



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, 2001.

董事會全人謹將截至二零零一年十二月三十一日止年度之報告書及經審核之財務報表送呈台覽。

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 156 to 159 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或投資。附屬公司的主要業務及其他詳情載於第156頁至第159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 respectively 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分別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	68.02%	
Five largest customers in aggregate	五大客戶總和	94.77%	
The largest supplier	最大供應商		15.53%
Five largest suppliers in aggregate	五大供應商總和		36.86%

REPORT OF THE DIRECTORS *(continued)*

董事會報告書 (續)

The largest supplier is SCG (HK) Ltd ("SCG (HK)"), a wholly-owned subsidiary of 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. Mr. Shi Liwen is interested in SCG (HK) as the chairman.

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, 2001 and the state of the company's and the group's affairs as at that date are set out in the financial statements on pages 64 to 164.

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, 2001.

FIXED ASSETS

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

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 26 on the financial statements.

最大供應商是上海建工集團(香港)有限公司(「上海建工(香港)」),為本公司的主要股東上海建工(集團)總公司(「上海建工(集團)」)之全資附屬公司。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。石禮文先生為上海建工(香港)的董事長。

除了以上,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

本集團截至二零零一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64頁至第164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二零零一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。

股本

有關本公司於年內股本變動的詳情載於財務報表附註26。



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

DIRECTORS

The directors during the financial year were:

SHI Liwen	<i>(chairman, appointed on 6th July, 2001)</i>
LI Xueming	<i>(deputy chairman)</i>
YAO Jianping	<i>(managing director, appointed on 6th July, 2001)</i>
CHEN Libo	<i>(ceased as deputy chairman and chief executive officer on 6th July, 2001 but remained as director)</i>
Michael John KENNEDY	<i>(appointed on 20th April, 2001)</i>
TSANG Hin Wai, Dennis	<i>(appointed on 20th April, 2001)</i>
JIANG Zhiquan	<i>(appointed on 6th July, 2001)</i>
LIU Guolin	<i>(appointed on 6th July, 2001)</i>
FAN Zhongwei	<i>(appointed on 6th July, 2001)</i>
CHOI Yu Leuk	<i>(independent non-executive director)</i>
LI Zhong Yuan	<i>(independent non-executive director, appointed on 4th May, 2001)</i>
FAN Yan Hok, Philip	<i>(non-executive director)</i>
WANG Mingquan	<i>(resigned as director and chairman on 6th July, 2001)</i>
LI Xiaoru, Rupert	<i>(resigned as director and managing director on 6th July, 2001)</i>
WANG Zhongze	<i>(resigned as director and chief financial officer on 6th July, 2001)</i>
MU Shicheng	<i>(resigned on 6th July, 2001)</i>
CHEN Xiaoping	<i>(ceased as deputy chief executive officer on 10th July, 2001 and resigned as director on 30th August, 2001)</i>
ZHU Yanlan	<i>(appointed on 6th July, 2001 and resigned on 30th August, 2001)</i>
David Ronald SUFF	<i>(resigned on 1st May, 2001)</i>

董事會

本財政年度之董事會成員為：

石禮文	<i>(於二零零一年七月六日被委任為主席)</i>
李學明	<i>(副主席)</i>
姚建平	<i>(於二零零一年七月六日被委任為董事總經理)</i>
陳立波	<i>(於二零零一年七月六日不再擔任副主席兼行政總裁,但仍為董事)</i>
甘邁壯	<i>(於二零零一年四月二十日委任)</i>
曾顯偉	<i>(於二零零一年四月二十日委任)</i>
蔣志權	<i>(於二零零一年七月六日委任)</i>
劉國林	<i>(於二零零一年七月六日委任)</i>
范忠偉	<i>(於二零零一年七月六日委任)</i>
蔡宇畧	<i>(獨立非執行董事)</i>
李重遠	<i>(於二零零一年五月四日被委任為獨立非執行董事)</i>
范仁鶴	<i>(非執行董事)</i>
王明權	<i>(於二零零一年七月六日辭任董事及主席)</i>
李孝如	<i>(於二零零一年七月六日辭任董事及董事總經理)</i>
王中澤	<i>(於二零零一年七月六日辭任董事及財務總裁)</i>
穆世誠	<i>(於二零零一年七月六日辭任)</i>
陳小平	<i>(於二零零一年七月十日不再擔任行政總裁,並於同年八月三十日辭任董事)</i>
朱妍蘭	<i>(於二零零一年七月六日被委任,並於同年八月三十日辭任)</i>
沙傅•達偉	<i>(於二零零一年五月一日辭任)</i>

