

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2003

37. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “MPF Scheme”) for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees.

The total cost charged to the income statement of approximately HK\$9,000 (2002: HK\$13,000) represents contributions payable to the MPF Scheme by the Group in respect of the current accounting year.

38. RELATED PARTY TRANSACTIONS

1. Asset Transaction

On 11th February, 2003, the Company and Jumbo Legend 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 33 to 35); 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\$605.4 million (the “CC Consideration”).
- (ii) the sale of the entire interest of Super Series which holds 100% indirect interest in the development project of Manhattan Avenue (particulars of which are set out on page 35); and the benefits of all sums due by Super Series to the Company as at 11th February, 2003. Consideration of the sale amounted to approximately HK\$103.9 million (the “C Consideration”).

財務報表附註

截至二零零三年十二月三十一日止年度

37. 退休福利計劃

本集團為所有合資格僱員設立一項強制性公積金計劃（「強積金計劃」）。強積金計劃資產與本集團資產乃由受託人分開管理。本集團根據有關工資向強積金計劃作出5%供款，與僱員所作之供款相同。

於收益表扣除之總成本約為9,000港元（二零零二年：13,000港元），乃本集團於本會計年度應付強積金計劃之供款。

38. 關連人士交易

1. 資產交易

於二零零三年二月十一日，本公司及Jumbo Legend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33至35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所有款額利益；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所有款額。購買代價約為605,400,000港元（「至祥代價」）。
- (ii) 出售持有Manhattan Avenue發展項目（詳情載於第35頁）100%間接權益之Super Series之全部權益；及Super Series於二零零三年二月十一日結欠本公司之所有款額利益。出售代價約為103,900,000港元（「華置代價」）。

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2003

38. RELATED PARTY TRANSACTIONS (cont'd)

The CC Consideration was satisfied partly by set-off against the C Consideration and the balance of the approximately HK\$501.5 million was satisfied by the allotment and issue of 222,879,881 shares of the Company at an agreed issue price of HK\$2.25 per share (the net asset value of the Company), credited as fully paid, to Chinese Estates Group. The number of shares issued and the agreed issue price have been adjusted to reflect share consolidation effected on 8th October, 2003 as described below.

The CC Consideration and the C Consideration, has been determined after arm's length negotiations between the Company, Jumbo Legend and Chinese Estates and between the Company and Chinese Estates respectively while the underlining properties have been valued on an open market value bases as at 30th November, 2002 by Norton Appraisals Limited, independent professional surveyors.

In order to facilitate the Asset Transaction, the Company carried out the following capital reorganisation:

- (i) consolidated every 50 issued and unissued shares of the Company into one share (the "Consolidation Shares");
- (ii) reduced the nominal value of each of the issued and unissued Consolidated Shares from HK\$5.00 to HK\$0.01 (the "Capital Reduction"); and
- (iii) upon the Capital Reduction becoming effective, restored the authorised share capital of the Company to the original amount of HK\$500,000,000.

The above capital reorganisation and Asset Transaction were approved by the shareholders at the extraordinary general meeting of the Company held on 28th March, 2003. Capital Reduction was subsequently approved by the Court and became effective on 8th October, 2003 while the Asset Transaction was completed on 7th November, 2003.

財務報表附註

截至二零零三年十二月三十一日止年度

38. 關連人士交易 (續)

至祥代價部份以華置代價抵銷，餘額約 501,500,000 港元以配發及發行 222,879,881 股入賬列為繳足之本公司股份之方式支付華人置業集團，每股協定發行價為 2.25 港元（本公司之每股資產淨值）。已發行之股份數目及協定發行價已作調整，以反映下文所述於二零零三年十月八日生效之股份合併。

至祥代價由本公司、Jumbo Legend 與華人置業按公平原則磋商後釐定，而華置代價則由本公司與華人置業按公平原則磋商後釐定，有關物業由獨立專業測計師行普敦國際評估有限公司按二零零二年十一月三十日公開市值基準進行估值。

為方便進行資產交易，本公司進行下列股本重組：

- (i) 將本公司已發行及未發行股份每 50 股合併為一股股份（「合併股份」）；
- (ii) 將每股已發行及未發行合併股份之面值由 5.00 港元削減至 0.01 港元（「削減股本」）；及
- (iii) 於削減股本生效後將本公司之法定股本恢復至原來之金額 500,000,000 港元。

上述股本重組及資產交易已於二零零三年三月二十八日本公司舉行之股東特別大會上獲股東批准。削減股本其後獲法院批准，並於二零零三年十月八日生效，而資產交易則於二零零三年十一月七日完成。

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財務報表附註

截至二零零三年十二月三十一日止年度

38. RELATED PARTY TRANSACTIONS (cont'd)

The Properties

The Properties are free from any mortgages, charges, liens, pledges, options and third party claims or other encumbrances. A summary of the Properties are set out below:

38. 關連人士交易 (續)

