

## REPORT OF THE DIRECTORS

### 董事會報告書

The directors submit herewith their annual report together with the audited financial statements for the year ended 31st December, 2003.

董事會全人謹此提呈截至二零零三年十二月三十一日止年度之報告書及經審核之財務報表。

#### PRINCIPAL ACTIVITIES

The principal activities of the Company are construction and property development/investment. The principal activities and other particulars of the subsidiaries are set out in pages 152 to 155 on the financial statements.

#### 主要業務

本公司的主要業務是承建工程及物業發展／投資。附屬公司的主要業務及其他詳情載於第152頁至第155頁之財務報表內。

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 3 on the financial statements.

本財政年度內，本公司及其附屬公司的主要業務及業務之地域性分析列於財務報表附註3。

#### MAJOR CUSTOMERS AND SUPPLIERS

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

#### 主要客戶及供應商

在本財政年度內，本集團主要客戶及供應商佔本集團營業額及購貨額的資料如下：

		Percentage of the Group's total 佔本集團總額比率	
		Turnover 營業額	Purchases 購貨額
The largest customer	最大客戶	39.39%	
Five largest customers in aggregate	五大客戶總和	99.13%	
The largest supplier	最大供應商		29.53%
Five largest suppliers in aggregate	五大供應商總和		45.42%



## REPORT OF THE DIRECTORS *(continued)* 董事會報告書 (續)

### MAJOR CUSTOMERS AND SUPPLIERS *(continued)*

Included in five largest suppliers is Shanghai Construction (Group) General Co ("SCG (Group)"), a substantial shareholder of the Company. Messrs Yao Jianping, Jiang Zhiquan, Liu Guolin and Fan Zhongwei are interested in SCG (Group) as directors.

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

### FINANCIAL STATEMENTS

The loss of the Group for the year ended 31st December, 2003 and the state of the Company's and the Group's affairs as at that date are set out on the financial statements on pages 52 to 160.

No interim dividend has been paid during the year. The directors do not recommend the payment of a final dividend in respect of the year ended 31st December, 2003.

### FIXED ASSETS

Movements in fixed assets during the year are set out in note 12 on the financial statements.

### 主要客戶及供應商 (續)

包括在五大供應商其中之一是上海建工(集團)總公司(「上海建工(集團)」)為本公司的主要股東。姚建平先生、蔣志權先生、劉國林先生及范忠偉先生為上海建工(集團)的董事。

除以上所述,本公司的董事、其聯繫人或任何股東(據董事會所知擁有5%或以上的本公司股本者),並無在年度內任何時間擁有這些主要客戶及供應商的任何權益。

### 財務報表

本集團截至二零零三年十二月三十一日止年度之虧損和本公司及本集團於該日之財務狀況,均列於第52頁至第160頁之財務報表內。

本年度並無派發中期股息。董事會不建議派發截至二零零三年十二月三十一日止年度之末期股息。

### 固定資產

本年度內固定資產之變動列於財務報表附註12。

## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### DIRECTORS

The directors during the financial year were:

JIANG Zhiquan	<i>(chairman)</i>
LI Xueming	<i>(deputy chairman)</i>
YAO Jianping	<i>(managing director)</i>
CHEN Libo	
TSANG Hin Wai, Dennis	
SHI Liwen	<i>(resigned on 22nd April, 2003)</i>
LIU Guolin	
FAN Zhongwei	
CHOI Yu Leuk	<i>(independent non-executive director)</i>
LI Zhong Yuan	<i>(independent non-executive director)</i>
FAN Yan Hok, Philip	<i>(non-executive director)</i>

Mr Shi Liwen resigned as director and chairman on 22nd April, 2003 and Mr Jiang Zhiquan was appointed as chairman on the same day.

#### DIRECTORS' SERVICE CONTRACTS

The terms of appointment of the non-executive directors are for a period of one year renewable at each year end.

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

#### 董事會

本財政年度之董事會成員為：

蔣志權	<i>(主席)</i>
李學明	<i>(副主席)</i>
姚建平	<i>(董事總經理)</i>
陳立波	
曾顯偉	
石禮文	<i>(於二零零三年四月二十二日辭任)</i>
劉國林	
范忠偉	
蔡宇峇	<i>(獨立非執行董事)</i>
李重遠	<i>(獨立非執行董事)</i>
范仁鶴	<i>(非執行董事)</i>

石禮文先生於二零零三年四月二十二日辭任董事及主席之職務，蔣志權先生同日獲委任為主席。

#### 董事服務合約

非執行董事的任期為一年，並於每個年度終結時續約。

所有擬於即將召開之股東週年大會上重選連任之董事與本公司並無訂立不可於一年內不可在不予賠償情況下終止之服務合約（法定賠償除外）。



## REPORT OF THE DIRECTORS *(continued)* 董事會報告書 (續)

### SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 22nd January, 1998 ("Adoption Date") whereby the directors of the Company at any time within 10 years after the Adoption Date are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The exercise price of options is determined by the board in accordance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). The options vest after 6 months and are exercisable for various periods of not exceeding 9<sup>1</sup>/<sub>2</sub> years commencing 6 months after the date on which the grant of the option is accepted, or up to 21st January, 2008, whichever is earlier.

