

REPORT OF THE DIRECTORS

董事會報告書

The directors have pleasure in presenting their annual report and the audited financial statements of Grand Field Group Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 December, 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in the note 14 to the financial statements respectively. There have been no significant changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

The Group's turnover and profit from operations are all derived from the sales of properties in the People's Republic of China (the "PRC"). No segment information is presented in the financial statements.

RESULTS

The consolidated results of the Group for the year ended 31 December, 2004 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 30 to 33.

DIVIDENDS

The directors recommended the payment of a final dividends of HK0.8 cent per share (2003: nil) for the year ended 31 December, 2004 to the shareholders whose names appear on the register of members of the Company on 24 June 2005.

董事欣然提呈彼等截至二零零四年十二月三十一日止年度之鈞濠集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)之年報及經審核財務報告。

主要業務

本公司之主要業務為投資控股，而附屬公司之主要業務分別載於財務報表附註14。在本年度本集團之主要業務並沒有發生重大變化。

分類資料

由於本集團之營業額及經營溢利均來自在中華人民共和國(「中國」)銷售物業，故並無呈列分類資料。

業績

截至二零零四年十二月三十一日止年度之本集團綜合業績及在當日本公司和本集團之狀況，已載於財務報表第30至33頁。

股息

董事會建議向二零零五年六月二十四日登記在本公司股東名冊的股東派發截至二零零四年十二月三十一日止年度末期股息，每股港幣0.8仙(二零零三年：無)。

REPORT OF THE DIRECTORS

董事會報告書

INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT

Details of the movements in investment properties, property, plant and equipment of the Group during the year are set out in notes 12 and 13 to the financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in notes 26 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the statements of changes in equity on pages 34 and 35 of the financial statements.

投資物業以及物業、廠房及設備

本集團於本年度之投資物業以及物業、廠房及設備之變動載於財務報表附註12及13。

股本

本公司於本年度之股本變動詳情載於財務報表附註26。

儲備

本集團及本公司於本年度之儲備變動載於本財務報表第34及35頁之權益變動表。

REPORT OF THE DIRECTORS

董事會報告書

FINANCIAL SUMMARY

The following is a summary of the consolidated results and of the consolidated assets and liabilities of the Group for the five years ended 31 December 2004.

Consolidated results

		2004	2003	2002	2001	2000
		二零零四年	二零零三年	二零零二年	二零零一年	二零零零年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Turnover	營業額	138,628	68,956	72,161	82,865	51,184
Profit/(Loss) before taxation	除稅前利潤／(虧損)	47,707	(66,118)	(5,051)	(3,681)	11,945
Taxation	稅項	(7,089)	(733)	(383)	(137)	(769)
Net profit/(loss) attributable to shareholders	股東應佔淨利潤／(虧損)	40,618	(66,851)	(5,434)	(3,818)	11,176

Consolidated assets and liabilities

		2004	2003	2002	2001	2000
		二零零四年	二零零三年	二零零二年	二零零一年	二零零零年
Total assets	總資產	411,956	456,795	611,109	574,409	458,685
Total liabilities	總負債	(79,702)	(171,716)	(268,620)	(322,394)	(229,047)
Net assets	淨資產	332,254	285,079	342,489	252,015	229,638

MAJOR PROPERTIES

Details of the major properties of the Group at 31 December, 2004 are set out on pages 81 to 88.

財務摘要

以下為本集團截至二零零四年十二月三十一日止五個年度之綜合業績及綜合資產及負債摘要。

綜合業績

Year ended 31 December

截至十二月三十一日止年度

綜合資產及負債

As at 31 December

於十二月三十一日

主要物業

本集團於二零零四年十二月三十一日之主要物業詳情載於第81至第88頁。

REPORT OF THE DIRECTORS

董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS

During the year, turnover made to the five largest customers of the Group accounted for approximately 77% (2003: less than 5%) of the Group's total turnover for the year. Turnover made to the Group's largest customer accounted for approximately 70% (2003: less than 5%) of the Group's total turnover for the year.

