

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 16 and 17 to the financial statements respectively.

RESULTS AND APPROPRIATIONS

Details of the Group's results and appropriations for the year ended 31st December, 2003 are set out in the consolidated income statement on page 25.

The directors do not recommend the payment of dividend.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers were less than 30% of the total sales. The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the total purchases.

SHARE CAPITAL AND WARRANTS

Details of movements of share capital and warrants of the Company during the year are set out in notes 26 and 27 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PROPERTY, PLANT AND EQUIPMENT

During the year, property, plant and equipment with an aggregate net book value of approximately HK\$901 million were disposed of as a result of the disposal/dilution of the Group's interest in subsidiaries.

The Group incurred expenditure of approximately HK\$269 million on acquisition of property, plant and equipment.

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

董事會全人謹向股東提呈本公司截至二零零三年十二月三十一日止年度之週年報告及經審核財務報表。

主要業務

本公司為一間投資控股公司，各主要附屬公司及聯營公司之業務分別載於財務報表附註16及17。

業績及轉撥

本集團截至二零零三年十二月三十一日止年度之業績及轉撥詳情載於第25頁綜合收益表。

董事並不建議派發股息。

主要客戶及供應商

本集團五大客戶之銷售總額佔總銷售額少於30%，而本集團五大供應商之購買總額亦佔總購買額少於30%。

股本及認股權證

本年內本公司股本及認股權證之變動之相關資料載於財務報表附註26及27。

購買、出售或贖回上市股份

年內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市股份。

物業、廠房及設備

年內，本集團出售賬面總值約901,000,000港元之物業、廠房及設備。

本集團就收購物業、廠房及設備錄得支出約269,000,000港元。

上述詳情及本集團與本公司之物業、廠房及設備於年內之其他變動詳情載於財務報表附註13。

SUBSIDIARIES AND ASSOCIATES

In January 2003, China Enterprises Limited ("China Enterprises"), a non-wholly owned subsidiary of the Company, entered into a conditional sale and purchase agreement (as subsequently amended in September 2003) with Ningxia Yinchuan Rubber Manufacturing ("Ningxia Yinchuan"), a substantial shareholder of Yinchuan C.S.I., (Greatwall) Rubber Company Limited ("Yinchuan C.S.I."), to dispose of its entire 51% interest, in Yinchuan C.S.I. for a consideration of RMB29 million (equivalent to approximately HK\$27 million).

In May 2003, the Group disposed of approximately 9.55% interests in China Velocity Group Limited ("China Velocity", formerly known as Rosedale Hotel Group Limited) which its shares are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") for a consideration of approximately HK\$19 million and the Group's interest in China Velocity was decreased from 32.20% to 22.65%.

In June, 2003, China Enterprises and Hangzhou Industrial & Commercial Trust & Investment Co., Ltd. ("Hangzhou I & C") entered into an agreement, pursuant to which China Enterprises agreed to dispose of its 25% interest in Hangzhou Zhongce Rubber Co., Ltd. ("Hangzhou Zhongce"), a 51% owned subsidiary of China Enterprises, to Hangzhou I & C for the consideration of approximately RMB165 million (equivalent to approximately HK\$155 million). Upon completion of the disposal, China Enterprises's interest in Hangzhou Zhongce was reduced from 51% to 26%, and Hangzhou Zhongce becomes an associate of China Enterprises thereafter.

In August 2003, China Velocity announced that the following group reorganisation (the "China Velocity Group Reorganisation") and completed in December 2003:

- (i) Apex Quality Group Limited ("Apex"), a wholly-owned subsidiary of China Velocity, acquired from China Velocity certain subsidiaries carrying on the hotel and leisure-related business; intra-group balances between China Velocity and those subsidiaries acquired by Apex were waived; and loan advanced to China Velocity by the Group were assigned from China Velocity to Apex;
- (ii) Apex issued 277,408,596 new shares to China Velocity to satisfy (i);

附屬公司及聯營公司

於二零零三年一月，本公司非全資附屬公司 China Enterprises 與銀川中策(長城)橡膠有限公司(「銀川中策」)之主要股東寧夏銀川橡膠廠(「寧夏銀川」)訂立有條件買賣協議(協議經其後於二零零三年九月修訂)，出售所持銀川中策全部 51% 權益，代價為人民幣 29,000,000 元(相等於約 27,000,000 港元)。

