

## REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The Group's principal activities remained unchanged during the year and consisted of the manufacture and retail of jewellery, wholesale of precious metals, and securities and commodities broking.

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 18 to the financial statements.

### RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 28 to 83.

An interim dividend of HK6.0 cents per ordinary share and a special dividend of HK3.0 cents per ordinary share were paid on 28 September 2004. The directors recommend the payment of a final dividend of HK14.0 cents per ordinary share in respect of the year, to shareholders on the register of members on 31 May 2005. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

The directors also recommend a bonus issue of new shares to be distributed to shareholders of the Company whose names appear on the register of members of the Company at the close of business on 31 May 2005 in the proportion of one new share for every five existing shares held by them (the "Bonus Issue"). Based on 501,600,000 ordinary shares in issue as at 31 December 2004, a maximum of 100,320,000 new ordinary shares (the "Bonus Shares") will be issued. This recommendation has not been incorporated in the financial statements because the Bonus Issue is conditional upon (a) the approval of the shareholders of the Company; (b) the granting by the Bermuda Monetary Authority of the relevant permissions in respect of the Bonus Issue (if required); and (c) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the Bonus Shares.

### SUMMARY FINANCIAL INFORMATION

A summary of the published results for the year and of the assets, liabilities and minority interests of the Group as at 31 December 2004 and for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

## 董事會報告

董事會謹將截至2004年12月31日止年度之報告及本公司與本集團之已審核財務報告送呈各股東省覽。

### 主要業務

年內本集團之主要業務並無改變，包括珠寶製造及零售、貴金屬批發及證券期貨經紀。

本公司主要業務為投資控股。附屬公司之主要業務詳情載於財務報告附註18。

### 業績及股息

本集團截至2004年12月31日止年度之溢利及本公司與本集團於該日之財政狀況載於財務報告第28頁至第83頁內。

本公司於2004年9月28日派發中期股息每普通股6.0港仙及特別股息每普通股3.0港仙。董事會建議派發有關年度之末期股息每普通股14.0港仙予於2005年5月31日已登記在股東名冊上之股東。此項建議已納入財務報告中資產負債表內股本及儲備賬項下作保留溢利之分配。

董事會亦建議向於2005年5月31日營業時間結束時名列本公司股東名冊之股東按每持有五股現有股份可獲發一股紅股之基準配發紅股。按於2004年12月31日已發行之501,600,000股普通股計算，公司即將發行最多100,320,000股普通股。此項建議並未納入財務報告內，因發行紅股須待(a)本公司股東批准；(b)百慕達金融管理局批出有關發行紅股之批准(如有需要)；及(c)香港聯合交易所有限公司上市委員會批准紅股上市及買賣。

### 財務資料摘要

以下列出本集團本年度及於2004年12月31日及過去五個財政年度已公布之業績、資產、負債及少數股東權益的摘要，該等資料摘自已審核及重新分類之財務報告。此摘要不構成已審核財務報告之一部分。

