly-owned subsidiaries of Chinese Estates (the “Sale Companies”) holding direct or indirect interests in certain properties (the “Properties”) (particulars of which are set out on pages 22 to 25); the benefits of all sums due by the Sale Companies, their respective subsidiaries or associated companies to the other members of the Chinese Estates group as at 11th February, 2003; and the assumption of all sums owing by the other members of the Chinese Estates group to the Sale Companies; their respective subsidiaries or associated companies as at 11th February, 2003. Consideration of the purchase amounted to approximately HK\$615,800,000 (the “CC Consideration”).

關連交易 (續)

2. 根據本公司與華人置業之全資附屬公司華人置業有限公司(「華置」)於二零零二年七月二日訂立之分租協議，華置同意按一般商業條款向本公司分租位於香港灣仔告士打道38號美國萬通大廈1樓101室之寫字樓物業，租期由二零零二年三月一日起至二零零四年二月二十九日止兩年，月租為7,500港元，二零零二年有三個月免租期，而二零零三年則有兩個月免租期。
3. 年內，本公司之全資附屬公司祺傑有限公司同意向華人置業支付擔保費79,000港元，作為華人置業就銀行授予祺傑有限公司之銀行融資79,000,000港元所提供擔保、資金承擔及完成擔保之代價。
4. 華人置業之全資附屬公司均豪秘書服務有限公司以年費3,500港元(以每間附屬公司計)向本公司之各間附屬公司提供一般公司秘書服務。截至二零零二年十二月三十一日止年度，就上述服務向華人置業集團支付之總數為52,500港元。
5. 於二零零三年二月十一日，本公司及本公司之全資附屬公司Jumbo Legend Limited與華人置業就下列事項訂立一份買賣協議：
 - (i) 購入直接或間接持有若干物業權益(「該等物業」)(詳情載於第22至25頁)之華人置業一組全資附屬公司(「銷售公司」)之全部權益；銷售公司及彼等各自之附屬公司或聯營公司於二零零三年二月十一日結欠華人置業集團其他成員公司之全部款額利益；及承擔華人置業集團之其他成員公司於二零零三年二月十一日結欠銷售公司或彼等各自之附屬公司或聯營公司之全部款額。購買代價約為615,800,000港元(「至祥代價」)。