

Use of Proceeds from the Company's Initial Public Offering

The proceeds from the Company's Global Offering, including the issue of new H Shares pursuant to the full exercise of the over-allotment option (the "Over-allotment Option"), after deduction of related issuance expenses, amounted to approximately RMB1,697 million. The proceeds will be used to fund the Group's property development business. The Group will not use such proceeds to develop any business other than property development and ancillary property related businesses.

Summary 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 Company's prospectus dated 25 February 2003 and 27 January 2004, respectively, and the consolidated income statement and balance sheet as set out on pages 68 to 70 of the financial statements, and reclassified as appropriate, is set out in the section entitled "Financial Highlights" of the annual report. This summary does not form part of the audited financial statements.

Property and Equipment

Details of movements in the property and equipment of the Company and the Group during the Year are set out in note 11 to the financial statements.

Principal Properties under Development

Details of the principal properties under development of the Group for the year are set out in the section entitled "Property Profile" in the annual report.

本集團首次公開招股所得款項用途

本公司的H股於二零零四年二月於聯交所主板上市（「全球發售」），所得款項包括悉數行使超額配股權（「超額配股權」）及於扣除有關發行開支後約為人民幣1,697,000,000元，本集團將把所得款項用於本集團房地產開發業務。本集團將不會把所得款項用於房地產開發及相關配套服務以外的業務。

財務摘要

本集團分別將源於二零零三年二月二十五日和二零零四年一月二十七日刊發之招股章程及列載於財務報表第68頁至70頁的綜合損益表 and 資產負債表，並經適當編排後之五個財政年度的公佈業績和資產及負債之摘要數據，並載於本年報的財務摘要一節。該財務摘要並不構成經審核會計報表的任何部份。

物業及資產

本公司及本集團的物業及資產於年內的變動詳情載於會計報表附註11。

主要房地產開發項目

本集團於年內之主要房地產開發項目之詳情載於年報「房地產發展項目概要」一節。

Share Capital

Details of movements in the Company's share capital during the year are set out in the statements of changes in equity on page 71 to the financial statements.

The registered capital of the Company as at 31 December 2003 was RMB296,086,000 divided into 296,086,000 domestic shares of a nominal value of RMB1.00 each.

In preparation for the Global Offering, the Company obtained an approval issued by the China Securities Regulatory Commission ("CSRC") on 7 January 2004, approving the subdivision of 296,086,000 ordinary shares of a nominal value of RMB1.00 each into 1,480,430,000 ordinary shares of a nominal value of RMB0.20 each. The above-mentioned subdivision of shares was approved at the shareholders' meeting of the Company held on 8 January 2004.

The following table sets out the shareholding structure of the Company immediately following the Global Offering and the full exercise of the Over-allotment Option:

Class of shares		Number of shares	Percentage of
股份類別			the Company's
			issued share
			capital
			佔已發行股本
		股份數目	的百分比
Domestic Shares	內資股	1,473,768,065	66.78%
H Shares	H 股	733,013,435	33.22%
Total	總計	2,206,781,500	100.00%

股本

本公司股本於年內之變動詳情載於財務報表第71頁的權益變動表。

於二零零三年十二月三十一日，本公司的註冊資本為人民幣296,086,000元，每股面值為人民幣一元的內資股共計296,086,000股。

為籌備在全球發售，本公司於二零零四年一月七日取得中國證券監督管理委員會（「中國証監會」）發出的批准，批准將本公司註冊資本的股份由296,086,000股，每股面值人民幣1.00元的普通股拆細為1,480,430,000股，每股面值人民幣0.20元的普通股。本公司並於二零零四年一月八日召開股東大會通過上述股份拆細。

下表列出本公司之全球發售H股股份完成並悉數行使超額配股權後之股權結構圖：

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 31 December 2003, the Directors are not aware of any disclosure of beneficial interests or short positions in any shares or underlying shares of the Company which should be made to the Company under provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (“SFO”) as the Company was not listed on the Stock Exchange on that date.

