

Directors' Report 董事會報告書

The directors submit their annual report together with the audited financial statements for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the subsidiaries are set out on pages 116 to 123.

SUBSIDIARIES

Details of the Company's subsidiaries are set out on pages 116 to 123.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31st December 2003, the state of affairs of the Company and of the Group at that date and the Group's cash flows and statement of changes in equity for the year then ended are set out in the financial statements on pages 47 to 123.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK\$500,000 (2002: Nil).

FINAL DIVIDEND

The directors recommends the payment of a final dividend in respect of the year ended 31st December 2003 of HK\$0.06 per share (2002: nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 12th March 2004 to Thursday, 18th March 2004 both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the final dividend, all transfers documents, accompanied by the relevant share certificates must be lodged with the Company's Share Registrars and Transfer Office not later than 4:00 p.m. on Thursday, 11th March 2004.

董事會同寅謹將截至二零零三年十二月三十一日止年度的報告及經審核後財務報表送呈各股東覽閱。

主要業務

本公司為一間投資控股公司，其附屬公司的主要業務詳列於第116頁至第123頁。

附屬公司

本公司附屬公司的資料詳列於第116頁至第123頁。

財務報表

本集團截至二零零三年十二月三十一日止年度的溢利，本公司及本集團於該日的財務狀況及本集團截至該日止年度的現金流量及權益變動表均詳列於第47頁至第123頁的財務報表內。

捐款

本集團於本年度內之慈善捐款總額為港幣500,000元（二零零二年：無）。

末期股息

董事會建議派發截至二零零三年十二月三十一日止年度之末期股息每股港幣0.06元（二零零二年：無）。

暫停辦理股份過戶登記手續

本公司將由二零零四年三月十二日（星期五）至二零零四年三月十八日（星期四）（首尾兩天包括在內）期間，暫停辦理股份過戶登記手續。

如欲符合資格獲派末期股息，所有股份過戶文件連同有關之股票必須於二零零四年三月十一日（星期四）下午四時前送達本公司之股份過戶登記處。

SHARE CAPITAL

Movements in share capital during the year are set out in Note 24 to the financial statements.

RESERVES

Movements in reserves during the year are set out in Note 25 to the financial statements.

FIXED ASSETS

Movement in fixed assets during the year are set out in Note 12 to the financial statements.

DIRECTORS

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

WHANG Tar Choung, <i>Chairman</i>	
NG Ping Kin, Peter, <i>Vice Chairman*</i>	
TSAO Chen, James, <i>Group Managing Director</i>	
WHANG Sun Tze	
LO Kwong Chi, Clement*	
KWEK Leng Hai	
TAN Lim Heng	
James ENG, Jr.	
TSANG Cho Tai*	
HO King Cheung	
LEUNG Wai Fung	
TAKAGI, Shigeyoshi*	
YONG Weng Chye	— alternate director to Mr. WHANG Tar Choung
OHASHI Kota	— alternate director to Mr. TAKAGI Shigeyoshi
	— resigned on 14th November 2003
IKEDA Hiromi	— alternate director to Mr. TAKAGI Shigeyoshi
	— appointed on 14th November 2003

Independent non-executive director

股本

是年度股本的變動詳列於財務報表附註24。

儲備

是年度儲備的變動詳列於財務報表附註25。

固定資產

是年度固定資產的變動詳列於財務報表附註12。

董事

是年度及直至本報告書日期止之董事如下：

黃大椿，主席	
伍秉堅，副主席*	
曹宸綱(曹震)，集團董事總經理	
黃上哲	
羅廣志*	
郭令海	
陳林興	
英正生	
曾祖泰*	
何景祥	
梁偉峰	
高本茂佳*	
楊榮財	— 黃大椿先生之代行董事
大橋幸多	— 高本茂佳先生之代行董事
	— 於二零零三年十一月十四日離任
池田浩已	— 高本茂佳先生之代行董事
	— 於二零零三年十一月十四日獲委任

獨立非執行董事

DIRECTORS *(continued)*

In accordance with the provisions of articles 78 and 79 of the Company's articles of association, all the directors shall retire and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

No directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries, within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

On 27th June 2003, the Company entered into an agreement for services (the "Service Agreement") with GIMC Limited ("GIMC") for the provision of certain services by GIMC to the Company and its subsidiaries and associated companies ("LSHK Group") from time to time. The services to be provided under the Service Agreement include the overview of LSHK Group's strategies and planning, oversight of investment and financial management disciplines, treasury and risk management, human resources management and development, development of quality and productivity programmes, guidance in respect of operating practices and procedures, and overview of planning and development of management information systems.

