

The directors present their annual report and the audited financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of providing package tours, travel and other related services, and hotel operation in Hong Kong and the People's Republic of China (the "PRC").

### RESULTS

The results of the Group for the year ended 31 December 2004 are set out in the consolidated income statement on page 36.

### FINANCIAL SUMMARY

A financial summary of the Group is set out on page 129.

### SHARE CAPITAL

Particulars of the movements of the share capital of the Company are set out in note 39 to the financial statements.

### CONVERTIBLE NOTES

Particulars of the convertible notes of the Company are set out in note 36 to the financial statements.

### RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 41 to the financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group and the Company during the year are set out in note 14 to the financial statements.

董事會謹提呈本公司及其附屬公司(以下統稱「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財務報表。

### 主要業務

本公司為一家投資控股公司，其附屬公司主要從事提供旅行團、旅遊及其他相關之服務，以及於香港及中華人民共和國（「中國」）經營酒店業務。

### 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載於第36頁之綜合收益表。

### 財務概要

本集團之財務概要載於第129頁。

### 股本

本公司股本變動之詳情載於財務報表附註39。

### 可換股票據

本公司可換股票據之詳情載於財務報表附註36。

### 儲備

本集團及本公司於年內之儲備變動情況載於財務報表附註41。

### 物業、機器及設備

本集團及本公司於年內之物業、機器及設備之變動詳情載於財務報表附註14。

## INVESTMENT PROPERTY

Details of revaluation of the investment property of the Group as at 31 December 2004 are set out in note 15 to the financial statements.

## PARTICULARS OF PROPERTIES OF THE GROUP

Particulars of the properties of the Group as at 31 December 2004 are set out on pages 130 to 132 of the annual report.

## DIRECTORS

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

### Executive Directors:

Mr. Yu Kam Kee, Lawrence *M.B.E., J.P.*  
(Chairman and Executive Director)

Mr. Cheung Hon Kit  
(Managing Director)

Dr. Yap, Allan

Mr. Chan Pak Cheung, Natalis

Mr. Lui Siu Tsuen, Richard

Ms. Luk Yee Lin, Ellen

Dr. Chan Kwok Keung, Charles  
(resigned on  
30 December 2004)

### Non-Executive Directors:

Mr. Chan Yeuk Wai  
(Honorary Chairman)

Mr. Fok Kin-ning, Canning  
(resigned on  
30 December 2004)

Ms. Shih, Edith  
(alternate to Mr. Fok Kin-ning, Canning)  
(ceased to be an alternate  
director to  
Mr. Fok Kin-ning,  
Canning on  
30 December 2004)

## 投資物業

本集團於二零零四年十二月三十一日之投資物業重估詳情載於財務報表附註15。

## 本集團之物業詳情

本集團於二零零四年十二月三十一日之物業詳情載於本年報第130至132頁。

## 董事

於年內及截至本報告日期，本公司列位董事為：

### 執行董事：

余錦基先生 *M.B.E.勳銜*，太平紳士  
(主席兼執行董事)

張漢傑先生  
(董事總經理)

Yap, Allan博士

陳百祥先生

呂兆泉先生

陸綺蓮女士

陳國強博士  
(於二零零四年  
十二月三十日辭任)

### 非執行董事：

陳若偉先生  
(榮譽主席)

霍建寧先生  
(於二零零四年  
十二月三十日辭任)

施熙德女士  
(於二零零四年  
十二月三十日終止  
出任霍建寧先生之  
替任董事)

### Independent Non-Executive Directors:

Mr. Kwok Ka Lap, Alva	
Mr. Sin Chi Fai	(appointed on 15 September 2004)
Mr. Wong King Lam, Joseph	(appointed on 30 September 2004)
Mr. Lai Hing Chiu, Dominic	(resigned on 15 September 2004)

In accordance with Bye-Law 99 of the Company's Bye-Laws, Dr. Yap, Allan and Mr. Lui Siu Tsuen, Richard will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

In accordance with Bye-Law 102(B) of the Company's Bye-Laws, Mr. Sin Chi Fai and Mr. Wong King Lam, Joseph who were appointed during the year ended 31 December 2004, will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Independent non-executive directors have been appointed for a term subject to retirement by rotation as required by the Company's Bye-Laws.

