

## Directors' Report

本公司董事（「董事」）謹此提呈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表。

### 主要業務

本公司為投資控股公司。各主要附屬公司、共同控制機構及聯營公司之業務分別載於財務報表附註36、15及16。

### 業績及分派

本集團截至二零零三年十二月三十一日止年度之業績載於第41頁之綜合收益表。

董事建議宣派末期股息每股港幣4仙，合共約港幣29,176,000元，並將於二零零四年六月二十四日派付予於二零零四年五月十九日名列本公司股東名冊內之股東。

### 財務概要

本集團過往五個財政期間之業績及資產與負債概要載於第96頁。

### 附屬公司、共同控制機構及聯營公司

本公司各主要附屬公司、共同控制機構及聯營公司於二零零三年十二月三十一日之詳情分別載於財務報表附註36、15及16。

### 物業、廠房及設備

本集團物業、廠房及設備於年內之變動詳情載於財務報表附註12。

### 股本及購股權

本公司股本及購股權於年內之變動詳情分別載於財務報表附註24及25。

於本年度內，本公司或其任何附屬公司並無購買、出售或贖回本公司任何股份。

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

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of the principal subsidiaries, jointly controlled entity and associate are set out in notes 36, 15 and 16 to the financial statements respectively.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2003 are set out in the consolidated income statement on page 41.

The Directors recommend the declaration of a final dividend of HK4 cents per share amounting to approximately HK\$29,176,000 payable on 24th June, 2004 to shareholders whose names are on the Register of Members of the Company as of 19th May, 2004.

### FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out on page 96.

### SUBSIDIARIES, JOINTLY CONTROLLED ENTITY AND ASSOCIATE

Details of the Company's principal subsidiaries, jointly controlled entity and associate as at 31st December, 2003 are set out in notes 36, 15 and 16 to the financial statements respectively.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 12 to the financial statements.

### SHARE CAPITAL AND SHARE OPTIONS

Details of movements during the year in the share capital and share options of the Company are set out in notes 24 and 25 to the financial statements respectively.

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

**儲備**

本集團及本公司儲備於年內之變動詳情載於財務報表附註26。

**借款**

須於一年內或要求時償還之銀行貸款、透支及其他借款均歸類為流動負債。長期借款之詳情載於財務報表附註23。本集團於年內並無將利息撥作資本。

**董事**

本公司於年內及截至本報告刊發日期止之董事如下：

**董事：**

黃清海，總裁及行政總裁

許業榮，主席

高成明，副總裁

李志剛

李兆忠，非執行董事

(於二零零四年二月四日獲委任)

**獨立非執行董事：**

賴顯榮

勞偉安

根據本公司細則第87條之規定，賴顯榮先生須告退，並願意膺選連任。

根據本公司細則第86(2)條之規定，李兆忠先生於本公司上一次股東週年大會後獲委任為本公司董事，任期至即將舉行之股東週年大會為止，並願意膺選連任。

各獨立非執行董事之任期為截至根據本公司細則規定輪流退任之期間為止。

擬於應屆股東週年大會上膺選連任之董事概無訂立本公司不付賠償(法定賠償除外)則不得於一年內終止之任何服務合約。

董事履歷之詳情載於第20及第21頁。

**RESERVES**

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

**BORROWINGS**

Bank loans and overdrafts and other borrowings repayable within one year or on demand are classified under current liabilities. Details of long term borrowings are set out in note 23 to the financial statements. No interest was capitalised by the Group during the year.

**DIRECTORS**

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

**Directors:**

Ng Qing Hai, *President and Chief Executive Officer*

David Hui Yip Wing, *Chairman*

Ko Sing Ming, *Vice President*

Li Chi Kong

Steven Lee Siu Chung, *Non-Executive Director*

(appointed on 4th February, 2004)

**Independent non-executive directors:**

Henry Lai Hin Wing

Lo Wai On

In accordance with the bye-law 87 of the Company's Bye-laws, Mr. Henry Lai Hin Wing retires and, being eligible, offers himself for re-election.

In accordance with the bye-law 86(2) of the Company's Bye-laws, Mr. Steven Lee Siu Chung, who was appointed as a director of the Company after the last annual general meeting of the Company, will hold office until the forthcoming annual general meeting and, being eligible, offers himself for re-election.

The term of office of each independent non-executive director is for a period up to his retirement by rotation in accordance with the provisions of the Company's Bye-laws.

