

董事會報告

Report of the Board of Directors

董事會現謹呈截至2002年12月31日止年度報告及經審核財務報告以供審覽。

The Board of Directors is pleased to submit its report together with the audited financial statements for the year ended 31 December 2002.

董事會日常工作情況

Day-to-day Operation of the Board of Directors

1. 本公司董事會於本報告期內共舉行五次董事會會議，並於會上討論並通過下列事項：

1. During the reporting period, five board meetings were held, at which the following matters were discussed and passed:

- (1) 公司第四屆四次董事會於2002年3月19日在總部召開。會議通過了2001年年度報告及其摘要、董事會報告、國際、國內核數師審計的財務報告及2001年度利潤不分配、2002年度利潤繼續彌補虧損的預案。通過了續聘香港浩華會計師事務所和深圳大華天誠會計師事務所分別為公司2002年度之國際和國內核數師以及召開2001年度股東周年大會的有關事項。

- (1) On 19 March 2002, the fourth Board of Directors of the Company held its fourth meeting at the Company's headquarters during which the 2001 Annual Report and its highlights, the Report of the Board of Directors, financial statements audited by international and domestic auditors and the resolutions of no profits appropriation for 2001 and the profit of 2002 to make up for the loss were passed. The meeting approved that Horwath Hong Kong CPA Limited and Shenzhen Dahua Tiancheng Certified Public Accountants would be appointed as international and domestic auditors for the year 2002 respectively. The meeting also agreed on matters related to the 2001 Annual General Meeting.

會議通過聘任唐曉群先生為公司副總經理；同意為南京港泰電子有限公司在中信銀行南京分行辦理開具銀行承兌匯票人民幣600萬元提供擔保，擔保期限一年。

It was approved to appoint Mr. Tang Xiaoqun (唐曉群先生) as Deputy General Manager of the Company; agreed to provide guarantee for a term of one year related to acceptance of bills of exchange amounting to RMB6 million processed at the Nanjing Branch of CITIC Industrial Bank (中信銀行) for Nanjing Cantai Electronic Co., Ltd.

- (2) 公司第四屆五次董事會於2002年4月18日在總部召開。會議通過公司2002年第一季度季度報告。同意為南京港泰電子有限公司承兌匯票人民幣5,400萬元提供擔保，擔保期限一年。

- (2) On 18 April 2002, the fourth Board of Directors of the Company held its fifth meeting at the Company's headquarters and approved the quarterly report of the Company for the first quarter of 2002 and agreed to provide guarantee for a term of one year related to acceptance of bills of exchange amounting to RMB54 million for Nanjing Cantai Electronic Co., Ltd.

- (3) 公司第四屆六次董事會於2002年7月3日在總部召開。會議審議通過本公司關於建立現代企業制度的自查報告。同意公司副總經理唐曉群先生因工作變動辭去副總經理職務。

- (3) On 3 July 2002, the fourth Board of Directors of the Company held its sixth meeting at the Company's headquarters and considered and approved that the Company shall prepare self-inspection reports with respect to establishment of modern corporate systems. The Board of Directors agreed the resignation of Mr. Tang Xiaoqun as Deputy General Manager of the Company as a result of change in his duties.



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董事會日常工作情況 (續)

1. 本公司董事會於本報告期內共舉行五次董事會會議，並於會上討論並通過下列事項：(續)

(4) 公司第四屆七次董事會於2002年8月14日在公司總部召開。會議通過了公司2002年半年度報告及其摘要。同意聘任劉坤先生為公司副總經理。並通過本公司和「南京熊貓信息產業有限公司」共同投資成立「南京熊貓通信發展有限公司」的議案。

