

董事會報告 Directors' Report

董事會謹此提呈截至二零零四年十二月三十一日止年度本公司之年報及經審核財務報表。

主要業務

本公司為投資控股公司，而其主要附屬公司及主要聯營公司之業務詳情，分別載於財務報表附註39及40。

附屬公司及聯營公司

有關本公司之主要附屬公司及主要聯營公司於二零零四年十二月三十一日之詳情，分別載於財務報表附註39及40。

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24頁之綜合收入表。

五年財務概要

本集團截至二零零四年十二月三十一日止年度最近五個財政年度之業績及資產與負債之概要載於第88頁。

物業、機器及設備及投資物業

本集團之物業、機器及設備及投資物業於年內之變動詳情，分別載於財務報表附註13及14。

股本

本公司之股本於年內之變動詳情載於財務報表附註30。

儲備

本集團及本公司於年內之儲備變動詳情載於財務報表附註31。

可分派儲備

於二零零四年十二月三十一日，本公司並無可分派之儲備。

主要客戶及供應商

截至二零零四年十二月三十一日止年度，本集團五大客戶共佔本集團營業額約58.6%。本集團最大客戶佔本集團營業額約23.9%。

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and principal associates are set out in notes 39 and 40 to the financial statements respectively.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and principal associates as at 31st December, 2004 are set out in notes 39 and 40 to the financial statements respectively.

RESULTS

The results of the Group for the year ended 31st December, 2004 are set out in the consolidated income statement on page 24.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years ended 31st December, 2004 is set out on page 88.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 13 and 14 to the financial statements respectively.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 30 to the financial statements.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 31 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December, 2004, the Company had no reserve available for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2004, turnover attributable to the five largest customers of the Group accounted for approximately 58.6% of the Group's turnover and turnover attributable to the Group's largest customer accounted for approximately 23.9% of the Group's turnover.

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主要客戶及供應商 (續)

截至二零零四年十二月三十一日止年度，本集團五大供應商合共佔本集團採購額約71.9%，本集團最大供應商佔本集團總採購額約25.1%。

各董事、彼等之聯繫人士或任何股東(就董事所知擁有本公司已發行股本5%以上者)於本集團五大客戶或五大供應商中概無擁有任何權益。

董事

本年度及截至本年報刊發日期在任之董事如下：

執行董事：

向華強先生
陳明英女士
李玉嫦女士

獨立非執行董事：

洪祖星先生
何偉志先生
馮浩森先生(於二零零四年九月三十日委任)

根據本公司之公司細則第99(A)條，何偉志先生將於即將舉行之股東週年大會上輪值告退，惟彼合符資格並願意膺選連任。

根據本公司之公司細則第102(B)條，馮浩森先生將於即將舉行之股東週年大會上告退，惟彼合符資格並願意膺選連任。

根據本公司之公司細則，各獨立非執行董事均無特定任期，可留任直至須輪值告退為止。

擬於即將舉行之股東週年大會上膺選連任之董事並無與本公司或其任何附屬公司簽訂任何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。

MAJOR CUSTOMERS AND SUPPLIERS (continued)

For the year ended 31st December, 2004, purchases attributable to the five largest suppliers of the Group accounted for approximately 71.9% of the Group's purchases and purchases attributable to the Group's largest supplier accounted for approximately 25.1% of the Group's purchases.

None of the directors, their associates or any shareholders (which to the knowledge of the directors owned more than 5% of the Company's issued share capital) had any interests in the Group's five largest customers or five largest suppliers.

DIRECTORS

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

Executive directors:

Mr. Heung Wah Keung
Ms. Chen Ming Yin, Tiffany
Ms. Li Yuk Sheung

Independent non-executive directors:

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Fung Ho Sum (Appointed on 30th September, 2004)

Under Bye-law 99(A) of the Company's Bye-laws, Mr. Ho Wai Chi, Paul shall retire by rotation at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

Under Bye-law 102(B), Mr. Fung Ho Sum shall retire at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

The term of office for each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

No director 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 within one year without payment of compensation (other than statutory compensation).

