

董事會同寅欣然將本集團及本公司截至二零零三年十二月三十一日止年度之報告書連同經審核之財務報告表呈覽。

主要業務

本公司為一間投資控股公司，其主要附屬公司、聯營公司及共同控制公司於二零零三年十二月三十一日之主要業務已分別詳載於財務報告表附註39、40及41。

本集團於年內之營業額主要來自中華人民共和國（「中國」）之業務。本集團截至二零零三年十二月三十一日止年度之營業額及除稅前之溢利貢獻按主要業務詳載於財務報告表附註4。

附屬公司、聯營公司及共同控制公司

有關本公司於二零零三年十二月三十一日之主要附屬公司、聯營公司及共同控制公司的詳情已分別載於財務報告表附註39、40及41。

業績及溢利分配

本集團截至二零零三年十二月三十一日止年度之業績已詳載於第74頁之綜合利潤表。

董事會建議不就截至二零零三年十二月三十一日止年度派發末期股息並保留本年度溢利。

管理層討論及分析

管理層討論及分析已載於第11頁至第27頁。

The Directors are pleased to present their annual report and the audited financial statements of the Group and the Company for the year ended 31st December, 2003.

Principal Activities

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, associates and jointly controlled entities as at 31st December, 2003 are set out in notes 39, 40 and 41 to the financial statements respectively.

The Group's turnover for the year was derived mainly from activities carried out in the People's Republic of China ("PRC"). The breakdown by principal activities of the Group's turnover and contribution to profit before taxation for the year ended 31st December, 2003 is set out in note 4 to the financial statements.

Subsidiaries, Associates and Jointly Controlled Entities

Details of the Company's principal subsidiaries, associates and jointly controlled entities as at 31st December, 2003 are set out in notes 39, 40 and 41 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 74.

The Directors do not recommend the payment of a final dividend for the year ended 31st December, 2003 and recommend the profit for the year be retained.

Management Discussion and Analysis

The management discussion and analysis is set out on pages 11 to 27.

物業、廠房及設備

於年內，本集團購入之物業、廠房及設備總值約13,462,000港元。

有關本集團於年內之物業、廠房及設備詳情及其他變動之詳情已載於財務報告表附註12。

投資項目

於年內，本集團收購投資物業總值約21,292,000港元，而若干開售項目合共457,810,000港元轉為投資項目。本集團重估所有投資項目截至年底之價值，因重新估價而引起的盈餘為123,285,000港元，其中本集團應佔的55,080,000港元已列入投資物業重估儲備。

本集團於年內之投資項目詳情及其他變動已於財務報告表附註13。

物業權益

本集團於二零零三年十二月三十一日之物業權益已詳列於第28頁至第39頁。

股本、購股權及認股權證

股本、購股權及認股權證之變動情況已載於財務報告表附註25。

儲備

有關本集團及本公司於年內之儲備變動已載於財務報告表附註26。

財務摘要

本集團於過去五個財政年度之業績及資產與負債概要已載於第176頁。

Property, Plant and Equipment

During the year, the Group acquired property, plant and equipment totalling approximately HK\$13,462,000.

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

Investment Properties

During the year, the Group acquired investment properties totalling approximately HK\$21,292,000 and certain completed properties for sale of HK\$457,810,000 were transferred to investment properties. The Group revalued all of its investment properties as at the year end date. The surplus arising on the revaluation amounted to HK\$123,285,000 in which revaluation surplus attributable to the Group of HK\$55,080,000 has been credited to the investment property revaluation reserve.

Details of these and other movements during the year in the investment properties of the Group are set out in note 13 to the financial statements.

Interests in Properties

Particulars of the Group's interests in properties as at 31st December, 2003 are set out on pages 28 to 39.

Share Capital, Options and Warrants

Movements in share capital, options and warrants are set out in note 25 to the financial statements.

Reserves

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

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 176.

借款及資本化之利息

須於一年內償還或應要求下償還之銀行貸款、透支及其他借款歸納於流動負債內。有關付息及免息貸款之還款詳情分別載於財務報告表附註27及28。本集團於年內就發展中物業而轉作資本化之利息為54,647,000港元，詳情載於財務報告表之附註7。

董事會

在本年度及截至本報告書日期為止，董事會之成員如下：

執行董事

李成偉

黃清海 (於二零零三年四月一日獲委任)

馬 申 (於二零零三年四月一日獲委任)

勞景祐

李志剛 (於二零零四年二月十三日獲委任)

非執行董事

許業榮 (於二零零四年三月一日改任
為非執行董事)

吳 玗 (於二零零三年三月五日辭任)

張 冬 (於二零零三年三月五日辭任)

獨立非執行董事

鄭慕智

楊麗琛

所有現任執行董事、非執行董事及獨立非執行董事均將在任至彼等依據本公司組織章程細則第103條於每屆股東週年大會上按序退任為止。

Borrowings and Interest Capitalised

Bank loans, overdrafts and other borrowings which are repayable within one year or on demand are classified as current liabilities. Repayment analyses of interest-bearing and interest-free borrowings are set out in notes 27 and 28 to the financial statements respectively. Interest capitalised by the Group during the year in respect of properties under development amounted to HK\$54,647,000, details of which are set out in note 7 to the financial statements.

Directors

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

Executive Directors:

Patrick Lee Seng Wei

Ng Qing Hai (appointed on 1st April, 2003)

Ma Sun (appointed on 1st April, 2003)

Edwin Lo King Yau

Li Chi Kong (appointed on 13th February, 2004)

Non-Executive Directors:

David Hui Yip Wing (re-designated as Non-Executive Director on
1st March, 2004)

Wu Gan (resigned on 5th March, 2003)

Zhang Dong (resigned on 5th March, 2003)

Independent Non-Executive Directors:

Moses Cheng Mo Chi

Lisa Yang Lai Sum

All the Executive Directors, Non-Executive Director and Independent Non-Executive Directors shall hold office until they become due to retire by rotation at each Annual General Meeting in accordance with Article 103 of the Company's Articles of Association.

董事會 (續)

根據上述章程細則，鄭慕智先生、楊麗琛小姐及勞景祐先生於將召開之股東週年大會任期屆滿，按序退任，如再獲選，均願繼續連任。

根據本公司組織章程細則第94條，在上屆股東週年大會後獲委任之李志剛先生於將召開之股東週年大會上退任，如再獲選，願繼續連任。

董事及高級管理人員之個人資料

執行董事

李成偉，五十二歲，一九九六年六月出任本公司執行董事，並於二零零四年二月獲委任為本公司董事會主席。李先生為一名建築師，曾於澳洲IBM服務，其後在馬來西亞及香港參與地產發展工作超過二十年，彼於物業發展具廣泛經驗。李先生亦為本公司兩位主要股東聯合地產(香港)有限公司之行政總裁及新鴻基有限公司之執行董事。

黃清海，四十八歲，於二零零三年四月獲委任為本公司之執行董事，自二零零三年十月起出任本公司之董事總經理。黃先生於一九八三年畢業於上海建材學院會計系，於一九九四年為中國註冊會計師協會會員，亦於一九八八年獲法國高等商學院集團(Group ESSEC)授予管理諮詢顧問資格。黃先生及管理企業方面擁有豐富經驗。黃先生亦為本公司之非全資附屬公司上海聯合水泥股份有限公司之總裁及行政總裁。

Directors (continued)

In accordance with the above Article, Mr. Moses Cheng Mo Chi, Miss Lisa Yang Lai Sum and Mr. Edwin Lo King Yau shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 94 of the Company's Articles of Association, Mr. Li Chi Kong, who has been appointed after the last Annual General Meeting, shall hold office until the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

Biographic Details of Directors and Senior Management

Executive Directors

Patrick Lee Seng Wei, aged 52, became an Executive Director of the Company in June 1996 and was appointed the Chairman of the Board of the Company in February 2004. Mr. Lee is an architect and worked for IBM Australia before becoming involved in property development in Malaysia and Hong Kong for more than twenty years. He has extensive experience in the property field. He is also the chief executive of Allied Properties (H.K.) Limited and an executive director of Sun Hung Kai & Co. Limited, both are substantial shareholders of the Company.

