

The directors have pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 21 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

The respective analysis of the business segments of the Group during the year is set out in note 4 to the financial statements on pages 62 to 65.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2003 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 43 to 104.

No interim dividend was paid during the year. The directors recommend the payment of a final dividend of HK2.25 cents per ordinary share in respect for the year payable on 8 July 2004, to shareholders on the register of members of the Company on 20 May 2004. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the capital and reserves section of the balance sheet.

董事會欣然提呈本公司及本集團截至二零零三年十二月三十一日止年度之報告及經審核財務報告。

主要業務

本公司之主要業務為投資控股。各主要附屬公司之主要業務詳情載於財務報告附註21。年內，本集團之主要業務性質概無重大變動。

本集團於年內之各項業務分類分析載於第62至65頁之財務報告附註4。

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之溢利，以及本公司及本集團於該日之財政狀況載於財務報告第43頁至104頁之內。

年內並無派發中期股息。董事建議於二零零四年七月八日派付本年度末期股息每股普通股2.25港仙予於二零零四年五月二十日名列本公司股東名冊之股東。此項建議股息已於財務報表列作資產負債表資本及儲備部份之保留溢利分配。

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified/restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

財政資料概要

下文所載為摘錄自經審核財務報告並按需要重新分類／重新呈列之本集團於過去五個財政年度之已公佈業績及資產負債之概要。本概要並不構成經審核財務報告之一部份。

	Year ended 31 December 截至十二月三十一日止年度				
	2003	2002	2001	2000	1999
	二零零三年	二零零二年	二零零一年	二零零零年	一九九九年
	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
RESULTS 業績					
Turnover 營業額					
Continuing operations 持續經營業務	743,522	737,134	751,983	661,324	448,377
Discontinued operations 已終止經營業務	–	16,016	350,726	446,002	12,820
	743,522	753,150	1,102,709	1,107,326	461,197
Profit/(loss) from operating activities 經營活動溢利／(虧損)					
Continuing operations 持續經營業務	33,341	26,056	(26,937)	(563,799)	16,843
Discontinued operations 已終止經營業務	–	24,505	(231,369)	(254,108)	(1,429)
	33,341	50,561	(258,306)	(817,907)	15,414
Finance costs 融資費用	(1,440)	(5,338)	(45,058)	(33,342)	(4,498)
Share of results of a jointly – controlled entity 應佔一間共同控制企業業績	1,471	(613)	(858)	–	–
Profit/(loss) before tax 除稅前溢利／(虧損)	33,372	44,610	(304,222)	(851,249)	10,916
Tax 稅項					
Continuing operations 持續經營業務	(8,933)	(5,600)	(2,289)	(5,248)	(3,153)
Discontinued operations 已終止經營業務	–	–	(2,852)	(942)	–
	(8,933)	(5,600)	(5,141)	(6,190)	(3,153)
Profit/(loss) before minority interests 除少數股東權益前溢利／(虧損)	24,439	39,010	(309,363)	(857,439)	7,763
Minority interests 少數股東權益	–	15,134	125,780	20,649	–
Net profit/(loss) from ordinary activities attributable to shareholders 股東應佔日常業務純利／(淨虧損)	24,439	54,144	(183,583)	(836,790)	7,763
ASSETS AND LIABILITIES 資產及負債					
Total assets 資產總值	222,559	279,719	303,935	966,163	267,267
Total liabilities 負債總額	114,729	185,929	263,621	987,914	162,128
Minority interests 少數股東權益	–	–	–	128,565	–
Shareholders' equity/(deficiency in assets) 股東權益／(資產虧絀)	107,830	93,790	40,314	(150,316)	105,139
Total liabilities and shareholders' equity 總負債及股東權益	222,559	279,719	303,935	966,163	267,267

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 17 to the financial statements.

CHARITABLE DONATIONS

The total donations made by the Group for charitable purposes during the year amounted to approximately HK\$100,000.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 28 and 29 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 to the financial statements and in the consolidated summary statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2003, the Company's reserves available for distribution, calculated in accordance with the Bermuda Companies Act 1981, amounted to HK\$563,152,000, of which HK\$4,874,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$139,000, may be distributed in the form of fully paid bonus shares.

