

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31st December, 1999.

PRINCIPAL ACTIVITIES

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

TURNOVER AND CONTRIBUTION BY SEGMENT

The Group's turnover and contribution to profit from operations analysed by principal activity are as follows:

		Turnover 營業額 HK\$'000 千港元	Contribution to profit from operations 經營溢利貢獻 HK\$'000 千港元
Property investment and development	物業投資及發展	1,196,337	495,403
Securities investment and investment holding	證券投資及投資控股	137,443	42,040
Money lending and others	放債及其他	66,557	66,557
		<u>1,400,337</u>	604,000
Other revenue	其他收入		81,927
Administrative expenses	行政開支		(174,751)
Other operating expenses	其他經營開支		(104,378)
Profit from operations	經營溢利		406,798

Substantially all of the activities of the Group during the year were carried out in Hong Kong. Accordingly, a geographical analysis of turnover is not included.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates as at 31st December, 1999 are set out in notes 40 and 41 respectively to the financial statements.

本董事會謹提呈截至一九九九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，本公司之業務為投資控股，其附屬公司主要從事物業投資及發展、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如下：

本集團於本年度內之所有業務絕大部分在香港進行，因此並無列載以地域劃分之營業額分析。

附屬公司及聯營公司

本公司於一九九九年十二月三十一日之主要附屬公司及聯營公司之詳情，分別載於財務報表附註40及41。

RESULTS

The results of the Group for the year ended 31st December, 1999 are set out in the consolidated income statement on page 48.

DIVIDENDS

No interim dividend was paid for the year (1998: Nil). The Board has resolved not to recommend the payment of any final dividend for the year ended 31st December, 1999 (1998: Nil).

1999 AND 2000 WARRANTS

The bonus subscription warrants issued for the year ending 31st December, 1998, namely 1999 warrants and 2000 warrants, commenced trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25th November, 1998. Each of the 1999 warrant and 2000 warrant will entitle the holders to subscribe for one fully-paid share of HK\$0.10 each of the Company (the "Share") at an initial subscription price of HK\$0.97 and HK\$1.02 per Share before the close of business on 24th November, 1999 and 24th November, 2000 respectively. During the year ended 31st December, 1999, 184,054,076 units of 1999 warrants and 291,560 units of 2000 warrants were exercised to subscribe for a total of 184,345,636 Shares at total subscription moneys of HK\$178,829,844.92 which has been used as additional working capital of the Group.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 16 to the financial statements.

INVESTMENT PROPERTIES

During the year, the Group acquired certain leasehold properties in Hong Kong for a total consideration of approximately HK\$832,290,000 (1998: HK\$455,011,000) in order to replenish the Group's operating capacity. Investment properties with an aggregate net book value of approximately HK\$558,218,000 (1998: HK\$443,498,000) were disposed of during the year.

Details of these and other movements in investment properties during the year are set out in note 17 to the financial statements.

業績

本集團截至一九九九年十二月三十一日止年度之業績載於第48頁之綜合收益表內。

股息

本年度並無派發中期股息(一九九八年:無)。董事會已決議不派發截至一九九九年十二月三十一日止年度之任何末期股息(一九九八年:無)。

一九九九年及二零零零年認股權證

於截至一九九八年十二月三十一日止年度發行之紅利認股權證(即一九九九年認股權證及二零零零年認股權證)已於一九九八年十一月二十五日於香港聯合交易所有限公司(「聯交所」)開始買賣。每份一九九九年認股權證及每份二零零零年認股權證之持有人均有權分別於一九九九年十一月二十四日及二零零零年十一月二十四日辦公時間結束前以初步認購價每股0.97港元及1.02港元認購1股本公司每股面值0.10港元之繳足股份(「股份」)。截至一九九九年十二月三十一日止年度內,184,054,076份一九九九年認股權證及291,560份二零零零年認股權證已獲行使認購合共184,345,636股股份,總認購款項為178,829,844.92港元,作為本集團額外營運資金之用。

物業、廠房及設備

本年度內之物業、廠房及設備之變動情況載於財務報表附註16。

投資物業

本年度內,本集團以總代價約832,290,000港元(一九九八年:455,011,000港元)購入若干位於香港之租賃物業,以鞏固本集團之營運能力。本年度內亦出售總賬面淨值約558,218,000港元(一九九八年:443,498,000港元)之投資物業。

本年度內上述及其他投資物業之變動詳情載於財務報表附註17。

DIRECTORS' REPORT

PRINCIPAL PROPERTIES

Details of the principal properties of the Group as at 31st December, 1999 are set out on pages 98 to 112.

SHARE CAPITAL AND WARRANTS

Movements in share capital and warrants of the Company during the year are set out in notes 28 and 29 to the financial statements respectively.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

PRE-EMPTIVE RIGHTS

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

SHARE OPTION SCHEME

Details of the Company's share option scheme are set out in note 31 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31st December, 1999, the Company purchased and cancelled a total of 16,248,000 Shares on the Stock Exchange with details as follows:

主要物業

本集團於一九九九年十二月三十一日之主要物業詳情載於第98至第112頁內。

股本及認股權證

本年度內，本公司之股本及認股權證之變動情況分別載於財務報表附註28及29內。

儲備

本年度內，本集團及本公司之儲備變動情況載於財務報表附註30內。

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。

購股權計劃

本公司購股權計劃之詳情載於財務報表附註31。

購買、出售或贖回上市證券

截至一九九九年十二月三十一日止年度內，本公司於聯交所購買並註銷合共16,248,000股股份，詳情如下：

Trading Month 成交月份	Number of Shares Purchased 購回股份數目	Price per Share 每股股份價格		Total Cash Paid (before expenses) 所付現金總額 (扣除費用前)
		Highest Price Paid 所付最高價格	Lowest Price Paid 所付最低價格	
		HK\$ 港元	HK\$ 港元	HK\$ 港元
September 九月	132,000	1.25	1.25	165,000
October 十月	3,532,000	1.24	1.11	4,178,000
November 十一月	3,416,000	1.17	1.06	3,797,840
December 十二月	9,168,000	1.82	1.19	15,545,440
	16,248,000			23,686,280

DIRECTORS' REPORT

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.

