

REPORT OF THE DIRECTORS 董事會報告

The directors have pleasure in submitting their annual report together with the audited accounts for the year ended 31 December 2002.

董事會謹此呈奉截至二零零二年十二月三十一日止年度之報告及已審核賬目，敬祈省覽。

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

主要業務及按市場分析之業績

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are shown in note 13 to the accounts.

本公司之主要業務為投資控股。各附屬公司之主要業務及其他詳情列載於賬目附註13。

An analysis of the Group's performance for the year by business and geographical segments is set out in note 2 to the accounts.

按業務及地區就本集團年內表現所作之分析載於賬目附註2。

MAJOR CUSTOMERS AND SUPPLIERS

主要客戶及供應商

The percentage of the sales and purchases for the year attributable to the Group's major customers and suppliers during the financial year is as follows:

本集團於財政年度之主要客戶及供應商佔是年度之銷貨及購貨之百分比如下：

		Percentage of the Group's total 佔本集團總額百分比	
		Sales 銷貨	Purchases 購貨
The largest customer	最大客戶	9.05%	
Five largest customers in aggregate	最大五個客戶合計	32.33%	
The largest supplier	最大供應商		13.51%
Five largest suppliers in aggregate	最大五個供應商合計		41.49%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in these major customers or suppliers.

本公司的董事、聯繫人士或任何股東(據董事所知，持有本公司股本5%或以上)，並無於本年度任何時間擁有上述主要客戶或供應商的任何權益。

REPORT OF THE DIRECTORS 董事會報告

RESULTS AND APPROPRIATIONS

The results and cash flows of the Group for the year ended 31 December 2002 and the state of the Company's and the Group's affairs as at that date are set out in the accounts on pages 32 to 37.

The directors have resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2002.

The directors do not recommend the payment of a final dividend for the year ended 31 December 2002.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 24 to the accounts.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK\$90,000 (2001: HK\$53,000).

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 12 to the accounts.

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes are set out on page 88.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 23 to the accounts.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 87.

業績及股息

本集團截至二零零二年十二月三十一日止年度的業績及現金流量和本公司及本集團於該日的財政狀況載於第32頁至第37頁的賬目內。

董事會已議決不派發截至二零零二年六月三十日止六個月之中期股息。

董事會建議不派發截至二零零二年十二月三十一日止年度之末期股息。

儲備

本年內本集團及本公司之儲備變動詳情列載於賬目附註24。

慈善捐款

於本年內，本集團之捐款金額共達港幣90,000元（二零零一年：港幣53,000元）。

固定資產

本集團固定資產之變動詳情列載於賬目附註12。

主要物業

持作投資用途之主要物業詳情載於第88頁。

股本

本公司股本之變動詳情列載於賬目附註23。

五年財務摘要

本集團最近五個財政年度之業績及資產負債摘要載於第87頁。

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RETIREMENT SCHEMES

Particulars of retirement schemes of the Group and the Company as at 31 December 2002 are set out in note 8 to the accounts.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2002, 395,000,000 ordinary shares of HK\$0.10 each of the Company were repurchased and cancelled by the Company at the price of HK\$0.98 per share by way of a conditional cash offer ("Offer"). The Offer was approved at the special general meeting on 14 January 2002 and became unconditional on 15 January 2002. The total consideration payable by the Company under the Offer was approximately HK\$387.10 million. Save as disclosed above, the Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist under the laws of Bermuda in relation to issues of new shares by the Company.

DIRECTORS

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

Executive directors:

Michael John Green

(also appointed as alternate director to Simon Murray on 14 February 2003)

Simon Murray

(resigned on 8 February 2002)

Augustus Ralph Marshall

(resigned on 8 February 2002)

Yip Ka Kay, Kevin

(resigned on 8 February 2002)

Leung Tak Tong, Eric

(appointed on 8 February 2002)

Woo Chun Yu, Adolf

(appointed on 8 February 2002)

Lai Ka Tak, Patrick

(appointed on 8 February 2002)