董事 *(續)*

根據本公司組織細則第七十八及第七十九條規定，全體董事任期屆滿並可於即將舉行之股東週年常會上膺選連任。

董事的服務合約

擬於應屆股東週年常會上膺選連任之董事概無與本公司或其任何附屬公司訂立不可由本公司或其附屬公司於一年內終止而毋須作賠償(法定賠償除外)之服務合約。

董事在合約的權益

是年度內或於年結時，本公司及各附屬公司於本集團業務中並無訂立任何令本公司董事享有重大權益的重要合約。

關連交易

於二零零三年六月二十七日，本公司與 GIMC Limited ("GIMC") 訂立服務協議，由 GIMC 為本公司及其不時之附屬公司及聯營公司(「南順香港集團」)提供若干服務。根據協議內容，所提供的服務包括為南順香港集團制訂及計劃經營策略、監察投資及財務管理紀律、財政及風險管理服務、人力資源管理及發展、生產及品質管理計劃之發展、有關經營慣例及程序之指引及資訊管理之計劃及發展。

CONNECTED TRANSACTIONS *(continued)*

The consideration to be paid to GIMC by the Company under the Service Agreement shall be a monthly fee of HK\$50,000 (or such other amount as may be agreed from time to time between the Company and GIMC) and an annual fee equal to 3% of the annual consolidated profits before tax of the Company for the relevant financial year ("Annual Fee"). No Annual Fee is payable by the Company in the event that the LSHK Group incurs an audited consolidated loss before tax in any financial year. The Service Agreement is for a term of half year from 1st July 2003 to 31st December 2003 and thereafter shall be automatically renewable on the same terms, for additional consecutive terms of one year each, unless either party provides the other with prior written notice of at least six months.

GIMC is an indirect wholly-owned subsidiary of Hong Leong Company (Malaysia) Berhad ("HLCM"), a substantial shareholder which is deemed to be interested in 63.5% shareholdings in the Company pursuant to Part XV of the Securities & Futures Ordinance.

The Company applied for and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granted a conditional waiver from strict compliance with the disclosure requirements of connected transactions as stipulated under Rule 14.25(1) of the Listing Rules in respect of the future connected transactions (the "Transactions") arising from the renewal of the Service Agreement.

The independent non-executive directors of the Company reviewed the Transactions during the year and confirmed that:

1. The Transactions were:
 - (i) entered into by the Company in the ordinary and usual course of its business;

關連交易 (續)

根據服務協議，本公司須每月支付GIMC港幣50,000元(或本公司與GIMC不時協定的其他款額)及年費相等於本公司在有關財政年度除稅前綜合溢利之3%([該年費])為代價。倘若南順香港集團於任何財政年度錄得經審核後之除稅前綜合虧損，本公司將無需繳付任何年費。服務協議為期半年，由二零零三年七月一日至二零零三年十二月三十一日止，並於每年到期時按相同條款自動續約一年，惟任何一方需給予另一方最少六個月的書面通知則除外。

GIMC乃Hong Leong Company (Malaysia) Berhad ("HLCM")間接擁有之全資附屬公司，而根據證券及期貨條例第十五部，HLCM被視為擁有本公司63.5%股份權益之主要股東。

本公司就重續服務協議而於日後引致之關連交易([該等交易])，已申請及獲香港聯合交易所有限公司([聯交所])有條件豁免嚴格遵守上市規則第14.25(1)條所訂立有關關連交易([該等交易])之披露規定。

