

## Directors' Report | 董事會報告書

The directors present their annual report and the audited financial statements for the year ended 31st December, 2003.

### PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its subsidiaries and associates are set out in notes 15 and 18 to the financial statements respectively.

### RESULTS AND APPROPRIATION

The results of the Group for the year ended 31st December, 2003 are set out in the consolidated income statement on page 27.

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years ended 31st December, 2003 is set out on page 84.

### PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold land and buildings were revalued at 31st December, 2003. The revaluation surplus of approximately HK\$422,000 has been credited to the properties revaluation reserve.

Details of this and other movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

### SHARE CAPITAL AND WARRANTS

Details of movements during the year in the share capital and outstanding warrants of the Company are set out in note 25 to the financial statements.

### RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 31 and note 26 to the financial statements respectively.

董事會欣然呈報截至二零零三年十二月三十一日止年度之報告及經審核財務報表。

### 主要業務

本公司之主要業務為投資控股，而各附屬公司及聯營公司之業務分別載於財務報表附註15及18。

### 業績及分派

本集團截至二零零三年十二月三十一日止年度之業績載於第27頁之綜合收益表。

董事會並不建議派發股息，並建議保留本年度溢利。

### 五年財務概要

本集團截至二零零三年十二月三十一日止最近五個財政年度之業績、資產及負債概要載於第84頁。

### 物業、廠房及設備

本集團之租賃土地及樓宇於二零零三年十二月三十一日重估。重估盈餘約422,000港元已計入物業重估儲備。

年內本集團物業、廠房及設備之上述及其他變動之詳情載於財務報表附註13。

### 股本及認股權證

年內本公司股本及未行使認股權證變動之詳情分別載於財務報表附註25。

### 儲備

年內本集團及本公司儲備變動之詳情分別載於第31頁之綜合股本變動表及財務報表附註26。

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### DISTRIBUTABLE RESERVES

At 31st December, 2003, the amount of the Company's reserves available for distribution to shareholders was approximately HK\$161,484,000, comprising the contributed surplus of approximately HK\$163,456,000 and the accumulated losses of approximately HK\$1,972,000.

### MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the aggregate turnover for the year attributable to the Group's five largest customers are as follows:

The largest customer	50%
Five largest customers combined	87%

The percentages of the aggregate purchases for the year attributable to the Group's five largest suppliers are as follows:

The largest supplier	69%
Five largest suppliers combined	94%

At 31st December, 2003, China Star Entertainment Limited ("China Star"), a shareholder holding more than 5% of the Company's share capital had a beneficial interest in the Group's largest supplier. All transactions between the Group and the supplier concerned were carried out on normal commercial terms. Mr. Heung Wah Keung and his spouse, Ms. Chen Ming Yin, Tiffany, are also directors of and have beneficial interests in China Star.

Other than as disclosed above, none of the directors, their associates or any shareholders (which to the knowledge of the directors owned more than 5% of the Company's issued share capital) had an interest in any of the Group's five largest customers or suppliers.

### DIRECTORS

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

#### Executive directors:

Mr. HEUNG Wah Keung  
Ms. CHEN Ming Yin, Tiffany  
Mr. LEI Hong Wai

### 可分派儲備

於二零零三年十二月三十一日，本公司可分派予股東之儲備金額約為161,484,000港元，包括約163,456,000港元之實繳盈餘及約1,972,000港元之累計虧損。

### 主要客戶及供應商

本集團五大客戶所佔總營業額之百分比如下：

最大客戶	50%
五大客戶合計	87%

本集團五大供應商所佔總採購額之百分比如下：

最大供應商	69%
五大供應商合計	94%

於二零零三年十二月三十一日，中國星集團有限公司（「中國星」，擁有本公司股本5%以上之股東）在本集團之最大供應商擁有實際權益。本集團與上述供應商之所有交易均按一般商業條款進行。向華強先生及其配偶陳明英女士為實益擁有中國星權益之董事。

除上文所披露者外，各董事、彼等之聯繫人士或任何股東（據董事所知擁有本公司已發行股本5%以上者）並無擁有以上任何本集團五大客戶或供應商之權益。

### 董事

年內及截至本報告日期之本公司董事如下：

#### 執行董事：

向華強先生  
陳明英女士  
李雄偉先生

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### DIRECTORS (Continued)

#### Independent non-executive directors:

Mr. LAI Hok Lim  
Mr. TANG Chak Lam, Gilbert

In accordance with the Company's bye-laws, Mr. Lai Hok Lim retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each independent non-executive director is the period up to his retirement by rotation in accordance with the Company's bye-laws.