固定資產

本集團固定資產於年內之變動詳情載於財務報告附註17。

慈善捐款

本集團於年內就慈善用途捐出之款項總額達約100,000港元。

股本及購股權

本公司股本及購股權於年內之變動詳情載於財務報告附註28及29。

優先購股權

本公司之公司細則或百慕達法例並無有關優先購股權之條款，以規定本公司須按比例向現有股東提呈發售新股份。

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於年內並無購買、出售或贖回本公司任何上市證券。

儲備

本公司及本集團於年內之儲備變動詳情概列於財務報告附註30及綜合權益變動概要表。

可分派儲備

於二零零三年十二月三十一日，本公司根據百慕達一九八一年公司法計算之可供分派儲備為563,152,000港元，其中4,874,000港元已建議作為本年度末期股息。此外，本公司股份溢價賬139,000港元可以繳足股款紅股方式分派。

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover and purchases attributable to the Group's five largest customers and suppliers, respectively, accounted for less than 30% of the Group's total turnover and purchases for the year.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the company's issued share capital) had any beneficial interest in the group's five largest customers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Arthur George Dew (<i>Chairman</i>)	
Wong Tai Chun, Mark	
Chee Wang Jin, Lincoln	(appointed on 6 June 2003)
Wong Chi Kit, Nelson	(resigned on 22 April 2003)
Tong Tang, Joseph	(resigned on 6 June 2003)

Non-executive directors:

Hui Yip Wing, David (<i>Deputy Chairman</i>)	
Brian Damian O'Connor	
Richard Owen Pyvis	(appointed on 6 June 2003)
Lindsay William Ernest Cooper	(resigned on 3 June 2003)
Sir Gordon Macwhinnie	(resigned on 6 June 2003)

Independent non-executive directors:

Cheng Mo Chi, Moses	
Ian Robert Strachan	
Ronald Carstairs	(resigned on 3 April 2003)

Messrs. Arthur George Dew and Tong Tang, Joseph, previously non-executive directors, became executive directors, and Mr. Dew was appointed as a deputy chairman of the Company with effect from 13 February 2003.

主要客戶及供應商

年內，本集團首五名最大客戶應佔之銷售總額百分比及本集團首五名最大供應商應佔之採購總額百分比均少於30%。

本公司董事或任何聯繫人士或任何股東（據董事所知，擁有本公司逾5%已發行股本之股東），概無於本集團五大客戶中擁有任何實益權益。

董事

年內，本公司之董事載列如下：

執行董事：

狄亞法 (<i>主席</i>)	
王大鈞	
徐旺仁	(於二零零三年六月六日獲委任)
黃自傑	(於二零零三年四月二十二日辭任)
唐登	(於二零零三年六月六日辭任)

非執行董事：

許業榮 (<i>副主席</i>)	
Brian Damian O'Connor	
Richard Owen Pyvis	(於二零零三年六月六日獲委任)
Lindsay William Ernest Cooper	(於二零零三年六月三日辭任)
Gordon Macwhinnie 爵士	(於二零零三年六月六日辭任)

獨立非執行董事：

鄭慕智	
Ian Robert Strachan	
Ronald Carstairs	(於二零零三年四月三日辭任)

狄亞法先生及唐登先生（兩人前均為非執行董事）於二零零三年二月十三日起改任為執行董事，而狄亞法先生亦獲委任為本公司副主席。

Report of the Directors 董事會報告

With effect from 18 March 2003, Mr. Arthur George Dew became the executive chairman of the Company. At the same date, Mr. Brian Damian O'Connor was redesignated as a non-executive director of the Company.

With effect from 24 March 2003, Dr. Chee Wang Jin, Lincoln was appointed as an alternate director to Mr. Tong Tang, Joseph.

Messrs. Ronald Carstairs, Wong Chi Kit, Nelson and Lindsay William Ernest Cooper resigned as an independent non-executive director, an executive director and a non-executive director of the Company with effect from 3 April 2003, 22 April 2003 and 3 June 2003, respectively.