### DIRECTORS' SERVICE CONTRACTS

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

### DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

During the year, the Group had transactions with certain directors of the Company and certain companies in which directors of the Company have interests, details of which are set out in note 52 to the financial statements.

### 獨立非執行董事:

郭嘉立先生	
冼志輝先生	(於二零零四年 九月十五日獲委任)
黃景霖先生	(於二零零四年 九月三十日獲委任)
黎慶超先生	(於二零零四年 九月十五日辭任)

根據本公司之公司細則第99條規定，Yap, Allan博士及呂兆泉先生將於應屆股東週年大會上輪席退任，惟彼等符合資格並願意膺選連任。

根據本公司之公司細則第102(B)條規定，冼志輝先生及黃景霖先生於截至二零零四年十二月三十一日止年度內獲委任，彼等將於應屆股東週年大會上退任，惟符合資格並願意膺選連任。

根據本公司之公司細則規定，獨立非執行董事於在任期間須輪席退任。

### 董事之服務合約

於應屆之股東週年大會上建議膺選連任之董事，概無與本公司或其任何附屬公司簽訂本集團不可於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

### 董事之合約權益及關連交易

於年內，本集團曾與本公司若干董事以及本公司董事擁有權益之若干公司進行交易，有關交易詳情載於財務報表附註52。

Save as disclosed above, no contracts of significance to which the Company or any of its subsidiaries 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.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2004, the interests and short positions of the directors or chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

Name of director 董事姓名	Long position/ short position 好倉／淡倉	Capacity 身份	Nature of interest 權益性質	Number of shares held 所持股份數目	Approximate percentage of shareholding 股權之概約百分比
Mr. Chan Yeuk Wai (Note)	Long position	Interest of controlled corporations and interests held jointly with another person	Corporate and other interests	3,090,694,440	9.59%
陳若偉先生 (附註)	好倉	受控制公司之權益及與他人共同持有之權益	公司及其他權益	3,090,694,440	9.59%

Note: Mr. Chan Yeuk Wai, a non-executive director of the Company, is also a director of and has 50% control in Hounslow Limited, a substantial shareholder of the Company. Mr. Chan Yeuk Wai is deemed to have corporate and other interests in 3,090,694,440 shares by virtue of his interests in Hounslow Limited. These interests are duplicated with the interests as shown in the section headed "SUBSTANTIAL SHAREHOLDERS" below.

除上文所披露者外，於本年度完結時或於年內任何時間，本公司董事概無於本公司或其任何附屬公司所訂立之重大合約中直接或間接擁有重大權益。

## 董事之證券權益

於二零零四年十二月三十一日，本公司董事或行政總裁於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有(a)根據證券及期貨條例第XV部第7及第8分部（包括根據證券及期貨條例有關條文被當作或視為擁有之權益或淡倉）須知會本公司及香港聯合交易所有限公司（「聯交所」）；或(b)根據證券及期貨條例第352條須載入該條例所指之登記冊內；或(c)根據上市發行人董事進行證券交易之標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

附註：本公司非執行董事陳若偉先生亦為本公司主要股東Hounslow Limited之董事，並擁有50%之控制權。陳若偉先生因擁有Hounslow Limited之權益，而被視為擁有3,090,694,440股股份之公司及其他權益。該等權益之詳情於下文「主要股東」一節中重複。

Save as disclosed above, as at 31 December 2004, none of the directors or chief executive of the Company 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The share option scheme of the Company (the "Scheme"), which was approved and adopted by its shareholders on 3 May 2002, is valid and effective for a period of 10 years after the date of adoption.

The purpose of the Scheme is to enable the Company to grant options to employees, executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any suppliers, consultants, agents or advisers who will contribute or have contributed to the Company or any of its subsidiaries as incentives and rewards for their contribution to the Company or such subsidiaries.

