

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

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 44 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company for the year ended 31 December 2003 are set out in the consolidated income statement on page 48.

The directors recommend the payment of a final dividend of HK\$0.04 per share to the shareholders on the register of members on 20 May 2004 amounting to HK\$61,689,000.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold properties were revalued as at 31 December 2003. The net surplus on revaluation amounting to HK\$2.7 million, of which a surplus of HK\$1.8 million was credited to the asset revaluation reserve and the remaining surplus of HK\$0.9 million was credited to the income statement to reverse the deficit previously charged to the income statement. The Group also revalued its investment properties at 31 December 2003. The surplus arising on the revaluation amounting to HK\$10.2 million, was credited to the investment properties revaluation reserve.

董事局謹提呈截至二零零三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44。

業績及分配

截至二零零三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48頁之綜合收益表。

董事建議派發每股四港仙末期股息予二零零四年五月二十日名列股東名冊之股東，合共61,689,000港元。

投資物業及物業、廠房及設備

本集團租賃物業於二零零三年十二月三十一日之價值已作出重估，重估盈餘淨額達270萬港元，其中一筆180萬港元之盈餘已賬記資產重估儲備而餘下90萬港元之盈餘已列作收益報表收益以回撥早前於收益報表列作支出的虧絀。本集團亦已重估其投資物業於二零零三年十二月三十一日之價值，重估所產生之盈餘達1,020萬港元已撥入投資物業重估儲備。

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 14 and 15 to the financial statements respectively.

PROPERTIES HELD FOR INVESTMENT PURPOSES

Details of properties held by the Group for investment purposes at 31 December 2003 are set out on pages 134 to 136.

LOAN RECEIVABLE

During the year, a subsidiary of the Company advanced a loan of RMB120,000,000 (equivalent to approximately HK\$112,150,000) to 北京京隆房地產開發有限公司 (the "Borrower"), a property development company established in the People's Republic of China (the "PRC"), through a PRC bank (the "PRC Agent Bank"). The loan receivable is secured by 100,000,000 ordinary shares of the PRC Agent Bank, which are owned by 北京通產投資集團有限公司 (the "Guarantor"), a company established in the PRC. The Guarantor also provides a guarantee to the Group for any shortfall in settlement of the loan receivable and interest receivable from the Borrower. The loan receivable bears interest at 8% per annum and will be repayable in a lump sum in June 2005.

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.

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14及15。

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二零零三年十二月三十一日之詳情載於第134至136頁。

應收貸款

年內，本公司一附屬公司通過一家中國銀行（「中國委托銀行」）墊付人民幣120,000,000元貸款（相等於112,150,000港元）予北京京隆房地產開發有限公司（「借款人」），其為於中華人民共和國（「中國」）註冊成立的物業發展公司。有關應收貸款以北京通產投資集團有限公司（一家於中國註冊成立的公司）（「擔保人」）擁有的100,000,000股該中國委托銀行的普通作抵押。該擔保人同時對借款人償付有關應收貸款及應收利息的任何缺少部分向本集團作出償付擔保。有關應收貸款之利息以年利率8%計提並將於二零零五年六月一次性償還。

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。

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 and will be resigned on 16 April 2004)
Yang Yongsheng (resigned on 11 March 2003)
Hu Jiandong (appointed on 15 April 2004 and resigned on 15 April 2004)
(alternate to Yang Bin)

* *Independent non-executive directors*

The term of office of each director, excluding the independent non-executive directors which was fixed at two years, 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. Yuen Wing Shing, Liu Tianni, Chen Yongcun and Kang Dian retire by rotation. Messrs. Yuen Wing Shing, Liu Tianni, Chen Yongcun and Mr. Kang Dian, being eligible, offer themselves for re-election.

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及將於二零零四年四月十六日辭職)
楊永生 (於二零零三年三月十一日辭職)
胡江東 (於二零零四年四月十五日委任及於二零零四年四月十五日辭職)
(楊斌之替代董事)

* 獨立非執行董事

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，袁永誠先生、劉天倪先生、陳永存先生及康典先生須輪值告退。惟袁永誠先生、劉天倪先生、陳永存先生及康典先生願膺選連任。

Mr. Yang Bin resigned as a director of the Company with effect from 16 April, 2004. As a result of Mr. Yang's resignation, the number of directors retiring by rotation shall be three namely, Messrs. Liu Tianni, Chen Yongcun and Kang Dian.