Purchases from the five largest suppliers of the Group accounted for approximately 84% (2003: 80%) of the Group's total purchases for the year. Purchases from the Group's largest supplier accounted for approximately 44% (2003: 48%) of the Group's total purchases for the year.

As far as the directors are aware, neither the directors, their associates, nor the 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 and suppliers during the year.

BORROWINGS AND CAPITALISATION OF INTEREST

Details of bank and other borrowings are set out in note 23 to the financial statements.

During the year, no interest (2003: Nil) was capitalized by the Group in respect of properties held for development.

PURCHASE, SALE REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

主要客戶及供應商

本集團五大客戶之營業額佔本年度本集團之營業額約77% (二零零三年: 少於5%)。本集團最大客戶之營業額佔本年度本集團之營業額約70% (二零零三年: 少於5%)。

本集團五大供應商之採購額佔本年度本集團之採購總額約84% (二零零三年: 80%)，而本集團最大供應商之採購額佔本年度本集團之採購總額約44% (二零零三年: 48%)。

就董事所知，各董事、彼等之聯繫人士或任何就董事所知擁有本公司股本5%以上權益之股東概無擁有本集團五大客戶及五大供應商之任何權益。

借款及利息資本化

銀行及其他貸款詳情分別載於財務報表附註23。

本集團本年度內並無就持作發展物業將利息資本化 (二零零三年: 無)。

購買、出售及贖回本公司上市證券

本公司及所有附屬公司於本年度概無購買、出售或贖回本公司之上市證券。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS

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

Executive Directors

Mr. Tsang Wai Lun, Wayland (*Chairman*)
 Madam Kwok Wai Man, Nancy
 Mr. Lau Tam Wah
 Mr. Zen Qing Sheng (resigned on 5 July 2004)

Independent Non-executive Directors

Mr. Hui Pui Wai, Kimber
 Mr. Lum Pak Sum (appointed on 5 July 2004)
 Dr. Wong Yun Kuen (appointed on 2 September 2004)
 Mr. Ho Kwong Yue, Sidney (resigned on 5 July 2004)

In accordance with clause 111A and 115 of the Company's bye-laws, Mr. Hui Pui Wai, Kimber, Mr. Lum Pak Sum and Dr. Wong Yun Kuen will retire by rotation and, being eligible, offer themselves for re-election.

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

董事

於本年度內及直至本報告編製日期止，列位董事如下：

執行董事

曾煒麟先生 (主席)
 郭慧玟女士
 劉潭華先生
 曾慶勝先生 (於二零零四年七月五日辭任)

獨立非執行董事

許培偉先生
 林柏森先生 (於二零零四年七月五日委任)
 黃潤權博士 (於二零零四年九月二日委任)
 何廣宇先生 (於二零零四年七月五日辭任)

根據本公司細則第111A條及115條，許培偉先生、林柏森先生及黃潤權博士將輪值退任，並合符資格膺選連任。

於即將舉行之股東週年大會重選連任之董事，概無與本集團訂立不能於一年內由本集團終止而毋須作出賠償 (法定賠償除外) 之服務合約。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS (Continued)

The Company received confirmation of independence from Mr. Hui Pui Wai, Kimber, being the independent non-executive director in respect of the year ended 31 December, 2004, pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company also received confirmation of independence from Mr. Lum Pak Sum and Dr. Wong Yun Kuen, who have been appointed as the independent non-executive directors with effect from 5 July, 2004 and 2 September, 2004 respectively, pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors to be independent.

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 7 to 10 of the Company's annual report.

