

The Directors present their report together with the audited financial statements for the year ended 31st December, 2004.

PRINCIPAL ACTIVITIES

During the year, the Company acted as an investment holding company and its subsidiaries were principally engaged in property investment and development, brokerage, securities investment and money lending.

TURNOVER AND CONTRIBUTION BY SEGMENT

The Group's turnover and contribution to profit from operations analysed by principal activities are set out in note 4 to the financial statements.

SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITY

Particulars of the Company's principal subsidiaries, associates and jointly controlled entity as at 31st December, 2004 are set out in notes 48, 49 and 50 to the financial statements respectively.

RESULTS AND APPROPRIATION

The results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2004 are set out in the Consolidated Income Statement on page 47.

The Directors had declared an interim dividend of HK8.5 cents (2003: HK5 cents) per share. The Board resolved to recommend the payment of a final dividend of HK11 cents for the year ended 31st December, 2004 (2003: HK12 cents).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five years is set out on page 114.

INVESTMENT PROPERTIES

During the year, the Group acquired certain leasehold properties in Hong Kong and the United Kingdom for a total consideration of approximately HK\$259,313,000 (2003: HK\$1,468,035,000). Investment properties with an aggregate net book value of approximately HK\$84,865,000 (2003: HK\$49,363,000) were disposed of during the year.

本董事會謹提呈截至二零零四年十二月三十一日止年度之董事會報告書及經審核財務報表。

主要業務

於本年度內，本公司為一間投資控股公司，其附屬公司主要從事物業投資及發展、經紀服務、證券投資及放債。

營業額及業績貢獻分析

本集團以主要業務劃分之營業額及經營溢利貢獻分析載於財務報表附註4。

附屬公司、聯營公司及共同控制機構

本公司於二零零四年十二月三十一日之主要附屬公司、聯營公司及共同控制機構之詳情，分別載於財務報表附註48、49及50。

業績及分配

本公司及其附屬公司（「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47頁之綜合收益表內。

董事已宣派中期股息每股8.5港仙（二零零三年：5港仙）。董事會議決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每股11港仙（二零零三年：12港仙）。

財務概要

本集團過去五年之業績、資產及負債概要載於第114頁。

投資物業

於本年度內，本集團以總代價約259,313,000港元（二零零三年：1,468,035,000港元）購入若干位於香港及英國之租賃物業。本年度內亦出售總賬面淨值約84,865,000港元（二零零三年：49,363,000港元）之投資物業。

INVESTMENT PROPERTIES (cont'd)

Details of these and other movements in investment properties during the year are set out in note 16 to the financial statements.

PROPERTY AND OTHER FIXED ASSETS

Movements in property and other fixed assets during the year are set out in note 17 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group as at 31st December, 2004 are set out on pages 115 to 127.

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in note 39 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in page 51 and note 40 to the financial statements respectively.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist at law in Bermuda, being the jurisdiction in which the Company is incorporated.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company had purchased a total of 116,050,000 shares of the Company at an aggregate consideration of HK\$491,238,550 on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") and all of these shares were cancelled. Details were as follows:

投資物業（續）

於本年度內有關投資物業之上述變動及其他變動詳情載於財務報表附註 16。

物業及其他固定資產

物業及其他固定資產於本年度內之變動情況載於財務報表附註 17。

主要物業

本集團於二零零四年十二月三十一日之主要物業詳情載於第 115 至第 127 頁內。

股本

本公司股本於本年度內之變動情況載於財務報表附註 39。

儲備

本集團及本公司之儲備於本年度內之變動情況分別載於第 51 頁及財務報表附註 40。

優先購買權

本公司於百慕達註冊成立，該司法轄區並無優先購買權存在。

購買、出售或贖回上市證券

於年內，本公司在香港聯合交易所有限公司（「聯交所」）購回合共 116,050,000 股本公司股份，總代價為 491,238,550 港元，上述所有股份均已註銷。有關詳情載列如下：

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES (cont'd)

購買、出售或贖回上市證券(續)

| Method of Purchase | Month of Purchase | | Number of Shares Purchased | Highest Price/Share | Lowest Price/Share | Aggregate Consideration |
|--------------------|-------------------|----------|----------------------------|---------------------|--------------------|-------------------------|
| 購回方法 | 購回月份 | | 購回股份數目 | 每股最高價格 | 每股最低價格 | 總代價 |
| | | | | HK\$ | HK\$ | HK\$ |
| | | | | 港元 | 港元 | 港元 |
| On the Stock | January 2004 | 二零零四年一月 | 14,892,000 | 4.625 | 3.025 | 56,472,200 |
| Exchange | February 2004 | 二零零四年二月 | 21,372,000 | 5.250 | 4.650 | 104,404,100 |
| 於聯交所 | March 2004 | 二零零四年三月 | — | — | — | — |
| | April 2004 | 二零零四年四月 | — | — | — | — |
| | May 2004 | 二零零四年五月 | 6,784,000 | 4.150 | 2.525 | 23,625,700 |
| | June 2004 | 二零零四年六月 | 42,552,000 | 4.200 | 3.750 | 171,137,600 |
| | July 2004 | 二零零四年七月 | 27,036,000 | 4.725 | 3.900 | 119,200,200 |
| | August 2004 | 二零零四年八月 | — | — | — | — |
| | September 2004 | 二零零四年九月 | — | — | — | — |
| | October 2004 | 二零零四年十月 | — | — | — | — |
| | November 2004 | 二零零四年十一月 | 3,414,000 | 5.000 | 4.750 | 16,398,750 |
| | December 2004 | 二零零四年十二月 | — | — | — | — |
| Total | | | 116,050,000 | | | 491,238,550 |
| 總額 | | | | | | |

The Directors considered that the aforesaid shares were purchased at a discount to the net asset value per share and resulted in an increase in the net asset value per share then in issue.

董事認為上述股份乃按每股資產淨值之折讓價購回以致當時已發行股份之每股資產淨值增加。

Save as disclosed herein, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year.

除本報告所披露者外，本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

CHARITABLE DONATIONS

慈善捐款

Charitable donations made by the Group during the year amounted to HK\$290,000 (2003: HK\$1,294,000).

本集團於本年度內之慈善捐款額為290,000港元（二零零三年：1,294,000港元）。

DIRECTORS

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

| | |
|---|-------------------------------------|
| Mr. Thomas Lau, Luen-hung (<i>Chairman</i>) | |
| Mr. Joseph Lau, Luen-hung | |
| Ms. Amy Lau, Yuk-wai | (appointed on 28th September, 2004) |
| Mr. Koon, Wing-yee* | (appointed on 16th August, 2004) |
| Mr. Cheng, Kwee* | (appointed on 16th August, 2004) |
| Mr. Chan, Kwok-wai* | (appointed on 28th September, 2004) |
| Ms. Constance Choy, Hok-man* | (resigned on 28th September, 2004) |
| Ms. Wong, Sin-yee* | (resigned on 16th August, 2004) |

* Independent Non-executive Director

Ms. Amy Lau, Yuk-wai, Mr. Koon, Wing-yee, Mr. Cheng, Kwee and Mr. Chan, Kwok-wai will retire from office at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election in accordance with Bye-laws 94 and 111 of the Bye-laws of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st December, 2004, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") 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 for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:-

董事

於本年度內及直至本報告書日期止，本公司之董事芳名如下：

| |
|-------------------|
| 劉鑾鴻先生 (主席) |
| 劉鑾雄先生 |
| 劉玉慧女士 |
| (於二零零四年九月二十八日獲委任) |
| 官永義先生* |
| (於二零零四年八月十六日獲委任) |
| 鍾貴先生* |
| (於二零零四年八月十六日獲委任) |
| 陳國偉先生* |
| (於二零零四年九月二十八日獲委任) |
| 蔡學雯小姐* |
| (於二零零四年九月二十八日辭任) |
| 黃倩儀小姐* |
| (於二零零四年八月十六日辭任) |