Ng Qing Hai, aged 48, was appointed an Executive Director of the Company in April 2003 and has become the Managing Director of the Company since October 2003. He graduated from the Accounting Department of Shanghai Institute of Building Materials in 1983. Mr. Ng became a member of the Association of Registered Accountants of the PRC in 1994. He was also admitted as Management Consultant by Group ESSEC of France in 1988. Mr. Ng has extensive experience in managing enterprises. He is also the president and chief executive officer of Shanghai Allied Cement Limited, a non-wholly owned subsidiary of the Company.

董事及高級管理人員之個人資料 (續)**執行董事 (續)**

馬申，六十三歲，於二零零三年四月獲委任為本公司之執行董事。彼為本集團總經理。馬先生於一九八四年加入新鴻基證券有限公司，一九八五年轉調本集團。除擁有機電工程學士學位外，馬先生擁有豐富機電工程經驗及超過二十年的中國商貿、金融投資及物業發展經驗。

勞景祐，四十三歲，為特許公司秘書，並為澳洲Macquarie University之應用財務碩士，於一九九九年八月獲委任為本公司之執行董事。彼曾於香港多間公司履任多項行政職位，包括在上市公司出任公司秘書。勞先生現為本公司主要股東聯合集團有限公司之執行董事。

李志剛，五十歲，為蘇格蘭特許會計師公會會員及香港會計師公會資深會員，於二零零四年二月獲委任為本公司之執行董事。彼於財務及會計行業具有豐富經驗，曾任職於兩間大型核數師事務所及擔任多間頗具規模的香港上市公司之集團財務總監。彼亦為聯合地產(香港)有限公司及上海聯合水泥股份有限公司之執行董事和聯合集團有限公司之集團財務總監。

Biographic Details of Directors and Senior Management (continued)**Executive Directors (continued)**

Ma Sun, aged 63, was appointed an Executive Director of the Company in April 2003. He is the General Manager of the Group. Mr. Ma joined Sun Hung Kai Securities Limited in 1984 and was then transferred to the Group in 1985. Besides holding a Bachelor's Degree of Electrical Engineering, he has extensive experience in electrical engineering and over twenty years of experience in China commercial business, financial investment and property development.

Edwin Lo King Yau, aged 43, a chartered company secretary and holder of a Master's Degree in Applied Finance from Macquarie University, Australia, was appointed an Executive Director of the Company in August 1999. He had served in various executive roles in several companies in Hong Kong including company secretary for publicly listed companies. He is currently an executive director of Allied Group Limited, a substantial shareholder of the Company.

Li Chi Kong, aged 50, a member of the Institute of Chartered Accountants of Scotland and a fellow of the Hong Kong Society of Accountants, was appointed an Executive Director of the Company in February 2004. He has broad experience in the finance and accounting field, having worked in two major audit firms and as group financial controller for several sizeable listed companies in Hong Kong. He is also an executive director of Allied Properties (H.K.) Limited and Shanghai Allied Cement Limited and the group financial controller of Allied Group Limited.

董事及高級管理人員之個人資料 (續)

非執行董事

許業榮，五十四歲，於一九九六年十二月獲委任為本公司之董事總經理，並於二零零四年三月改任為非執行董事。許先生亦為新鴻基有限公司之非執行董事，並為上海聯合水泥股份有限公司之主席。

獨立非執行董事

鄭慕智，五十四歲，一九九七年五月獲委任為本公司獨立非執行董事。鄭先生乃香港胡百全律師事務所之資深合夥人，並於一九九一年至一九九五年間為香港立法局議員。彼為香港董事學會之創會主席，現為該會之榮譽會長及榮譽主席。鄭先生同時亦為其他多間上市公司之獨立非執行董事。

楊麗琛，三十七歲，一九九九年十一月獲委任為本公司獨立非執行董事。彼現為香港執業律師，亦為李梅生律師行之顧問。楊小姐畢業於澳洲雪梨大學，取得法律及經濟學士學位，亦取得澳洲及英國之律師資格。

高級行政人員

蔡建初，四十八歲，於一九九一年三月加入本集團。現為本集團華南地區代理總經理。蔡先生畢業於中國東南大學土木工程系，擁有工程學學士學位和中國政府頒發的建築管理高級工程師資格，具有超過二十年建築設計、城市規劃和房地產開發經驗。蔡先生為中國土木工程學會資深會員。

Biographic Details of Directors and Senior Management (continued)

Non-Executive Director

David Hui Yip Wing, aged 54, was appointed the Managing Director of the Company in December 1996 and was re-designated as Non-Executive Director in March 2004. He is also a non-executive director of Sun Hung Kai & Co. Limited and the chairman of Shanghai Allied Cement Limited.

Independent Non-Executive Directors

Moses Cheng Mo Chi, aged 54, was appointed an Independent Non-Executive Director of the Company in May 1997. Mr. Cheng is a senior partner of P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong. Mr. Cheng was a member of the Legislative Council of Hong Kong between 1991 and 1995. He is the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. He also serves on the boards of various listed companies as an independent non-executive director.

Lisa Yang Lai Sum, aged 37, was appointed an Independent Non-Executive Director of the Company in November 1999. She is a practising solicitor in Hong Kong and is a consultant of Maurice Lee, Tsang, Ng-Quinn & Tang. She graduated from the University of Sydney with a Bachelor's Degree in Law and Economics and is also qualified as a solicitor in Australia and England.

Senior Management

Cai Jian Chu, aged 48, joined the Group in March 1991. He is the Acting General Manager of the Southern China Region. Mr. Cai graduated from China's Southeast University with a Bachelor's Degree in Engineering and was certificated Senior Engineer of Construction Management by the Chinese government. Mr. Cai is also a senior member of the China Institute of Civil Engineering. He has over twenty years experience in architecture, town planning, property development in China.