Subject to the condition that the total number of shares which may be issued upon the exercise of all outstanding options granted and to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time, the total number of shares in respect of which options may be granted under the Scheme, when aggregated with any shares subject to any other schemes, is not permitted to exceed 10% of the shares of the Company in issue on the date of approval and adoption of the Scheme. The number of shares in respect of which options may be granted under the Scheme and other share option scheme(s) of the Company to any individual in aggregate in any 12 month period is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders.

除上文所披露者外，於二零零四年十二月三十一日，本公司董事或行政總裁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、相關股份或債券中擁有根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所，或根據證券及期貨條例第352條記錄於本公司存置之登記冊內，或根據聯交所證券上市規則（「上市規則」）內之標準守則知會本公司及聯交所之任何權益或淡倉。

### 董事購買股份或債券之權利

於二零零二年五月三日，本公司之股東已批准及採納購股權計劃（「該計劃」），該計劃於採納日起計十年內有效及生效。

該計劃旨在讓本公司向本公司或其任何附屬公司之僱員、行政人員或高級人員（包括本公司或其任何附屬公司之執行及非執行董事）以及任何對本公司或其任何附屬公司將會或曾經作出貢獻之供應商、顧問、代理或諮詢人授予購股權，作為彼等對本公司或該等附屬公司所作貢獻之獎勵及回報。

因根據該計劃及本公司任何其他計劃授出而行使及將予行使之所有尚未行使購股權獲行使而可予發行之股份總數不得超過本公司不時已發行股份之30%，在此條件規限下，根據該計劃可授出之購股權涉及之股份總數，加上任何其他計劃所涉及之股份，不得超過本公司於批准及採納該計劃當日已發行股份之10%。若未經本公司股東事先批准，根據該計劃及本公司其他購股權計劃可授予任何人士之購股權涉及之股份數目，於任何十二個月期間內合共不得超過本公司已發行股份之1%。

Where any grant of options to a substantial shareholder or any independent non-executive director of the Company, or any of their respective associates (as defined in Rule 1.01 of the Listing Rules), would result in the number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person in any 12 month period up to and including the date of the grant:

- (i) representing in aggregate over 0.1% of the shares in issue, and
- (ii) having an aggregate value, based on the closing price of the shares of the Company on the date of grant in excess of HK\$5 million,

such grant of option shall be subject to prior approval of the shareholders of the Company who are not connected persons of the Company as defined in the Listing Rules.

Option granted must be taken up within 30 days of the date of offer. The consideration payable for the option is HK\$1. Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will not be less than the higher of (i) the average closing price of the shares for the five business days immediately preceding the date of grant, (ii) the closing price of the shares on the date of grant or (iii) the nominal value of the shares of the Company.

No options have been granted since the adoption of the Scheme.

The total number of securities available for issue under the Scheme is 13,881,317 shares representing approximately 3.4% of the issued share capital of the Company as at the date of this report after taking into account of the share consolidation of 100 shares into 1 share of HK\$1.00 each effective on 15 March 2005.

倘向本公司主要股東或獨立非執行董事或彼等各自之聯繫人士(定義見上市規則第1.01條)批授購股權,並將導致該有關人士獲授購股權當日止之十二個月內所有已獲授予及將獲授予之購股權予以行使後所發行及將予發行之股份數目:

- (i) 佔已發行股份合共超過0.1%;及
- (ii) 按各授出日期之本公司股份收市價為基準之價值合共超過5,000,000港元。

上述授出購股權須經本公司非關連人士(定義見上市規則)之股東事先批准,方可進行。

授出之購股權必須於建議之日起計三十日內獲接納。購股權之應付代價為1港元。購股權可於購股權獲接納之日起至董事會釐定之日期止任何時間行使,惟無論如何不得超過十年。行使價格由本公司董事釐定,且將不會低於(i)股份緊接授出之前五個營業日之平均收市價,(ii)股份於授出之日之收市價或(iii)本公司股份之面值(以最高者為準)。

自採納該計劃以來,本公司概無授出任何購股權。

經考慮於二零零五年三月十五日生效將100股股份合併為1股每股面值1.00港元之股份之股份合併後,根據該計劃,可供發行之證券總數為13,881,317股,佔本公司於本報告日期已發行股本約3.4%。

Save as disclosed above, none of the directors or their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the year; and 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.

