

Directors' Report 董事會報告

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in property and other investments. Details of the principal activities of the Company's subsidiaries and the Group's associates are set out in note 48 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31 December 2002 are set out in the consolidated income statement on page 27.

The directors recommend the payment of a final dividend of HK\$0.03 per share to the shareholders on the register of members on 27 May 2003 amounting to HK\$39,367,000.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold properties were revalued as at 31 December 2002. The net deficit on revaluation amounting to HK\$4.7 million, of which a deficit of HK\$0.5 million was charged to the asset revaluation reserve and a deficit of HK\$4.2 million was charged to the income statement. The Group also revalued its investment properties at 31 December 2002. The surplus arising on the revaluation amounting to HK\$26.6 million, of which HK\$24.0 million was credited to the income statement to reverse the deficit previously charged to the income statement.

董事局謹提呈截至二零零二年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司及其附屬公司之主要業務為從事物業及其他投資。本公司各附屬公司及本集團聯營公司之主要業務詳情載於財務報表附註48。

業績及分配

截至二零零二年十二月三十一日止年度，本集團業績及本公司之分配載於第27頁之綜合收益表。

董事建議派發每股三港仙末期股息予二零零三年五月二十七日名列股東名冊之股東，合共39,367,000港元。

投資物業及物業、廠房及設備

本集團租賃物業於二零零二年十二月三十一日之價值已作出重估，重估虧絀淨額達470萬港元，其中一筆50萬港元之虧絀已賬記資產重估儲備而一筆420萬港元之虧絀已列作收益表支出。本集團亦已重估其投資物業於二零零二年十二月三十一日之價值，重估所產生之盈餘達2,660萬港元，其中2,400萬港元已撥入收益表以回撥先前在收益表記賬之虧絀。

Directors' Report

董事會報告

Details of the valuation of properties and other movements of the investment properties and property, plant and equipment of the Group and of the Company during the year are set out in notes 15 and 16 to the financial statements respectively.

PROPERTIES HELD FOR INVESTMENT PURPOSES

Details of properties held by the Group for investment purposes at 31 December 2002 are set out on pages 106 to 108.

SHARE OPTIONS

Details of movements in the share options of the Company during the year are set out in note 35 to the financial statements.

DIRECTORS

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

Zhu Dengshan	
Hui Xiao Bing	
Gao Jian Min	
Liu Tianni	
Gu Jianguo	
Chen Yongcun	
Cheung Chung Kiu	
Yuen Wing Shing	
Kang Dian*	
Zhang Lu*	
Yang Bin	(appointed on 11 March 2003)
Yang Yongsheng	(resigned on 11 March 2003)
Hu Jiangdong	(appointed on 18 September 2002
(alternate to Yang Yongsheng)	and resigned on 19 September 2002)

* Independent non-executive directors

有關物業估值之詳情與本集團以及本公司之投資物業及物業、廠房及設備於年內之其他變動分別載於財務報表附註15及16。

持作投資目的之物業

有關本集團持有作投資用途之物業於二零零二年十二月三十一日之詳情載於第106至108頁。

購股權

本公司之購股權於年內之變動詳情載於財務報表附註35。

董事

年內及截至本報告刊發日期當日之本公司董事如下：

朱登山	
惠小兵	
高建民	
劉天倪	
顧建國	
陳永存	
張松橋	
袁永誠	
康典*	
張璐*	
楊斌	(於二零零三年三月 十一日委任)
楊永生	(於二零零三年三月 十一日辭職)
胡江東	(於二零零二年九月 十八日委任及於 二零零二年九月 十九日辭職)
(楊永生之 替代董事)	

* 獨立非執行董事

Directors' Report

董事會報告

The term of office of each director, including the independent non-executive directors, is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

In accordance with the provisions of the Company's Articles of Association, Messrs. Cheung Chung Kiu, Zhang Lu and Gu Jianguo retire by rotation and Yang Bin retires at the forthcoming annual general meeting, Messrs. Cheung Chung Kiu, Zhang Lu, Gu Jianguo and Mr. Yang Bin, being eligible, offer themselves for re-election.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN SHARES