Save as disclosed herein, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's listed securities.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK\$1,685,000 (1998: HK\$6,240,000).

DIRECTORS

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

Mr. Thomas Lau, Luen-hung

(elected as Chairman on 18th November, 1999)

Mr. Joseph Lau, Luen-hung

(relinquished as Chairman on 18th November, 1999)

Mr. Peter Sit, Kien-ping*

Mr. Raymond Cheung, Yuet-man*

* *Independent Non-executive Director*

Mr. Joseph Lau, Luen-hung will retire from office by rotation at the forthcoming Annual General Meeting and, being eligible, will offer himself for re-election in accordance with Bye-law 111 of the Bye-laws of the Company.

董事會認為上述股份乃按每股資產淨值之折讓價購入，因而令致當時已發行股份之每股資產淨值增加。

除本文所披露者外，本公司及其附屬公司概無購買、出售或贖回本公司任何上市證券。

慈善捐款

本年度內，本集團之慈善捐款額為1,685,000港元（一九九八年：6,240,000港元）。

董事

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

(於一九九九年十一月十八日獲選為主席)

劉鑾雄先生

(於一九九九年十一月十八日辭任主席)

薛建平先生*

張悅文先生*

* 獨立非執行董事

根據本公司之公司細則第111條，劉鑾雄先生將在即將舉行之股東週年大會上輪值告退，惟願膺選連任。

DIRECTORS' REPORT

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

As at 31st December, 1999, the interests of the Directors and Chief Executives of the Company in the equity and debt securities of the Company and its associated corporations as recorded in the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

I. The Company

本公司

Name of Director/ Chief Executive	董事/ 主要行政人員姓名	Number of Shares 股份數目	Units of 2000
			Warrants (note b) 二零零零年 認股權證數目 (附註b)
Mr. Joseph Lau, Luen-hung	劉鑾雄先生		
- Personal interests	- 個人權益	24,513,038	2,451,303
- Corporate interests	- 公司權益	84,494,835	7,458,502
- Other interests	- 其他權益	949,999,995	86,279,995 (note a) (附註a)
Total	總計	1,059,007,868	96,189,800
Miss Rosaline Wong, Wing-yue	王穎好小姐		
- Personal interests	- 個人權益	100,000	10,000

Notes:

附註:

- The 949,999,995 Shares and 86,279,995 units of the 2000 warrants were indirectly owned by a discretionary trust of which certain family members of Mr. Joseph Lau, Luen-hung are eligible beneficiaries.
- The 2000 warrants were issued on 23rd November, 1998 and each unit of 2000 warrant gives a right to subscribe for one fully-paid Share at HK\$1.02 during the period from 25th November, 1998 to 24th November, 2000.
- During the year, 101,279,153 units of the 1999 warrants were exercised by Mr. Joseph Lau, Luen-hung and his associates to subscribe for 101,279,153 Shares at subscription price of HK\$0.97 per Share.

- 該949,999,995股股份及86,279,995份二零零零年認股權證由一項以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。
- 二零零零年認股權證於一九九八年十一月二十三日發行。每份二零零零年認股權證授予權利，可由一九九八年十一月二十五日起至二零零零年十一月二十四日止期間內以1.02港元之價格認購一股繳足股份。
- 本年度內，劉鑾雄先生及其聯繫人士行使101,279,153份一九九九年認股權證，以認購價每股0.97港元認購101,279,153股股份。

DIRECTORS' REPORT

II. Associated Corporations of the Company

本公司之聯繫公司

Name of Associated Corporation 聯繫公司名稱	Name of Director 董事姓名	Number of shares 股份數目
1. Evergo China Holdings Limited ("Evergo China") (「愛美高中國」)	Mr. Joseph Lau, Luen-hung - Corporate interests 劉鑾雄先生 - 公司權益	1,111,001,237 (note a) (附註a)
2. The Kwong Sang Hong International Limited (「Kwong Sang Hong」) (「廣生行」)	Mr. Joseph Lau, Luen-hung - Corporate interests 劉鑾雄先生 - 公司權益	394,442,047 (note b) (附註b)

Notes:

附註：

- a. Mr. Joseph Lau, Luen-hung by virtue of his 50.88% and 64.29% deemed interests in the share capital of the Company and Kwong Sang Hong as disclosed in paragraphs I and II 2 above respectively, is deemed to be interested in the share capital of Evergo China.
- b. Mr. Joseph Lau, Luen-hung by virtue of his 50.88% interest in the share capital of the Company as disclosed in paragraph I above, is deemed to be interested in the share capital of Kwong Sang Hong.

- a. 正如上文第 I 及 II(2)段所披露，劉鑾雄先生因被視作分別擁有本公司及廣生行股本中之 50.88% 及 64.29% 權益，故被視為於愛美高中國股本中擁有權益。
- 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 50.88% 之權益，故被視為於廣生行股本中擁有權益。

Save as disclosed herein, none of the other Directors and Chief Executives of the Company had or were deemed under the SDI Ordinance to have any interest in the securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as at 31st December, 1999 and none of the Directors or 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 during the year.

除本文所披露者外，於一九九九年十二月三十一日，本公司其他董事及主要行政人員概無擁有或依據披露權益條例被視為擁有本公司或其任何聯繫公司（定義見披露權益條例）之證券之任何權益，並於本年度內，本公司董事或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聯繫公司之任何證券之權利。

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

As at 31st December, 1999, so far as are known to the Directors, the following persons (other than a Director or Chief Executive of the Company) were recorded in the register kept by the Company under Section 16 of the SDI Ordinance as being directly or indirectly interested in 10% or more of the nominal value of the issued share capital of the Company:

Name of Shareholder 股東名稱

Number of Shares 股份數目

Golden Game Overseas Limited

949,999,995 (note) (附註)

Credit Suisse Trust Limited

as trustee 作為受託人

949,999,995 (note) (附註)

Notes:

Credit Suisse Trust Limited as trustee of a family trust is the holding company of Golden Game Overseas Limited and therefore was regarded as interested in the same parcel of securities held by Golden Game Overseas Limited.