除上文所披露者外，概無任何董事或其配偶或未滿十八歲之子女於年內擁有認購本公司之證券之權利或已行使任何該等權利；及於年內，本公司或其任何附屬公司概無訂立任何安排，以致本公司董事可藉收購本公司或任何其他法人團體之股份或債券而獲益。

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

### 董事於有競爭性業務之權益

Interests of directors of the Company in competing businesses as at 31 December 2004 required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

根據上市規則第8.10條披露本公司董事於二零零四年十二月三十一日於有競爭性業務之權益如下：

Name of director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團之業務有競爭性或可能有競爭性之實體名稱	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團之業務有競爭性或可能有競爭性之實體簡述	Nature of interest of the director in the entity 董事於該實體之權益性質
Mr. Cheung Hon Kit 張漢傑先生	Paul Y. – ITC Construction Holdings Limited and its subsidiaries 保華德祥建築集團有限公司及其附屬公司	Property investments in Hong Kong and the PRC 於香港及中國從事地產投資	Executive Director 執行董事
	A non wholly-owned subsidiary of China Strategic Holdings Limited 中策集團有限公司之非全資附屬公司	Property business in the PRC 於中國從事地產業務	Director 董事
	China Development Limited 中之傑發展有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Shareholder 董事及股東
	Silver City Limited 銀鎮有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Shareholder 董事及股東

Name of director	Name of entity which businesses are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團之業務有競爭性或可能有競爭性之實體名稱	Description of businesses of the entity which are considered to compete or likely to compete with the businesses of the Group 其業務被視為與本集團之業務有競爭性或可能有競爭性之實體簡述	Nature of interest of the director in the entity 董事於該實體之權益性質
董事姓名			
	Artnos Limited 朗隆有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Shareholder 董事及股東
	Co-Forward Development Ltd 互勵發展有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Shareholder 董事及股東
	Orient Centre Limited 東名有限公司	Property investment in Hong Kong 於香港從事地產投資	Shareholder 股東
	Super Time Limited 時業有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Shareholder 董事及股東
	Asia City Holdings Ltd 亞城集團有限公司	Property investment in Hong Kong 於香港從事地產投資	Director and Shareholder 董事及股東
Dr. Yap, Allan Yap, Allan博士	China Strategic Holdings Limited and its subsidiaries 中策集團有限公司及其附屬公司	Property business in the PRC 於中國從事地產業務	Vice Chairman 副主席
Mr. Lui Siu Tsuen, Richard 呂兆泉先生	China Strategic Holdings Limited and its subsidiaries 中策集團有限公司及其附屬公司	Property business in the PRC 於中國從事地產業務	Alternate Director to Dr. Yap, Allan, Vice Chairman of China Strategic Holdings Limited 中策集團有限公司副主席Yap, Allan博士之 替任董事



# Report of the Directors

## 董事會報告

### SUBSTANTIAL SHAREHOLDERS

As at 31 December 2004, so far as was known to the directors or chief executive of the Company, the following persons (other than directors or chief executive of the Company) had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

#### (a) Interests in the shares

### 主要股東

於二零零四年十二月三十一日，就本公司董事或行政總裁所知，以下人士（本公司董事或行政總裁除外）於股份及相關股份中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉：

