

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 42 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2004 are set out in the consolidated income statement on page 27.

The board of directors resolved not to recommend the payment of any dividend for the year.

SHARE CAPITAL

Pursuant to the schemes of arrangement between the Company and its creditors, which became effective on 21st November, 2003, 470,628,426 ordinary shares of HK\$0.01 each, credited as fully paid, are issued as the partial settlement to the convertible bondholders and certain creditors of the Company on 21st January, 2004.

Pursuant to the settlement deed dated 15th July, 2003 ("Settlement Deed"), the claim from Koga Limited ("Koga") of approximately HK\$38.0 million were settled by a cash payment of approximately HK\$0.38 million and allotment of 37,987,988 ordinary shares of HK\$0.01 each in the Company. The shares to Koga were issued on 2nd February, 2004 upon the completion of the financial restructuring.

Details of the above and other movements in the authorised and issued share capital of the Company are set out in note 31 to the financial statements.

INVESTMENT PROPERTIES

The Group's investment properties were revalued at 31st December, 2004 by an independent firm of professional property valuers, on an open market value basis. Details are set out in note 15 to the financial statements.

A summary of the investment properties held by the Group at 31st December, 2004 is set out on pages 87 and 88.

董事會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告。

主要業務

本公司為投資控股公司。其主要附屬公司之主要業務載於財務報告附註 42。

業績及分派

本集團截至二零零四年十二月三十一日止年度之業績載於第二十七頁之綜合收益表。

董事會議決不建議派發本年度任何股息。

股本

根據本公司及其債權人訂立於二零零三年十一月二十一日生效之債務償還安排計劃，於二零零四年一月二十一日，已按入賬列作繳足方式向本公司之可換股債券持有人及若干債權人發行 470,628,426 股每股面值 0.01 港元之普通股作為一部份還款。

根據日期為二零零三年七月十五日訂立之償債契據（「償債契據」），Koga Limited（「Koga」）之申索約 38,000,000 港元已透過現金還款約 380,000 港元及配發本公司 37,987,988 股每股面值 0.01 港元之普通股作償還。該等股份在完成財務重組時，於二零零四年二月二日向 Koga 發行。

本公司法定及已發行股本之上述及其他變動之詳情載於財務報告附註 31。

投資物業

本集團之投資物業於二零零四年十二月三十一日由獨立物業估值師按公開市值基準重估，有關詳情載於財務報告附註 15。

本集團於二零零四年十二月三十一日持有之投資物業之概要載於第八十七及八十八頁。

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 16 to the financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive directors:

Mr. Aaron Tam, Chong-cheong (*Chairman*)

Mr. Leung, Wing-pong

Ms. Jackie Shek, Lai-ping

Independent non-executive directors:

Mr. Leung, Yun-fai

Mr. Lam, Yat-fai

Dr. David Chain, Chi-woo (appointed on 27th September, 2004)

In accordance with clauses 86(2) and 87(2) of the Company's bye-laws, Mr. Leung, Wing-pong and Dr. David Chain, Chi-woo will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The terms of office of each independent non-executive director is the period up to his retirement as required by the Company's bye-laws.

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

物業、廠房及設備

本集團之物業、廠房及設備於年內之變動詳情載於財務報告附註 16。

董事及董事之服務合約

年內及截至本報告日期止本公司之董事如下：

執行董事：

譚頌翔先生 (主席)

梁榮邦先生

石麗萍女士

獨立非執行董事：

梁潤輝先生

林日輝先生

錢其武醫生 (於二零零四年九月二十七日獲委任)

根據本公司之公司細則第 86(2) 及 87(2) 條，梁榮邦先生及錢其武醫生將於稍後舉行之股東週年大會上退任，並符合資格重選連任。

根據本公司之公司細則，每位獨立非執行董事之任期直至其輪值退任時屆滿。

擬於稍後舉行之股東週年大會上重選連任之董事概無與本公司或其任何附屬公司訂立本集團不作賠償 (法定賠償除外) 則不可於一年內終止之服務合約。

DIRECTORS' INTERESTS IN SHARES AND SHORT POSITIONS

At 31st December, 2004, none of the directors, chief executives nor their associates, had any interests or short positions in any shares, underlying shares or rights to subscribe for the securities of the Company and its associated corporations, as recorded in register maintained by the Company under Section 352 of the Securities and Futures Ordinance (the "SFO"), or 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 (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

SHARE OPTION SCHEMES

The Company has adopted share option schemes on 23rd August, 2000 (the "2000 Scheme") and 15th February, 2002 (the "2002 Scheme") for which the details are set out in note 32 to the financial statements. The 2000 Scheme was terminated on 15th February, 2002.