本集團於二零零三年五月出售中國高速(集團)有限公司(「中國高速」)(前稱珀麗酒店有限公司，其股份於香港聯合交易所有限公司(「香港交易所」)上市)約 9.55% 之權益，代價為約 19,000,000 港元。本公司所持之中國高速股權由 32.20% 減至 22.65%。

於二零零三年六月，China Enterprises 與杭州工商信託投資股份有限公司(「杭州工商」)訂立協議，據此 China Enterprises 同意出售所持杭州中策橡膠有限公司(「杭州中策」，China Enterprises 擁有 51% 權益之附屬公司) 25% 權益予杭州工商，代價約為人民幣 165,000,000 元(相等於約 155,000,000 港元)。完成出售後，China Enterprises 於杭州中策之權益由 51% 減至 26%，而杭州中策其後成為 China Enterprises 之聯營公司。

二零零三年八月，中國高速公佈以下集團重組(「中國高速集團重組」)，並於二零零三年十二月完成：

- (i) 中國高速全資附屬公司 Apex Quality Group Limited (「Apex」) 向中國高速收購若干經營酒店及休閒相關業務之附屬公司(中國高速與 Apex 所收購附屬公司之集團間結餘予以豁免)；而本集團墊付予中國高速之貸款乃由中國高速出讓予 Apex；
- (ii) Apex 向中國高速發行 277,408,596 股新股以支付(i)之代價；

SUBSIDIARIES AND ASSOCIATES (Cont'd)

(iii) China Velocity distributed the issued shares of Apex, in specie to the shareholders of China Velocity whose names appeared on the register of members of China Velocity on 11th December, 2003, on the basis of one share of Apex for each consolidated issued share in China Velocity held by the shareholders.

Upon completion of the China Velocity Group Reorganisation, the Group held 22.65% interest both in China Velocity and Apex.

China Velocity continued to be a listed company concentrating on property investment and development in the People's Republic of China ("PRC"). Companies carrying on the hotel and leisure related businesses are grouped under Apex which continued to be operated by the existing management of China Velocity.

In July, 2003, the Group disposed of its 50% interest in its wholly-owned subsidiary, Pacific Wins Development Ltd. for a consideration of HK\$24 million. Pacific Wins Development Ltd. becomes an associate of the Group upon completion of the disposal.

Details of principal subsidiaries and associates at 31st December, 2003 are set out in notes 16 to 17 to the financial statements respectively.

DIRECTORS

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

Executive directors:

Dr. Chan Kwok Keung, Charles
Chairman and Chief Executive Officer
Dr. Yap, Allan
Vice-Chairman
Mr. Li Wa Kin
Deputy Managing Director
Ms. Chau Mei Wah, Rosanna
Ms. Chan Ling, Eva

Alternate director to Dr. Chan Kwok Keung, Charles:

Mr. Chan Kwok Hung

附屬公司及聯營公司 (續)

(iii) 中國高速實物分派Apex已發行股份予二零零三年十二月十一日名列中國高速股東名冊之中國高速股東，基準為股東每持有一股中國高速合併已發行股份可獲發一股Apex股份。

中國高速集團重組完成時，本集團於中國高速及Apex均持有22.65%權益。

中國高速繼續成為專注於中華人民共和國（「中國」）物業投資及發展之上市公司。經營酒店及休閒相關業務之公司歸於Apex旗下，繼續由現中國高速管理層主理。

二零零三年七月，本集團出售其於全資附屬公司Pacific Wins Development Ltd.之50%權益，代價為24,000,000港元。於出售事項完成時，Pacific Wins Development Ltd.成為本集團之聯營公司。

主要附屬公司及聯營公司於二零零三年十二月三十一日之詳情分別載於財務報表附註16至17。

董事會

年內及直至本報告編製日期為止之本公司董事會成員為：

執行董事：

陳國強博士
主席兼行政總裁
Yap, Allan博士
副主席
李華健先生
副董事總經理
周美華女士
陳玲女士

陳國強博士之替任董事：

陳國鴻先生

DIRECTORS (Cont'd)