With effect from 6 June 2003, Sir Gordon Macwhinnie and Mr. Tong Tang, Joseph resigned as a non-executive director and an executive director of the Company, respectively and Dr. Chee Wang Jin, Lincoln ceased to act as alternate to Mr. Tong Tang, Joseph. On the same date, Dr. Chee Wang Jin, Lincoln was appointed as an executive director and Mr. Richard Owen Pyvis was appointed as a non-executive director.

With effect from 29 September 2003, Mr. Hui Yip Wing, David was appointed as Deputy Chairman of the Company.

In accordance with bye-law 86, Dr. Chee Wang Jin, Lincoln and Mr. Richard Owen Pyvis shall hold office until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with bye-law 87, Messrs. Cheng Mo Chi, Moses and Ian Robert Strachan will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

All independent non-executive directors have been appointed for a specific term of one year and, in accordance with the Company's bye-laws, are subject to retirement by rotation.

狄亞法先生於二零零三年三月十八日起成為本公司執行主席。同日，Brian Damian O'Connor先生改任為本公司非執行董事。

徐旺仁醫生於二零零三年三月二十四日起獲委任為唐登先生之替任董事。

Ronald Carstairs先生、黃自傑先生及Lindsay William Ernest Cooper先生分別於二零零三年四月三日、二零零三年四月二十二日及二零零三年六月三日起辭去本公司獨立非執行董事、執行董事及非執行董事之職。

Gordon Macwhinnie爵士及唐登先生分別於二零零三年六月六日起辭去本公司非執行董事及執行董事之職，而徐旺仁醫生不再為唐登先生之替任董事。同日，徐旺仁醫生獲委任為執行董事，而Richard Owen Pyvis先生則獲委任為非執行董事。

許業榮先生於二零零三年九月二十九日起獲委任為本公司副主席。

根據公司細則第86條，徐旺仁醫生及Richard Owen Pyvis先生將留任直至應屆股東週年大會為止，並願膺選連任。

根據公司細則第87條，鄭慕智先生及Ian Robert Strachan先生將任滿告退，惟願於即將舉行之股東週年大會上膺選連任。

所有獨立非執行董事獲委任之特定年期為壹年，並須根據本公司之細則按序告退。

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 35 to the financial statements, no director had a material interest in, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2003, the interests or short positions of the directors and chief executives of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "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 of the Listing Rules (the "Model Code") were as follows:

董事之服務合約

擬於應屆股東週年大會上連任之董事，概無與本公司訂立不可於一年內免付補償(法定補償除外)而終止之未到期服務合約。

董事之合約權益

除財務報告附註35所披露者外，年內各董事概無於本公司或其任何附屬公司所訂立之任何重大合約中直接或間接佔有重大權益。

董事於股份及相關股份之權益及淡倉

於二零零三年十二月三十一日，按照證券及期貨條例第352條所存置之登記冊中予以記錄或按照上市規則有關上市公司董事進行證券交易之標準守則(「標準守則」)而知會本公司及香港聯合交易所有限公司(「聯交所」)，本公司董事及主要行政人員於本公司之股份、相關股份(定義見證券及期貨條例第XV部)擁有之權益或淡倉如下：

Name of directors 董事姓名	Nature of interests 權益性質	Beneficial interest in shares 於股份之實益權益	Beneficial interest in underlying shares 於相關股份之實益權益	Approximate aggregate % of the issued share capital 佔已發行股本概約總百份比
		(Notes 1 & 3) (附註1及3)	(Notes 1, 2 & 3) (附註1、2及3)	
Wong Tai Chun, Mark 王大鈞	Personal 個人權益	50,040	150,000	0.09%
Brian Damian O'Connor	Personal 個人權益	—	200,000	0.09%

Report of the Directors 董事會報告

Notes:

1. All interests stated above represent long position.
2. Details of the interests of directors and chief executives of the Company in the underlying shares of equity derivatives in respect of options granted to them pursuant to the Old Scheme and the Plan are stated in note 29 to the financial statements.
3. Pursuant to the capital reorganisation of the Company effective on 30 December 2003 (the "Capital Reorganisation") as approved by a Special General Meeting held on 29 December 2003, the nominal value of each of the issued ordinary shares of the Company was reduced from HK\$0.10 to HK\$0.01 by cancellation of HK\$0.09 paid up capital on each issued share ("the Capital Reduction") and the unissued shares of HK\$0.10 each in the authorised share capital of the Company were subdivided into 10 unissued shares of HK\$0.01 each (the "Subdivision"). Immediately upon the Capital Reduction and Subdivision, every 10 issued and unissued shares of HK\$0.01 each of the Company were consolidated (the "Share Consolidation") into one new share of HK\$0.10 each (the "New Shares"). Accordingly, the number of New Shares held/entitled has been reduced to 1/10 of the number of existing shares held/entitled thereunder.

Save as disclosed above, as at 31 December 2003, none of the directors of the Company, or any of their associates, had any personal, family, corporate or other interests in any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Information on the directors' share options is set out in note 29 to the financial statements.

Save as disclosed above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

附註：

1. 上述所有權益均為長倉。
2. 本公司董事及主要行政人員根據舊計劃及新計劃獲授予之購股權而於股本衍生工具之相關股份中擁有之權益詳情載列於財務報告附註29。
3. 根據於二零零三年十二月二十九日舉行之股東特別大會批准本公司於二零零三年十二月三十日起進行之股本重組(「股本重組」)，藉註銷每股已發行股份實繳股本0.09港元，將本公司每股已發行普通股之面值由0.10港元削減至0.01港元(「股本削減」)，並將本公司法定股本中每股面值0.10港元之未發行股份分拆為10股每股面值0.01港元之未發行股份(「分拆」)。緊隨股本削減及分拆後，每10股每股面值0.01港元之本公司已發行及未發行股份被合併(「股份合併」)為一股每股面值0.10港元之新股份(「新股份」)。因此，所持有／享有權益之新股份數目已被削減至現有所持有／享有權益之股份數目十分之一。

除上文所披露者外，於二零零三年十二月三十一日，本公司董事或彼等之任何聯繫人士概無於本公司或其任何相關法團(定義見證券及期貨條例第XV部)之股份及相關股份中擁有任何個人、家族、公司或其他權益而須按證券及期貨條例第352條之規定存置之登記冊中予以記錄或須按標準守則知會本公司及聯交所。

董事認購股份或債券之權益

董事購股權之資料載於財務報告附註29。

除上文所述外，於本年度內，本公司之董事或彼等之配偶或未滿18歲之子女並無獲授予或行使任何權利可藉購入本公司之股份或債券而取得利益。此外，本公司、其任何附屬公司並無參與任何安排，使本公司董事可從其他法人團體獲取該種權利。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

主要股東於股份或相關股份之權益及淡倉

So far as is known to the directors of the Company, as at 31 December 2003, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

就本公司董事所知，於二零零三年十二月三十一日，根據本公司按照證券及期貨條例第336條規定所存置之登記冊之記錄，於本公司股份或相關股份中擁有權益或淡倉之股東（本公司董事或主要行政人員除外）如下：

Name of substantial shareholders 主要股東名稱	Number of ordinary shares held 所持普通股數目	Approximate % of the issued share capital 佔已發行股本 概約百分比	Note(s) (附註)
	(Notes 1 & 2) (附註1及2)		
Wah Cheong Development (B.V.I.) Limited ("Wah Cheong")	61,719,594	28.49%	
Sun Hung Kai & Co. Limited ("SHK") 新鴻基有限公司(「新鴻基」)	61,719,594	28.49%	3,4
Allied Properties (H.K.) Limited ("Allied Properties") 聯合地產(香港)有限公司(「聯合地產」)	61,719,594	28.49%	3,5
Allied Group Limited ("Allied Group") 聯合集團有限公司(「聯合集團」)	61,719,594	28.49%	3,6
Lee and Lee Trust ("LL Trust")	61,719,594	28.49%	7
CLSA Capital Limited	34,266,666	15.82%	
Arisaig Greater China Fund ("Arisaig Fund")	18,483,600	8.53%	
Arisaig Partners (Mauritius) Ltd. ("Arisaig Mauritius")	18,483,600	8.53%	8
Lindsay William Ernest Cooper	18,483,600	8.53%	8, 9