The maximum number of shares in respect of which options may be granted under the share option scheme may not exceed 10% of the issued share capital of the Company from time to time excluding any shares issued pursuant to the scheme.

### 購股權計劃

本公司於一九九八年一月二十二日(「採納日」)採納一項購股權計劃。據此,本公司董事獲授權於採納日後十年內任何時間酌情邀請本集團僱員(包括本集團任何公司的董事)接受購股權,以認購本公司股份。購股權的行使價由董事會根據香港聯合交易所有限公司證券上市規則(「上市規則」)第17章予以釐定。購股權於六個月後歸屬,並可於授予購股權獲接納日期後六個月起計不多於九年六個月的期間內或至二零零八年一月二十一日(以較早者為準)等多個期間行使。

購股權計劃下可認購的股份總數不得超過本公司不時已發行股本(但不包括按照計劃的條款發行的股份)的10%。

## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### SHARE OPTION SCHEME *(continued)*

At 31st December, 2003, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 31st December, 2003 is HK\$0.51) granted at nominal consideration under the share option scheme of the Company. Each option gives the holder the right to subscribe for one share.

#### 購股權計劃 (續)

於二零零三年十二月三十一日，本公司董事及僱員根據本公司的購股權計劃，以象徵式的價款獲授予可認購本公司股份（於二零零三年十二月三十一日的每股市價為港幣0.51元）的購股權，因而擁有下列權益。持有人有權憑每項購股權認購1股股份。

		Number of options outstanding at 1st January, 2003	Number of options cancelled during the year	Number of options outstanding at 31st December, 2003	Date of grant	Exercise period	Exercise price per share	Closing price per share immediately before the date of grant
		於二零零三年一月一日未行使之購股權數目	於本年內取消之購股權數目	於二零零三年十二月三十一日未行使之購股權數目	授予日期	可行使期間	每股行使價 HK\$ 港元	於購股權授予日期前市價 HK\$ 港元
<b>Directors</b>	<b>董事</b>							
CHEN Libo	陳立波	4,000,000	-	4,000,000	20/5/1998	20/11/1998 - 19/5/2005	3.48	4.28
		2,000,000	-	2,000,000	18/6/1998	18/12/1998 - 18/6/2005	2.29	2.90
		3,000,000	-	3,000,000	28/9/1998	28/3/1999 - 28/9/2005	1.48	1.88
<b>Employees</b>	<b>僱員</b>	5,720,000	(1,480,000)	4,240,000	20/5/1998	20/11/1998 - 19/5/2005	3.48	4.28
		950,000	-	950,000	18/6/1998	18/12/1998 - 18/6/2005	2.29	2.90
<b>Other participants</b>	<b>其他參與者</b>	3,000,000	-	3,000,000	20/5/1998	20/11/1998 - 19/5/2005	3.48	4.28

No options were exercised during the year ended 31st December, 2003.

截至二零零三年十二月三十一日止年度內，並無任何購股權獲行使。



REPORT OF THE DIRECTORS (continued)  
董事會報告書 (續)

**DIRECTORS' INTERESTS**

At 31st December, 2003, the interests of the directors in the shares and share options of the Company as recorded in the register maintained under section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

**(i) Shares**

**Name of director**

CHEN Libo

**董事姓名**

陳立波

**董事權益**

於二零零三年十二月三十一日，根據《證券及期貨條例》(以下簡稱《證券條例》)第352條而存放之登記冊之記錄，各董事擁有本公司股份及購股權如下：

**(i) 股份**

**Number of ordinary shares**

**Personal interests**

**普通股數目**

**個人權益**

3,800,000

**(ii)** Options to subscribe for shares of HK\$1.00 each in the Company granted under the share option scheme of the Company:

**(ii)** 根據本公司的購股權計劃所賦予認購本公司每股面值1.00港元之股份的購股權：

Name of director	Number of options outstanding at 1st January, 2003	Number of options outstanding at 31st December, 2003	Date of grant	Exercise period	Number of options exercised during the year	Exercise price per share	Closing price per share immediately before the date of grant	Consideration paid for the options granted	
董事姓名	於二零零三年一月一日未行使之購股權數目	於二零零三年十二月三十一日未行使之購股權數目	授予日期	可行使期間	年內已行使之購股權數目	每股行使價	於購股權授予日期前市價	支付授予購股權的代價	
	HK\$	HK\$				港元	港元	港元	
CHEN Libo	陳立波	4,000,000	4,000,000	20/5/1998	20/11/1998 - 19/5/2005	-	3.48	4.28	1
		2,000,000	2,000,000	18/6/1998	18/12/1998 - 18/6/2005	-	2.29	2.90	1
		3,000,000	3,000,000	28/9/1998	28/3/1999 - 28/9/2005	-	1.48	1.88	1

The options are held by the director under personal interests.