董事及高級管理人員之個人資料 (續)**高級行政人員 (續)**

高成明，三十六歲，於一九九八年三月加入本集團。現為本集團副總經理，負責人力資源、行政及投資管理事務，並參與資訊管理系統之策劃及設立。高先生擁有工商數量分析學士學位及公司行政深造文憑，並為英國公認會計師公會之資深會員，具有超過十年會計及國內投資管理經驗。彼亦是上海聯合水泥股份有限公司的董事。

李炎鴻，五十三歲，現為本集團華東地區總經理。李先生畢業於香港中文大學，獲社會科學學士學位及澳洲Curtin University of Technology之電子商貿碩士學位。彼亦為香港公司秘書公會會員。彼具有二十多年的中國物業投資經驗。

楊杰，三十八歲，本集團華東地區常務副總經理，一九九二年八月加入本集團。楊先生擁有上海同濟大學建築管理工程系及南京大學計算機軟件系學士學位。楊先生具有超過十年中國房地產發展及投資經驗。

宋珠峰，四十三歲，本集團合約部總經理，於二零零三年十二月加入本集團。宋先生畢業於北京清華大學土木工程系，擁有工程學學士學位。彼具有超過二十年工程管理及房地產發展經驗。

Biographic Details of Directors and Senior Management (continued)**Senior Management (continued)**

Ko Sing Ming, aged 36, joined the Group in March 1998. He is the Deputy General Manager of the Group responsible for human resources, administration and investment management affairs, and also participates in the re-engineering and establishment of IT management system. Mr. Ko holds a Bachelor's Degree in Quantitative Analysis for Business and a Postgraduate Diploma in Corporate Administration, and is a fellow member of The Association of Chartered Certified Accountants. He has over ten years of experience in accounting and managing PRC investments. He is also a director of Shanghai Allied Cement Limited.

Alfred Li Yim Hung, aged 53, the General Manager of the Eastern China Region, is a holder of a Bachelor's Degree of Social Science from The Chinese University of Hong Kong and a Master's Degree in Electronic Commerce from the Curtin University of Technology in Australia. He is also an associate member of The Hong Kong Institute of Company Secretaries. He has more than twenty years of experience in China property investment.

Yang Jie, aged 38, is an Executive Deputy General Manager of the Eastern China Region. He joined the Group in August 1992. Mr. Yang graduated from the Department of Construction Management of Tongji University and Department of Computer of Nanjing University and has two bachelor's degrees. He has over ten years of experience in property development and investment in China.

Song Zhu Feng, aged 43, is the General Manager of the Contracts Department of the Group. He joined the Group in December 2003. Mr. Song graduated from The Civil Engineering Department of Tsing Hua University in Beijing and got the Bachelor's Degree of Engineering. He has over twenty years of experiences in the fields of engineering and property development.

董事及高級管理人員之個人資料 (續)

高級行政人員 (續)

杜燦生，三十九歲，本集團財務總監，一九九四年五月加入本集團。杜先生為香港會計師公會會員及英國特許管理會計師公會會員，並擁有工商管理碩士學位。杜先生具有超過十年財務管理及中國商業經驗。

夏謙，四十二歲，本集團華北地區總經理，於一九九一年十一月加入本集團。夏先生擁有超過十年中國房地產發展及投資經驗。

余耀輝，五十二歲，本集團華北地區副總經理，一九九七年加入本集團。余先生畢業於美國Purdue University，獲土木工程學士及碩士學位。余先生現為香港工程師學會會員，特許結構工程師，亦為香港及美國註冊專業工程師。余先生具有超過二十年工程、建築及物業發展之經驗。

容綺媚，三十八歲，於二零零四年三月獲委任為本公司之公司秘書。彼為香港公司秘書公會及英國特許秘書及行政人員公會會員。

Biographic Details of Directors and Senior Management (continued)

Senior Management (continued)

Sunny Tao Tsan Sang, aged 39, is the Financial Controller of the Group. He joined the Group in May 1994. Mr. Tao is an associate member of The Hong Kong Society of Accountants and The Chartered Institute of Management Accountants and holds a Master's Degree of Business Administration. Mr. Tao has over ten years of experience in financial management and China business field.

Xia Qian, aged 42, is the General Manager of the Northern China Region. He joined the Group in November 1991. Mr. Xia has over ten years of experience in property development and investment in China.

Raymond Yu Yiu Fai, aged 52, is the Deputy General Manager of the Northern China Region. He joined the Group in 1997. Mr. Yu graduated from Purdue University USA with both Bachelor's and Master's Degrees in Civil Engineering. He is currently a member of the Hong Kong Institute of Engineers, a chartered structural engineer, a registered professional engineer (structural) in Hong Kong and a registered professional civil engineer in the United States. Mr. Yu has over twenty years of experience in engineering, construction and property development.

Cindy Yung Yee Mei, aged 38, was appointed Company Secretary of the Company in March 2004. She is an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.

董事之證券權益

除下文所披露者外，於二零零三年十二月三十一日，根據證券及期貨條例（「證券期貨條例」）第352條須予備存之登記冊所記錄；或依據上市公司董事進行證券交易的標準守則通知本公司及香港聯合交易所有限公司（「聯交所」），概無董事或高級行政人員於本公司或其任何相聯法團（定義見證券期貨條例第XV部）之股份、相關股份及債權證中擁有權益或淡倉：

(a) 本公司

董事姓名 Name of Director	權益性質 Nature of interests	持有股份及 相關股份之數目 Number of shares and underlying shares held	佔已發行 相關股本之百分比 Percentage to the relevant issued share capital
馬申 Ma Sun	個人 Personal	625,500 (附註) (Note)	0.01

附註：由馬申先生作為實益持有人所擁有之權益，包括本公司521,250股股份（佔已發行相關股本約0.01%）及104,250份上市而以實物結算之認股權證而產生的104,250股本公司相關股份（佔已發行相關股本0.001%）。而該等認股權證可於二零零一年十二月五日至二零零四年十二月三日期間之任何時間內，按行使價每股0.20港元行使。

Directors' Interests in Securities

Save as disclosed below, as at 31st December, 2003, none of the Directors or chief executives of the Company has any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies:

(a) The Company

Note: The interests held by Mr. Ma Sun as beneficial owner include the holding of 521,250 shares (representing approximately 0.01% of the relevant issued share capital) and 104,250 listed physically settled warrants of the Company giving rise to an interest in 104,250 underlying shares (representing 0.001% of the relevant issued share capital) of the Company. The warrants are exercisable at any time during the period from 5th December, 2001 to 3rd December, 2004 at an exercise price of HK\$0.20 per share.

董事之證券權益 (續)

Directors' Interests in Securities (continued)

(b) 相聯法團 – 上海聯合水泥股份有限公司 (「上聯水泥」)

(b) Associated Corporation – Shanghai Allied Cement Limited (“SAC”)

董事姓名 Name of Directors	權益性質 Nature of interests	持有股份及 相關股份之數目 Number of shares and underlying shares held	佔已發行 相關股本之百分比 Percentage to the relevant issued share capital
黃清海 Ng Qing Hai	個人 Personal	4,000,000 (附註1) (Note 1)	0.54
馬申 Ma Sun	個人 Personal	100,000 (附註2) (Note 2)	0.01
許業榮 David Hui Yip Wing	個人 Personal	2,000,000 (附註3) (Note 3)	0.27

附註：

Notes:

1. 由黃清海先生作為實益持有人所擁有之權益，全屬購股權之相關股份權益。
2. 由馬申先生作為實益持有人所擁有之權益，全屬股份權益。
3. 由許業榮先生作為實益持有人所擁有之權益，全屬購股權之相關股份權益。
4. 本公司董事於上聯水泥購股權之權益詳載於下文「購股權」一節。

1. The interests held by Mr. Ng Qing Hai as beneficial owner are all interests in underlying shares relating to share options.
2. The interests held by Mr. Ma Sun as beneficial owner are all interests in shares.
3. The interests held by Mr. David Hui Yip Wing as beneficial owner are all interests in underlying shares relating to share options.
4. The interests of the Directors of the Company in the share options of SAC are detailed in the section “Share Options” as disclosed below.