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

The Directors' biographical details are set out on pages 20 and 21.

## Directors' Report (Continued)

## 董事權益

根據證券及期貨條例(「證券及期貨條例」)第352條保存之登記名冊所載或根據上市公司董事進行證券交易的標準守則須通知本公司及香港聯合交易所有限公司(「聯交所」)之資料，董事於二零零三年十二月三十一日擁有本公司或其任何相聯法團(定義見證券及期貨條例XV部)之股份、債券或相關股份之權益及淡倉如下：

## 本公司

董事姓名	權益性質	根據購股權持有之相關股份數目 Number of underlying shares held pursuant to share options	持有百分比 Percentage of holding
Name of Director	Nature of interest		
黃清海 Ng Qing Hai	個人 Personal	4,000,000	0.54%
許業榮 David Hui Yip Wing	個人 Personal	2,000,000	0.27%
高成明 Ko Sing Ming	個人 Personal	1,500,000	0.21%
李志剛 Li Chi Kong	個人 Personal	600,000	0.08%

董事及主要行政人員於本公司購股權之權益詳情載於下文購股權一節中。

上述所有權益均為好倉。於二零零三年十二月三十一日，董事概無擁有載於董事及主要行政人員之權益及淡倉之登記名冊內之任何淡倉(定義見證券及期貨條例)。

## DIRECTORS' INTERESTS

As at 31st December, 2003, the interests and short positions of the Directors in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) or which were required, pursuant to section 352 of the SFO to be entered in the register referred therein or which were required to be 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 were as follows:

## The Company

董事姓名	權益性質	根據購股權持有之相關股份數目 Number of underlying shares held pursuant to share options	持有百分比 Percentage of holding
Name of Director	Nature of interest		
黃清海 Ng Qing Hai	個人 Personal	4,000,000	0.54%
許業榮 David Hui Yip Wing	個人 Personal	2,000,000	0.27%
高成明 Ko Sing Ming	個人 Personal	1,500,000	0.21%
李志剛 Li Chi Kong	個人 Personal	600,000	0.08%

The interests of the Directors and chief executive in the share options of the Company are detailed in the share options section stating below.

All the interests stated above represent long positions. As at 31st December, 2003, none of the Directors held any short positions as defined under SFO as recorded in the register of directors and chief executives' interests and short positions.

**購股權**

本公司購股權計劃之詳情載於財務報表附註25。

根據購股權計劃所授出及於二零零三年十二月三十一日尚未行使之購股權詳情如下：

**SHARE OPTIONS**

Particulars of the Company's share option scheme are set out in note 25 to the financial statements.

Details of the options granted under the share option scheme and remain outstanding as at 31st December, 2003 are as follows:

	授出日期	行使期間	每股行使價	購股權數目		
				於二零零三年一月一日尚未行使	於二零零三年十二月三十一日	於二零零三年十二月三十一日
	Date of Grant	Exercisable period	Exercise price per share	Outstanding at 1st January, 2003	Granted during the year	Outstanding at 31st December, 2003
			港幣元 HK\$			
<b>董事姓名</b> <b>Name of Director</b>						
黃清海	二零零三年七月二十八日	二零零四年一月二十八日 至二零一三年七月二十七日	0.70	-	4,000,000	4,000,000
Ng Qing Hai	28th July, 2003	28th January, 2004 to 27th July, 2013				
許業榮	二零零三年七月二十八日	二零零四年一月二十八日 至二零一三年七月二十七日	0.70	-	2,000,000	2,000,000
David Hui Yip Wing	28th July, 2003	28th January, 2004 to 27th July, 2013				
高成明	二零零三年七月二十八日	二零零四年一月二十八日 至二零一三年七月二十七日	0.70	-	1,500,000	1,500,000
Ko Sing Ming	28th July, 2003	28th January, 2004 to 27th July 2013				
李志剛	二零零三年七月二十八日	二零零四年一月二十八日 至二零一三年七月二十七日	0.70	-	600,000	600,000
Li Chi Kong	28th July, 2003	28th January, 2004 to 27th July, 2013				
僱員	二零零三年七月二十八日	二零零四年一月二十八日 至二零一三年七月二十七日	0.70	-	15,600,000	15,600,000
<b>Employees</b>	28th July, 2003	28th January, 2004 to 27th July, 2013				
合計						
Total				-	23,700,000	23,700,000

