

REPORT OF THE DIRECTORS

董事會報告

The directors present herewith their annual report and the audited financial statements of Hon Po Group (Lobster King) Limited (the “Company”) and its subsidiaries (together with the Company, the “Group”) for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries involve the operation of a chain of Chinese restaurants and food manufacturing in Hong Kong. The nature of these principal activities has not changed during the year.

FINANCIAL STATEMENTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 25.

The state of the Group’s and the Company’s affairs as at 31 December 2004 are set out in the consolidated balance sheet on page 26 and the balance sheet on page 28, respectively.

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

FINANCIAL SUMMARY

A summary of the consolidated financial results and consolidated assets and liabilities of the Group for each of the four years ended 31 December 2004 is set out on page 74.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 13 to the financial statements.

SUBSIDIARIES

Details of the Company’s subsidiaries as at 31 December 2004 are set out in note 14 to the financial statements.

董事會提呈彼等年報及截至二零零四年十二月三十一日止年度漢寶集團(龍蝦大王)有限公司(「本公司」)及其附屬公司(「本集團」)之經審核財務報表。

主要業務

本公司之主要業務為投資控股。而本公司附屬公司之主要業務為於香港營運連鎖式中式酒樓及食品製造。於本年度，主要業務之性質並無改變。

財務報表及股息

本集團於年內之業績載於第25頁之綜合收益表。

截止至二零零四年十二月三十一日，本集團及本公司之業務狀況分別載於第26頁之綜合資產負債表及第28頁之資產負債表。

董事並不建議派發截至二零零四年十二月三十一日止年度之末期股息。

財務資料概要

本集團截至二零零四年十二月三十一日止四個年度各年之綜合財務業績以及綜合資產及負債概要，列載於第74頁。

物業、廠房及設備

於本年度之物業、廠房及設備之變動詳情載於財務報表附註13。

附屬公司

截至二零零四年十二月三十一日，本公司附屬公司之詳情載於財務報表附註14。

SHARE CAPITAL AND SHARE OPTIONS

Movements in share capital of the Company during the year, together with reasons thereof, and of the Company's share options, are set out in note 22 to the financial statements. There was no change in share capital during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, 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.

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the statements of changes in equity on pages 29 to 30.

DISTRIBUTABLE RESERVES

At 31 December 2004, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to HK\$14,264,000.

股本及購股權

本公司於本年度股本之變動詳情及變動原因，連同有關本公司購股權之詳情載於財務報表附註22。本年度之股本並無任何變動。

優先購股權

根據本公司之組織章程細則或開曼群島（本公司註冊成立之司法權區）之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購股權之規定。

儲備

本集團及本公司於本年度之儲備變動詳情分別載於第29頁至第30頁之權益變動表。

可分派儲備

截止至二零零四年十二月三十一日，本公司根據開曼群島之公司法規定計算，其可供分派之儲備為14,264,000港元。

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

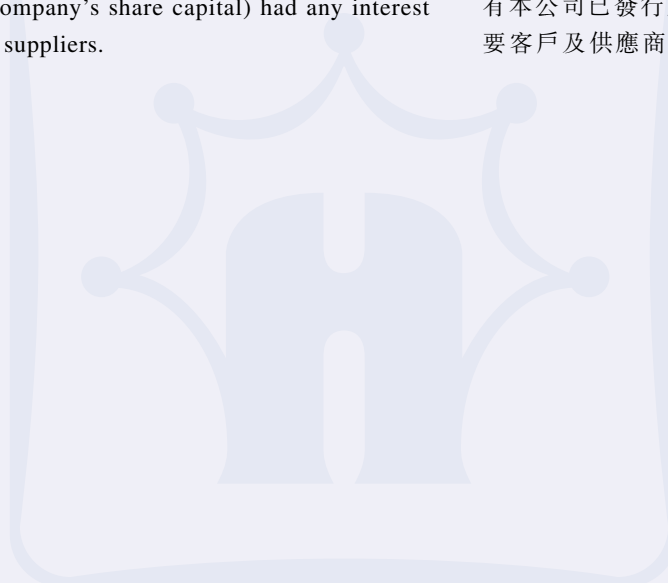
主要客戶及供應商

於財政年度內，主要客戶及供應商分別佔本集團之銷售額及採購額如下：

		Percentage of the Group's total 佔本集團之總額百分比	
		Sales 銷售額	Purchases 採購額
Five largest customers in aggregate	五大客戶總計	Less than 少於 30%	
The largest supplier	最大供應商		6.89%
Five largest suppliers in aggregate	五大供應商總計		19.26%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