購股權是董事以個人權益持有。

## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### DIRECTORS' INTERESTS *(continued)*

Other than as disclosed, none of the directors was interested or had any short position in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at 31st December, 2003.

#### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2003, the following companies were interested in more than 5% of the issued share capital of the Company as recorded in the register maintained under section 336 of the SFO:

		Number of ordinary shares held	Percentage of total issued shares
		普通股數目	所佔總發行 股本百分比
China Everbright International Limited <i>(Note)</i>	中國光大國際有限公司 <i>(附註)</i>	60,763,000	9.99%
China Everbright Holdings Company Limited <i>(Note)</i>	中國光大集團有限公司 <i>(附註)</i>	60,763,000	9.99%
Shanghai Construction (Group) General Co	上海建工(集團)總公司	149,000,000	24.51%

*Note:* Out of the 60,763,000 ordinary shares, 60,000,000 ordinary shares are beneficially owned by Maddington Ltd and 763,000 ordinary shares are held by China Everbright Securities Investments Limited, both of which are wholly-owned subsidiaries of China Everbright International Limited. China Everbright International Limited is a company listed on The Stock Exchange of Hong Kong Limited and is indirectly owned as to approximately 69.01% by China Everbright Holdings Company Limited through its direct and indirect wholly-owned subsidiaries, namely, Guildford Ltd, Datten Investments Ltd and Everbright Investment & Management Limited.

Both parties are considered to have deemed interests in the same shares.

Save as stated above, no person was interested in or had a short position in the shares or underlying shares which would fall to be disclosed to the Company under Part XV of the SFO.

#### 董事權益 (續)

除此之外，於二零零三年十二月三十一日本公司並無董事擁有本公司及其相聯法團(須符合《證券條例》第十五部份所載的定義)之任何股份、相關股份或債券證之權益或任何淡倉。

#### 主要股東權益

於二零零三年十二月三十一日，根據《證券條例》第336條而存放之登記冊記錄，以下為擁有多於本公司已發行股本百分之5%權益之公司：

*附註：* 這60,763,000股普通股分別由Maddington Ltd受益擁有60,000,000股及中國光大證券投資有限公司受益擁有763,000股；這兩家公司均為中國光大國際有限公司之全資擁有附屬公司。而中國光大國際有限公司是一家在香港聯合交易所有限公司上市的公司，並由中國光大集團有限公司透過其直接及間接全資擁有的附屬公司Guildford Ltd、Datten Investments Ltd及光大投資管理有限公司間接擁有其約69.01%的權益。

雙方在相同股份中被視為擁有權益。

除上述所披露者外，概無任何人士擁有股份或相關股份中之權益及淡倉而須根據《證券條例》第十五部分予以披露。



## REPORT OF THE DIRECTORS (continued) 董事會報告書 (續)

### CONNECTED TRANSACTIONS

1. On 15th April, 1998, the Company entered into a construction contract with Shanghai 21st Century Real Estate Co., Limited ("the Property Owner"), a fellow subsidiary of China Everbright International Limited ("China Everbright") (and therefore an associate of China Everbright for the purpose of the Listing Rules). Pursuant to the construction contract, the Company was appointed by the Property Owner as the main contractor for the construction of a 89,000 square metre (total floor area), 49-storey single tower commercial building to be named Shanghai 21st Century Tower located in Lu Jia Zui, Shanghai, China.

The construction cost is estimated to be approximately HK\$1,000 million. Construction commenced in the third quarter of the year 1998 and is originally expected to be completed by the first quarter of the year 2001. The Company is to receive a fee which will be equal to the total construction cost actually incurred plus 10% of the actual construction cost as profit. In the event that the final construction cost is less than the estimated HK\$1,000 million, any cost savings will be shared equally between the Company and the Property Owner.

During the first quarter of 2000, the Property Owner has decided to postpone the development of the building after the completion of foundation work and the directors believe that the Company can receive the total construction cost incurred plus 10% of the actual construction cost as profit. During the year ended 31st December, 2003, the final contract sum was agreed and the outstanding amount of contract receivable of HK\$56.2 million was fully settled in January 2004.

### 關連交易

1. 於一九九八年四月十五日，本公司與中國光大國際有限公司（「光大國際」）同系附屬公司Shanghai 21st Century Real Estate Co., Limited（「物業擁有人」）（按上市規則之定義為光大國際之聯繫人士）簽訂建造合同。根據該建造合同，本公司獲物業擁有人委聘為總承包商，承接位於中國上海市陸家嘴一幢商業樓宇之建造工程；該樓宇樓高49層，總建築面積為89,000平方米，將取名上海廿一世紀中心大廈。

該項目之總建造成本估計約為1,000,000,000港元。建造工程已於一九九八年第三季動工，原定於二零零一年首季落成。本公司所收取之費用為建造工程之實際總建造成本，另加實際建造成本之10%作為利潤。倘最終之建造成本低於估計之1,000,000,000港元，省下之一切成本將由本公司與物業擁有人均分。

於二零零零年第一季該項目的地基工程完成後，物業擁有人決定延遲發展該樓宇。董事會相信本公司可以收到總建造成本另加實際建造成本之10%為利潤。於二零零三年十二月三十一日止年度，最終工程款經已達成協議，合約應收餘額為56,200,000港元亦於二零零四年一月全部收回。



## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### CONNECTED TRANSACTIONS *(continued)*

2. On 24th April, 1998, a shareholders' agreement was entered into between the Company and China Everbright whereby the Company agreed to subscribe for 20% of the issued share capital of Greenway Venture Ltd ("Greenway") with the remaining 80% owned by China Everbright. The Company's commitment to inject capital/loan into Greenway in accordance with the shareholders' agreement was approximately HK\$265 million.