(5) 公司第四屆八次董事會於2002年10月17日在公司總部召開。會議通過了公司2002年第三季度季度報告。決定解聘深圳大華天誠會計師事務所，改聘信永中和會計師事務所為公司2002年度國內核數師，並提交下次股東大會通過。會議還原則通過了《戰略委員會議事規則》、《提名委員會議事規則》、《審核委員會議事規則》、《薪酬與考核委員會議事規則》、《信息披露實施細則》、《總經理工作制度》、《募集資金使用管理辦法》、《控股股東行為規範制度》、《獨立董事制度》等九個規範制度。

以上各次董事會有關決議須披露的信息均於董事會召開的次日刊登於《上海證券報》、《中國證券報》、香港《文匯報》和《The Standard》(原名《Hong Kong iMail》)。

Day-to-day Operation of the Board of Directors

(continued)

1. During the reporting period, five board meetings were held, at which the following matters were discussed and passed: (continued)

(4) On 14 August 2002, the fourth Board of Directors of the Company held its seventh meeting at the Company's headquarters. The Board of Directors approved the Company's 2002 Interim Report and its summary and agreed to appoint Mr. Liu Kun as Deputy General Manager of the Company, as well as approved a resolution that the Company and "Nanjing Panda Information Industry Co., Ltd." jointly invest and establish "Nanjing Panda Communications Development Co., Ltd."

(5) On 17 October 2002, the fourth Board of Directors of the Company held its eighth meeting at the Company's headquarters. The Board of Directors approved the quarterly report of the Company for the third quarter of 2002, resolved to terminate the appointment of Shenzhen Dahua Tiancheng Certified Public Accountants and appointed Shine Wing Certified Public Accountants as the PRC auditors of the Company for the year 2002, subject to approval at the annual general meeting for the year 2002. The Board of Directors approved, in principle, nine regulatory systems, such as Rules of Procedures for the Strategic Committee (戰略委員會議事規則), Rules of Procedures for the Nomination Committee (提名委員會議事規則), Rules of Procedures for the Audit Committee (審核委員會議事規則), Rules of Procedures for the Remuneration and Review Committee (薪酬與考核委員會議事規則), Implementation Regulation for Disclosure of Information (信息披露實施細則), Work System for the General Manager (總經理工作制度), Management on the Use of Proceeds (募集資金使用管理辦法), Regulation on the Controlling Shareholder (控股股東行為規範制度) and Work System for Independent Directors (獨立董事工作制度).

All discloseable information regarding resolutions as proposed at the above Board meetings were published on Shanghai Securities Journal, China Securities Journal, Wen Wei Po and The Standard (formerly known as Hong Kong iMail) on the following date after the holding of the relevant Board meeting.

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董事會日常工作情況 (續)

2. 本公司董事會於報告期內嚴格執行了股東大會的各項決議，並將繼續本着誠信和勤勉之原則，真誠地為公司及股東的最大利益服務。

信息披露報刊

報告期內，本公司信息披露的報刊為《上海證券報》、《中國證券報》、香港《文匯報》及《The Standard》(原名為：《Hong Kong iMail》)。

主要業務

本公司及其附屬公司的主要業務為開發、生產與銷售移動通信系統、衛星通信系統、IT及機電儀產品等。

營業額及按業務分類之貢獻

根據香港普遍採納會計準則編制並按業務分類之綜合營業額及其對本集團盈利(虧損)影響之分析如下：

產品門類	Type of products	營業額	對本集團盈利 (虧損)影響
		Turnover 人民幣千元 RMB'000	Contribution to Group's operating profit/(loss) 人民幣千元 RMB'000
移動通信產品	Mobile telecommunications products	895,609	68,601
衛星通信產品	Satellite communication products	101,378	19,187
機電儀產品	Electromechanical products	109,752	1,666
電子資訊及其他產品	Electronic information products and others	184,686	(21,168)
		1,291,425	68,286
不分部的支出	Segmental expense		(16,413)
財務開支	Financial costs		(49,167)
經營盈利	Operating loss		2,706
應佔聯營公司業績	Share of results of associated companies		132,060
除稅前盈利	profit before taxation		134,766

Day-to-day Operation of the Board of Directors (continued)

2. During the reporting period, the Board of Directors of the Company strictly complied with any resolutions as approved at the general meeting and shall diligently seek the best interest of the Company and shareholders pursuant to the principles of "honesty and industriousness".