董事 (續)

本公司已收到截至二零零四年十二月三十一日止年度出任獨立非執行董事許培偉先生就彼等之獨立性而根據上市規則第3.13條發出之獨立確認書。本公司亦已收到於二零零四年七月五日獲委任為獨立非執行董事林柏森先生及於二零零四年九月二日獲委任為獨立非執行董事黃潤權博士就彼之獨立性而根據上市規則3.13條發出之獨立確認書。本公司認為所有獨立非執行董事均為獨立人士。

本公司之董事及本集團之高層管理人員之簡歷載於本財務報表第7至10頁。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN SHARES, WARRANTS AND OPTIONS

(i) Short positions in shares of the Company

At 31 December, 2004, the interests and short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under 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 Companies (the "Model Code") as set out in the Listing Rules were as follows:

董事股份、認股權證及購股權之權益

(i) 本公司股票之淡倉

在二零零四年十二月三十一日，本公司各董事及行政總裁於本公司或其任何聯營公司（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中之權益及淡倉，或本公司根據證券及期貨條例第352條須存置之登記冊所記錄之權益及淡倉，或根據上市條例有關上市公司董事進行證券交易的標準守則（「標準守則」）而須另行知會本公司及聯交所之權益及淡倉如下：

Name of director 董事姓名	Number of ordinary shares held 所持股份數目				Total interests as percentage of the issued share capital 權益總額佔已發行股本之百分比
	Personal interest 個人權益	Family interests 親屬權益	Corporate interests 公司權益	Total interests 權益總額	
Mr. Tsang Wai Lun, Wayland 曾煒麟先生	59,260,000	–	735,050,000 (Note) (附註)	794,310,000	38.81%
Madam Kwok Wai Man, Nancy 郭慧玟女士	8,220,000	–	735,050,000 (Note) (附註)	743,270,000	36.32%
Mr. Lau Tam Wah 劉潭華先生	1,000,000	–	–	1,000,000	0.05%

Note: These shares are held through Rhenfield Development Corp., the entire issued capital of which is owned by Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy in equal share.

附註：此等股份乃透過Rhenfield Development Corp.持有，而該公司全部已發行股本由曾煒麟先生及郭慧玟女士等額擁有。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN SHARES, WARRANTS AND OPTIONS *(Continued)*

(ii) Warrants

Under an arrangement of bonus issue of warrants (the "Arrangement"), the Company granted and issued warrants to all shareholders on 15 March, 2002 where all shareholders were given a warrant for every five shares held on 14 March, 2002 and therefore, a total of 153,160,000 warrants were granted and issued to directors, Mr. Tsang Wai Lun, Wayland, Madam Kwok Wai Man, Nancy and Mr. Lau Tam Wah on 15 March, 2002. Under the Arrangement, the warrant holders shall have the rights which may be exercised in whole or in part at any time within the period from 14 September, 2004 to 13 March, 2005 to subscribe for fully paid shares at a price of HK\$0.435 per share.

董事股份、認股權證及購股權之權益 (續)

(ii) 認股權證

根據一項紅利發行認股權證安排(「安排」)，本公司於二零零二年三月十五日向在二零零二年三月十四日之所有股東發出認股權證，每持有五股股份即獲發一份認股權證。故本公司之董事曾煒麟先生、郭慧玟女士及劉潭華先生於二零零二年三月十五日獲發合共153,160,000份認股權證。認股權證持有人有權在二零零四年九月十四日至二零零五年三月十三日期間行使全部或部份權力，按每股港幣0.435元之價格認購繳足股份。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN SHARES, WARRANTS AND OPTIONS *(Continued)*

(ii) Warrants *(Continued)*

As at 31 December, 2004, details of the warrants granted to the directors of the Company under the Arrangement are as follows:

Name of director 董事姓名	Number of ordinary warrant held 認股權證數目			
	Personal interest 個人權益	Family interests 親屬權益	Corporate interests 公司權益	Total interest 權益總額
Mr. Tsang Wai Lun, Wayland 曾煒麟先生	5,000,000	–	147,010,000 <i>(Note)</i> <i>(附註)</i>	152,010,000
Madam Kwok Wai Man, Nancy 郭慧玟女士	950,000	–	147,010,000 <i>(Note)</i> <i>(附註)</i>	147,960,000
Mr. Lau Tam Wah 劉潭華先生	200,000	–	–	200,000

Note: These warrants are held through Rhenfield Development Corp., the entire issued share capital of which is owned by Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy in equal share.