於年內任何時間，本公司概無任何董事或彼等之任何聯繫人士或任何股東（據董事所知擁有本公司已發行股本5%以上）持有本集團主要客戶及供應商之任何權益。



DIRECTORS

The directors who held office during the year and up to the date of this report were as follows:

Executive Directors

Mr. Cheung To Sang
Mr. Chan Nun Chiu
Mrs. Cheung Lim Mai Tak, Grace
Mr. She Hing Chiu
Mr. Tse Chick Sang

Non-executive Directors

Mr. Cheung Sik Pang *(resigned on 24 March 2005)*
Mr. Ng Wing Po *(resigned on 24 March 2005)*

Independent Non-executive Directors

Mr. Chang Kin Man
Mr. Wu Tak Lung
Ms. Lee Pui Hang, Pieann *(appointed on 28 September 2004)*

Pursuant to the articles 86(3) and 87(1) of the Company's Articles of Association, Ms. Lee Pui Hang, Pieann, Mr. Chan Nun Chiu and Mr. Tse Chick Sang shall retire from office at the forthcoming annual general meeting and shall be eligible for re-election. Mr. Chan Nun Chiu has informed the Company that he is not going to be re-elected at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on pages 8 to 9 of the annual report.

董事

於本年度及截至本報告日期之在任董事名列如下：

執行董事

張道生先生
陳能照先生
張林美德女士
余慶潮先生
謝植生先生

非執行董事

張錫鵬先生 (於二零零五年三月二十四日辭任)
吳永波先生 (於二零零五年三月二十四日辭任)

獨立非執行董事

鄭健民先生
吳德龍先生
李佩衡小姐 (於二零零四年九月二十八日獲委任)

根據本公司組織章程細則第86(3)及第87(1)條，李佩衡小姐、陳能照先生及謝植生先生依章輪值告退，惟其願意在應屆股東週年大會上膺選連任。陳能照先生已知會本公司，彼並無意於應屆股東週年大會上膺選連任。

董事履歷

本公司董事之履歷詳情已載列於本年報第8頁至第9頁。

DIRECTORS' SERVICE CONTRACTS

Except for Mr. Tse Chick Sang, an executive director of the Company, who has a service contract with the Company for an initial term of three years commencing on 1 August 2002, each of the remaining executive directors has a service contract with the Company for an initial term of three years commencing on 1 February 2002, which will continue thereafter until terminated by either party giving not less than three months' notice in writing.

Save as disclosed above, no other directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Mr. Cheung To Sang and Mrs. Cheung Lim Mai Tak, Grace, who are the directors of To Sang Management Company Limited ("To Sang Management"), were interested in a lease of staff quarters entered into between To Sang Management and the Group.

Mr. Cheung Sik Pang, who is a partner and a beneficial shareholder of Tung Cheong Hong and Pacific Good Trading Limited, respectively, was interested in the supplies of tea leaves and seafood to the Group, respectively.

Mr. Ng Wing Po, who is the director of N.W.P. Investments Limited ("N.W.P. Investments"), was interested in a lease of land and building to the Group.

Further details of all the above transactions are included in note 25 to the financial statements.

