

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 2003.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are shown in note 15 to the accounts.

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

MAJOR CUSTOMERS AND SUPPLIERS

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

The largest customer	最大客戶
Five largest customers in aggregate	最大五個客戶合計
The largest supplier	最大供應商
Five largest suppliers in aggregate	最大五個供應商合計

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.

董事會謹此呈奉截至二零零三年十二月三十一日止年度之報告及已審核賬目，敬祈省覽。

主要業務及按市場分析之業績

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15。

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。

主要客戶及供應商

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

8.8%	17.6%
29.7%	45.3%

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 2003 and the state of the Company's and the Group's affairs as at that date are set out in the accounts on pages 33 to 38.

The directors resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2003.

The directors recommend the payment of a final dividend of HK 4.4 cents per ordinary share, totalling HK\$9,878,000 for the year ended 31 December 2003.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 26 to the accounts.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK\$254,000 (2002: HK\$90,000).

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in note 14 to the accounts.

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes are set out on page 99.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 25 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 98.

業績及股息

本集團截至二零零三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33頁至第38頁的賬目內。

董事會已議決不派發截至二零零三年六月三十日止六個月之中期股息。

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，每股普通股份港幣4.4仙，股息總額約為港幣9,878,000元。

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26。

慈善捐款

於本年內，本集團之捐款金額約達港幣254,000元（二零零二年：約港幣90,000元）。

固定資產

本集團固定資產之變動詳情列載於賬目附註14。

主要物業

持作投資用途之主要物業詳情載於第99頁。

股本

本公司股本之變動詳情列載於賬目附註25。

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98頁。

REPORT OF THE DIRECTORS 董事會報告

RETIREMENT SCHEMES

Particulars of Retirement Schemes of the Group and the Company as at 31 December 2003 are set out in note 8 to the accounts.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year ended 31 December 2003. 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 issue 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)*

Leung Tak Tong, Eric

Woo Chun Yu, Adolf

Lai Ka Tak, Patrick

Daniel George Green

(appointed on 1 January 2004)

Non-executive directors:

Simon Murray

Augustus Ralph Marshall

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 V-Nee Yeh and Lai Ka Tak, Patrick retire by rotation and, being eligible, offer themselves for re-election.

Mr. Daniel George Green who was appointed on 1 January 2004 also retires by rotation and, being eligible, offers himself for re-election.

退休金計劃

本集團及本公司於二零零三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

於截至二零零三年十二月三十一日止年度，本公司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)*

梁德堂

胡鎮宇

黎嘉得

丹尼•葛林

(於二零零四年一月一日委任)

非執行董事：

馬世民

Augustus Ralph Marshall

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，葉維義及黎嘉得兩位董事輪值告退，並願膺選連任。

丹尼•葛林於二零零四年一月一日獲委任，亦輪值告退，並願膺選連任。

REPORT OF THE DIRECTORS 董事會報告

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 2003, 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 30 to the accounts.

SHARE OPTION SCHEME

A Share Option Scheme ("the 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 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 Scheme

The purpose of the 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.

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

本集團於截至二零零三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30披露。

購股權計劃

一項購股權計劃（「該計劃」）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) 該計劃之目的

該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，以及吸納、挽留及鼓勵能幹之員工。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (continued)

(ii) *Participants of the Scheme*

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

(iii) *Maximum number of Shares available for issue under the 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 Scheme and any other share option scheme shall not exceed 10% of the total number of Shares in issue of the Company as at the date of approval of the Scheme. As at 31 December 2003 and the date of this report, 15,249,600 shares were available for issue under the Scheme representing 6.8% of the total issued share capital of the Company.

(iv) *Maximum entitlement to any one participant*

Under the 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/her in any 12 month period up to each Commencement Date must not exceed 1% of the issued share capital of the Company at the relevant Commencement Date.

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

Under the 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.

購股權計劃(續)

(ii) 該計劃之參與者

該計劃之參與者乃由董事會酌情決定之合資格人士。

(iii) 根據該計劃可予發行之股數上限

就全面行使根據該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於批准該計劃日期之已發行股份總數之10%。於截至二零零三年十二月三十一日及截至本報告日期止，根據該計劃可予發行之股份為15,249,600股，佔本公司已發行股本總額6.8%。

(iv) 參與者獲授購股權之上限

根據該計劃，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) 接納購股權之期間及付款

根據該計劃，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。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (continued)

(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.