All the above said securities are the same parcel of securities 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".

主要股東於本公司之權益

據董事會所知，於一九九九年十二月三十一日，按本公司遵照披露權益條例第16條置存之登記冊內之記錄，除本公司之董事及主要行政人員外，直接或間接持有本公司已發行股本面值10%或以上權益之人士如下：

附註：

作為一項家族信託受託人之 Credit Suisse Trust Limited 乃 Golden Game Overseas Limited 之控股公司，故被視為擁有 Golden Game Overseas Limited 所持之同一批證券之權益。

所有上述證券均為「董事及主要行政人員於本公司及聯繫公司之證券權益」下劉鑾雄先生之「其他權益」中所指之同一批證券。

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Apart from the agreements disclosed under the headings "Interests in Contracts and Connected Transactions" and "Management and Consultancy Agreement" 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.

董事及控權股東於合約之權益

除下文「合約權益及關連交易」及「管理及顧問協議」所述之協議外，於本年底或年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重大合約。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option scheme as shown in note 31 to the financial statements and the warrants held as shown under "Directors' and Chief Executives' Interests in the Securities of the Company and Associated Corporations" above, 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.

INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

- (1) (i) Under the terms of the Spin-off Agreement dated 28th October, 1996 entered into between the Company and Evergo China (the "Spin-off Agreement"), the Group agreed to provide Evergo China and its subsidiaries (the "Evergo China Group") with financial, managerial, administrative and accounting services as may be requested by the Evergo China Group from time to time and the Group would be reimbursed by the Evergo China Group in respect of such services at cost. For the year ended 31st December, 1999, no payment was made to the Group (1998: Nil) as the Evergo China Group did not request such services from the Group.
- (ii) Pursuant to an indemnity deed dated 28th October, 1996 entered into between the Company and Evergo China, the Group, subject to certain exceptions, agreed to indemnify the Evergo China Group in respect of any diminution in the value of the Evergo China Group and any liability arising due to, inter alia, land appreciation tax ("LAT"), PRC income tax, land costs, failure to effect tax registration and tax return filing and estate duty. For the year ended 31st December, 1999, the indemnity in respect of the PRC income tax and LAT amounted to HK\$8,704,000 (1998: HK\$8,704,000) and HK\$23,144,000 (1998: HK\$23,144,000) respectively.

購買股份及債券之安排

除財務報表附註31所載之購股權計劃及上文「董事及主要行政人員於本公司及聯繫公司之證券權益」列載所持有之認股權證外，本公司或本公司任何附屬公司概無作出其他安排，以使本公司董事可藉購入本公司或任何其他法定團體之股份或債券而獲得利益。

合約權益及關連交易

- (1) (i) 根據本公司與愛美高中國於一九九六年十月二十八日訂立之分拆協議（「分拆協議」）之條款，本集團同意應愛美高中國不時之要求為愛美高中國及其附屬公司（「愛美高中國集團」）提供財務、管理、行政及會計服務，而愛美高中國集團須向本集團償付該等服務之成本費用。截至一九九九年十二月三十一日止年度，由於愛美高中國集團並無要求本集團提供上述服務，故並無支付本集團任何款項（一九九八年：無）。
- (ii) 根據本公司於一九九六年十月二十八日與愛美高中國訂立之賠償契據，在若干例外情況之規限下，本集團已同意就（其中包括）土地增值稅（「土地增值稅」）、中國所得稅、土地成本、未能進行稅務登記及報送稅務申請表及遺產稅而引致愛美高中國集團產生之任何減值及任何負債向愛美高中國集團作出賠償保證。截至一九九九年十二月三十一日止年度，有關中國所得稅及土地增值稅之賠償分別為8,704,000港元（一九九八年：8,704,000港元）及23,144,000港元（一九九八年：23,144,000港元）。

DIRECTORS' REPORT

(iii) Keep Fine Investment Limited ("Keep Fine"), a wholly-owned subsidiary of Asian Win Realty Holdings Limited ("Asian Win") which is a non-wholly owned subsidiary of Evergo China, has entered into a licence agreement dated 22nd December, 1998 with Chinese Estates (Harcourt House) Limited ("CEHH"), a wholly-owned subsidiary of the Company. Pursuant to the licence agreement, CEHH agreed to grant to Keep Fine the right to use the office premises of approximately 3,565 square feet situate at Rooms 2407-8, 24th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong, which was used as the head office and principal place of business in Hong Kong of Asian Win and its subsidiaries, on normal commercial terms up to 28th February, 1999, at a monthly licence fee of HK\$124,775 and a monthly service charges of HK\$16,113.80. After expiry of the said licence, the Group through its wholly-owned subsidiary, Chinese Estates, Limited ("CEL"), has sub-leased Room 201 on 2nd Floor of CRC Protective Tower, 38 Gloucester Road, Wanchai, Hong Kong to Keep Fine by a sub-lease agreement dated 3rd March, 1999. The new sub-leased premises occupy approximately 1,320 square feet and the sub-lease is on normal commercial terms commencing on 1st March, 1999 to 3rd February, 2001 at a monthly rental of HK\$39,600 and a monthly management fee of HK\$6,956.40.