Save as disclosed above and in note 25 to the financial statements, no other contracts of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent enterprise was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事之服務合約

除謝植生先生外，其為本公司之執行董事，已與本公司訂立一由二零零二年八月一日起初步為期三年之服務合約，其餘各執行董事亦已與本公司訂立由二零零二年二月一日起初步為期三年之服務合約。每項合約將持續直至由任何一方向另一方發出不少於三個月之書面通知予以終止。

除上述所披露者外，獲提名於應屆股東週年大會重選之其他董事概無與本公司訂立服務合約。

管理合約

本年度並無訂立或存在任何有關本集團業務全部或任何重大部份之管理及行政合約。

董事於合約中的權益

道生管理有限公司（「道生管理」）之董事張道生先生及張林美德女士於一項由道生管理與本集團訂立有關員工宿舍之租約中擁有權益。

張錫鵬先生分別為同昌行及順佳貿易有限公司之合夥人及實益股東，並分別於向本集團供應茶葉及海鮮業務中擁有權益。

永波投資有限公司（「永波投資」）董事吳永波先生與本集團於一項土地及樓宇之租賃中擁有權益。

上述所有交易之進一步詳情載於財務報表附註25。

除上文及財務報表附註25所披露外，於年終或本年度任何時間概無存在其他本公司、其任何附屬公司或其母公司訂立涉及本集團之業務，且本公司董事直接或間接擁有重大權益之重大合約。

DIRECTORS' INTERESTS AND SHORT POSITION IN SHARES

As at 31 December 2004, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests which they are taken or deemed to have under Section 344 of the SFO) or which are required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Number of shares held and nature of interest in Hon Po Holdings Limited ("Hon Po Holdings"), an associated corporation:

董事於股份之權益及淡倉

於二零零四年十二月三十一日，董事及高級行政人員與彼等之聯繫人士於本公司或其任何關聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中所持證券及期貨條例第XV部第7及8分部規定須知會本公司及聯交所之權益及淡倉（包括證券及期貨條例第344條所當作或視為之權益），或證券及期貨條例第352條規定須載入該條例所指定之記錄冊之權益及淡倉，或董事進行證券交易之標準守則規定須知會本公司或聯交所之權益如下：

所持一家關聯公司，漢寶控股有限公司（「漢寶控股」）之股份數目及權益性質：

		Personal interest 個人權益	Family interest 家族權益	Corporate interest 公司權益	Total interest 權益總計	Long/Short position 長倉／淡倉
Mr. Cheung To Sang	張道生先生		(Note 1) (附註1)	73,996,437 (Note 2) (附註2)	17.51%	Long Position 長倉
Mr. Chan Nun Chiu	陳能照先生			53,963,137 (Note 3) (附註3)	12.77%	Long Position 長倉
Mrs. Cheung Lim Mai Tak, Grace	張林美德女士		(Note 1) (附註1)	43,762,162 (Note 4) (附註4)	10.35%	Long Position 長倉
Mr. She Hung Chiu	余慶潮先生	5,152,338		7,821,000 (Note 5) (附註5)	3.07%	Long Position 長倉
Mr. Ng Wing Po	吳永波先生			45,913,287 (Note 6) (附註6)	10.86%	Long Position 長倉
Mr. Cheung Sik Pang	張錫鵬先生		56,037,637 (Note 7) (附註7)		13.26%	Long Position 長倉
Mr. Tse Chick Sang	謝植生先生	2,553,425		1,415,250 (Note 8) (附註8)	0.94%	Long Position 長倉
					<u>68.76%</u>	

REPORT OF THE DIRECTORS

董事會報告

Notes:

1. The interests in shares of his/her spouse are excluded in accordance with Section 344(1)(a) of SFO.
2. The shares are held by To Sang Management, a company which is controlled indirectly by a discretionary trust of which Mr. Cheung To Sang and certain of his children are beneficiaries.
3. The shares are held by Nun Chiu Investments Limited, a company in which Mr. Chan Nun Chiu and his wife have a controlling interest.
4. 4,700,750 shares are held by Tabo Development Limited ("Tabo Development"), a company in which Mrs. Cheung Lim Mai Tak, Grace owns approximately 74% of the issued capital. 39,061,412 shares are held by Lim Mai Tak Consultants and Investments Limited, a company which is controlled indirectly by a discretionary trust of which Mrs. Cheung Lim Mai Tak, Grace and certain of her children are beneficiaries.
5. The shares are held by Tread Wood Investment Limited, a company in which Mr. She Hing Chiu owns approximately 50% of the issued capital.
6. The shares are held by N.W.P. Investments, a company which is controlled indirectly by a discretionary trust of which Mr. Ng Wing Po's wife and certain of his children are beneficiaries.
7. The shares are held by Kung Ping Investments Limited ("Kung Ping Investments"), a company which is deemed to be controlled by Mr. Cheung Sik Pang and his wife.
8. The shares are held by King Space Limited, a company which is controlled by Mr. Tse Chick Sang.