Alternate director to Dr. Yap, Allan:

Mr. Lui Siu Tsuen, Richard

Alternate director to Ms. Chau Mei Wah, Rosanna:

Mr. Lau Ko Yuen, Tom (resigned on 11th June, 2003)

Independent non-executive directors:

Mr. David Edwin Bussmann

Ms. Fung Wan Yiu, Agnes (appointed on 4th July, 2003)

Ms. Choy Hok Man, Constance (resigned on 4th July, 2003)

In accordance with Article 116 of the Company's Articles of Association, Dr. Chan Kwok Keung, Charles and Mr. Li Wa Kin retire at the forthcoming Annual General Meeting by rotation. In addition, in accordance with Article 99 of the Company's Articles of Associations, Ms. Fung Wan Yiu, Agnes who was appointed during the period from the last Annual General Meeting to the date of this report, retires at the forthcoming Annual General Meeting. All retiring directors, being eligible, offer themselves for re-election.

The directors proposed for re-election at the forthcoming Annual General Meeting do not have any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

董事會 (續)

Yap, Allan博士之替任董事：

呂兆泉先生

周美華女士之替任董事：

劉高原先生 (於二零零三年六月十一日辭任)

獨立非執行董事：

卜思問先生

馮蘊瑤女士 (於二零零三年七月四日獲委任)

蔡學雯女士 (於二零零三年七月四日辭任)

根據本公司之公司章程細則第116條，陳國強博士及李華健先生須於應屆股東週年大會輪值告退。此外，根據本公司之公司章程細則第99條，由上屆股東週年大會至本報告日期止期間獲委任之馮蘊瑤女士於應屆股東週年大會告退。所有退任董事均合資格並願意膺選連任。

擬於應屆股東週年大會上膺選連任之董事概無與本集團訂立本集團不可於一年內免付賠償(法定賠償除外)而終止之服務合約。

各非執行董事之任期為截至根據本公司之公司章程細則須輪值退任止期間。

BRIEF DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT STAFF

Directors

Dr. Chan Kwok Keung, Charles, aged 49, is the chairman and chief executive officer of the Company. Dr. Chan holds an honorary degree of Doctor of Laws and a bachelor's degree in civil engineering and has over 24 years' international corporate management experience in the construction and property sectors as well as in strategic investments. He joined the Company in 2000. Dr. Chan is also the chairman of ITC Corporation Limited, Paul Y. - ITC Construction Holdings Limited, Hanny Holdings Limited and Dong Fang Gas Holdings Limited, companies whose shares are listed on the Hong Kong Stock Exchange and China Enterprises Limited whose shares are traded on the OTC Bulletin Board in the United States of America. He is also an executive director of Wing On Travel (Holdings) Limited (formerly known as Ananda Wing On Travel (Holdings) Limited), a company whose shares are listed on the Hong Kong Stock Exchange and a non-executive director of Downer EDI Limited, a company whose shares are listed on the Australian Stock Exchange and the New Zealand Stock Exchange.

Dr. Yap, Allan, aged 48, is the vice chairman of the Company. He obtained the honorary degree of Doctor of Laws and has over 22 years' experience in finance, investment and banking. Dr. Yap joined the Company in 2000. He is the managing director of Hanny Holdings Limited and the vice chairman of China Enterprises Limited and Dong Fang Gas Holdings Limited and an executive director of Wing On Travel (Holdings) Limited. Dr. Yap is also the chairman and chief executive officer of Burcon NutraScience Corporation, a company whose shares are listed on the TSX Venture Exchange and the Frankfurt Stock Exchange, and an executive chairman of PSC Corporation Limited and Intraco Limited, both public listed companies in Singapore.

Mr. Li Wa Kin, aged 48, is the deputy managing director of the Company. He is also a President of the Greater China Division of the Company. Mr. Li has more than 23 years experience in international trade, investment and management. He is very familiar with the PRC investment environment and legal system. Mr. Li joined the Company in 1998.