### DIRECTORS' SERVICE CONTRACTS

There are no existing or proposed service contracts between any of the directors and the Company or any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

### 董事 (續)

#### 獨立非執行董事：

黎學廉先生  
鄧澤林先生

根據本公司細則，黎學廉先生將於應屆股東週年大會上輪值告退，惟符合資格膺選連任。

根據本公司細則，各獨立非執行董事之任期將維持直至輪值告退為止。

### 董事之服務合約

各董事與本公司或其任何附屬公司訂立或建議服務合約，惟於一年內屆滿或僱主可於一年內不付賠償(法定賠償除外)終止之合約則除外。

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### DIRECTORS' INTERESTS IN SHARES

At 31st December, 2003, the interests of the directors and their associates in the shares and the underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

#### I. Rights to acquire shares in the Company

Details of the share options to subscribe for shares of HK\$0.10 each in the Company granted to a director are as follows:

Name of director 董事姓名	Capacity 身份	Date of grant 授出日期	Exercisable period 行使期 (Note 1) (附註1)	Exercise price per share 每股行使價 HK\$ 港元	Number of share options outstanding at 1.1.2003 and 31.12.2003 於二零零三年一月一日及二零零三年十二月三十一日之未行使購股權數目	Percentage of the issued Capital of the Company 佔本公司已發行股本百分比
Mr. Lei Hong Wai 李雄偉先生	Beneficial owner 實益擁有人	8.3.2002 二零零二年三月八日	8.3.2002 to 7.3.2012 二零零二年三月八日至二零一二年三月七日	2.60	4,750,000	1.00%

Notes:

- The exercisable period commenced on the date of grant of the relevant share options.
- This represents the maximum number of shares issuable upon exercise of the entire share options.

### 董事之股份權益

根據本公司按證券及期貨條例(「證券及期貨條例」)第352條存置之登記冊所載或本公司及香港聯合交易所有限公司(「聯交所」)根據上市公司董事進行證券交易的標準守則接獲之通知，於二零零三年十二月三十一日，各董事及彼等之聯繫人士所擁有本公司及其相聯法團之股份及相關股份權益如下：

#### I. 購買本公司股份之權利

本公司向一名董事授出購股權以認購本公司每股0.10港元之股份之詳情如下：

Name of director 董事姓名	Capacity 身份	Date of grant 授出日期	Exercisable period 行使期 (Note 1) (附註1)	Exercise price per share 每股行使價 HK\$ 港元	Number of share options outstanding at 1.1.2003 and 31.12.2003 於二零零三年一月一日及二零零三年十二月三十一日之未行使購股權數目	Percentage of the issued Capital of the Company 佔本公司已發行股本百分比
Mr. Lei Hong Wai 李雄偉先生	Beneficial owner 實益擁有人	8.3.2002 二零零二年三月八日	8.3.2002 to 7.3.2012 二零零二年三月八日至二零一二年三月七日	2.60	4,750,000	1.00%

附註：

- 行使期由有關購股權授出日期開始。
- 指因行使全部購股權而可予發行之最高股份數目。

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### DIRECTORS' INTERESTS IN SHARES (Continued)

Save as disclosed above, at 31st December, 2003, none of the directors nor their associates had any long or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or the spouse or children under 18 years of age of such director, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate or had exercised any right to subscribe for the securities or had exercised any such rights.

### SHARE OPTION SCHEME

Particulars of the Company's share option scheme and details of movements during the year in the share options to subscribe for shares of HK\$0.10 each in the Company granted under the share option scheme adopted on 21st January, 2002 are set out in note 33 to the financial statements.

### CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Details of the discloseable connected transactions with China Star and its subsidiaries and directors' interests in contracts for the year are set out in note 35 (a) to (d) to the financial statements.

The independent non-executive directors of the Company have reviewed and confirmed that the connected transactions as set out in note 35 (a) to (d) to the financial statements entered into by the Group were in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the agreements governing such transactions.

Save as disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at end of the year or at any time during the year.

### 董事之股份權益 (續)

除上文所披露者外，於二零零三年十二月三十一日，各董事或彼等之聯繫人士概無於本公司或其任何相聯法團之任何股份、相關股份或債券中擁有任何好倉或淡倉。

除上文所披露者外，本公司或其任何附屬公司於年內任何時間並無參與任何安排，致使本公司董事、彼等之配偶或未滿18歲之子女可藉購入本公司或任何其他法人團體任何股份或債券而獲益，而彼等亦無行使任何認購證券之權利或行使任何該等權利。

### 購股權計劃

本公司之購股權計劃詳情及本公司根據於二零零二年一月二十一日採納之購股權計劃而授出購股權以認購本公司每股0.10港元股份之年內變動詳情載於財務報表附註33。

### 關連交易及董事所擁有之合約權益

年內與中國星及其附屬公司進行之須予披露關連交易及董事所擁有之合約權益詳情載於財務報表附註35(a)至(d)。

本公司獨立非執行董事已審閱及確認，財務報表附註35(a)至(d)所述之本集團關連交易均於日常業務中根據一般商業條款及規限該等交易之有關協議之條款進行。

除上文所披露者外，本公司或其任何附屬公司參與訂立而於年結日或年內任何時間仍然生效之重大合約中，本公司董事並無直接或間接擁有任何重大權益。

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### SUBSTANTIAL SHAREHOLDERS