Save as disclosed herein, none of the Directors and chief executives and their associates has any interests in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests which they are taken or deemed to have under section 344 of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

附註:

1. 根據證券及期貨條例第344(1)(a)條豁免其配偶之股份權益。
2. 股份由道生管理持有，一家由一全權信託間接控制之公司，該信託之受益人為張道生先生及其若干子女。
3. 股份由能照投資有限公司持有，一家由陳能照先生及其妻子均擁有控制性權益之公司。
4. 4,700,750股股份由張林美德女士持有約74%已發行股本之德寶發展有限公司（「德寶發展」）所持有。39,061,412股股份由林美德顧問投資有限公司（一家間接全權信託控制之公司，該信託之受益人為張林美德女士及其若干子女）所持有。
5. 股份由朝活投資有限公司持有，一家由余慶潮先生持有約50%已發行股本之公司。
6. 股份由永波投資持有，一家由一全權信託間接控制之公司，該信託之受益人為吳永波先生的妻子及其若干子女。
7. 股份由公平投資有限公司（「公平投資」）持有，一家被視為由張錫鵬先生及其妻控制的公司。
8. 股份由宇宙王有限公司持有，一家由謝植生先生控制的公司。

除本文所披露者外，董事及高級行政人員與彼等之聯繫人士並無於本公司或其任何關聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中持有證券及期貨條例第XV部第7及8分部規定須知會本公司及聯交所之權益（包括證券及期貨條例第344條所當作或視為之權益），或證券及期貨條例第352條規定須載入該條例所指定之記錄冊之權益，或董事進行證券交易之標準守則規定須知會本公司或聯交所之權益。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the share option scheme disclosed in note 22 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement 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.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

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

		Ordinary shares held 持有 普通股數目	Percentage of total issued shares 已發行股份總額 百分比	Long/Short position 長倉/淡倉
Hon Po Holdings Limited	漢寶控股有限公司	380,000,000	60.32%	Long Position長倉
Hon Po Investment Limited	漢寶投資發展(香港)有限公司	380,000,000	60.32%	Long Position長倉

Note:

In accordance with the provisions of the SFO, the interest of Hon Po Investment Limited ("Hon Po Investment") in the shares of the Company is also attributed to Hon Po Holdings on the basis that Hon Po Investment is wholly-owned by Hon Po Holdings, a company incorporated in Hong Kong.

Save as disclosed above, as at 31 December 2004, no person had registered an interest and short position in the share capital of the Company that was required to be recorded under Section 336 of the SFO.

董事購入股份或債券之權利

除於財務報表附註22披露之購股權計劃，本公司或其任何附屬公司於本年度內並無訂立任何安排促使本公司之董事可透過購入股份或債券獲得本公司或其任何其他公司實體之該等權利。

本公司股本中之主要權益

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條須存置之權益登記冊所載，下列股東在本公司已發行股本中擁有5%或以上權益：

附註：

根據證券及期貨條例，漢寶投資發展(香港)有限公司(「漢寶投資」)在本公司股份中之權益亦為漢寶控股所有，其依據為漢寶投資乃漢寶控股(一家於香港註冊成立之有限公司)全資擁有。

除上述所披露者外，於二零零四年十二月三十一日並無任何其他人士於本公司股本登記之權益及淡倉須根據證券及期貨條例第336條被記錄。

DIRECTORS' INTERESTS IN A COMPETING BUSINESS AND CONFLICT OF INTERESTS

During the year, the following directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