## Directors' Report (Continued)

上述所有購股權均受六個月歸屬期規限。各承授人就每份授予購股權須支付代價港幣10元。

緊接購股權授出日期前之每股股份之收市價為港幣0.53元。

截至二零零三年十二月三十一日止年度，概無行使任何購股權以認購本公司股份，亦無註銷任何購股權。

上述已授出之購股權將於行使時方會在賬目確認。董事認為，因對上述任何購股權進行之任何估值需作出多項特定、主觀及不確定之假設，故此不宜評估截至二零零三年十二月三十一日止年度之購股權價值。根據多項推測性假設而評估之購股權價值並無意義，且或會對股東有所誤導。因此，董事認為僅披露可肯定之有關市價及行使價乃屬恰當。

### 認購股份或債券之安排

除上文「購股權」一段所披露者外，本公司、其任何控股公司、其任何附屬公司或其任何同系附屬公司於年內任何時間並無參與任何安排，致使董事可藉認購本公司或任何其他法人團體之股份或債務證券(包括債券)而獲益，而各董事、主要行政人員或彼等之配偶或十八歲以下之子女於年內亦無擁有或行使任何該等權利。

### 董事於競爭業務之權益

除本集團業務外，董事並無在與本集團業務存在競爭或極可能直接或間接存在競爭之任何業務擁有權益。

### 董事所擁有之合約權益

於年終時或年內任何時間概無存在任何由本公司、其任何控股公司、其任何附屬公司或任何同系附屬公司參與訂立，而本公司董事直接或間接擁有重大權益之重大合約。

All share options referred to above are subject to 6 months vesting period. The consideration paid by each grantee for each of grants was HK\$10.

The closing price per share immediately before the date on which the share options were granted was HK\$0.53.

No options for subscription of shares in the Company were exercised or lapsed during the year ended 31st December, 2003.

The above options granted are not recognised in the accounts until they are exercised. The Directors consider that it is inappropriate to value the share options granted during the year ended 31st December, 2003 since any valuation of the options would be subject to a number of assumptions that would be selective, subjective and uncertain. Any valuation of the share options based on various speculative assumptions would be meaningless and could be misleading to the shareholders. The Directors therefore consider the disclosure of only the relevant market price and exercise price, which are readily ascertainable, will be appropriate.

## ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Share Options" above, at no time during the year was the Company, any of its holding companies, any of its subsidiaries or any of its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the Directors, chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## DIRECTORS' INTEREST IN COMPETING BUSINESSES

None of the Directors is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

## DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company, any of its holding companies, any of its subsidiaries or any of its fellow 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.

## 主要股東及其他人士權益

於二零零三年十二月三十一日，根據證券及期貨條例第336條本公司須予保存之登記名冊所載，下列人士擁有本公司股份之權益或淡倉：

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 31st December, 2003, the following persons had interests or short positions in the shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

名稱	Name	股份數目 Number of shares	附註 Notes	持有百分比 Percentage of holding
天安中國酒店房地產投資有限公司 (「天安中國酒店」)	Tian An China Hotel and Property Investments Company Limited ("TACHP")	500,000,000	1, 8	68.54%
Oasis Star Limited(「OSL」)	Oasis Star Limited ("OSL")	43,485,640	2	5.96%
天安工業投資有限公司 (「天安工業」)	Tian An Industrial Investments Company Limited ("TAIICL")	43,485,640	2	5.96%
天安中國投資有限公司 (「天安」)	Tian An Investments China Company Limited ("Tian An")	543,485,640	3	74.51%
新鴻基有限公司(「新鴻基」)	Sun Hung Kai & Co. Limited ("SHK")	543,485,640	4	74.51%
聯合地產(香港)有限公司(「聯合地產」)	Allied Properties (H.K.) Limited ("APL")	543,485,640	5	74.51%
聯合集團有限公司(「聯合集團」)	Allied Group Limited ("AGL")	543,485,640	6	74.51%
Lee and Lee Trust(「LL Trust」)	Lee and Lee Trust ("LL Trust")	543,485,640	7	74.51%
Best Advantage Limited(「BAL」)	Best Advantage Limited ("BAL")	144,000,000	8	19.74%
吳小俊	Ng Siu Chun	144,000,000	8	19.74%
Honest Opportunity Limited(「HOL」)	Honest Opportunity Limited ("HOL")	71,238,680	9	9.77%
Classic Fortune Limited(「CFL」)	Classic Fortune Limited ("CFL")	71,238,680	10	9.77%
中國網絡(百慕達)有限公司 (「中國網絡」)	China Online (Bermuda) Limited ("China Online")	71,238,680	11	9.77%