董事會報告 Directors' Report

董事之股份及相關股份權益

根據本公司按《證券及期貨條例》(「證券及期貨條例」)第352條存置之登記冊(「權益登記冊」)所載，或本公司及香港聯合交易所有限公司(「聯交所」)根據《上市發行人董事進行證券交易的標準守則》(「標準守則」)接獲之通知，於二零零四年十二月三十一日，各董事及彼等之聯繫人士所擁有本公司及其相聯法團之股份及相關股份權益如下：

1. 本公司普通股權益

董事姓名 Name of director	身份 Capacity	所持股份數目 Number of shares held	所持權益 百份比約數 Approximate percentage of interests held
向華強先生 Mr. Heung Wah Keung	實益擁有人／配偶之權益／ 受控法團之權益 Beneficial owner/interest of spouse/interest of controlled corporation	81,004,410 (附註a) (Note a)	22.17 (附註b) (Note b)
陳明英女士 Ms. Chen Ming Yin, Tiffany	實益擁有人／配偶之權益／ 受控法團之權益 Beneficial owner/interest of spouse/interest of controlled corporation	81,004,410 (附註a) (Note a)	22.17 (附註b) (Note b)
李玉嫦女士 Ms. Li Yuk Sheung	實益擁有人 Beneficial owner	16	0.00

上述權益皆為好倉。

附註：

- a) 此等股份當中14,395,000股由向先生持有，7,429,410股由陳女士(向先生之配偶)持有，40,670,000股由陳女士全資擁有之Porterstone Limited(「Porterstone」)持有及18,510,000股由Glenstone Investments Limited全資擁有之多實有限公司(「多實」)持有。Glenstone Investments Limited由Porterstone及向先生分別控制其60%及40%權益。
- b) 此百分比乃基於本公司於二零零四年十二月三十一日之365,406,669股已發行股份而計算所得。於二零零四年十二月三十一日，該董事於權益登記冊中所記錄之所持權益百分比為19.01%，此乃基於該董事就本公司於二零零四年十二月十五日有條件承諾配售60,765,000股新股份之事宜(「新股配售事宜」)於同日呈報之通知函所示之426,171,669股已發行股份計算所得。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31st December, 2004, the interests of the directors and their associates in the shares and the underlying shares of the Company and its associated corporations, as recorded in the register ("Register of Interests") maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Interests in ordinary shares of the Company

所持權益 百份比約數 Approximate percentage of interests held
22.17 (附註b) (Note b)
22.17 (附註b) (Note b)
0.00

All interests stated above represent long positions.

Notes:

- a) These shares are held as to 14,395,000 shares by Mr. Heung, as to 7,429,410 shares by Ms. Chen (the spouse of Mr. Heung), as to 40,670,000 shares by Porterstone Limited ("Porterstone") (a company wholly-owned by Ms. Chen) and as to 18,510,000 shares by Dorest Company Limited ("Dorest") (a company wholly-owned by Glenstone Investments Limited which is in turn controlled as to 60% by Porterstone and as to 40% by Mr. Heung).
- b) This percentage was calculated based on 365,406,669 issued shares of the Company as at 31st December, 2004. The percentage of interests held by such director as recorded in the Register of Interests as at 31st December, 2004 was 19.01%, which was calculated based on 426,171,669 issued shares of the Company as shown on the notice in relation to the placing of 60,765,000 new shares conditionally agreed by the Company on 15th December, 2004 (the "New Shares Placing") filed by such director on the same day.