REPORT OF THE DIRECTORS *(continued)*

董事會報告書 (續)

In accordance with article 116 of the Company's articles of association, Messrs Chen Libo and Fan Yan Hok, Philip are due to retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Messrs Shi Liwen, Fan Zhongwei, Jiang Zhiquan and Liu Guolin have been appointed to the board after the date of the last annual general meeting, retire at the forthcoming annual general meeting in accordance with article 117 of the Company's articles of association and, being eligible, offer themselves for re-election.

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.

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 was determined by the board and was the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Ltd for the five business days immediately preceding the date of the grant. The options vest after 6 months and are exercisable for various periods of not exceeding 9¹/₂ 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.

根據本公司組織章程第一百一十六條規定，陳立波先生及范仁鶴先生將在即將召開的股東週年大會中自董事會輪值告退，惟願膺選連任。

石禮文先生、范忠偉先生、蔣志權先生及劉國林先生於上一屆的股東週年大會日期後獲委任入董事會，根據本公司組織章程第一百一十七條規定，將在即將召開的股東週年大會中告退，惟願膺選連任。

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或其任何附屬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）。

優先認股計劃

本公司於一九九八年一月二十二日（「採納日」）採納一項優先認股計劃；據此，本公司董事可於採納日十年內獲授權酌情邀請本集團的僱員（包括任何本集團公司的董事）接受認股權，以認購本公司股份。認股權的行使價由董事釐定，並以股份的票面值和股份於截至認股權授予日期前五日營業日在香港聯合交易所有限公司錄得的平均市價的80%兩者中的較高數額為準。認股權在授予六個月後開始生效，並可於授予認股權接受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行使，以較早者為準。



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

SHARE OPTION SCHEME (continued)

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.

At 31st December, 2001, 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, 2001 is HK\$0.81) granted at nominal consideration under the share option scheme of the company. Each option gives the holder the right to subscribe for one share.

優先認股計劃 (續)

優先認股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的10%；但不包括按照計劃的條款發行的股票。

於二零零一年十二月三十一日，本公司董事及僱員根據本公司的優先認股計劃，以象徵式的價款獲授予可認購本公司股份（於二零零一年十二月三十一日的每股市價為港幣0.81元）的認股權，因而擁有下列權益。持有人有權憑每項認股權認購1股股份。

		Date of grant	Exercise price per share	Number of options outstanding at 1st January, 2001 於二零零一年一月一日 尚未行使之認股權數目	Number of options cancelled during the year 於本年內取消之認股權數目	Number of options outstanding at 31st December, 2001 於二零零一年十二月三十一日 尚未行使之認股權數目
		賦予日期	每股行使價 HK\$ 港幣			
Directors	董事					
CHEN Libo	陳立波	20/5/1998	3.48	4,000,000	-	4,000,000
		18/6/1998	2.29	2,000,000	-	2,000,000
		28/9/1998	1.48	3,000,000	-	3,000,000
Michael John KENNEDY	甘邁壯	20/5/1998	3.48	600,000	-	600,000
Employees	僱員					
		20/5/1998	3.48	7,920,000	-	7,920,000
		18/6/1998	2.29	950,000	-	950,000
		28/9/1998	1.48	1,000,000	-	1,000,000
Other participants	其他參與者					
		20/5/1998	3.48	14,400,000	(6,400,000)	8,000,000
		18/6/1998	2.29	6,000,000	(4,000,000)	2,000,000
		28/9/1998	1.48	3,500,000	(1,500,000)	2,000,000
		12/6/1999	2.94	500,000	(500,000)	-