* 獨立非執行董事

根據本公司之公司細則第94條及第111條，劉玉慧女士、官永義先生、鍾貴先生及陳國偉先生將在即將舉行之股東週年大會上告退，惟願膺選連任。

董事及主要行政人員於本公司及相聯法團之證券權益

於二零零四年十二月三十一日，本公司董事及主要行政人員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、相關股份及債券中擁有本公司根據證券及期貨條例第352條置存之登記冊所載錄或根據聯交所證券上市規則（「上市規則」）所載之上市公司董事證券交易標準守則須知會本公司及聯交所之權益及淡倉如下：

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS (cont'd)

董事及主要行政人員於本公司及相聯法團之證券權益 (續)

I The Company

本公司

| Name of Director | 董事姓名 | Number of Shares (ordinary share) 股份數目 (普通股) | Note 附註 | Capacity 身份 | Percentage of Issued Share Capital 已發行股本 百分比 |
|-----------------------|------|---|------------|-------------------------|--|
| Joseph Lau, Luen-hung | 劉鑾雄 | 275,143,456 | (1) | Other Interests 其他權益 | |
| | | 1,000,000,000 | (2) | Other Interests 其他權益 | |
| | | <u>1,275,143,456</u> | | | 62.81% |
| Thomas Lau, Luen-hung | 劉鑾鴻 | <u>199,207,187</u> | (3) | Other Interests 其他權益 | 9.81% |

Notes:

- (1) These shares were indirectly owned by a discretionary trust of which Mr. Joseph Lau, Luen-hung was the founder and certain family members of Mr. Joseph Lau, Luen-hung were eligible beneficiaries.
- (2) These shares were held by a unit trust of which Mr. Joseph Lau, Luen-hung was one of the unit holders. The said shares were indirectly owned by a discretionary trust of which Mr. Joseph Lau, Luen-hung was the founder and certain family members of Mr. Joseph Lau, Luen-hung were eligible beneficiaries.
- (3) These shares were indirectly owned by a discretionary trust of which Mr. Thomas Lau, Luen-hung and his certain family members were eligible beneficiaries.

附註:

- (1) 該等股份由一項以劉鑾雄先生為創立人及劉鑾雄先生之若干家族成員為合資格受益人之全權信託間接擁有。
- (2) 該等股份由一項以劉鑾雄先生為單位持有人之單位信託基金持有。該等股份由一項以劉鑾雄先生為創立人及劉鑾雄先生之若干家族成員為合資格受益人之全權信託間接擁有。
- (3) 該等股份由一項以劉鑾鴻先生及其若干家族成員為合資格受益人之全權信託間接擁有。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS (cont'd)

董事及主要行政人員於本公司及相聯法團之證券權益 (續)

II Associated Corporations of the Company

本公司之相聯法團

1. Chi Cheung

至祥

| Name of Director | 董事姓名 | Number of Shares (ordinary share) | Note 附註 | Capacity 身份 | Percentage of Issued Share Capital 已發行股本 百分比 |
|-----------------------|------|--------------------------------------|------------|--|--|
| | | 股份數目 (普通股) | | | |
| Joseph Lau, Luen-hung | 劉鑾雄 | 209,811,186 | (a) | Interest in Controlled Corporation 於受控制公司之權益 | 74.32% |

2. Kwong Sang Hong*

廣生行*

| Name of Director | 董事姓名 | Number of Shares (ordinary share) | Note 附註 | Capacity 身份 | Percentage of Issued Share Capital 已發行股本 百分比 |
|-----------------------|------|--------------------------------------|------------|--|--|
| | | 股份數目 (普通股) | | | |
| Joseph Lau, Luen-hung | 劉鑾雄 | 586,672,047 | (b) | Interest in Controlled Corporation 於受控制公司之權益 | 61.12% |

* Privatised in February 2005
已於二零零五年二月私有化

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS (cont'd)

董事及主要行政人員於本公司及相聯法團之證券權益 (續)

3. G-Prop

金匡

| Name of Director | 董事姓名 | Number of Shares (ordinary share) 股份數目 (普通股) | Note 附註 | Capacity 身份 | Percentage of Issued Share Capital 已發行股本 百分比 |
|-----------------------|------|---|------------|--|--|
| Joseph Lau, Luen-hung | 劉鑾雄 | 397,858,761 | (c) | Interest in Controlled Corporation 於受控制公司之權益 | 57.56% |

Notes:

附註:

- (a) Mr. Joseph Lau, Luen-hung by virtue of his 62.81% interest in the share capital of the Company as disclosed in paragraph 1 above, was deemed to be interested in 209,811,186 shares of Chi Cheung held directly by Billion Up Limited, a wholly-owned subsidiary of Lucky Years Ltd. which in turn was a wholly-owned subsidiary of the Company.
- (a) 正如上文第 I 段所披露，劉鑾雄先生因擁有本公司股本中 62.81% 之權益，故被視為於本公司之全資附屬公司 Lucky Years Ltd. 之全資附屬公司 Billion Up Limited 直接持有之 209,811,186 股至祥股份中擁有權益。
- (b) Mr. Joseph Lau, Luen-hung by virtue of his 62.81% interest in the share capital of the Company as disclosed in paragraph 1 above, was deemed to be interested in the 586,672,047 shares of Kwong Sang Hong held indirectly by the Company. The Company was interested in 586,672,047 shares of Kwong Sang Hong of which 72,926,000 shares were held by Good System Investment Limited, a wholly-owned subsidiary of the Company. The other 513,746,047 shares were held by Power Jade Capital Limited which was 50% owned by Gold Castle Capital Ltd., a wholly-owned subsidiary of the Company.
- (b) 正如上文第 I 段所披露，劉鑾雄先生因擁有本公司股本中 62.81% 之權益，故被視為於本公司間接持有之 586,672,047 股廣生行股份中擁有權益。本公司擁有之 586,672,047 股廣生行股份其中 72,926,000 股由本公司之全資附屬公司福程投資有限公司持有，其餘 513,746,047 股由本公司之全資附屬公司 Gold Castle Capital Ltd. 擁有 50% 之 Power Jade Capital Limited 持有。
- (c) Mr. Joseph Lau, Luen-hung, by virtue of his 62.81% interest in the issued share capital of the Company as disclosed in paragraph 1 above, was deemed to be interested in 397,858,761 shares of G-Prop under the provisions of the SFO. The Company was interested in 397,858,761 shares of G-Prop of which 170,000,000 shares, 113,818,911 shares, 37,162,165 shares and 76,877,685 shares were issued shares respectively held by Million Point Limited ("Million Point"), Paul Y. Holdings Company Limited ("Paul Y."), Great Empire International Ltd. ("Great Empire") and Luckpoint Investment Limited ("Luckpoint").
- (c) 正如上文第 I 段所披露，劉鑾雄先生因擁有本公司已發行股本中 62.81% 之權益，根據證券及期貨條例被視為擁有 397,858,761 股金匡股份。本公司擁有之 397,858,761 股金匡股份其中 170,000,000 股、113,818,911 股、37,162,165 股及 76,877,685 股為分別由 Million Point Limited (「Million Point」)、Paul Y. Holdings Company Limited (「Paul Y.」)、Great Empire International Ltd. (「Great Empire」) 及樂邦投資有限公司 (「樂邦」) 持有之已發行股份。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS (cont'd)

The Company was deemed to be interested in the 170,000,000 shares of G-Prop by virtue of the SFO as the Company owned the entire issued share capital of Chinese Estates, Limited, which owned the entire issued share capital of Cosmos Success Limited which in turn owned the entire issued share capital of Million Point.

The Company was also deemed to be interested in the 113,818,911 shares of G-Prop by virtue of the SFO as the Company owned the entire issued share capital of Paul Y..

The Company was also deemed to be interested in the 37,162,165 shares of G-Prop by virtue of the SFO as the Company owned the entire issued share capital of Paul Y., which owned the entire issued share capital of Goldstance Group Limited, which in turn owned the entire issued share capital of Great Empire.