董事及高級管理層之資料簡介

董事

陳國強博士，現年49歲，為本公司主席兼行政總裁。陳博士持有法律榮譽博士學位及土木工程學士學位，在建築業、地產業及策略投資方面積逾24年國際企業管理經驗。彼於二零零零年加入本公司。陳博士亦為德祥企業集團有限公司、保華德祥建築集團有限公司、錦興集團有限公司及東方燃氣集團有限公司（該等公司之股份均在香港交易所上市），及China Enterprises Limited（其股份於美國場外交易議價板買賣）之主席。彼亦為永安旅遊（控股）有限公司（其股份於香港交易所上市）之執行董事及Downer EDI Limited（其股份於澳洲證券交易所及新西蘭證券交易所上市之公司）之非執行董事。

Yap, Allan博士，現年48歲，為本公司副主席。彼持有法律榮譽博士學位，並於金融、投資及銀行方面積逾22年經驗。Yap博士於二零零零年加入本公司。彼為錦興集團有限公司之董事總經理及China Enterprises Limited及東方燃氣集團有限公司之副主席，以及永安旅遊（控股）有限公司之執行董事。Yap博士亦為Burcon NutraScience Corporation（其股份在TSX Venture Exchange及法蘭克福證券交易所上市）之主席兼行政總裁及新加坡上市公司普威聯營有限公司及新加坡國際貿易有限公司之執行主席。

李華健先生，現年48歲，為本公司副董事總經理。彼亦為本公司大中華區總裁。擁有逾23年國際貿易、投資及企業管理經驗、熟悉中國的投資環境和政策法規。李先生於一九九八年加入本公司。

BRIEF DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT STAFF (Cont'd)

董事及高級管理層之資料簡介 (續)

Directors (Cont'd)

董事 (續)

Ms. Chau Mei Wah, Rosanna, aged 49, is an executive director of the Company. She has over 24 years' experience in international corporate management and finance. Ms. Chau holds a bachelor's degree and a master's degree in commerce and is a member of the Hong Kong Society of Accountants, the CPA Australia and the Certified General Accountants' Association of Canada. She joined the Company in 2000. Ms. Chau is the managing director of ITC Corporation Limited and an executive director of Paul Y. - ITC Construction Holdings Limited and a director of Burcon NutraScience Corporation.

周美華女士，現年49歲，為本公司執行董事。彼於國際企業管理及財務方面積逾24年經驗。周女士持有商業學士及碩士學位，並為香港會計師公會會員、澳洲會計師公會會員及加拿大公認會計師協會會員。彼於二零零零年加入本公司。周女士為德祥企業集團有限公司之董事總經理及保華德祥建築集團有限公司之執行董事，亦為Burcon NutraScience Corporation之董事。

Ms. Chan Ling, Eva, aged 38, is an executive director of the Company. Ms. Chan has 16 years' experience in auditing, accounting and finance in both international accounting firms and listed companies. She is a member of the Institute of Chartered Accountants in Australia, a fellow member of the Association of Chartered Certified Accountants and also a certified public accountant in Hong Kong. Ms. Chan joined the Company in 1996. She is also the group financial controller of Wing On Travel (Holdings) Limited.

陳玲女士，現年38歲，為本公司執行董事。陳女士於國際會計師行及上市公司具16年核數、會計及財務之經驗。彼為澳洲特許會計師公會會員、特許公認會計師公會資深會員及香港執業會計師。陳女士於一九九六年加入本公司。彼亦為永安旅遊(控股)有限公司之集團財務總監。

Mr. David Edwin Bussmann, aged 50, has been appointed as an independent non-executive director of the Company since February 2000. Mr. Bussmann holds has more than 21 years experience in the investment and finance field, and is very familiar with investment issues related to China, as well as sectors such as technology, real estate, and direct investment. Mr. Bussmann is also an independent non-executive director of China Enterprises Limited. He previously worked at Salomon Brothers, Citibank, Bank of America and Prudential Asia.

卜思問先生，現年50歲，自二零零零年二月出任為本公司獨立非執行董事。卜先生於投資及金融界擁有逾21年經驗，非常熟悉有關中國之投資事宜，尤其對科技、房地產及直接投資等行業亦有深入了解。卜先生亦為China Enterprises Limited之獨立非執行董事。彼曾於所羅門兄弟、花旗銀行、美國亞洲銀行及Prudential Asia工作。

Ms. Fung Wan Yiu, Agnes, aged 39, joined the Group as an independent non-executive director in July, 2003. She graduated from the University of Hong Kong with a Bachelor of Law degree and was admitted as a solicitor in Hong Kong and Singapore. She is a partner of Messrs. Vincent T. K. Cheung, Yap & Co. and has been practicing in the legal field for nearly 15 years.