No options were outstanding at 31st December, 2004 under the 2000 Scheme or the 2002 Scheme. No options were granted, exercised, cancelled or lapsed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option schemes as disclosed above, at no time during the year was the Company, its holding companies or any of its subsidiaries or fellow 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 debt securities (including debentures) of, the Company or any other body corporate.

董事之股份權益及淡倉

於二零零四年十二月三十一日，概無董事、最高行政人員或彼等之聯繫人於本公司或其聯營公司之任何股份、相關股份或可認購其證券之權利中擁有須記錄於本公司按證券及期貨條例（「證券及期貨條例」）第 352 條而存置之登記冊內之權益或淡倉，或依據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）所載上市公司董事進行證券交易之標準守則（「標準守則」）須知會本公司及聯交所之權益或淡倉。

購股權計劃

本公司先後於二零零零年八月二十三日及二零零二年二月十五日採納購股權計劃（分別簡稱「二零零零年計劃」及「二零零二年計劃」），詳情載於財務報告附註 32。二零零零年計劃已於二零零二年二月十五日終止。

於二零零四年十二月三十一日，概無根據二零零零年計劃及二零零二年計劃授出而尚未行使之購股權。年內並無購股權授出、行使、註銷或失效。

董事購買股份或債券之權利

除上文所披露之購股權計劃外，本公司、其控股公司或其任何附屬公司或同系附屬公司於年內任何時間均無訂立任何安排，使本公司董事可從購買本公司或任何其他公司之股份或債務證券（包括債券）中獲益。

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

根據證券及期貨條例須予披露之股東權益及淡倉

As at 31st December, 2004, the following parties were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

於二零零四年十二月三十一日，根據本公司按證券及期貨條例第 336 條存置之登記冊所示，下列人士直接或間接擁有或被視為擁有本公司已發行股本 5% 或以上之權益：

Long positions in shares

於股份之好倉

Name of Shareholder 股東名稱	Number of Shares 股份數目	Capacity 身份	Note 附註	Percentage of shareholding 股權百分比 %
Million Point Limited	170,000,000	Beneficial owner 實益擁有人	1	24.59
Cosmos Success Limited	170,000,000	Interest of a controlled corporation 受控制公司之權益	1	24.59
Chinese Estates, Limited 華人置業有限公司	170,000,000	Interest of a controlled corporation 受控制公司之權益	1	24.59
Great Empire International Ltd.	37,162,165	Beneficial owner 實益擁有人	2	5.38
Goldstance Group Limited	37,162,165	Interest of a controlled corporation 受控制公司之權益	2	5.38
Paul Y. Holdings Company Limited	37,162,165	Interest of a controlled corporation 受控制公司之權益	2	5.38
Luckpoint Investment Limited 樂邦投資有限公司	76,877,685	Beneficial owner 實益擁有人	3	11.12
China Entertainment and Land Investment Company, Limited 中華娛樂置業有限公司	76,877,685	Interest of a controlled corporation 受控制公司之權益	3	11.12
Paul Y. Holdings Company Limited	113,818,911	Beneficial owner 實益擁有人	4	16.47

DISCLOSEABLE INTERESTS AND SHORT POSITIONS
OF SHAREHOLDERS UNDER THE SFO (cont'd)根據證券及期貨條例須予披
露之股東權益及淡倉(續)