The interests of the directors and the Company's chief executives and their associates in the share capital of the Company recorded in the register required to be kept under section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") at 31 December 2002 were as follows:

Name of director	董事姓名	Number of ordinary shares held 持有之普通股股數
Cheung Chung Kiu	張松橋	35,994,000 (Note) (附註)

Note:

Oriental Pearl Holdings Limited, a company controlled by Oriental Pearl Trust, of which Mr. Cheung Chung Kiu and his family are the beneficiaries, directly holds 35,994,000 shares in the Company.

董事(包括獨立非執行董事)之任期為直至其根據本公司之公司組織章程細則輪值告退為止之期間。

根據本公司之組織章程細則之條文，張松橋先生、張璐先生及顧建國先生須輪值告退。楊斌先生須於即將召開之股東週年大會告退。惟張松橋先生、張璐先生、顧建國先生及楊斌先生願膺選連任。

有意於即將舉行之股東週年大會上膺選連任之董事，概無訂立本集團不可於一年內毋須作出賠償(法定賠償除外)而終止之服務合約。

董事之股份權益

於二零零二年十二月三十一日，本公司董事及主要行政人員及彼等之關聯人士所持有載於根據證券(披露權益)條例(「披露權益條例」)第29條須置存之登記冊之本公司股本權益如下：

附註：

有關股份35,994,000股乃由Oriental Pearl Trust(張松橋先生及其家族為受益人)控制之公司Oriental Pearl Holdings Limited直接持有。

Directors' Report

董事會報告

Other than as disclosed above and in the sections below headed "Directors' Rights to Acquire Shares or Debentures" and "Substantial Shareholders", none of the directors held any interest in the share capital of the Company or its associated corporations and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Details of the share option scheme adopted by the Company on 26 June 1995 (the "Old Scheme") and the new share option scheme adopted by the Company on 27 May 2002 (the "New Scheme") are set out in note 35 to the financial statements.

Movements during the year of share options granted to the directors and other employees of the Company under the Old Scheme and the New Scheme are set out below:

除上文所披露者及下文「董事購入股份或債券之權利」及「主要股東」兩節所披露者外，於年內，各董事概無持有本公司或其關聯公司之任何股本權益，而各董事或彼等之配偶或十八歲以下之子女，概無任何可認購本公司證券之權利或曾行使任何該等權利。

董事購入股份或債券之權利

本公司於一九九五年六月二十六日採納之購股權計劃（「舊計劃」）及本公司於二零零二年五月二十七日採納之新購股權計劃（「新計劃」）之詳情載於財務報表附註35。

根據舊計劃及新計劃授予董事及本公司其它僱員之購股權於年內之變動呈列如下：

		Exercisable period 可予行使之期間	Subscription price per share 每股認購價	Outstanding at 1.1.2002 於2002年1月1日 尚未行使	Granted during the year (Note) 於年內授出 (附註)	Outstanding at 31.12.2002 於2002年12月31日 尚未行使
		HK\$ 港元				
Directors	董事					
Gao Jian Min	高建民	9.1.1997 - 8.1.2007 7.6.2002 - 6.6.2012	0.967 0.700	15,000,000 —	— 5,000,000	15,000,000 5,000,000
Liu Tianni	劉天倪	27.7.1999 - 26.7.2009 25.7.2001 - 24.7.2011 7.6.2002 - 6.6.2012	0.900 0.535 0.700	2,000,000 3,000,000 —	— — 5,000,000	2,000,000 3,000,000 5,000,000
Gu Jianguo	顧建國	27.7.1999 - 26.7.2009	0.900	2,000,000	—	2,000,000
Chen Yongcun	陳永存	25.7.2001 - 24.7.2011 7.6.2002 - 6.6.2012	0.535 0.700	2,000,000 —	— 5,000,000	2,000,000 5,000,000
				24,000,000	15,000,000	39,000,000