Information Disclosure

During the reporting period, disclosure of information of the Company was made in Shanghai Securities News and China Securities Journal in the PRC and Wen Wei Po and The Standard (formerly known as Hong Kong iMail) in Hong Kong.

Principal Activities

The principal activities of the Company and its subsidiaries are the development, production and sale of mobile telecommunications system, satellite communication system, IT and electromechanical products.

Turnover and Contribution by Business Analysis

An analysis of consolidated turnover by business activities and their contribution to profit (loss) of the Group under the accounting principles generally accepted in Hong Kong is as follows:



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財務摘要

本集團過往五個財政年度按香港普遍採納之會計準則編制之業績資產負債摘要列載於本年報第11頁。

每股淨資產

截至2002年12月31日止之三個年度的每個資產負債表日，每股淨資產情況如下。

(1) 按香港普遍採納會計準則編制：

		二零零二年 2002	二零零一年 2001	二零零零年 2000
每股淨資產 (淨資產/股份總數) (人民幣：元)	Net assets per share (Net assets / Total number of shares) (Unit: RMB)	1.59	1.44	1.10
增幅	Rate of increase	10.42%	30.91%	32.16%

(2) 按中國會計準則編制：

		二零零二年 2002	二零零一年 2001	二零零零年 2000
每股淨資產 (淨資產/股份總數) (人民幣：元)	Net assets per share (Net assets / Total number of shares) (Unit: RMB)	1.57	1.43	1.16
增幅	Rate of increase	9.72%	23.28%	18.37%

購買、出售或贖回本公司上市證券

本報告期內，本公司及其附屬公司概無購買、出售或贖回任何本公司之上市證券。

優先購股權

根據中國有關法律及本公司之章程，並無優先購股權之條款。

Financial Summary

A summary of the Group's results and its assets and liabilities for the last five financial years, prepared in accordance with the accounting standards generally accepted in Hong Kong, is set out on page 11 of the Annual Report.

Net Assets Per Share

The details of the net assets per share at the balance sheet date for each of the three years ended 31 December 2002 are as follows:

(1) As prepared in accordance with the accounting principles generally accepted in Hong Kong

(2) As prepared in accordance with PRC accounting standards:

Purchase, Sale or Redemption of the Listed Securities of the Company

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

Pre-emptive Rights

There is no provision for pre-emptive rights according to the relevant laws of the People's Republic of China and the Company's Articles of Association.

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董事及監事酬金

本年度，本公司給予董事酬金總額為人民幣136.8萬元，給予監事酬金總額為人民幣28萬元。上述酬金已包括董事及監事之退休金計劃供款。除上述酬金外，本公司無付予董事、監事其他的酬金、津貼或花紅。

每位董事及監事本年度所獲得本公司給予的酬金均在人民幣16萬元以下，執行董事和監事的退休金計劃已併入公司員工退休金計劃範疇，無其他特別安排。

最高酬金人事

本年度內，本公司獲最高酬金的前五名人土皆為本公司之科技研究人員。

董事、監事及高級管理人員購買股份或債券之安排

於本年度任何時間，本公司概無訂立任何安排，致使本公司董事、監事及高級管理人員及其配偶或18歲以下子女可藉以購買本公司或任何其他法人團體之股份或債券而受益。

董事、監事及高級管理人員之合約權益

於本年年末或於本年度任何時間，本公司或其附屬公司概無訂立任何重大合約，致使本公司董事、監事及高級管理人員直接或間接擁有重大利益。

董事及監事服務合約

所有董事、監事已與本公司訂立了服務合約，服務合約期限為三年。

各董事、監事均無與本公司簽定任何一年內若由本公司終止合約時須作出賠償之服務合約(法定賠償除外)。

Directors' and Supervisors' Remuneration

During the year, the aggregate remuneration of the Directors and Supervisors amounted to RMB1,368,000 and RMB280,000 respectively, inclusive of their pension scheme contributions. Save as disclosed above, the Company did not offer any emoluments, allowances, or bonuses to the directors and supervisors.