(iii) 愛美高中國之非全資附屬公司 Asian Win Realty Holdings Limited (盛亞企業公司) (「盛亞」) 之全資附屬公司協發投資有限公司 (「協發」) 於一九九八年十二月二十二日與本公司之全資附屬公司 Chinese Estates (Harcourt House) Limited (「CEHH」) 訂立一份許可協議；據此，CEHH同意按一般商業條款授予協發權利使用位於香港灣仔告士打道39號夏慤大廈24樓2407-8室面積約3,565平方呎之寫字樓，直至一九九九年二月二十八日為止。該等單位用作盛亞與其附屬公司在香港之總辦事處及主要營業地點，許可費用每月124,775港元，而每月服務費為16,113.80港元。於上述許可期限屆滿後，本集團透過其全資附屬公司華人置業有限公司 (「華置」) 按一九九九年三月三日所訂立之分租協議分租香港灣仔告士打道38號華潤美衛大廈2樓201室予協發。該新分租物業佔地約1,320平方呎，租賃期由一九九九年三月一日起至二零零一年二月三日止，該分租租約乃按一般商業條款訂立，月租為39,600港元，而管理費為每月6,956.40港元。

DIRECTORS' REPORT

- (iv) Evergo Holdings (China) Company Limited ("Evergo BVI"), a wholly-owned subsidiary of Evergo China, has entered into a sub-lease agreement dated 17th March, 1997 with CEL pursuant to which CEL agreed to sub-lease to Evergo BVI an office premise of approximately 1,619 square feet situate at Room 701 on 7th Floor of CRC Protective Tower as head office and principal place of business of the Evergo China Group (other than Asian Win and its subsidiaries) in Hong Kong, on normal commercial terms for two years commencing on 17th March, 1997 at a monthly rental of HK\$67,998 and a monthly management fee of HK\$8,528.08.

Due to office re-allocation of the Group, Evergo BVI has surrendered the aforesaid premises and a new sub-lease agreement was entered into on 3rd March, 1999 for sub-leasing to Evergo BVI an office premises of approximately 1,619 square feet situate at Room 1006 on 10th Floor of CRC Protective Tower as head office and principal place of business of the Evergo China Group (other than Asian Win and its subsidiaries) in Hong Kong on normal commercial terms commencing on 26th February, 1999 to 30th September, 2000 at a monthly rental of HK\$48,570 and a monthly management fee of HK\$8,532.13.

- (iv) 愛美高中國之全資附屬公司Evergo Holdings (China) Company Limited (「Evergo BVI」) 與華置已於一九九七年三月十七日訂立一份分租協議；據此，華置同意按一般商業條款，將佔地約1,619平方呎位於華潤美衛大廈7樓701室之寫字樓分租予Evergo BVI作為愛美高中國集團(盛亞及其附屬公司除外)在香港之總辦事處及主要營業地點，租賃期由一九九七年三月十七日起計為期兩年，月租為67,998港元，而管理費每月為8,528.08港元。

鑑於本集團辦公室之使用作出重新分配，Evergo BVI 已交出上述物業，並已按一般商業條款於一九九九年三月三日訂立一份新分租協議；據此，Evergo BVI 獲分租佔地約1,619平方呎位於華潤美衛大廈10樓1006室之寫字樓作為愛美高中國集團(盛亞及其附屬公司除外)在香港之總辦事處及主要營業地點，租賃期由一九九九年二月二十六日起計至二零零零年九月三十日止，月租為48,570港元，而管理費為每月8,532.13港元。

DIRECTORS' REPORT

(v) Under the Spin-off Agreement (in case of the Company) and the non-competition agreement (in case of Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung) entered into between the said parties and Evergo China dated 28th October, 1996, the Company, Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung (together, the "Covenantors") have undertaken to the Evergo China Group, subject to certain qualifications set out below, not to directly or indirectly participate in, hold any right or interest in or otherwise be involved in any property project in the PRC (other than through Evergo China):

- (a) The investment in each PRC property which is below HK\$50 million and is for own use and not for immediate resale.
- (b) The project which is rejected by the independent non-executive directors of Evergo China, provided that the reasons of rejection are properly minuted and the principal terms of the investment are disclosed.
- (c) The investment in shares of a listed company which competes with the Evergo China Group provided that the shareholding does not exceed 15% of such listed company's issued share capital and further provided that the Covenantors are not entitled to appoint directors of that listed company to such number exceeding 15% of the total number of directors.
- (d) The joint venture project with the attributable total investment cost is greater than 15% of the consolidated net asset value of Evergo China as shown in its latest audited balance sheet.

(v) 根據協議各方與愛美高中國於一九九六年十月二十八日訂立之分拆協議(就本公司而言)及不競爭協議(就劉鑾雄先生及劉鑾鴻先生而言),本公司、劉鑾雄先生及劉鑾鴻先生(統稱「訂約人」)已向愛美高中國集團承諾,在下列若干限制條件之規限下,不會直接或間接參與任何中國物業項目、持有任何中國物業項目之權利或權益或參與任何中國物業項目,惟透過愛美高中國則除外:

- (a) 每項中國物業之投資須低於50,000,000港元,並且須作自用及不會即時轉售。
- (b) 遭愛美高中國獨立非執行董事拒絕接納之項目,而拒絕接納之理由已妥為記錄於董事會會議紀要及投資之主要條款已予披露。
- (c) 於一家與愛美高中國集團彼此競爭之上市公司投資之股份持股量不得超過該上市公司之已發行股本15%,且訂約人不得委任多於該上市公司董事總人數15%之董事。
- (d) 合營項目應佔總投資額須超過愛美高中國最近期之經審核資產負債表所示之愛美高中國綜合資產淨值15%。

DIRECTORS' REPORT

(vi) Under the Spin-off Agreement, Evergo China allotted, will allot and issue, credited as fully paid, shares to the Company or its nominee (Oriental Master Ltd.) or as it may direct on the following terms:

(a) with respect to Huangsha Station Lot E, Guangzhou ("Lot E") and Zhong Shan Building, Qingdao ("Zhong Shan Building") or any of them (together, the "Deferred Projects"), 1,693,593 shares ("Initial Shares") representing approximately 10% of the total number of shares were allotted and issued by the Evergo China Group as a capitalisation issue in respect of advances made by the Group in relation to the Deferred Projects on 15th November, 1996;