(iii) Share options in the Company

Details of the share options granted to the directors of the Company under the share option are set out on pages 22 to 25.

董事股份、認股權證及購股權之權益 (續)

(ii) 認股權證 (續)

於二零零四年十二月三十一日，本公司根據此安排向董事授予認股權證之詳情如下：

附註：此等認股權證乃透過 Rhenfield Development Corp. 持有，而該公司全部已發行股本由曾煒麟先生及郭慧玟女士等額持有。

(iii) 購股權

根據購股權計劃向本公司董事授予之購股權載於第22至25頁。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' INTERESTS IN SHARES, WARRANTS AND OPTIONS (Continued)

(iv) Share in subsidiaries

Each of Mr. Tsang Wai Lun, Wayland and Madam Kwok Wai Man, Nancy also has interests in the following non-voting deferred shares in the following subsidiaries of the Company:

	Grand Field Group Limited 鈞濠集團 有限公司	Ka Fong Industrial Company Limited 嘉豐實業 有限公司	Kwan Cheung Holdings Limited 均翔股份 有限公司	Shing Fat Hong Limited 成發行 有限公司
Mr. Tsang Wai Lun, Wayland	1 share of HK\$100	1,000 shares of HK\$100 each	1 share of HK\$100	1 share of HK\$1
曾煒麟先生	1股面值 港幣100元股份	1,000股面值 港幣100元股份	1股面值 港幣100元股份	1股面值 港幣1元股份
Madam Kwok Wai Man, Nancy	1 share of HK\$100	1,000 shares of HK\$100 each	1 share of HK\$100	1 share of HK\$1
郭慧玟女士	1股面值 港幣100元股份	1,000股面值 港幣100元股份	1股面值 港幣100元股份	1股面值 港幣1元股份

Other than the shareholdings disclosed above and nominee shares in certain subsidiaries held in trust for the Group, at 31 December, 2004, neither the directors nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SFO.

董事股份、認股權證及購股權之權益 (續)

(iv) 附屬公司股份

曾煒麟先生及郭慧玟女士各自亦持有以下本公司附屬公司的無投票權遞延股份:

於二零零四年十二月三十一日，除以上披露之股份權益及以信託形式代本集團持有附屬公司之若干代理人股份外，董事及彼等關聯人士概無擁有證券及期貨條例所列本公司或其關連公司之任何證券權益。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed under the headings "Directors' interests in shares, warrants and options" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any rights to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or 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

No director of the Company had a significant beneficial interest, either directly or indirectly, in any contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year or at the end of the year.

董事購買股份或債券之權利

除於上文「董事股份、認股權證及購股權之權益」中披露外，於本年度的任何時間內，本公司及其附屬公司概無訂立任何安排令本公司董事或主要行政人員（包括其配偶或18歲以下的子女）有權認購本公司或根據證券及期貨條例定義之關連公司之證券；或因購入本公司或其他任何相關法團之股份或債券而獲利。

董事之合約權益

於本年度結算日或本年度任何時間內，本公司或其任何附屬公司概無訂立本公司董事直接或間接擁有重大權益的重大合約。

REPORT OF THE DIRECTORS

董事會報告書

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2004, other than the interests disclosed above in respect of certain directors, so far as is known to the directors, the following parties (other than the directors and chief executives of the Company) had interests of 5% or more in the issued share capital of the Company as recorded in the register required to be kept under Section 336 of SFO:

Name of shareholders 股東姓名	Number of ordinary shares 股數	Percentage of interest 權益百分比
Worldgate Developments Ltd.	126,000,000	6.2%
Logistics China Enterprises Ltd.	126,000,000	6.2%

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme which became effective on 4 August, 1999 (the "Share Option Scheme"), the board of directors of the Company may, at its discretion, grant options to eligible employees, including executive directors, of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of 80% of the average of the closing prices of the shares on the Stock Exchange for the five trading days immediately preceding the date of the offer of the grant of the options and the nominal value of the shares.