Name of Shareholder 股東名稱	Number of Shares 股份數目	Capacity 身份	Note 附註	Percentage of shareholding 股權百分比 %
Chinese Estates Holdings Limited	397,858,761	Interest of controlled corporations 受控制公司之權益	1,2,3 & 4	57.56
Mr. Joseph Lau, Luen-hung 劉鑾雄先生	397,858,761	Interest of a controlled corporation 受控制公司之權益	5	57.56
Global King Ltd.	397,858,761	Interest of a controlled corporation 受控制公司之權益	6	57.56
Credit Suisse Trust Limited	397,858,761	Interest of a controlled corporation 受控制公司之權益	6	57.56
Koga Limited	37,987,988	Beneficial owner 實益擁有人	7	5.49
Cheung Kong Infrastructure (BVI) Limited	37,987,988	Interest of a controlled corporation 受控制公司之權益	7	5.49
Cheung Kong Infrastructure Holdings Limited 長江基建集團有限公司	37,987,988	Interest of controlled corporations 受控制公司之權益	7	5.49
Hutchison Infrastructure Holdings Limited	37,987,988	Interest of controlled corporations 受控制公司之權益	7	5.49
Hutchison International Limited 和記企業有限公司	37,987,988	Interest of controlled corporations 受控制公司之權益	7	5.49
Hutchison International Limited 和記企業有限公司	62,899,924	Beneficial owner 實益擁有人	8	9.10
Hutchison Whampoa Limited 和記黃埔有限公司	100,887,912	Interest of controlled corporations 受控制公司之權益	7 & 8	14.59

DISCLOSEABLE INTERESTS AND SHORT POSITIONS
OF SHAREHOLDERS UNDER THE SFO (cont'd)根據證券及期貨條例須予披
露之股東權益及淡倉(續)

Name of Shareholder 股東名稱	Number of Shares 股份數目	Capacity 身份	Note 附註	Percentage of shareholding 股權百分比 %
Cheung Kong (Holdings) Limited 長江實業(集團)有限公司	100,887,912	Interest of controlled corporations 受控制公司之權益	8	14.59
Mr. Li Ka-shing 李嘉誠先生	100,887,912	Founder of discretionary trusts and interest of controlled corporations 全權信託之創立人及 受控制公司之權益	8	14.59
Li Ka-Shing Unity Trustcorp Limited	100,887,912	Trustee and beneficiary of trust 信託人及信託之受益人	8	14.59
Li Ka-Shing Unity Trustee Corporation Limited	100,887,912	Trustee and beneficiary of trust 信託人及信託之受益人	8	14.59
Li Ka-Shing Unity Trustee Company Limited	100,887,912	Trustee 信託人	8	14.59

Notes:

附註:

- Million Point Limited ("Million Point") was the beneficial owner of 170,000,000 shares. Each of Chinese Estates Holdings Limited ("Chinese Estates"), Chinese Estates, Limited and Cosmos Success Limited was deemed to be interested in the same parcel of shares in which Million Point was interested since Chinese Estates owned the entire issued share capital of Chinese Estates, Limited, which in turn owned the entire issued share capital of Cosmos Success Limited, which in turn owned the entire issued share capital of Million Point.
- Great Empire International Ltd. ("Great Empire") was the beneficial owner of 37,162,165 shares. Each of Chinese Estates, Paul Y. Holdings Company Limited ("Paul Y."), Goldstance Group Limited was deemed to be interested in the same parcel of shares in which Great Empire was interested since Chinese Estates owned the entire issued share capital of Paul Y., which in turn owned the entire issued share capital of Goldstance Group Limited, which in turn owned the entire issued share capital of Great Empire.

- Million Point Limited (「Million Point」) 為 170,000,000 股股份之實益擁有人。由於 Chinese Estates Holdings Limited (「華人置業」) 擁有華人置業有限公司之全部已發行股本，而華人置業有限公司擁有 Cosmos Success Limited 之全部已發行股本，而 Cosmos Success Limited 擁有 Million Point 之全部已發行股本，因此華人置業、華人置業有限公司及 Cosmos Success Limited 各被視為於 Million Point 所擁有之同一批股份中擁有權益。
- Great Empire International Ltd. (「Great Empire」) 為 37,162,165 股股份之實益擁有人。由於華人置業擁有 Paul Y. Holdings Company Limited (「Paul Y.」) 之全部已發行股本，而 Paul Y. 擁有 Goldstance Group Limited 之全部已發行股本，而 Goldstance Group Limited 擁有 Great Empire 之全部已發行股本，因此華人置業、Paul Y. 及 Goldstance Group Limited 各被視為於 Great Empire 所擁有之同一批股份中擁有權益。