Mr. Chow Kwok Wai will retire at the forthcoming annual general meeting. Mr. Chow being eligible, will offer himself 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

As at 31st December, 2003, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance ('SFO')) as recorded in the register required to be kept under section 352 of 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:—

Long position in shares and underlying shares of the Company:

楊斌先生於二零零四年四月十六日辭退本公司董事職務。因楊斌先生辭職緣故，須輪值告退之董事數目應為三名即劉天倪先生，陳永存先生及康典先生。

周國偉先生須於即將召開之股東週年大會告退。周先生惟願膺選連任。

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作出賠償(法定賠償除外)而不可於一年內終止之服務合約。

董事之股份權益

於二零零三年十二月三十一日，本公司董事及最高行政人員在本公司及其相聯法團(定義見證券及期貨條例第XV部(「證券及期貨條例」))的股份、相關股份及債權證中，擁有根據證券及期貨條例第352條規定須予備存的登記冊所記錄或依據上市公司董事進行證券交易的標準守則通知本公司或聯交所的權益及淡倉如下：

本公司股份及相關股份的好倉情況：

Name of Director 董事姓名	Number of ordinary shares (Corporate Interests) 普通股數目(法團權益)	Underlying shares pursuant to share options 購股權相關股份	Total Interests 權益總額	Percentage of Total Issued share capital 佔已發行股本 百分率
CHEN Yongcun 陳永存	—	7,000,000 (Note 2 附註二)	7,000,000	0.53%
CHEUNG Chung Kiu 張松橋	35,994,000 (Note 1 附註1)	—	35,994,000	2.74%
GAO Jian Min 高建民	—	20,000,000 (Note 2 附註二)	20,000,000	1.52%

Directors' Report 董事會報告

Name of Director 董事姓名	Number of ordinary shares (Corporate Interests) 普通股數目 (法團權益)	Underlying shares pursuant to share options 購股權相關股份	Total Interests 權益總額	Percentage of Total Issued share capital 佔已發行股本 百分率
GU Jianguo 顧建國	—	2,000,000 (Note 2 附註二)	2,000,000	0.15%
LIU Tianni 劉天倪	—	10,000,000 (Note 2 附註二)	10,000,000	0.76%

Notes:—

附註：—

1. 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.
2. These represents interests of options granted to the directors under the Old Option Scheme and New Option Scheme to acquire for shares of the Company, further details of which are set out in the section headed "Directors' right to acquire shares or debenture".

- 一、該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Oriental Pearl Holdings Limited直接持有。
- 二、此等為根據舊購股權計劃及新購股權計劃授予董事的購股權權益以認購本公司股份，有關詳情載於「董事購入股份及債權證之權利」部分。

Other than as disclosed above, none of the directors and chief executive of the Company had any interests or short positions in any shares and underlying shares or debentures of the Company or any of its associated corporations as recorded in the register as required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Company. None of directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the year.

除上述所披露者外，本公司董事及最高行政人員概無在本公司或其任何相聯法團的任何股份及相關股份或債權證中，擁有根據按證券及期貨條例第352條規定須備存之名冊所記錄或依據上市公司董事進行證券交易的標準守則通知本公司及聯交所的權益或淡倉。於本年度各董事或彼等之配偶或十八歲以下之子女，概無獲授予任何可認購本公司或其任何相聯法團的股本或債務證券之權利或曾行使任何該等權利。

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.

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

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尚未行使購股權詳情呈列如下：

		Exercisable period 可予行使之期間	Subscription price per share 每股認購價	Outstanding at 1.1.2003 and 31.12.2003 於2003年1月1日及 2003年12月31日 尚未行使
		<i>HK\$</i> 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
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
Gu Jianguo	顧建國	27.7.1999 - 26.7.2009	0.900	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
				39,000,000
		Exercisable period 可予行使之期間	Subscription price per share 每股認購價	Outstanding at 1.1.2003 and 31.12.2003 於2003年1月1日及 2003年12月31日 尚未行使
		<i>HK\$</i> 港元		
Other employees	其他僱員			
		9.1.1997 - 8.1.2007	0.967	15,000,000
		27.7.1999 - 26.7.2009	0.900	16,000,000
		25.7.2001 - 24.7.2011	0.535	21,000,000
		7.6.2002 - 6.6.2012	0.700	55,000,000
				107,000,000
				146,000,000

During the year, no share options were granted to the directors and other employees under both of the Old Scheme and New Scheme.

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 TRANSACTION

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.