#### (a) 於股份之權益

Name of shareholder 股東名稱	Long position/ short position 好倉／淡倉	Capacity 身份	Nature of interest 權益性質	Number of shares held 所持股份數目	Approximate percentage of shareholding 股權之概約百分比
China Strategic Holdings Limited (Note 1(a))	Long position	Interest of controlled corporations	Corporate interest	8,650,000,000	26.84%
中策集團有限公司 (附註1(a))	好倉	受控制公司之權益	公司權益	8,650,000,000	26.84%
China Enterprises Limited (Note 1(a))	Long position	Interest of a controlled corporation	Corporate interest	8,650,000,000	26.84%
China Enterprises Limited (附註1(a))	好倉	受控制公司之權益	公司權益	8,650,000,000	26.84%
Million Good Limited (Note 1(a))	Long position	Beneficial owner	Corporate interest	8,650,000,000	26.84%
Million Good Limited (附註1(a))	好倉	實益擁有人	公司權益	8,650,000,000	26.84%
Hounslow Limited (Note 2)	Long position	Beneficial owner and interest of controlled corporations	Corporate interest	2,019,557,190	6.26%
Hounslow Limited (附註2)	好倉	實益擁有人及 受控制公司之權益	公司權益	2,019,557,190	6.26%
Deutsche Bank Aktiengesellschaft	Long position	Beneficial owner and security interest	Corporate interest	2,326,940,000	7.22%
德意志銀行	好倉	實益擁有人及保證權益	公司權益	2,326,940,000	7.22%

**(b) Interests in underlying shares under equity derivatives (as defined in Part XV of the SFO)**

**(b) 於股本衍生工具中相關股份(定義見證券及期貨條例第XV部)之權益**

Name of shareholder	Long position/ short position	Capacity	Nature of interest	Number of underlying shares (under unlisted equity derivatives of the Company) 相關股份(本公司之非上市股本衍生工具)數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比
股東名稱	好倉/淡倉	身份	權益性質		
China Strategic Holdings Limited (Note 1(a))	Long position	Interest of controlled corporations	Corporate interest	2,750,000,000 (Note 1(b))	8.53%
中策集團有限公司 (附註1(a))	好倉	受控制公司之權益	公司權益	2,750,000,000 (附註1(b))	8.53%
China Enterprises Limited (Note 1(a))	Long position	Interest of a controlled corporation	Corporate interest	2,750,000,000 (Note 1(b))	8.53%
China Enterprises Limited (附註1(a))	好倉	受控制公司之權益	公司權益	2,750,000,000 (附註1(b))	8.53%
Million Good Limited (Note 1(a))	Long position	Beneficial owner	Corporate interest	2,750,000,000 (Note 1(b))	8.53%
Million Good Limited (附註1(a))	好倉	實益擁有人	公司權益	2,750,000,000 (附註1(b))	8.53%

# Report of the Directors

## 董事會報告

### Notes:

(1) (a) Million Good Limited is a wholly-owned subsidiary of China Enterprises Limited ("CEL"), whose shares are traded on the OTC Bulletin Board in the United States of America, which in turn is a company owned as to approximately 55.22% effective equity interest and approximately 88.79% effective voting interest by China Strategic Holdings Limited ("CSH"). CSH and CEL are deemed to be interested in 8,650,000,000 shares which are held by Million Good Limited, in which 2,340,000,000 shares issued to Million Good Limited is subject to the approval of the independent shareholders of the Company at the special general meeting held on 11 January 2005 pursuant to the placing and subscription agreement dated 30 November 2004 entered into between CEL, Deutsche Bank AG, Hong Kong Branch and the Company. CSH and CEL are also deemed to be interested in 2,750,000,000 underlying shares (in respect of unlisted equity derivatives of the Company) held by Million Good Limited.

(b) Pursuant to the subscription agreement dated 13 January 2004, (as subsequently amended on 17 March 2004 and further amended by the supplemental agreement dated 4 May 2004) entered into between CEL and the Company, the Company issued to a nominee of CEL a convertible note with a principal amount of HK\$155,000,000. As at 31 December 2004, a principal amount of HK\$55,000,000 was outstanding and CEL or its nominee(s) is entitled to convert the outstanding convertible note into 2,750,000,000 new shares at an initial conversion price of HK\$0.020 per share (subject to adjustments).