## REPORT OF THE DIRECTORS

## 董事會報告

### SUMMARY FINANCIAL INFORMATION (continued)

### 財務資料摘要(續)

#### RESULTS

#### 業績

#### Year ended 31 December

#### 截至12月31日止年度

		2004	2003	2002	2001	2000	1999
		HK\$'000	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	千港元
<b>Turnover</b>	<b>營業額</b>						
Jewellery operations	珠寶業務	2,469,126	1,998,943	1,931,116	1,842,401	2,125,699	2,424,990
Others	其他	4,547,965	4,329,466	2,886,443	2,843,829	2,558,677	1,891,979
		<b>7,017,091</b>	<b>6,328,409</b>	<b>4,817,559</b>	<b>4,686,230</b>	<b>4,684,376</b>	<b>4,316,969</b>
<b>Operating profit</b>	<b>經營溢利</b>	<b>239,944</b>	153,144	84,567	28,313	78,028	148,203
Share of profits of associates	應佔聯營公司溢利	266	739	1,065	993	1,049	588
Profit before tax	除稅前溢利	240,210	153,883	85,632	29,306	79,077	148,791
Tax	稅項	(37,237)	(35,775)	(18,958)	(5,220)	(18,223)	(21,207)
Profit before minority interests	未計少數股東權益前溢利	202,973	118,108	66,674	24,086	60,854	127,584
Minority interests	少數股東權益	(2,773)	(948)	252	16	(517)	(609)
<b>Net profit from ordinary activities attributable to shareholders</b>	<b>股東應佔日常業務淨溢利</b>	<b>200,200</b>	117,160	66,926	24,102	60,337	126,975

#### ASSETS, LIABILITIES AND MINORITY INTERESTS

#### 資產、負債及少數股東權益

#### As at 31 December

#### 於12月31日

		2004	2003	2002	2001	2000	1999
		HK\$'000	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	千港元
Total assets	總資產	2,618,543	2,364,970	2,171,953	2,046,041	2,062,625	1,956,191
Total liabilities	總負債	(631,899)	(498,216)	(442,370)	(346,220)	(299,095)	(287,036)
Minority interests	少數股東權益	(18,799)	(16,582)	(13,519)	(8,492)	(4,009)	(4,300)
		<b>1,967,845</b>	<b>1,850,172</b>	<b>1,716,064</b>	<b>1,691,329</b>	<b>1,759,521</b>	<b>1,664,855</b>

## REPORT OF THE DIRECTORS

### FIXED ASSETS AND INVESTMENT PROPERTIES

Details of movements in the fixed assets and investment properties of the Group during the year are set out in notes 14 and 15 to the financial statements, respectively. Further details of the properties of the Group are set out on page 84.

### SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year.

### 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.

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

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

### RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31 to the financial statements and in the consolidated statement of changes in equity, respectively.

### DISTRIBUTABLE RESERVES

At 31 December 2004, the Company's reserves available for distribution, calculated in accordance with the provisions of the Bermuda Companies Act 1981, amounted to HK\$1,423,977,000, of which HK\$70,224,000 has been proposed as a final dividend for the year.

### CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK\$550,000.

## 董事會報告

### 固定資產及投資物業

年內本集團之固定資產及投資物業之變動詳情分別載於財務報告附註14及15。本集團物業資料詳情載於第84頁內。

### 股本

年內本公司之法定或已發行股本並無變動。

### 優先購股權

本公司之附例或百慕達法律並無規定本公司必須向現有股東按持股比例提呈新股之優先購股權之條款。

### 購買、贖回或出售本公司之上市證券

年內本公司或其任何附屬公司概無購買、贖回或出售任何本公司之上市證券。

### 儲備

年內本公司及本集團之儲備變動詳情分別載於財務報告附註31及綜合權益變動表。

### 可分派儲備

於2004年12月31日，本公司根據百慕達1981年公司法計算可分派儲備達1,423,977,000港元，其中70,224,000港元擬派發為本年度之末期股息。

### 慈善捐款

年內本集團之慈善捐款共550,000港元。

## REPORT OF THE DIRECTORS

### MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 43% of the total sales for the year and sales to the largest customer included therein amounted to 17%. Purchases from the Group's five largest suppliers accounted for 39% of the total purchases for the year and purchases from the largest supplier included therein amounted to 12%.

None of the directors of the Company or any of their associates or any 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.