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO (cont'd)

3. Luckpoint Investment Limited ("Luckpoint") was the beneficial owner of 76,877,685 shares. Each of Chinese Estates and China Entertainment and Land Investment Company, Limited ("CELL") was deemed to be interested in the same parcel of shares in which Luckpoint was interested since Chinese Estates owned the entire issued share capital of CELL, which in turn owned the entire issued share capital of Luckpoint.
4. Paul Y. was the beneficial owner of 113,818,911 shares. Chinese Estates was deemed to be interested in the same parcel of shares in which Paul Y. was interested since Chinese Estates owned the entire issued share capital of Paul Y..
5. Mr. Joseph Lau, Luen-hung, by virtue of his 62.81% interest in the issued share capital of Chinese Estates, was deemed to be interested in the same interests stated against Chinese Estates under the provisions of the SFO.
6. Credit Suisse Trust Limited as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee. Global King Ltd. was entitled to exercise more than one-third of the voting power at general meetings of Chinese Estates. Accordingly, Global King Ltd. and Credit Suisse Trust Limited were deemed to be interested in the same interests stated against Chinese Estates.
7. Koga was the beneficial owner of 37,987,988 shares. Koga was a wholly-owned subsidiary of Cheung Kong Infrastructure (BVI) Limited ("CKIBVI"), which in turn was a wholly-owned subsidiary of Cheung Kong Infrastructure Holdings Limited ("CKI"). CKI is a subsidiary of Hutchison Infrastructure Holdings Limited ("HIH"), which in turn is a wholly-owned subsidiary of Hutchison International Limited ("HIL"). HIL is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL"). By virtue of the SFO, each of CKIBVI, CKI, HIH, HIL and HWL was taken to have an interest in the same parcels of shares which Koga was interested in.
8. HIL was the beneficial owner of 62,899,924 shares. As disclosed in Note 7 above, HWL was taken to have an interest in the same parcel of such 62,899,924 shares which HIL was interested in.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing ("Mr. Li"), Mr. Li Tzar-kuoi, Victor and Mr. Li Tzar-kai, Richard was interested in one-third of the entire issued share capital, owned the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited ("TUT1"). TUT1 as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Certain subsidiaries of CKH were entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

根據證券及期貨條例須予披露之股東權益及淡倉(續)

3. 樂邦投資有限公司(「樂邦」)為76,877,685股股份之實益擁有人。由於華人置業擁有中華娛樂置業有限公司(「中娛置業」)之全部已發行股本，而中娛置業擁有樂邦之全部已發行股本，因此華人置業及中娛置業各被視為於樂邦所擁有之同一批股份中擁有權益。
4. Paul Y.為113,818,911股股份之實益擁有人。由於華人置業擁有Paul Y.之全部已發行股本，華人置業被視為於Paul Y.所擁有之同一批股份中擁有權益。
5. 劉鑾雄先生因為於華人置業之已發行股本擁有62.81%權益，按證券及期貨條例之條文被視為擁有華人置業所擁有之權益。
6. Credit Suisse Trust Limited以一項全權信託之受託人身份持有一項由Global King Ltd.任信託人之信託單位。Global King Ltd.有權於華人置業之股東大會上行使三分之一以上之投票權。因此，Global King Ltd.及Credit Suisse Trust Limited被視為擁有華人置業所擁有之權益。
7. Koga為37,987,988股股份之實益擁有人。Koga為Cheung Kong Infrastructure (BVI) Limited(「CKIBVI」)之全資附屬公司，而CKIBVI為長江基建集團有限公司(「長江基建」)之全資附屬公司。長江基建為Hutchison Infrastructure Holdings Limited(「HIH」)之附屬公司，而HIH為和記企業有限公司(「和記企業」)之全資附屬公司。和記企業為和記黃埔有限公司(「和黃」)之全資附屬公司。根據證券及期貨條例，CKIBVI、長江基建、HIH、和記企業及和黃各被視為於Koga所擁有之同一批股份中擁有權益。
8. 和記企業為62,899,924股股份之實益擁有人。如上文附註7所披露，和黃被視為於和記企業所擁有之同一批62,899,924股股份中擁有權益。