Directors' Report

董事會報告

	Exercisable period 可予行使之期間	Subscription price per share 每股認購價	Outstanding at 1.1.2002 於2002年 1月1日 尚未行使	Granted during the year (Note) 於年內授出 (附註)	Outstanding at 31.12.2002 於2002年 12月31日 尚未行使
		HK\$ 港元			
Other employees 其他僱員	9.1.1997 - 8.1.2007	0.967	15,000,000	—	15,000,000
	27.7.1999 - 26.7.2009	0.900	16,000,000	—	16,000,000
	25.7.2001 - 24.7.2011	0.535	21,000,000	—	21,000,000
	7.6.2002 - 6.6.2012	0.700	—	55,000,000	55,000,000
			52,000,000	55,000,000	107,000,000
			76,000,000	70,000,000	146,000,000

Note: The closing price of the Company's shares immediately before the grant of options during the year was HK\$0.69 per share.

附註：本公司股份於緊接年內授出購股權當日之前之收市價為每股0.69港元。

The fair value of share options granted during the year with the exercise price of HK\$0.700 per share is estimated at HK\$0.369 per share using the Black-Scholes option-pricing model. The fair value is estimated basing on the risk-free rate of 4.39% per annum (with reference to the prevailing rate of 5-year Exchange Fund Notes at the end of the month of granting the share options) and an expected volatility (deduced from one-year period historical volatility) of 57.8%, assuming no dividends throughout the exercisable period and an expected option life of 5 years.

按照柏力克－舒爾斯期權定價模式計算，於期內授出每股行使價0.700港元之購股權之公平價值估計為0.369港元。有關公平價值乃按照無風險折現年率4.39%（經參考月尾授出購股權時5年期外匯基金票據之現行息率）及預期波動比率（推算自一年期之歷史波動比率）57.8%計算，並假設於全個可行使期間沒有股息及購股權之預計年期為五年。

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option-pricing model requires input of highly subjective assumptions, including the expected share price volatility. As the characteristics of the option granted during the year are significantly different from those of publicly traded options and any changes in the subjective inputs may materially affect the fair value estimate, the Black-Scholes option-pricing model does not necessarily provide a reliable measure of the fair value of the share options.

柏力克－舒爾斯期權定價模式乃用於估計並無授予限制及可全數轉讓之可買賣購股權之公平價值。此外，該期權價格模式需要加入極具主觀性之假設，當中包括預計之股價波幅。由於年內所授出購股權之特點與公開買賣之購股權之特點有重大差異，而所加入之主觀性項目之任何變動亦能對估計之公平價值構成重大影響，柏力克－舒爾斯期權定價模式未必一定能夠可靠地計算購股權之公平價值。

Directors' Report

董事會報告

Other than as disclosed above, at no time during the year was the Company or its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed in the section headed "Connected Transactions" below, 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, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

A service agreement dated 26 June 1997 was entered into between Mr. Gao Jian Min ("Mr. Gao") and the Company. Pursuant to the terms and conditions set out therein, the Company agreed to employ Mr. Gao and Mr. Gao agreed to serve the Company as a managing director by providing the Company with the services as described in the service agreement for a term of two years from 1 April 1997, which term shall continue thereafter until determined by either party giving to the other not less than 6-month prior written notice.

除上文所披露者外，本公司或其附屬公司概無於年內任何時間訂立任何安排，致使本公司之董事可藉購入本公司或任何其他法人團體之股份或債券而得益。

董事之合約權益

除下文「關連交易」一節所披露者外，本公司或其附屬公司於本年終或年內任何時間，概無訂立於其中本公司之董事擁有(無論直接或間接)重大權益之重大合約。

關連交易

於一九九七年六月二十六日高建民先生(「高先生」)與本公司簽訂一份服務協議。根據該協議所載之條款及條件，本公司同意委聘高先生及高先生同意出任本公司董事總經理一職，由一九九七年四月一日起為本公司提供服務協議內所列之服務，為期兩年。該協議將持續生效，直至任何一方在給予對方不少於六個月之書面事先通知終止為止。