On 31 March 2004, after the completion of the Global Offering and the full exercise of the Over-allotment Option in February 2004, the following persons (who are not Directors) have beneficial interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

主要股東及其他人士於股份及相關股份之權益

於二零零三年十二月三十一日，由於本公司在該日尚未在聯交所上市，故並無得悉有任何須根據證券及期貨條例第XV部分第二及三分部的條文須向本公司披露關於本公司任何股份或相關股份的實益權益或淡倉。

二零零四年三月三十一日（本公司之H股於二零零四年二月全球發售完成及超額配股權獲悉數行使後），根據證券及期貨條例第336條本公司所存置的主要股東登記名冊顯示，下列主要股東（非本公司董事）於本公司之股本或相關股本擁有實益權益或淡倉：

Name of substantial shareholders 股東名稱	Class of shares 股份類別	Number of shares held 股份數目	Percentage in the relevant class of share capital 佔該類別股本的百分比	Percentage in total share capital 佔總股本的百分比
Shanghai Fosun High New Technology Development Company Limited (“Fosun High New Technology”) 上海復星高新技術發展有限公司 （「復星高新技術」）	Domestic Shares 內資股	318,292,450 (L)	21.60%	14.42%
Shanghai Fosun High Technology (Group) Company Limited (“Fosun High New Technology”) 上海復星高科技(集團)有限公司 （「復星高科技」）	Domestic Shares 內資股	1,051,845,515 (L) (Note 1) (註1)	71.37%	47.66%

Name of substantial shareholders 主要股東名稱	Class of shares 股份類別	Number of shares held 股份數目	Percentage in the relevant class of share capital 佔該類別股本的百分比	Percentage in total share capital 佔總股本的百分比
Shanghai Guangxin Technology Development Company Limited ("Shanghai Guangxin") 上海廣信科技發展有限公司 (「上海廣信」)	Domestic Shares 內資股	1,140,671,315 (L) (Note 2) (註 2)	77.40%	51.69%
Shanghai Fosun Industrial Company Limited ("Fosun Industrial") 上海復星實業股份有限公司 (「復星實業」)	Domestic Shares 內資股	267,217,615 (L) (Note 3) (註 3)	18.13%	12.11%
Shanghai Fosun Information Development Company Limited ("Fosun Information") 上海復星信息產業發展有限公司 (「復星信息」)	Domestic Shares 內資股	207,260,200 (L)	14.06%	9.39%
Shanghai Fosun Pharmaceutical Development Company Limited ("Fosun Pharmaceutical") 上海復星醫藥產業發展有限公司 (「復星醫藥」)	Domestic Shares 內資股	267,217,615 (L)	18.13%	12.11%
The Capital Group Companies, Inc.	H Shares H 股	85,016,000 (L)	11.60%	3.85%
Commonwealth Bank of Australia	H Shares H 股	52,088,000 (L)	7.11%	2.36%
J.P. Morgan Chase & Co.	H Shares H 股	68,259,400 (L) 58,727,400 (P)	9.31% (L) 8.01% (P)	3.09% 2.66%

Notes:

1. Of these 1,051,845,515 Shares, 577,367,700 Shares are directly held by Fosun High Technology and the remaining 474,477,815 Shares are deemed corporate interests held indirectly through Fosun Information and Fosun Pharmaceutical.
2. Of these 1,140,671,315 Shares, 88,825,800 Shares are directly held by Shanghai Guangxin, the remaining 1,051,845,515 Shares are deemed corporate interests indirectly held through Fosun High Technology, Fosun Information and Fosun Pharmaceutical.
3. All of these 267,217,615 Shares are deemed corporate interests indirectly held by Fosun Industrial through Fosun Pharmaceutical.
4. The letter "L" denotes a long position. The letter "P" denotes interest in a lending pool.

Pre-emptive Rights

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

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries and its a jointly controlled entity purchased, redeemed or sold 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 the statements of changes in equity on page 71 of the financial statements.