該等物業

該等物業並無附帶任何按揭、抵押、留置權、質押、選擇權及第三方索償或其他產權負擔。該等物業之概要如下：

Properties	物業	Attributable interest 應佔權益
In Hong Kong		
<i>Investment Properties</i>		
1. Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon – 14 Units on various Floors and the Roof together with 50 Car Park Spaces	1. 九龍紅磡民樂街 23 號駿昇中心若干樓層之 14 個單位及天台連 50 個停車位	100%
2. Unit 301 on 3rd Floor, Sim City of Chung Kiu Commercial Building Nos. 47-51 Shantung Street Mong Kok, Kowloon	2. 九龍旺角山東街 47-51 號中僑商業大廈星際城市 3 樓 301 室	100%
3. Kwai Shun Industrial Centre, Nos. 51-63 Container Port Road, Kwai Chung, New Territories – Roof Nos. 1-6, 8, 9, 11 and 12*	3. 新界葵涌貨櫃碼頭道 51-63 號葵順工業中心 1-6、8、9、11 及 12 號天台*	100%
4. Various Portions of No. 1 Hung To Road, Kwun Tong, Kowloon	4. 九龍觀塘鴻圖道 1 號若干單位	33 1/3%
5. Inter-Continental Plaza, No. 94 Granville Road, Tsim Sha Tsui, Kowloon – The whole of 3rd Floor and the adjacent Flat Roof and the whole of 8th Floor	5. 九龍尖沙咀加連威老道 94 號明輝中心 3 樓全層及相連平台以及 8 樓全層	50%
6. Tuen Mun Centre, Nos. 2-8 Wo Ping Path, Nos. 7-35 Yan Ching Street, Tuen Mun, New Territories – Shop Nos. 14 and 16 on Ground Floor and Cinema	6. 新界屯門和平徑 2-8 號仁政街 7-35 號屯門中心地下 14 及 16 號舖及戲院	50%

* The company holding the property was disposed on 31st December, 2003

* 持有該物業之公司已於二零零三年十二月三十一日出售

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財務報表附註

截至二零零三年十二月三十一日止年度

38. RELATED PARTY TRANSACTIONS (cont'd)

38. 關連人士交易 (續)

Properties (cont'd)	物業 (續)	Attributable interest 應佔權益
In Hong Kong (cont'd)	香港 (續)	
<i>Properties held for sale</i>	持作出售物業	
7. Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon – 14 Units on various Floors	7. 九龍紅磡民樂街 23 號駿昇中心 若干樓層之 14 個單位	100%
8. Meeco Industrial Building Nos. 53-55 Au Pui Wan Street, Sha Tin, New Territories – Canteen on Main Roof	8. 新界沙田坳背灣街 53-55 號 美高工業大廈 主要天台之飯堂	100%
<i>Property interests held for development</i>	持作發展之物業權益	
9. 9/24th equal and undivided shares of and in Lot Nos. 2, 4, 7, 8 and 9 in Demarcation District 464, So Shi Tau, Clear Water Bay, New Territories	9. 新界清水灣鎖匙頭丈量約份 464 號地段 2、4、7、8 及 9 號 24 份不可分割等份之 9 份	100%
10. The Remaining Portion of Lot No. 453 in Demarcation District 401, Po Lam Road, Ma Yau Tong, Sai Kung, New Territories	10. 新界西貢馬游塘寶琳路丈量約份 401 號地段 453 號餘段	100%
In the PRC	中國	
<i>Property held for sale</i>	持作出售物業	
11. Various Portions of Winson Plaza 146 Weidi Road, Hexi District, Tianjin, the PRC (Note b)	11. 中國天津市河西區圍堤道 146 號 華盛廣場若干部份 (附註 b)	50%
<i>Property interests held for development</i>	持作發展之物業權益	
12. Chenghai Royal Garden, Estuary of Xinjin River, Longhu District, Shantou, Guangdong Province the PRC (Note a)	12. 中國廣東省汕頭市龍湖區 新津河河口澄海海麗花園 (附註 a)	100%

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截至二零零三年十二月三十一日止年度

38. RELATED PARTY TRANSACTIONS (cont'd)

38. 關連人士交易 (續)

		Attributable interest
Properties (cont'd)	物業 (續)	應佔權益

In the PRC (cont'd)	中國 (續)	

<i>Property held for development</i>	持作發展物業	
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13. Panyu Technology Park, East of Shiguang Road, Zhongcun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (Note b)*	13. 中國廣東省廣州市番禺區鐘村鎮市廣路東側番禺科技城 (附註 b)*	100%
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* The property was sold in November 2003.

* 該物業已於二零零三年十一月出售。

Notes:

附註:

a. A wholly owned subsidiary of Jinline Investments Ltd. has obtained the contractual right of a contract for the pre-registration of grant of State-owned land use right made between Shantou Company of Guangdong Trust and Real Estate Development Corp. and Chenghai County Land Administrative Bureau in relation to the property. The contract for grant of land use right and the certificate for State-owned land use right in relation to the property have not been entered into or obtained and there is an outstanding land premium of not more than HK\$23.6 million to be paid by the wholly owned subsidiary of Jinline Investments Ltd.

a. Jinline Investments Ltd. 之一家全資附屬公司已就該物業取得廣東省信託房產開發公司汕頭公司與澄海縣國土管理局一項國有土地使用權轉讓預先登記合同之訂約權。有關該物業之土地使用權轉讓合同並未簽訂，而國有土地使用權證亦並未獲發，未繳之地價不超過 23,600,000 港元，將由 Jinline Investments Ltd. 之全資附屬公司支付。

b. All land use rights have been obtained and the land premium have been paid by the relevant holding companies holding these properties.

b. 持有該等物業之持有公司已取得所有土地使用權並已繳付地價。

Manhattan Avenue

Manhattan Avenue

Manhattan Avenue is located at No. 255 Queen's Road, Central, Hong Kong, it has been developed into a residential/commercial building with total gross floor area of approximately 42,314 square feet. The development of Manhattan Avenue has been completed in the fourth quarter of 2003.