馮蘊瑤女士，現年三十九歲，於二零零三年七月加入本集團為獨立非執行董事。彼畢業於香港大學法律系亦為香港及新加坡之認可執業律師，彼為張葉司徒陳律師事務所合夥人並從事法律事務近十五年。

BRIEF DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT STAFF (Cont'd)

董事及高級管理層之資料簡介 (續)

Directors (Cont'd)

Mr. Chan Kwok Hung, aged 45, has been appointed an alternate director of the Company since July 2001. He holds a diploma in arts and has over 19 years' experience in trading business in China. Mr. Chan is an executive director of ITC Corporation Limited, Hanny Holdings Limited and Dong Fang Gas Holdings Limited. He is the younger brother of Dr. Chan Kwok Keung, Charles, the chairman and chief executive officer of the Company.

Mr. Lui Siu Tsuen, Richard, aged 48, has been appointed an alternate director of the Company since July 2001. He is a qualified accountant and worked for an international accounting firm for over 12 years and has previously held senior financial positions in both private and public listed companies. Mr. Lui is the deputy managing director of Hanny Holdings Limited. He is also an executive director of Wing On Travel (Holdings) Limited and PSC Corporation Limited.

Senior Management

Ms. Law, Dorothy, aged 34, is a director of China Enterprises Limited. She received her Bachelor of Commerce and Bachelor of Laws degrees from the University of British Columbia in Canada. Ms. Law is a Barrister and Solicitor licensed to practice law in British Columbia and has also been admitted as a Solicitor of the High Court of Hong Kong. Ms. Law is also a director of Burcon NutraScience Corporation and corporate counsel of Hanny Holdings Limited.

Ms. Cheung Sze Man, Sharen, aged 33, joined the Group as Financial Controller in September 2002. She holds a Bachelor of Commerce degree and Bachelor of Arts degree from the University of Auckland in New Zealand, and is a member of both the Hong Kong Society of Accountants and CPA Australia. Prior to the joining the group, Ms Cheung has worked in Hong Kong and overseas, and has accumulated diversified experience in audit and financial management in both private and public companies.

董事 (續)

陳國鴻先生，現年45歲，自二零零一年七月出任本公司之替任董事。陳先生持有文學文憑，在中國貿易經營方面積逾19年經驗。陳先生為德祥企業集團有限公司、錦興集團有限公司及東方燃氣集團有限公司之執行董事。彼為本公司主席兼行政總裁陳國強博士之胞弟。

呂兆泉先生，現年48歲，自二零零一年七月出任本公司替任董事。彼為專業會計師，曾任職一家國際會計師行逾12年，並曾在多間私人機構及上市公司擔任財務方面之高職。呂先生為錦興集團有限公司之副董事總經理，彼亦為永安旅遊(控股)有限公司及普威聯營有限公司之執行董事。

高級管理層

Law, Dorothy女士，現年34歲，為China Enterprises Limited董事。彼持有加拿大英屬哥倫比亞大學商業學士學位及法律學士學位。彼為英屬哥倫比亞省之執業大律師及律師，亦為香港高等法院之認可律師。彼亦為Burcon NutraScience Corporation董事及錦興集團有限公司之公司律師。

張詩敏女士，現年33歲，於二零零二年九月加入本集團擔任財務總監。彼持有紐西蘭大學商業學士學位及文學士學位，且為香港會計師公會會員及澳洲執業會計師。加入本集團前，張女士曾於本港及海外工作，並於私人公司及上市公司累積核數及財務管理等方面經驗。

DIRECTOR'S INTERESTS IN SHARES

As at 31st December, 2003, the interests of the directors of the Company and their associates in the share, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept by the Company pursuant to section 352 of the Securities and Futures Ordinance or as otherwise notified to the Company and to the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions

(i) The Company

Name of director 董事姓名	Capacity 性質
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Dr. Chan Kwok Keung, Charles (Note 2) 陳國強博士 (附註2)	Interest held by controlled corporation 持有控股公司權益
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(ii) Associated corporation

Name of director 董事姓名	Name of associated corporation 相關法團名稱	Capacity 性質
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Dr. Chan Kwok Keung, Charles 陳國強博士	Wing On Travel (Holdings) Limited ("Wing On") 永安旅遊(控股) 有限公司(「永安」)	Beneficial owner 實益擁有人
	Dong Fang Gas Holdings Limited ("Dong Fang Gas") 東方燃氣控股 有限公司(「東方燃氣」)	Beneficial owner 實益擁有人

董事於股份之權益

於二零零三年十二月三十一日，本公司董事及彼等之聯繫人士於本公司及其任何相關法團（按證券及期貨條例第十五部之涵義）之股份、相關股份及債券中，擁有列入證券及期貨條例第352條之該等條文所述之由本公司存置之登記冊內或另行知會本公司之權益或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所權益如下：

好倉

(i) 本公司

Number of ordinary shares held 所持普通股數目 (Note 1) (附註1)	Approximate shareholding percentage 概約持股百分比
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258,819,795	30.21%
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(ii) 相關法團

Number of ordinary shares held 所持普通股數目	Approximate shareholding percentage 概約持股百分比
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17,280,000 (Note 3) (附註3)	0.10%
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2,520,900 (Note 4) (附註4)	0.22%
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DIRECTOR'S INTERESTS IN SHARES (Cont'd)

Long positions (Cont'd)

(ii) **Associated corporation** (Cont'd)

Notes:

1. Share(s) of HK\$0.10 each in the capital of the Company.
2. Dr. Chan Kwok Keung, Charles is deemed to be interested in 258,819,795 shares of the Company held by Calisan Developments Limited ("Calisan") by virtue of his interest in Chinaview International Limited ("Chinaview") which has a controlling interest in Calisan. Details of which are disclosed under the heading "Substantial Shareholders".
3. Share(s) of HK\$0.01 each in the capital of Wing On.
4. Share(s) of HK\$0.40 each in the capital of Dong Fang Gas.

Save as disclosed above as at 31st December, 2003, none of the Company's directors or their associates had any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the Securities and Futures Ordinance or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

董事於股份之權益 (續)

好倉 (續)

(ii) 相關法團 (續)

附註：

1. 本公司股本中每股面值0.10港元之股份。
2. 陳國強博士由於擁有 Chinaview International Limited (「Chinaview」) 而擁有 Calisan Developments Limited (「Calisan」) 之控股權益，故被視為擁有由 Calisan 所持有之 258,819,795 股本公司股份。有關詳情載於「主要股東」一節。
3. 永安股本中每股面值0.10港元之股份。
4. 東方燃氣股本中每股面值0.40港元之股份。

除上文披露者外，於二零零三年十二月三十一日，本公司董事或彼等之聯繫人士於本公司或其任何相關法團之股份及相關股份中，概無須根據證券及期貨條例第352條予以記錄或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所之擁有權益或短倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Particulars of the Company's share option schemes are set out in note 28 to the financial statements.

The Company

The following table discloses the movement in the Company's share options held by a director during the year:

Name of director	Date of grant	Exercisable period	Exercise price	Number of shares under option		
				Outstanding at 1.1.2003	Surrendered/lapsed during the year	Outstanding at 31.12.2003
董事姓名	授出日期	可行使期間	行使價	於二零零三年一月一日尚未行使	年內放棄/失效	於二零零三年十二月三十一日尚未行使
			HK\$ 港元			
Ms. Chan Ling, Eva 陳玲女士	12.1.2000 二零零零年一月十二日	18.1.2000 to 17.1.2005 二零零零年一月十八日至二零零五年一月十七日	3.145	75,000	(75,000)	—

As at 31st December, 2003, there were no shares available for issue under the Company's share option scheme.

China Enterprises

Details of the share option scheme of China Enterprises are set out in note 28 to the financial statements.

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 to acquire benefits by means of the acquisition of shares in, or debentures, of the Company or any other body corporate.