REPORT OF THE DIRECTORS *(continued)*

董事會報告書 (續)

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS 董事之股份及認股權權益

At 31st December, 2001, the directors had the following interests in the share capital and options of the Company (within the meaning of the Securities (Disclosure of Interests) Ordinance):

於二零零一年十二月三十一日，董事持有本公司的股份及認股權（屬於《證券（披露權益）條例》定義內）之權益如下：

(i) Shares

(i) 股份

Name of director
董事姓名

Number of ordinary shares
普通股數目

Personal interests
個人權益

CHEN Libo

陳立波

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) 根據本公司的優先認股計劃所賦予認購本公司每股面值港幣1.00元之股份之認股權

Name of director	董事姓名	Date of grant	Exercise price per share	Consideration paid for the options granted	Number of options exercised during the year	Number of options outstanding at
						31st December, 2001
						於二零零一年十二月三十一日尚未行使之認股權數目
			每股行使價	支付賦予的認股權代價	已行使之認股權數目	尚未行使之認股權數目
			HK\$ 港幣	HK\$ 港幣		
CHEN Libo	陳立波	20/5/1998	3.48	1	-	4,000,000
		18/6/1998	2.29	1	-	2,000,000
		28/9/1998	1.48	1	-	3,000,000
Michael John KENNEDY	甘邁壯	20/5/1998	3.48	1	-	600,000



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

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS *(continued)*

董事之股份及認股權權益 (續)

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

(ii) 根據本公司的優先認股計劃所賦予認購本 公司每股面值港幣1.00元之股份的認股權 (續)

The options are held by the directors under personal interests and exercisable for six and a half years after the expiry of six months from the respective dates of acceptance of the grant of the offers by the directors.

認股權是董事以個人權益持有，並可在董事接受所賦予認股權的各有關日期六個月後的六年半內行使。

During the year, no directors exercised any share options to subscribe for shares in the Company.

在本年度內，並無任何董事行使任何認股權，以認購本公司股份。

Apart from the foregoing, none of the directors had any interests in the securities of the Company and its associated corporations as at 31st December, 2001.

除上列所載外，於二零零一年十二月三十一日，本公司並無任何董事持有本公司及各相聯法團證券之任何權益。

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

本公司或其任何附屬公司均沒有在本年度內作出收購本公司或任何其他公司股份或債券的安排，以使本公司董事或其配偶或未滿十八歲的子女取得利益。

REPORT OF THE DIRECTORS *(continued)*

董事會報告書 (續)

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2001, the Company has been notified of the following interests in the Company's issued shares, other than interests of the directors, amounting to 10% or more of the ordinary shares in issue:

主要股東權益

於二零零一年十二月三十一日，本公司獲告知下列本公司已發行股份的權益（除董事權益外），其佔本公司已發行普通股10%或以上：

		Number of ordinary shares	Percentage of total issued shares
		普通股數目	所佔總發行 股本百分比
China Everbright International Ltd <i>(Note)</i>	中國光大國際有限公司 (附註)	62,007,000	10.20%
China Everbright Holdings Co Ltd <i>(Note)</i>	中國光大集團有限公司 (附註)	62,007,000	10.20%
Shanghai Construction (Group) General Co	上海建工 (集團) 總公司	149,000,000	24.51%

Note: Out of the 62,007,000 ordinary shares, 60,000,000 ordinary shares are beneficially owned by Maddington Ltd and 2,007,000 ordinary shares are held by China Everbright Securities Investments Ltd, both of which are wholly-owned subsidiaries of China Everbright International Ltd. China Everbright International Ltd is a company listed on The Stock Exchange of Hong Kong Ltd and is indirectly owned as to approximately 69.01% by China Everbright Holdings Co Ltd through its direct and indirect wholly-owned subsidiaries, namely, Guildford Ltd, Datten Investments Ltd and Everbright Investment & Management Ltd.