- (i) Mrs. Cheung Lim Mai Tak, Grace, an executive director, is interested in approximately 74% of the issued share capital of Tabo Development, a shareholder of Hon Po Holdings, which in turn is interested in approximately 39.13% of the issued share capital of Golden Jumbo Thai Restaurant Limited ("Golden Jumbo"). Golden Jumbo operates a Thai restaurant in Hong Kong. As (a) Golden Jumbo is principally engaged in the provision of Thai food while the Group is principally engaged in the provision of Chinese food; (b) the Group and Golden Jumbo target different customer groups; and (c) apart from Mrs. Cheung Lim Mai Tak, Grace, Golden Jumbo is operated by management different from that of the Group, the Group is capable of carrying out its business independently of, and at arm's length from, the business of Golden Jumbo.
- (ii) Mr. Cheung Sik Pang, a non-executive director, through his own and his family interests in Kung Ping Investments, a substantial shareholder of Hon Po Holdings, and Mr. Ng Wing Po, a non-executive director, through his and his family interests in N.W.P. Investments, a substantial shareholder of Hon Po Holdings, are deemed to be indirectly interested in approximately 36.36% and 18.18% of the issued share capital of Very Good Restaurant Limited ("Very Good"), respectively. Very Good operates a Chinese restaurant in Hong Kong. As both Mr. Cheung Sik Pang and Mr. Ng Wing Po were non-executive directors and were not involved in the daily management of the Group; and Very Good is a single restaurant operator, the Group is capable of carrying on its business independently of, and at arm's length from, the business of Very Good.

董事於競爭業務之權益及權益衝突

年內，以下之董事被視為根據聯交所證券上市規則（「上市規則」）持有與本集團之業務有直接或間接競爭或似乎有競爭之業務之權益：

- (i) 執行董事張林美德女士持有約74%德寶發展（漢寶控股之股東）之已發行股本，而該公司擁有小金象泰國菜館有限公司（「小金象」）已發行股本約39.13%權益。小金象在香港經營一家泰國菜館。由於(a)小金象主要供應泰國菜式而本集團主要供應中式菜餚；(b)本集團與小金象之客戶對象並不相同及(c)除張林美德女士外，小金象之管理層與本集團不同，因此本集團之營運業務乃公平合理地獨立於小金象之業務。
- (ii) 非執行董事張錫鵬先生透過其本人及其於公平投資（漢寶控股之主要股東）之家族權益，及非執行董事吳永波先生透過其本人及其家族於永波投資（漢寶控股之主要股東）之權益分別被視為間接擁有頂好酒樓有限公司（「頂好」）已發行股本約36.36%及18.18%權益。頂好於香港經營一家中式酒樓。由於張錫鵬先生及吳永波先生均為非執行董事，並無參與本集團之日常管理，及頂好以單一酒樓形式經營，因此本集團之營運業務乃公平合理地獨立於頂好。

CONNECTED TRANSACTIONS

關連交易

Details of the significant related party and connected transactions of the Group under the Listing Rules are set out in note 25 to the financial statements and as below:

根據上市規則本集團重大關連人士及關連交易詳情已列於財務報表附註25及下文：

		Notes 附註	2004 HK\$'000 千港元	2003 HK\$'000 千港元
CONTINUING CONNECTED TRANSACTIONS	持續關連交易			
Licence fees received from non-wholly owned subsidiaries	來自非全資擁有附屬公司之許可證費	(i)	83	372
Purchases of foodstuffs from related companies	向關連公司採購食品	(ii)	182	1,669
Rental expenses paid to: related companies	支付予下列公司之租金開支： 關連公司	(iii)	4,523	7,896
certain fellow subsidiaries for the benefit of the ultimate holding company	若干同系附屬公司而受益為最終控股公司	(iv)	4,185	12,559
CONNECTED TRANSACTION	關連交易			
Disposal of a property to: N.W.P. Investments	出售物業予： 永波投資	(iii)&(v)	-	55,000

Notes:

附註：

- (i) A. Top Investment Limited (“A. Top”) and Oriental Team Investments Limited (“Oriental Team”) are non-wholly owned subsidiaries of the Company. Mr. Wong Chung Ming is a director of both A. Top and Oriental Team. He is also interested in approximately 4.17% in the ordinary shares of A. Top. Mr. Wong and his family are beneficially interested in Megalopolis Limited which in turn holds approximately 32.97% of ordinary shares in Oriental Team. The Group has granted a trademark licence to A. Top and Oriental Team at a monthly licence fee calculated at 0.5% of the gross turnover. Due to the restaurants operated by A. Top and Oriental Team were permanently closed on 16 April 2003 and 20 April 2004 respectively, these connected transactions were terminated accordingly during the year.
- (ii) The Group purchased foodstuffs from Tung Cheong Hong and Pacific Good Trading Limited, both of which are beneficially owned by a director of the Company.

- (i) 一冠投資有限公司(「一冠」)及奧成投資有限公司(「奧成」)為本公司非全資擁有之附屬公司，王仲銘先生乃為一冠及奧成之董事。彼亦於一冠之普通股中擁有約4.17%權益。王先生與其家族實益持有Megalopolis Limited之權益，而Megalopolis Limited則於奧成之普通股中持有約32.97%權益。本集團已向一冠及奧成授出商標許可證，每月許可證收費乃按總營業額之0.5%計算。由於一冠及奧成經營之酒樓已分別於二零零三年四月十六日及二零零四年四月二十日永久關閉，故此等關連交易亦已於年內終止。
- (ii) 本集團向同昌行及順佳貿易有限公司採購食品，該兩家公司由本公司一位董事實益持有。

(iii) The rental expenses were paid to N.W.P. Investments, To Sang Management, Composite Interest Limited (“Composite”) and Wong Chung Ming Development Fund Company Limited (“WCM Fund”). Mr. Ng Wing Po was a non-executive director of the Company and a director of N.W.P. Investments which is controlled indirectly by a discretionary trust of which Mr. Ng Wing Po’s wife and certain of his children are beneficiaries. To Sang Management is beneficially owned by certain directors of the Company. Composite and WCM Fund are beneficially owned by Mr. Wong Chung Ming who is a minority shareholder holding 4.17% interest in A. Top. The rental expenses were based on the agreement signed with the Group.

Pursuant to a deed of surrender of the premises entered into between Composite and Oriental Team on 20 April 2004, this connected transaction was terminated accordingly during the year.

(iv) Certain properties beneficially owned by the ultimate holding company and the immediate holding company were leased to the Group for its operations. The rental expenses were based on the tenancy agreements signed with the Group.

(v) On 5 July 2003, Hon Po Management Limited, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement (“Agreement”) with N. W.P. Investments to dispose of the property located at Honour Building, To Kwa Wan for a cash consideration of HK\$55 million.

With respect to the ongoing connected transactions entered into by the Group as set out in note 25 to the financial statements, the Stock Exchange, on application by the Company, granted the Company a waiver from strict compliance with the connected transaction requirements as set out in the Listing Rules. In the opinion of the independent non-executive directors, the ongoing connected transactions were:

1. entered into by the Company in the ordinary and usual course of its business;
2. conducted either (i) on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities) or (ii) where there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
3. entered into either (i) in accordance with the terms of the agreements governing such transactions, or (ii) where there are no such agreements, on terms no less favourable than those available to or from independent third parties.

(iii) 租金開支乃支付予永波投資、道生管理、最佳置業有限公司（「最佳」）及 Wong Chung Ming Development Fund Company Limited（「WCM Fund」）。吳永波先生乃是本公司之非執行董事及永波投資之董事，永波投資乃由吳永波先生之妻子及其若干子女為受益人之全權信託所間接控制。道生管理乃由本公司若干董事實益持有。最佳及WCM Fund乃由王仲銘先生實益擁有，王仲銘先生為於一冠擁有4.17%權益之少數股東。租金開支乃以本集團所簽訂之協議為基準。