年內並無向董事及其他僱員授出任何舊計劃及新計劃項下之購股權。

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。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2003, the interests and short positions of the shareholders, other than a director or chief executive of Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in shares of the Company:

Name of substantial shareholder 主要股東名稱	Capacity 身份	Number of Ordinary Shares (Corporate Interests) 普通股股數(公司權益)	Percentage of Issued Share Capital 佔已發行股份百分率
Silver Grant International Holdings Limited	Beneficial owner 實益擁有人	198,820,022 (Note 1 附註一)	15.15%
China Cinda Asset Management Corporation 中國信達資產管理公司	Interest of Controlled Corporation 受控制法團的權益	175,768,000 (Note 2 附註二)	13.39%
China Construction Bank 中國建設銀行	Interest of Controlled Corporation 受控制法團的權益	113,198,400 (Note 3 附註三)	8.63%
China Everbright Holdings Company Limited 中國光大集團有限公司	Interest of Controlled Corporation 受控制法團的權益	90,368,000 (Note 4 附註四)	6.89%

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, 2003.

主要股東權益

於二零零三年十二月三十一日，本公司根據證券及期貨條例第336條規定須予備存的登記冊所記錄，本公司董事或最高行政人員以外的股東在本公司的股份及相關股份中擁有的權益及淡倉如下：

本公司股份的好倉情況：

Name of substantial shareholder 主要股東名稱	Capacity 身份	Number of Ordinary Shares (Corporate Interests) 普通股股數(公司權益)	Percentage of Issued Share Capital 佔已發行股份百分率
Silver Grant International Holdings Limited	Beneficial owner 實益擁有人	198,820,022 (Note 1 附註一)	15.15%
China Cinda Asset Management Corporation 中國信達資產管理公司	Interest of Controlled Corporation 受控制法團的權益	175,768,000 (Note 2 附註二)	13.39%
China Construction Bank 中國建設銀行	Interest of Controlled Corporation 受控制法團的權益	113,198,400 (Note 3 附註三)	8.63%
China Everbright Holdings Company Limited 中國光大集團有限公司	Interest of Controlled Corporation 受控制法團的權益	90,368,000 (Note 4 附註四)	6.89%

附註：

- 惠小兵先生及高建民先生彼等均為本公司董事，於二零零三年十二月三十一日各自擁有 Silver Grant International Holdings Limited 30% 權益。

Directors' Report 董事會報告

2. The following is a breakdown of the interests in shares of the Company held by China Cinda Asset Management Corporation:— (二) 下列為中國信達資產管理公司所持有之本公司股份權益細節：

Name of Controlled corporation 受控法團的名稱	Name of Controlling shareholder 控股股東的姓名或名稱	Percentage of control 控制百分率	Total interest in shares 股份權益總數	
			Direct interest 直接權益	Deemed interest 當作持有的權益
Well Kent International Investment Company Limited 華建國際投資有限公司	China Cinda Asset Management Corporation 中國信達資產管理公司	100%	—	175,768,000
Catic Limited	Well Kent International Investment Company Limited 華建國際投資有限公司	100%	175,768,000	—

3. The following is a breakdown of the interests in shares of the Company held by China Construction Bank:— (三) 下列為中國建設銀行所持有之本公司股份權益細節：

Name of Controlled corporation 受控法團的名稱	Name of Controlling shareholder 控股股東的姓名或名稱	Percentage of control 控制百分率	Total interest in shares 股份權益總數	
			Direct interest 直接權益	Deemed interest 當作持有的權益
Well Kent International Holdings Company Limited 華建國際集團有限公司	China Construction Bank 中國建設銀行	100%	—	113,198,400
Maxtrack Limited	Well Kent International Holdings Company Limited 華建國際集團有限公司	100%	113,198,400	—

PURCHASE, SALES OR REDEMPTION OF 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 year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 2003 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 May 2004 to Thursday, 20 May 2004, 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 Friday, 14 May 2004.

POST BALANCE SHEET EVENT

Details of significant event occurring after the balance sheet date are set out in note 45 to the financial statements.

購買、出售或贖回本公司之上市證券

本公司及其附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

公司管治

本公司於截至二零零三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。

暫停辦理股份過戶登記

本公司之股份過戶登記處將於二零零四年五月十七日(星期一)至二零零四年五月二十日(星期四)(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，最遲須於二零零四年五月十四日(星期五)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。

資產負債表日後事項

有關資產負債表日後發生之重大事項詳情載於財務報表附註45。

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

15 April 2004

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

二零零四年四月十五日