董事會報告 Directors' Report

董事之股份及相關股份權益 (續)

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

2. 購買本公司股份之權利

於二零零四年十二月三十一日，本公司董事擁有以下所獲授可認購本公司股份之購股權權益：

2. Rights to acquire shares in the Company

As at 31st December, 2004, the directors of the Company had interests in share options to subscribe for shares in the Company granted as follows:

董事姓名 Name of director	行使期 Exercisable period (附註c) (Note c)	每股行使價 Exercise price per share 港元 HK\$	於二零零四年一月一日及 二零零四年十二月三十一日 尚未行使之購股權涉及之相關股份數目 Number of underlying shares comprised in the outstanding share options as at 01.01.2004 and 31.12.2004			總數 Total	所持權益 百分比約數 Approximate percentage of interest held (附註d) (Note d)
			直接權益 Direct interest	被視為擁有權益 Deemed interest			
向華強先生 Mr. Heung Wah Keung	21.11.1996 – 20.11.2006	60.510	337,135	337,134	674,269	0.74 (附註e) (Note e)	
	28.03.2000 – 27.03.2010	16.783	461,061	461,062	922,123		
	02.06.2000 – 01.06.2010	8.134	208,753	208,753	417,506		
	16.07.2002 – 15.07.2012	1.716	110,723	110,723	221,446		
	17.07.2003 – 16.07.2013	0.564	228,500	228,500	457,000		
			1,346,172	1,346,172 (附註a) (Note a)	2,692,344		
陳明英女士 Ms. Chen Ming Yin, Tiffany	21.11.1996 – 20.11.2006	60.510	337,134	337,135	674,269	0.74 (附註e) (Note e)	
	28.03.2000 – 27.03.2010	16.783	461,062	461,061	922,123		
	02.06.2000 – 01.06.2010	8.134	208,753	208,753	417,506		
	16.07.2002 – 15.07.2012	1.716	110,723	110,723	221,446		
	17.07.2003 – 16.07.2013	0.564	228,500	228,500	457,000		
			1,346,172	1,346,172 (附註b) (Note b)	2,692,344		
李玉嫦女士 Ms. Li Yuk Sheung	16.07.2002 – 15.07.2012	1.716	1,109,557	-	1,109,557	0.93 (附註f) (Note f)	
	17.07.2003 – 16.07.2013	0.564	2,285,000	-	2,285,000		
			3,394,557	-	3,394,557		

上述權益皆為好倉。

All interests stated above represent long positions.

附註：

Notes:

- 此等購股權由陳女士(向先生之配偶)持有，向先生因此被視為擁有此等購股權。
- 此等購股權由向先生持有，陳女士因此被視為擁有此等購股權。
- 行使期由授出有關購股權當日開始。
- 此百分比乃基於本公司於二零零四年十二月三十一日之365,406,669股已發行股份而計算所得。

- These share options are held by Ms. Chen, the spouse of Mr. Heung. Mr. Heung is therefore deemed to be interested in these share options.
- These share options are held by Mr. Heung. Ms. Chen is therefore deemed to be interested in these share options.
- The exercisable period commenced on the date of grant of the relevant share options.
- This percentage was calculated based on 365,406,669 issued shares of the Company as at 31st December, 2004.

董事會報告 Directors' Report

董事之股份及相關股份權益 (續)

2. 購買本公司股份之權利 (續)

附註：(續)

- e. 於二零零四年十二月三十一日，該董事於權益登記冊中所記錄之所持權益百分比為0.63%，此乃基於該董事就新股配售事宜於二零零四年十二月十五日呈報之通知函所示之426,171,669股已發行股份計算所得。
- f. 於二零零四年十二月三十一日，該董事於權益登記冊中所記錄之所持權益百分比為1.49%，此乃基於本公司於二零零三年七月十七日(該董事於二零零四年十二月三十一日前最新呈報之通知函之日期)之228,519,396股已發行股份計算所得。

除上述所披露者外，於二零零四年十二月三十一日，根據權益登記冊所記錄或根據標準守則須通知本公司及聯交所之規定，本公司董事及最高行政人員或彼等之聯繫人並無於本公司或任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份及債券中擁有任何權益或淡倉。