The Company was also deemed to be interested in the 76,877,685 shares of G-Prop by virtue of the SFO as the Company owned the entire issued share capital of China Entertainment and Land Investment Company, Limited, which in turn owned the entire issued share capital of Luckpoint.

All the interests stated above represent long positions. The percentage shown was the number of shares the relevant Director was interested expressed as a percentage of the number of issued shares as at 31st December, 2004.

Saved as disclosed above, none of the other Directors and chief executives of the Company had or were deemed under the SFO to have any interest or short position 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 at 31st December, 2004.

During the year, none of the Directors and chief executives of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

董事及主要行政人員於本公司及相聯法團之證券權益 (續)

由於本公司擁有華人置業有限公司之全部已發行股本，而華人置業有限公司擁有 Cosmos Success Limited 之全部已發行股本，後者則擁有 Million Point 之全部已發行股本，本公司根據證券及期貨條例被視為擁有上述 170,000,000 股金匡股份。

由於本公司擁有 Paul Y. 之全部已發行股本，本公司根據證券及期貨條例亦被視為擁有上述 113,818,911 股金匡股份。

由於本公司擁有 Paul Y. 之全部已發行股本，而 Paul Y. 擁有 Goldstance Group Limited 之全部已發行股本，後者則擁有 Great Empire 之全部已發行股本，本公司根據證券及期貨條例亦被視為擁有上述 37,162,165 股金匡股份。

由於本公司擁有中華娛樂置業有限公司之全部已發行股本，而中華娛樂置業有限公司擁有樂邦之全部已發行股本，本公司根據證券及期貨條例亦被視為擁有上述 76,877,685 股金匡股份。

上述所有權益均為好倉。所顯示的百分比為有關董事於二零零四年十二月三十一日所擁有之股份數目佔已發行股份數目之百分比。

除上文所披露者外，於二零零四年十二月三十一日，本公司其他董事及主要行政人員概無擁有或根據證券及期貨條例被視為擁有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、相關股份或債券之任何權益或淡倉。

於本年度內，本公司董事及主要行政人員或彼等之配偶或十八歲以下之子女概無獲授或行使任何可認購本公司或其任何相聯法團之任何證券之權利。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 31st December, 2004, so far as are known to the Directors, the following parties (other than Director or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

主要股東於本公司證券之權益

據董事所知悉，於二零零四年十二月三十一日，本公司根據證券及期貨條例第336條須置存之登記冊所載錄，直接或間接擁有或被視為擁有本公司已發行股本5%或以上權益之人士（本公司之董事或主要行政人員除外）如下：

| Name 股東名稱 | Number of Shares (ordinary share) 股份數目 (普通股) | Capacity 身份 | Percentage of Issued Share Capital 已發行股本 百分比 |
|---|---|--|--|
| Credit Suisse Trust Limited | 1,000,000,000 (note 1) (附註1) | Trustee and Beneficiary of a Trust 信託人及一項信託之受益人 | 49.26% |
| Global King Ltd. | 1,000,000,000 (note 1) (附註1) | Trustee 信託人 | 49.26% |
| GZ Trust Corporation | 275,143,456 (note 2) (附註2) | Trustee and Interest in Controlled Corporation 信託人及於受控制公司之權益 | 13.55% |
| Joseph Lau Luen Hung Investments Limited | 275,143,456 (note 2) (附註2) | Beneficial Owner 實益擁有人 | 13.55% |
| Ip, Sok-wun 葉淑婉 | 199,207,187 (note 3) (附註3) | Founder of Discretionary Trust 全權信託之創立人 | 9.81% |
| J. P. Morgan Trust Company (Bahamas) Limited | 199,207,187 (note 4) (附註4) | Trustee and Interest in Controlled Corporation 信託人及於受控制公司之權益 | 9.81% |
| Sunny Trend Limited | 199,207,187 (note 4) (附註4) | Beneficial Owner 實益擁有人 | 9.81% |

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

主要股東於本公司證券之權益 (續)

| Name 股東名稱 | Number of Shares (ordinary share) 股份數目 (普通股) | Capacity 身份 | Percentage of Issued Share Capital 已發行股本 百分比 |
|--|---|---|--|
| Li Ka-shing 李嘉誠 | 174,660,000 (notes 5 & 6) (附註 5 及 6) | Founder of Discretionary Trusts and Interest of Controlled Corporations 全權信託之創立人及 受控制公司之權益 | 8.60% |
| Li Ka-Shing Unity Trustcorp Limited | 174,660,000 (notes 5 & 6) (附註 5 及 6) | Trustee and Beneficiary of a Trust 信託人及一項信託之受益人 | 8.60% |
| Li Ka-Shing Unity Trustee Corporation Limited | 174,660,000 (notes 5 & 6) (附註 5 及 6) | Trustee and Beneficiary of a Trust 信託人及一項信託之受益人 | 8.60% |
| Li Ka-Shing Unity Trustee Company Limited | 174,660,000 (notes 5 & 6) (附註 5 及 6) | Trustee 信託人 | 8.60% |
| Cheung Kong (Holdings) Limited 長江實業(集團)有限公司 | 174,660,000 (notes 5 & 6) (附註 5 及 6) | Interest of Controlled Corporations 受控制公司之權益 | 8.60% |
| Hutchison Whampoa Limited 和記黃埔有限公司 | 174,660,000 (note 5) (附註 5) | Interest of Controlled Corporations 受控制公司之權益 | 8.60% |
| Hutchison International Limited 和記企業有限公司 | 174,660,000 (note 5) (附註 5) | Interest of a Controlled Corporation 一間受控制公司之權益 | 8.60% |
| Primetek Holdings Limited | 174,660,000 (note 5) (附註 5) | Beneficial Owner 實益擁有人 | 8.60% |

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

主要股東於本公司證券之權益 (續)

Notes:

1. Credit Suisse Trust Limited as trustee of a discretionary trust held units in a unit trust of which Global King Ltd. was the trustee and therefore was regarded as interested in the same parcel of shares held by Global King Ltd.. These shares were the same parcel of 1,000,000,000 shares of the Company referred to in "Other Interests" of Mr. Joseph Lau, Luen-hung under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" as disclosed in paragraph I above.
2. GZ Trust Corporation as trustee of another discretionary trust held the entire issued share capital of Joseph Lau Luen Hung Investments Limited and therefore was regarded as interested in the same parcel of shares held by Joseph Lau Luen Hung Investments Limited. These shares were the same parcel of 275,143,456 shares of the Company referred to in "Other Interests" of Mr. Joseph Lau, Luen-hung under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" as disclosed in paragraph I above.
3. These shares were indirectly owned by a discretionary trust of which Ms. Ip, Sok-wun was the founder. These shares were the same parcel of the shares referred to in "Other Interests" of Mr. Thomas Lau, Luen-hung under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" as disclosed in paragraph I above.
4. J. P. Morgan Trust Company (Bahamas) Limited as trustee of a discretionary trust owned the entire issued share capital of Sunny Trend Limited. By virtue of the SFO, J. P. Morgan Trust Company (Bahamas) Limited was deemed to have interest in the 199,207,187 shares held by Sunny Trend Limited. These shares were the same parcel of shares referred to in "Other Interests" of Mr. Thomas Lau, Luen-hung under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" as disclosed in paragraph I above and in the above note 3.
5. Primetek Holdings Limited ("Primetek") is a wholly-owned subsidiary of Hutchison International Limited ("HIL"), which in turn is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL"). By virtue of the SFO, HWL and HIL are deemed to be interested in the 174,660,000 shares of the Company held by Primetek.