Save as the emoluments paid to the Hong Kong independent non-executive director, the emoluments paid or payable by the Company to each of the directors and supervisors was less than RMB160,000 per year. The pension scheme for executive directors and supervisors was included as part of the staff pension scheme of the Company as there was no other special arrangement.

Highest Paid Individuals

The five highest paid individuals of the Company during the year were technology specialists of the Company.

Arrangements to Purchase Shares or Debentures by Directors, Supervisors and Senior Management

At no time during the year was the Company a party to any arrangements to enable the directors, supervisors or senior management or any of their spouses or children under 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other corporate body.

Directors' or Supervisors' and Senior Management's Interests in Contracts

There has been no contract of significance at the end of the year or at any time during the year to which the Company or its subsidiaries was a party and in which a director, supervisor or senior management had a material interest, either directly or indirectly.

Service Agreement for Directors and Supervisors

New agreements have been signed between the Company and all executive directors and supervisors. The term of service of each agreement is for a term of three years.

None of the directors or supervisors has entered into any contract with the Company which is not terminable by the Company within one year without payment of compensation other than statutory compensation.



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董事、監事及高級管理人員之特殊待遇

本報告期內，本公司董事、監事及高級管理人員概無享受任何特殊待遇。

與熊貓電子集團有限公司訂立重大合約

以下為本公司與熊貓電子集團公司所達成之合約、交易或安排。

- (1) 2000年10月9日本公司與熊貓電子集團有限公司訂立資產重組協議。據此，本公司向熊貓電子集團有限公司出售其在研發、製造及銷售電視機及其有關產品的資產（「出售之資產」）的全部權益，總代價約人民幣167,916,000元（約港幣156,931,000元），由熊貓電子集團有限公司向本公司轉讓在深圳京華集團及熊貓機電廠集團的股權（「註資資產」）並支付現金約人民幣55,543,000元（約港幣51,909,000元）。

根據2000年重組條款，轉讓出售之資產及註資資產的代價乃按深圳維明資產評估事務所為彼等各自於2000年6月30日的綜合資產淨值估值約人民幣167,916,000元（約港幣156,931,000元）及人民幣112,373,000元（約港幣105,021,000元）為基準。出售之資產的綜合資產淨值估值與註資資產的差額將於2000年重組完成後由熊貓電子集團有限公司向本公司支付人民幣55,543,000元（約港幣51,909,000元）現金代價清還。

上述資產重組協議及持續關聯交易經2000年11月27日召開的臨時股東大會批准，重組的各項生效條件已全部就緒。

Privilege of Directors, Supervisors and Senior Management

During the year, no privileges were enjoyed by the directors, supervisors or senior management of the Company.

Material Contracts with PEGL

The following are contracts, transactions or arrangements between the Company and PEGL.

- (1) On 9 October 2000, the Company and Panda Electronics Group Limited (“PEGL”) entered into an asset reorganisation agreement. Pursuant to which, the Company agreed to dispose of its entire interest in certain assets in relation to the development, manufacture and sale of television sets and related products (“the Disposal Assets”) to PEGL for a total consideration of approximately RMB167.916 million (approximately HK\$156.931 million) which is payable by PEGL by way of transfer of certain equity interest in Shenzhen Jinghua Electronic Co., Ltd. and Nanjing Panda Mechanical Engineering Plant (“The Injected Assets”) together with a cash consideration of approximately RMB55.543 million (approximately HK\$51.909 million) to the Company.