附註：

1. 該等1,051,845,515股股份中，577,367,700股股份由復星高科技直接持有，而餘下474,477,815股股份被視為透過復星信息及復星醫藥間接持有的公司權益。
2. 該等1,140,671,315股股份中，88,825,800股股份由上海廣信直接持有，餘下的1,051,845,515股股份被視為透過復星高科技、復星信息及復星醫藥間接持有的公司權益。
3. 所有該等267,217,615股股份被視為由復星實業透過復星醫藥間接持有的公司權益。
4. 「L」指長倉。「P」指可供借出股份。

優先購買權

本公司的公司章程或中國法例並無載有優先購買權的條文，規定本公司須按比例向現有股東提呈新股份。

購買、贖回或出售本公司上市證券

本公司或其任何子公司及合營企業於年內並無購買、贖回或出售本公司的上市證券。

儲備

本公司及本集團於截至二零零三年十二月三十一日止年度內的儲備變動詳情載於會計報表第71頁的權益變動表。

Distributable Reserves

As 31 December 2003, the Company's reserves available for distribution, calculated in accordance with relevant rules and regulations and the Company's articles of association, amounted to RMB25,651,000.

Upon listing of the Company's shares on the Stock Exchange, the Company is required to distribute dividends based on the lower of the Company's profits determined under PRC GAAP and the International Financial Reporting Standards ("IFRS").

The Company's distributable reserves as at 31 December 2003 were determined under IFRS, which were lower than that determined under PRC GAAP. It was because in the financial statements prepared in accordance with IFRS, interests in subsidiaries were calculated by cost method. As a result, as at 31 December 2003, profits of subsidiaries were not reflected in the consolidated financial statements prepared under the IFRS. According to the consolidated financial statements prepared in accordance with IFRS, the Group's retained earnings were RMB584,361,000 as at 31 December 2003.

Charitable Contributions

During the Year, the Group made charitable contributions totalling RMB2,005,000.

Major Customers and Suppliers

The five largest customers and construction contractors contributed less than 30% of the total operating revenue and construction costs, respectively, of the Group during the Year. Accordingly, a corresponding analysis of major customers and suppliers is not presented.

可供分配之儲備

於二零零三年十二月三十一日，本公司根據相關法律、法規和公司章程核定的可供分配之儲備為人民幣25,651,000元。

本公司股份於聯交所上市後，本公司須按中國會計原則及國際財務報告準則釐定之本公司溢利之較低者分派股息。

本公司於二零零三年十二月三十一日之可供分配之儲備乃按國際財務報告準則釐定，其低於按中國會計準則釐定之可供分配之儲備，主要原因是由於在按國際財務報告準則編製之母公司財務報表中，於子公司之權益按成本法核算導致子公司之溢利尚未於二零零三年十二月三十一日反映在按國際財務報告準則編製的財務報表中。在按國際財務報告準則編製之合併財務報表中，本集團於二零零三年十二月三十一日留存收益餘額為人民幣584,361,000元。

慈善捐款

本集團於本年度作出的慈善捐款合計為人民幣2,005,000元。

主要客戶及供應商

向本集團五大客戶的銷售或向五大建築工程承包商支付的款項均佔本集團於年內的總銷售額或建築成本的百分之三十以下。據此，並沒有提呈主要客戶及主要供應商的相應分析。

Directors

The Directors of the Company during the Year were:

Executive directors:

Mr. Guo Guangchang

Mr. Fan Wei

Mr. Ding Guoqi

Mr. Liang Xinjun (resigned on 16 May 2003)

Non-Executive director:

Mr. Feng Xiekun

Independent non-executive directors:

Mr. Charles Nicholas Brooke (Note)

Mr. Chen Yingjie

Mr. Zhang Hongming

Note: Mr. Brooke was initially appointed as an independent non-executive director of the Company on 10 February 2003 and subsequently resigned on 16 May 2003. He was reappointed as an independent non-executive director of the Company on 8 January 2004.