附註：

- 該數字指天安之全資附屬公司天安中國酒店所實益擁有之356,000,000股股份以及由吳小俊先生(「吳先生」)向BAL抵押而被認為擁有之144,000,000股股份權益之總和。
- 由OSL持有之股份乃以實益擁有人之身份持有。OSL為天安工業之全資附屬公司，而天安工業則是天安之全資附屬公司。天安工業因此被視為於OSL持有的同一批43,485,640股股份中擁有權益。
- 該數字指OSL所持有之43,485,640股股份，天安中國酒店所持有之356,000,000股股份，及由吳先生向BAL抵押而被認為擁有之144,000,000股股份之總和。

Notes:

- The figure referred to the aggregate holding of 356,000,000 shares beneficially held by TACHP, a wholly-owned subsidiary of Tian An, and also included the deemed interest in the 144,000,000 shares charged by Mr. Ng Siu Chun ("Mr. Ng") to BAL.
- The shares held by OSL were held in the capacity of beneficial owner. OSL was a wholly-owned subsidiary of TAIICL which in turn was a wholly-owned subsidiary of Tian An. TAIICL was therefore deemed to have interest in the same block of 43,485,640 shares held by OSL.
- The figure referred to the aggregate holding of 43,485,640 shares held by OSL, 356,000,000 shares held by TACHP and also included the deemed interest in the 144,000,000 shares charged by Mr. Ng to BAL.

Directors' Report (Continued)

主要股東及其他人士權益

(續)

4. 新鴻基直接及間接擁有天安已發行股本約**48.41%**權益，因此被視為於天安持有之同一批**543,485,640**股股份中擁有權益。
5. 聯合地產透過**AP Jade Limited**及**AP Emerald Limited** (聯合地產直接及間接全資擁有之附屬公司) 擁有新鴻基已發行股本約**74.95%**權益，因此被視為於新鴻基所持有之同一批股份中擁有權益。
6. 聯合集團擁有聯合地產已發行股本約**74.61%**權益，因此被視為於聯合地產持有之同一批股份中擁有權益。
7. 全權信託**LL Trust**之信託人 (即李成輝先生、李淑慧女士及李成煌先生) 合共擁有聯合集團已發行股本約**38.35%**，因此被視為於聯合集團持有之同一批股份中擁有權益。
8. 於二零零一年十二月二十日，吳先生與天安中國酒店之全資附屬公司**BAL** 訂立股份抵押協議，吳先生同意將**7,200,000,000**股 (自二零零二年十二月二十日起因股份**50合1**而調整為**144,000,000**股) 本公司股份抵押予**BAL**，作為吳先生適當遵守及履行由 (其中包括) 吳先生與**BAL** 所訂立買賣協議及補充協議之保證。
9. 由**HOL**持有之股份乃以實益擁有人之身份持有。
10. **CFL**擁有**HOL**已發行股本之全部權益，因此被視為於**HOL**持有之同一批股份中擁有權益。
11. 中國網絡擁有**CFL**已發行股本之全部權益，因此被視為於**CPL**持有之同一批股份中擁有權益。

上文所列之全部權益皆屬好倉。於二零零三年十二月三十一日，本公司根據證券及期貨條例第**336**條所存置之登記冊內並無淡倉紀錄。

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS (Continued)

4. **SHK** owned approximately **48.41%** interest directly and indirectly in the issued share capital of Tian An and was therefore deemed to have interest in the same **543,485,640** shares held by Tian An.
5. Through **AP Jade Limited** and **AP Emerald Limited**, direct and indirect wholly-owned subsidiaries of **APL** respectively, **APL** owned approximately **74.95%** interest in the issued share capital of **SHK** and was therefore deemed to have the same interest held by **SHK**.
6. **AGL** owned approximately **74.61%** interest in the issued share capital of **APL** and was deemed to have the same interest held by **APL**.
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 **AGL**, and they were therefore deemed to have the same interest held by **AGL**.
8. On 20th December, 2001, **Mr. Ng** entered into a share charge with **BAL**, a wholly-owned subsidiary of **TACHP** whereby **Mr. Ng** charged his **7,200,000,000** shares (adjusted to **144,000,000** shares for the share consolidation of **50 to 1** with effect from 20th December, 2002) in the Company to **BAL** to secure the due observance and performance by **Mr. Ng** of his obligations under a sale and purchase agreement and a supplemental agreement entered among, inter alia, **Mr. Ng** and **BAL**.
9. The shares held by **HOL** were held in the capacity of beneficial owner.
10. **CFL** owned **100%** interest in the issued share capital of **HOL** and was therefore deemed to have the same interest held by **HOL**.
11. **China Online** owned **100%** interest in the issued share capital of **CFL** and was therefore deemed to have the same interest held by **CFL**.