Manhattan Avenue 位於香港皇后大道中 255 號，已發展為一幢總建築面積合共約 42,314 平方呎之商住大廈。Manhattan Avenue 於二零零三年第四季落成。

Manhattan Avenue was disposed upon completion of the Asset Transaction on 7th November, 2003.

於二零零三年十一月七日，Manhattan Avenue 已於資產交易完成當日出售。

2. 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, 2003, the aggregate payment made to the Chinese Estates Group for the above services amounted to HK\$73,500.

2. 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。截至二零零三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 73,500 港元。

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38. RELATED PARTY TRANSACTIONS (cont'd)

3. 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 103 (formerly known as 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.

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The Directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the following list discloses only the particulars of those subsidiaries as at 31st December, 2003 which principally affect the results or assets of the Group.

38. 關連人士交易 (續)

3. 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103室(前稱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。

39. 主要附屬公司詳情

董事會認為列出全部附屬公司資料會令篇幅過於冗長。故此，下表只披露於二零零三年十二月三十一日對本集團之業績或資產有重要影響之附屬公司之詳情。

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Class of share held 所持股份類別	Issued ordinary share capital 已發行普通股股本	Proportion of nominal value of issued capital held by the Company 本公司所持已發行股本面值之百分比		Principal activity 主要業務
				Directly 直接	Indirectly 間接	
Chenghai Royal Garden Company Limited ## 澄海海麗花園有限公司 ##	PRC 中國	Ordinary 普通股	RMB34,504,540 人民幣 34,504,540 元	–	100%	Property development 物業發展
Comford Tower Limited	Republic of Liberia 利比里亞共和國	Ordinary 普通股	US\$1 1 美元	–	100%	Investment holding 投資控股
Country Homes Limited	Hong Kong 香港	Ordinary 普通股	HK\$200 200 港元	–	100%	Property development 物業發展
		Non-voting Deferred Ordinary 無投票權遞延 普通股	HK\$164,000 164,000 港元			
		Non-voting Deferred Founder 無投票權遞延 創始人股	HK\$1,000 1,000 港元			

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39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (cont'd)

39. 主要附屬公司詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Class of share held 所持股份類別	Issued ordinary share capital 已發行 普通股 股本	Proportion of nominal value of issued capital held by the Company 本公司所持 已發行股本 面值之百分比		Principal activity 主要業務
				Directly 直接	Indirectly 間接	
Country Honour Limited 國賢有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	–	100%	Property development 物業發展
Farnell Venture Inc.	British Virgin Islands 英屬維爾京群島	Ordinary 普通股	US\$1 1 美元	–	100%	Investment holding 投資控股
First Castle Limited	British Virgin Islands/Hong Kong 英屬維爾京群島 / 香港	Ordinary 普通股	US\$1 1 美元	–	100%	Property investment 物業投資
Konshing Enterprises Limited 冠盛企業有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000 1,000 港元	–	51%	Property development 物業發展
Lucky Guide International Limited 冠林國際有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	–	51%	Property investment 物業投資
Moregift Investments Limited	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000 港元	100%	–	Property holding 物業持有
Sanewing Investments Limited 先榮投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000 港元	–	100%	Property investment 物業投資
Union Spark Investment Limited 彩裕投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	–	100%	Investment holding 投資控股
View Success Investments Limited 景亨投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 2 港元	–	100%	Property investment and trading 物業投資及買賣

Wholly foreign-owned enterprise

外商獨資企業

None of the subsidiaries had any loan capital subsisting at the end of the year or at anytime during the year.

概無任何附屬公司於年結時或本年度內任何時間存在任何借貸股本。

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財務報表附註

截至二零零三年十二月三十一日止年度

40. PARTICULARS OF PRINCIPAL ASSOCIATES

40. 主要聯營公司詳情

Name of associate 聯營公司名稱	Place of incorporation and operation 註冊成立及經營地點	Percentage of equity attributable to the Group 本集團應佔股權百分比	Principal activity 主要業務
Earn Elite Development Limited 盈才發展有限公司	Hong Kong 香港	50%	Property investment 物業投資
Finedale Industries Limited ("Finedale") 廣坤實業有限公司(「廣坤」)	Hong Kong 香港	33 $\frac{1}{3}$ %	Property investment 物業投資
Healthy Point Limited ("Healthy Point") 強邦有限公司(「強邦」)	Hong Kong 香港	50%	Property investment 物業投資