附註:

1. Credit Suisse Trust Limited (作為一項全權信託之信託人) 持有一項以 Global King Ltd. 為信託人之單位信託基金之單位, 故被視為擁有 Global King Ltd. 所持有之同一批股份之權益。上述股份為上文第 I 段所披露「董事及主要行政人員於本公司及相聯法團之證券權益」下劉鑾雄先生之「其他權益」中所指之同一批 1,000,000,000 股本公司股份。
2. GZ Trust Corporation (作為另一項全權信託之信託人) 持有 Joseph Lau Luen Hung Investments Limited 之全部已發行股本, 故被視為擁有 Joseph Lau Luen Hung Investments Limited 所持有之同一批股份之權益。上述股份為上文第 I 段所披露「董事及主要行政人員於本公司及相聯法團之證券權益」下劉鑾雄先生之「其他權益」中所指之同一批 275,143,456 股本公司股份。
3. 該等股份由一項以葉淑婉女士為創立人之全權信託間接擁有。上述股份為上文第 I 段所披露「董事及主要行政人員於本公司及相聯法團之證券權益」下劉鑾鴻先生之「其他權益」中所指之同一批股份。
4. J. P. Morgan Trust Company (Bahamas) Limited (作為一項全權信託之信託人) 擁有 Sunny Trend Limited 之全部已發行股本。根據證券及期貨條例, J. P. Morgan Trust Company (Bahamas) Limited 被視為擁有 Sunny Trend Limited 持有之 199,207,187 股股份。上述股份為上文第 I 段所披露「董事及主要行政人員於本公司及相聯法團之證券權益」下劉鑾鴻先生之「其他權益」中及上文附註 3 所指之同一批股份。
5. Primetek Holdings Limited (「Primetek」) 為和記企業有限公司 (「和記企業」) 之全資附屬公司, 而後者為和記黃埔有限公司 (「和黃」) 之全資附屬公司。根據證券及期貨條例, 和黃及和記企業被視為擁有 Primetek 持有之 174,660,000 股本公司股份。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

6. Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited ("TUT1"). TUT1 as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in the UT1.

By virtue of the SFO, Mr. Li Ka-shing being the settlor and being regarded as a founder of DT1 and DT2 for the purpose of the SFO, each of TDT1, TDT2, TUT1 and CKH was deemed to be interested in the 174,660,000 shares of the Company held by Primetek.

All the interests stated above represent long positions. The percentage shown was the number of shares the relevant shareholder was interested expressed as a percentage of the number of issued shares as at 31st December, 2004. As at 31st December, 2004, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10 of the Listing Rules, during the year and as at 31st December, 2004, the following Directors of the Company declared their interests in the following companies with businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group:

主要股東於本公司證券之權益 (續)

6. 由李嘉誠先生、李澤鉅先生及李澤楷先生各自擁有全部已發行股本之三分之一權益之 Li Ka-Shing Unity Holdings Limited，擁有 Li Ka-Shing Unity Trustee Company Limited (「TUT1」) 之全部已發行股本。TUT1 以 The Li Ka-Shing Unity Trust (「UT1」) 信託人之身份，連同若干公司 (TUT1 以 UT1 信託人之身份有權在其股東大會上行使或控制行使三分之一以上之投票權之公司) 合共持有長江實業 (集團) 有限公司 (「長實」) 三分之一以上之已發行股本。長實之附屬公司有權在和黃之股東大會上行使或控制行使三分之一以上之投票權。

此外，Li Ka-Shing Unity Holdings Limited 亦擁有 Li Ka-Shing Unity Trustee Corporation Limited (「TDT1」)，The Li Ka-Shing Unity Discretionary Trust (「DT1」) 之信託人) 及 Li Ka-Shing Unity Trustcorp Limited (「TDT2」，另一項全權信託 (「DT2」) 之信託人) 之全部已發行股本。TDT1 及 TDT2 各持有 UT1 之單位。

根據證券及期貨條例，李嘉誠先生為 DT1 及 DT2 之財產授予人，就證券及期貨條例而言被視為 DT1 及 DT2 之創立人，TDT1、TDT2、TUT1 及長實被視為擁有 Primetek 持有之 174,660,000 股本公司股份。

上述所有權益均為好倉。所顯示的百分比為有關股東於二零零四年十二月三十一日所擁有之股份數目佔已發行股份數目之百分比。於二零零四年十二月三十一日，根據本公司按證券及期貨條例第 336 條置存之登記冊所載概無任何淡倉。

董事於競爭性業務之權益

本年度內及於二零零四年十二月三十一日，根據上市規則第 8.10 條，下列本公司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 businesses 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 |
|---------------------------------------|--|---|--|
| Mr. Joseph Lau, Luen-hung 劉鑾雄先生 | * Chi Cheung and its subsidiaries * 至祥及其附屬公司 | Property investment and development 物業投資及發展 | Director and having certain deemed interests in Chi Cheung 董事及於至祥擁有 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 interest in G-Prop 於金匡擁有若干 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, securities investment and money lending 物業投資及發展、 證券投資及放債 | 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 |
| Mr. Thomas Lau, Luen-hung 劉鑾鴻先生 | * Chi Cheung and its subsidiaries * 至祥及其附屬公司 | Property investment and development 物業投資及發展 | Director 董事 |
| | # Kwong Sang Hong and its subsidiaries # 廣生行及其附屬公司 | Property investment and development, securities investment and money lending 物業投資及發展、 證券投資及放債 | Director 董事 |

* non wholly-owned listed subsidiary of the Company
本公司之非全資上市附屬公司

Privatised in February 2005
已於二零零五年二月私有化

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 had personal interests in private companies engaged in businesses consisting of property development and investment in Hong Kong, securities investment and money lending. As such, they were regarded as being interested in such businesses, which competed or might compete with the Group. However, when compared with the dominance and size of operations of the Group, such competing businesses were immaterial.

Other than the businesses of the private companies of the Lau Brothers, the above-mentioned businesses were managed by separate publicly listed companies with independent management and administration. 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 was capable of carrying on its businesses independently of, and at arm's length from, the businesses of the above companies.

For better delineation of property investment business, the Company, will give Chi Cheung, the non wholly-owned listed subsidiary the priority over the future property investment project with the value of less than or equal to 50% of the net asset value of Chi Cheung with reference to the latest published account and subject to the financial resources of Chi Cheung from time to time.

The Company, through its subsidiary, has a 50% interest in Power Jade Capital Limited ("Power Jade") which holds approximately 53.52% interest in Kwong Sang Hong. The other shareholder of the 50% interest in Power Jade is Solar Chain Limited ("Solar Chain"). In order to have equal control over the board, both the Group and Solar Chain have nominated equal number of representatives to set up the board. Upon the completion of privatisation of Kwong Sang Hong, Kwong Sang Hong became the wholly-owned subsidiary of Power Jade.

The Directors are aware of their fiduciary duties and will act honestly and in good faith in the interests of the Company and will avoid any potential conflicts of interest and duty. Three Independent Non-executive Directors are present on the Board of the Company and Audit Committee so that the interest of its shareholders can be adequately represented.

Other than as disclosed above, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the Company's business.