上述全部權益皆為好倉。於二零零三年十二月三十一日，根據證券期貨條例第352條須予備存之登記冊所載，並無淡倉記錄。

All the interests stated above represent long positions. As at 31st December, 2003, no short positions were recorded in the register required to be kept under section 352 of the SFO.

購股權

(a) 本公司

本公司購股權計劃之資料已載於財務報告表附註25。

於截至二零零三年十二月三十一日止年度內，並無根據本公司之購股權計劃授出任何購股權，於二零零二年十二月三十一日及二零零三年十二月三十一日亦無任何購股權仍未行使。

(b) 上聯水泥

有關上聯水泥購股權計劃(「上聯水泥計劃」)之資料已載於財務報告表附註25。

根據上聯水泥計劃授出及於二零零三年十二月三十一日仍未行使之購股權詳情載列如下：

Share Options

(a) The Company

Particulars of the Share Option Scheme of the Company are set out in note 25 to the financial statements.

No share option was granted under the Share Option Scheme of the Company during the year ended 31st December, 2003, nor was there any share option outstanding as at 31st December, 2002 and 31st December, 2003.

(b) SAC

Particulars of the share option scheme of SAC ("SAC Scheme") are set out in note 25 to the financial statements.

Details of the share options granted under the SAC Scheme and the outstanding options as at 31st December, 2003 are as follows:

	授予日期 Date of Grant	行使期 Exercisable period	購股權數目 Number of share options			
			每股 行使價 Exercise price per share 港元 HK\$	於二零零三年 一月一日 As at 1st January, 2003	於年內 授出 Granted during the year	於二零零三年 十二月 三十一日 As at 31st December, 2003
董事 Directors						
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				
僱員 Employees	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	—	17,700,000	17,700,000
	28th July, 2003	28th January, 2004 to 27th July, 2013				
總額 Total				—	23,700,000	23,700,000

購股權 (續)

上述全部購股權之歸屬期均為六個月。每位承授人就每份獲授之購股權支付代價10.00港元。

每股股份於緊接授出購股權當日前之收市價為0.53港元。

於截至二零零三年十二月三十一日止年度內，概無任何可認購上聯水泥股份之購股權獲行使或作廢。

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。

除以上所披露者外，於年內，各董事或彼等之配偶或未滿十八歲子女概無獲授予認購本公司股本或債務證券之權利，亦無行使該等權利。

購買股份或債券之安排

除根據本公司及上聯水泥各自之購股權計劃授予用以認購本公司及上聯水泥股份之購股權外，本公司或其任何附屬公司於本年度內並無參與任何安排，使董事或前任董事或彼等之配偶或十八歲以下子女可藉收購本公司或其他公司之股份或債券從而獲得利益。

Share Options (continued)

All share options referred to above are subject to six months' vesting period. The consideration paid by each grantee for each of grants was HK\$10.00.

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

No share options for subscription of shares in SAC 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.

Save as disclosed above, no rights to subscribe for equity or debt securities of the Company had been granted to or exercised by any Directors or their spouses or children under the age of 18 at any time during the year.

Arrangements to Acquire Shares or Debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or former Directors or their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate with the exception of granting of share options to subscribe for shares in the Company and SAC under their respective share option schemes.

重要合約之董事權益

本公司或其任何附屬公司在本年度終結或本年度內，並無參與董事或前任董事直接或間接擁有重大利益之重要合約。

董事之服務合約

並無擬於即將召開之股東週年大會上膺選連任之董事與本公司或其任何附屬公司簽訂僱主一方須付出賠償金(法定賠償除外)始能於一年內終止之服務合約。

主要客戶及供應商

於本年度，本集團最大五位客戶之銷售總額及本集團最大五位供應商之採購總額均各自少於本集團銷售總額及採購總額之30%。

據董事會所知，持有本公司已發行股本5%以上的董事、彼等之聯繫人士或任何股東並無在本集團的五個最大供應商及客戶擁有任何實益權益。

Directors' Interests in Contracts of Significance

No contract of significance to which the Company or any of its subsidiaries was a party and in which the Directors or former Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Service Contracts

No director 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 employing company within one year without the payment of compensation (other than statutory compensation).

Major Customers and Suppliers

During the year, both the aggregate sales attributable to the Group's five largest customers and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's sales and purchases respectively.

None of the Directors, their associates or any shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had a beneficial interest in any of the Group's five largest suppliers and customers.

主要股東權益

根據證券期貨條例第336條而須備存之登記冊所載，於二零零三年十二月三十一日，擁有本公司股份或相關股份之權益或淡倉之人士列示如下：

Substantial Shareholders' Interests

Set out below are the interests or short positions of persons in the shares or underlying shares of the Company as at 31st December, 2003 as recorded in the register required to be kept under section 336 of the SFO:

持有股份及相關股份之數目

Number of shares and underlying shares held

股東名稱 Name of Shareholders	個人權益 (實益持有) Personal interests (held as beneficial owner)	法團權益 (控制公司 持有之權益) Corporate interests (interest of controlled corporation)	權益總額 Total Interests	權益總額佔 已發行相關股本之 百分比 Percentage of total interests to the relevant issued share capital
新鴻基有限公司(「新鴻基」) Sun Hung Kai & Co. Limited ("SHK")	3,698,254,767	814,240,486 (附註1) (Note 1)	4,512,495,253 (附註2) (Note 2)	57.57
聯合地產(香港)有限公司(「聯合地產」) Allied Properties (H.K.) Limited ("APL")	—	4,512,495,253 (附註3) (Note 3)	4,512,495,253 (附註4) (Note 4)	57.57
聯合集團有限公司(「聯合集團」) Allied Group Limited ("AGL")	—	4,512,495,253 (附註5) (Note 5)	4,512,495,253 (附註4) (Note 4)	57.57
Lee and Lee Trust ("LL Trust")	—	4,512,495,253 (附註6) (Note 6)	4,512,495,253 (附註4) (Note 4)	57.57
中國網絡(百慕達)有限公司(「中國網絡」) China Online (Bermuda) Limited ("COBL")	—	1,024,400,000 (附註7) (Note 7)	1,024,400,000 (附註8) (Note 8)	13.07

主要股東權益 (續)