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

附註： 這62,007,000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2,007,000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。



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., Ltd, a fellow subsidiary of China Everbright International Ltd (“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 Shanghai 21st Century Real Estate Co., Ltd (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 Shanghai 21st Century Real Estate Co., Ltd.

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. At 31st December, 2001, the total progress billing for the project was HK\$98.8 million.

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., Ltd.（「上海廿一世紀」）（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，本公司獲上海廿一世紀（「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港幣1,000,000,000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港幣1,000,000,000元，省下之一切成本將由本公司與上海廿一世紀均分。

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。於二零零一年十二月三十一日，該項目按進度開發的賬單數額總共為港幣98,800,000元。

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 million. At 31st December, 2001, the amount of capital/loan injected by the Company was HK\$46.1 million and the amount of outstanding commitment to inject capital/loan into Greenway by the Company was HK\$93.9 million.

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大約港幣265,000,000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減少了，故此，本公司承諾注資／貸款予Greenway經修訂後為港幣140,000,000元。於二零零一年十二月三十一日，本公司已注資／貸款予Greenway約港幣46,100,000元，而本公司尚餘承諾注資／貸款予Greenway的數額則為港幣93,900,000元。



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

CONNECTED TRANSACTIONS *(continued)*

3. On 13th June, 2001, the Company entered into a conditional subscription agreement with Shanghai Construction (Group) General Co. ("Shanghai Construction"), a substantial shareholder of the Company after acquisition of 114,000,000 shares in the Company from Maddington Ltd on 6th July, 2001. Pursuant to the subscription agreement, Shanghai Construction agreed to further subscribe for 35,000,000 new shares in the Company at a price of HK\$1.12 per share. The subscription was completed on 26th July, 2001 and Shanghai Construction holds 149,000,000 shares in aggregate in the Company representing about 24.51% of the issued share capital of the Company. The net proceeds from the subscription have been fully utilized by the Company to repay the debts and as general working capital.
4. The Company has applied for and the Stock Exchange of Hong Kong 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 Shanghai Construction group and China Everbright group, whereas both parties are existing substantial shareholders of the Company, on each occasion they arise.

關連交易 (續)

3. 上海建工(集團)總公司(「上海建工」)於二零零一年七月六日完成向Maddington Ltd購入本公司114,000,000股股份後而成為本公司主要股東。於二零零一年六月十三日,本公司與上海建工簽訂有條件認購協議。根據該認購協議,上海建工同意以每股港幣1.12元的價格再認購本公司35,000,000股新股。認購事項於二零零一年七月二十六日完成,而上海建工現總共持有本公司149,000,000股股份,佔本公司已發行股本約24.51%之權益。本公司已將認購淨額用作償還債項及撥作一般營運資金。
4. 於二零零一年十月二十九日,本公司獲香港聯交所有條件豁免就日後每次與上海建工集團和中國光大集團(兩者均為本公司現有主要股東)進行有關建築項目及/或成立合營企業以承接建築項目之關連交易時須嚴格遵守上市規則第14章之規定。

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

CONNECTED TRANSACTIONS *(continued)*

The participation of the Company (with 30% interest) and China Everbright Holdings Co Ltd (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 waiver.

In accordance with the terms of the above conditional waiver, 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.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or its subsidiaries was a party, 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.

關連交易 (續)

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。

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交所授予豁免之條件。

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，並無訂立任何令董事佔重大權益之重要合約。



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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

China Everbright 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's nominated directors to the Company including Mr Wang Mingquan, Mr Wang Zhongze, Mr Chen Xiaoping and Ms Zhu Yanlan (all resigned during the year 2001) together with 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 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 and Shanghai Construction group.