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物業發展及投資、證券投資及放債之私人公司中擁有個人權益。因此，彼等被視為與本集團構成競爭或可能構成競爭之業務擁有權益。然而，上述競爭性業務與本集團之優勢及業務規模相比乃微不足道。

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。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。

為了更清晰地劃分物業投資業務，本公司將參考最近期公布之賬目及因應本公司之非全資上市附屬公司至祥不時具備之財政資源，將價值少於或相當於至祥資產淨值50%之未來物業投資項目優先給予至祥考慮。

本公司透過其附屬公司擁有 Power Jade Capital Limited (「Power Jade」) 50% 權益，後者則持有廣生行約 53.52% 權益。擁有 Power Jade 其餘 50% 權益之股東為 Solar Chain Limited (「Solar Chain」)。為了在董事會擁有同等比重之控制權，本集團及 Solar Chain 委派相同數目之代表組成董事會。於廣生行之私有化完成後，廣生行成為 Power Jade 之全資附屬公司。

董事知悉其受信責任，將會秉誠行事以符合本公司之利益，並避免任何潛在利益及責任衝突。本公司之董事會及審計委員會均有三名獨立非執行董事為成員，足以代表其股東之利益。

除上文所披露者外，概無董事在本公司業務以外於與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。

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Apart from the agreements disclosed under the headings "Connected Transaction and Continuing Connection Transaction" and "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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

There were no other arrangements to which the Company or any of the 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.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

- Viewide Properties Limited ("Viewide"), an indirect wholly-owned subsidiary of the Company since completion of acquisition of Gold Horse Limited 21st March, 2001, was the landlord under two leases dated 14th August, 1996 and 10th November, 1997 respectively (the "Leases") with Public Might Limited ("Public Might") as tenant in respect of portions of the Excelsior Plaza in Causeway Bay known as shop no. 31 on the first floor, portions of shop no. 32 on ground to second floors of Chee On Building, portions of shop no. 32 on respective second floor of Yee On Building and Annex Land Building and certain other portions ("Excelsior Property") expiring on 31st October, 2005 with a monthly guaranteed minimum gross revenue of approximately HK\$3.3 million. The total rental paid by Public Might to Viewide under the Leases for the financial year ended 31st December, 2004 was approximately HK\$39.6 million.

董事及控權股東於合約之權益

除下文「關連交易及持續關連交易」及「關連交易」所述之協議外，於年結時或本年度內任何時間本公司或本公司之任何附屬公司所訂立與本公司業務有關之重大合約中，董事概無直接或間接擁有重大權益；此外，本公司或本公司之任何附屬公司亦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其他重大合約。

購買股份或債券之安排

本公司或本公司任何附屬公司概無於本年度內作出其他安排，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。

關連交易及持續關連交易

- 自二零零一年三月二十一日完成收購 Gold Horse Limited 後成為本公司間接全資附屬公司之 Viewide Properties Limited (「Viewide」)，以業主身份與租戶群量有限公司 (「群量」) 就銅鑼灣怡東商場部份，包括置安大廈一樓 31 號舖、地下至二樓 32 號舖部份，分別位於怡安大廈及 Annex Land Building 二樓之 32 號舖部份及若干其他部份 (「怡東物業」) 訂立兩份日期分別為一九九六年八月十四日及一九九七年十一月十日之租約 (「該等租約」)，該等租約於二零零五年十月三十一日屆滿，每月最低保證收入總額約為 3,300,000 港元。群量於截至二零零四年十二月三十一日止財政年度根據該等租約向 Viewide 支付之租金總額約為 39,600,000 港元。

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION (cont'd)

Since 9th May, 2001, Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung, Directors of the Company, had indirect shareholding interest in Public Might which is a wholly-owned subsidiary of Lifestyle International Holdings Ltd., whose shares are listed on the Stock Exchange. Such Group runs the retail business in the Excelsior Property under the trade name of "New Face by Sogo", now known as "Beauty@Sogo" and "Nu Front".

The Independent Non-executive Directors of the Company had reviewed and confirmed that the transactions entered into by the Group under the Leases were (a) entered into in the ordinary and usual course of business of the Group; (b) entered into on normal commercial terms; (c) in accordance with terms of the Leases which are fair and reasonable so far as the shareholders of the Company are concerned; and (d) the aggregate annual rental paid by Public Might to Viewwide under the Leases did not exceed 3% of the audited consolidated net tangible assets of the Group for the year ended 31st December, 2004.

CONNECTED TRANSACTIONS

- On 7th September, 2002, the Company together with Solar Chain Limited ("Solar Chain") executed an irrevocable joint and several guarantee (including a funding undertaking and a completion guarantee) in favour of Bank of China (Hong Kong) Limited as agent of syndicated bankers in respect of all obligations of Healthy Sun Limited ("Healthy Sun") under a loan facility of up to HK\$910 million which was reduced to HK\$790 million with effect from 20th February, 2004 granted to Healthy Sun for financing a development project comprising 960 serviced apartment units with approximately 618,431 square feet gross floor area at Nos. 138 Yeung Uk Road, Tsuen Wan (currently known as "Indihome").

Healthy Sun is an indirect wholly-owned subsidiary of Kwong Sang Hong. Each of the Group and Solar Chain has 50% interests in Power Jade Capital Limited ("Power Jade") which holds 53.52% interests in Kwong Sang Hong during the year. Upon the completion of privatisation of Kwong Sang Hong in February 2005, each of Kwong Sang Hong and Healthy Sun now become a 50% indirect associate of the Company.

關連交易及持續關連交易 (續)

自二零零一年五月九日起，本公司董事劉鑾雄先生及劉鑾鴻先生於群量擁有間接股權。群量乃利福國際集團有限公司之全資附屬公司（利福國際集團有限公司之股份於聯交所上市）。該集團以「New Face by Sogo」（現稱「Beauty@Sogo」及「東角賦」）之商標在怡東物業經營零售業務。

本公司之獨立非執行董事已審閱及確認本集團根據該等租約進行之交易(a)乃於本集團一般及日常業務中訂立；(b)乃按一般商業條款訂立；(c)符合該等租約之條款並對本公司股東而言屬公平合理；及(d)群量根據該等租約已付Viewwide之全年租金總額不超過本集團於截至二零零四年十二月三十一日止年度之經審核綜合有形資產淨值3%。

關連交易

- 於二零零二年九月七日，本公司連同Solar Chain Limited（「Solar Chain」）向銀團代理人中國銀行（香港）有限公司提供不可撤回之共同及各別之擔保（包括出資承諾及完成擔保）。該項擔保乃因逸康有限公司（「逸康」）為荃灣楊屋道138號樓面面積約618,431平方呎之960個服務式住宅單位之發展項目（現稱「樂悠居」）所借最高達910,000,000港元（由二零零四年二月二十日起削減至790,000,000港元）貸款融資之全部責任而作出。

逸康為廣生行之間接全資附屬公司。年內本集團及Solar Chain各擁有Power Jade Capital Limited（「Power Jade」）之50%權益，而該公司則持有廣生行之53.52%權益。當廣生行之私有化在二零零五年二月完成後，廣生行及逸康分別成為本公司之50%間接聯營公司。

CONNECTED TRANSACTIONS (cont'd)

2. On 2nd September, 2004, the Company together with Solar Chain executed an irrevocable joint and several guarantee (including a funding undertaking and a completion guarantee) in favour of Industrial and Commercial Bank of China (Asia) Limited as agent and trustee for a licensed bank in respect of all obligations of Billion Universe Limited ("Billion Universe") under a loan facility of up to HK\$200 million granted to Billion Universe for financing a development project comprising seventy-eight 3-storey detached/semi-detached town houses with a total gross floor area of approximately 153,856 square feet located at Sheung Shui, New Territories (currently known as "Miami Crescent").

Billion Universe is an indirect wholly-owned subsidiary of Kwong Sang Hong. Each of the Group and Solar Chain has 50% interests in Power Jade which holds 53.52% interests in Kwong Sang Hong during the year. Upon the completion of privatisation of Kwong Sang Hong in February 2005, each of Kwong Sang Hong and Billion Universe now become a 50% indirect associate of the Company.

3. For the year ended 31st December, 2004, the Group further provided financial assistance to Conduit Road Development Limited ("CR Development") which is currently owned as to 70% by the Group:

- (i) Aggregate advances made by the Group to CR Development amounted to HK\$51 million (2003: HK\$48 million). The advances were unsecured, interest free and had no fixed repayment date.
- (ii) On 31st October, 2002, the Company executed a several guarantee (including a funding undertaking and a completion guarantee) in favour of Standard Chartered Bank (Hong Kong) Limited as agent of syndicated bankers in respect of 70% of liabilities and obligation of CR Development under a loan facility of up to HK\$350 million granted to CR Development.

CR Development was holding a residential development at No. 55 Conduit Road, Hong Kong. As at 11th April, 2005, the aggregate advances made by the Group to CR Development amounted to HK\$51 million.