At 31st December, 2003, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of the relevant interests or short positions in the shares and underlying shares of the Company:

#### Long positions

Name 名稱	Notes 附註	Capacity 身份	Interest in issued shares 已發行股份權益	Interest in underlying shares 相關股份權益	Total interest in shares 股份總權益	Percentage of the issued capital of the Company 佔本公司 已發行股本 百分比
China Star 中國星	1	Interest of corporation 公司權益	192,998,000	45,170,000	238,168,000	50.12%
China Star Entertainment (BVI) Limited	1	Interest of corporation 公司權益	192,998,000	45,170,000	238,168,000	50.12%
Classical Statue Limited		Beneficial owner 實益擁有人	192,998,000	36,720,000	229,718,000	48.34%
First-Up Investments Limited		Beneficial owner 實益擁有人	—	8,450,000	8,450,000	1.78%
Top Vision Management Limited		Beneficial owner 實益擁有人	79,200,000	15,840,000	95,040,000	20.00%
Chan Kam Sum 陳錦心	2	Interest of corporation 公司權益	79,200,000	15,840,000	95,040,000	20.00%
Lucky Star Consultants Limited		Beneficial owner 實益擁有人	28,320,000	7,080,000	35,400,000	7.45%
Lau Tung Hoi 劉東海	3	Interest of corporation 公司權益	28,320,000	7,080,000	35,400,000	7.45%

#### Notes:

- 192,998,000 issued shares are beneficially owned by Classical Statue Limited and 45,170,000 and 8,450,000 underlying shares are beneficially owned by Classical Statue Limited and First-Up Investments Limited respectively. Both Classical Statue Limited and First-Up Investments Limited are the wholly-owned subsidiaries of China Star Entertainment (BVI) Limited. China Star Entertainment (BVI) Limited is also the wholly-owned subsidiary of China Star.
- 79,200,000 issued shares and 15,840,000 underlying shares are held by Top Vision Management Limited which is wholly-owned by Mr. Chan Kam Sum.

### 主要股東

於二零零三年十二月三十一日，根據本公司按照證券及期貨條例第336條存置之登記冊所載，下列股東已知會本公司其於本公司股份及相關股份之有關權益或淡倉：

#### 好倉

Name 名稱	Notes 附註	Capacity 身份	Interest in issued shares 已發行股份權益	Interest in underlying shares 相關股份權益	Total interest in shares 股份總權益	Percentage of the issued capital of the Company 佔本公司 已發行股本 百分比
China Star 中國星	1	Interest of corporation 公司權益	192,998,000	45,170,000	238,168,000	50.12%
China Star Entertainment (BVI) Limited	1	Interest of corporation 公司權益	192,998,000	45,170,000	238,168,000	50.12%
Classical Statue Limited		Beneficial owner 實益擁有人	192,998,000	36,720,000	229,718,000	48.34%
First-Up Investments Limited		Beneficial owner 實益擁有人	—	8,450,000	8,450,000	1.78%
Top Vision Management Limited		Beneficial owner 實益擁有人	79,200,000	15,840,000	95,040,000	20.00%
Chan Kam Sum 陳錦心	2	Interest of corporation 公司權益	79,200,000	15,840,000	95,040,000	20.00%
Lucky Star Consultants Limited		Beneficial owner 實益擁有人	28,320,000	7,080,000	35,400,000	7.45%
Lau Tung Hoi 劉東海	3	Interest of corporation 公司權益	28,320,000	7,080,000	35,400,000	7.45%

#### 附註：

- 192,998,000股已發行股份由Classical Statue Limited實益擁有，而45,170,000股及8,450,000股相關股份分別由Classical Statue Limited及First-Up Investments Limited實益擁有。Classical Statue Limited及First-Up Investments Limited均為China Star Entertainment (BVI) Limited之全資附屬公司。China Star Entertainment (BVI) Limited亦為中國星之全資附屬公司。
- 79,200,000股已發行股份及15,840,000股相關股份由陳錦心先生全資擁有之Top Vision Management Limited持有。

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### SUBSTANTIAL SHAREHOLDERS (CONTINUED)

#### Long positions (Continued)

Notes: (Continued)

3. 28,320,000 issued shares and 7,080,000 underlying shares are held by Lucky Star Consultants Limited which is wholly-owned by Mr. Lau Tung Hoi.