主要股東證券權益

於二零零四年十二月三十一日，除上文披露之若干董事權益外，據董事所知，根據證券及期貨條例第336條所存置之主要股東名冊所記錄，下列人士（除本公司之董事及主要行政人員外）擁有本公司已發行股本5%或以上之權益。

購股權計劃

根據本公司於一九九九年八月四日生效之購股權計劃，本公司董事會可酌情向本公司或其任何附屬公司合資格僱員（包括執行董事）授予購股權，而行使價不少於緊接獲授購股權之認購日期前五個交易日股份於聯交所之平均收市價最多80%之價格及股份之面值認購本公司股份。

REPORT OF THE DIRECTORS

董事會報告書

SHARE OPTION SCHEME (Continued)

The maximum number of shares in respect of which options may be granted under the Share Option Scheme may not exceed 10% of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may granted to any one employee shall not exceed 25% of the maximum number of shares in respect of which options may be granted under the Share Option Scheme.

The summary of movements in share options of certain directors and employees of the Group under the Share Option Scheme was as follows:

購股權計劃 (續)

根據購股權計劃可隨時獲授之購股權最多之股份數目，不可超逾本公司不時已發行股本之10%，而根據購股權計劃可授予任何一名僱員之購股權，不可超逾最多可授股份數目之25%。

年內，本集團若干董事及員工於購股權計劃項下之購股權之變動概要詳情如下：

Name or category of participant	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding at 1/1/2004	Number of share options 購股權數目		
					Granted during the year	Lapsed during the year	Outstanding at 31/12/2004
參與者名稱或類別	授予日期	行使價 (港幣元)	行使日期	於二零零四年 一月一日 未獲行使	年內授出	年內失效	於二零零四年 十二月三十一日 未獲行使
Directors							
Mr. Tsang Wai Lun, Wayland 曾煒麟先生	29/10/2001	0.0839	1/11/2001 to 28/10/2004	4,250,000	-	(4,250,000)	-
	30/1/2002	0.1581	4/2/2002 to 29/1/2005	6,500,000	-	-	6,500,000
	25/11/2003	0.0650	25/11/2003 to 24/11/2006	4,950,000	-	-	4,950,000

REPORT OF THE DIRECTORS

董事會報告書

SHARE OPTION SCHEME (Continued)

購股權計劃 (續)

Name or category of participant	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding at 1/1/2004	Number of share options 購股權數目		
					Granted during the year	Lapsed during the year	Outstanding at 31/12/2004
參與者名稱或類別	授予日期	行使價 (港幣元)	行使日期	於二零零四年 一月一日 未獲行使	年內授出	年內失效	於二零零四年 十二月三十一日 未獲行使
Madam Kwok Wai Man, Nancy 郭慧玟女士	29/10/2001	0.0839	1/11/2001 to 28/10/2004	4,250,000	-	(4,250,000)	-
	30/1/2002	0.1581	4/2/2002 to 29/1/2005	6,500,000	-	-	6,500,000
	25/11/2003	0.0650	25/11/2003 to 24/11/2006	4,950,000	-	-	4,950,000
Mr. Lau Tam Wah 劉潭華先生	30/1/2002	0.1581	4/2/2002 to 29/1/2005	750,000	-	-	750,000
	25/11/2003	0.0650	25/11/2003 to 24/11/2006	3,200,000	-	-	3,200,000
Mr. Zen Qing Sheng (Resigned on 5 July, 2004) 曾慶勝先生	30/1/2002	0.1581	4/2/2002 to 29/1/2005	6,500,000	-	-	6,500,000
(於二零零四年七月五日辭任)	25/11/2003	0.0650	25/11/2003 to 24/11/2006	14,300,000	-	-	14,300,000
				56,150,000	-	(8,500,000)	47,650,000