除上述所披露者外，本公司或其任何附屬公司於年內任何時間並無參與任何安排，致使本公司之董事、彼等之配偶或未滿18歲之子女可藉購入本公司或任何其他法人團體任何股份或債券而獲益。

購股權計劃

本公司購股權計劃之詳情及根據購股權計劃所授出可認購本公司每股面值0.05港元之購股權之變動詳情，已載於財務報表附註36。

董事考慮到評估購股權價值涉及多項主觀及不明確的假設，因此並不適宜披露年內授出購股權的價值。

關連人士交易及董事於合約之權益

本集團於年內所訂立、且根據聯交所證券上市規則(「上市規則」)之規定並不構成關連交易之重大關連人士交易，及董事於合約之權益詳情載於財務報表附註38。

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

2. Rights to acquire shares in the Company (Continued)

Notes: (Continued)

- e. The percentage of interests held by such director as recorded in the Register of Interests as at 31st December, 2004 was 0.63%, which was calculated based on 426,171,669 issued shares of the Company as shown on the notice filed by such director on 15th December, 2004 in relation to the New Shares Placing.
- f. As at 31st December, 2004, the percentage of interests held by such director was 1.49% as recorded in the Register of Interests, which was calculated based on 228,519,396 issued shares of the Company on 17th July, 2003 (the date of the latest notice filed by such director before 31st December, 2004).

Other than as set out above, as at 31st December, 2004, none of the directors or chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the Register of Interests or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or the spouse or children under 18 years of age of such director, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes and details of movements in the share options to subscribe for shares of HK\$0.05 each in the Company granted under the share option schemes are set out in note 36 to the financial statements.

The directors consider that it is not appropriate to disclose the value of share options granted during the year since any valuation of the share options would be subject to a number of assumptions that would be subjective and uncertain.

RELATED PARTY TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Details of the significant related party transactions entered into by the Group which do not constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and directors' interests in contracts for the year are set out in note 38 to the financial statements.

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關連人士交易及董事於合約之權益 (續)

除上述所披露者外，於年度終結或年內任何時間並無任何由本公司或其任何附屬公司參與訂立而本公司董事直接或間接擁有重大權益之重大合約。

主要股東

於二零零四年十二月三十一日，根據證券及期貨條例第336條本公司須予備存之主要股東登記名冊（「主要股東登記名冊」）所記錄，除上文所披露若干董事之權益外，以下股東擁有本公司已發行股本面值5%或以上之權益：

RELATED PARTY TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS (continued)

Other than 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.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2004, the register of substantial shareholders maintained by the Company under Section 336 of the SFO ("Register of Substantial Shareholders") showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

名稱 Name	身份 Capacity	所持股份數目 Number of shares held	附註 Notes	所持權益 百份比約數 Approximate percentage of interests held (附註g) (Note g)
Porterstone Limited	實益擁有人 Beneficial owner	40,670,000		
	受控法團之權益 Interest of controlled corporation	18,510,000 (a)		
		59,180,000		16.20 (附註h) (Note h)
Glenstone Investments Limited	受控法團之權益 Interest of controlled corporation	18,510,000 (a)		5.07 (附註i) (Note i)
金利豐證券有限公司 (「金利豐」) (附註b) Kingston Securities Limited (「Kingston») (Note b)	實益擁有人 Beneficial owner	3		
	其他 Other	60,765,000 (c)		
		60,765,003		16.63
李月華 Chu Yuet Wah	受控法團之權益 Interest of controlled corporation	60,765,003 (b) & (d)		16.63
	受控法團之權益 Interest of controlled corporation	60,765,003 (b) & (d)		
馬少芳 Ma Siu Fong	18歲以下子女／配偶（「家庭成員」） 之權益 Interest of child under 18/spouse ("Family Member")	4,015,000 (e)		
		64,780,003		17.73
李惠文 Lee Wai Man	實益擁有人 Beneficial owner	4,015,000		
	家庭成員之權益 Interest of Family Member	60,765,003 (b) & (f)		
		64,780,003		17.73

上述權益皆為好倉。

All interests stated above represent long positions.