(b) up to a maximum number of 15,245,614 additional shares ("Balance Shares") representing approximately 90% of the total number of shares to be allotted and issued by the Evergo China Group as a capitalisation issue in respect of advances made by the Group in relation to the Deferred Projects provided the following conditions are fulfilled:

(1) certain outstanding matters relating to Lot E, including payment of an overdue registered capital contribution of HK\$29.2 million (representing the Evergo China Group's attributable contribution thereto) in relation to the joint venture company which holds the Evergo China Group's attributable interest in Lot E, are resolved to the satisfaction of the independent non-executive directors of Evergo China; and

(vi) 根據分拆協議，愛美高中國按以下條款已配發、將配發及發行入賬列作繳足股份予本公司或其代理人 (Oriental Master Ltd.)或其指定之公司：

(a) 就廣州市黃沙站E地段（「E地段」）及青島市中山大廈（「中山大廈」）或其中一項（統稱「遞延項目」）而言，愛美高中國集團已配發及發行1,693,593股股份（「初期股份」），約佔股份總數10%，作為本集團於一九九六年十一月十五日就遞延項目提供墊款撥作股本發行；

(b) 在下列條件獲履行之情況下，配發及發行最多15,245,614股額外股份（「其餘股份」），約佔將由愛美高中國集團配發及發行之股份總數90%，作為本集團就遞延項目提供墊款撥作股本發行：

(1) 若干關於E地段之未完成事項，包括向持有愛美高中國集團應佔E地段權益之合營公司支付已過期尚未出資之註冊資本約29,200,000港元（即愛美高中國集團應佔之出資額），已獲愛美高中國獨立非執行董事認同而獲得解決；及

DIRECTORS' REPORT

- (2) certain outstanding matters relating to Zhong Shan Building, including payment of an overdue registered capital contribution of US\$450,961 (equivalent to approximately HK\$3.5 million) (representing the Evergo China Group's attributable contribution thereto) in relation to the joint venture company which holds the Evergo China Group's attributable interest in Zhong Shan Building, are resolved to the satisfaction of the independent non-executive directors of Evergo China.

The conditions set out in (1) and (2) above must be fulfilled within 24 months from the date of the Spin-off Agreement.

- (c) if any of the conditions set out in (1) or (2) in sub-paragraph (b) above in relation to Lot E and Zhong Shan Building are not fulfilled within 24 months from the date of the Spin-off Agreement, then the number of Balance Shares will be adjusted by reference to a valuation of the relevant Deferred Project prepared by independent professional valuers and commissioned at the request of the independent non-executive directors of Evergo China, in which case:

- (1) with respect to Lot E, up to 10,594,055 Balance Shares will be allotted and issued to the Company or its nominee (Oriental Master Ltd.) or as it may direct in satisfaction of its entitlement to the balance of the shares to be allotted under the capitalisation issue in respect of advances made by the Group in relation to Lot E;

- (2) 若干關於中山大廈之未完成事項，包括向持有愛美高中國集團應佔中山大廈權益之合營公司支付已過期尚未出資之註冊資本450,961美元（約相等於3,500,000港元，即愛美高中國集團應佔之出資額），已獲愛美高中國獨立非執行董事認同而獲得解決。

上文(1)及(2)段所述之條件須於分拆協議日期起計24個月內達成。

- (c) 如上文(b)分段(1)或(2)所述有關E地段及中山大廈之任何條件未能於分拆協議之日期起計24個月內履行，則其餘股份之數目將參考由獨立專業估值師進行並依照愛美高中國獨立非執行董事之要求委託進行之有關遞延項目之估值而作出調整，在此情況下：

- (1) 關於E地段，最多10,594,055股其餘股份將配發及發行予本公司或其代理人(Oriental Master Ltd.)或其指定之人士，作為償付根據有關本集團就E地段提供墊款撥作股本發行而將予配發之應得股份餘額；

DIRECTORS' REPORT

- (2) with respect of Zhong Shan Building, up to 4,651,559 Balance Shares will be allotted and issued to the Company or its nominee (Oriental Master Ltd.) or as it may direct in satisfaction of its entitlement to the balance of the shares to be allotted under the capitalisation issue in respect of advances made by the Group in relation to Zhong Shan Building;
- (d) the Balance Shares determined as set out in sub-paragraphs (b) and (c) above will be allotted and issued, on the earlier of (aa) the date on which the relevant condition is satisfied or (bb) the date on which the relevant joint venture enterprises are dissolved or liquidated in accordance with the relevant laws or (cc) the date on which the independent non-executive directors of Evergo China resolve to determine the number of Balance Shares by reference to the valuation to be prepared as mentioned in sub-paragraph (c) above or, in each case, as soon as practicable thereafter;
- (e) subject to sub-paragraph (f) below, the number of shares determined by reference to the valuation to be prepared as mentioned in sub-paragraph (c) above is less than the number of Initial Shares attributable to Lot E or Zhong Shan Building, the Company will, within three months following the receipt of the said valuation report, pay to Evergo China in cash a sum representing the difference between the said valuation and the amount attributable to the Initial Shares;
- (2) 關於中山大廈，最多 4,651,559 股其餘股份將配發及發行予本公司或其代理人 (Oriental Master Ltd.) 或其指定之人士，作為償付根據有關本集團就中山大廈提供墊款撥作股本發行而將予配發之應得股份餘額；
- (d) 按上文(b)及(c)分段所述而釐定之其餘股份將於下列較早者配發及發行：(aa)有關條件達成之日或(bb)有關合營企業按照有關法例解散或清盤之日或(cc)愛美高中國獨立非執行董事參考上文(c)分段所述進行之估值後議決釐訂其餘股份之數目或在各個情況下其後之盡快時間；
- (e) 在下文(f)分段之規限下，參考上文(c)分段所述而進行之估值所釐訂之股份數目少於E地段或中山大廈應佔之初期股份數目，本公司將會於收訖上述估值報告之三個月內向愛美高中國以現金支付一筆相當於上述估值與初期股份應佔金額之差額；

DIRECTORS' REPORT

(f) if the relevant valuation report as prepared by the independent professional valuers pursuant to sub-paragraph (c) above confirms that the relevant Deferred Project has no commercial value, the Company shall within three months following the receipt of the said valuation report have the option to require the Evergo China Group to assign and novate all rights to and obligations under the relevant Deferred Project to the Company subject to the payment of money as mentioned in sub-paragraph (e) above. In addition, the exercise of such option by the Company will be subject to (i) all applicable requirements of the Stock Exchange and other relevant rules and regulations and (ii) the approval by the independent non-executive directors of Evergo China. Immediately after the exercise of such option, the Evergo China Group will have the first right of refusal to be appointed as the project manager of the relevant Deferred Project by the Company on normal commercial terms to be agreed.