In accordance with article 95 of the Company's articles of association, directors are appointed for a period of three years.

Directors, Supervisors and Senior Management Biographies

Biographical details of the directors and supervisors of the Company and the senior management of the Group as at 31 December 2003 are set out under the section entitled "Profile of Directors, Supervisors and Senior Management" of the annual report.

Directors' Service Contracts

Each of the Directors of the Company has entered into a service contract with the Company with effect from the date of appointment of the respective director, for a term of three years.

None of the directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事

於年內，本公司董事會成員如下：

執行董事

郭廣昌先生

范偉先生

丁國其先生

梁信軍先生(於二零零三年五月十六日辭任)

非執行董事

馮燮堃先生

獨立非執行董事

蒲祿祺先生(附註)

陳穎傑先生

張泓銘先生

附註：蒲先生最初於二零零三年二月十日獲委任為本公司的獨立非執行董事，其後於二零零三年五月十六日辭任。他於二零零四年一月八日再獲委任為本公司的獨立非執行董事。

根據公司章程第95條，董事任期為三年。

董事、監事及高級管理人員的履歷

本公司董事、監事及本集團高級管理人員的履歷資料詳列於本年報的「董事、監事及高級管理人員履歷」一節。

董事服務合約

各位董事與本公司訂立服務合約，為期三年。

無任何董事與本公司訂立任何一年內屆滿而不需作出賠償(法定賠償除外)的服務合約。

Directors' Interests in Contracts

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Directors' Rights to Acquire Shares

At no time during the Year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or their respective spouse or minor children of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Directors' Interests in a Competing Business

During the Year, except for Mr. Guo Guangchang and Mr. Fan Wei's interests in Shanghai Xingye Investment Development Co., Ltd., through Fosun High Technology, which has been fully disclosed in the section entitled "Competition with the Fosun Group and Existing Shareholders" under the Business Section of the Prospectus, none of the directors had any interest in a business which competes or may compete with the businesses of the Group.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2003, the Directors are not aware of any disclosure of beneficial interests or short positions of directors in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which should be made to the Company under provisions of Divisions 7 and 8 of Part XV of the SFO as the Company was not listed on the Stock Exchange on that date.

董事於合約中的權益

於本年內任何時間，無任何董事與本公司、控股公司或任何附屬公司業務有重大（直接或間接）影響的任何合同或安排中佔有重大權益。

董事購買股份權益

本公司、控股公司或任何附屬公司於本年內概無參與任何安排，致使本公司的董事或其配偶或其未成年子女藉收購本公司或任何其他法人團體的股份而獲益。

董事於競爭性業務的權益

年內，除郭廣昌先生及范偉先生通過復星高科技於上海興業投資發展有限公司的權益外（該部份已於招股章程業務一節「與復星集團及現有股東的競爭部份」作全面披露），本公司的董事或管理層股東概無從事任何與本集團業務直接或間接競爭或可能存在競爭的業務。

董事於股份或相關股份之權益、淡倉及債券

於二零零三年十二月三十一日，由於本公司在該日尚未在聯交所上市，故並無得悉有任何董事須根據證券及期貨條例第XV部分第七及八分部披露任何其於本公司及相關法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中擁有實益權益、淡倉或債券。

On 31 March 2004, after the completion of the Global Offering and the full exercise of the Over-allotment Option in February 2004, the beneficial interests and short positions of the directors and supervisors in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

於二零零四年三月三十一日(本公司之H股於二零零四年二月全球發售完成及超額配股權獲悉數行使後)，根據證券及期貨條例第352條本公司所存置的登記冊顯示或根據上市公司董事進行證券交易的標準守則而須通知本公司及聯交所的資料，下列董事於本公司已發行股本中擁有本公司及其相聯法團(定義見證券及期貨條例第XV部)的任何股份、相關股份及債券中擁有實益權益、淡倉或債券：

(a) Long positions in the shares, underlying shares and debentures of the Company:

(a) 與本公司股份、相關股份及債券的長倉：

Name of director 董事名稱	Types of interests 權益類別	Number of shares 股份數目	Percentage of the total number of shares in issue 佔已發行股本的百分比
Guo Guangchang 郭廣昌	Corporate 公司	1,458,963,765	66.11%

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

(b) 與本公司相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券的長倉：

Name of director 董事名稱	Name of associated corporation 相聯法團名稱	Nature of interest 權益類別	Number of shares directly and indirectly held 直接及間接持有的股份數目	Approximate percentage of shares in issue of the associated corporation 佔相聯法團已發行股份的概約百分比
Guo Guangchang 郭廣昌	Shanghai Fosun Hongqiao Property Development Co., Ltd. 上海復星虹橋房地產開發有限公司	Corporate 公司	N/A 不適用	20%
Guo Guangchang 郭廣昌	Shanghai Fujin Property Development Co., Ltd. 上海復錦房地產開發有限公司	Corporate 公司	N/A 不適用	10%
Guo Guangchang 郭廣昌	Shanghai Guangxin 上海廣信	Individual 個人	N/A 不適用	58%
Fan Wei 范偉	Shanghai Guangxin 上海廣信	Individual 個人	N/A 不適用	10%

Connected Transactions

As disclosed in the Prospectus, set out below is a summary of the ongoing connected transactions of the Group for which either the Stock Exchange has granted a waiver or are exempted but subject to disclosure requirements under the Rules Governing the Listing of Securities on the Stock Exchange which ceased to be effective on 30 March 2004 (the "Original Listing Rules"):

(A) Property Sales Underwriting Agreement

In August 2002, Resource Consultancy, a subsidiary of the Company, entered into a property sales underwriting agreement with Shanghai Fuxin Property Development Co., Ltd. ("Shanghai Fuxin Property"), pursuant to which Resource Consultancy agreed to underwrite the sales of all residential units at the agreed underwriting prices as set out in the agreement.

The total planned GFA of Gubei New City (East Wing) is approximately 150,000 sq.m., of which 60,000 sq.m. is planned for Phase 1. The underwriting period for Phase 1 started from October 2002 and ended in January 2004. As at 31 December 2003, Resource Consultancy had sold a total GFA of approximately 56,919 sq.m. of Phase 1 of Gubei New City (East Wing) and only five units with a total GFA of 538.5 sq.m. remained unsold. Further details of the transactions between Resource Consultancy and Shanghai Fuxin Property under the property sales underwriting agreement are set out in the Prospectus. During the Year, Resource Consultancy had sold a GFA of approximately 2,780 sq.m. of Phase 1 and Resource Consultancy was entitled to receive approximately RMB2,044,000 from Shanghai Fuxin Property.

Shanghai Fuxin Property is equally owned by the Company and Shanghai Xinchangning (Group) Company Limited, a promoter of the Company. Accordingly, Shanghai Fuxin Property is regarded as a connected person of the Company under the Original Listing Rules.

關聯交易

誠如招股章程中所披露，根據聯交所之自二零零四年三月三十日終止之上市規則（「原上市規則」）以下本集團的持續關聯交易已取得聯交所豁免但予披露：

(A) 房產銷售包銷協議

於二零零二年八月，本公司附屬公司上海策源置業顧問有限公司（「策源顧問」）與上海復鑫房地產開發有限公司（「上海復鑫房地產」）訂立房產銷售包銷協議，根據該協議，策源顧問同意在雙方根據協議，按訂下之包銷價格，銷售協議中規定之所有住宅單位。

古北新城（東塊）的總建築面積約為150,000平方米，其中第一期計劃為60,000平方米。第一期的包銷期由二零零二年十月至二零零四年一月。截至二零零三年十二月三十一日止，古北新城（東塊）第一期已出售總建築面積約56,919平方米，尚餘五個總建築面積538.5平方米的住宅單位仍未出售。有關房產銷售包銷協議的詳細條款及內容，已在招股章程中詳列。二零零三年，策源顧問已銷售第一期建築面積2,780平方米。策源顧問可就此從上海復鑫房地產取得物業銷售代理收入人民幣2,044,000元。