董事會報告 Directors' Report

主要股東 (續)

附註：

- a) 此等股份由Glenstone Investments Limited全資擁有之附屬公司多實持有，Glenstone Investments Limited 則由Porterstone實益擁有60%權益。
- b) 金利豐為一間由李月華及馬少芳分別控制其51%及49%權益之公司。因此，李月華及馬少芳被視為擁有金利豐所持之股份。
- c) 此等股份由金利豐就新股配售事宜作為配售代理而持有。當新股配售事宜於二零零五年一月二十七日完成時，金利豐不再持有此等股份。
- d) 此等股份由金利豐持有。
- e) 此等股份由馬少芳之家庭成員李惠文持有。
- f) 此等股份由李惠文之家庭成員馬少芳透過金利豐持有。
- g) 此百分比乃基於本公司於二零零四年十二月三十一日之365,406,669股已發行股份而計算所得。
- h) 於二零零四年十二月三十一日，該主要股東於主要股東登記名冊中所記錄之所持權益百分比為13.89%，此乃基於該主要股東就新股配售事宜於二零零四年十二月十五日呈報之通知函所示之426,171,669股已發行股份計算所得。
- i) 於二零零四年十二月三十一日，該主要股東於主要股東登記名冊中所記錄之所持權益百分比為4.34% (即已不再為主要股東)，此乃基於該主要股東就新股配售事宜於二零零四年十二月十五日呈報之通知函所示之426,171,669股已發行股份計算所得。

除上文所披露者外，於二零零四年十二月三十一日，本公司並未獲知會有任何其他人士擁有本公司已發行股本5%或以上之權益或淡倉。

退休福利計劃

本集團之退休福利計劃詳情載於財務報表附註35。

購買、出售及贖回本公司之上市證券

於年內本公司或其任何附屬公司概無購買、出售或贖回任何本公司之上市證券。

SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

- a) These shares are held by Dorest, a wholly-owned subsidiary of Glenstone Investments Limited which is in turn beneficially owned as to 60% by Porterstone.
- b) Kingston is a company controlled as to 51% and 49% by Chu Yuet Wah and Ma Siu Fong respectively. Therefore, Chu Yuet Wah and Ma Siu Fong are deemed to be interested in the shares held by Kingston.
- c) These shares are held by Kingston as a placing agent in relation to the New Shares Placing. Upon completion of the New Shares Placing on 27th January, 2005, Kingston ceased to be interested in these shares.
- d) These shares are held by Kingston.
- e) These shares are held by Ma Siu Fong's Family Member, Li Wai Man.
- f) These shares are held by Lee Wai Man's Family Member, Ma Siu Fong, via Kingston.
- g) This percentage was calculated based on 365,406,669 issued shares of the Company as at 31 December, 2004.
- h) The percentage of interests held by such substantial shareholder as recorded in the Register of Substantial Shareholders as at 31st December, 2004 was 13.89%, which was calculated based on 426,171,669 issued shares of the Company as shown on the notice filed by such substantial shareholder on 15th December, 2004 in relation to the New Shares Placing.
- i) The percentage of interests held by such substantial shareholder as recorded in the Register of Substantial Shareholders as at 31st December, 2004 was 4.34% (i.e. ceased to be a substantial shareholder), which was calculated based on 426,171,669 issued shares of the Company as shown on the notice filed by such substantial shareholder on 15th December, 2004 in relation to the New Shares Placing.