退休金計劃

本集團及本公司於二零零二年十二月三十一日的退休金計劃詳情載於賬目附註8。

購入、出售或贖回股份

於截至二零零二年十二月三十一日止年度，本公司以有條件現金回購建議（「回購建議」）方式按每股港幣0.98元之作價，購回及注銷395,000,000股本公司每股面值港幣0.10元之普通股。回購建議已於二零零二年一月十四日舉行之股東特別大會上通過。並於二零零二年一月十五日成為無條件。本公司根據回購建議應付之總代價約為港幣387,100,000元。除上文披露者外，本公司於年內並無贖回任何本公司股份。年內本公司或其各附屬公司亦概無購買或出售任何本公司股份。

優先購買權

百慕達法例概無就本公司發行新股有關之優先購買權作出規定。

董事

於本年內及截至本報告日期止，本公司之董事如下：

執行董事：

米高•葛林

(於二零零三年二月十四日亦委任為馬世民之替代董事)

馬世民

(於二零零二年二月八日辭任)

Augustus Ralph Marshall

(於二零零二年二月八日辭任)

葉家祺

(於二零零二年二月八日辭任)

梁德堂

(於二零零二年二月八日委任)

胡鎮宇

(於二零零二年二月八日委任)

黎嘉得

(於二零零二年二月八日委任)

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS (continued)

Non-executive directors:

Geoffrey Alan Spender

(resigned on 8 February 2002)

Simon Murray

(appointed on 8 February 2002)

Augustus Ralph Marshall

(appointed on 8 February 2002)

Independent non-executive directors:

Christopher John David Clarke

V-Nee Yeh

In accordance with bye-law 87(1) of the Company's bye-laws, Messrs. Augustus Ralph Marshall and Christopher John David Clarke retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business 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.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2002, which do not constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), are disclosed in note 28 to the accounts.

董事 (續)

非執行董事：

Geoffrey Alan Spender

(於二零零二年二月八日辭任)

馬世民

(於二零零二年二月八日委任)

Augustus Ralph Marshall

(於二零零二年二月八日委任)

獨立非執行董事：

簡基華

葉維義

根據本公司組織章程細則87(1)條，Augustus Ralph Marshall及簡基華兩位董事輪值告退，並願膺選連任。

董事之服務合約

擬於應屆股東週年大會上重選之董事概無與本公司簽訂不可於一年內免付補償(法定補償除外)而終止之服務合約。

董事之合約權益

在本年度結算日或本年度任何期間內，本公司或其附屬公司概無訂立有關本公司業務之重大合約而使本公司董事直接或間接擁有重大權益。

與有關連人士之交易

本集團於截至二零零二年十二月三十一日止年度內所訂立，且根據香港聯合交易所有限公司證券上市規則(「上市規則」)之規定並不構成關連交易之有關連人士重大交易於賬目附註28披露。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME

An Executive Share Option Scheme (“the Scheme”) was approved by the shareholders at a special general meeting of the Company on 10 December 1993. The Scheme was terminated on 14 February 2002 since a conditional cash offer (“Offer”) to repurchase 395,000,000 shares of the Company has been approved by a special general meeting held on 14 January 2002 and become unconditional on 15 January 2002. Pursuant to the clauses 6.3(c) and 7 of the Scheme, all options shall be exercisable (to the extent of the outstanding options not exercised) at any time within 30 days after the date on which the Offer becomes or is declared unconditional. Upon expiry of the period described above, all options shall terminate automatically and shall not be exercisable (to the extent not already exercised). On 14 January 2002, 3,600,000 share options were exercised by grantees at the price of HK\$0.592 per share granted under the Scheme. At the date before options were exercised, the market value per share was HK\$0.90. The remaining 23,204,000 share options lapsed on 14 February 2002.

購股權計劃

本公司設有一項行政人員購股權計劃（「該計劃」），該計劃於一九九三年十二月十日於本公司股東特別大會上獲股東批准。由於回購395,000,000股本公司股份之有條件現金回購建議（「回購建議」）已在二零零二年一月十四日舉行之股東特別大會上獲批准，並於二零零二年一月十五日成為無條件，該計劃因而於二零零二年二月十四日終止。根據該計劃第6.3(c)及第7條之規定，於該回購建議成為或被宣佈為無條件當日起計三十日內之任何時間，所有尚未行使之購股權可予行使。於上述期間結束後，所有尚未行使之購股權將自動作廢及不得行使。於二零零二年一月十四日，3,600,000份根據該計劃授出之購股權之持有人以每股港幣0.592元之價格行使購股權。於該購股權獲行使前，每股股份之市價為港幣0.90元。餘下之23,204,000份購股權已於二零零二年二月十四日作廢。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