根據最佳與奧成於二零零四年四月二十日訂立交付物業之契據，是項關連交易已於年內終止。

(iv) 最終控股公司及直接控股公司實益擁有之若干物業乃出租予本集團作為營運用途。租金開支乃根據與本集團所簽訂之租賃協議計算。

(v) 於二零零三年七月五日，本公司之間接全資附屬公司漢寶管理有限公司與永波投資訂立一份買賣協議（「協議」），以現金代價55,000,000港元出售位於土瓜灣定安大廈之物業。

就列於財務報表附註25本集團已訂立有關持續進行之關連交易，本公司已向聯交所申請而聯交所也授予本公司一項豁免，毋須嚴格遵守上市規則有關關連交易之規定。獨立非執行董事認為持續進行之關連交易已達下列條件：

1. 由本公司於日常及一般業務過程中訂立；
2. 須按(i)一般商業條款（該等條款乃參照同類公司進行同類性質交易而採納）或(ii)如無可供比較者，則須按對本公司股東而言屬公平合理之條款進行；及
3. 須(i)根據監管該等交易之協議條款或(ii)如無該等協議，則按不遜於給予獨立第三者之條款訂立。

Save for the transactions as disclosed in note 25 to the financial statements, there were no other transactions which require to be disclosed as connected transactions in accordance with the Listing Rule.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

BANK BORROWINGS AND BANKING FACILITIES

Details of bank borrowings and banking facilities of the Company and the Group as at 31 December 2004 are set out in note 20 to the financial statements.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 27 to the financial statements.

AUDIT COMMITTEE

In accordance with the requirements of the Listing Rules, the Group established an audit committee comprising three independent non-executive directors of the Company. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee has reviewed the audited accounts for the year ended 31 December 2004.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice (“the Code”) as set out in Appendix 14 of the Listing Rules throughout the relevant period, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code because they are subject to retirement by rotation and re-election at annual general meetings in accordance with Articles of Association of the Company.

除與財務報表附註25所披露之相關交易外，並無其他交易須根據上市規則以關連交易之方式作出披露。

購買、贖回或出售本公司上市證券

於年內，本公司或其任何附屬公司並無購買、贖回或出售本公司任何上市證券。

銀行借貸及銀行融資

本公司及本集團於二零零四年十二月三十一日之銀行借貸及銀行融資詳情載於財務報表附註20。

結算日後事項

重大結算日後事項之詳情已列於財務報表附註27。

審核委員會

本集團已根據上市規則規定成立審核委員會，由本公司三名獨立非執行董事組成，其主要職責為審閱及監察本集團之財務申報程序及內部監控。審核委員會已審閱截至二零零四年十二月三十一日止年度之經審核賬目。

最佳應用守則

董事認為本公司於有關期間均有遵守上市規則附錄十四所載之最佳應用守則（「守則」），惟本公司之獨立非執行董事並無根據守則第7段之規定設特定任期，因彼等須根據本公司之組織章程細則於股東週年大會上輪值告退及膺選連任。

AUDITORS

Ernst & Young resigned as auditors of the Company and its subsidiaries on their own accord with effect from 17 December 2003. CCIF CPA Limited (formerly known as Charles Chan, Ip & Fung CPA Ltd) has been appointed to fill up the casual vacancy. The financial statements of the Company for the two years ended 31 December 2004 and 2003 were audited by CCIF CPA Limited.

A resolution for the re-appointment of CCIF CPA Limited as the auditors of the Company for the ensuing year will be proposed at the forthcoming annual general meeting.

On behalf of the board

Cheung To Sang
Chairman

Hong Kong, 22 April 2005

核數師

安永會計師事務所已自願辭任為本公司及其附屬公司之核數師，自二零零三年十二月十七日生效，而陳葉馮會計師事務所有限公司已獲委任以填補空缺。本公司截至二零零四年十二月三十一日及二零零三年十二月三十一日止年度之財務報表已經由陳葉馮會計師事務所有限公司審核。

本公司將於即將舉行之股東週年大會上提呈決議案，續聘陳葉馮會計師事務所有限公司為本公司來年之核數師。

代表董事會

主席
張道生

香港，二零零五年四月二十二日