#### Short positions

Name 名稱	Capacity 身份	Interest in issued shares 已發行股份權益	Interest in underlying share 相關股份權益	Total interest in shares 股份總權益	Percentage of the issued capital of the Company 佔本公司 已發行股本 百分比
Top Vision Management Limited	Beneficial owner 實益擁有人	42,000,000	—	42,000,000	8.83%
Chan Kam Sum 陳錦心	Interest of corporation 公司權益	42,000,000	—	42,000,000	8.83%

The 42,000,000 issued shares for short positions are held by Top Vision Management Limited is wholly-owned by Mr. Chan Kam Sum.

Save as disclosed above, at 31st December, 2003, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company.

### RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme are set out in note 34 to the financial statements.

### PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2003.

### 主要股東 (續)

#### 好倉 (續)

附註：(續)

3. 28,320,000股已發行股份及7,080,000股相關股份由劉東海先生全資擁有之Lucky Star Consultants Limited持有。

#### 淡倉

淡倉之42,000,000股已發行股份由陳錦心先生全資擁有之Top Vision Management Limited持有。

除上文所披露者外，於二零零三年十二月三十一日，本公司並無獲知會任何其他於本公司已發行股本中之有關權益或淡倉。

### 退休福利計劃

本集團之退休福利計劃詳情載於財務報表附註34。

### 買賣及贖回本公司上市證券

本公司及其任何附屬公司於截至二零零三年十二月三十一日止年度內概無買賣或贖回本公司任何上市證券。

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### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied throughout the year ended 31st December 2003 with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, except that the independent non-executive directors of the Company have not been appointed for specific terms as required by Paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws.

### AUDIT COMMITTEE

The audit committee of the Company at 31st December, 2003 comprised Messrs. Lai Hok Lim and Tang Chak Lam, Gilbert, the independent non-executive directors. The principal duties of the audit committee are to review with management the accounting principles and practices adopted by Group and discussed internal controls and financial reporting matters including reviews of interim and annual financial statements.

### PRACTICE NOTE 19 OF THE LISTING RULES

At 31st December, 2003, the aggregate amount of advances made by the Group to its associate, namely Gainful Fortune Limited, in the form of convertible notes was HK\$160 million, which represents 47% of the net assets value of the Group as set out in its latest audited consolidated financial statements for the year ended 31st December, 2003. Particulars of these advances are set out in note 18 to the financial statements.

### 優先認購權

本公司細則或百慕達法例並無有關優先認購權之規定，使本公司須按比例向現有股東發售新股份。

### 公司管治

董事認為，本公司於截至二零零三年十二月三十一日止整個年度一直遵守聯交所證券上市規則（「上市規則」）附錄14所載之最佳應用守則（「該守則」），惟本公司之獨立非執行董事並無按該守則第7段之規定訂出特定委任年期，彼等須按照本公司細則規定於股東週年大會上輪值告退及重選。

### 審核委員會

於二零零三年十二月三十一日，本公司之審核委員會由獨立非執行董事黎學廉先生及鄧澤林先生組成。審核委員會之主要職責為與管理層審閱本集團採用之會計準則及慣例，並商討內部監控及財務申報事宜，包括審閱中期及年度財務報表。

### 上市規則應用指引第19號

於二零零三年十二月三十一日，本集團以可換股票據方式向其聯營公司Gainful Fortune Limited作出之墊款總額為160,000,000港元，相當於截至二零零三年十二月三十一日止年度之最近期經審核綜合財務報表所載本集團資產淨值約47%。該等墊款之詳情載於財務報表附註18。



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### PRACTICE NOTE 19 OF THE LISTING RULES 上市規則應用指引第19號 (續) (Continued)

The consolidated balance sheet of Gainful Fortune Limited at 31st December, 2003 is as follows:

Gainful Fortune Limited於二零零三年十二月三十一日之綜合資產負債表如下：

		HK\$'000 千港元
Non-current assets	非流動資產	96,070
Current assets	流動資產	49,969
Current liabilities	流動負債	(5,510)
Net current assets	流動資產淨值	44,459
Non-current liabilities	非流動負債	(160,000)
Deficiency in shareholders' funds	股東資金虧絀	(19,471)

Details of the above associate are set out in note 18 to the financial statements.

上述聯營公司之詳情載於財務報表附註18。

### POST BALANCE SHEET EVENTS

### 結算日後事項

Details of significant post balance sheet events are set out in note 36 to the financial statements.

於結算日後發生之重大事項詳情載於財務報表附註36。

### AUDITORS

### 核數師

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

應屆股東週年大會上將提呈決議案，續聘德勤•關黃陳方會計師行為本公司核數師。

On behalf of the Board

代表董事會

**Heung Wah Keung**  
Chairman

主席  
向華強

Hong Kong, 23rd March, 2004

香港，二零零四年三月二十三日