附註：

- 該權益包括持有(i)新鴻基一間間接全資附屬公司新鴻基國際有限公司所持有之360,376,606股股份或相關股份；(ii)新鴻基另一間間接全資附屬公司新鴻基證券資本市場有限公司所持有之450,503,880股股份或相關股份；及(iii)新鴻基間接擁有66.67%權益之附屬公司中向投資有限公司所持有之3,360,000股股份或相關股份。
- 該權益包括持有本公司3,794,079,379股股份(佔已發行相關股本約48.41%)及718,415,874份本公司上市而以實物結算之認股權證而產生之本公司718,415,874股相關股份(佔已發行相關股本約9.16%)。
- 聯合地產分別透過其直接及間接全資附屬公司AP Jade Limited及AP Emerald Limited持有新鴻基已發行股本約74.95%權益，故被視作擁有新鴻基所持有之股份及相關股份之權益。
- 此數字指新鴻基持有之同一批4,512,495,253股股份及相關股份之權益。
- 聯合集團持有聯合地產已發行股本約74.61%權益，故被視作擁有聯合地產所持有之股份及相關股份之權益。
- 李成輝先生、李淑慧女士及李成煌先生為全權信託LL Trust之信託人，彼等共同持有聯合集團已發行股本約38.35%權益，故被視作擁有聯合集團所持有之股份及相關股份之權益。
- 該1,024,400,000股股份或相關股份由Classic Fortune Limited之全資附屬公司Honest Opportunity Limited(「HOL」)持有，而Classic Fortune Limited則為中國網絡之全資附屬公司。因此，中國網絡被視作擁有HOL所持有之1,024,400,000股股份或相關股份之權益。
- 該權益包括持有本公司855,200,000股股份(佔已發行相關股本約10.91%)及169,200,000份本公司上市而以實物結算之認股權證而產生之本公司169,200,000股相關股份(佔已發行相關股本約2.16%)。

Substantial Shareholders' Interests (continued)

Notes:

- The interests include the holding of (i) 360,376,606 shares or underlying shares held by Sun Hung Kai International Limited, an indirect wholly-owned subsidiary of SHK; (ii) 450,503,880 shares or underlying shares held by Sun Hung Kai Securities Capital Markets Limited, also an indirect wholly-owned subsidiary of SHK; and (iii) 3,360,000 shares or underlying shares held by China Direction Investments Limited, an indirect 66.67% owned subsidiary of SHK.
- The interests include the holding of 3,794,079,379 shares (representing approximately 48.41% of the relevant issued share capital) and 718,415,874 listed physically settled warrants of the Company giving rise to an interest in 718,415,874 underlying shares (representing approximately 9.16% of the relevant issued share capital) of the Company.
- 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 an interest in the shares and underlying shares in which SHK was interested.
- The figure refers to the same interest of SHK in 4,512,495,253 shares and underlying shares.
- AGL owned approximately 74.61% interest in the issued share capital of APL and was therefore deemed to have an interest in the shares and underlying shares in which APL was interested.
- Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust, who together owned approximately 38.35% interest in the issued share capital of AGL and were therefore deemed to have an interest in the shares and underlying shares in which AGL was interested.
- The 1,024,400,000 shares or underlying shares were held by Honest Opportunity Limited ("HOL"), a wholly-owned subsidiary of Classic Fortune Limited which in turn was a wholly-owned subsidiary of COBL. COBL was therefore deemed to have an interest in the 1,024,400,000 shares or underlying shares in which HOL was interested.
- The interests include the holding of 855,200,000 shares (representing approximately 10.91% of the relevant issued share capital) and 169,200,000 listed physically settled warrants of the Company giving rise to an interest in 169,200,000 underlying shares (representing approximately 2.16% of the relevant issued share capital) of the Company.

主要股東權益 (續)

上述全部權益皆為好倉。於二零零三年十二月三十一日，根據證券期貨條例第336條須予備存之登記冊所載，並無淡倉記錄。

董事於競爭性業務之利益

於年內及截至本報告日期止，按聯交所證券上市規則（「上市規則」）規定，下列董事（獨立非執行董事除外）被視為於與本集團之業務構成競爭或可能構成競爭之業務中擁有利益，詳情如下：

1. 許業榮先生及李成偉先生為新鴻基有限公司之董事，該公司之若干附屬公司部份從事經營借貸之業務。
2. 李成偉先生及李志剛先生為聯合地產（香港）有限公司之董事，該公司之一間附屬公司部份從事經營借貸之業務。
3. 勞景祐先生為聯合集團有限公司之董事，該公司透過若干附屬公司部份從事經營借貸之業務。李志剛先生為聯合集團有限公司之附屬公司聯合融資有限公司之董事，該公司部份從事經營借貸之業務。

由於本公司之董事會與上述公司之董事會均獨立運作，而上述各董事亦未能控制本公司之董事會，故本集團能獨立於該等公司之業務運作，及基於各自利益來經營業務。

Substantial Shareholders' Interests (continued)

All the interests stated above represent long positions. As at 31st December, 2003, no short positions were recorded in the register required to be kept under section 336 of the SFO.

Directors' Interests in Competing Businesses

During the year and up to the date of this report, the following Directors (not being the Independent Non-Executive Directors) are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as set out below:

1. Mr. David Hui Yip Wing and Mr. Patrick Lee Seng Wei are directors of Sun Hung Kai & Co. Limited which, through certain subsidiaries, is partly engaged in the business of money lending.
2. Mr. Patrick Lee Seng Wei and Mr. Li Chi Kong are directors of Allied Properties (H.K.) Limited which, through a subsidiary, is partly engaged in the business of money lending.
3. Mr. Edwin Lo King Yau is a director of Allied Group Limited which, through certain subsidiaries, is partly engaged in the business of money lending. Mr. Li Chi Kong is a director of AG Capital Limited, a subsidiary of Allied Group Limited, which is partly engaged in the business of money lending.

As the Board of Directors of the Company is independent from the boards of the abovementioned companies and none of the above Directors can control the Board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

關連交易

- 於二零零一年二月二十三日，本公司間接持有60%權益的附屬公司南京天都實業有限公司(「天都」)與東亞銀行上海分行(「東亞銀行」)訂立了一項貸款協議(「天都貸款協議」)，東亞銀行同意由簽訂天都貸款協議之日起，給予天都貸款7,000萬港元(「天都貸款」)，為期三年，為興建由天都擁有的項目(「項目」)提供資金。

該天都貸款附有之利率為東亞銀行報價的香港優惠利率加年息0.5%，並將項目按揭，作為償還保證。

該天都貸款由本公司按一般商務條款提供擔保(「天都貸款擔保」)，確保完全償還本金和利息。

根據該天都貸款協議，本公司與持有天都其餘40%權益之股東(「其他天都股東」)出具一項完成及超支擔保(「天都完成及超支擔保」)，共同及個別促使(其中包括)該項目的建設及完成，並對因建設及完成該項目而直接或間接引起的費用作出擔保。而出具天都完成及超支擔保乃本公司於物業發展項下一般業務運作。

就天都貸款協議向天都提供財務資助而作出的天都貸款擔保和天都完成及超支擔保，根據上市規則第14.25(2)(a)條均屬本公司的關連交易。

於二零零三年年度，天都貸款協議項下之天都貸款已償清。

Connected Transactions

- On 23rd February, 2001, Nanjing Tiandu Industry Co., Ltd. ("Tiandu"), a 60% indirect-owned subsidiary of the Company, entered into a loan agreement ("Tiandu Loan Agreement") with The Bank of East Asia, Limited, Shanghai Branch ("BEA") whereby BEA agreed to grant to Tiandu a loan facility of HK\$70 million ("Tiandu Loan Facility") for a period of three years from the date of the Tiandu Loan Agreement to finance the construction of a property owned by Tiandu ("Property").

The Tiandu Loan Facility bore interest at 0.5% per annum over Hong Kong Prime Rate quoted by BEA and was secured by a mortgage on the Property.

The Tiandu Loan Facility was guaranteed ("Tiandu Loan Guarantee") by the Company for the full repayment of the principal and interests under normal commercial terms.