Notes:

附註：

- The interests stated above represent long position.
- Immediately upon the Capital Reorganisation and Share Consolidation, every 10 issued and unissued shares consolidated into one New Share of HK\$0.10 each. Accordingly, the number of New Shares entitled has been reduced to 1/10 of the number of existing shares entitled thereunder.
- The figure refers to the same holding of 61,719,594 shares held by Wah Cheong.
- SHK owned 100% interest in the issued share capital of Wah Cheong and was therefore deemed to have an interest in the shares in which Wah Cheong was interested.

- 上述權益均為長倉。
- 緊隨股本重組及股份合併後，每10股已發行及未發行股份被合併為一股每股面值0.10港元之新股份。因此，所享有權益之新股份數目已被削減至現有所享有權益之股份數目十分之一。
- 此數字指由Wah Cheong所持有之61,719,594股相同股份。
- 新鴻基擁有Wah Cheong之全部已發行股本，因此被視為擁有該等由Wah Cheong持有之股份權益。

5. Allied Properties owned 100% interest in the issued share capital of AP Jade Limited which in turn owned 100% interest in the issued share capital of AP Emerald Limited, the holding company of SHK. Allied Properties was therefore deemed to have an interest in the shares in which SHK was interested.
6. Allied Group owned approximately 74.61% interest in the issued share capital of Allied Properties and was therefore deemed to have an interest in the shares in which Allied Properties was interested.
7. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of LL Trust, being a discretionary trust, who together owned approximately 38.35% interest in the issued share capital of Allied Group. They were therefore deemed to have an interest in which Allied Group was interested.
8. The figure refers to the same holding of 18,483,600 shares held by the Arisaig Fund. Arisaig Mauritius is the investment manager of the Arisaig Fund and is thereby deemed to have an interest in the shares in which Arisaig Fund is interested.
9. Mr. Lindsay William Ernest Cooper has only an indirect beneficial interest in Arisaig Mauritius (the investment manager of Arisaig Fund) but is thereby deemed to have interest in the shares in which Arisaig Mauritius is interested.
5. 聯合地產擁有AP Jade Limited全部已發行股本，而AP Jade Limited則擁有新鴻基之控股公司AP Emerald Limited全部已發行股本。因此，聯合地產被視為擁有該等由新鴻基擁有之股份權益。
6. 聯合集團擁有聯合地產約74.61%已發行股本，因此被視為擁有該等由聯合地產擁有之股份權益。
7. 李成輝先生、李淑慧女士及李成煌先生為LL Trust之受託人，該信託乃一項全權信託，擁有聯合集團已發行股本約38.35%權益，因此彼等被視為擁有該等由聯合集團擁有之股份權益。
8. 此數字指Arisaig Fund所持有之18,483,600股相同股份。Arisaig Mauritius為Arisaig Fund之投資經理，惟因此被視為擁有該等由Arisaig Fund擁有之股份權益。
9. Lindsay William Ernest Cooper先生只間接實益持有Arisaig Mauritius (Arisaig Fund之投資經理)之權益，故此被視為擁有該等由Arisaig Mauritius擁有之股份權益。

CONNECTED TRANSACTIONS

In addition to those items set out in note 35 to the financial statements, the Company entered into three agreements with certain subsidiaries of SHK, a substantial shareholder of the Company, on normal commercial terms on 2 February 2004 which constitute ongoing connected transactions as set out below:

1. The Insurance Brokerage Services Agreement

Sun Hung Kai Insurance Consultants Limited ("SHK Insurance"), an indirect wholly-owned subsidiary of SHK, and the Company entered into the Insurance Brokerage Services Agreement, pursuant to which, SHK Insurance would agree to provide packaged insurance brokerage services to the Company and its subsidiaries (the "Group") for a term of one year, renewable upon expiration on similar terms and conditions subject to any amendments to be agreed in writing by the parties. SHK Insurance would assist the Group in procuring insurance policies to be taken out with third party insurers. The provision of such services by SHK Insurance would be on SHK Insurance's usual terms for provision of the same services to an independent

