

## DIRECTORS' REPORT

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

There were no 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

Other than as disclosed under the section headed "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. 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").

## 董事會報告書

### 購買股份或債券之安排

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任何安排，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。

### 董事及控權股東於合約之權益

除下文「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年結時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，亦概無與控權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. 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」）。

## DIRECTORS' REPORT

### CONNECTED TRANSACTIONS (cont'd)

- (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").

The CC Consideration was satisfied partly by set-off against the C Consideration and the balance of 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.

## 董事會報告書

### 關連交易 (續)

- (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」)。

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。

## DIRECTORS' REPORT

## 董事會報告書

### CONNECTED TRANSACTIONS (cont'd)

### 關連交易(續)

#### The Properties

#### 該等物業

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:

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
<b>In Hong Kong</b>		
<i>Investment Properties</i>		
<b>香港</b>		
<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 $\frac{1}{3}$ %
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

## DIRECTORS' REPORT

## 董事會報告書

### CONNECTED TRANSACTIONS (cont'd)

### 關連交易 (續)

Properties (cont'd)	物業 (續)	Attributable interest 應佔權益
<b>In Hong Kong (cont'd)</b>		
<i>Properties held for sale</i>		
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>		
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%
<b>In the PRC</b>		
<i>Property held for sale</i>		
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>		
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%

CONNECTED TRANSACTIONS (cont'd)

關連交易 (續)

Properties (cont'd)	物業 (續)	Attributable interest
<b>In the PRC (cont'd)</b>	<b>中國 (續)</b>	<b>應佔權益</b>
<i>Property held for development</i>	持作發展物業	
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%
* The property was sold in November 2003.	* 該物業已於二零零三年十一月出售。	

Notes:

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

附註:

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

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.

Manhattan Avenue

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。

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. 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。

## DIRECTORS' REPORT

### CONNECTED TRANSACTIONS (cont'd)

- 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.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10 of the Listing Rule, as at 31st December, 2003, the following Directors of the Company had declared their interests in the following companies with businesses which compete or are likely to compete, either directly or indirectly with the businesses of the Group:

## 董事會報告書

### 關連交易(續)

- 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。

### 董事於競爭性業務之權益

於二零零三年十二月三十一日，根據上市規則第8.10條，本公司下列董事申報於下列與本集團業務直接或間接構成競爭或可能構成競爭之業務之公司中擁有權益：

DIRECTORS' INTERESTS IN COMPETING BUSINESSES (cont'd)

董事於競爭性業務之權益 (續)

Name of Directors 董事姓名	Name of companies 公司名稱	Nature of business considered to compete or likely to compete with the business of the Group 被認為與本集團業務 構成競爭或可能構成 競爭之業務性質	Nature of interest of the Directors in the companies 董事於該等公司之 權益性質
Joseph Lau, Luen-hung 劉鑾雄	Chinese Estates* and its subsidiaries 華人置業* 及其附屬公司	Property investment and development 物業投資及發展	Director and having certain personal and deemed interests in Chinese Estates 董事及於華人置業擁有 若干個人及被視為 擁有之權益
	Kwong Sang Hong and its subsidiaries 廣生行及其附屬公司	Property investment and development 物業投資及發展	Director and having certain deemed interests in Kwong Sang Hong 董事及於廣生行擁有 若干被視為擁有之權益
	G-Prop and its subsidiaries 金匡及其附屬公司	Property investment 物業投資	Having certain deemed interests in G-Prop 於金匡擁有 若干被視為擁有之權益
Thomas Lau, Luen-hung 劉鑾鴻	Chinese Estates* and its subsidiaries 華人置業* 及其附屬公司	Property investment and development 物業投資及發展	Director and having certain deemed interests in Chinese Estates 董事及於華人置業擁有 若干被視為擁有之權益
	Kwong Sang Hong and its subsidiaries 廣生行及其附屬公司	Property investment and development 物業投資及發展	Director 董事

\* listed holding company of the Company

\* 本公司之上市控股公司

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES (cont'd)

Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung are brothers (collectively the "Lau Brothers") and also have personal interest in private companies engaged in businesses consisting of property development and investment in Hong Kong. As such, they are regarded as being interested in such businesses which compete or may compete with the Group.

Other than the businesses of the private companies of the Lau Brothers, the above-mentioned businesses are managed by separate publicly listed companies with independent management and administration. For better delineation of property investment business, Chinese Estates, the controlling shareholder of the Company, will give the Company the priority over the future property investment project with the value of less than or equal to 50% of the net asset value of the Company with reference to the latest published account and subject to the financial resources of the Company from time to time.

In this respect, coupled with the diligence of its Independent Non-executive Directors (whose views carry significant weight in the Board's decisions) and the independent Audit Committee, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the above companies.

Other than as disclosed above, none of the Directors are interested in any business which competes or is likely to compete, either directly or indirectly, with the Company's business.

### CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2003 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the Independent Non-executive Directors are not appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Articles of Association.

## 董事會報告書

### 董事於競爭性業務之權益 (續)

劉鑾雄先生及劉鑾鴻先生為兄弟(統稱「劉氏兄弟」),並於經營業務包括於香港從事物業發展及投資之私人公司中擁有個人權益。因此,彼等被視為於與本集團構成競爭或可能構成競爭之業務擁有權益。

除劉氏兄弟之私人公司之業務外,上述業務乃由獨立上市公司管理,該等獨立上市公司擁有獨立管理及行政程序。為了更清晰地劃分物業投資業務,本公司之控股股東華人置業將參考最近期公布之賬目及因應本公司不時具備之財政資源,將價值少於或相當於本公司資產淨值 50% 之未來物業投資項目優先給予本公司考慮。

就此而言,結合其對董事會決策有重大影響力之獨立非執行董事及獨立審計委員會之努力,本集團有能力獨立並按公平磋商原則從事其業務,而不受上述公司之業務所影響。

除上文所披露者外,概無董事於對本公司業務直接或間接構成競爭或可能構成競爭之任何業務中擁有權益。

### 公司管治

除獨立非執行董事因根據本公司之組織章程細則須於本公司之股東週年大會上輪值告退及膺選連任而並無獲委任任何特定年期外,本公司於截至二零零三年十二月三十一日止年度一直遵守上市規則附錄十四所載之最佳應用守則。



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE (cont'd)

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, the obligation has been complied with as at 2nd April, 2004 (the latest practicable date prior to the issue of the annual report).

### AUDITORS

A resolution will be submitted to the forthcoming Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board  
**Thomas Lau, Luen-hung**  
*Chairman*

Hong Kong 23rd March, 2004

## 董事會報告書

### 公司管治 (續)

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，於二零零四年四月二日（本年報刊發前之最後實際可行日期）已符合上述規定。

### 核數師

本公司將於即將舉行之股東週年大會上提呈續聘德勤•關黃陳方會計師行為本公司核數師之決議案。

代表董事會  
主席  
劉鑾鴻

香港，二零零四年三月二十三日