### DIRECTORS

The directors of the Company during the year were:

#### Executive directors:

Dr. CHOW Kwen Lim  
Mr. Vincent CHOW Wing Shing  
Dr. Gerald CHOW King Sing  
Mr. Winston CHOW Wun Sing

#### Non-executive directors:

Mr. CHOW Kwen Ling  
Dr. CHAN Bing Fun \*  
Mr. Stephen TING Leung Huel #  
Mr. CHUNG Pui Lam #  
Mr. LEE Ka Lun \* (appointed on 28 September 2004)  
Mr. LO King Man \* (appointed on 28 September 2004)

\* Independent non-executive directors

# Re-designated from independent non-executive directors as non-executive directors on 28 September 2004

In accordance with the Company's Bye-Laws, Mr. LEE Ka Lun, Mr. LO King Man, Dr. Gerald CHOW King Sing and Mr. Winston CHOW Wun Sing will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and still considers them to be independent.

## 董事會報告

### 主要客戶及供應商

本年度本集團五大客戶所佔銷售額佔全年總銷售額43%，當中包括最大客戶所佔銷售額達17%。本集團五大供應商所佔採購額佔全年總採購額39%，當中包括最大供應商所佔採購額達12%。

本公司各董事或其聯繫人士或任何股東（就董事所知，擁有5%以上本公司已發行股本）概無持有該五大客戶及供應商之任何實益權益。

### 董事

年內本公司之董事如下：

#### 執行董事：

周君廉博士  
周永成先生  
周敬成醫生  
周允成先生

#### 非執行董事：

周君令先生  
陳炳勳醫生\*  
丁良輝先生#  
鍾沛林先生#  
李家麟先生\*（於2004年9月28日獲委任）  
盧景文先生\*（於2004年9月28日獲委任）

\* 獨立非執行董事

# 於2004年9月28日由獨立非執行董事調任為非執行董事

根據本公司之附例，李家麟先生、盧景文先生、周敬成醫生及周允成先生將於即將舉行之股東週年大會任滿依章告退，四位均願膺選連任。

本公司已收到各獨立非執行董事按香港聯合交易所有限公司證券上市規則（「上市規則」）第3.13條規定之年度獨立性確認書，並認同彼等之獨立性。

## REPORT OF THE DIRECTORS

## 董事會報告

### DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as detailed in note 35 (e) to (g) to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

### DIRECTORS' INTERESTS IN SHARES

At 31 December 2004, the interests of the directors in the issued share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as 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 Issuers, were as follows:

#### Long positions:

Name of directors	Personal interest	Family interest	Number of shares held			Total	Percentage of the Company's issued share capital
			Corporate interest	Trustee interest	信託人權益		
董事姓名	個人權益	家族權益	公司權益	信託人權益	總數	佔本公司已發行股本百分比	
Mr. CHOW Kwen Ling	周君令先生	—	—	38,009,300 <sup>(3)</sup>	—	38,009,300	7.58
Dr. CHOW Kwen Lim	周君廉博士	—	—	—	114,659,663 <sup>(1)</sup>	114,659,663	22.86
Dr. CHAN Bing Fun	陳炳勳醫生	1,100,000	—	—	—	1,100,000	0.22
Mr. Vincent CHOW Wing Shing	周永成先生	—	—	—	114,659,663 <sup>(1)</sup>	114,659,663	22.86
Dr. Gerald CHOW King Sing	周敬成醫生	16,406,400 <sup>(6)</sup>	78,665 <sup>(2)</sup>	—	70,000,000 <sup>(2)</sup>	86,485,065	17.24
Mr. Winston CHOW Wun Sing	周允成先生	6,400,920 <sup>(6)</sup>	64,000 <sup>(2)</sup>	—	79,680,000 <sup>(2)&amp;(6)</sup>	86,144,920	17.17
Mr. LEE Ka Lun	李家麟先生	90,000	100,000 <sup>(4)</sup>	—	—	190,000	0.04

Please refer to the explanatory notes (1) to (4) and (6) in the section headed "Substantial shareholders' and other persons' interests in shares and underlying shares".