Details of options granted to directors and continuous employees under the Scheme were as follows:

根據該計劃向董事及長期僱員授出購股權之詳情如下：

		Date of options granted	Outstanding options as at 1 January 2002 二零零二年 一月一日 尚未行使之 購股權	Granted during the year 於年內 授出	Exercised during the year 於年內 行使	Lapsed as a result of share repurchase 因購回 股份而 作廢	Outstanding options as at 31 December 2002 二零零二年 十二月 三十一日 尚未行使之 購股權	Subscription price per share 每股認購價 HK\$ 港幣
Directors	董事							
Eric T T Leung	梁德堂	12 December 1995 一九九五年十二月十二日	704,000	-	-	(704,000)	-	0.8304
		25 June 1996 一九九六年六月二十五日	1,000,000	-	-	(1,000,000)	-	1.2288
		1 January 1997 一九九七年一月一日	1,500,000	-	-	(1,500,000)	-	1.2032
		3 July 1997 一九九七年七月三日	3,125,000	-	-	(3,125,000)	-	1.3680
Adolf C Y Woo	胡鎮宇	25 June 1996 一九九六年六月二十五日	500,000	-	-	(500,000)	-	1.2288
		1 January 1997 一九九七年一月一日	1,000,000	-	-	(1,000,000)	-	1.2032
		3 July 1997 一九九七年七月三日	4,875,000	-	-	(4,875,000)	-	1.3680
Patrick K T Lai	黎嘉得	8 May 1999 一九九九年五月八日	3,000,000	-	(3,000,000)	-	-	0.5920
Simon Murray	馬世民	18 August 2000 二零零零年八月十八日	10,000,000	-	-	(10,000,000)	-	1.6200
Continuous employees	長期僱員	3 July 1997 一九九七年七月三日	500,000	-	-	(500,000)	-	1.3680
		8 May 1999 一九九九年五月八日	600,000	-	(600,000)	-	-	0.5920
			<u>26,804,000</u>	<u>-</u>	<u>(3,600,000)</u>	<u>(23,204,000)</u>	<u>-</u>	

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (continued)

A New Share Option Scheme (“the New Scheme”) was approved and adopted by the shareholders at a special general meeting of the Company on 11 July 2002. The following information relating to the New Scheme are made pursuant to the requirements as contained in Chapter 17 of the Listing Rules (reference is made to the circular of the Company dated 24 June 2002 (the “Circular”). Terms defined in the Circular have the same meanings when used in the following summary unless the context requires otherwise):

(i) *Purpose of the New Scheme*

The purpose of the New Scheme is to recognise and acknowledge the contribution that Eligible Persons have made or may make to the Company and to attract and retain and motivate talented staff.

(ii) *Participants of the New Scheme*

The participants of the New Scheme shall be such Eligible Persons as the Board in its absolute discretion determines.

(iii) *Maximum number of shares available for issue under the New Scheme*

The maximum number of the Shares which may be issued upon exercise of all outstanding Options to subscribe for Shares granted and yet to be exercised under the New Scheme and any other share option scheme shall not exceed 10% of the total number of Shares in issue of the Company from time to time. No share option was granted during the year ended 31 December 2002. Accordingly, there was no Share available for issue under the New Scheme as at 31 December 2002 and of the date of this annual report.

購股權計劃 (續)

一個新購股權計劃(「該新計劃」)獲本公司股東於二零零二年七月十一日之股東特別大會上批准及採納。以下有關該新計劃之資料乃根據上市規則第17章所載之規定而刊載(僅此提述本公司日期為二零零二年六月二十四日之通函(「該通函」)。除非文義另有所指，否則該通函所載詞彙與以下概要所用者相同)：

(i) *該新計劃之目的*

該新計劃旨在確認及嘉許合資格人士對本公司已作出或可能作出之貢獻，以及招徠、挽留及鼓勵能幹之員工。

(ii) *該新計劃之參與者*

該新計劃之參與者乃由董事會酌情決定之合資格人士。

(iii) *根據該新計劃可予發行之股數上限*

就全面行使根據該新計劃及任何其他購股權計劃以認購授出股份之尚未行使購股權而予發行之最大股份數目不得超逾本公司不時發行之股份之10%。於截至二零零二年十二月三十一日止年度概無授出購股權，因此於截至二零零二年十二月三十一日止期間及此業績報告刊發當日，概無就該新計劃而可予發行之股份。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

(iv) *Maximum entitlement to any one participant*

Under the New Scheme, the maximum entitlement to Options of each Eligible Person shall be such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to him in any 12 months period up to each Commencement Date must not exceed 1% of the issued share capital of the Company at the relevant Commencement Date.