本公司獨立非執行董事已於年內檢討該等交易，並確認：

1. 該等交易：
 - (i) 由本公司於其日常及一般業務過程中訂立；

CONNECTED TRANSACTIONS *(continued)*

- (ii) conducted on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
 - (iii) entered into in accordance with the terms of the Service Agreement governing such Transactions.
2. The aggregate amount of the Transactions was approximately HK\$1,647,000 for the year ended 31st December 2003 and did not exceed the cap amount of the higher of HK\$10,000,000 or 3% of the book value of the audited consolidated net tangible assets of the Company and its subsidiaries as at 31st December 2003.

關連交易 (續)

- (ii) 按對本公司股東而言屬公平合理之條款進行；及
 - (iii) 根據規管交易之協議條款。
2. 截至二零零三年十二月三十一日止年度該等交易之總金額約為港幣1,647,000元，且並無超過上限金額港幣10,000,000元；或本公司及其附屬公司截至二零零三年十二月三十一日之經審核綜合有形資產淨值之3%，以較高者為準。

MANAGEMENT CONTRACTS

Except the Service Agreement disclosed in the section of "Connected Transactions" above, 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

本年度內，除了上述於關連交易一欄中披露之服務協議外，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或存有任何合約。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31st December 2003, the directors and chief executives or their associates have the following interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company 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 ("Model Code"):

董事及主要行政人員之持股權益

於二零零三年十二月三十一日，各董事、主要行政人員或與彼等有有關連之人士於本公司或其任何相聯法團（定義見證券及期貨條例）擁有須根據證券及期貨條例第352條規定而設之登記名冊中所載之股份，有關股本中之淡倉股份，相關股份及債權證之權益及根據上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及香港聯合交易所（「聯交所」）之權益如下：

(A) Interests in shares/underlying shares of the Company

(A) 於本公司股份／相關股份之權益

Number of shares/underlying shares held and nature of interests						
持有股份／相關股份數目及權益性質						
		Number of shares/underlying shares held			Approximate percentage of interest	
Name of director	Nature of interest	持有股份／相關	Notes	Total	概約權益	
董事名稱	權益性質	股份數目	附註	總計	百分比	
Lam Soon (Hong Kong) Limited						
WHANG Tar Choung 黃大椿	Personal 個人	5,337,637				
	Family 家族	4,222,534				
	Persons acting in concert 一致行動人仕	144,910,065	a & b	154,470,236		63.48%
NG Ping Kin, Peter 伍秉堅	Personal 個人	100,000		100,000		0.04%
TSAO Chen, James 曹宸綱（曹震）	Personal 個人	2,050,000	e	2,050,000		0.84%
WHANG Sun Tze 黃上哲	Personal 個人	27,123,743				
	Corporate 公司	19,326	c			
	Persons acting in concert 一致行動人仕	127,345,624	a & d	154,488,693		63.48%
LO Kwong Chi, Clement 羅廣志	Personal 個人	323,754		323,754		0.13%
TAN Lim Heng 陳林興	Personal 個人	274,000		274,000		0.11%
James ENG, Jr. 英正生	Personal 個人	149,000		149,000		0.06%
HO King Cheung 何景祥	Personal 個人	30,690		30,690		0.01%
YONG Weng Chye 楊榮財	Personal 個人	231,000		231,000		0.09%
LEUNG Wai Fung 梁偉峰	Personal 個人	1,250,000	f	1,250,000		0.51%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES (continued)

董事及主要行政人員之持股權益 (續)

(B) Interests in shares/underlying shares of subsidiary of the Company

(B) 於本公司附屬公司之股份／相關股份之權益

Number of shares/underlying shares held and nature of interests					
持有股份／相關股份數目及權益性質					
Name of Director	Nature of interest	Number of	Notes	Total	Approximate
		shares/underlying			
董事名稱	權益性質	持有股份／相關	附註	總計	概約權益
M.C. Packaging Offshore Limited					
NG Ping Kin, Peter	Personal	3,000	—	3,000	0.36%
伍秉堅	個人				