### 董事之服務合約

於即將舉行之股東週年大會上建議連任之董事，其與本公司訂立之服務合約概可於一年內為本公司終止，本公司就此毋須支付法定賠償以外之補償。

### 董事於合約之權益

除財務報告附註35(e)至(g)項所載，各董事概無於年內本公司或其任何附屬公司所訂立任何對本集團業務重要之合約中直接或間接擁有重大實益權益。

### 董事於股本之權益

於2004年12月31日，按《證券及期貨條例》第XV部第352條本公司須予保存之名冊內，或根據上市發行人董事進行證券交易之標準守則必須向本公司及香港聯合交易所有限公司（「聯交所」）具報之權益，各董事於本公司或其聯營公司（定義見《證券及期貨條例》第XV部）已發行股本中之權益如下：

#### 好倉：

請參考「主要股東及其他人士於股本及相關股本之權益」之附註(1)至(4)及(6)。

## REPORT OF THE DIRECTORS

### DIRECTORS' INTERESTS IN SHARES (continued)

Save as disclosed above, as at 31 December 2004, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to 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 Issuers.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2004, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions:

Name	Capacity and nature of interest	Percentage of Number of ordinary shares held	the Company's issued share capital
姓名或名稱	身份及權益性質	持有普通股數目	佔本公司已發行股本百分比
Everwin Company Limited	Beneficial Owner 實益持有人	114,659,663 <sup>(1)</sup>	22.86
Cititrust (Jersey) Limited	Trustee 信託人	114,659,663 <sup>(1)</sup>	22.86
HSBC Trustee (Cook Islands) Limited	Trustee 信託人	70,638,000 <sup>(2)</sup>	14.08*
HSBC International Trustee Limited	Trustee 信託人	70,138,000 <sup>(2)</sup>	13.98*
Happy Inc.	Beneficial Owner 實益持有人	55,000,000	10.96
Mr. CHEAH Cheng Hye 謝清海先生	Interest of Controlled Corporation 所控制公司之權益	40,528,000 <sup>(5)</sup>	8.08
Value Partners Limited 惠理基金管理公司	Investment Manager 投資經理	40,528,000 <sup>(5)</sup>	8.08
Happy Family Limited 快樂家庭有限公司	Beneficial Owner 實益持有人	37,053,300 <sup>(3)</sup>	7.39
Top Fit Investments Limited	Beneficial Owner 實益持有人	35,000,000 <sup>(2)</sup>	6.98
Kai Shing Nominees Limited 皆誠代理人有限公司	Nominee 代理人	25,825,680 <sup>(6)</sup>	5.15

## 董事會報告

### 董事於股本之權益(續)

除上文披露外，於2004年12月31日，各董事概無擁有根據《證券及期貨條例》第XV部第352條規定須予記錄之本公司或其聯營公司股份、相關股份或債券中擁有任何權益或淡倉，或根據上市發行人董事進行證券交易的標準守則必須向本公司及聯交所具報之權益。

### 董事購買股份或債券之權利

年內概無授予任何董事或其各自之配偶或年幼子女購入本公司股份或債券而獲益之權利；或由彼等行使該等權利；或由本公司或其任何附屬公司安排致令董事可於其他法人團體獲得該等權利。

### 主要股東及其他人士於股本及相關股本之權益

於2004年12月31日，根據《證券及期貨條例》第XV部第336條，本公司須予保存之權益名冊記錄內擁有本公司股本5%或以上之權益如下：

#### 好倉：

## REPORT OF THE DIRECTORS

## 董事會報告

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

Notes:

- (1) 114,659,663 shares in the Company were held by Everwin Company Limited, a company beneficially owned by a discretionary trust of which Messrs. CHOW Kwen Lim and Vincent CHOW Wing Shing were among the beneficiaries. The trustee of the trust was Cititrust (Jersey) Limited and, accordingly, the shares in which Everwin Company Limited was shown to be interested were also included in which Cititrust (Jersey) Limited was shown to be interested. Messrs. CHOW Kwen Lim and Vincent CHOW Wing Shing, and their respective spouse, were deemed to have interests in the 114,659,663 shares in the Company.
- (2) 70,000,000 shares in the Company were held by a discretionary trust of which Messrs. Gerald CHOW King Sing and Winston CHOW Wun Sing were the beneficiaries. The trustee of the trust was HSBC Trustee (Cook Islands) Limited (formerly known as Bermuda Trust (Cook Islands) Limited), which owned the interests in the Company through the following companies:

Name of companies 公司名稱	Number of shares 股份數目
Top Fit Investments Limited	35,000,000
Blossom Investments Limited	17,500,000
Speed Star Holdings Limited	17,500,000

Accordingly, the shares in which Top Fit Investments Limited was shown to be interested were also included in which HSBC Trustee (Cook Islands) Limited was shown to be interested.

The interests of HSBC Trustee (Cook Islands) Limited was duplicated by the interests of HSBC International Trustee Limited.

58,665 shares and 20,000 shares in the Company were owned by Dr. Gerald CHOW King Sing's spouse and minor children, respectively. Accordingly, Dr. Gerald CHOW King Sing and his spouse were deemed to have interests in the 70,078,665 shares and 86,426,400 shares in the Company, respectively.

### 主要股東及其他人士於股本及相關股本之權益(續)

附註：

- (1) Everwin Company Limited 擁有本公司 114,659,663 股股份，該公司由一項全權信託擁有，周君廉博士及周永成先生為該項信託之其中受益人。Cititrust (Jersey) Limited 為該信託之信託人，因此，Everwin Company Limited 之權益亦包括在 Cititrust (Jersey) Limited 之權益內。周君廉先生及周永成先生及彼等各自之配偶均被視為擁有本公司 114,659,663 股股份權益。
- (2) 一項全權信託擁有本公司 70,000,000 股股份，周敬成醫生及周允成先生為該信託之受益人。HSBC Trustee (Cook Islands) Limited (前稱 Bermuda Trust (Cook Islands) Limited) 為該信託之信託人，並透過下列公司擁有該項權益：

因此，Top Fit Investments Limited 之權益亦包括在 HSBC Trustee (Cook Islands) Limited 之權益內。

HSBC Trustee (Cook Islands) Limited 持有之權益與 HSBC International Trustee Limited 持有之權益重疊。

周敬成醫生之配偶及年幼子女分別持有本公司 58,665 股及 20,000 股股份。因此，周敬成醫生及其配偶分別被視為擁有本公司 70,078,665 股及 86,426,400 股股份權益。

## REPORT OF THE DIRECTORS

## 董事會報告

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

44,000 shares and 20,000 shares in the Company were owned by Mr. Winston CHOW Wun Sing's spouse and minor children, respectively. Accordingly, Mr. Winston CHOW Wun Sing and his spouse were deemed to have interests in the 79,744,000 shares and 86,100,920 shares in the Company, respectively.

- (3) 38,009,300 shares in the Company were held by Happy Family Limited, in which Mr. CHOW Kwen Ling and his spouse owned 40% of the equity interest. Mr. CHOW Kwen Ling and his spouse were deemed to have interests in the 38,009,300 shares in the Company. The difference in the number of shares reported by Mr. CHOW Kwen Ling and Happy Family Limited, being 956,000 shares, was due to the acquisition of the said shares by Happy Family Limited not constituting a whole number percentage change of interest and therefore was not subject to notification under the SFO.
- (4) 100,000 shares in the Company were held by the spouse of Mr. LEE Ka Lun. Accordingly, Mr. LEE Ka Lun was deemed to have interest in the 100,000 shares in the Company.
- (5) 40,528,000 shares in the Company were held by Value Partners Limited, Mr. CHEAH Cheng Hye is deemed to be interested in shares through his 31.82% interest in Value Partners Limited.
- (6) Of the 25,825,680 shares in the Company held by Kai Shing Nominees Limited, a company which carries on business of holding securities in custody for its customers, 11,320,000 shares were held on behalf of the following directors:

### 主要股東及其他人士於股本及相關股本之權益(續)

周允成先生之配偶及年幼子女分別持有本公司44,000股及20,000股股份。因此，周允成先生及其配偶分別被視為擁有本公司79,744,000股及86,100,920股股份權益。

- (3) 快樂家庭有限公司持有本公司38,009,300股股份，周君令先生及其配偶共同擁有快樂家庭有限公司40%之股本權益。周君令先生及其配偶被視為擁有本公司38,009,300股股份權益。周君令先生及快樂家庭有限公司具報的股份數目相差956,000股，是由於快樂家庭有限公司購入該等股份時，並未構成一個百分率整數的改變，因而無須根據《證券及期貨條例》第XV部作出具報。
- (4) 李家麟先生之配偶持有本公司100,000股股份。因此，李家麟先生被視為擁有本公司100,000股股份權益。
- (5) 惠理基金管理公司持有本公司40,528,000股股份，謝清海先生透過其於惠理基金管理公司擁有之31.82%權益被視為擁有股份權益。
- (6) 皆誠代理人有限公司持有本公司25,825,680股股份，該公司業務為代客持有託管證券，其中11,320,000股股份代下列董事持有：

Name of directors 董事姓名	Personal interest 個人權益	Number of shares held 持股數目		
		Family interest 家族權益	Trustee interest 信託人權益	
Dr. Gerald CHOW King Sing	周敬成醫生	800,000	20,000	—
Mr. Winston CHOW Wun Sing	周允成先生	800,000	20,000	9,680,000

## REPORT OF THE DIRECTORS

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES (continued)

\* Subsequent to the balance sheet date, on 18 January 2005, as informed by HSBC Trustee (Cook Islands) Limited and HSBC International Trustee Limited, they have reduced their respective share interests in the Company to 70,038,000 shares on 27 October 2004, which represent 13.96% of the Company's issued share capital. Saved as disclosed herein, the Company did not receive any further notification from either HSBC Trustee (Cook Islands) Limited or HSBC International Trustee Limited notifying any change of their shareholding in the Company for the period from 27 October 2004 to 31 December 2004.

Save as disclosed above, as at 31 December 2004, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### CONNECTED TRANSACTIONS

Connected party transactions, which also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules, undertaken by the Group during the year are set out in note 35 (a), (c) to (g) to the financial statements.

The independent non-executive directors have reviewed and confirmed that the relevant continuing connected transactions had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and
- (iii) in accordance with the relevant agreement governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## 董事會報告

### 主要股東及其他人士於股本及相關股本之權益(續)

\* 繼結算日後，於2005年1月18日，HSBC Trustee (Cook Islands) Limited及HSBC International Trustee Limited通知本公司，彼等於2004年10月27日將各自持有之本公司股份權益減至70,038,000股，佔本公司已發行股本13.96%。除本文披露外，本公司於2004年10月27日至2004年12月31日期間並未收到HSBC Trustee (Cook Islands) Limited或HSBC International Trustee Limited任何有關彼等持有本公司股份變動之進一步通知。

除上文披露外，於2004年12月31日，除以上「董事於股本之權益」涉及之本公司董事外，並無其他人士於本公司股本中登記持有根據《證券及期貨條例》第XV部第336條須予記錄之本公司權益、淡倉或相關股份。

### 關連交易

年內本集團之關連交易及按上市規則第14A章定義而構成之持續關連交易詳情載於財務報告附註35(a), (c)至(g)項。

獨立非執行董事已審閱及確認有關的持續關連交易：

- (i) 為本集團之日常業務；
- (ii) 按照一般商業條款或對本集團而言，不遜於獨立第三者可取得或提供之條款；及
- (iii) 按有關交易的協議條款進行，而交易條款公平而合理，並且符合本公司股東之整體利益。

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (continued)

The auditors of the Company have reviewed the continuing connected transactions during the year as set out in note 35 (a), (c) to (e) to the financial statements and confirmed that these transactions:

- (i) were approved by the board of directors of the Company;
- (ii) had been entered into in accordance with the relevant agreement governing the transactions; and
- (iii) where applicable, have not exceeded the cap stated in the relevant announcement.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float as at the date of this report.