The principal activities of Greenway are to invest in a co-operative joint venture ("the CJV") in China. The CJV is established under the laws of China to develop, construct, operate and maintain a toll bridge and a toll road and related facilities in Fuzhou, China. Greenway is responsible for providing the full amount of the capital investment for the project. The return on investment in the CJV has been guaranteed by the PRC party of the CJV, a state-owned enterprise of the PRC.

Due to the reduction during the last quarter of 1999 of the scale of the project and the amount of the investment in the CJV, the Company's revised commitment to inject capital/loan into Greenway was HK\$140.0 million. At 31st December, 2003, the amount of capital/loan injected by the Company was HK\$90.3 million and the amount of outstanding commitment to inject capital/loan into Greenway by the Company was HK\$49.7 million. Provision of HK\$10.6 million has been made in the previous years' financial statements.

On 31st December, 2003, the Company entered into a conditional sale and purchase agreement with China Everbright Holdings Company Limited, a related company, to dispose all its 20% interest in and shareholder's loan to Greenway at a consideration of RMB70.0 million (equivalent to approximately HK\$65.6 million). The above sale and purchase agreement was completed on 19th January, 2004.

#### 關連交易 (續)

2. 於一九九八年四月二十四日，本公司與光大國際訂立股東協議，同意認購Greenway Venture Ltd (「Greenway」) 之若干股份，使本公司持有Greenway已發行股本20%，而光大國際則持有餘下之80%。根據該股東協議，本公司承諾注資／貸款予Greenway大約265,000,000港元。

Greenway主要活動乃投資於按照中國法律成立之合作經營企業。該合作經營企業從事發展、建設、經營及維修位於中國福州市之收費橋樑及收費公路以及其相關措施。Greenway將負責該投資項目之全部投資額。該合營企業的投資回報率由合營企業的中方投資者(為一家中國國有企業)作出保證。

在一九九九年第四季，由於該項目的規模及投資於合作經營企業的數額已減少，因此，本公司承諾注資／貸款予Greenway經修訂後為140,000,000港元。於二零零三年十二月三十一日，本公司已注資／貸款予Greenway約90,300,000港元，而本公司尚餘承諾注資／貸款予Greenway的數額則為49,700,000港元。於過往年度財務報表已作出約10,600,000港元之準備。

於二零零三年十二月三十一日，本公司與關連公司中國光大集團有限公司訂立有條件買賣協議，出售其於Greenway之全部20%權益及予Greenway之股東貸款，代價為人民幣70,000,000(相當於65,600,000港元)。上述買賣協議已於二零零四年一月十九日完成。



## REPORT OF THE DIRECTORS *(continued)* 董事會報告書 (續)

### CONNECTED TRANSACTIONS *(continued)*

3. The Company has applied for and The Stock Exchange of Hong Kong Limited granted on 29th October, 2001 conditional waivers to the Company from strict compliance with the requirements of disclosure as stipulated in Chapter 14 of the Listing Rules in connection with the Company's future ongoing connected transactions in respect of construction contracts and/or joint venture contracts for construction projects with group of companies of Shanghai Construction (Group) General Co ("Shanghai Construction Group") and group of companies of China Everbright Holdings Company Limited ("China Everbright Group"), whereas both parties are existing substantial shareholders of the Company, on each occasion they arise.

The participation of the Company (with 30% interest) and China Everbright Holdings Company Limited (with 20% interest) with two other independent third parties as joint venturers of HK ACE Joint Venture on 2nd June, 1999 which acts as the main contractors for the two construction projects of KCRC West Rail Contract No. CC-212 Siu Hong Station and Contract No. CC-213 Tuen Mun Station which are considered as ongoing connected transactions for the Company and China Everbright Group, and are covered by the waivers.

In respect of the main contract works for the Pudong Shangri-La Hotel Extension Project, the Company entered into (1) a piled diaphragm wall and piling sub-contract with Shanghai Mechanized Construction Co. ("the Shanghai Mechanized"); and (2) a basement sub-contract with Shanghai No. 3 Construction Co. Ltd ("the Shanghai No. 3 Construction") on 20th June, 2002, both sub-contractors are subsidiaries of Shanghai Construction Group which is a substantial shareholder of the Company. Both transactions are considered as ongoing connected transactions for the Company and Shanghai Construction Group, and are covered by the waivers.