Notes:

- (a) The interests disclosed herein represent the interest in 154,470,236 ordinary shares of the Company which the respective parties held by virtue of Section 317 of the SFO in relation to the shareholders' agreement and the supplemental agreement both dated 27th May 1997 made, inter alia, among Mr. WHANG Tar Choung, Madam TEO Joo Yee, Dr. WHANG Sun Tze (alias WHANG Siong Tiat), Raven Investment Company Limited, T.C. Whang & Company (Private) Limited ("T.C. & Co."), Guoinvest International Limited and also included the interest held by Guoline International Limited.
- (b) The interests disclosed represent the deemed interest of Mr. WHANG Tar Choung in 144,910,065 ordinary shares in the Company referred to in Note (a) above.
- (c) The interests disclosed represent the corporate interest of Dr. WHANG Sun Tze in 18,457 ordinary shares and 869 ordinary shares in the Company held by SGR Investment Company Limited ("SGR") and T.C. & Co. respectively. Dr. WHANG Sun Tze holds 35.41% and 59.52% interest in SGR and T.C. & Co. respectively.
- (d) The interests disclosed represent the deemed interest of Dr. WHANG Sun Tze in 127,345,624 ordinary shares in the Company referred to in Note (a) above.
- (e) The interests of Mr. TSAO Chen, James represent the interest in 50,000 ordinary shares and interest in 2,000,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".
- (f) The interests of Mr. LEUNG Wai Fung represent the interest in 1,250,000 underlying shares in respect of the share options granted by the Company, the details of which are stated in the following section "Share Options".

附註：

- (a) 本文所披露之權益代表154,470,236股普通股之公司權益代表下述之有關各方根據證券及期貨條例第317條規定以及黃大椿先生、張如意女士、黃上哲博士、利宏投資有限公司、T.C. Whang & Company (Private) Limited ("T.C. & Co.")、Guoinvest International Limited根據於一九九七年五月二十七日訂立之股東協議及補充協議而持有於本公司之權益及包括透過 Guoline International Limited所持有之權益。
- (b) 所披露之權益代表上文附註(a)所述由黃大椿先生持有本公司144,910,065股普通股之被視為擁有之權益。
- (c) 所披露之權益代表黃上哲博士分別透過SGR Investment Company Limited ("SGR")及T.C. & Co. 持有本公司18,457股普通股及869股普通股之公司權益。黃上哲博士在SGR及T.C. & Co. 分別持有35.41%及59.52%之股份權益。
- (d) 所披露之權益代表上文附註(a)所述由黃上哲博士持有本公司127,345,624股普通股之被視為擁有之權益。
- (e) 曹宸綱(曹震)先生持有之權益代表50,000股普通股份及獲授本公司購股權之2,000,000股相關股份之權益。詳情可見於下列「購股權」部份。
- (f) 梁偉峰先生持有之權益代表獲授本公司購股權之1,250,000股相關股份之權益。詳情可見於下列「購股權」部份。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES (continued)

All the interests disclosed in sections (A) and (B) above represent long position in the shares of the Company.

Save as disclosed herein, none of the directors, chief executives or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the 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 pursuant to the Model Code.

SHARE OPTIONS

As at 31st December 2003, details of share options granted to the directors or eligible employees under the share option schemes of the Company and its subsidiaries are as follows:

(1) The Company

Grantees 獲授者	Date of grant 獲授日期	Exercise period 可行使期／有效期	Exercise price per share 每股認購價	Number of share options 購股權認購股份之數目		Notes 附註
				As at	As at	
				1st January	31st December	
				2003	2003	
				二零零三年 一月一日	二零零三年 十二月三十一日	
HK\$ 港幣						
(i) Name of director 董事姓名						
TSAO Chen, James 曹宸綱 (曹震)	5th June 2002 二零零二年 六月五日	2 years following notification of entitlement to confirm quantum of options exercisable but in any event not later than 10 years from the date of grant 授予購股權數量之通知日起計 兩年後，惟不會超過至獲授 日期起之十年內	2.530	2,000,000	2,000,000	(1) & (3)