According to the Tiandu Loan Agreement, the Company together with the other shareholders of Tiandu which hold the remaining 40% interests ("Other Tiandu Shareholders") issued a completion and funding guarantee ("Tiandu Completion and Funding Guarantee") on a joint and several basis to procure, inter alia, the construction and completion of the Property and guaranteed all direct and indirect expenses involved in the construction and completion of the Property. The issue of the Tiandu Completion and Funding Guarantee is required in the normal course of the Company in property development.

The Tiandu Loan Guarantee and the Tiandu Completion and Funding Guarantee by the Company under the Tiandu Loan Agreement for the purpose of granting financial assistance to Tiandu each constitutes a connected transaction of the Company pursuant to paragraph 14.25(2)(a) of the Listing Rules.

During the year of 2003, the Tiandu Loan Facility under the Tiandu Loan Agreement had been repaid.

關連交易 (續)

2. 除以上所述外，天都與交通銀行南京分行分別於二零零二年二月五日、二零零二年三月二十八日、二零零二年五月十五日、二零零二年六月十九日、二零零二年六月二十八日、二零零二年八月二十六日、二零零二年九月二十三日、二零零二年十月二十九日、二零零二年十二月十七日、二零零二年十二月二十九日、二零零三年二月八日、二零零三年四月二十二日、二零零三年五月十三日、二零零三年六月十九日及二零零三年六月二十七日訂立十五項貸款協議(統稱「該等天都貸款協議」)。天都獲授合共人民幣41,550,000元(「該等天都貸款」)，作為一般營運資金。該等天都貸款分別附有年息6.2280%和5.6808%，並須於該等天都貸款協議各自之簽訂日期起一年內償還。

該等天都貸款乃由本公司之全資附屬公司天安(上海)投資有限公司(「天安上海」)與其他天都股東就該等天都貸款協議向天都提供財務資助，根據上市規則第14.25(2)(a)條均屬本公司的關連交易。

於二零零三年年度，該等天都貸款協議項下之該等天都貸款已償清。

Connected Transactions (continued)

2. In addition to the above, pursuant to fifteen loan agreements entered into between Tiandu and Bank of Communications, Nanjing Branch on 5th February, 2002, 28th March, 2002, 15th May, 2002, 19th June, 2002, 28th June, 2002, 26th August, 2002, 23rd September, 2002, 29th October, 2002, 17th December, 2002, 29th December, 2002, 8th February, 2003, 22nd April, 2003, 13th May, 2003, 19th June, 2003 and 27th June, 2003 (collectively "Tiandu Loan Agreements") whereby Tiandu had obtained loan facilities in aggregate of RMB41.55 million ("Tiandu Loan Facilities") for the general working capital purposes. The Tiandu Loan Facilities bore respective interest at 6.2280% and 5.6808% per annum and were repayable within one year from the date of the respective Tiandu Loan Agreements.

The Tiandu Loan Facilities, guaranteed by a wholly-owned subsidiary of the Company, Tian An (Shanghai) Investments Co., Ltd. ("Tian An Shanghai"), and Other Tiandu Shareholders under the Tiandu Loan Agreements for the purpose of granting financial assistance to Tiandu each constitutes a connected transaction of the Company pursuant to paragraph 14.25(2)(a) of the Listing Rules.

During the year of 2003, the Tiandu Loan Facilities under the Tiandu Loan Agreements had been repaid.

關連交易 (續)

3. 於二零零一年七月二十六日，本公司宣佈與(其中包括)本公司之主要股東新鴻基有限公司(「新鴻基」)達成一份租務協議，以使本公司可租用一個辦公室。本公司向新鴻基分租位於香港金鐘道88號太古廣場一期12樓，面積約1,140平方呎，租期由二零零一年六月一日至二零零五年三月三十一日止，月租為68,970.00港元。

上述租務乃根據當時之市場租金水平而釐定，而該租務協議並無延續租務安排之選擇權。本公司之董事(包括獨立非執行董事)認為該租務協議之條款皆屬公平合理及按一般商業條款而釐定。

於二零零二年度，有關分租面積修訂為約1,290平方呎，月租為78,045.00港元；隨後該租務於二零零四年一月一日終止。

4. 於二零零二年六月七日，本公司之一間非全資附屬公司常州天安城市發展有限公司(「常州天安」)與中國工商銀行(「工商銀行」)訂立了一項貸款協議(「第一項常州天安貸款協議」)，工商銀行同意由簽訂第一項常州天安貸款協議之日起，給予常州天安貸款人民幣500萬元(「第一項常州天安貸款」)，為期一年，年息6.1066%。

Connected Transactions (continued)

3. On 26th July, 2001, the Company announced that a memorandum was entered into with, inter alia, Sun Hung Kai & Co. Limited ("SHK"), a substantial shareholder of the Company, for the use of an office premises by the Company. The Company had sub-leased approximately 1,140 sq. ft. located at Level 12, One Pacific Place, 88 Queensway, Hong Kong from SHK at a rental of HK\$68,970.00 per month for the period from 1st June, 2001 to 31st March, 2005.

The above lease was determined on the basis of the prevailing market rate. The agreement does not provide an option to further renew the rental agreement. The Directors (including the Independent Non-Executive Directors) of the Company were of the view that the terms and conditions of the rental agreement were fair and reasonable and on normal commercial terms.

During the year of 2002, the sub-leased area was revised to approximately 1,290 sq. ft. at a monthly rental of HK\$78,045.00. Subsequently the lease was terminated on 1st January, 2004.

4. On 7th June, 2002, Changzhou Tian An City Development Co., Ltd. ("Changzhou Tian An"), a non-wholly owned subsidiary of the Company, entered into a loan agreement ("First Changzhou Tian An Loan Agreement") with Industrial and Commercial Bank of China ("Industrial & Commercial Bank") whereby Industrial & Commercial Bank agreed to grant to Changzhou Tian An a loan facility of RMB5 million ("First Changzhou Tian An Loan Facility") for a period of one year from the date of the First Changzhou Tian An Loan Agreement. The First Changzhou Tian An Loan Facility bore interest at 6.1066% per annum.

關連交易 (續)

於二零零三年十二月十一日，常州天安與工商銀行訂立了另一項貸款協議（「第二項常州天安貸款協議」），工商銀行同意給予常州天安貸款人民幣3,000萬元（「第二項常州天安貸款」）。第二項常州天安貸款年息5.49%，並須於簽訂第二項常州天安貸款協議之日起一年半內償還。

第一項常州天安貸款及第二項常州天安貸款乃由天安上海按一般商務條款提供擔保（「常州天安貸款擔保」），而天安上海則擁有常州天安90%權益。

鑑於常州長江經濟技術開發總公司持有常州天安10%權益，常州長江經濟技術開發總公司屬本公司關連人士（定義見上市規則）。根據上市規則第14.25(2)(a)條，天安上海就第一項常州天安貸款協議及第二項常州天安貸款協議而作出的常州天安貸款擔保，乃按照一般商務條款，各自均屬本公司的關連交易。

於二零零三年年度，已就第一項常州天安貸款協議償還第一項常州天安貸款。

Connected Transactions (continued)

On 11th December, 2003, Changzhou Tian An entered into another loan agreement ("Second Changzhou Tian An Loan Agreement") with Industrial & Commercial Bank whereby Industrial & Commercial Bank agreed to grant to Changzhou Tian An a loan facility of RMB30 million ("Second Changzhou Tian An Loan Facility"). The Second Changzhou Tian An Loan Facility bore interest at 5.49% per annum and was repayable within one and a half year from the date of the Second Changzhou Tian An Loan Agreement.