董事購買股份或債券之權利

本公司購股權計劃之詳情載於本財務報表附註28。

本公司

年內根據本公司之購股權計劃授予董事之購股權披露如下：

Number of shares under option 購股權涉及之股份數目

Outstanding at 1.1.2003	Surrendered/lapsed during the year	Outstanding at 31.12.2003
於二零零三年一月一日尚未行使	年內放棄/失效	於二零零三年十二月三十一日尚未行使

於二零零三年十二月三十一日，概無根據本公司購股權計劃可予發行之股份。

China Enterprises

China Enterprises之購股權計劃之詳情載於財務報表附註28。

除上述者外，年內任何時間，本公司及其任何附屬公司均概無訂立任何安排，致使本公司董事可藉因收購本公司或任何其他法團之股份或債券而取得利益。

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance shows that as at 31st December, 2003 the following shareholders had notified the Company of relevant interest in the issued share capital of the Company.

Long positions

Name	Capacity	Notes	Number of shares	Approximate shareholding percentage
名稱	性質	附註	股份數目	概約持股百分比
Calisan	Beneficial owner 實益擁有人	1	258,819,795	30.21%
Great Decision Limited	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Paul Y. - ITC Investments Group Limited	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Paul Y. - ITC Construction Holdings (B.V.I.) Limited	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Paul Y. - ITC Constuction Holdings Limited 保華德祥建築集團有限公司	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Hollyfield Group Limited	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
ITC Investment Holdings Limited	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
ITC Corporation Limited 德祥企業集團有限公司	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Galaxyway Investments Limited	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Chinaview	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Dr. Chan Kwok Keung, Charles 陳國強博士	Interest held by controlled corporation 持有控股公司權益	1	258,819,795	30.21%
Ms. Ng Yuen Lan, Macy 伍婉蘭女士	Interest held by family 持有家族權益	2	258,819,795	30.21%
Well Orient Limited 威倫有限公司	Beneficial owner 實益擁有人	3	258,819,794	30.21%
Powervote Technology Limited	Interest held by controlled corporation 持有控股公司權益	3	258,819,794	30.21%
Hanny Magnetics (B.V.I.) Limited	Interest held by controlled corporation 持有控股公司權益	3	258,819,794	30.21%
Hanny Holdings Limited 錦興集團有限公司	Interest held by controlled corporation 持有控股公司權益	3	258,819,794	30.21%

主要股東

根據證券及期貨條例第336條規定須予保存之主要股東登記冊所載，於二零零三年十二月三十一日，下列股東知會本公司其擁有本公司已發行股本有關權益：

好倉

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Long positions (Cont'd)

Note:

1. Dr. Chan Kwok Keung, Charles owns the entire interest of Chinaview which in turn owns the entire interest in Galaxyway Investments Limited ("Galaxyway"). Galaxyway owns more than one-third of the entire issued ordinary share capital of ITC Corporation Limited ("ITC"). ITC owns the entire interest of ITC Investment Holdings Limited ("ITC Investment") which owns the entire interest of Hollyfield Group Limited ("Hollyfield"). Hollyfield owns more than one-third of the entire issued share capital of Paul Y. - ITC Construction Holdings Limited ("Paul Y. - ITC"). Paul Y. - ITC owns the entire interest of Paul Y. - ITC Construction Holdings (B.V.I.) Limited ("PYBVI") which in turn owns the entire interest in Paul Y. - ITC Investments Group Limited ("PYITCIG"). PYITCIG owns the entire interest in Great Decision Limited ("GDL") which in turn owns the entire interest in Calisan. Accordingly, GDL, PYITCIG, PYBVI, Paul Y. - ITC, Hollyfield, ITC Investment, ITC, Galaxyway, Chinaview and Dr. Chan Kwok Keung, Charles are deemed to be interested in 258,819,795 shares in the Company which are held by Calisan.
2. Ms. Ng Yuen Lan, Macy is a spouse of Dr. Chan Kwok Keung, Charles and deemed to be interested in 258,918,795 shares of the Company held by Calisan.
3. Well Orient Limited ("WOL") is wholly-owned by Powervote Technology Limited ("PTL") which is in turn owned by Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics"). Hanny Magnetics is wholly-owned by Hanny Holdings Limited ("Hanny"). PTL, Hanny Magnetics and Hanny are deemed to be interested in 258,819,794 shares in the Company which are held by WOL.