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.

董事在競爭業務的權益

中國光大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。

鑑於中國光大所委派進入本公司董事局的王明權先生、王中澤先生、陳小平先生及朱妍蘭女士(全部已於二零零一年辭職)以及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，本公司能夠獨立地經營其業務。

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。

REPORT OF THE DIRECTORS *(continued)*

董事會報告書 (續)

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the group at 31st December, 2001 are set out in notes 29 and 30 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 165 and 166 of the annual report.

LIQUIDITY

As of the balance sheet date, the Group's unpledged cash and bank deposits were HK\$433.2 million (2000: HK\$69.8 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 167 and 168 of the annual report.

RETIREMENT SCHEMES

The group operates a non-contributory defined benefit retirement scheme which covers local permanent employees. The scheme is administered by independent trustees with its assets held separately from those of the group. The scheme is funded by contributions from the group in accordance with an independent actuary's recommendation based on triennial actuarial valuations. The scheme is applicable to all employees who have joined the Group prior to 1st January, 2000.

銀行貸款及其他借款

本公司及本集團於二零零一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29及30。

五年概要

本集團過去五個財政年度之業績、資產及負債概要已在第165頁及第166頁列報。

現金流動

截至二零零一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433,200,000元（二零零零年：69,800,000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來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、持有作發展用途之物業及作銷售用途之物業詳情已在第167頁及第168頁列報。

退休金計劃

本集團為本地長期僱員設有一項毋須供款的既定收益退休金計劃。此項退休金計劃是由獨立受託人管理，而退休金計劃的資產是與本集團的資產分開持有。退休金計劃是由本集團根據精算師按照每三年的精算估值所提供的建議作出供款。此項退休金計劃適用於二零零零年一月一日前加入本集團之員工。



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

RETIREMENT SCHEMES *(continued)*

The latest actuarial valuation of the scheme was at 1st November, 2000 and was prepared by independent actuaries, Mr Calvin Wu and Ms Joyce Lam, a fellow and an associate of the Society of Actuaries of the United States of America respectively, using the projected unit credit funding method. The main assumptions used in the valuation were an investment return of 6% per annum and salary increases of 6% per annum. At that date, the market value of the scheme's assets was HK\$44.1 million. As recommended by the actuaries, the contribution rate of the group was 10% of the members' basic salaries with effect from 1st November, 2000 until the next valuation date no later than 1st November, 2003.

As from 1st December, 2000, the Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under this jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement scheme. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000.

CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Ltd in Appendix 14 to the Listing Rules except that the Company has only one independent non-executive director following Mr David Yung's resignation on 3rd October, 2000. On 4th May, 2001, Dr Li Zhong Yuan was appointed as another independent non-executive director.

退休金計劃 (續)

退休金計劃最近期的精算估值是在二零零零年十一月一日由獨立精算師，亦為美國精算師公會會員 Calvin Wu 先生和 Joyce Lam 女士，採用預計單位信貸法進行。估值所用的主要假設為每年有6%的投資回報和6%的薪金增長。於該日，是項計劃之資產市值為港幣44,100,000元。正如精算師所建議，由二零零零年十一月一日起至下一個估值日期（而此估值日期不得超過二零零三年十一月一日）為止，本集團的供款比率為參與計劃的成員基本薪金的10%。

由二零零零年十二月一日起，本集團已根據香港《強制性公積金計劃條例》的規定設立一項強制性公積金退休福利計劃（「強積金計劃」）。該計劃是供根據香港《僱傭條例》受僱及沒有加入毋須供款的既定收益退休金計劃的僱員而設。強積金計劃是由獨立的信託人管理。根據強積金計劃，僱主和僱員均須按照僱員相關入息的5%向計劃作出供款；但每月的相關入息上限為港幣2萬元。