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms. The non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-Laws.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules as the Company's code of conduct regarding director's securities transactions. Having made specific enquiries of all directors, the directors have confirmed compliance with the required standard as set out in the Model Code throughout the accounting period covered by the annual report.

## 董事會報告

### 關連交易 (續)

本公司之核數師已審閱載於財務報告附註35(a), (c)至(e)項之年內持續關連交易，並確認此等交易：

- (i) 已由本公司之董事會批准；
- (ii) 乃按有關交易之協議條款進行；及
- (iii) 如適用，並無超逾先前公告披露之上限。

### 最低公眾持股量

本公司根據公開資料及就董事的認知範圍內，截至本報告之日期止，本公司一直維持最低公眾持股量。

### 最佳應用守則

除本公司之非執行董事並無指定任期而須根據本公司之附例於股東週年大會上輪席告退及膺選連任外，董事認為，本公司於本年報所涵蓋之會計期間均已遵守上市規則附錄十四所載之最佳應用守則。

### 董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載董事進行證券交易之標準守則，作為本公司董事進行證券交易之行為守則。經特別諮詢所有董事後，董事確認於本年報所涵蓋之會計期間已遵守標準守則所規定之標準。

## REPORT OF THE DIRECTORS

### AUDIT COMMITTEE

The Company has established an audit committee since 1999 for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. Its current members include:

Mr. LEE Ka Lun — *Committee Chairman*  
Dr. CHAN Bing Fun  
Mr. Stephen TING Leung Huel  
Mr. CHUNG Pui Lam  
Mr. LO King Man

The majority of the committee members are independent non-executive directors. All committee members have the relevant industry and financial experience to provide recommendations to the Board on the Group's matters.

### REMUNERATION COMMITTEE

The Company has established a remuneration committee on 25 January 2005 in accordance with the Appendix 14 of the Listing Rules, which enacted on 1 January 2005. The responsibility of the remuneration committee is to formulate and make recommendation to the Board on the Group's policy and structure for remuneration of all directors of the Company and senior management of the Group. Its current members include:

Mr. LEE Ka Lun — *Committee Chairman*  
Dr. CHAN Bing Fun  
Mr. Stephen TING Leung Huel  
Mr. CHUNG Pui Lam  
Mr. LO King Man

The majority of the committee members are independent non-executive directors.

## 董事會報告

### 審核委員會

本公司自1999年成立審核委員會，以檢討及監督本集團財務報告程序及內部管控。現任委員包括：

李家麟先生 — 委員會主席  
陳炳勳醫生  
丁良輝先生  
鍾沛林先生  
盧景文先生

委員會大部分成員為獨立非執行董事。所有委員會成員均擁有相關行業及財務知識以就本集團事務向董事會提出建議。

### 薪酬委員會

本公司根據2005年1月1日生效之上市規則附錄十四規定，於2005年1月25日成立薪酬委員會。薪酬委員會之職務為製訂及向董事會建議本公司董事及本集團高級管理人員之薪酬政策與架構。現任委員包括：

李家麟先生 — 委員會主席  
陳炳勳醫生  
丁良輝先生  
鍾沛林先生  
盧景文先生

委員會大部分成員為獨立非執行董事。

## REPORT OF THE DIRECTORS

### AUDITORS

Ernst & Young 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

**CHOW Kwen Lim**  
Chairman

Hong Kong  
23 March 2005

## 董事會報告

### 核數師

安永會計師事務所任滿告退，惟有關膺聘其留任之決議案將會提呈於即將舉行之股東週年大會。

承董事會命

主席  
周君廉

香港  
2005年3月23日