

# Directors' Report

## 董事會報告

The directors of the Company (the "Directors") submit herewith their report together with the audited accounts of the Company and the Group for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the provision of financial services including broking, securities margin financing, money lending, investment trading and holding, corporate finance and asset management.

### SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 13 to the accounts.

### RESULTS

The results of the Group for the year ended 31 December 2004 and the state of the Company's and the Group's affairs as at that date are set out in the accounts on pages 28 to 70.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2004.

### SHARE CAPITAL

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

### RESERVES

Details of movements during the year in the reserves of the Group and the Company are set out in note 24 to the accounts.

### MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover attributable to the Group's five largest customers accounted for less than 30% of the total turnover for the year.

The Group is a provider of financial services. In the opinion of the Directors, it is therefore of no value to disclose details of the Group's suppliers.

本公司董事（「董事」）仝人謹將本公司及本集團截至二零零四年十二月三十一日止年度之年報及經審核賬目呈覽。

### 主要業務

本公司之主要業務為投資控股。附屬公司之主要業務為提供金融服務，包括經紀業務、證券孖展融資、貸款、投資買賣及控股、企業融資及資產管理。

### 附屬公司

本公司主要附屬公司之詳情列載於賬目附註13。

### 業績

本集團截至二零零四年十二月三十一日止年度之業績及本公司與本集團於當日之財政狀況載於第28至70頁之賬目。

董事不建議派發截至二零零四年十二月三十一日止年度之任何股息。

### 股本

年內本公司股本變動詳情列載於賬目附註22。

### 儲備

本集團及本公司年內儲備變動詳情分別列載於賬目附註24。

### 主要客戶及供應商

於回顧年度，五大客戶所佔本集團營業額不足全年總營業額的30%。

由於本集團為金融服務商，董事認為披露本集團供應商資料並無參考價值。

## FIXED ASSETS

Details of movements in fixed assets during the year are set out in note 12 to the accounts.

## DIRECTORS

The Directors during the financial year and up to the date of this report were:

### Executive Directors

Chan How Chung, Victor  
Lee Huei Lin  
Boo Chun Lon (appointed on 14 September 2004)  
To Shu Fai (resigned on 21 September 2004)

### Independent Non-executive Directors

Yuen Wai Ho (appointed on 8 April 2004)  
On Kien Quoc (appointed on 14 September 2004)  
Chow Siu Ngor (appointed on 14 October 2004)  
Heng Kwoong Seng (resigned on 14 September 2004)  
Choy Hok Man, Constance (resigned on 29 February 2004)

In accordance with bye-law 99 of the bye-laws of the Company, Mr Chan How Chung, Victor retires and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

In accordance with bye-law 102(B) of the bye-laws of the Company, Mr Boo Chun Lon, Mr On Kien Quoc and Mr Chow Siu Ngor retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

## DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election and re-appointment at the forthcoming annual general meeting has an unexpired service contract, which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

## 固定資產

年內固定資產之變動詳情列載於賬目附註12。

## 董事

本財政年度內及截至本報告日期止，董事會成員如下：

### 執行董事

陳孝聰  
李慧玲  
巫峻龍 (於二零零四年九月十四日獲委任)  
杜樹輝 (於二零零四年九月二十一日辭任)

### 獨立非執行董事

阮煒豪 (於二零零四年四月八日獲委任)  
溫國堅 (於二零零四年九月十四日獲委任)  
鄒小岳 (於二零零四年十月十四日獲委任)  
邢詒春 (於二零零四年九月十四日辭任)  
蔡學雯 (於二零零四年二月二十九日辭任)

根據本公司的公司細則第99條，陳孝聰先生依章告退，惟合資格並願意在即將召開之股東週年大會上膺選連任。

根據本公司的公司細則第102(B)條，巫峻龍先生、溫國堅先生及鄒小岳先生依章告退，惟合資格並願意在即將召開之股東週年大會上膺選連任。

## 董事之服務合約

擬在即將召開之股東週年大會上膺選連任之董事概無與本公司或任何附屬公司訂立如不作出賠償(法定賠償除外)則不能於一年內終止之服務合約。

## Directors' Report (continued) 董事會報告 (續)

### DIRECTORS' INTERESTS IN CONTRACTS

Details of the Directors' interests in contracts are set out in note 29 to the accounts.