最佳應用守則

本公司在整個年度內均有遵行香港聯合交易所有限公司《證券上市規則》附錄14所列的最佳應用守則，惟自榮智謙先生於二零零零年十月三日辭任後，本公司祇有一名獨立非執行董事。李重遠博士已於二零零一年五月四日被委任為另一名獨立非執行董事。

REPORT OF THE DIRECTORS *(continued)*

董事會報告書 (續)

PRACTICE NOTE 19 TO 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, 2001 are disclosed below:

上市規則第十九項應用指引

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。有關投資截至二零零一年十二月三十一日之詳情現披露如下：

Affiliated companies 聯屬公司	% interest attributable to the Group 本集團應佔權益百分率	Amounts due from affiliated companies 應收聯屬公司款項 <i>HK\$ Million</i> 港幣百萬元	Guarantee given for facilities utilised by affiliated companies 為聯屬公司融資所作出的擔保款項 <i>HK\$ Million</i> 港幣百萬元	Annual interest rate on advances 墊款年息率
Karbony Investment Ltd	40%	848.0	108.7	Interest free 免息
Hong Kong Construction SMC Development Ltd 香港建設蜆壳發展有限公司	40%	108.8	-	Interest free 免息
Hainan Yangpu Land Development Co. Ltd 海南洋浦土地開發有限公司	30%	4.3	1,053.7	Interest free 免息



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

PRACTICE NOTE 19 TO THE LISTING RULES (continued) 上市規則第十九項應用指引 (續)

Affiliated companies <u>聯屬公司</u>	% interest attributable to the Group 本集團應佔權益百分率	Amounts due from affiliated companies 應收聯屬公司款項 <i>HK\$ Million</i> 港幣百萬元	Guarantee given for facilities utilised by affiliated companies 為聯屬公司融資所作出的擔保款項 <i>HK\$ Million</i> 港幣百萬元	Annual interest rate on advances 墊款年息率
Hainan Yangpu Merchant Co Ltd 海南洋浦招商有限公司	25%	26.6	-	Interest free 免息
Hong Kong Construction Kam Lung Ltd	50%	466.8	-	Interest free 免息
Right Choice International Ltd	27.5%	244.4	-	Interest free 免息
Dorboy Investment Ltd 禧發投資有限公司	50%	399.4	-	Interest free 免息
Quick Wealth Investments Ltd 快富投資有限公司	50%	429.5	-	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 富財國際發展有限公司	25%	121.3	-	Interest free 免息

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

PRACTICE NOTE 19 TO THE LISTING RULES (continued) 上市規則第十九項應用指引 (續)

Affiliated companies 聯屬公司	% interest attributable to the Group 本集團應佔權益百分率	Amounts due from affiliated companies 應收聯屬公司款項	Guarantee given for facilities utilised by affiliated companies 為聯屬公司融資所作出的擔保款項	Annual interest rate on advances 墊款年息率
		HK\$ Million 港幣百萬元	HK\$ Million 港幣百萬元	
Forsum Ltd 科森有限公司	36.25%	5.4	-	Interest free 免息
Greenway Venture Ltd	20%	46.2	-	Interest free 免息
Hong Kong Construction Maeda-Yokogawa-Hitachi Joint Venture	25%	0.3	-	Interest free 免息
Hainan Zhong-Gu Property Co Ltd 海南中谷物業有限公司	50%	193.3	-	Interest-bearing at 10% per annum 年息10厘
Hong Kong Construction- AMEC Joint Venture	55%	79.4	-	Interest free 免息
Hong Kong Construction- Maeda-CRABC Joint Venture	34%	37.7	-	Interest free 免息
HK ACE Joint Venture	30%	30.7	-	Interest free 免息
AMEC-Hong Kong Construction CC-202 Joint Venture	35%	1.4	-	Interest free 免息
		<u>3,043.5</u>	<u>1,162.4</u>	



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

PRACTICE NOTE 19 TO THE LISTING RULES *(continued)*

Notes:

- 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.
- The advances made were funded by internal resources and by bank borrowings for general working capital purposes.
- There is no committed capital injection and committed amount to be advanced to the affiliated companies by the Group.
- Save for those mentioned above, no guarantee has been given by the Group for facilities granted to the above mentioned affiliated companies.