關連交易

除財務報告附註35所載者外，本公司於二零零四年二月二日按一般商業條款與本公司主要股東新鴻基之若干附屬公司訂立三項協議，該等協議構成下列持續關連交易：

1. 保險經紀服務協議

新鴻基保險顧問有限公司(「新鴻基保險」)(新鴻基之間接全資附屬公司)與本公司訂立保險經紀服務協議，據此，新鴻基保險同意向本公司及其附屬公司(「本集團」)提供保險經紀服務，為期一年，協議可於屆滿時按類似條款及條件(可經雙方書面協定作出任何修訂)重續。新鴻基保險將協助本集團獲得由第三方承保人提供之保單。新鴻基保險提供該等服務之條款，將會為新鴻基保險向獨立第三方提供相同服務時所採用之慣用條款，而就任何保單所收取之保費，則將會為新鴻基保險經公平磋商，並計及任何特殊情況(如公平磋商下之總額折扣)後收取獨立第

third party and the premium for any insurance policy procured would be the prevailing premium charged by SHK Insurance to an independent third party when dealing at arm's length having regard to any other special circumstances such as arm's length negotiated volume discounts. The aggregate premium amount within the one-year term under this agreement is currently estimated not to exceed HK\$4,000,000 subject to market fluctuations.

2. The Corporate Secretarial Services Agreement

Wineur Secretaries Limited ("Wineur Secretaries"), an indirect wholly-owned subsidiary of SHK, and the Company entered into the Corporate Secretarial Services Agreement pursuant to which, Wineur Secretaries would agree to provide the companies in the Group with the services of a company secretary and with the corporate secretarial services for an initial term of one year, which might be renewed upon expiration on similar terms and conditions subject to any amendments and at such fees to be agreed in writing by the parties.

The services provided by Wineur Secretaries was classified into two types, namely, routine services and non-routine services. The retainer fee for the routine services was HK\$863,000 per year and the service fee for the provision of non-routine services would be agreed on an arm's length basis separately for each task having regard to the work required.

3. The Internal Audit Consultancy Agreement

SHK Consultancy Services Limited ("SHKCS"), an indirect wholly-owned subsidiary of SHK, and the Company entered into the Internal Audit and Compliance Consultancy Services Agreement pursuant to which SHKCS would agree to provide the companies in the Group with internal audit and compliance consultancy services for an initial term of one year, which might be renewed upon expiration on similar terms and conditions subject to any amendments and at such fees to be agreed in writing by the parties.

三方之現行保費。根據現時估計，此項協議於一年期限內之總保費金額將不超過4,000,000港元(可因市場波動而變化)。

2. 公司秘書服務協議

偉略秘書有限公司(「偉略秘書」)(新鴻基之間接全資附屬公司)與本公司訂立公司秘書服務協議，據此，偉略秘書同意向本集團旗下各公司提供一名公司秘書連同有關之秘書服務，初步為期一年，協議可於屆滿時按類似條款及條件(可經雙方書面協定作出任何修訂及費用釐定)重續。

由偉略秘書提供之服務可分為兩類，分別為常規服務及非常規服務。常規服務之聘用費為每年863,000港元，而非常規服務之服務費，則會考慮個別服務所需之工作，按公平磋商基準協定。

3. 內部稽核顧問協議

SHK Consultancy Services Limited(「SHKCS」)(新鴻基之間接全資附屬公司)與本公司訂立內部稽核顧問協議，據此，SHKCS同意向本集團旗下各公司提供內部稽核及法規監核顧問服務，為期一年，協議可於屆滿時按類似條款及條件(可經雙方書面協定作出任何修訂及費用釐定)重續。

The fee for the services provided by SHKCS, charged on a time-cost basis, was currently estimated to be around HK\$500,000 per year. Furthermore, the fee for any requested audit and compliance work would be pre-estimated and agreed separately on an arm's length basis in view of the work involved.