(2) Hounslow Limited is incorporated in the British Virgin Islands with limited liability in which Mr. Chan Yeuk Wai is a director and has 50% control.

Save as disclosed above, as at 31 December 2004, the directors or chief executive of the Company were not notified of any other persons who had 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) which would be required to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO.

### 附註:

(1) (a) Million Good Limited乃其股份於美國場外交易議價板買賣公司China Enterprises Limited (「CEL」)之全資附屬公司，而CEL則由中策集團有限公司(「中策」)擁有約55.22%實際股本權益以及約88.79%實際投票權益。中策及CEL被視為擁有由Million Good Limited所持之8,650,000,000股股份之權益，其中根據CEL、德意志銀行香港分行與本公司訂立日期為二零零四年十一月三十日之配售及認購協議而發行予Million Good Limited之2,340,000,000股股份，須於二零零五年一月十一日舉行之股東特別大會上經本公司獨立股東批准。中策及CEL亦被視為擁有由Million Good Limited所持之2,750,000,000股相關股份(有關本公司之非上市股本衍生工具)之權益。

(b) 根據CEL與本公司訂立日期為二零零四年一月十三日之認購協議(隨後於二零零四年三月十七日作出修訂，並按訂立日期為二零零四年五月四日之補充協議進一步修訂)，本公司向CEL之代名人發行本金額為155,000,000港元之可換股票據。於二零零四年十二月三十一日，尚有本金額為55,000,000港元之可換股票據未獲行使，CEL或其代名人有權按每股0.020港元(可予調整)之初步換股價，將未行使之可換股票據轉換為2,750,000,000股新股份。

(2) Hounslow Limited乃於英屬維爾京群島註冊成立之有限公司，而陳若偉先生為該公司之董事及擁有50%之控制權。

除上文披露者外，於二零零四年十二月三十一日，本公司董事或行政總裁並無獲通知任何其他人士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、相關股份或債券中擁有根據證券及期貨條例第XV部須向本公司及聯交所披露之權益或淡倉。

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2004.

## PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against such rights under the laws in Bermuda.

## MAJOR CUSTOMERS AND SUPPLIERS

Both aggregate amount of purchases and turnover attributable to the Group's five largest suppliers and customers were less than 30% of the total value of the Group's purchases and turnover respectively.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance which is crucial to the development of the Group and safeguard the interests of the Company's shareholders. To accomplish this, the Group exercises corporate governance through the Board and Committees as set out below:

### Board of Directors

The Board of Directors comprises the executive Chairman, the non-executive Honorary Chairman, the Managing Director, four Executive Directors and three Independent Non-Executive Directors. The Board of Directors is principally accountable to the shareholders and is responsible for the leadership and control of the Group including overseeing the Group's businesses, strategic directions, financial performance, setting objectives and business development plans, and monitoring the performance of the senior management.

The Board of Directors meets regularly throughout the year to formulate overall strategy, monitor business development as well as the financial performance of the Group and has formal procedures on matters for consideration and decision. The Board of Directors has delegated certain authorities to the senior management for the day-to-day management of the Group's operation.

## 購買、出售或贖回上市證券

本公司或其任何附屬公司於截至二零零四年十二月三十一日止年度內概無購買、出售或贖回本公司任何上市證券。

## 優先購買權

雖然百慕達法律並無對優先購買權加以限制，惟本公司之公司細則亦無有關該等權利之條文。

## 主要客戶及供應商

本集團五大供應商及客戶之採購及營業總額分別少於本集團採購及營業總額之30%。

## 企業管治常規

本集團致力於達致高水平之企業管治，蓋因企業管治對本集團發展及保障本公司股東之權益至為重要。為此，本集團透過董事會及下列委員會實施企業管治：

### 董事會

董事會由執行主席、非執行榮譽主席、董事總經理、四名執行董事及三名獨立非執行董事組成。董事會主要對股東負責，並負責引導及管治本集團，包括監督本集團之業務、策略方針、財務表現、設定目標及制訂業務發展計劃以及監察高級管理人員之表現。