Save as disclosed above, no other contracts of significance to which the Company, its holding companies, its fellow subsidiaries or any of its subsidiaries was a party and in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2004, the interests or short positions of the Directors and chief executives and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 Issuers (the "Model Code") were as follows:

#### Long position in the ordinary shares of HK\$0.01 each ("Shares") in the Company

Name of Director 董事姓名	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued share capital 佔已發行股本百分比
Chan How Chung, Victor ("Mr Chan") 陳孝聰 (「陳先生」)	2,038,430,550 (Note) (附註)	Interest of a controlled corporation 受控制公司權益	67.95%

*Note:*

Mr Chan was taken to be interested in (i) 150,000,000 Shares, which were beneficially held by Smart Ease Corporation, a company wholly owned by Mr Chan; and (ii) 1,888,430,550 Shares by virtue of his 39% attributable shareholding interest in TKR Finance Limited ("TKR") (in liquidation), which had a security interest over such Shares. TKR was wholly owned by TingKong-RexCapital Holdings Limited, which in turn was owned as to 52.1% by REXCAPITAL Partners Incorporated. REXCAPITAL Partners Incorporated was owned as to 75% by Mr Chan.

### 董事所佔合約權益

董事所佔合約權益之詳情列載於賬目附註29。

除上文所披露者外，本公司、其控股公司、同系附屬公司或任何附屬公司在年終時或本年度內任何時間，概無訂立任何令董事擁有重大權益之重要合約。

### 董事及主要行政人員所佔證券權益

於二零零四年十二月三十一日，董事及本公司主要行政人員及彼等之聯繫人士於本公司之股份中擁有根據證券及期貨條例（「證券及期貨條例」）第352條須記錄在本公司存置之名冊上之權益及淡倉或根據上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

#### 於本公司每股面值0.01港元的普通股（「股份」）之好倉

*附註：*

陳先生被視為擁有下列股份的權益：(i) 陳先生全資擁有的公司Smart Ease Corporation實益持有的150,000,000股股份；及(ii)1,888,430,550股股份，基於其應佔39%股權的鼎康御泰財務有限公司（「鼎康財務」）（清盤中）擁有該等股份的抵押利益。鼎康財務由REXCAPITAL Partners Incorporated擁有52.1%權益的TingKong-RexCapital Holdings Limited全資擁有。REXCAPITAL Partners Incorporated則由陳先生擁有75%權益。

Save as disclosed above, as at 31 December 2004, none of the Directors or chief executives, nor their associates, had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTIONS

The following is a summary of the principal terms of the share option scheme adopted by the Company on 22 November 2002 (the "Scheme").

The purpose of the Scheme is to enable the Company to grant options to executives and employees of the Group and other persons who have make a contribution to the Group as incentives and/or rewards for their contributions to the Company or its subsidiaries.

According to the Scheme, the Board may grant options to the eligible participants as defined in the Scheme to subscribe for such number of shares as the Board may determine. Options granted should be accepted within 30 days from the date of offer. Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

The exercise price of options shall be determined by the Board, save that such price will not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant, and (c) the nominal value of a share.

除上文所述者外，於二零零四年十二月三十一日，各董事或主要行政人員或彼等之聯繫人士概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中擁有任何根據證券及期貨條例須記錄在名冊上之權益或淡倉或根據標準守則須知會本公司及聯交所之權益及淡倉。

### 購股權

以下為本公司於二零零二年十一月二十二日採納之購股權計劃（「該計劃」）之主要條款概要。

該計劃旨在使本公司可向曾對本集團作出貢獻之本集團行政人員及僱員以及其他人士授出購股權，作為彼等對本公司或其附屬公司作出貢獻之獎勵及／或回報。

根據該計劃，董事會可向該計劃所界定之合資格參與者授出購股權，以認購董事會所釐定數目之股份。授出之購股權須自邀約日期起計30日內接納。接納購股權時，承授人須向本公司支付1.00港元作為獲授購股權之代價。