The First Changzhou Tian An Loan Facility and the Second Changzhou Tian An Loan Facility were both guaranteed ("Changzhou Tian An Loan Guarantees") by Tian An Shanghai which holds 90% interests in Changzhou Tian An, under normal commercial terms.

By virtue only of its 10% holdings in Changzhou Tian An, 常州長江經濟技術開發總公司 is a connected person (as defined in the Listing Rules) of the Company. The Changzhou Tian An Loan Guarantees by Tian An Shanghai under the First Changzhou Tian An Loan Agreement and the Second Changzhou Tian An Loan Agreement were provided upon normal commercial terms and each constitutes a connected transaction of the Company pursuant to paragraph 14.25(2)(a) of the Listing Rules.

During the year of 2003, the First Changzhou Tian An Loan Facility under the First Changzhou Tian An Loan Agreement had been repaid.

關連交易 (續)

5. 本公司之一間非全資附屬公司上海天洋房地產有限公司(「上海天洋」)分別於二零零二年五月十六日及二零零二年十一月十五日與中國農業銀行及交通銀行訂立兩項貸款協議(統稱「上海天洋貸款協議」)。上海天洋獲授無抵押貸款合共人民幣3,300萬(統稱「上海天洋貸款」)，作為一般營運資金。上海天洋貸款分別附有年息6.039%和5.544%，並須於各項上海天洋貸款協議簽訂日期起一年內償還。

上海天洋貸款乃由天安上海與上海聯洋集團有限公司(「上海聯洋」)共同擔保，所有擔保乃按照一般商務條款提供。天安上海擁有上海天洋80%權益，而上海聯洋則持有上海天洋其餘20%權益，上海聯洋就其上海天洋擁有股權而成為本公司關連人士(定義見上市規則)。根據上市規則第14.25(2)(a)條，天安上海就各項上海天洋貸款協議而作出的貸款擔保，屬本公司的關連交易。

於二零零三年年度，上海天洋已就貸款協議償還上海天洋貸款。

Connected Transactions (continued)

5. Pursuant to two loan agreements entered into between Shanghai Tianyang Real Estate Co., Ltd. ("Shanghai Tianyang"), a non-wholly owned subsidiary of the Company, together with Agricultural Bank of China and Bank of Communications on 16th May, 2002 and 15th November, 2002 (collectively "Shanghai Tianyang Loan Agreements") respectively, Shanghai Tianyang obtained unsecured loan facilities in aggregate of RMB33 million (collectively "Shanghai Tianyang Loan Facilities") for the purpose of general working capital. The Shanghai Tianyang Loan Facilities bore respective interest of 6.039% and 5.544% per annum and were repayable within one year from the date of the respective Shanghai Tianyang Loan Agreements.

The Shanghai Tianyang Loan Facilities were guaranteed jointly by Tian An Shanghai and上海聯洋集團有限公司("上海聯洋"), all under normal commercial terms. Tian An Shanghai holds 80% interests in Shanghai Tianyang and 上海聯洋 holds the remaining 20% interests in Shanghai Tianyang. 上海聯洋 is a connected person (as defined in the Listing Rules) of the Company by virtue only of its shareholding in Shanghai Tianyang. The loan guarantees by Tian An Shanghai under the Shanghai Tianyang Loan Agreements each constitutes a connected transaction of the Company pursuant to paragraph 14.25(2)(a) of the Listing Rules.

During the year of 2003, the Shanghai Tianyang Loan Facilities under the Shanghai Tianyang Loan Agreements had been repaid.

關連交易 (續)

6. 本公司之一間非全資擁有附屬公司上海聯合水泥有限公司(「上海水泥」)分別於二零零二年一月二十一日、二零零二年五月三十一日、二零零二年六月十九日、二零零二年九月二十日、二零零二年十一月十三日、二零零三年十一月十三日及二零零三年十二月二十六日與中國農業銀行、上海銀行及工商銀行訂立七項貸款協議(統稱「上海水泥貸款協議」)。上海水泥獲授無抵押貸款合共人民幣5,920萬元(「上海水泥貸款」)，作為一般營運資金。該上海水泥貸款附有年息由5.31%至6.435%，並須於各項上海水泥貸款協議簽訂日期起一年內償還。

該上海水泥貸款乃由天安上海按照一般商務條款提供擔保(「上海水泥貸款擔保」)。

鑑於上海水泥之主要股東上海水泥廠(「上海水泥廠」)持有上海水泥40%權益，就其在上海水泥擁有股權而成為本公司關連人士(定義見上市規則)。根據上市規則第14.25(2)(a)條，天安上海就上海水泥貸款協議而作出的上海水泥貸款擔保，屬本公司的關連交易。

除於二零零三年獲授之上海水泥貸款外，於二零零三年年度已償還所有於二零零二年獲授之上海水泥貸款。

Connected Transactions (continued)

6. Pursuant to seven loan agreements entered into between Shanghai Allied Cement Co., Ltd. ("Shanghai SAC"), a non-wholly owned subsidiary of the Company, and Agricultural Bank of China, Bank of Shanghai and Industrial & Commercial Bank on 21st January, 2002, 31st May, 2002, 19th June, 2002, 20th September, 2002, 13th November, 2002, 13th November, 2003 and 26th December, 2003 (collectively "Shanghai SAC Loan Agreements"), Shanghai SAC obtained unsecured loan facilities in aggregate of RMB59.2 million ("Shanghai SAC Loan Facilities") for the purpose of general working capital. The Shanghai SAC Loan Facilities bore interest at 5.31% to 6.435% per annum and were repayable within one year from the date of the respective Shanghai SAC Loan Agreements.

The Shanghai SAC Loan Facilities were guaranteed ("Shanghai SAC Loan Guarantee") by Tian An Shanghai under normal commercial terms.

Shanghai Cement Factory ("SCF"), a substantial shareholder of Shanghai SAC, which holds 40% interests in Shanghai SAC, is a connected person (as defined in the Listing Rules) of the Company by virtue only of its shareholding in Shanghai SAC. The Shanghai SAC Loan Guarantee by Tian An Shanghai under the Shanghai SAC Loan Agreements constitutes a connected transaction of the Company pursuant to paragraph 14.25(2)(a) of the Listing Rules.

Except for those Shanghai SAC Loan Facilities granted in 2003, all the Shanghai SAC Loan Facilities granted in 2002 had been repaid during the year of 2003.