由李嘉誠先生(「李先生」)、李澤鉅先生及李澤楷先生各自擁有全部已發行股本之三分之一權益之Li Ka-Shing Unity Holdings Limited擁有Li Ka-Shing Unity Trustee Company Limited(「TUT1」)之全部已發行股本。TUT1以The Li Ka-Shing Unity Trust(「UT1」)信託人之身份，連同若干公司(TUT1以UT1信託人之身份有權在其股東大會上行使或控制行使三分之一以上之投票權之公司)合共持有長江實業(集團)有限公司(「長實」)三分之一以上之已發行股本。長實若干附屬公司有權在和黃之股東大會上行使或控制行使三分之一以上之投票權。

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO (cont'd)

In addition, Li Ka-Shing Unity Holdings Limited also owned the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in UT1.

Mr. Li was the settlor of each of DT1 and DT2 and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO. By virtue of the SFO, each of Mr. Li, TDT1, TDT2, TUT1 and CKH was deemed to be interested in the 100,887,912 shares which HWL was interested.

All the interests stated above represent long positions and interest in shares. As at 31st December, 2004, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

CONNECTED TRANSACTIONS

- On 28th March, 2002 and 4th September, 2003, each of Great King Limited ("Great King") and Gold Concept Limited ("Gold Concept"), both are wholly owned subsidiaries of the Company, entered into a facility letter and supplement agreements with Oriental Ford Finance Limited ("Oriental Ford"), a wholly owned subsidiary of Chinese Estates, pursuant to which Oriental Ford agreed to provide secured loan facilities of up to the HK\$23,917,000 and HK\$1,450,000, respectively, to Great King and Gold Concept. The secured loan facilities are secured by the mortgage deeds on the flats A and B on the 4th floor and roofs A and B, shop G on the ground floor, the whole of 1st, 2nd and 3rd floors of Golden Hall Building, numbers 49-63 Castle Peak Road, Yuen Long, New Territories, Hong Kong. Interests were payable at such rate as announced or applied by the Standard Chartered Bank, Hong Kong Branch (or such other bank as Oriental Ford may from time to time select in its absolute discretion) from time to time as its prime interest rate in Hong Kong for lending of Hong Kong Dollars to its prime customers.

The secured loans together with interests to be accrued thereon would be repaid by Great King and Gold Concept by way of 204 successive monthly instalments of HK\$166,000 and HK\$10,000 each, respectively, (subject to adjustment). During the year, interest of approximately HK\$1,180,000 was paid to Oriental Ford.

The outstanding secured loans and accrued interest were wholly repaid on 21st February, 2005.

根據證券及期貨條例須予披露之股東權益及淡倉(續)

此外，Li Ka-Shing Unity Holdings Limited亦擁有 Li Ka-Shing Unity Trustee Corporation Limited(「TDT1」，The Li Ka-Shing Unity Discretionary Trust(「DT1」)之信託人)及 Li Ka-Shing Unity Trustcorp Limited(「TDT2」，另一全權信託(「DT2」)之信託人)之全部已發行股本。TDT1 及 TDT2 各持有UT1 之單位。

李先生為DT1及DT2之財產授予人，根據證券及期貨條例可被視為DT1及DT2之創立人。根據證券及期貨條例，李先生、TDT1、TDT2、TUT1及長實各被視為於和黃所擁有之100,887,912股股份之權益中擁有權益。

所有上述權益為於股份之好倉及權益。於二零零四年十二月三十一日，根據本公司按證券及期貨條例第336條存置之登記冊所示並無淡倉記錄。

關連交易

- 於二零零二年三月二十八日及二零零三年九月四日，東帝有限公司(「東帝」)及金朗有限公司(「金朗」)(均為本公司之全資附屬公司)各與華人置業之全資附屬公司律豐財務有限公司(「律豐財務」)訂立貸款通知書及補充協議，據此，律豐財務同意向東帝及金朗分別提供最多可至23,917,000港元及1,450,000港元之有抵押信貸。有抵押信貸乃以香港新界元朗青山公路49-63號金豪大廈4樓A及B室及天台A及B單位及地下C舖及1樓、2樓及3樓全層作抵押。利息乃按渣打銀行香港分行(或律豐財務不時全權指定之其他銀行)不時向其優惠客戶就港元貸款公布或應用之香港最優惠利率計算。