關連交易 (續)

2. 於二零零四年九月二日，本公司連同 Solar Chain 向一間持牌銀行之代理人及受託人中國工商銀行（亞洲）有限公司提供不可撤回之共同及各別之擔保（包括出資承諾及完成擔保）。該項擔保乃因億灝有限公司（「億灝」）為新界上水一個總樓面面積約 153,856 平方呎包括 78 幢三層高獨立／半獨立洋房之發展項目（現稱「邁爾豪園」）所借最高達 200,000,000 港元貸款融資之全部責任而作出。

億灝為廣生行之間接全資附屬公司。年內本集團及 Solar Chain 各擁有 Power Jade 之 50% 權益，而該公司則持有廣生行之 53.52% 權益。當廣生行之私有化在二零零五年二月完成後，廣生行及億灝分別成為本公司之 50% 間接聯營公司。

3. 於截至二零零四年十二月三十一日止年度，本集團再向擁有 70% 權益之干德道發展有限公司（「干德道發展」）提供財政援助：

- (i) 本集團向干德道發展提供墊款總額達 51,000,000 港元（二零零三年：48,000,000 港元）。該等墊款為無抵押、免息及無固定還款期。
- (ii) 於二零零二年十月三十一日，本公司就干德道發展所借最高達 350,000,000 港元貸款融資之 70% 負債及責任向銀團代理人渣打銀行（香港）有限公司提供一項各別擔保（包括出資承諾及完成擔保）。

干德道發展持有位於香港干德道 55 號之住宅發展項目。於二零零五年四月十一日，本集團向干德道發展提供之墊款總額達 51,000,000 港元。

CONNECTED TRANSACTIONS (cont'd)

4. The Company executed on 11th July, 2000 a several guarantee of up to an amount of HK\$250.4 million in favour of Hang Seng Finance Limited as agent of syndicated bankers in respect of 10% obligations of Grace Sign Limited ("Grace Sign") under a syndicated loan facility of HK\$2,504 million to Grace Sign for a development project of site area of 387,569 square feet with a total development potential of 904,176 square feet gross floor area comprising 8 blocks of luxurious residential units at Parc Palais in King's Park, Kowloon ("King's Park Project").

Grace Sign, which was indirectly owned as to 10% by the Company and was indirectly owned as to 30% by New World Development Company Limited ("New World"), was a joint venture company formed in order to undertake the King's Park Project. The amount of the guarantee was limited to the Group's 10% equity interest in Grace Sign. The terms of the loan facility were under normal commercial terms and were agreed on an arm's length basis and were within the normal course of business. The loan facility was fully repaid on 15th March, 2004.

By virtue of 70% interests of the Company and 30% interests of New World in a property development in Hong Kong, New World and its associate, Grace Sign, were connected persons of the Company under the Listing Rules.

5. On 26th June, 2002, the Company's indirect wholly-owned subsidiaries, Evergo China Holdings Limited ("Evergo China") and Golden Beam Investment Ltd. ("Golden Beam") had entered into a deed of counter-guarantee ("Counter-Guarantee") in favour of New World China Land Limited ("NWCL") in respect of a guarantee (the "Guarantee") given by NWCL on 10th August, 2001 in favour of Bank of Communications, Changning Sub-branch in Shanghai, the PRC in proportion to the 35% shareholdings of Golden Beam in Grand Make International Limited ("Grand Make").

關連交易 (續)

4. 本公司於二零零零年七月十一日向銀團代理人恒生財務有限公司提供最高達250,400,000港元之各別擔保。該項擔保乃為佳誌有限公司(「佳誌」)因位於九龍京士柏地盤面積達387,569平方呎而可供發展總樓面面積達904,176平方呎之8座豪華住宅單位之發展項目君頤峰(「京士柏項目」)所借之2,504,000,000港元銀團貸款融資之10%責任而作出。

佳誌分別由本公司及新世界發展有限公司(「新世界」)間接擁有10%及30%權益，乃為進行京士柏項目而成立之合營公司。擔保金額以本集團佔佳誌之10%股權為限。貸款融資之條款按一般商業條款及公平原則磋商協定，屬一般業務範圍之內。該筆貸款融資已於二零零四年三月十五日悉數償還。

由於本公司及新世界分別於香港一項物業發展項目持有70%及30%權益，故根據上市規則新世界及其聯繫人士佳誌為本公司之關連人士。

5. 於二零零二年六月二十六日，本公司之間接全資附屬公司Evergo China Holdings Limited(「愛美高中國」)與Golden Beam Investment Ltd.(「Golden Beam」)訂立一項按Golden Beam佔Grand Make International Limited(「Grand Make」)之35%股權比例向New World China Land Limited(「新世界中國地產」)作出之反擔保契據(「反擔保」)。該項反擔保乃為新世界中國地產於二零零一年八月十日向交通銀行中國上海分行長寧支行提供之擔保(「擔保」)而作出。

CONNECTED TRANSACTIONS (cont'd)

Grand Make was interested in 99% of the registered capital of Shanghai New World Huai Hai Property Development Co. Ltd. (the "PRC JV") whose principal activity was real property development at a site situated in Shanghai. The development project was completed in 2004. NWCL had given the Guarantee in respect of the obligation of the PRC JV under a loan facility (the "Facility") up to an aggregate amount of RMB800,000,000, together with interests, legal fees and other expenses up to a maximum of RMB820,000,000.

Under the Counter-Guarantee, Golden Beam has to reimburse NWCL any payment made by it under the Guarantee in the specified proportion of 35%; to pay NWCL a guarantee fee of 0.25% per annum in respect of the 35% of the actual outstanding amount of the Facility; and to indemnify NWCL against all reasonable costs and expenses properly incurred by NWCL in the execution or performance of the terms and conditions of the Counter-Guarantee. In addition, Evergo China guarantees the obligations of Golden Beam under the Counter-Guarantee.

By virtue of 70% interest of the Company and 30% interest of New World in a property development in Hong Kong, New World and its associate, NWCL, were connected persons of the Company under the Listing Rules.

6. On 27th August, 2004, Paul Y. Holdings Company Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a company wholly-owned by a discretionary trust set up by Mr. Joseph Lau, Luen-hung ("Mr. Lau"), an executive director and a substantial shareholder of the Company, for the benefit of certain of his family members, relating to, among other things, the disposal of a group of wholly-owned subsidiaries of the Company (the "Group of Subsidiaries"), which hold indirect interests in various properties including No. 31 Barker Road and 7 residential units in Hong Kong. The total consideration for the disposal of the Group of Subsidiaries amounted to approximately HK\$554.4 million and has been determined by the open market value of the properties (approximately HK\$566.2 million) minus the net liabilities due to third parties from the Group of Subsidiaries (approximately HK\$11.8 million). The disposal of No. 31 Barker Road and 7 residential units in Hong Kong were completed in December 2004 and March 2005 respectively.