購股權之行使價由董事會釐定，惟不得低於(a)授出購股權當日（須為營業日）聯交所每日報價表所示之股份收市價；(b)截至授出購股權日期前五個營業日聯交所每日報價表所示之股份平均收市價；或(c)股份面值（以最高者為準）。

## Directors' Report (continued)

### 董事會報告 (續)

The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Company must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the Scheme provided that the Company may at any time seek approval from its shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in general meeting where such limit is refreshed. Options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's issued share capital on the date of grant or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no options can be exercised more than 10 years after it has been granted. There is no general requirement that an option must be held for any minimum period before it can be exercised. The Scheme will expire on 22 November 2012.

因行使根據該計劃及本公司任何其他購股權計劃授出之所有購股權而可發行之股份上限，不得超過批准及採納該計劃當日本公司已發行股本之10%，惟本公司可隨時徵求股東批准將上限重新釐定為股東於股東大會上批准重新釐定上限當日之已發行股份之10%。計算重新釐定之上限時，先前根據本公司任何購股權計劃授出之購股權（包括根據該等計劃尚未行使、已註銷、已失效或已行使之購股權）不會計算在內。

於截至授出購股權日期（包括該日）之前任何12個月內，因行使各合資格參與者根據該計劃及本公司任何其他購股權計劃獲授之購股權（包括已行使、已註銷及未行使之購股權）而已發行及可發行之股份總數，不得超過授出購股權當日之已發行股份之1%。倘向主要股東或獨立非執行董事授出超逾本公司於授出日期之已發行股本之0.1%或價值超出5,000,000港元之購股權，則須先經本公司股東批准。

購股權行使期將由董事會全權釐定，惟授出購股權日期起計10年後不可行使購股權。本公司並無規定行使前必須持有購股權之最短期限。該計劃將於二零一二年十一月二十二日屆滿。

At 31 December 2004, no Director had any interests in options to subscribe for shares of the Company. During the year ended 31 December 2004, 150,000,000 number of share options were granted under the Scheme. The Directors do not consider it is appropriate to disclose a theoretical value of the share options granted during the year because in the absence of a readily available market value of the share options on the ordinary shares of the Company, any calculation of the value of options ascertained on various theoretical bases and subjective assumptions will not be meaningful and may be misleading to shareholders in the circumstances.

於二零零四年十二月三十一日，概無董事擁有可認購本公司股份之購股權之任何權益。於截至二零零四年十二月三十一日止年度，在該計劃下授出之購股權為150,000,000份。由於可認購本公司普通股的購股權並無即時可供參考之市值，因此根據若干理論基準及主觀假設而確定購股權價值並無意義，且可能誤導股東，董事因而認為披露年內授出的購股權的理論價值並不合適。

The movements in share options granted under the Scheme during the year are shown below:

於年內就該計劃授出的購股權的變動詳情列載如下：

Category of participant 參與者類別	Number of options 購股權數目				At 31 December 2004 於二零零四年 十二月三十一日	Date of grant of options 購股權 授出日期	Exercise price per Share 每股行使價 HK\$/港元	Exercisable period 行使期
	At 1 January 2004 於二零零四年 一月一日	Granted during the year 於年內授出	Exercised during the year 於年內行使	Lapsed during the year 於年內失效				
Total employees 僱員總數	-	90,000,000	-	(30,000,000)	60,000,000	3/1/2004	0.138	3/1/2004 - 2/1/2014
Other eligible participants 其他合資格參與者	-	60,000,000	-	-	60,000,000	3/1/2004	0.138	3/1/2004 - 2/1/2014
Total 合計	-	150,000,000	-	(30,000,000)	120,000,000			

#### ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its holding companies, its fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### 購買股份或債券之安排

除上文所披露者外，本公司、其控股公司、同系附屬公司或任何附屬公司於年內任何時間概無參與任何安排，致使董事可藉購入本公司或任何其他公司之股份或債券而獲益。

## Directors' Report (continued) 董事會報告 (續)

### DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to rule 8.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), details of the interests held by the Directors in businesses that are considered to compete or is likely to compete, either directly or indirectly, with the businesses of the Group, are disclosed as follows:

Name of company 公司名稱	Competing business 競爭業務
1 RPI Finance Limited ("RPI") 御泰財務有限公司 (「御泰財務」)	Money lending 貸款
2 D & M Finance Limited ("D&M")	Money lending 貸款
3 Drake & Morgan Limited ("Drake & Morgan")	Securities dealing 證券交易
4 TKR Finance Limited ("TKR") (in liquidation) 鼎康御泰財務有限公司 (「鼎康財務」) (清盤中)	Money lending 貸款

Mr Chan How Chung, Victor is a director and deemed to be the substantial shareholder of the above companies. Miss Lee Hwei Lin is a director of these companies. The terms and conditions of the financing loans of each of RPI, D&M and TKR are market driven and agreed at arm's length between the borrowers and the financiers. The client base of Drake & Morgan is different from that of the Group and the business transactions are carried out at arm's length and at the prevailing market prices. When making decisions on the above competing business, the relevant directors, in the performance of their duties as directors of the Company, have acted and will continue to act in the best commercial interest of the Group.

### 董事於競爭業務之權益

根據聯交所證券上市規則 (「上市規則」) 第 8.10(2) 條, 董事於被視為與本集團業務直接或間接競爭或可能有所競爭之業務持有之權益詳情披露如下:

陳孝聰先生為上述公司之董事及被視為其主要股東。李慧玲小姐為該等公司之董事。御泰財務、D&M及鼎康財務各自之財務貸款之條款及條件均由市場導向並由借貸雙方經公平磋商協定。Drake & Morgan之客戶基礎與本集團之客戶基礎有所不同, 而該等商業交易均經公平磋商及按當時市價進行。於制訂上述競爭業務之決策時, 有關董事 (於履行彼等作為本公司董事之職務時) 經已並將會繼續採取符合本集團最佳商業利益之行動。

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, the interests or short positions of the following parties (other than a Director or chief executive of the Company) in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

### Long Position in the Shares

Name of Shareholders 股東名稱	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued Percentage of issued share capital 佔已發行股本百分比
To Shu Fai 杜樹輝	1,998,805,635 (Note 1) (附註1)	Interest of a controlled corporation 受控制公司權益	66.63%
TKR (in liquidation) 鼎康財務(清盤中)	1,914,102,690 (Note 2) (附註2)	Security interest 保證權益	63.80%

Notes:

- These Shares were held by Kingly Profits Corporation, which was owned as to 80% by King United Agents Limited. King United Agents Limited was wholly owned by Mr To Shu Fai.
- The Company received a copy of the disclosure of interests form filed pursuant to the SFO by the provisional liquidator of TKR claiming its security interests in 1,914,102,690 Shares. The Company was informed that the number of Shares it was interested in was subject to verification.

Save as disclosed above, the register required to be kept under Section 336 of the SFO shows that as at 31 December 2004, the Company had not been notified of any other person who had an interest or short position in the shares and underlying shares 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條須存置之登記冊所載，下列各方（董事或本公司主要行政人員除外）於本公司股份中擁有之權益及淡倉如下：

### 於股份之好倉

Name of Shareholders 股東名稱	Number of Shares 股份數目	Type of interest 權益類別	Percentage of issued Percentage of issued share capital 佔已發行股本百分比
To Shu Fai 杜樹輝	1,998,805,635 (Note 1) (附註1)	Interest of a controlled corporation 受控制公司權益	66.63%
TKR (in liquidation) 鼎康財務(清盤中)	1,914,102,690 (Note 2) (附註2)	Security interest 保證權益	63.80%

附註：

- 該等股份由Kingly Profits Corporation 持有，而King United Agents Limited 擁有Kingly Profits Corporation 之80%權益。King United Agents Limited由杜樹輝先生全資擁有。
- 本公司接獲一份由鼎康財務臨時清盤人根據證券及期貨條例呈交的權益披露表格副本，稱其擁有1,914,102,690股股份的保證權益。本公司獲知會其擁有權益的股份數目有待核實。

除上文所披露者外，根據證券及期貨條例第336條置存之登記冊所顯示，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人士於本公司股份或相關股份中擁有權益或淡倉。



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

The Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2004.