Lot E and Zhong Shan Building were classified as "Deferred Projects" in the Spin-off Agreement as it was impractical for either the Company or Evergo China to put a value on the projects at that time given the outstanding conditions set out in (b)(1) and (2). As at 28th October, 1998, being the second anniversary from the date of the Spin-off Agreement, the conditions remain outstanding. The independent board committee of Evergo China has reviewed the situation and resolved to defer the adjustment mechanism set out in (c) above for 24 months ("Deferral"). The Directors of the Company have considered the situation and agreed that it would be in the interest of the Company to allow the Deferral.

(f) 倘獨立專業估值師按上文(c)分段編製之有關估值報告確認有關之遞延項目並無商業價值，則本公司將於收訖上述估值報告之三個月內有權選擇要求愛美高中國集團將有關遞延項目之所有權利及責任轉讓及移交予本公司，惟須按上文(e)分段所述支付款項。此外，本公司在行使該選擇權時將須(i) 符合聯交所之所有適用規定及其他有關規則及規例及(ii) 經由愛美高中國獨立非執行董事批准。緊隨行使該選擇權後，愛美高中國集團即享有優先選擇權，可獲本公司按將予協定之一般商業條款委任為有關遞延項目之項目經理。

由於本公司或愛美高中國在(b)(1)及(2)項條件未達成之情況下不可能在當時訂出該等項目之價值，故此E地段及中山大廈在分拆協議中被列為「遞延項目」。於一九九八年十月二十八日，即分拆協議日期起計兩週年，該等條件尚未達成。愛美高中國獨立董事委員會已檢討情況，並決議將上文(c)項所載調整機制遞延24個月（「遞延」）。本公司之董事會在考慮情況後同意准許遞延乃符合本公司利益。

DIRECTORS' REPORT

On 31st March, 1999, Evergo China entered into an agreement with South Sea Development Company Limited ("South Sea"), an independent third party, for the disposal of Zhong Shan Building and other properties. The consideration was arrived at after arm's length negotiations and an independent valuation (the "Independent Valuation") on Zhong Shan Building was commissioned by South Sea. Given the value of Zhong Shan Building, the executive directors of Evergo China has proposed to adopt the Independent Valuation as a reference for determining any adjustment to the number of the Balance Shares to be issued by Evergo China to the Company upon completion of the disposal (the "Adoption of Third Party Independent Valuation"). Such proposal was approved by the independent non-executive directors of Evergo China on 24th November, 1999.

A supplemental agreement dated 29th December, 1999 was entered into between the Company and Evergo China pursuant to which the parties agreed to the Deferral and the Adoption of Third Party Independent Valuation. Based on the Independent Valuation, 1,581,384 shares were allotted and issued by Evergo China to Copper King Investment Limited, a wholly-owned subsidiary of the Company, on 10th January, 2000.

In respect of Lot E, up to 10,594,055 Balance Shares, the number of which depends on the independent valuation to be commissioned by the independent non-executive directors of Evergo China, will be issued upon satisfaction of the conditions under the Spin-off Agreement.

於一九九九年三月三十一日，愛美高中國與獨立第三者南海發展有限公司（「南海」）就出售中山大廈及其他物業訂立一項協議。其代價乃按公平原則磋商而達成，而南海已委託獨立估值師就中山大廈進行獨立估值（「獨立估值」）。基於中山大廈之價值，愛美高中國之執行董事建議採納獨立估值以決定任何調整愛美高中國於出售完成時向本公司發行其餘股份數目之參考（「採納第三者獨立估值」）。是項建議已於一九九九年十一月二十四日獲愛美高中國之獨立非執行董事批准。

本公司與愛美高中國於一九九九年十二月二十九日訂立一項補充協議，有關各方已同意遞延及採納第三者獨立估值。根據獨立估值，愛美高中國已於二零零零年一月十日向本公司之全資附屬公司Copper King Investment Limited配發及發行1,581,384股股份。

關於E地段，於分拆協議之條款達成後，將發行最多達10,594,055股其餘股份，而其數目則視乎愛美高中國之獨立非執行董事所委託進行之估值而釐訂。

DIRECTORS' REPORT

(vii) Grandhall Secretarial Services Limited, a wholly-owned subsidiary of the Company, provides general company secretarial services to each of the subsidiaries of (i) Evergo China and (ii) Asian Win at a fee of HK\$3,500 per annum for each subsidiary. For the year ended 31st December, 1999, the aggregate payment made to the Group for the above services amounted to HK\$497,000 (1998: HK\$497,000).

The Directors expect that transactions (i) to (vii) will continue in the foreseeable future on the terms described above.

The above transactions have been reviewed and confirmed by the Independent Non-executive Directors of the Company that the transactions are (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable than terms available to (from) independent third parties; and (c) fair and reasonable so far as the shareholders of the Company are concerned or in accordance with the terms of respective agreements governing such transactions.

(2) For the year ended 31st December, 1999, the Group has provided financial assistance to Dollar Union Limited ("Dollar Union") which is currently owned as to 75% by the Group and 25% by group of Kwong Sang Hong, an associated company of the Company:

(i) Aggregate advances made by the Group to Dollar Union amounted to HK\$987 million (1998: HK\$946 million). The advances are unsecured, interest free and have no fixed repayment date.