東帝及金朗須就有抵押貸款連同應計利息分別連續204個月按月分期償還166,000港元及10,000港元(可予調整)。年內已支付律豐財務之利息約為1,180,000港元。

尚未償還之有抵押貸款及應計利息已於二零零五年二月二十一日悉數償還。

CONNECTED TRANSACTIONS (cont'd)

2. On 15th July, 2003, the Company, Shing Fai Management Limited ("Shing Fai"), Red Dragon Finance Limited ("Red Dragon") (Shing Fai and Red Dragon were wholly-owned subsidiaries of the Company) and Koga entered into a Settlement Deed in respect of the settlement of claims of Koga against the Company which amounted to approximately HK\$38.0 million. The claims arose from the failure of Shing Fai to purchase Koga's 50% interest in the share capital of Legend Power Ltd. (a 50% owned subsidiary of the Company before the exercise of the put option by Koga) and various shareholders' loans due to Koga as a result of Koga's exercise of the put option which was previously granted to it by Shing Fai under a share put option agreement. The Company has guaranteed the obligations of Shing Fai.

Pursuant to the Settlement Deed, Koga received 37,987,988 shares of the Company and cash of approximately HK\$0.38 million and Shing Fai granted to Koga a call option pursuant to which Koga shall have the right to require Shing Fai to sell to Koga 50% interest in the share capital of Legend Power Ltd. as held by Shing Fai at a consideration of the higher of HK\$150,000 or 50% of the consolidated net tangible asset value of Legend Power Ltd. and its subsidiaries at the date of exercise of the call option. The call option shall be exercised within five years from 21st January, 2004. Koga released each of Shing Fai and the Company from their respective liabilities under the share put option agreement and completed the sale of its 50% interest in Legend Power Ltd. to Shing Fai on 21st January, 2004.

DIRECTORS' INTERESTS IN CONTRACTS

A lease agreement was entered into between a fellow subsidiary of the Company and High Progress Consultants Limited ("High Progress") for the lease of an office premises to High Progress on normal commercial terms for two years commencing from 16th May, 2002 to 15th May, 2004 at monthly rental of HK\$16,000 with rent free for two months in 2002 and one month in 2003. Mr. Leung, Yun-fai, being the independent non-executive director of the Company, has a beneficial interest in High Progress. The lease agreement was terminated on 15th May, 2004. Rental of HK\$70,000 and management fee of HK\$24,000 were charged to High Progress during the year.

A lease agreement was entered into between a fellow subsidiary of the Company and a joint tenant, of which D.Y. Lam & Co. is a party, for an office premise on normal commercial terms for two years commencing from 10th

關連交易 (續)

2. 於二零零三年七月十五日，本公司、Shing Fai Management Limited (「Shing Fai」)、Red Dragon Finance Limited (「Red Dragon」) (Shing Fai及Red Dragon為本公司之全資附屬公司)及Koga就了結Koga向本公司提出金額約為38,000,000港元之索償訂立償債契據。該項索償乃由於Koga行使其先前根據股份認沽協議獲Shing Fai授予之認沽權而Shing Fai未有購入Koga於Legend Power Ltd. (於Koga行使認沽權前為本公司擁有50%權益之附屬公司)之50%股本權益及結欠Koga之若干股東貸款而引起。本公司保證Shing Fai履行有關責任。

根據償債契據，Koga獲得37,987,988股本公司股份及380,000港元現金，另外Shing Fai向Koga授予認購權，據此，Koga有權要求Shing Fai向Koga出售由Shing Fai持有於Legend Power Ltd.之50%股本權益，代價為150,000港元或Legend Power Ltd.及其附屬公司於行使認購權日期之綜合有形資產淨值之50% (以較高者為準)。該認購權可於二零零四年一月二十一日起五年內行使。於二零零四年一月二十一日，Koga分別解除Shing Fai及本公司各自根據股份認沽協議之責任及完成向Shing Fai出售其於Legend Power Ltd.之50%權益。