In accordance with the terms of 2000 Reorganisation, the considerations for the transfers of the Disposed Assets and the Injected Assets were determined based on the valuations of their respective combined net assets made by Shenzhen Weiming Appraisal Firm of approximately RMB167.916 million (approximately HK\$156.931 million) and RMB112.373 million (approximately HK\$105.021 million) as at 30 June 2000. The difference between the valuation of the combined net assets of the Disposed Assets and the Injected Assets was settled by a cash consideration of approximately RMB55.543 million (approximately HK\$51.909 million) paid by PEGL to the Company.

The above-mentioned asset reorganisation agreement and on-going connected transactions were approved at the Extraordinary General Meeting held on 27 November 2000. Conditions of the reorganisation were all satisfied.

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與熊貓電子集團有限公司訂立重大合約 (續)

- (2) 根據2000年10月9日本公司與熊貓電子集團有限公司訂立的關於「《非競爭及首先放棄收購權協議》的補充協議」，本公司向熊貓電子集團有限公司於1996年3月18日簽署的《非競爭及首先放棄收購權協議》中「業務」、「獨有產品」的定義應以雙方於2000年重組完成後的「業務」和「獨有產品」為準。
- (3) 根據2000年10月12日本公司與熊貓電子集團有限公司和南京熊貓電視機有限公司訂立的《商標使用許可合同》，本公司同意許可熊貓電子集團有限公司和南京熊貓電視機有限公司有償使用「熊貓」商標於商標分類中第十四類電視機和第九類音像設備(影碟機)，並應在每年的12月31日前付清商標使用費。
- (4) 根據2000年10月20日本公司與熊貓電子集團有限公司訂立的「關於《生產廠房租約》的補充協議」，本公司向熊貓電子集團有限公司出租53號樓中總面積4,395.71平方米的房屋和16號樓總面積2,352.4平方米的房屋及零星用房1,878.7平方米的房屋作為生產用房，年租金為人民幣1,192,308元。雙方商定根據雙方業務需要調整租賃範圍及相應調整年租金，但以不超過本租約所訂租賃範圍的20%為限。

除本文所披露合約外，本公司並無訂立任何重大合約。

可轉換證券、期權、認股權或類似權利

截至2002年12月31日止，本公司或其附屬公司並無發行或授予任何可轉換證券、期權、認股權或類似權利。

Material Contracts with PEGL (continued)

- (2) Pursuant to an agreement dated 9 October 2000 entered into between the Company and PEGL to supplement the “Non-competition and First Right of Refusal Agreement, the definitions of “business” and “unique products” in the “Non-competition and First Right of Refusal Agreement” dated 18 March 1996 entered into between the Company and PEGL should be subject to the definitions of “business” and “unique products” after 2000 Reorganisation.
- (3) Pursuant to the “Trademark Licence Agreement” dated 12 October 2000 entered into between the Company and PEGL and Nanjing Panda Television Co., Ltd., the Company agrees to permit PEGL and Nanjing Panda Television Co., Ltd. to use PANDA trademark under trademark category 14 television set and category 9 audio and visual equipment (video compact disc players) with consideration and the licence fee shall be paid before 31 December each year.
- (4) Pursuant to the “Supplementary Agreement in Relation to “Tenancy Agreement” dated 20 October 2000 entered into between the Company and PEGL, the Company shall lease factory premises including a total gross floor area of 4,395.71 sq.m. at No. 53 building, a total gross floor area of 2,352.4 sq.m. at No. 16 building and 1,878.7 sq.m. of miscellaneous premises for an annual rent of RMB1,192,308. Both parties agreed that the scope of lease and the annual rent shall be adjusted with reference to business needs of then but it shall not exceed 20% of the scope of lease stated herein.

The Company was not a party to any material contract during the year save for the contracts disclosed herein.

Convertible Securities, Options, Warrants or Similar Rights

The Company and its subsidiaries had not issued or granted any convertible securities, options warrants or similar rights up to 31 December 2002.