All the interests disclosed above represent long positions. At 31st December, 2003, no short positions were recorded in the register kept by the Company under section 336 of the SFO.



## 優先購買權

本公司章程細則或百慕達法例並無有關本公司須按比例向現有股東發售新股之優先購買權規定。

## 主要客戶及供應商

本集團五大客戶佔銷售總額約39%，而最大客戶則佔本集團年內總營業額約17%。

本集團五大供應商佔採購總額約32%，而最大供應商則佔本集團年內總採購額約11%。

各董事、其聯繫人士及就董事所知擁有本公司股本5%以上之股東概無擁有本集團五大客戶及五大供應商之任何權益。

## 關連交易

根據上市規則第14章，以下交易構成本公司之關連交易，並須於年報內披露。

1. 根據上海聯合水泥有限公司(「上海水泥」)(修訂其合營合同及合營細則後於二零零二年三月十四日成為本公司之附屬公司)及上海水泥之主要股東上海水泥廠(「上海水泥廠」)於一九九五年十二月十六日訂立之租約協議，上海水泥廠將若干器材及設施租予上海水泥使用。截至二零零三年十二月三十一日止年度之交易總額達港幣5,412,000元。本公司獲聯交所豁免，毋須就有關交易嚴格遵守上市規則第14章之規定。本公司獨立非執行董事已審閱於二零零三年之有關交易及確認有關交易乃：

## 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 existing shareholders.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for approximately 39% and the largest customer accounted for approximately 17% of the Group's total turnover for the year.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 32% and the largest supplier accounted for approximately 11% of the Group's total purchases for the year.

None of the Directors, their associates, or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest customers and five largest suppliers.

## CONNECTED TRANSACTIONS

The following transactions constitute connected transactions of the Company and require disclosure in the annual report pursuant to Chapter 14 of the Listing Rules.

1. Pursuant to the leasing agreement dated 16th December, 1995 entered into between Shanghai Allied Cement Co., Limited ("Shanghai SAC"), which became a subsidiary of the Company on 14th March, 2002 subsequent to the amendment of its joint venture contract and joint venture articles, and Shanghai Cement Factory ("SCF"), a substantial shareholder of Shanghai SAC, certain equipments and facilities were leased from SCF for the use of Shanghai SAC. The aggregate amount of this transaction for the year ended 31st December, 2003 amounted to HK\$5,412,000. The Company has been granted a waiver by the Stock Exchange from the strict compliance of the requirements of Chapter 14 of the Listing Rules in respect of this transaction. The independent non-executive directors of the Company have reviewed this transaction for 2003 and confirmed that this transaction was:



Directors' Report (Continued)

關連交易 (續)

- (i) 由本集團於日常及一般業務中進行；
  - (ii) 按一般商業條款，並就本公司股東而言乃公平合理之條款進行；
  - (iii) 根據規範有關交易之協議條款進行；及
  - (iv) 低於聯交所同意之有關最高金額。
2. 根據本公司與天安於二零零二年七月八日訂立之協議（「總協議」），本公司與天安同意作出對應安排，促使彼等各自於中華人民共和國（「中國」）之附屬公司就其他中國附屬公司之借款提供擔保（「聯合水泥擔保」及「天安擔保」）。本公司之附屬公司每年就天安之附屬公司以聯合水泥擔保獲得之借款本金總額之1%作為擔保費，而天安之附屬公司亦就所提供之天安擔保收取相同比率之擔保費。本公司獲聯交所豁免，毋須就聯合水泥擔保嚴格遵守上市規則第14章之規定。本公司獨立非執行董事已審閱於二零零三年之聯合水泥擔保及確認聯合水泥擔保乃：
- (i) 按一般商業條款，並就本公司股東而言乃公平合理之條款進行；

CONNECTED TRANSACTIONS (Continued)