### 關連交易 (續)

3. 於二零零一年十月二十九日，本公司獲香港聯合交易所有限公司有條件豁免就日後每次與上海建工(集團)總公司(「上海建工集團」)和中國光大集團有限公司(「中國光大集團」)(兩者均為本公司現有主要股東)各自之集團公司進行有關建築項目及／或成立合營企業以承接建築項目之持續關連交易時須嚴格遵守上市規則第14章之披露規定。

本公司(佔30%權益)和中國光大集團有限公司(佔20%權益)連同兩位獨立第三者於一九九九年六月二日成立HK ACE Joint Venture以承建九廣鐵路西鐵工程合約編號CC-212兆康站及合約編號CC-213屯門站之兩項建築工程被視為本公司和中國光大集團之持續關連交易及須遵守豁免之條件。

就浦東香格里拉酒店擴建項目總承包工程，本公司於二零零二年六月二十日與(1)上海市機械施工公司(「上海機施」)簽訂基坑圍護及工程樁分包工程合同書；及(2)上海市第三建築有限公司(「上海第三建築」)簽訂地下室分包工程合同書。該兩位分包商為上海建工集團之附屬公司。該兩項建築分包工程被視為本公司和上海建工集團之持續關連交易及須遵守豁免之條件。

## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### CONNECTED TRANSACTIONS *(continued)*

##### 3. *(continued)*

The main contract works for the Pudong Shanghai-La Hotel Extension Project comprises the construction of two-levels basement, diaphragm walls, excavation, temporary fencing, waterproofing, demolition of parts of the existing structure, M/E box-out and embedded works, and co-ordination. The scope of piled diaphragm wall and piling sub-contract works includes mainly: (a) setting out, provision of slurry treatment, hoarding and fencing facilities; (b) piled diaphragm wall and piling construction; (c) removal of slurry off site and water leakage treatment; and (d) protection to adjacent structures and utilities. The scope of basement sub-contract works includes mainly construction of two-levels basement including detailed designs, approval, purchase, testing and commissioning, handover and rectification works. The contract sums of piled diaphragm wall and piling sub-contract and basement sub-contract are RMB21,200,000 and RMB24,000,000 respectively. The contract sums of the sub-contracts have already been included in the total contract sum for the main contract.

Shanghai Mechanized and Shanghai No.3 Construction submitted the lowest tenders. In addition, they are technically competent in the field of relevant sub-contract works and more competent as compared to the other tenderers in terms of ability to cope with contingency and emergency risks which may evolve in the contract works. On the date of entering the two sub-contracts, the aggregate amounts of RMB45,200,000 of the two sub-contracts represent approximately 2.3% of the turnover of the Group for the year ended 31st December, 2001 which fall within the cap amount of 50% of the Group's total turnover under the waiver and as disclosed in the latest published audited results of the Group. The directors, including the independent non-executive directors, of the Company consider that the sub-contracts have been entered into on normal commercial terms, in the ordinary and usual course of the business of the Company and are fair and reasonable so far as the shareholders of the Company are concerned.

#### 關連交易 (續)

##### 3. (續)

就浦東香格里拉酒店擴建項目總承包工程包括兩層地下室、連續牆及樁基工程。工程範圍主要包括建造地下結構、樁基礎、圍擴、土方開挖、工地臨時圍擴、防水工程、局部拆除工程、機電留孔及預埋工程、協調配合工程等。基坑圍護及工程樁分包之主要工程範圍包括：(a) 測量定位，砌築泥漿處理池及其周邊圍護設施；(b) 基坑圍護樁、工程樁的施工；(c) 泥漿外運及挖土後的滲水的處理；及(d) 臨近建築物、管線保護。地下室分包之主要工程範圍包括二層地下室及相關的深化設計、批准、採購、施工及測試、移交和彌補缺陷。基坑圍護及工程樁分包及地下室分包總價分別為人民幣21,200,000及人民幣24,000,000。分包合同之總價已包括在總承包合同之合約總額內。

上海機施及上海第三建築的投標價為最低，並且彼等在各自之分包工程技術上均能勝任和在工程上可能遇到的突發及緊急風險上比對其他投標者較為有能力去承擔。於簽訂該兩分包工程合同之日，該兩分包合同之總價合共人民幣45,200,000，佔本集團截至二零零一年十二月三十一日止年度之營業額約2.3%，這已包涵在根據本集團總營業額（以最新公佈之本集團經審核業績為準）50%之豁免上限內。本公司董事會（包括獨立非執行董事）認為該兩分包合同乃按一般商業條款而訂定、將於本公司日常及正常之業務中進行及對本公司股東而言屬公平和合理。



## REPORT OF THE DIRECTORS *(continued)* 董事會報告書 (續)

### CONNECTED TRANSACTIONS *(continued)*

#### 3. *(continued)*

In accordance with the terms of the above conditional waivers, the independent non-executive directors have reviewed and confirmed that the terms of these two ongoing connected transactions continued to be in accordance with the waiver conditions stipulated by The Stock Exchange of Hong Kong Limited.

### DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, or its subsidiaries was a party and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

China Everbright Group is a related group of the Company and is carrying on a variety of businesses through its different chains of group companies. One of its business activities is property development/investments.

Besides, Shanghai Construction Group is a substantial shareholder as well as a sub-contractor and a joint venture partner for certain construction projects of the Company.

China Everbright Group's nominated directors to the Company including Mr Li Xueming and Mr Fan Yan Hok, Philip, and Shanghai Construction Group's nominated directors comprising Mr Shi Liwen, Mr Yao Jianping, Mr Jiang Zhiquan, Mr Liu Guolin and Mr Fan Zhongwei are all deemed to be interested in the business which may compete with the Company's business as they are also directors and senior management of certain China Everbright Group and Shanghai Construction Group companies.

Having considered that the Company itself has its own management supervising the daily operation and making financial and business decisions, the Company can operate its business independently from China Everbright Group and Shanghai Construction Group.

### 關連交易 (續)

#### 3. (續)

根據以上有條件豁免的條款，本公司之獨立非執行董事已審閱和確認該兩項持續關連交易之條款符合香港聯合交易所有限公司授予豁免之條件。

### 董事的合約權益

本公司及各附屬公司於本年度終結時或本年度內任何時間，並無訂立任何本公司董事佔重大權益之重要合約。

### 董事在競爭業務的權益

中國光大集團為本公司的關連集團及透過不同系列的集團公司經營多元化的業務，當中包括物業發展／投資。

此外，上海建工集團是本公司的主要股東及若干工程的分包商和合營夥伴。

鑑於中國光大集團所委派進入本公司董事局的李學明先生和范仁鶴先生和上海建工集團所指派的石禮文先生、姚建平先生、蔣志權先生、劉國林先生和范忠偉先生為若干中國光大集團或上海建工集團公司的董事及高層管理人員，因此，他們被視為在中國光大集團和上海建工集團的業務中佔有權益，與本公司的業務可能構成競爭。

然而，本公司擁有本身的管理層管理日常業務運作及作出財務和商業決策，本公司能夠獨立於中國光大集團及上海建工集團外經營其業務。

## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

#### **BANK LOANS AND OTHER BORROWINGS**

Particulars of bank loans and other borrowings of the Company and the Group at 31st December, 2003 are set out in notes 32 and 33 on the financial statements.

#### **FIVE YEAR SUMMARY**

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 161 and 162 of the annual report.

#### **LIQUIDITY**

As of the balance sheet date, the Group's unpledged cash and bank deposits were HK\$164.6 million (2002: HK\$261.1 million). The directors anticipate that the Group will utilise the available cash balances, the proceeds from its construction contracts and future sales of properties, and rental income together with any new loans which is expected to be available from the bank creditors to meet its funding requirements of its major construction contracts and working capital requirements in both Hong Kong and China.

#### **PROPERTIES**

Particulars of the Group's major investment properties, properties held for development and properties held for sale are shown on pages 163 and 164 of the annual report.

#### **RETIREMENT SCHEMES**

The Group operates a Mandatory Provident Fund Scheme. Particulars of the retirement schemes are set out in note 30 on the financial statements.

#### **購回、出售或贖回上市證券**

本公司或各附屬公司於本財政年度內並無購回、出售或贖回其任何上市證券。

#### **銀行貸款及其他借款**

本公司及本集團於二零零三年十二月三十一日之銀行貸款及其他借款詳情，列於賬項附註32及33。

#### **五年概要**

本集團過去五個財政年度之業績、資產及負債概要刊載於年報第161頁及第162頁。

#### **現金流動**

截至二零零三年十二月三十一日止，本集團未抵押的現金及銀行存款合共為164,600,000港元（二零零二年：261,100,000港元）。董事會預料本集團將從可用現金結餘，建築工程和將來物業出售的收入、租金收入和預期可以從債權銀行獲得新的借款以應付香港和中國的主要建築工程和日常營運的資金需要。

#### **物業**

本集團之主要投資物業、持有作發展用途的物業及作銷售用途的物業詳情刊載於年報第163頁及第164頁。

#### **退休金計劃**

本集團為集團僱員設有一項強制性公積金退休福利計劃。退休福利計劃詳情列於財務報表附註30內。



REPORT OF THE DIRECTORS (continued)  
董事會報告書 (續)

**CODE OF BEST PRACTICE**

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

**ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES**

The Company itself and through its subsidiaries have entered into contractual joint venture agreements with several joint venture members and have undertaken substantial investments for development of certain properties and infrastructure projects, and construction works. Pursuant to these agreements, investments were made to joint venture companies in the form of capital and advances in proportion to the respective joint venture members' capital contribution ratios or in accordance with the terms of the joint venture agreements. These investments were classified under the headings "Interest in jointly controlled entities" and "Interest in associates" in the consolidated balance sheet of the Company and its subsidiaries (the "Group"). Details of such investments as at 31st December, 2003 are disclosed below:

**最佳應用守則**

本公司在整個年度內均有遵行《上市規則》附錄14所列的最佳應用守則。

**對聯屬公司之墊款及擔保 – 根據上市規則第13.13條至第13.22條作出披露**

本公司本身及透過其附屬公司與數位合營業務夥伴簽訂合約合營協議，並承諾相當數額之投資以發展若干物業、基建項目及建築工作。根據該等協議，各合營業務夥伴須按各自之出資比例或按合營協議之條款，以資本及墊款方式注資合營業務公司。有關投資在本公司及其附屬公司（「本集團」）之綜合資產負債表中列入「合營公司權益」及「聯營公司權益」兩項內。有關投資截至二零零三年十二月三十一日之詳情現披露如下：

Affiliated companies	% interest attributable to the Group	Amounts due from affiliated companies	Guarantee given for facilities utilised by affiliated companies	Committed capital injection to affiliated companies	Annual interest rate on advances
聯屬公司	本集團應佔權益百分率	應收聯屬公司款項	為聯屬公司融資所作出的擔保款項	對聯屬公司所作的資本注入承諾	墊款年息率
		HK\$ Million 百萬港元	HK\$ Million 百萬港元	HK\$ Million 百萬港元	
Karzony Investment Ltd (note d)	50%	712.2	70.3	–	Interest free 免息
Hong Kong Construction SMC Development Ltd (note d) 香港建設蜆殼發展有限公司	40%	105.1	–	–	Interest free 免息
Hainan Yangpu Land Development Co. Ltd 海南洋浦土地開發有限公司	30%	4.4	–	–	Interest free 免息

## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES *(continued)*

對聯屬公司之墊款及擔保 – 根據上市規則第13.13條至第13.22條作出披露 (續)

Affiliated companies	% interest attributable to the Group	Amounts due from affiliated companies	Guarantee given for facilities utilised by affiliated companies	Committed capital injection to affiliated companies	Annual interest rate on advances
聯屬公司	本集團應佔權益百分率	應收聯屬公司款項	為聯屬公司融資所作出的擔保款項	對聯屬公司所作的資本注入承諾	墊款年息率
		<i>HK\$ Million</i> 百萬港元	<i>HK\$ Million</i> 百萬港元	<i>HK\$ Million</i> 百萬港元	
Hainan Yangpu Merchant Co Ltd 海南洋浦招商有限公司	25%	22.8	–	–	Interest free 免息
Right Choice International Ltd (note d)	27.5%	228.3	–	–	Interest free 免息
Dorboy Investment Ltd (note d) 禧發投資有限公司	50%	401.4	–	–	Interest free 免息
Quick Wealth Investments Ltd (note d) 快富投資有限公司	50%	437.1	–	–	Partial interest free/ Partial bearing interest at HK\$ prime rate 部分免息/ 部分按港元優惠利率
First Choice International Development Ltd (note d) 富財國際發展有限公司	25%	118.6	–	–	Interest free 免息



REPORT OF THE DIRECTORS (continued)  
董事會報告書 (續)

ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES (continued)

對聯屬公司之墊款及擔保 – 根據上市規則第13.13條至第13.22條作出披露 (續)

Affiliated companies	% interest attributable to the Group	Amounts due from affiliated companies	Guarantee	Committed capital injection to affiliated companies	Annual interest rate on advances
			given for facilities utilised by affiliated companies		
聯屬公司	本集團應佔權益百分率	應收聯屬公司款項	為聯屬公司融資所作出的擔保款項	對聯屬公司所作的資本注入承諾	墊款年息率
		HK\$ Million 百萬港元	HK\$ Million 百萬港元	HK\$ Million 百萬港元	
Greenway Venture Ltd (note d)	20%	141.9	–	49.7	Interest free 免息
Hong Kong Construction- Maeda-Yokogawa-Hitachi Joint Venture	25%	0.3	–	–	Interest free 免息
Hong Kong Construction- AMEC Joint Venture (note d)	55%	91.9	–	–	Interest free 免息
Hong Kong Construction- Maeda-CRABC Joint Venture	34%	5.3	–	–	Interest free 免息
HK ACE Joint Venture (note d)	30%	33.6	–	–	Interest free 免息
AMEC-Hong Kong Construction CC-202 Joint Venture (note d)	35%	43.5	–	–	Interest free 免息
		<u>2,346.4</u>	<u>70.3</u>	<u>49.7</u>	



## REPORT OF THE DIRECTORS *(continued)*

### 董事會報告書 (續)

#### ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES *(continued)*

Notes:

- (a) The advances are unsecured, without fixed repayment terms and are repayable in cash out of the net cash surplus from operation of the affiliated companies.
- (b) The advances made were funded by internal resources and by bank borrowings for general working capital purposes.
- (c) Save for those mentioned above, no guarantee has been given by the Group for facilities granted to the above mentioned affiliated companies.
- (d) The amounts due from and guarantees given on behalf of these affiliated companies, the aggregate of which is individually exceeds 8% of the Company's market capitalisation as at 31st December, 2003, are related to these companies' property development/investment projects and/or working capital funds.