(vii) *Remaining life of the Scheme*

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

購股權計劃(續)

(vi) 釐定行使價之基準

該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) 該計劃之尚餘年期

除根據該計劃之終止條款外,該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

SHARE OPTION SCHEME (continued)

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

購股權計劃(續)

根據該計劃向董事及僱員授出購股權之詳情如下：

		Date of options granted	Outstanding options as at 1 January 2003 二零零三年 一月一日 尚未行使之 購股權	Granted during the year 於年內 授出	Exercised/ lapsed/ cancelled during the year 於年內 行使/ 作廢/ 註銷	Outstanding options as at 31 December 2003 二零零三年 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	18 September 2003 二零零三年九月十八日	-	1,500,000	-	1,500,000	0.50
Adolf C Y Woo	胡鎮宇	18 September 2003 二零零三年九月十八日	-	1,500,000	-	1,500,000	0.50
Patrick K T Lai	黎嘉得	18 September 2003 二零零三年九月十八日	-	1,500,000	-	1,500,000	0.50
Employees	僱員	18 September 2003 二零零三年九月十八日	-	2,700,000	-	2,700,000	0.50
			-	7,200,000	-	7,200,000	

At the date before the options were granted, 17 September 2003, the market value per share was HK\$0.50.

在購股權授出前一日，二零零三年九月十七日，每股市值為港幣0.50元。

The above options can be exercised in two instalments, 50% at any time between 1 September 2005 and 30 August 2010 and 50% at any time between 1 September 2006 and 30 August 2010.

此等購股權可分兩期行使，購股權之50%可由二零零五年九月一日至二零一零年八月三十日止期間行使，購股權之50%可由二零零六年九月一日至二零一零年八月三十日止期間行使。

REPORT OF THE DIRECTORS 董事會報告

SHARE OPTION SCHEME (continued)

Of the 2,700,000 options granted to employees disclosed above, 1,200,000 options are granted to Daniel George Green, who was appointed as an executive director of the Group on 1 January 2004.

The options granted on 18 September 2003 are not recognised in the financial statements until they are exercised. Based on the binomial option pricing model, the fair value of the options is HK\$0.248. However, since the valuation relies on subjective assumptions such as the estimated volatility of the share price, the binomial option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

The weighted average assumptions used are as follows:

購股權計劃(續)

上述授予僱員之2,700,000股購股權，當中1,200,000股購股權授予一位於二零零四年一月一日委任之執行董事丹尼·葛林。

於二零零三年九月十八日授出的購股權於行使時方於財務報表中確認。按二項式購股權定價模式計算之公平價值為港幣0.248元。由於該購股權定價模式需要作出極主觀假設，例如預期股價波幅，因此二項式購股權定價模式未必提供可靠的購股權公平價值。

加權平均使用的假設如下：

2003 二 零 零 三 年		
Risk free interest rate (in %)	無風險利率(%)	3.8
Expected life (in years)	預計年期(年)	6.9
Volatility (in %)	波幅(%)	77.5
Expected dividend per share (cents)	預期每股股息(仙)	4.4

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' INTERESTS IN EQUITY

At 31 December 2003, the interests of the directors in the shares of the Company as recorded in the register maintained by the Company under Section 352 of the Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

Ordinary shares of HK\$0.10 each

董事之股本權益

於二零零三年十二月三十一日，根據證券及期貨條例（「證券條例」）第352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：

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>	<i>執行董事：</i>		
Michael John Green	米高•葛林	1,272,000	166,093,617*
<i>Non-executive director:</i>	<i>非執行董事：</i>		
Simon Murray	馬世民	343,487	—
<i>Independent non-executive directors:</i>	<i>獨立非執行董事：</i>		
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。

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 2003:

於二零零三年十二月三十一日，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

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' INTERESTS IN EQUITY (continued)

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.

Apart from the 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 nor their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31 December 2003, the Company had been notified of the following substantial shareholders' interests, being 5% 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.

董事之股本權益(續)

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權益。

除以上詳述之該計劃外，本公司或其附屬公司概無訂立任何安排，致使本公司之董事及其配偶與未滿十八歲之子女可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。

主要股東

根據證券條例第336條規定須予存置之主要股東登記冊所顯示，於二零零三年十二月三十一日，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5%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	Percentage of	
	Ordinary shares held 所持普通股	total issued shares 佔已發行股份 總數百分比
Pacific Investments (BVI) Limited	16,957,431	7.55%
Pacific Investments (BVI) Limited is a wholly owned subsidiary of Usaha Tegas Sdn. Bhd.		
Pacific Investments (BVI) Limited 為 Usaha Tegas Sdn. Bhd. 之全資附屬公司。		

REPORT OF THE DIRECTORS 董事會報告

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。

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed, for the purpose of determining shareholder's entitlement to the final dividend, from 28 April 2004 to 30 April 2004 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 27 April 2004.

暫停辦理股份過戶登記手續

本公司為確定股東享有末期股息，將於二零零四年四月二十八日至二零零四年四月三十日（包括首尾兩日）期間，暫停辦理股份過戶登記手續。倘股東欲確定享有末期股息，必須把股份過戶文件連同有關股票，於二零零四年四月二十七日下午四時或以前送達香港灣仔皇后大道東一八三號合和中心十七樓一七一二至一七一六室，本公司股份登記處香港中央證券登記有限公司辦理過戶手續。

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

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 the independent non-executive directors, namely Mr. Christopher John David Clarke and Mr. V-Nee Yeh.

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, 11 March 2004

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簡基華先生及葉維義先生組成。

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，二零零四年三月十一日