REPORT OF THE DIRECTORS

董事會報告書

SHARE OPTION SCHEME (Continued)

購股權計劃 (續)

Name or category of participant	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding at 1/1/2004	Number of share options 購股權數目		
					Granted during the year	Lapsed during the year	Outstanding at 31/12/2004
參與者名稱或類別	授予日期	行使價 (港幣元)	行使日期	於二零零四年 一月一日 未獲行使	年內授出	年內失效	於二零零四年 十二月三十一日 未獲行使
Other employees 其他員工							
In aggregate 合計	29/10/2001	0.0839	1/11/2001 to 28/10/2004	6,150,000	-	(6,150,000)	-
	30/1/2002	0.1581	4/2/2002 to 29/1/2005	2,700,000	-	-	2,700,000
	25/11/2003	0.0650	25/11/2003 to 24/11/2006	51,650,000	-	-	51,650,000
				<u>116,650,000</u>	<u>-</u>	<u>(14,650,000)</u>	<u>102,000,000</u>

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

管理合約

本年度並無訂立或存在任何與本公司全部或任何重大部份業務有關管理及行政之合約。

REPORT OF THE DIRECTORS

董事會報告書

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code under Appendix 10 of the Listing Rules.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements. The audit committee consists of three independent non-executive directors, namely Mr. Hui Pui Wai, Kimber, Mr. Lum Pak Sum and Dr. Wong Yun Kuen. There were two audit committee meetings held during the year.

股份優先購買權

本公司附則或本公司成立所在地百慕達法律並無關於股份優先購買權之規定，要求本公司在發行新股時須按比例配予現有股東。

最佳應用守則

董事會認為本公司於年內一直遵守上市規則附錄十四之最佳應用守則。

標準守則

本公司已採納對董事進行證券交易之行為守則（其條款不低於上市規則附錄10之標準守則）。

審核委員會

審核委員會已與管理層審閱本集團採用之會計原則及守則，亦已討論審核、內部監控及財務申報程序包括審閱經審核之財務報表等事項。審核委員會成員包括三名獨立非執行董事，分別為許培偉先生、林柏森先生及黃潤權博士。於本年度審核委員會共舉行過兩次會議。

REPORT OF THE DIRECTORS

董事會報告書

AUDITORS

Charles Chan, Ip & Fung CPA Ltd. acted as the Company's auditor for the year ended 31 December, 2002. Charles Chan, Ip & Fung CPA Ltd. retired as auditors of the Company at the annual general meeting of the Company held on 26 June 2003 where Chu and Chu Certified Public Accountants were appointed as auditors of the Company to replace the retired auditors.

Chu and Chu Certified Public Accountants resigned on with effect from 20 December, 2004 and the directors appointed Baker Tilly Hong Kong Limited to fill the casual vacancy. Baker Tilly Hong Kong Limited audited the financial statements for the year ended 31 December, 2004.

Baker Tilly Hong Kong Limited 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

Tsang Wai Lun, Wayland

Chairman

Hong Kong
23 April, 2005

核數師

陳葉馮會計師事務所有限公司於截至二零零二年十二月三十一日之年度擔任本公司之核數師。於二零零三年六月二十六日之本公司股東週年大會上，陳葉馮會計師事務所有限公司退任本公司之核數師，朱永昌，朱國正會計師事務所獲委任以代替已退任之核數師。

朱永昌，朱國正會計師事務所於二零零四年十二月二十日辭任，董事委任正風會計師事務所有限公司以填補空缺。正風會計師事務所有限公司審核截至二零零四年十二月三十一日止之賬目。

正風會計師事務所有限公司任滿退任。對續聘其為本公司之核數師之決議將提呈即將舉行之股東週年大會。

承董事會命

主席

曾煒麟

香港
二零零五年四月二十三日