(vii) 本公司之全資附屬公司均豪秘書服務有限公司以年費3,500港元(以每間附屬公司計)向(i)愛美高中國及(ii)盛亞之各間附屬公司提供一般公司秘書服務。截至一九九九年十二月三十一日止年度,就上述服務向本集團支付之總數為497,000港元(一九九八年:497,000港元)。

董事會預期第(i)至(vii)項之交易將於可見之將來按上述條款持續進行。

上述交易已經由本公司之獨立非執行董事審閱,而彼等已確認該等交易(a)乃於本集團一般及日常業務中進行;(b)乃按一般商業條款或不遜於提供予或提供自獨立第三者之條款進行;及(c)對本公司股東而言乃屬公平合理,並按照監管該等交易之有關協議之條款進行。

(2) 截至一九九九年十二月三十一日止年度,本集團向現時由本集團及本公司聯營公司廣生行集團分別擁有75%及25%權益之金怡彩有限公司(「金怡彩」)提供財務援助:

(i) 本集團向金怡彩提供之墊款總額為987,000,000港元。(一九九八年:946,000,000港元)。該等墊款均為無抵押、免息及無固定還款期。

DIRECTORS' REPORT

- (ii) The Company issued a several guarantee dated 29th April, 1998 in favour of Land Development Corporation ("LDC") and Opalman Limited in respect of 75% of performance and fulfilment of obligations of Dollar Union under the development agreement dated 8th March, 1996.

Dollar Union was formed to develop a site of approximately 74,818 square feet bounded by Queen's Road East, Ruttonjee Hospital, Cross Street and Tai Yuen Street in Wanchai, Hong Kong ("Tai Yuen Street Project") with LDC.

Development cost of Dollar Union is funded by advances from all its shareholders in proportion to their equity interest in Dollar Union and on a several basis. As at 27th April, 2000, the aggregate advances made by the Group to Dollar Union amounted to HK\$1,006 million.

Total development cost of the Tai Yuen Street Project is estimated to be HK\$3.4 billion, of which HK\$1,340 million has been paid up to date. Estimated future development cost is HK\$2,060 million and the Group's share thereof is HK\$1,545 million. Future development cost to be incurred from time to time according to the progress of the Tai Yuen Street Project from now to year 2006 and will be funded by further advances from the respective shareholders of Dollar Union and/or bank borrowings.

SERVICE CONTRACTS OF DIRECTORS

None of the Directors has any 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).

- (ii) 本公司就金怡彩履行及達成於一九九六年三月八日訂立之發展協議之75%責任向土地發展公司(「土發公司」)及 Opalman Limited (「Opalman」) 作出一項日期為一九九八年四月二十九日之各別擔保。

金怡彩之成立，乃為與土發公司共同發展位於香港灣仔皇后大道東、律敦治醫院、交加街及太原街所圍繞面積約74,818平方呎之地盤(「太原街項目」)。

金怡彩之發展成本乃由其全體股東按彼等各自在金怡彩之股本權益比例提供墊款撥付。於二零零零年四月二十七日，本集團向金怡彩提供之墊款總額為1,006,000,000港元。

太原街項目之發展成本總額估計將為3,400,000,000港元。截至目前為止，經已繳付其中1,340,000,000港元，故未來之發展成本估計將為2,060,000,000港元，而本集團則承擔其中之1,545,000,000港元。未來之發展成本將會按照太原街項目之進度，於即時起至二零零六年止期間不時支付，而有關款項將會以金怡彩各股東進一步提供之墊款及/或銀行借貸撥款支付。

董事服務合約

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。

DIRECTORS' REPORT

MANAGEMENT AND CONSULTANCY AGREEMENT

During the year, there existed a consultancy agreement with Jade Pacific Limited, a company controlled by Mr. Joseph Lau, Luen-hung and Mr. Thomas Lau, Luen-hung.

GROUP BORROWINGS AND INTEREST CAPITALISED

Details of bank loans and overdrafts repayable within one year or on demand are shown in the balance sheet. Details of long-term secured and unsecured bank loans and floating rate notes are shown in notes 24 and 25 to the financial statements.

Interest capitalised during the year by the Group amounted to HK\$2,737,000 (1998: HK\$12,416,000).

PENSION SCHEME

The staff of the Group is covered under a staff provident fund (the "Scheme") which is a defined contribution scheme as defined in the Occupational Retirement Schemes Ordinance. The Scheme is for all full-time monthly-paid permanent staff under the employment of the Group in Hong Kong. The assets of the Scheme are managed by the trustee of the Scheme.

Contributions to the Scheme are 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 are entitled to 100% of the employer's contributions together with accrued interest after completing 10 years of service or more, or attaining the retirement age after any number of years of service, or at a reduced scale of between 30% to 90% after completing a period of service of at least 3 but less than 10 years. The Scheme allows any forfeited contributions (made by the Group for any staff member who subsequently leaves 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.

管理及顧問協議

本集團於年內與Jade Pacific Limited 訂立一份顧問協議，該公司乃由劉鑾雄先生及劉鑾鴻先生控制。

集團借貸及撥作資本之利息

須於一年內或按通知償還之銀行貸款及透支之詳情載於資產負債表。有抵押及無抵押長期銀行貸款及浮息票據之詳情分別載於財務報表附註24及25。

本年度內，本集團將2,737,000港元(一九九八年：12,416,000港元)之利息撥充資本。

退休金計劃

本集團之僱員均參與一項僱員公積金(「該計劃」)，該計劃為職業退休計劃條例界定之定額供款計劃。該計劃乃為本集團在香港聘用之所有全職月薪長期員工而設。該計劃之資產由該計劃之受託人管理。

本集團按員工之基本薪金之5%、7.5%或10%(視乎服務之年資而定)對該計劃作出供款。員工服務滿10年或以上、或於服務任何年數後而屆退休年齡，有權享有僱主作出之全部供款連同應計利息，而服務期滿3年惟不足10年者，則分別有權按遞減比例領取僱主之30%至90%供款。該計劃容許本集團將任何被沒收之供款(即本集團為任何員工作出之供款而該員工於可取得全部供款前退出該計劃)用作抵銷本集團現有之供款水平。

DIRECTORS' REPORT

The Group's cost for the Scheme charged to income statement for the year ended 31st December, 1999 amounted to HK\$3,390,000 (1998: HK\$2,809,000). In addition, the total amount of forfeited employer's contributions amounted to HK\$727,000 (1998: HK\$808,000) was utilised towards reducing the Group's contributions during the year.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31st December, 1999, the aggregate purchases attributable to the Group's largest supplier and the top five largest suppliers contributed approximately 22.6% and 55.2% respectively to the total purchases of the Group (1998: less than 30% of the total purchases).