Other than as disclosed above, the Company had not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 31st December, 2004.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 35 to the financial statements.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

董事會報告 Directors' Report

優先購買權

本公司之公司細則或百慕達法例均無有關優先購買權之條文，規定本公司須按持股比例向現有股東發售新股份。

遵守最佳應用守則

董事認為，本公司在截至二零零四年十二月三十一日止整個年度一直遵守上市規則附錄十四所載之最佳應用守則，惟獨立非執行董事並無指定任期，而須根據本公司之公司細則規定於本公司股東週年大會上輪席告退並膺選連任。

審核委員會

於二零零四年十二月三十一日，本公司之審核委員會由全部為獨立非執行董事之洪祖星先生、何偉志先生及馮浩森先生組成。

審核委員會之主要職責為與管理層審閱本集團採用之會計準則及慣例，並商討內部監控及財務申報事宜，包括審閱中期及年度財務報表。

公眾持股量

根據本公司得悉的公開資料及董事所知悉，本公司於本年度內及截止本報告日止已按照上市規則規定維持指定數額的公眾持股量。

採納標準守則

本公司已採納上市規則附錄十所載標準守則作為董事進行證券交易的實務準則。經本公司作出特定查詢後，所有董事確認彼等於本年度一直遵守標準守則所規定準則。

本公司已接獲各獨立非執行董事根據上市規則第3.13條規定所作之全年獨立性確認函，而本公司對彼等之獨立性表示認同。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Listing Rules throughout the year ended 31st December, 2004, except that the independent non-executive directors were not appointed for a specific term since they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's Bye-laws.

AUDIT COMMITTEE

The audit committee of the Company at 31st December, 2004 was comprising Messrs. Hung Cho Sing, Ho Wai Chi, Paul and Fung Ho Sum, all being independent non-executive directors.

The principal duties of the audit committee are to review with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including reviews of interim and annual financial statements.

PUBLIC FLOAT

Based on the 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 during the year and up to the date of this report as required under the Listing Rules.

ADOPTION OF THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the year.

The Company has received from each of the independent non-executive directors an annual written confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

董事會報告 Directors' Report

根據上市規則第 13.20 及 13.22 條作出之披露

根據第 13.13 條 – 給予某實體之貸款

於二零零四年十二月三十一日，本集團向實體提供而其個別金額超逾上市規則第 13.13 條規定之有關百分比 8% 之貸款如下：

- (i) 於二零零四年三月十五日，本集團分別與 Givon Enterprises Corp. (「Givon」) 簽署一份認購協議及與 Stylish Century Enterprises Inc. (「Stylish」) 簽署一份認購協議。Givon 及 Stylish (「票據發行人」) 之最終實益持有人為獨立人士並與本公司或其附屬公司之董事、主要行政人員、主要股東或彼等各自之聯繫人士並無關連。根據相關認購協議，本集團承諾認購兩份由票據發行人發行之可換股票據 (「可換股票據」)，而每份可換股票據之代價均為 26,000,000 港元。於二零零四年十二月三十一日，各可換股票據之未償還金額均為 26,000,000 港元。

各可換股票據按年利率 1 厘計息，以相關票據發行人於 Colima 之全數股本權益質押作為抵押。可換股票據須於到期日付還，到期日為自相關認購協議之日期起計 36 個月或演藝管理服務之建議控股公司於認可交易所上市當日 (以較早者為準) 之日期。

Colima 為一間於英屬處女群島成立之有限公司，由票據發行人各自實益擁有其 50% 權益。Colima 之主要資產為其於 TAL (本集團實益擁有其 49%) 持有之 51% 股本權益。TAL 之主要業務為提供藝人管理服務。

- (ii) 於二零零四年十二月三十一日，借予 Jean-Christophe Scolari 先生 (「賣方」)，其為獨立第三方，與本公司或其附屬公司之董事、主要行政人員、主要股東或彼等各自之聯繫人士並無關連) 之應收貸款為 25,000,000 港元 (「應收貸款」)。應收貸款由一獨立第三方 (「擔保人」) 提供公司擔保。按上市規則定義，擔保人之最終實益持有人並非本公司之關連人士。倘賣方未能如期付還貸款，擔保人將付還賣方所欠之債項予本集團。應收貸款之詳情載財務報表附註 19(b)。