- (i) entered into in the ordinary and usual course of business of the Group;
  - (ii) conducted on normal commercial terms and fair and reasonable so far as the shareholders of the Company were concerned;
  - (iii) entered into in accordance with the terms of the agreement governing such transaction; and
  - (iv) was within the relevant maximum amount as agreed by the Stock Exchange.
2. Pursuant to the agreement dated 8th July, 2002 (the "Master Agreement") entered into between the Company and Tian An, the Company and Tian An agreed to have a reciprocal arrangement to procure their respective subsidiaries in the People's Republic of China (the "PRC") to provide guarantee(s) to secure the borrowings of other subsidiaries in the PRC (the "SAC Guarantees" and "Tian An Guarantees"). A guarantee fee of 1% per annum was charged by the Company's subsidiaries on the aggregate principal amount of borrowings by Tian An's subsidiaries secured by SAC Guarantees. The same rate of guarantee fee was also charged by Tian An's subsidiaries for Tian An's Guarantees provided vice versa. The Company has been granted a waiver by the Stock Exchange from the strict compliance of the requirements of Chapter 14 of the Listing Rules in respect of the SAC Guarantees. The independent non-executive directors of the Company have reviewed the SAC Guarantees for 2003 and confirmed that the SAC Guarantees were:
- (i) on normal commercial terms and fair and reasonable so far as the shareholders of the Company were concerned;

**關連交易 (續)**

- (ii) 根據總協議之條款進行；及
  - (iii) 天安之附屬公司於年內任何時間因聯合水泥擔保而獲得之借款本金總額低於聯交所同意之有關最高金額人民幣100,000,000元。
3. 於二零零三年十二月二十三日，本公司公佈本公司之全資附屬公司深圳市賽華順升建材有限公司(「賽華」)向天安多間附屬公司供應各種建材產品，包括石材及瓷磚。截至二零零三年十二月三十一日止年度之交易總額達港幣1,555,000元。本公司獲聯交所豁免，毋須就有關交易嚴格遵守上市規則第14章之規定。本公司獨立非執行董事已審閱於二零零三年之有關交易及確認有關交易乃：
- (i) 由本集團於日常及一般業務中進行；
  - (ii) 按一般商業條款，或就本公司股東而言乃公平合理之條款進行；
  - (iii) 根據規範有關交易之協議條款進行；及
  - (iv) 低於聯交所同意之有關最高金額。

**CONNECTED TRANSACTIONS (Continued)**

- (ii) provided in accordance with the terms of the Master Agreement; and
  - (iii) the aggregate principal amount of borrowings of Tian An's subsidiaries covered by the SAC Guarantees at any time during the year was within the relevant maximum amount of RMB100 million as agreed by the Stock Exchange.
3. On 23rd December, 2003, the Company announced that 深圳市賽華順升建材有限公司 ("TRIWA"), a wholly-owned subsidiary of the Company, supplied a range of building material products including stones and ceramic tiles to a number of subsidiaries of Tian An. The aggregate amount of this transaction for the year ended 31st December 2003 amounted to HK\$1,555,000. The Company has been granted a waiver by the Stock Exchange from the strict compliance of the requirements of Chapter 14 of the Listing Rules in respect of this transaction. The independent non-executive directors of the Company have reviewed this transaction for 2003 and confirmed that this transaction was:
- (i) entered into in the ordinary and usual course of business of the Group;
  - (ii) conducted either on normal commercial terms or on terms that are fair and reasonable so far as the shareholders of the Company were concerned;
  - (iii) entered into in accordance with the terms of the agreements governing such transaction; and
  - (iv) was within the relevant maximum amount as agreed by the Stock Exchange.

## Directors' Report (Continued)

### 公司監管

董事認為，本公司於整個年度內已遵守上市規則附錄14所載之最佳應用守則之規定。

本公司之審核委員會成員包括兩位獨立非執行董事賴顯榮先生及勞偉安先生，並制訂其書面職權範圍。

### 核數師

本公司將於應屆股東週年大會提呈決議案，續聘德勤•關黃陳方會計師行為核數師。

代表董事會

黃清海  
行政總裁

香港，二零零四年三月二十六日

### CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

The audit committee of Company consists of two independent non-executive directors of the Company, Mr. Henry Lai Hin Wing and Mr. Lo Wai On, with written terms of reference.

### AUDITORS

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint the auditors, Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

Ng Qing Hai  
Chief Executive Officer

Hong Kong, 26th March, 2004