董事及主要行政人員之持股權益 (續)

所有於上述(A)及(B)部所披露之權益皆代表持有本公司好倉股份。

除本文所披露者外，概無任何董事、主要行政人員或與彼等有關連人士於本公司或其任何相聯法團(定義見證券及期貨條例)擁有須根據證券及期貨條例第352條規定而設之登記名冊中所載之股份，有關股本中之淡倉股份，相關股份及債權證之權益及根據標準守則須知會本公司及聯交所之權益。

購股權

於二零零三年十二月三十一日，根據本公司及各附屬公司之購股權計劃，董事或合資格之員工獲授購股權之詳情如下：

(1) 本公司

SHARE OPTIONS (continued)

(1) The Company (continued)

購股權 (續)

(1) 本公司 (續)

				Number of share options 購股權認購股份之數目		
				As at 1st January 2003 二零零三年 一月一日	As at 31st December 2003 二零零三年 十二月三十一日	
Grantees 獲授者	Date of grant 獲授日期	Exercise period 可行使期／有效期	Exercise price per share 每股認購價			Notes 附註
				HK\$ 港幣		
(i) Name of director 董事姓名						
LEUNG Wai Fung 梁偉峰	5th June 2002 二零零二年 六月五日	2 years following notification of entitlement to confirm quantum of options exercisable but in any event not later than 10 years from the date of grant 授予購股權數量之通知日起計 兩年後，惟不會超過至獲授 日期起之十年內	2.530	1,250,000	1,250,000	(1) & (3)
(ii) Other participants 其他參與者						
Employees 員工	5th June 2002 二零零二年 六月五日	2 years following notification of entitlement to confirm quantum of options exercisable but in any event not later than 10 years from the date of grant 授予購股權數量之通知日起計 兩年後，惟不會超過至獲授 日期起之十年內	2.530	700,000	700,000	(1) & (3)

SHARE OPTIONS (continued)

(2) Subsidiary
Flourtech International Holdings Limited

				Number of share options 購股權認購股份之數目		
				As at	As at	
				1st January	31st December	
				2003	2003	
Grantees	Date of grant	Exercise period	Exercise price	二零零三年	二零零三年	Notes
獲授者	獲授日期	可行使期／有效期	每股認購價	一月一日	十二月三十一日	附註
				HK\$		
				港幣		
(i) Name of director						
董事姓名						
Ho King Cheung	1st February 1993	1st February 1993 to	1.000	180,000	—	(2) & (3)
何景祥	一九九三年二月一日	31st January 2003				
		一九九三年二月一日至				
		二零零三年一月三十一日				
(ii) Other participants						
其他參與者						
Employees	2nd February 1993	2nd February 1993 to				
員工	一九九三年二月二日	1st February 2003	1.000	90,000	—	(2) & (3)
		一九九三年二月二日至				
		二零零三年二月一日				

Notes:

- (1) Pursuant to the share option scheme of the Company (the "Old Share Option Scheme") adopted on 26th May 2000, a total of 3,950,000 share options were granted on 5th June 2002 as mentioned in item "(1) The Company" above. On 23rd May 2003, in order to comply with the new requirements of Chapter 17 of the Listing Rules, a new share option scheme of the Company (the "New Share Option Scheme") was approved and that simultaneously terminated the Old Share Option Scheme but without prejudice to any share options previously granted prior to such termination. No option was granted, exercised, cancelled or lapsed under the Old Share Option Scheme and no option was granted under the New Share Option Scheme during the year ended 31st December 2003.