The terms of the above agreements were negotiated on an arm's length basis and the directors of the Company, including the independent non-executive directors, considered that the terms of these agreements are fair and reasonable so far as its shareholders as a whole are concerned. The directors considered that (i) the total transaction amount under the Insurance Brokerage Services Agreement would not exceed HK\$10,000,000 in aggregate for the entire term of such agreement; and (ii) the total transaction amount under the Corporate Secretarial Services Agreement and the Internal Audit Consultancy Agreement together would not exceed HK\$10,000,000 in aggregate per year. These agreements constituted ongoing connected transactions of the Company under Rule 14.23(1)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") requiring disclosure by an announcement published on 2 February 2004 and also requiring disclosure in this annual report pursuant to Rule 14.25(1) of the Listing Rules.

SHKCS所提供之服務將會按工時收費，目前估計約為每年500,000港元。此外，任何應要求而進行之稽核及法規監核工作之費用均會考慮個別服務所涉及之工作，按公平磋商基準事前估計及協定。

上述協議之條款均按公平基準磋商，而本公司董事(包括獨立非執行董事)認為，該等協議之條款對其股東整體而言屬公平合理。董事認為(i)保險經紀服務協議下之交易總額於整段協議期間合共將不會超逾10,000,000港元；及(ii)公司秘書服務協議及內部稽核顧問協議下之交易總額每年合共將不會超逾10,000,000港元。根據香港聯合交易所有限公司證券上市規則(「上市規則」)第14.23(1)(a)條，該等協議構成本公司之持續關連交易，已於二零零四年二月二日刊發公佈以作披露及須根據上市規則第14.25(1)條於本年報作出披露。

EXECUTIVE COMMITTEE

The Board has established an Executive Committee on 29 September 2003, which comprises three executive directors, Mr. Arthur George Dew, Dr. Chee Wang Jin, Lincoln and Mr. Wong Tai Chun, Mark. The Executive Committee is vested with all the general powers of management and control of the Company as are vested in the directors of the Company.

執行委員會

董事會已於二零零三年九月二十九日成立執行委員會，成員包括三名執行董事狄亞法先生、徐旺仁醫生及王大鈞先生。執行委員會獲賦予本公司所有一般管理及控制權力，猶如本公司董事會獲賦予者。

AUDIT COMMITTEE

The Audit Committee of the Company comprises of one non-executive director, Mr. Richard Owen Pyvis and two independent non-executive directors Messrs. Cheng Mo Chi, Moses and Ian Robert Strachan. The role of the Audit Committee is to monitor the Group's accounting and financial reporting practices and internal control systems.

審核委員會

本公司之審核委員會成員包括一名非執行董事 Richard Owen Pyvis先生及兩名獨立非執行董事鄭慕智先生及Ian Robert Strachan先生。審核委員會功能是監察集團會計及財務報告守則及內部監控系統。

REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of two independent non-executive directors, Messrs. Ian Robert Strachan and Cheng Mo Chi, Moses, to advise the board on the annual remuneration packages of the directors of the Company.

COMPLIANCE WITH THE 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 Listing Rules which specifies the best practices to be followed by the directors throughout the year ended 31 December 2003, except that non-executive directors of the Company have no fixed terms of office but will retire from office on a rotation basis in accordance with the Company's bye-laws.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Arthur George Dew
Executive Chairman

Hong Kong, 22 March 2004

酬金委員會

本公司之酬金委員會成員包括兩名獨立非執行董事Ian Robert Strachan先生及鄭慕智先生，以就本公司董事每年酬金條件向董事會提出意見。

遵守最佳應用守則

董事認為，除本公司非執行董事並無固定任期，惟須按本公司之公司細則按序告退，截至二零零三年十二月三十一日止年度，本公司一直遵守上市規則附錄十四所載規定董事須予遵守之最佳應用守則。

核數師

安永會計師事務所將任滿告退，而有關續聘其為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命

執行主席
狄亞法

香港，二零零四年三月二十二日