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退休金計劃

本公司參與政府設立的退休金計劃，按該計劃規定每年之供款額為員工薪金的20%。根據該計劃，現職及退休的員工的退休金受南京社會勞動保險統籌委員會保障。

除每年供款外，本公司再無其他責任。

管理合約

於本年度，本公司沒有簽訂任何關於本公司全部或大部分業務的管理和行政合同，亦無此等合同存在。

業績及分配

本集團截至2002年12月31日止年度的業績以及公司與集團當日的財政狀況，俱評列於按香港普遍採納會計準則及中國會計準則編制帳項。

董事會建議，不派發截至2002年12月31日止之末期股息，也不進行資本公積金轉增股本。

銀行貸款及其它借貸

於2002年12月31日，本公司及本集團之銀行貸款及其它借貸詳情列載於根據香港普遍採納會計準則編制之帳目附註25。

本年度資本化之利息列載於根據香港普遍採納會計準則編制之帳目附註17。

儲備

本年度內，本集團之儲備變動詳情載列於本年報根據香港普遍採納會計準則編制之合併權益變動表及根據中國會計準則編制之合併會計報表主要項目註釋26至28。

Pension Scheme

The Company participated in a pension scheme established by the government. In accordance with the terms of the scheme, the annual contribution should be equivalent to 20% of the salary of the employees. The pension of present and retired employees of the Company is protected by the Nanjing Social Labour Insurance System Co-ordinating Committee.

Except for the annual contribution, the Company has no further obligation in relation to the pension scheme.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of this business were entered into by the Company or existed during the year.

Results and Distribution of Profit

The operating results of the Group for the year ended 31 December 2002 and the financial status of the Company and the Group on that date are listed on the financial statements prepared in accordance with the accounting principles generally accepted in Hong Kong and the PRC accounting standards.

The Board of Directors have resolved not to distribute any final dividend for the year ended 31 December 2002, and not to utilise any capital reserve to increase the share capital.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group, as at 31 December 2002, are set out in note 25 to the financial statements prepared under accounting principles generally accepted in Hong Kong.

Interest which was capitalized during the year is set out in note 17 to the financial statements prepared under accounting principles generally accepted in Hong Kong.

Reserves

The changes in the reserves of the Group for the year are set out in the Consolidated Statement of Changes in Equity prepared under accounting principles generally accepted in Hong Kong and notes 26 to 28 to the financial statements prepared under PRC accounting standards.

董事會報告

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固定資產

本年度內，本集團固定資產變動詳情載列於根據香港普遍採納會計準則編制之帳目附註16及根據中國會計準則編制之合併會計報表主要項目註釋11。

附屬公司

本公司之附屬公司的資料載列於根據香港普遍採納會計準則編制之帳目附註18。

主要客戶及供應商

截至2002年12月31日止年度，本公司前五大客戶之營業額的總和佔本年度營業額的66.60%，其中最大客戶之營業額佔本年度營業額的27.46%。

本公司前五大供應商之採購額的總和佔全年之物資採購額的57.25%，其中最大供應商之採購額佔全年物資採購額的15.96%。

本年度內，本公司董事、監事或其聯繫人等或股東並無擁有上述供應商及客戶的任何權益。

職工宿舍

有關本公司之職工購買職工宿舍，乃根據國家及南京市政策分配予本公司部分職工，而該職工宿舍為熊貓電子集團有限公司擁有。本公司截至2002年12月31日止年度並未參與出售職工宿舍予職工。因此，本公司不存在企業住房制度改革中出售住房的財務處理問題。公司按照國家規定為現有職工按其基本工資的7%繳納住房公積金，對公司的業績並無重大影響。本公司目前沒有實行住房提租補貼、住房困難補助和老職工一次性住房補貼金。

Fixed Assets

Details of the movements in fixed assets during the year are set out in note 16 to the financial statements prepared under accounting principles generally accepted in Hong Kong and note 11 to the financial statements prepared under PRC accounting standards.