Directors' Report

董事會報告

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance shows that the following shareholders had interests of 10% or more in the share capital of the Company:

Name of shareholder 股東名稱	Number of ordinary shares 普通股股數
Silver Grant International Holdings Limited (Note 1) (附註1)	198,820,022
Catic Limited (Note 2) (附註2)	175,768,000

Notes:

- Messrs. Hui Xiao Bing and Gao Jian Min, both of whom are directors of the Company, each has a 30% interest in Silver Grant International Holdings Limited as at 31 December 2002.
- Catic Limited is an indirect wholly owned subsidiary of China Cinda Asset Management Corporation.

Save as disclosed above, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance showed that the Company had not been notified of any interests representing 10% or more of the issued share capital of the Company as at 31 December 2002.

主要股東

於二零零二年十二月三十一日，按照本公司根據披露權益條例第16(1)條規定予以置存之主要股東登記名冊所顯示，下列股東持有本公司股本10%或以上之權益：

附註：

- 本公司之董事惠小兵先生及高建民先生於二零零二年十二月三十一日分別擁有 Silver Grant International Holdings Limited 30%權益。
- Catic Limited為中國信達資產管理公司之間接全資附屬公司。

除上述所披露者外，按照本公司根據披露權益條例第16(1)條予以置存之主要股東登記名冊所顯示，本公司於二零零二年十二月三十一日並未接獲任何佔本公司已發行股本10%或以上之權益申報。

Directors' Report

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover comprises rental income from leasing of properties, dividend income from investments in securities, income from property management and the gross proceeds received and receivable from trading of securities.

The aggregate amount of purchases and turnover attributable to the Group's five largest suppliers and customers were less than 30% of the Group's total purchase and turnover for the year.

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

During the year, the Group repurchased certain of its convertible bonds (the "Bonds") amounting to US\$4,710,000 at an aggregate consideration of US\$6,517,300. The relevant bonds were cancelled upon repurchase. The Group also redeemed certain Bonds with total principal amount of US\$32,775,000 in August 2002.

Other than disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2002 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.

主要顧客及供應商

本集團之營業額包含出租物業之租金收入、證券投資之股息收入、物業管理收入及買賣證券之已收及應收款項總額。

年內，本集團於五大供應商及顧客之累積採購額及銷售額分別佔本集團之總採購額及總銷售額不足30%。

購買、出售或贖回本集團之上市證券

年內，本集團以6,517,300美元總代價贖回金額達4,710,000美元之本集團若干可換股債券（「債券」）。該等債券已於贖回當時予以註銷。本集團亦於二零零二年八月贖回本金總額達32,775,000美元之若干債券。

除上文所披露者外，本公司或其任何附屬公司概無於年內購買、出售或贖回本公司之任何上市證券。

公司管治

本公司於截至二零零二年十二月三十一日止年度均有遵守香港聯合交易所有限公司證券上市規則附錄14所載之最佳應用守則。

Directors' Report 董事會報告

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 May 2003 to Tuesday, 27 May 2003, both days inclusive, during which period no transfers of shares will be effected.

In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Secretaries Limited, at Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 20 May 2003.

AUDITORS

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

By order of the Board
Zhu Dengshan
Chairman

24 April 2003

暫停辦理股份過戶登記手續

本公司之股份過戶登記處將於二零零三年五月二十一日(星期三)至二零零三年五月二十七日(星期二)(包括首尾兩日)暫停辦理股份過戶登記手續。

股東為享有建議末期股息之權利，最遲須於二零零三年五月二十日(星期二)下午四時三十分前，將所有過戶文件連同有關股票送抵本公司之股份過戶登記處秘書商業服務有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

核數師

有關續聘德勤•關黃陳方會計師行為本公司核數師之決議案將於本公司之股東週年大會上提呈。

承董事會命
主席
朱登山

二零零三年四月二十四日