董事於合約中之權益

本公司一間同系附屬公司與勤達顧問有限公司 (「勤達」) 訂立租約，按一般商業條款向勤達出租一寫字樓單位，租期由二零零二年五月十六日至二零零四年五月十五日為期兩年，月租約16,000港元，二零零二年免租兩個月，二零零三年免租一個月。本公司獨立非執行董事梁潤輝先生於勤達擁有實益權益。租約已於二零零四年五月十五日終止，並於年內已向勤達徵收70,000港元租金及24,000港元管理費。

本公司一間同系附屬公司與一合租租戶 (林日輝會計師行為其中一方) 按一般商業條款訂立租約租賃寫字樓單位，租期由二零零二年六月十日至

DIRECTORS' INTERESTS IN CONTRACTS (cont'd)

June, 2002 to 9th June, 2004 at monthly rental of HK\$17,000 with rent free for two months in 2002 and one month in 2003. At the expiration of the lease, it was renewed for a period of two years commenced from 10th June, 2004 to 9th June, 2006 at monthly rental of HK\$16,000. Mr. Lam, Yat-fai, being the independent non-executive director of the Company, is the sole proprietor of D.Y. Lam & Co.. Rental of HK\$194,000 and management fee of HK\$62,000 were charged to the joint tenant during the year.

Other than as disclosed above, no contract of significance, to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisting at the end of the year or at any time during the year.

PENSION SCHEMES

The Group operates two pension schemes:

- (1) the provident fund scheme as defined in the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme"); and
- (2) the provident fund scheme as defined in the Occupational Retirement Schemes Ordinance, Chapter 426 of the laws of Hong Kong (the "Top-up Scheme").

Both the MPF Scheme and the Top-up Scheme were defined contribution schemes and the assets of both schemes were managed by their respective trustees accordingly.

The MPF Scheme was available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK\$20,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits were required by law to be preserved until the retirement age of 65.

The Top-up Scheme was available to those employees with basic salary over HK\$20,000 and/or years of service over 5. Contributions to the Top-up Scheme were made by the Group at 5%, 7.5% or 10% of staff's basic salary (depending on the length of service) less the Group's mandatory contribution under the MPF Scheme. Staff members were entitled to 100% of the Group's

董事於合約中之權益 (續)

二零零四年六月九日為期兩年，月租17,000港元，二零零二年免租兩個月，二零零三年免租一個月。租約已於期滿時進行續約，由二零零四年六月十日至二零零六年六月九日，為期兩年，月租16,000港元。本公司獨立非執行董事林日輝先生為林日輝會計師行之獨資經營者。年內，已向合租租戶徵收194,000港元租金及62,000港元管理費。

除上文所披露者外，本公司各董事在本公司、其控股公司、同系附屬公司或附屬公司於年結日或年內任何時間訂立之重要合約中概無直接或間接擁有重大權益。

退休金計劃

本集團推行兩項退休金計劃：

- (1) 香港法例第485章強制性公積金計劃條例所界定之公積金計劃（「強積金計劃」）；及
- (2) 香港法例第426章職業退休計劃條例所界定之公積金計劃（「補足計劃」）。

強積金計劃及補足計劃均為定額供款計劃，該等計劃之資產乃由各自之受託人管理。

強積金計劃可供所有18至64歲受僱於香港最少60日之本集團僱員參加。本集團根據僱員之有關入息作出5%之供款。就供款而言，有關入息上限為每月20,000港元。不論其於本集團之服務年期，僱員均可取得100%本集團供款連同應計回報，惟根據法例，有關利益將保留至退休年齡65歲方可領取。

補足計劃可供基本薪金超過20,000港元及／或年資超過五年之僱員參加。本集團乃根據僱員之基本薪金按其服務年期，作出5%、7.5%或10%之補足計劃供款，並減去本集團根據強積金計劃作出之強制性供款。僱員於服務滿10年或以上或到退

PENSION SCHEMES (cont'd)

contributions together with accrued returns after completing 10 years of service or more, or attaining the retirement age, or were entitled at a reduced scale between 30% to 90% of the Group's contributions after completing a period of service of at least 3 years but less than 10 years. The Top-up Scheme allowed any forfeited contributions (made by the Group for any staff member who subsequently left the Top-up Scheme prior to vesting fully in such contributions) to be used by the Group to offset the current level of contributions of the Group.