(iv) 參與者獲授購股權之上限

根據該新計劃，於任何十二個月期間至有關購股權之開始日期內，每名合資格人士最多可獲授予之購股權（已授予或將授予）總數於行使時已發行或將予發行之股份總數不得超過本公司於有關購股權之開始日期已發行股本之1%。

(v) *Period and payment on acceptance of options*

Under the New Scheme, an Offer may be accepted by an Eligible Person in whole or in part in respect of all Shares for which it is offered to such Eligible Person when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Person together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within forty days from the Offer Date.

(v) 接納購股權之期間及付款

根據該新計劃，合資格人士可於接獲要約後四十日內，將接納函件副本正式簽妥及連同拾頭人為本公司而款額為港幣1.00元（獲授購股權之代價，須於接納要約時支付）之支票交予本公司，以就其獲提呈之股份接納全部或部份建議。

(vi) *The basis of determining the exercise price*

The Subscription Price in respect of any Option shall be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the relevant Commencement Date in respect of such Option, which must be a Business Day; (ii) an amount equivalent to the mean closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the relevant Commencement Date in respect of such Option, which must be a Business Day; and (iii) the nominal value of a Share.

(vi) 釐定行使價之基準

該新購股權之認購價不會低於下列三項之最高者(i)該購股權有關當日（必須為營業日）列載於聯交所日報表之每股收市價；(ii)等同緊接該購股權有關當日（必須為營業日）前五個營業日列載於聯交所日報表之每股平均收市價及(iii)每股之面值。

(vii) *Remaining life of the New Scheme*

The New Scheme is valid and effective for a period of 10 years commencing on the Adoption Date unless otherwise terminated under the terms of the New Scheme.

(vii) 該新計劃之尚餘年期

除根據該新計劃之終止條款外，該新計劃將由獲採納日期起十年期間內有效及具效力。

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' INTERESTS IN EQUITY

董事之股本權益

At 31 December 2002, the interests of the directors in the shares of the Company as recorded in the register maintained by the Company under Section 29 of the Securities (Disclosure of Interests) Ordinance or as notified to the Company were as follows:

於二零零二年十二月三十一日，根據證券（披露權益）條例第29條規定本公司須予存置之登記冊所載，或據本公司所知，董事持有本公司之股份權益如下：

Ordinary shares of HK\$0.10 each

每股面值港幣0.10元之普通股

		Number of shares held 持有股數	
		Personal interests 個人權益	Corporate interests 法團權益
<i>Executive director:</i>	執行董事：		
Michael John Green	米高•葛林	1,272,000	138,510,900*
<i>Non-executive director:</i>	非執行董事：		
Simon Murray	馬世民	343,487	495,562**
<i>Independent non-executive directors:</i>	獨立非執行董事：		
Christopher John David Clarke	簡基華	50,000	—
V-Nee Yeh	葉維義	74,444	—

* Such shares were held through corporations on behalf of the Michael Green Family Trust.

* 此等股份乃透過代表米高•葛林家族信託之法團持有。

** Such shares were held by a private investment holding company wholly owned by a corporation, which Mr. Simon Murray is a director and in which he has a beneficial interest of approximately 31%.