#### CONNECTED TRANSACTIONS

Particulars of connected transactions of the Company and the Group during the year ended 31 December 2004 are set out in note 29 to the accounts.

#### BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and the Group as at 31 December 2004 are set out in note 28 to the accounts.

#### FIVE YEAR FINANCIAL SUMMARY

A summary of the consolidated results and of the assets and liabilities of the Group for the last five financial years is set out on page 71.

#### RETIREMENT BENEFIT SCHEME

Particulars of the retirement benefit scheme of the Group are set out in note 25 to the accounts.

#### PRE-EMPTIVE RIGHTS

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

#### 買賣或贖回本公司上市證券

本公司及其附屬公司於截至二零零四年十二月三十一日止年度概無買賣或贖回本公司任何上市證券。

#### 關連交易

本公司及本集團於截至二零零四年十二月三十一日止年度之關連交易詳情列載於賬目附註29。

#### 銀行貸款及其他借款

本公司及本集團於二零零四年十二月三十一日之銀行貸款及其他借款詳情列載於賬目附註28。

#### 五年財務摘要

本集團於過去五個財政年度之綜合業績及資產與負債摘要列載於第71頁。

#### 退休福利計劃

有關本集團退休福利計劃詳情列載於賬目附註25。

#### 優先認股權

本公司之公司細則或百慕達法例並無有關本公司須按比例向現有股東發售新股之優先認購權規定。

## CODE OF BEST PRACTICE

None of the Directors is aware of any information which would reasonably indicate that the Company is not, or was not, throughout the year ended 31 December 2004, in compliance with the Code of Best Practice as previously set out in Appendix 14 to the Listing Rules prior to 1 January 2005, which remain applicable to disclosure in annual reports in respect of accounting periods commencing before 1 January 2005 under the transitional arrangement, except that the non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation at the Company's annual general meeting as specified in the bye-laws of the Company.

## AUDIT COMMITTEE

The Audit Committee consisted of Mr Yuen Wai Ho, Mr On Kien Quoc and Mr Chow Siu Ngor, all are the independent non-executive Directors. The primary duties of the Audit Committee are to review the accounting principles and practices adopted by the Group, the financial reporting process and internal control system of the Group.

## AUDITORS

Deloitte Touche Tohmatsu resigned as auditors of the Company on 21 January 2003. Ting Ho Kwan & Chan were appointed subsequently on 22 January 2003, Ting Ho Kwan & Chan retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ting Ho Kwan & Chan is to be proposed at the forthcoming annual general meeting.

By order of the Board

**Chan How Chung, Victor**  
*Executive Director*

Hong Kong, 28 April 2005

## 最佳應用守則

董事概不知悉任何資料可合理顯示本公司於截至二零零四年十二月三十一日止年度並無遵守在二零零五年一月一日前於上市規則附錄14所載的最佳應用守則，且按照過渡安排有關最佳應用守則仍適用於涉及在二零零五年一月一日前開始的會計期間，惟非執行董事並無特定任期，而須根據本公司細則之規定在本公司股東週年大會上輪值告退。

## 審核委員會

本公司之審核委員會成員為獨立非執行董事阮煒豪先生、溫國堅先生及鄒小岳先生。審核委員會之主要職責在於檢討及監督本集團採用之會計準則及慣例及本集團之財務申報程序及內部控制系統。

## 核數師

德勤•關黃陳方會計師行於二零零三年一月二十一日辭任本公司核數師，其後丁何關陳會計師行於二零零三年一月二十二日獲委任為本公司核數師。丁何關陳會計師行任滿告退，惟符合資格並願膺選連任。在即將召開之股東週年大會上將提呈決議案，續聘丁何關陳會計師行為本公司核數師。

承董事會命

**執行董事**  
**陳孝聰**

香港，二零零五年四月二十八日