上海復鑫房地產因其由本公司發起人之一的上海新長寧（集團）有限公司及本公司同比例持有，根據原上市規則被視為本公司的關聯人士。

(B) Office Tenancy Agreement

In September 2002, the Company and Fosun Industrial entered into an office tenancy agreement, pursuant to which Fosun Industrial agreed let the office premises, which is the current principal place of business of the Company in Shanghai, to the Company for a term of three years commencing from 1 July 2002. The rent payable by the Company under the office tenancy agreement is RMB2.0 per sq.m. per day plus an additional RMB1.90 per sq.m. per day as management fees and other utility expenses. Further details of the terms of the office tenancy agreement are set out in the Prospectus. The total amount paid by the Company to Fosun Industrial under the office tenancy agreement during the Year was approximately RMB4,278,000.

Fosun Industrial is a subsidiary of Fosun High Technology, and Fosun High Technology is a substantial shareholder of the Company with 26.16% shareholding as at 31 March 2004 (following the completion of the Global Offering and the full exercise of the over-allotment option). Accordingly, Fosun Industrial is regarded as a connected person of the Company under the Original Listing Rules.

(C) Shareholder's Loan to Nanjing Dahua Investment Development Co., Ltd. ("Nanjing Dahua")

During the Year, the Company provided financial assistance to Nanjing Dahua by way of shareholder's loan which was interest-free and payable on demand (the "Shareholder's Loan"). The Shareholder's Loan was provided in proportion to the ratio of equity interest held by the Company in Nanjing Dahua. The purpose of the Shareholder's Loan was for the funding of the property development undertaken by Nanjing Dahua. As at 31 December 2003, the Shareholder's Loan made by the Company to Nanjing Dahua amounted to RMB76,000,000.

Nanjing Dahua is a subsidiary of Dahua (Group) Co., Ltd., a promoter of the Company. Accordingly, Nanjing Dahua is regarded as a connected person of the Company under the Original Listing Rules.

(B) 辦公室租賃協議

於二零零二年九月，本公司與上海復星實業股份有限公司（「復星實業」）訂立一項辦公室租賃協議（「辦公室租賃協議」）。根據辦公室租賃協議，業主復星實業同意將本公司目前的辦公室場所出租予本公司，年期由二零零二年七月一日起計三年。本公司須支付每平方米人民幣2.0元的日租，及每日支付每平方米人民幣1.90元的物業管理費和其他雜費。有關辦公室租賃協議的詳細條款及內容，請參閱本公司的招股章程。二零零三年，本公司支付給復星實業約人民幣4,278,000元辦公室租金。

復星實業是復星高科技的子公司，而復星高科技是公司主要股東，於二零零四年三月三十一日（即全球發售及悉數行使超額配股權後）持有本公司26.16%股權。根據原上市規則，復星實業為本公司的關聯人士。

(C) 給予南京大華投資發展有限公司（「南京大華」）的股東貸款

於年內，本公司向南京大華以免息貸款並須於要求時償還的形式提供財務資助（「股東貸款」）。該股東貸款乃按本公司於南京大華持有的股權比例提供，其目的是為南京大華進行的房地產開發項目提供資金。截至二零零三年十二月三十一日，本公司提供南京大華的股東貸款為人民幣76,000,000元。

南京大華是本公司的發起人大華（集團）有限公司的子公司。南京大華根據原上市規則被視為本公司的關聯人士。

In respect of the transactions as described in paragraphs (A) and (B) above, the Stock Exchange has granted a waiver to the Company from strict compliance with the relevant requirements in respect of connected transactions under the Original Listing Rules. The transactions as described in paragraph (C) above are exempt from independent shareholders' approval requirements under Rule 14.25(2)(b) of the Original Listing Rules but subject to disclosure in the Company's annual report.