** 此等股份乃由一個私人投資控股公司持有。該投資控股公司由一間法團全資擁有，而馬世民先生為該法團之董事，並擁有該法團約31%實益權益。

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DIRECTORS' INTERESTS IN EQUITY (continued)

董事之股本權益 (續)

The following directors beneficially own the non-voting deferred shares of HK\$0.01 each in Arnhold Investments Limited, a subsidiary of the Company, as at 31 December 2002:

於二零零二年十二月三十一日，下列董事實益持有本公司旗下附屬公司安利投資有限公司每股面值港幣0.01元之無投票權遞延股份：

Name of beneficial owner 實益持有人名稱		Number of non-voting deferred shares 無投票權遞延股份數目
Michael Green Family Trust	米高 • 葛林家族信託	81,500,000
Leung Tak Tong, Eric	梁德堂	1,000,000
Woo Chun Yu, Adolf	胡鎮宇	1,000,000
Simon Murray	馬世民	500,000

Save as aforesaid, no other directors of the Company or their associates had any beneficial or non-beneficial interests in the share capital of the Company or its subsidiaries.

除以上披露外，本公司董事或其聯繫人士概無實益或非實益持有本公司或其附屬公司之任何股本之權益。

Apart from the New Scheme mentioned 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.

除以上詳述之新購股權計劃外，本公司或其附屬公司概無訂立任何安排，致使本公司之董事透過購入本公司或其他法人團體之股份或債券而獲得利益。

REPORT OF THE DIRECTORS 董事會報告

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that as at 31 December 2002, the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued ordinary share capital. These interests are in addition to those disclosed above in respect of the directors and chief executive.

主要股東

根據證券(披露權益)條例第16(1)條規定須予設立之主要股東登記冊顯示，於二零零二年十二月三十一日，本公司已獲知會下列主要股東權益，即佔本公司已發行普通股股本10%或以上。此等權益乃上文所披露之董事及行政總裁權益以外之權益。

Name of shareholder 股東名稱	Ordinary shares held 所持普通股	Percentage of total issued shares 佔已發行股份 總數百分比
Amethyst International Finance Limited	27,582,717	12.3%
Amethyst International Finance Limited is a wholly owned subsidiary of GEMS Oriental and General Fund Limited.		
Amethyst International Finance Limited 為 GEMS Oriental and General Fund Limited 之全資附屬公司。		

MANAGEMENT CONTRACTS

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

管理合約

於本年內，本公司並無就全盤業務或其中重大部分簽訂或存有任何管理及行政合約。

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

The Company has complied throughout the year with the Code of Best Practice as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules, save that non-executive directors have not been appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's bye-law 87(1).

遵守上市規則之最佳應用守則

除了非執行董事因並無指定任期而須根據本公司之組織章程細則第87(1)條輪值告退及於股東週年大會上膺選連任外，本公司於年內一直遵守香港聯合交易所有限公司上市規則附錄14所載之最佳應用守則。

REPORT OF THE DIRECTORS 董事會報告

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to “A Guide for The Formation of An Audit Committee” published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company’s auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of the external audit and of internal controls and risk evaluation. The Committee comprises independent non-executive directors and non-executive director, namely Mr. Christopher John David Clarke, Mr. V-Nee Yeh and Mr. Geoffrey Alan Spender. Mr. Geoffrey Alan Spender resigned as an Audit Committee member on 8 February 2002.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

PricewaterhouseCoopers were appointed as auditors of the Company in 2001 upon the resignation of KPMG.

KPMG were appointed as auditors of the Company in 2000 upon the resignation of PricewaterhouseCoopers.

On behalf of the Board
Michael John Green
Chairman

Hong Kong, 13 March 2003

審核委員會

經參考由香港會計師公會刊發的「成立審核委員會指引」後，本公司已擬備並採納說明審核委員會的職權及職責的書面責權範圍。

審核委員會就集團審計範圍內的事項擔任本公司董事會與其核數師之間的重要橋樑。此外，審核委員會亦負責檢討外部審核工作，以及內部監控與風險評估等方面的效能。委員會由獨立非執行董事及非執行董事（分別為簡基華先生、葉維義先生及Geoffrey Alan Spender 先生）組成。Geoffrey Alan Spender先生已於二零零二年二月八日辭去審核委員會委員之職務。

核數師

本賬目已由羅兵咸永道會計師事務所審核，該核數師任滿告退，惟願膺選連任。

羅兵咸永道會計師事務所於二零零一年獲委任接替辭任之畢馬威會計師事務所擔任本公司的核數師。

畢馬威會計師事務所於二零零零年獲委任接替辭任之羅兵咸永道會計師事務所擔任本公司的核數師。

董事會代表
米高·葛林
主席

香港，二零零三年三月十三日