董事會每年會定期召開會議，以制訂整體策略、監管本集團之業務發展及財務表現，並採用正式程序以考慮及有待決策之事宜。董事會已授予高級管理人員若干權力以管理本集團之日常營運。

The current members of the Board are Mr. Yu Kam Kee, Lawrence, *M.B.E., J.P.* (Chairman); Mr. Cheung Hon Kit (Managing Director); Dr. Yap, Allan, Mr. Chan Pak Cheung, Natalis, Mr. Lui Siu Tsuen, Richard, Ms. Luk Yee Lin, Ellen (Executive Directors); Mr. Chan Yeuk Wai (Honorary Chairman and Non-Executive Director); and Mr. Kwok Ka Lap, Alva, Mr. Sin Chi Fai and Mr. Wong King Lam, Joseph (Independent Non-Executive Directors).

All directors, apart from the Chairman, Honorary Chairman and Managing Director, are subject to retirement by rotation and re-election at the annual general meeting. To further enhance good corporate governance practice and accountability, a proposal to amend the Company's Bye-Laws to include the Chairman, Honorary Chairman and Managing Director under the rotation arrangement will be put to shareholders for approval at the forthcoming annual general meeting.

### Audit Committee

The Company has established an Audit Committee with written terms of reference with reference to the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and such terms of reference are in line with the code provisions set out in the Code on Corporate Governance Practices (the "Corporate Governance Code") as stipulated in Appendix 14 to the Listing Rules.

The Audit Committee consists of three independent non-executive directors. The current members of the Audit Committee are Mr. Kwok Ka Lap, Alva, Mr. Sin Chi Fai and Mr. Wong King Lam, Joseph. The Audit Committee is chaired by Mr. Wong King Lam, Joseph.

董事會成員現時包括主席余錦基先生 *M.B.E. 勳銜*、太平紳士、董事總經理張漢傑先生、執行董事Yap, Allan博士、陳百祥先生、呂兆泉先生、陸綺蓮女士、榮譽主席及非執行董事陳若偉先生、以及獨立非執行董事郭嘉立先生、冼志輝先生及黃景霖先生。

除主席、榮譽主席及董事總經理外，所有董事均須於股東週年大會上輪席退任及重選。為了進一步提升企業管治水平及加強問責制度，本公司將於即將舉行之股東週年大會上提呈股東批准一項建議，修訂本公司之公司細則以使主席、榮譽主席及董事總經理亦須輪席退任。

### 審核委員會

本公司已成立審核委員會，並參照香港會計師公會頒佈之「審核委員會有效運作指引」所載之推薦建議訂明其書面職權範圍及該等職權範圍符合上市規則附錄十四之企業管治常規守則（「企業管治守則」）所載之守則條文。

審核委員會包括三名獨立非執行董事。審核委員會成員現時包括郭嘉立先生、冼志輝先生及黃景霖先生。審核委員會之主席為黃景霖先生。

The Audit Committee meets at least twice a year for reviewing the reporting of annual and interim results and other information to the shareholders, and the effectiveness and objectivity of the audit process. Additional meetings may be held by the Audit Committee from time to time to discuss special projects or other issues which the Audit Committee considers necessary. The external auditors of the Company may request a meeting if they consider that one is necessary. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

## Remuneration Committee

The Remuneration Committee of the Group has been established in April 2005 with written terms of reference in line with the Corporate Governance Code. The Remuneration Committee will meet at least once a year to consider and recommend to the Board the Group's remuneration policy and structure and to review and determine the remuneration packages of the executive directors and senior management.

The Remuneration Committee comprises two independent non-executive directors and one executive director. The current members of the Remuneration Committee are Mr. Kwok Ka Lap, Alva, Mr. Sin Chi Fai and Mr. Lui Siu Tsuen, Richard. The Remuneration Committee is chaired by Mr. Kwok Ka Lap, Alva.

## ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received the annual confirmation of independence from each of the independent non-executive directors as required under Rule 3.13 of the Listing Rules. The Company considered all independent non-executive directors to be independent.

審核委員會每年至少召開兩次會議，審閱年度及中期業績報告及向股東提供之其他資料，以及檢討審核過程之有效性及客觀性。審核委員會可不時額外召開會議以討論審核委員會認為必要之特別項目或其他事宜。本公司之外聘核數師可於必要時要求召開會議。就審核委員會職權範圍內之事宜而言，審核委員會亦為董事會與本公司核數師兩者間之重要橋樑，並不時檢討核數師之獨立性及客觀性。

## 薪酬委員會

本集團已於二零零五年四月成立薪酬委員會，並依照企業管治守則訂明其書面職權範圍。薪酬委員會每年至少召開一次會議，以考慮及向董事會建議本集團之薪酬政策及架構，以及檢討及釐定執行董事及高級管理人員之薪酬待遇。

薪酬委員會由兩名獨立非執行董事及一名執行董事組成。薪酬委員會成員現時包括郭嘉立先生、冼志輝先生及呂兆泉先生。薪酬委員會之主席為郭嘉立先生。

## 獨立性之年度確認書

本公司已接獲各獨立非執行董事根據上市規則第3.13條之規定而發出有關其獨立性之年度確認書。本公司認為所有獨立非執行董事均為獨立人士。

### COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied throughout the year ended 31 December 2004 with the Code of Best Practice as set out in Appendix 14 to the Listing Rules which was in force prior to 1 January 2005, except that the non-executive directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the directors (the "Code"). Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Code during the year ended 31 December 2004.

### DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2004, the directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 遵守最佳應用守則

董事認為，本公司於截至二零零四年十二月三十一日止年度內一直遵守於二零零五年一月一日前生效之上市規則附錄十四所載之最佳應用守則，惟非執行董事並無固定任期，但彼等須根據本公司之公司細則，於股東週年大會上依章輪席退任及重選。

### 遵守上市發行人董事進行證券交易之標準守則

本公司已採納載於上市規則附錄十有關「上市發行人董事進行證券交易之標準守則」作為其董事買賣本公司證券之守則（「守則」）。經向所有董事作出特定查詢後，本公司確認所有董事於截至二零零四年十二月三十一日止年度內，一直遵守守則之規定標準。

### 董事對財務報表之責任

董事須負責編製各財務期間真實公平反映本集團於該期間之財務狀況及業績與現金流量之財務報表。於編製截至二零零四年十二月三十一日止年度之財務報表時，董事已選擇及貫徹應用合適之會計政策，作出審慎、公平及合理之判斷及估計，並按持續基準編製財務報表。董事亦須負責存置於任何時間均合理準確披露本集團財務狀況之妥善會計記錄，以保護本集團之資產及採取合理措施防止及審查欺詐及其他違規行為。

## AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the audited financial statements for the year ended 31 December 2004. The Audit Committee currently comprises three independent non-executive directors, namely Mr. Kwok Ka Lap, Alva, Mr. Sin Chi Fai and Mr. Wong King Lam, Joseph.

## SUFFICIENCY OF PUBLIC FLOAT

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

## POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 51 to the financial statements.

## AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**Cheung Hon Kit**

*Managing Director*

Hong Kong, 26 April 2005

## 審核委員會

審核委員會已與管理層及本公司核數師審閱本集團採納之會計原則及慣例，並已就核數、內部監控及財務申報事宜（包括截至二零零四年十二月三十一日止年度之經審核財務報表）進行討論。審核委員會現由三名獨立非執行董事郭嘉立先生、冼志輝先生及黃景霖先生組成。

## 公眾持股量充足

根據本公司可公開獲得之資料及據董事所知，於本報告日期，本公司具備上市規則規定之足夠公眾持股量。

## 結算日後事項

重大結算日後事項之詳情載於財務報表附註51。

## 核數師

董事會將於本公司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

董事總經理

張漢傑

香港，二零零五年四月二十六日