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

Advance to an entity under Rule 13.13

Advance to entities by the Group which individually exceeded 8% of the relevant percentage ratios under Rule 13.13 of the Listing Rules as at 31st December, 2004 were as follows:

- (i) On 15th March, 2004, the Group entered into a subscription agreement with Givon Enterprises Corp. ("Givon") and a subscription agreement with Stylish Century Enterprises Inc. ("Stylish") respectively. The ultimate beneficial owners of Givon and Stylish ("the Note Issuers") are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates. Pursuant to the relevant subscription agreements, the Group agreed to subscribe for two convertible notes ("Convertible Notes") issued by the Note Issuers at a consideration of HK\$26,000,000 each. As at 31st December, 2004, the outstanding balance of each of the Convertible Notes amounted to HK\$26,000,000.

Each of the Convertible Notes is interest bearing at 1% per annum, secured by a charge on the relevant Note Issuers' entire equity interest in Colima Enterprises Holdings Inc. ("Colima"). The Convertible Notes shall be repaid on the maturity date which is the date falling 36 months from the date of the relevant subscription agreements or the date of the listing of a proposed holding company of the artists management business on a recognised stock exchange, whichever is the earlier.

Colima, a company incorporated in the British Virgin Islands with limited liability, is beneficially owned as to 50% by each of the Note Issuers. The principal asset of Colima is its 51% equity interest in Together Again Limited ("TAL"), which the Group owned a 49% equity interest. TAL is principally engaged in the provision of artists management services.

- (ii) As at 31st December, 2004, loan receivable from Mr. Jean-Christophe Scolari (the "Vendor", an independent third party independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates) amounted to HK\$25,000,000 (the "Loan Receivable"). The Loan Receivable is secured by a corporate guarantee given by an independent third party (the "Guarantor") the ultimate beneficial owner of which is not a connected person (as defined in the Listing Rules) of the Company. In the event of the default of the Vendor, the Guarantor shall assume the liabilities of the Vendor to the Group. Details of the Loan Receivable are set out in note 19(b) to the financial statement.

董事會報告 Directors' Report

根據上市規則第13.20及13.22條
作出之披露 (續)

根據第13.13條－給予某實體之貸款 (續)

(iii) 於二零零四年十二月三十一日，本集團提供予
豐采集團之貸款如下：

本集團持有之

實體

Entities

豐采多媒體
Riche Multi-Media
Legend Rich Limited
豐采發行有限公司
Riche Distribution Limited
豐采錄影有限公司
Riche Video Limited
World East Investments Limited

總額

Total

DISCLOSURE PURSUANT TO RULES 13.20
AND 13.22 OF THE LISTING RULES (Continued)

Advance to an entity under Rule 13.13 (Continued)

(iii) As at 31st December, 2004, the advances to the Riche
Group by the Group are set out as follows:

	應佔權益 Attributable interest held by the Group %	貸款 Advances 千港元 HK\$'000
豐采多媒體	40.67	33,885
Riche Multi-Media		
Legend Rich Limited	40.67	192
豐采發行有限公司	40.67	549
Riche Distribution Limited		
豐采錄影有限公司	40.67	13
Riche Video Limited		
World East Investments Limited	40.67	35
總額		34,674

提供予豐采多媒體合共33,885,000港元之貸款
〔「豐采貸款」〕包括總額33,800,000港元之可換
股票據及其應計利息約85,000港元。可換股票
據之本金因本集團於二零零二年四月授予豐采
集團116部電影之發行權而產生。可換股票據為
無抵押、按年利率1厘計息及須每半年支付前期
利息，並將於二零零五年四月十九日到期。於
到期前，本集團及豐采多媒體均無權贖回或要
求贖回可換股票據。可換股票據附有權利可於
二零零五年四月十九日或之前隨時按每股4.0港
元之初步兌換價將可換股票據之全部或部份未
兌換本金兌換為豐采多媒體股本中每股面值
0.10港元之普通股。