For the year ended 31st December, 1999, the aggregate sales attributable to the Group's largest customer and the top five largest customers contributed approximately 18.0% and 40.5% respectively to the total turnover of the Group (1998: less than 30% of the total turnover).

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of the five largest suppliers or customers.

POST BALANCE SHEET EVENTS

Details of significant post balance sheet events of the Group are set out in note 39 to the financial statements.

FINANCIAL OPERATION REVIEW

Certain further information in relation to the Group's results and financial operations are shown on pages 18 to 23.

截至一九九九年十二月三十一日止年度，本集團就該計劃從收益表中扣除之費用為3,390,000港元（一九九八年：2,809,000港元）。此外，被沒收之僱主供款總額727,000港元（一九九八年：808,000港元）則用以減低本集團於本年度內之應付供款。

主要供應商及客戶

截至一九九九年十二月三十一日止年度，本集團最大供應商及五大供應商應佔之購貨總額分別佔本集團之購貨總額約22.6%及55.2%（一九九八年：低於購貨總額30%）。

截至一九九九年十二月三十一日止年度，本集團最大客戶及五大客戶應佔之銷售總額分別佔本集團之營業總額約18.0%及40.5%（一九九八年：低於營業總額30%）。

概無董事、其聯繫人士或任何據董事會所知擁有本公司已發行股本5%以上之股東擁有任何五大供應商或客戶之股本權益。

結算日後事項

本集團之結算日後事項之詳情載於財務報表附註39。

財務業務回顧

有關本集團業績及財務業務之若干其他資料載於第18至第23頁。

DIRECTORS' REPORT

CODE OF BEST PRACTICE

Except that the Independent Non-executive Directors are not appointed for any specific terms as they are subject to retirement by rotation in accordance with Bye-law 111 of the Bye-laws of the Company, the Company has complied throughout the year ended 31st December, 1999 with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, in particular, the establishment of an Audit Committee on 1st January, 1999 as required by paragraph 14 of the Code.

YEAR 2000 ISSUE AND COMPLIANCE

As disclosed in the Group's previous interim and annual reports, the Group considers year 2000 ("Y2K") compliance as an important risk management issue and a designated project team has been formed to deal with the issue since early 1998.

Since then, the Y2K issue has been defined, identified, analysed and evaluated for the risks and uncertainties associated with the Y2K problem. The project team has developed action plans and programmes to resolve the problem and has finalised the implementation and performed the compliance testing.

As at the end of June 1999, the project team has completed the modification and upgrading of all critical application software (including property management systems, accounting systems, securities investment systems, company secretarial reporting systems and human resources systems), all core processing servers, computers, and office automation application to ensure Y2K compliance for all business units of the Group.

最佳應用守則

除獨立非執行董事因根據本公司之公司細則第111條須輪值告退而無獲委任任何特定年期外，本公司於截至一九九九年十二月三十一日止年度一直遵守聯交所證券上市規則附錄十四所載之最佳應用守則（「守則」），尤其是按守則第十四段規定於一九九九年一月一日成立審核委員會。

公元二千年問題及符合有關規定

如本集團於過往中期報告及年報中披露，本集團認為公元二零零零年（「二千年」）問題為重要風險管理事項，並且自一九九八年年初成立一隊專責項目小組應付有關問題。

自此，本集團已界定、辨別、分析及評估與二千年問題有關之風險及不明朗因素。專責項目小組經已制訂執行計劃及程序以解決問題，並已落實執行及進行有關測試。

於一九九九年六月底，專責項目小組已完成修正及提升所有主要應用軟件（包括物業管理系統、會計系統、證券投資系統、公司秘書報告系統及人力資源系統）、所有處理伺服器、電腦及辦公室自動化應用軟件，以確保本集團所有業務單位符合二千年規定。

DIRECTORS' REPORT

Full compliance has been achieved by June 1999. The Group has developed and substantially completed a Y2K contingency plan in September 1999 to enable continuity of the business and operations in the event of any failure of mission-critical systems. The cost of implementing the Group's Y2K programme up to 31st December, 1999 is approximately HK\$2,149,000.

At the turn of the century, the Group has functioned properly with no interruptions caused by the Y2K problem. The information technology systems of the Group and, as far as the Group awares, its business associates have operated smoothly through the Y2K critical dates.

AUDITORS

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

On behalf of the Board
Thomas Lau, Luen-hung
Chairman

Hong Kong, 27th April, 2000

本集團已於一九九九年六月全面符合二千年規定之工作。本集團已於一九九九年九月制定及大致完成二千年問題應變計劃，以確保主要功能系統出現任何故障時仍可繼續如常經營業務及運作。截至一九九九年十二月三十一日止，本集團實施二千年問題計劃之費用約為2,149,000港元。

在踏入新紀元時，本集團運作順利，並未受二千年所產生之問題干擾。本集團資訊科技系統以及(就本集團所知)與其業務有聯繫之機構，在多個二千年高危日子仍運作正常。

核數師

本年度之財務報表由德勤•關黃陳方會計師行審核。該核數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

香港，二零零零年四月二十七日