關連交易 (續)

Grand Make佔有上海新世界淮海物業發展有限公司(「中國合營公司」)註冊資本之99%權益，而中國合營公司之主要業務為位於上海一地塊之房地產發展。該發展項目已於二零零四年落成。新世界中國地產已就中國合營公司所借總額最高達人民幣800,000,000元之貸款融資(「該融資」)之責任作出擔保，連同利息、律師費及其他支出最多達人民幣820,000,000元。

根據反擔保，Golden Beam須向新世界中國地產按指定比例35%付還新世界中國地產根據擔保所支付之款項；就該融資實際未償還數額之35%向新世界中國地產支付每年0.25%之擔保費；以及向新世界中國地產賠償其因執行或履行反擔保之條款及條件而恰當支付之所有合理費用及支出。此外，愛美高中國擔保Golden Beam履行其根據反擔保下之責任。

由於本公司及新世界分別於香港一個物業發展項目持有70%及30%權益，故根據上市規則新世界及其聯繫公司新世界中國地產為本公司關連人士。

6. 於二零零四年八月二十七日，本公司之全資附屬公司Paul Y. Holdings Company Limited與一間由本公司之執行董事及主要股東劉鑾雄先生(「劉先生」)為其若干家族成員之利益而設立之一項全權信託所全資擁有之公司，就(其中包括)出售一組持有若干物業(包括白加道31號及香港七個住宅單位)之間接權益之本公司全資附屬公司(「該組附屬公司」)訂立買賣協議。出售該組附屬公司之總代價約為554,400,000港元，乃由有關物業之公開市值(約566,200,000港元)減該組附屬公司結欠第三方之負債淨額(約11,800,000港元)釐定。白加道31號及香港七個住宅單位之出售已分別於二零零四年十二月及二零零五年三月完成。

CONNECTED TRANSACTIONS (cont'd)

The Company also entered into a sale and purchase agreement on 27th August, 2004 with another company wholly-owned by a discretionary trust set up by Mr. Lau for the benefit of certain of his family members, relating to the disposal of Jade Wall Limited ("Jade Wall"), a wholly-owned subsidiary of the Company which holds direct interests in certain works of art including Chinese ceramics, furniture and paintings (the "Assets"). The total consideration for the disposal of Jade Wall amounting to approximately HK\$93.3 million has been determined with reference to the high auction estimate of the Assets and is subject to adjustment. The disposal of Jade Wall was completed in March 2005.

7. Power Jade, a company owned as to 50% indirectly by the Company and as to 50% indirectly by Solar Chain, has requested the board of Kwong Sang Hong to put forward a proposal to the scheme shareholders regarding proposed privatisation of Kwong Sang Hong. In February 2005, each of the Company and Solar Chain had provided funding to Power Jade by way of an interest-free loan which is repayable on demand in the amount of up to HK\$278.85 million, which was pro-rata to their respective shareholdings in Power Jade for the implementation of the privatisation of Kwong Sang Hong. For the year ended 31st December, 2004, the Group made aggregate advances to Power Jade as a shareholder, a loan in amount of HK\$449.6 million, HK\$76.3 million of which was interest bearing at HIBOR+1.85% and the balance of HK\$373.3 million was interest free.

As at 11th April, 2005, the aggregate advances made by the Group to Power Jade amounted to HK\$723.7 million, HK\$76.3 million of which was interested bearing at HIBOR+1.85% and the balance of HK\$647.4 million was interest free.

8. For the year ended 31st December, 2004, the Group provided financial assistance to Evergo Limited ("Evergo") which was currently equally owned by the Group (50%) and New World (50%). Evergo was a joint venture company formed to provide second mortgage to the purchasers of the Tai Po Road project. Aggregate advances made by the Group to Evergo amounted to HK\$17.5 million. Funding of the second mortgage was funded by advances from its shareholders in proportion to their respective equity interests in Evergo.

關連交易 (續)

本公司亦於二零零四年八月二十七日與劉先生為其若干家族成員之利益而設立之一項全權信託所全資擁有之另一間公司，就出售持有若干工藝品（包括中國陶瓷、傢俬及畫（「有關資產」）之直接權益之本公司全資附屬公司 Jade Wall Limited（「Jade Wall」）訂立買賣協議。出售 Jade Wall 之總代價約為 93,300,000 港元，乃參考有關資產之最高拍賣估價釐定並可予調整。Jade Wall 之出售已於二零零五年三月完成。

7. 由本公司間接擁有 50% 另由 Solar Chain 間接擁有 50% 之公司 Power Jade 已要求廣生行之董事會向計劃股東提呈有關將廣生行私有化之建議。於二零零五年二月，本公司及 Solar Chain 分別按其各自於 Power Jade 之股權比例以免息貸款方式向 Power Jade 提供金額最高為 278,850,000 港元之融資，須於通知時償還，以供實行廣生行之私有化。於截至二零零四年十二月三十一日止年度，本集團作為股東向 Power Jade 墊付合共 449,600,000 港元之貸款，其中 76,300,000 港元乃按香港銀行同業拆息加 1.85% 計息，餘下 373,300,000 港元乃免息。

於二零零五年四月十一日，本集團向 Power Jade 墊付合共 723,700,000 港元之款項，其中 76,300,000 港元乃按香港銀行同業拆息加 1.85% 計息，餘下 647,400,000 港元乃免息。

8. 於截至二零零四年十二月三十一日止年度，本集團向 Evergo Limited（「Evergo」）提供財政援助。Evergo 乃一間現由本集團（50%）及新世界（50%）各擁有一半權益之合營公司，其成立目的是向大埔道項目之買家提供二按。本集團向 Evergo 提供之墊款總額為 17,500,000 港元。二按之資金乃由其股東按各自於 Evergo 之股本權益比例以墊款方式提供。

CONNECTED TRANSACTIONS (cont'd)

As at 11th April, 2005, the aggregate advances made by the Group to Evergo amounted to approximately HK\$17.5 million.

By virtue of 70% interest of the Company and 30% interest of New World in a property development in Hong Kong, New World and its associate, Evergo, were connected persons of the Company under the Listing Rules.

關連交易（續）

於二零零五年四月十一日，本集團向 Evergo 提供之墊款總額約為 17,500,000 港元。

由於本公司及新世界分別於香港一個物業發展項目持有 70% 及 30% 權益，故根據上市規則新世界及其聯繫人士 Evergo 為本公司之關連人士。

SERVICE CONTRACTS OF DIRECTORS

Except the service contracts entered into between Chinese Estates, Limited ("CEL"), a wholly owned subsidiary of the Company and Mr. Joseph Lau, Luen-hung and entered into between CEL and Mr. Thomas Lau, Luen-hung respectively on 8th December, 2003, none of the Directors has a service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

董事服務合約

除本公司之全資附屬公司華人置業有限公司（「華置」）與劉鑾雄先生及華置與劉鑾鴻先生分別於二零零三年十二月八日訂立之服務合約外，本公司或其任何附屬公司並無與董事簽訂任何一年內若由僱用公司終止合約時須作出賠償（法定賠償除外）之服務合約。

GROUP BORROWINGS AND INTEREST CAPITALISED

Details of bank loans and other loans repayable within one year or on demand are shown in the consolidated balance sheet. Details of long-term secured and unsecured bank loans and other loans are shown in note 34 to the financial statements.

集團借貸及撥充資本之利息

須於一年內或按通知償還之銀行貸款及其他貸款之詳情載於綜合資產負債表。有抵押及無抵押長期銀行貸款及其他貸款之詳情載於財務報表附註 34。

Interest capitalised during the year by the Group amounted to HK\$5,772,000 (2003: HK\$18,099,000).

本集團於本年度撥充資本之利息為 5,772,000 港元（二零零三年：18,099,000 港元）。

PENSION SCHEME

The Group operates two pension schemes:

- (1) the provident fund scheme as defined in the Occupational Retirement Schemes Ordinance, Chapter 426 of the laws of Hong Kong, (the "Scheme"); and
- (2) the provident fund scheme as defined in the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the laws of Hong Kong (the "MPF Scheme").

退休金計劃

本集團推行兩項退休金計劃：

- (1) 香港法例第 426 章職業退休計劃條例所界定之公積金計劃（「公積金計劃」）；及
- (2) 香港法例第 485 章強制性公積金計劃條例所界定之公積金計劃（「強積金計劃」）。

PENSION SCHEME (cont'd)

Both the Scheme and the MPF Scheme were defined contribution schemes and the assets of both schemes were managed by their respective trustees accordingly.

The Scheme was available to the Group's full-time permanent staff employed in Hong Kong on or before 1st August, 2000. Contributions to the Scheme were made by the Group at 5%, 7.5% or 10% based on the staff's basic salary depending on the length of service. Staff members were entitled to 100% of the Group's contributions together with accrued returns after completing 10 years of service or more, or attaining the retirement age, or were entitled at a reduced scale between 30% to 90% of the Group's contributions after completing a period of service of at least 3 years but less than 10 years. The Scheme allowed any forfeited contributions (made by the Group for any staff member who subsequently left the Scheme prior to vesting fully in such contributions) to be used by the Group to offset the current level of contributions of the Group.