關連交易 (續)

此外，上海水泥與上海水泥廠於一九九五年十二月十六日訂立一份租約。根據該租約，上海水泥廠將若干器材及設施租予上海水泥使用（「交易」）。截至二零零三年十二月三十一日止年度之該交易總額達5,412,000港元。該交易亦屬本公司的關連交易。

獨立非執行董事已審查該交易，並確認該交易乃：

- (i) 於本集團之一般及日常業務範圍內訂立；
- (ii) 按照一般商務條款進行並就本公司股東而言皆屬公平合理；
- (iii) 根據規管該交易之租約條款訂立；及
- (iv) 二零零三年該交易全年總額在聯交所同意之有關最高限額範圍之內。

7. 除以上所述外，於二零零二年七月八日，本公司與其持有約54.77%權益的上海聯合水泥股份有限公司（「上聯水泥」）簽訂了一份互相擔保總協議（「總協議」）。根據該總協議，本公司與上聯水泥安排雙方在中國成立的附屬公司互相為對方的附屬公司在中國借貸時提供擔保。

該總協議的主要條款如下：

- (a) 由上聯水泥或本公司附屬公司分別作擔保的貸款本金總額在任何時間均不得超逾人民幣1億元；

Connected Transactions (continued)

Besides, a leasing agreement was entered into between Shanghai SAC and SCF on 16th December, 1995 pursuant to which certain equipments and facilities were leased from SCF for the use of Shanghai SAC ("Transaction"). The aggregate amount of the Transaction for the year ended 31st December, 2003 amounted to HK\$5,412,000. The Transaction also constituted a connected transaction of the Company.

The Independent Non-Executive Directors have reviewed the Transaction and confirmed that the Transaction was:

- (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 leasing agreement governing the Transaction; and
- (iv) the aggregate annual amount of the Transaction in 2003 was within the relevant maximum amount as agreed by the Stock Exchange.

7. In addition to the above, on 8th July, 2002, the Company entered into a master agreement ("Master Agreement") with Shanghai Allied Cement Limited ("SAC") in which the Company owns approximately 54.77% interest, under which the Company and SAC had a reciprocal arrangement to procure their respective subsidiaries established in the PRC to provide guarantees to secure the borrowings of each other's subsidiaries in the PRC.

The principal terms of the Master Agreement are as follows:

- (a) the aggregate principal amount of borrowings to be secured by the guarantees provided by the subsidiaries of the Company or SAC shall not at any time exceed RMB100 million respectively;

關連交易 (續)

- (b) 每年上聯水泥或本公司之附屬公司作擔保須各自向對方收取貸款本金總額的1%為擔保費。本公司或上聯水泥或各自的聯繫人士就雙方附屬公司所提供的擔保不提供任何抵押；
- (c) 總協議有效期不超過三年，所有由本公司或上聯水泥之附屬公司提供擔保的有效期不可超過總協議的有效期；及
- (d) 由本公司或上聯水泥附屬公司提供的擔保須按照一般商務條款及於有關公司的一般業務範圍內訂立。

根據上市規則第14.25(2)(a)條，本公司之附屬公司就總協議的規定而提供的擔保，屬本公司的關連交易。

8. 於二零零三年六月十八日，本公司之一間非全資附屬公司上海海峽思泉房地產有限公司（「上海海峽」）與工商銀行訂立了一項貸款協議（「上海海峽貸款協議」），工商銀行同意由簽訂上海海峽貸款協議之日起，給予上海海峽貸款人民幣1億元（「上海海峽貸款」），為期一年。上海海峽貸款年息5.31%，並由本公司按一般商務條款提供擔保（「上海海峽擔保」），確保完全償還本金和利息。

Connected Transactions (continued)

- (b) a guarantee fee at the rate of 1% per annum will be charged by their respective subsidiaries on the aggregate principal amount of borrowings to be secured by the guarantees provided by the subsidiaries of the Company or SAC and no security will be provided by the Company or SAC or their respective associates as security for the provision of guarantees by the subsidiaries of SAC or the Company;
- (c) the term of the Master Agreement is up to three years and no guarantees provided by the Company or SAC's subsidiaries shall have a validity beyond the term of the Master Agreement; and
- (d) the terms of the guarantees provided by the subsidiaries of the Company or SAC shall be on normal commercial terms and in the ordinary course of business of the companies concerned.

Pursuant to paragraph 14.25(2)(a) of the Listing Rules, whenever a guarantee is provided by the Company's subsidiaries under the Master Agreement, it will constitute a connected transaction of the Company.

8. On 18th June, 2003, 上海海峽思泉房地產有限公司（「上海海峽」），a non-wholly owned subsidiary of the Company, entered into a loan agreement（「上海海峽 Loan Agreement」）with Industrial & Commercial Bank whereby Industrial & Commercial Bank agreed to grant to 上海海峽 a loan facility of RMB100 million（「上海海峽 Loan Facility」）for a period of one year from the date of the 上海海峽 Loan Agreement. The 上海海峽 Loan Facility bore interest at 5.31% per annum and was guaranteed by the Company（「上海海峽 Guarantee」）for the full repayment of the principal and interests under normal commercial terms.

關連交易 (續)

Strait Investments (Shanghai) Limited (「Strait Investments」)乃本公司間接擁有73.74%權益之附屬公司，持有上海海峽97.5%權益。鑑於Strait Investments若干股東(「若干Strait Investments股東」)擁有之股權超過10%，若干Strait Investments股東成為本公司關連人士(定義見上市規則)，而就上海海峽貸款協議向上海海峽提供財務資助而作出的上海海峽擔保，根據上市規則第14.25(2)(a)條屬本公司的關連交易。

購回、出售或贖回上市證券

根據一項由新鴻基國際有限公司代表本公司提出購回最多達1,100,000,000股股份之全面收購建議，本公司按每股0.15港元(其中0.03港元為現金及餘下0.12港元為貸款票據)之價格合共購回653,372,654股股份。該項購回已於二零零三年八月二十一日完成。

除以上所披露者外，本公司或其任何附屬公司概無於本年度內購回、出售或贖回本公司任何上市證券。

公司管治

董事會認為，本公司於該整個年度內，均遵守上市規則附錄十四所載之最佳應用守則。

捐款

年內本集團慈善捐款達28,000港元。

Connected Transactions (continued)

Strait Investments (Shanghai) Limited ("Strait Investments"), a 73.74% indirect-owned subsidiary of the Company, holds 97.5% interests in 上海海峽. By virtue of the shareholding of certain shareholders of Strait Investments ("Certain Strait Investments Shareholders") are more than 10%, Certain Strait Investments Shareholders are connected persons (as defined in the Listing Rules) of the Company and the 上海海峽 Guarantee under the 上海海峽 Loan Agreement for the purpose of granting financial assistance to 上海海峽 constitutes a connected transaction of the Company pursuant to paragraph 14.25(2)(a) of the Listing Rules.

Purchase, Sale or Redemption of Listed Securities

The Company repurchased a total of 653,372,654 shares at the price of HK\$0.15 per share (as to HK\$0.03 in cash and HK\$0.12 in loan note) pursuant to a general offer made by Sun Hung Kai International Limited on behalf of the Company to repurchase up to 1,100,000,000 shares, which was completed on 21st August, 2003.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

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.

Donations

During the year, the Group made charitable donations amounting to HK\$28,000.

結算日後事項

結算日後發生之重大事項之詳情載於財務報告表附註43。

核數師

本公司截至二零零三年十二月三十一日止年度之財務報告表為德勤•關黃陳方會計師行審核。一項關於重新委聘德勤•關黃陳方會計師行為本公司核數師之決議案，將於即將舉行之股東週年大會上提呈。

代表董事會

主席

李成偉

香港，二零零四年三月三十日

Post Balance Sheet Events

Details of significant events occurring after the balance sheet date are set out in note 43 to the financial statements.

Auditors

The financial statements for the year ended 31st December, 2003 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Patrick Lee Seng Wei

Chairman

Hong Kong, 30th March, 2004