The Group's cost for the schemes charged to consolidated income statement for the year ended 31st December, 2004 amounted to HK\$46,000 (1.4.2003 to 31.12.2003: HK\$24,000).

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 51% and 80%, respectively, of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 68% and 85%, respectively, of the Group's total purchases for the year.

None of the directors, their associates, or any shareholders which, to the knowledge of the directors, own more than 5% of the Company's share capital, had any interest in the share capital of any other of the five largest customers or suppliers of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

退休金計劃(續)

休年齡時可取得100%本集團供款連同應計回報，而服務年期滿3年但不足10年之僱員則可按遞減比例取得30%至90%本集團供款。補足計劃容許本集團將任何已沒收供款(即本集團就任何可獲得全部供款前退出補足計劃之僱員而作出之供款)用以抵銷本集團現有之供款水平。

本集團於截至二零零四年十二月三十一日止年度內就該等計劃於綜合收益表扣除之費用為46,000港元(二零零三年四月一日至二零零三年十二月三十一日: 24,000港元)。

主要客戶及供應商

本集團最大客戶及五大客戶之總銷售額分別約佔本集團年內總營業額之51%及80%。

本集團最大供應商及五大供應商之總購貨額分別約佔本集團年內總購貨額之68%及85%。

各董事、其聯繫人或就董事所知擁有5%以上之本公司股本之任何股東概無擁有本集團任何五大客戶或供應商之股本權益。

買賣或贖回本公司之上市證券

年內，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

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.

CORPORATE GOVERNANCE

The Group's annual report for the year ended 31st December, 2004 has been reviewed by the Audit Committee.

Except that independent non-executive directors were not appointed for any specific term as they would be subject to retirement by rotation in accordance with clause 87(2) of the Company's bye-laws, the Company has complied throughout the year ended 31st December, 2004 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The Company has adopted Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors whether the directors have complied with the required standard set out in the Model Code during the year ended 31st December, 2004 and all directors confirmed that they have complied with the Model Code.

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

Rule 8.08 of the Listing Rules required at least 25% of the issued share capital of the Company must be held in public hands. Based on information available and within the knowledge of the directors as at 14th March, 2005 (the latest practicable date prior to the issue of the annual report), the obligation has been complied with.

POST BALANCE SHEET EVENT

Details of significant post balance sheet event are set out in note 45 to the financial statements.

股本優先購買權

本公司之公司細則或百慕達法例中，並無本公司須按比例發售新股予現有股東之股本優先購買權條文。

企業管治

審核委員會已審閱本集團截至二零零四年十二月三十一日止年度年報。

除獨立非執行董事並無任何特定任期惟須根據本公司之公司細則第87(2)條輪值告退，本公司於二零零四年十二月三十一日止年度內一直遵守上市規則附錄14所載之最佳應用守則。

本公司已採納上市規則附錄10所載之標準守則作為有關董事進行證券交易之操守守則。本公司已就於截至二零零四年十二月三十一日止年度內董事是否遵守標準守則所規定之標準向全體董事作出具體查詢，而全體董事均已確認彼等已遵守標準守則。

本公司已收到每名獨立非執行董事就其獨立性而根據上市規則第3.13條作出之年度確認函，並認為全體獨立非執行董事均屬獨立人士。

足夠之公眾持股量

上市規則第8.08條規定，本公司最少25%之已發行股本須由公眾人士持有，按所得資料及據董事所知，於二零零五年三月十四日(本年報刊發前之最後實際可行日期)，本公司已符合上述規定。

結算日後事項

結算日後重大事項之詳情載於財務報告附註45。

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

Aaron Tam, Chong-cheong

CHAIRMAN

Hong Kong, 17th March, 2005

核數師

本公司將於股東週年大會上提呈一項決議案，以續聘德勤•關黃陳方會計師行為本公司核數師。

代表董事會

主席

譚頌翔

香港，二零零五年三月十七日