Subsidiaries

Information on the subsidiaries of the Company is set out in note 18 to the financial statements prepared under accounting principles generally accepted in Hong Kong.

Major Suppliers and Customers

As at 31 December 2002, the aggregate turnover of the five major customers of the Company accounted for 66.60% of the total turnover of the Company for the year, of which turnover from the largest customer accounted for 27.46% of total turnover for the year.

The aggregate amount of procurement from the five major suppliers of the Company was not more than 57.25% of the total amount of procurement made by the Company for the year, of which procurement from the largest supplier accounted for 15.96% of total amount of procurement made by the Company for the year.

During the year, none of the directors, supervisors and their associates or shareholders had interests in the share capital of the Company's suppliers or customers mentioned above.

Staff Quarters

In respect of purchases of staff quarters by employees of the Company, such staff quarters are owned by PEGE and are provided to certain employees of the Company in accordance with the relevant policies issued by the State and Nanjing Municipal Government respectively. The Company was not involved in the selling of staff quarters to its employees during the year ended 31 December 2002. Therefore, there is no problem of financial arrangement arising from sale of houses during the reform of corporate housing system. The Company has transferred 7% of basic salary of existing staff as housing reserve in accordance with the relevant regulations of the State. It does not have material impact on the results of the Company. There is currently no housing rental subsidy, housing allowance and one-off housing subsidy for old staff.



董事會報告

Report of the Board of Directors

最佳應用守則

於本報告期內，本公司董事已遵守香港聯合交易所有限公司制定的證券上市規則附錄十四最佳應用守則之規定。

由獨立非執行董事就關聯交易作出之確認

本公司獨立非執行董事已於職責內審核載列於根據香港普遍採納會計準則編制之帳目附註31及載於第198至205頁之財務報告內根據中國會計準則編制之會計報表中提述之關聯交易，並確認下列事宜：

1. 該等交易由本公司於其正常及一般業務過程中訂立；
2. 該等交易乃(1)按一般商業條款或(2)在無適用比較時，按就本公司股東而言，屬公平合理的條款訂立；及
3. 該等交易已根據(1)監管此等交易之有關協議或(2)(如無此協議)其他比給予第三者更有利之條款訂立。

核數師

本公司帳目經由浩華會計師事務所和信永中和會計師事務所審核。核數師依章告退，但提出繼續分別受聘為本公司之國際及國內核數師。

股東周年大會

董事會設股東周年大會之日為2003年4月29日。

承董事會命

李安建

董事長

中國·南京

2003年3月11日

Compliance of Code of Best Practice

The Directors of the Company has complied throughout the reporting period with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year.

Confirmation by Independent Non Executive Directors on Connected Transactions

The independent non-executive directors of the Company have, in such capacity, reviewed the connected transactions referred to in note 31 to the financial statements prepared under accounting principles generally accepted in Hong Kong and on pages 198 to 205 of the Annual Report in regard to the financial statements prepared under PRC accounting standards and confirmed that :

1. such transactions have been entered into by the Company in the ordinary and usual course of its business;
2. the transactions have been entered into either (1) on normal commercial terms or (2) where there is no available comparison, on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
3. such transactions have been entered into either (1) in accordance with the terms of the relevant agreement governing such transactions or (2) (where there is no such agreement) on terms no less favourable than terms available to third parties.

Auditors

The financial statements have been audited by Horwath Hong Kong CPA Limited and Shine Wing Certified Public Accountants. The auditors retire in accordance with the Articles of Association of the Company but required to be re-appointed as international and domestic auditors of the Company respectively.

Annual General Meeting

The Annual General Meeting will be held on 29 April 2003.

By Order of the Board

Li Anjian

Chairman

Nanjing, the PRC

11 March 2003