The MPF Scheme was available to all employees aged 18 to 64 and with at least 60 days of service under the employment of the Group in Hong Kong. Contributions were made by the Group at 5% based on the staff's relevant income. The maximum relevant income for contribution purpose is HK\$20,000 per month. Staff members were entitled to 100% of the Group's contributions together with accrued returns irrespective of their length of service with the Group, but the benefits were required by law to be preserved until the retirement age of 65.

In order to provide similar benefits to those who joined the MPF Scheme and the Scheme, the Group provided an additional portion (the "Top-up Portion") for those who joined the MPF Scheme. The purpose of the Top-up Portion is to match up the benefits of the MPF Scheme with that of the Scheme by providing those staff under the MPF Scheme with basic salary over HK\$20,000 and/or years of service over 5. Contributions to the Top-up Portion were made by the Group at 5%, 7.5% or 10% of staff's basic salary less the Group's mandatory contribution under the MPF as mentioned above.

The Group's cost for the schemes charged to income statement for the year ended 31st December, 2004 amounted to approximately HK\$3,228,000 (2003 : HK\$6,213,000). In addition, an amount of forfeited employer's contributions for the Scheme amounted to approximately HK\$336,000 (2003: HK\$631,000) was utilised towards reducing the Group's contributions during the year.

退休金計劃 (續)

公積金計劃及強積金計劃均為定額供款計劃，該等計劃之資產乃由各自之受託人管理。

公積金計劃可供於二零零零年八月一日或之前在香港受僱之本集團全職長期僱員參加。本集團乃根據僱員之基本薪金按其服務年期，作出5%、7.5%或10%之供款。僱員於服務滿10年或以上或到退休年齡時可取得100%本集團供款連同應計回報，而服務年期滿3年但不足10年之僱員則可按遞減比例取得30%至90%本集團供款。公積金計劃容許本集團將任何已沒收供款（即本集團就任何可獲得全部供款前退出公積金計劃之僱員而作出之供款）用以抵銷本集團現有之供款水平。

強積金計劃可供所有18至64歲受僱於香港最少60日之本集團僱員參加。本集團根據僱員之有關入息作出5%之供款。就供款而言，有關入息上限為每月20,000港元。不論其於本集團之服務年期，僱員均可取得100%本集團供款連同應計回報，惟根據法例，有關利益將保留至退休年齡65歲方可領取。

為了向參加強積金計劃及公積金計劃之僱員提供相近之福利，本集團為參加強積金計劃之僱員提供額外部份（「補足部份」）。補足部份之目的是向基本月薪逾20,000港元及／或服務年期逾5年之僱員提供與公積金計劃相近之福利。本集團將根據僱員基本薪金之5%、7.5%或10%減本集團根據上述強積金計劃作出之強制性供款而作出補足部份之供款。

本集團於截至二零零四年十二月三十一日止年度就該等計劃於收益表扣除之費用約為3,228,000港元（二零零三年：6,213,000港元）。此外，就公積金計劃之已沒收僱主供款約336,000港元（二零零三年：631,000港元）已於本年度內用作削減本集團之供款。

MAJOR SUPPLIERS AND CUSTOMERS

The five largest customers and suppliers of the Group amounted to less than 30% of the total turnover and purchases to the Group during the year.

At no time during the year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers.

At 31st December, 2004, Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung, shareholders holding more than 5% indirect interest in the Company's share capital, had a beneficial interest in one of the Group's five largest customers. All transactions between the Group and the customer concerned were carried out on normal commercial terms.

PROFORMA COMBINED BALANCE SHEET OF THE AFFILIATED COMPANIES

Pursuant to the Listing Rule 13.22, a proforma combined balance sheet of the affiliated companies to which financial assistance and guarantees for their benefit have been given by the Group as at 31st December, 2004 is presented below:

| | | (note) Combined total (附註) 合併總計 HK\$'million 百萬港元 | Interest attributable to the Group 本集團 應佔權益 HK\$'million 百萬港元 |
|-------------------------|--------|--|--|
| Non-current assets | 非流動資產 | 5,954 | 2,355 |
| Current assets | 流動資產 | 3,996 | 1,631 |
| Current liabilities | 流動負債 | (1,956) | (895) |
| Non-current liabilities | 非流動負債 | (6,282) | (2,453) |
| Minority interests | 少數股東權益 | (738) | (367) |
| Net assets | 資產淨額 | 974 | 271 |

Note: Proforma combined balance sheet has been realigned with the Group's accounting policies.

主要供應商及客戶

年內本集團五大客戶及供應商佔本集團之營業及購貨總額分別少於 30%。

董事、董事之聯繫人士或本公司股東（據董事所知擁有本公司股本超過 5% 者）概無於年內任何時候於本集團五大供應商之中擁有權益。

於二零零四年十二月三十一日，間接持有本公司股本 5% 以上權益之股東劉鑾雄先生及劉鑾鴻先生，於本集團五大客戶之一擁有實益權益。本集團與有關客戶進行之所有交易均按一般商業條款進行。

聯繫公司之備考合併資產負債表

根據上市規則第 13.22 條，獲本集團財務資助及獲本集團就聯繫公司利益而授出擔保之聯繫公司於二零零四年十二月三十一日之備考合併資產負債表如下：

附註：備考合併資產負債表已重新排列，以配合本集團的會計政策。

CORPORATE GOVERNANCE

The audit committee of the Company (the "Audit Committee") comprises Mr. Koon, Wing-ye ("Mr. Koon"), Mr. Cheng, Kwee ("Mr. Cheng") and Mr. Chan, Kwok-wai ("Mr. Chan") and the annual results of the Group for the year ended 31st December, 2004 has been reviewed by the Audit Committee. The Company has complied throughout the year ended 31st December, 2004 with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that the Independent Non-executive Directors have not been 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 Bye-laws. Each of Mr. Koon, Mr. Cheng and Mr. Chan is entitled to an annual remuneration of HK\$100,000.

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent.

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float as at 23rd April, 2005 (the latest practicable date prior to the issue of this annual report).

AUDITORS

The financial statements for the year were audited by Messrs. Deloitte Touche Tohmatsu who would retire at the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

On behalf of the Board

Thomas Lau, Luen-hung

Chairman

11th April, 2005

公司管治

本公司之審核委員會（「審核委員會」）由官永義先生（「官先生」）、鍾貴先生（「鍾先生」）及陳國偉先生（「陳先生」）組成，審核委員會已審閱本集團截至二零零四年十二月三十一日止年度之全年業績。截至二零零四年十二月三十一日止年度，本公司已遵行香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之最佳應用守則，惟獨立非執行董事並非以固定年期受聘，須根據本公司之公司細則之規定於本公司之股東週年大會上輪值告退及重選。官先生、鍾先生及陳先生分別獲得年度酬金100,000港元。

本公司已採納一套董事證券交易守則，其條款與上市規則附錄10（「標準守則」）所規定之標準同樣嚴格。本公司向全體董事作出特定查詢後，全體董事已確認彼等已遵守標準守則所規定之標準及本公司採納之董事證券交易守則。

本公司已收到各獨立非執行董事根據上市規則第3.13條之規定所發出有關其獨立性之年度確認。本公司認為全體獨立非執行董事均具獨立性。

根據本公司可得之公開資料，據董事所知，本公司於二零零五年四月二十三日（本年報刊發前之最後實際可行日期）維持規定之公眾持股量。

核數師

本年度之財務報表由德勤·關黃陳方會計師行審核。該會計師行將於即將舉行之股東週年大會結束時任滿告退，惟願膺聘連任。

代表董事會

主席

劉鑾鴻

二零零五年四月十一日