As at 31st December, 2003, total committed capital injections, advances made, committed advances to be made to affiliated companies and guarantees given by the Group for facilities utilised by affiliated companies, in aggregate, amounted to approximately HK\$2,466.4 million which represented approximately 67.1% of the total assets of the Group as at 31st December, 2003.

As the circumstances giving rise to this disclosure will probably continue to exist, the Board will ensure that the required details will be disclosed in the subsequent interim reports and annual reports providing adequate and sufficient information to allow investors to make an informed assessment of the financial position of the Group.

#### 對聯屬公司之墊款及擔保 – 根據上市規則第13.13條至第13.22條作出披露 (續)

附註：

- (a) 墊款均無抵押及無固定還款期，還款方式是從聯屬公司業務之現金盈餘淨額中以現金償還。
- (b) 已付墊款乃以用作一般營運資金之內部資源及銀行借貸撥付。
- (c) 除上文所述者外，本集團並無就授予上述聯屬公司之融資作出任何擔保。
- (d) 應收及擔保每間聯屬公司（個別總額超過本公司於二零零三年十二月三十一日的市值總額8%）是有關於這些公司的物業發展／投資項目及／或流動資金。

於二零零三年十二月三十一日，承諾注資總額、已付墊款、已承諾將支付予聯屬公司之墊款及由本集團為聯屬公司融資所作出的擔保合共約達2,466,400,000港元，佔本集團截至二零零三年十二月三十一日之資產總值約67.1%。

由於導致上述披露的情況將會繼續存在，董事會將確保所需資料將在其後的中期報告及年報繼續披露，以提供充足的資料供投資者對本集團的財務狀況作出知情的評審。



REPORT OF THE DIRECTORS (continued)  
董事會報告書 (續)

**ADVANCES AND GUARANTEES TO AFFILIATED COMPANIES – DISCLOSURE PURSUANT TO RULES 13.13 TO 13.22 OF THE LISTING RULES (continued)**

對聯屬公司之墊款及擔保 – 根據上市規則第13.13條至第13.22條作出披露 (續)

A proforma combined balance sheet of the affiliated companies as at 31st December, 2003 is presented below:

截至二零零三年十二月三十一日，聯屬公司之備考合併資產負債表如下：

		<b>Combined total</b>	
		合併總數	
		<b>HK\$ Million</b>	<b>HK\$ Million</b>
		百萬港元	百萬港元
<b>Fixed assets</b>	<b>固定資產</b>		
Investment properties	投資物業		2,858.1
Hotel properties	酒店物業		745.0
Toll bridge	收費橋		592.7
Others	其他		22.2
			<hr/> 4,218.0
<b>Land and properties under development</b>	<b>發展中土地及物業</b>		1,519.6
<b>Other non-current assets</b>	<b>其他非流動資產</b>		1,205.7
<b>Current assets</b>	<b>流動資產</b>		
– Properties held for sale	– 作銷售用途的物業	43.0	
– Other current assets	– 其他流動資產	925.2	
			<hr/> 968.2
<b>Total assets</b>	<b>資產總值</b>		<hr/> <hr/> 7,911.5
<b>Capital and reserves</b>	<b>資本及儲備</b>		
Share capital	股本	1,026.6	
Reserves	儲備	(2,067.3)	
			<hr/> (1,040.7)
<b>Non-current liabilities</b>	<b>非流動負債</b>		
– Advances from shareholders	– 股東墊款	4,976.7	
– Bank and other loans	– 銀行及其他貸款	1,002.0	
– Other non-current liabilities	– 其他非流動負債	179.6	
			<hr/> 6,158.3
<b>Current liabilities</b>	<b>流動負債</b>		
– Amounts due to shareholders/ joint venturers	– 應付股東/ 合營者款項	624.8	
– Current portion of bank loans	– 銀行貸款之流動部分	343.0	
– Other current liabilities	– 其他流動負債	1,826.1	
			<hr/> 2,793.9
<b>Equity and liabilities</b>	<b>股東資金及負債總值</b>		<hr/> <hr/> 7,911.5

Attributable interest of the affiliated companies to the Group as at 31st December, 2003 amounted to a deficit of HK\$567.0 million.

於二零零三年十二月三十一日，本集團佔有聯屬公司的虧損共567,000,000港元。

## REPORT OF THE DIRECTORS *(continued)* 董事會報告書 (續)

### AUDIT COMMITTEE

The audit committee comprises two independent non-executive directors and one non-executive director with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the board of directors. The audit committee has reviewed the Group's annual results for the year of 2003.

### AUDITORS

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board

**YAO JIANPING**

*Managing Director*

Hong Kong, 22nd April, 2004

### 審核委員會

審核委員會成員包括兩名獨立非執行董事及一名非執行董事，是根據上市規則的規定而成立，其職權範圍並以書面列出和向董事會匯報。審核委員會已審閱了本集團二零零三年度業績。

### 核數師

畢馬威會計師事務所即將告退，惟願膺選連任。由畢馬威會計師事務所連任本公司核數師的決議將於下次股東週年大會上提出。

承董事會命

**姚建平**

*董事總經理*

香港，二零零四年四月二十二日