As at 31st December, 2001, 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\$4,205.9 million which represented approximately 391.1% of the net asset value of the Group as at 31st December, 2001.

As at 31st December, 2001, the guarantee given of HK\$1,053.7 million is in respect of a syndicated loan extended to Hainan Yangpu Land Development Company Limited by one of the company's subsidiaries, Yangpu Power (Hainan) Co Ltd ("YP (Hainan)") which became a subsidiary of the group during the year (formerly an associate). Subsequent to the year end, YP (Hainan) has been liquidated and accordingly this guarantee has lapsed.

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.

上市規則第十九項應用指引 (續)

附註:

- 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。
- 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。
- 本集團沒有對聯屬公司作出注入資本承諾及承諾提供貸款。
- 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。

於二零零一年十二月三十一日，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港幣4,205,900,000元，佔本集團截至二零零一年十二月三十一日之資產淨值約391.1%。

於二零零一年十二月三十一日，本公司其中一間附屬公司（前為聯營公司並於年度內成為本集團的一間附屬公司），洋浦電力（海南）有限公司，為海南洋浦土地開發有限公司一筆港幣1,053,700,000元的銀團貸款提供擔保。於結算日以後，洋浦電力（海南）有限公司已被註銷，因此，該項擔保現已失效。

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)

PRACTICE NOTE 19 TO THE LISTING RULES *(continued)*

A proforma combined balance sheet of the affiliated companies as at 31st December, 2001 is presented below:

上市規則第十九項應用指引 (續)

截至二零零一年十二月三十一日，聯屬公司之備考合併資產負債表如下：

		Combined total	
		合併總數	
		HK\$million	HK\$million
		港幣百萬元	港幣百萬元
Fixed assets	固定資產		
Investment properties	投資物業		3,276.5
Hotel properties	酒店物業		725.2
Others	其他		47.0
			<hr style="width: 100%;"/>
			4,048.7
Land and properties under development	發展中土地及物業		2,205.2
Interest in jointly controlled entities	合營公司權益		1,271.1
Other non-current assets	其他非流動資產		1,439.8
Current assets	流動資產		
– Properties held for sale	– 作銷售用途的物業	1,002.7	
– Other current assets	– 其他流動資產	1,113.2	
			<hr style="width: 100%;"/>
			2,115.9
Total assets	總資產		<hr style="width: 100%;"/>
			11,080.7
Share capital	股本	1,223.4	
Reserves	儲備	(1,391.0)	
			<hr style="width: 100%;"/>
			(167.6)
Non-current liabilities	非流動負債		
– Advances from shareholders	– 股東墊款	6,163.8	
– Bank and other loans	– 銀行及其他貸款	1,326.4	
– Other non-current liabilities	– 其他非流動負債	3.4	
			<hr style="width: 100%;"/>
			7,493.6
Current liabilities	流動負債		
– Amounts due to shareholders/ joint venturers	– 應付股東/ 合營者款項	985.6	
– Current portion of bank loans	– 銀行貸款之流動部分	348.9	
– Other current liabilities	– 其他流動負債	2,420.2	
			<hr style="width: 100%;"/>
			3,754.7
Equity and liabilities	股東資金及總負債		<hr style="width: 100%;"/>
			11,080.7

Attributable interest of the affiliated companies to the Group as at 31st December, 2001 amounted to a deficit of HK\$682.4 million.

於二零零一年十二月三十一日，本集團佔有聯屬公司的虧損共港幣682,400,000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 Company's annual results for the year of 2001.

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, 2002

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公司二零零一年度全年業績。

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，二零零二年四月二十二日