購股權 (續)

(2) 附屬公司
Flourtech International Holdings Limited

Number of share options 購股權認購股份之數目				
As at		As at		
1st January	31st December			
2003	2003			
二零零三年	二零零三年			Notes
一月一日	十二月三十一日			附註
HK\$ 港幣				
1.000	180,000	—	(2) & (3)	
1.000	90,000	—	(2) & (3)	

附註：

- (1) 有關上文第(1)項所提及本公司之購股權計劃(「舊購股權計劃」)於二零零零年五月二十六日採納，本公司於二零零二年六月五日授出共3,950,000股購股權。為符合上市條例第十七條之新規定，於二零零三年五月二十三日，一項新購股權計劃(「新購股權計劃」)被通過而同時地舊購股權計劃已被取消及終止，但不會影響於此日期前已獲授購股權之人士。截至二零零三年十二月三十一日，沒有任何根據舊購股權計劃而獲授、行使、取消及作廢之購股權及根據新購股權計劃而獲授之購股權。

SHARE OPTIONS *(continued)*

Notes: *(continued)*

- (2) Pursuant to the terms of the share option scheme of Flourtech International Holdings Limited, the subsidiary of the Company as mentioned in item "(2) Subsidiary" above, 270,000 share options granted were lapsed during the year.
- (3) In the absence of any provisions to the contrary set out in the share option schemes, all the share options were deemed to be fully vested in the grantees on the commencement dates of the respective exercise periods.

A summary of the said share option schemes of the Company is set out in Note 24 to the financial statements.

Apart from the foregoing, there was no arrangement to which the Company or any of its subsidiaries was a party to enable the directors and their spouses and a children under eighteen years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

購股權 *(續)*

附註：(續)

- (2) 根據上文第(2)項所提及 Flourtech International Holdings Limited 所採納之購股計劃之條款，於是年度內已獲授之 270,000 股購股權已作廢。
- (3) 基於購股權中沒有相反條文，所有購股權於相關行使期內之開始日均全被視為賦予授股權者。

有關本公司之購股權計劃之摘要已詳列於財務報表附註24內。

除上列者外，是年度本公司及各附屬公司並無簽訂任何協議，使本公司董事及其配偶及其十八歲以下之子女可藉此購買本公司或任何其他公司之股份或債券而獲得利益。

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES

As at 31st December 2003, the following persons (other than a director or chief executive of the Company) have interests or short positions in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

主要股東及其他個人之持股權益

於二零零三年十二月三十一日，根據證券及期貨條例第336條規定而設之登記名冊中所載，下列人士（本公司董事或主要行政人員除外）持有股份，有關股本中之淡倉股份或相關股份之權益：

	Number of shares held 持有之股份數目	Notes 附註	Approximate percentage of interest 概約權益百分比
Raven Investment Company Limited ("Raven") 利宏投資有限公司 (「利宏」)	154,470,236	A+B	63.48%
T.C. Whang & Company (Private) Limited ("T.C. & Co.")	154,470,236	A+C	63.48%
TEO Joo Yee 張如意	154,470,236	A+D	63.48%
Hong Leong Company (Malaysia) Berhad ("HLCM")	154,470,236	A+E+F	63.48%
QUEK Leng Chan ("QLC") 郭令燦	154,470,236	A+E+F	63.48%
HL Holdings Sdn Bhd ("HLH")	154,470,236	A+E+F	63.48%
Hong Leong Investment Holdings Pte Limited ("HLIH")	154,470,236	A+E+F	63.48%
Kwek Holdings Pte Limited ("KH")	154,470,236	A+E+F	63.48%
Davos Investment Holdings Private Limited ("Davos")	154,470,236	A+E+F	63.48%
Kwek Leng Kee ("KLK")	154,470,236	A+E+F	63.48%
Hap Seng Consolidated Berhad ("Hap Seng")	29,444,411		12.10%
Malaysian Mosaics Berhad ("Malaysian Mosaics")	29,444,411	G	12.10%
Gek Poh (Holdings) Sdn. Bhd ("Gek Poh")	29,444,411	H	12.10%
Datuk Seri Panglima Lau Cho Kun	29,444,411	I	12.10%
Tan Sri Datuk Seri Panglima Lau Gek Poh	29,444,411	J	12.10%

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES (continued)

Notes:

- (A) The interests disclosed herein represent the interest in 154,470,236 ordinary shares of the Company which the respective parties held by virtue of section 317 of the SFO in relation to the shareholders' agreement and the supplemental agreement both dated 27th May 1997 made, inter alia, among Mr. WHANG Tar Choung, Madam TEO Joo Yee, Dr. WHANG Sun Tze (alias WHANG Siong Tiat), Raven, T.C. & Co., Guoinvest International Limited ("Guoinvest") and also included the interest held by Guoline International Limited ("Guoline").
- (B) The interests disclosed comprise (i) own interest of Raven in 1,221,205 ordinary shares in the Company and (ii) the deemed interest in 153,249,031 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (C) The interests disclosed comprise (i) own interest of T.C. & Co. in 869 ordinary shares in the Company and (ii) the deemed interest in 154,469,367 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (D) The interests disclosed comprise (i) own interest of TEO Joo Yee in 4,222,534 ordinary shares in the Company and (ii) the deemed interest in 150,247,702 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (E) The interests disclosed comprise (i) the corporate interests in 94,615,248 ordinary shares in the Company held through Guoinvest and 21,949,000 ordinary shares held by Guoline and (ii) the deemed interest in 37,905,988 ordinary shares in the Company held by other parties referred to in Note (A) above.
- (F) Both Guoinvest and Guoline are wholly-owned subsidiaries of Guoline Capital Assets Limited which in turn is a wholly-owned subsidiary of HLCM. By virtue of Section 316(2) of the SFO, HLCM is held as to 49.11% and 34.49% by HLH and HLIH respectively. HLH is wholly-owned by QLC. KKK holds 41.92% interest in Davos which in turn holds 33.59% interest in HLIH and KH holds 49% interest in HLIH.
- (G) The interests disclosed represent the aggregate corporate interests which Malaysian Mosaics held in the Company through Hap Seng.

主要股東及其他個人之持股權益 (續)

附註：

- (A) 本文所披露之權益代表154,470,236股普通股之公司權益代表下述有關各方根據證券及期貨條例第317條之規定以及黃大椿先生、張如意女士、黃上哲博士、利宏、T.C. & Co.、Guoinvest International Limited (「Guoinvest」) 根據於一九九七年五月二十七日訂立之股東協議及補充協議而持有於本公司之權益及包括透過 Guoline International Limited (「Guoline」) 所持有之權益。
- (B) 所披露之權益包括(i)利宏本身於本公司1,221,205股普通股權益及(ii)上文附註(A)所述由其他人仕持有之本公司153,249,031股普通股之被視為擁有之權益。
- (C) 所披露之權益包括(i)T.C. & Co.本身於本公司869股普通股權益及(ii)上文附註(A)所述由其他人仕持有之本公司154,469,367股普通股之被視為擁有之權益。
- (D) 所披露之權益包括(i)張如意女士本身於本公司4,222,534股普通股權益及(ii)上文附註(A)所述由其他人仕持有之本公司150,247,702股普通股之被視為擁有之權益。
- (E) 所披露之權益包括(i)透過 Guoinvest 持有於本公司94,615,248股普通股權益及 Guoline 所擁有本公司21,949,000股普通股之權益及(ii)上文附註(A)所述由其他人仕持有之本公司37,905,988股普通股之被視為擁有之權益。
- (F) Guoinvest及 Guoline均為 Guoline Capital Assets Limited之全資附屬公司，後者為HLCM之全資附屬公司。根據證券及期貨條例316(2)條之規定，HLH及 HLIH分別持有49.11%及34.49%HLCM之股權。HLH為QLC之全資附屬公司。KKK持有41.92%Davos之股權而Davos則持有HLIH33.59%之股權，而KH持有HLIH49%之股權。
- (G) 所披露之權益代表Malaysian Mosaics透過Hap Seng持有本公司股份之公司權益總額。

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES *(continued)*

Notes: *(continued)*

- (H) The interests disclosed represent the aggregate corporate interests which Gek Poh held in the Company through Malaysian Mosaics and Hap Seng.
- (I) The interests disclosed represent the aggregate corporate interests which Datuk Seri Panglima Lau Cho Kun held in the Company through Gek Poh, Malaysian Mosaics and Hap Seng.
- (J) The interests disclosed represent the aggregate corporate interests which Tan Sri Datuk Seri Panglima Lau Gek Poh held in the Company through Gek Poh, Malaysian Mosaics and Hap Seng.