The independent non-executive directors have reviewed the connected transactions as described in paragraphs (A), (B) and (C) and confirmed that such connected transactions have been conducted:

- (i) in the ordinary and usual course of business of the Company;
- (ii) on normal commercial terms (to the extent that there are comparable transactions) or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms not less favourable to the Company than terms available to or from (as appropriate) independent third parties;
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and;
- (iv) the annual aggregate amount of each of the connected transactions as described in paragraphs (A) and (B) above has not exceeded its proposed annual limits as set out in the Prospectus.

Ernst & Young, the auditors of the Company, have also reviewed the connected transactions described in paragraphs (A) and (B) and confirmed in a letter to the Directors (a copy of which has been provided to the Listing Division of the Stock Exchange) stating that such connected transactions:

- (i) have received the approval of the Board;

根據原上市規則，上文(A)及(B)段所述的交易已獲聯交所豁免就關聯交易嚴格遵守原上市規則的有關規定，然而上文(C)段所述的交易已豁免原上市規則第14.25條的須取得獨立股東批准的規定，但在本公司財務報表須予以披露。

本公司獨立非執行董事對上述(A)、(B)及(C)段所述關聯交易審覽後確認：

- (i) 該等交易於本公司日常及一般業務過程中訂立；
- (ii) 按一般商業條款訂立(如有可予比較的交易)或，假如並無足夠可比較的交易以判斷該等協議是否按一般商業條款訂立，則按對本公司而言不遜於獨立第三方可取得或(如果適用)獨立第三方所提供的條款訂立；及
- (iii) 按規管該等交易的有關協議，根據公平合理的條款訂立，並符合本公司全體股東的利益；及
- (iv) 上述(A)及(B)段所述關聯交易的全年總額不超過招股章程所載建議的設限金額。

本公司核數師安永會計師事務所已出具信函(副本已呈交聯交所上市部門)向董事會表明上述(A)及(B)段所述的關聯交易：

- (i) 已取得董事會批准；

- (ii) were entered into in accordance with the terms of the respective agreements governing those transactions, or if there are no such agreements, on terms no less favourable than those available to or from independent third parties; and
- (iii) the annual aggregate amount of each of the connected transactions described above has not exceeded its proposed annual limits as set out in the section entitled “Connected Transactions” under the Business Section of the Prospectus.

Post Balance Sheet Events

Details of the significant post balance sheet events of the Group are set out in note 32 to the financial statements.

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 of the Stock Exchange since the listing of the Company's H Shares on the Stock Exchange on 6 February 2004.

Audit Committee

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company, namely Mr. Charles Nicholas Brooke, Mr. Chen Yingjie and Mr. Zhang Hongming.

Auditors

The Company's financial statements have been audited by Ernst & Young, who 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

Guo Guangchang

Chairman

Shanghai, the PRC

12 April 2004

- (ii) 根據監管該等交易的各有關協議的條款訂立：假如沒有足夠可比較的該等協議，則不遜於獨立第三方可取得或提供的條款訂立；及
- (iii) 該等交易的年度總額不超過招股章程「業務」一節中「關聯交易」部份所載的年度限額。

資產負債表期後事項

重要資產負債表期後事項之詳細內容在財務報表附註32中載列。

最佳應用守則

董事會認為，自本公司於二零零四年二月六日上市以來，公司一直嚴格遵守香港聯交所證券上市規則附錄14載列的最佳應用守則。

審核委員會

本公司已根據最佳應用守則的規定，就審核及監督本集團的財務匯報過程和內部控制的目的，成立審核委員會。審核委員會由三名獨立非執行董事組成，包括蒲祿祺先生、陳穎杰先生及張泓銘先生。

核數師

本公司的財務報表經安永會計師事務所審核，其已退任，而重新委聘為本公司核數師之議案，將提呈於即將舉行的股東周年大會上。

承董事會命

董事長

郭廣昌

中國•上海

二零零四年四月十二日