Save as disclosed above, the Company had not been notified of any other interests or short position in shares and underlying shares of the Company pursuant to section 336 of the Securities and Futures Ordinance which representing 5 percent or more in the issued share capital of the Company as at 31st December, 2003.

主要股東 (續)

好倉 (續)

附註：

1. 陳國強博士擁有Chinaview全部權益，而Chinaview擁有Galaxyway Investments Limited (「Galaxyway」) 全部權益。Galaxyway擁有德祥企業集團有限公司 (「德祥企業」) 超過三分之一已發行普通股。德祥企業擁有ITC Investment Holdings Limited (「ITC Investment」) 之全部權益，而ITC Investment則擁有Hollyfield Group Limited (「Hollyfield」) 之全部權益。Hollyfield擁有保華德祥建築集團有限公司 (「保華德祥」) 超過三分之一已發行股本。保華德祥擁有Paul Y. - ITC Construction Holdings (B.V.I.) Limited (「PYBVI」) 之全部權益，而PYBVI擁有Paul Y. - ITC Investment Group Limited (「PYITCIG」) 全部權益。PYITCIG擁有Great Decision Limited (「GDL」) 全部權益，而GDL擁有Calisan全部權益。因此，GDL、PYITCIG、PYBVI、保華德祥、Hollyfield、ITC Investment、德祥企業、Galaxyway、Chinaview及陳國強博士被視為於Calisan所持有之258,819,795股本公司股份中擁有權益。
2. 伍婉蘭女士為陳國強博士之配偶，視作擁有258,918,795股由Calisan持有之本公司股份。
3. 威倫有限公司 (「威倫」) 由Powervote Technology Limited (「PTL」) 全資擁有，而PTL由Hanny Magnetics (B.V.I.) Limited (「Hanny Magnetics」) 全資擁有。Hanny Magnetics由錦興全資擁有。PTL、Hanny Magnetics及錦興被視為於威倫所持有之258,819,794股本公司股份中擁有權益。

除上文披露者外，於二零零三年十二月三十一日，根據證券及期貨條例第336條，本公司並不知悉有任何人士於本公司之股份及相關股份中擁有佔本公司已發行股本5%或以上之任何其他權益或短倉。

CONNECTED TRANSACTIONS

In January 2003, China Enterprises entered into a conditional sale and purchase agreement (as subsequently amended in September 2003) with Ningxia Yinchuan, to dispose of its entire 51% interest in Yinchuan C.S.I. for a consideration of RMB29 million (equivalent to approximately HK\$27 million). Ningxia Yinchuan is a connected person of the Company by virtue of its being a substantial shareholder of Yinchuan C.S.I..

The transaction constitutes a connected transaction of the Company under the Rules Governing the Listing of Securities of the Hong Kong Stock Exchange ("Listing Rules").

CODE OF BEST PRACTICE

In the opinion of the directors of the Company, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year, except that the independent non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet events are set out in note 40 to the financial statements.

AUDITORS

A resolution will be submitted to the Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Dr. Chan Kwok Keung, Charles
CHAIRMAN

Hong Kong
23rd April, 2004

關連交易

於二零零三年一月，本公司非全資附屬公司 China Enterprises 與寧夏銀川訂立有條件買賣協議，China Enterprises 同意向寧夏銀川出售所持銀川中策全部51%權益，代價為人民幣29,000,000元（相等於約27,000,000港元）。寧夏銀川因其為銀川中策主要股東而屬於本公司連繫人士。

根據香港交易所證券上市規則（「上市規則」）該交易構成本公司之關連交易。

最佳應用守則

本公司董事認為，本公司於年內一直遵守上市規則附錄14所載之最佳應用守則，惟本公司獨立非執行董事並非以指定任期委任，而須根據本公司之公司章程細則在股東週年大會上輪值告退及膺選連任。

結算日後事項

於結算日後之重大事項詳情載於財務報表附註40。

核數師

有關重新委聘德勤•關黃陳方會計師行連任本公司核數師之決議案將在本公司之股東週年大會上提呈。

代表董事會

主席
陳國強博士

香港
二零零四年四月二十三日