提供予豐采集團之貸款(不包括豐采貸款)為貿
易應收賬及其他應收賬，貿易應收賬為本集團
於二零零四年六月至二零零四年十二月期間授
予豐采集團公司電影發行權及提供後期製作服
務而產生。其他應收賬為本集團代豐采集團之
代支款項，此等應收賬為無抵押、免息及賬期
由30至90天不等。

The advances to Riche Multi-Media (the "Riche
Advances") which amounted to HK\$33,885,000
represented convertible notes in an aggregate amount
of HK\$33,800,000 and the accrued interest thereon of
approximately HK\$85,000. The principal amount of the
convertible notes arose from the granting of distribution
rights of 116 films to the Riche Group by the Group in
April 2002. The convertible notes are unsecured and
bear interest at 1% per annum which is payable semi-
annually in arrears and will mature on 19th April, 2005.
Prior to the maturity, neither the Group nor Riche Multi-
Media has the right to redeem or request for redemption
of the convertible notes. The convertible notes carry
the right to convert the whole or any part of the
outstanding principal amount of the convertible notes
into ordinary shares of HK\$0.10 each in the share capital
of Riche Multi-Media at an initial conversion price of
HK\$4.0 per share at any time on or before 19th April,
2005.

The advances to the Riche Group other than the Riche
Advances represented trade receivables arising from
the granting of distribution rights of films and the
provision of post-production services during the period
from June 2004 to December 2004 to the Riche Group
and other receivables arising from payments made by
the Group on behalf of the Riche Group. These
receivables are unsecured, interest-free and with
payment terms ranging from 30 to 90 days.

董事會報告 Directors' Report

根據上市規則第13.20及13.22條作出之披露 (續)

第13.16條一為聯屬公司提供財務資助及作出擔保

於二零零四年十二月三十一日，本集團向本公司之聯屬公司提供之財務資助及就本公司之聯屬公司，名為豐采多媒體獲授融資所作出之擔保數額約為33,885,000港元，已超逾上市規則第13.16條規定之有關百分比8%。

本集團並無承諾向任何聯屬公司注入資本。

於二零零四年十二月三十一日豐采集團之綜合資產負債表(撮要於豐采多媒體截至二零零四年十二月三十一日止年度之綜合財務報告中)如下：

非流動資產	Non-current assets	25,616
流動資產	Current assets	109,518
流動負債	Current liabilities	64,310
非流動負債	Non-current liabilities	—
資產淨額	Net assets	<u>70,824</u>

千港元
HK\$'000

結算日後事項

於結算日後發生之重大事項詳情載於財務報表附註41。

核數師

於即將舉行之股東週年大會上將提呈決議案，繼續委任德勤•關黃陳方會計師行為本公司之核數師。

承董事會命
主席
向華強

香港，二零零五年四月二十六日

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES (Continued)

Financial assistance and guarantees to affiliated companies under Rule 13.16

As at 31st December, 2004, financial assistance to and guarantees given for facilities granted to the Company's affiliated companies, namely Riche Multi-Media, by the Group approximately amounted to HK\$33,885,000 which exceeded 8% of the relevant percentage ratios under Rule 13.16 of the Listing Rules.

The Group did not have any committed capital injection to any of its affiliated companies.

As at 31st December, 2004, the consolidated balance sheet of the Riche Group extracted from the consolidated financial statements of Riche Multi-Media for the year ended 31st December, 2004 is set out below:

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 41 to the financial statements.

AUDITORS

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

On behalf of the Board
Heung Wah Keung
Chairman

Hong Kong, 26th April, 2005