All the interests disclosed under this Section represent long position in the shares of the Company.

Save as disclosed herein, no other person (other than a director or chief executive of the Company) has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The sales amount attributable to the Group's 5 largest customers combined accounted for less than 30% of the Group's total turnover for the year.

The purchases amount attributable to the Group's 5 largest suppliers combined accounted for less than 30% of the Group's total purchases for the year.

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

主要股東及其他個人之持股權益 (續)

附註：(續)

- (H) 所披露之權益代表 Gek Poh 透過 Malaysian Mosaics 及 Hap Seng 持有本公司股份之公司權益總額。
- (I) 所披露之權益代表 Datuk Seri Panglima Lau Cho Kun 透過 Gek Poh、Malaysian Mosaics 及 Hap Seng 持有本公司股份之公司權益總額。
- (J) 所披露之權益代表 Tan Sri Datuk Seri Panglima Lau Gek Poh 透過 Gek Poh、Malaysian Mosaics 及 Hap Seng 持有本公司股份之公司權益總額。

此部之所有權益皆代表持有本公司好倉股份。

除本文所披露外，根據證券及期貨條例第336條規定而設之登記冊顯示，並未有其他股份持有人(本公司之董事或主要行政人員除外)持有股份及有關股本中淡倉股份及相關股份之權益。

購買、出售或贖回本公司之上市股份

本公司或任何附屬公司是年度概無購買、出售或贖回本公司之上市股份。

主要客戶及供應商

本集團售予最大的首五位客戶的銷售額共佔本集團是年度銷售總額少於30%。

本集團購自最大的首五位供應商的購貨額佔本集團是年度購貨總額少於30%。

是年度本公司之董事、其聯繫人仕及任何股東(就董事所知之超過5%本公司股份人仕)從沒在該等主要客戶及供應商擁有任何利益。

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied 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 throughout the financial year ended 31st December 2003, except that the non-executive directors were not appointed for a specific term as they are subject to retirement and re-election at the Company's Annual General Meeting in accordance with the Company's articles of association.

BOARD AUDIT COMMITTEE

The Board Audit Committee comprises Messrs. Ng Ping Kin, Peter (Chairman), Lo Kwong Chi, Clement, Tsang Cho Tai and Tsao Chen, James, three of whom are independent non-executive directors. The Board Audit Committee intends to meet quarterly to assist the Board in providing an independent review on the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. In addition, the Board Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the audited consolidated financial statements of the Group and the auditors' report thereon and submits them to the Board.

AUDITORS

A resolution to re-appoint the retiring auditors, Messrs. PKF, is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board
KWEK Leng Hai
Chairman

Hong Kong, 15th January 2004

最佳應用守則

就各董事所知，本公司截至二零零三年十二月三十一日止年度之任何時間內均遵守香港聯合交易所有限公司證券上市規則附錄十四所載之最佳應用守則之規定，惟非執行董事並無指定任期，根據本公司的組織細則規定，非執行董事須於本公司股東週年常會上輪值告退及膺選連任。

董事會審核委員會

董事會審核委員會由伍秉堅先生（主席）、羅廣志先生、曾祖泰先生及曹宸綱（曹震）先生組成，其中三位為獨立非執行董事。董事會審核委員會擬每季舉行一次會議以協助董事會獨立檢討本集團財務報表的完整性、準確性和公正程度以及本集團營運與內部監控的效率及效益。董事會審核委員會已連同管理層檢討本集團所採納之會計政策及實務，以及商討審計、內部監控及財務申報事宜，並已包括審閱本集團經審核後之綜合財務報表，以及當中所載之核數師報告，並呈交該等報表及報告予董事會。

核數師

在行將召開之股東週年常會，將提呈決議案，建議再度委任梁學濂會計師事務所為本公司的核數師。

承董事會命
主席
郭令海

香港，二零零四年一月十五日