

Report of the Directors

The Directors are pleased to present their annual report together with the audited accounts of Hopson Development Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries, associate and jointly controlled entity are principally engaged in investment holding and property development, investment and management.

An analysis of the Group's turnover by activity and their respective contributions to operating profit for the year ended 31st December 2003 by business segment is as follows:

		Turnover	Contribution to operating profit
		營業額	經營溢利 貢獻
		HK\$'000	HK\$'000
		千港元	千港元
Pre-sale and sale of properties	物業預售及銷售	3,238,906	486,842
Rental income	租金收入	35,487	31,318
Property management fees	物業管理費	51,529	5,047
		3,325,922	523,207
Other revenue	其他收入		7,211
			530,418

No analysis of the Group's turnover and profit attributable to shareholders by geographical location is presented because substantially all of the Group's turnover and profit attributable to shareholders for the year ended 31st December 2003 were derived from activities carried out in mainland China.

董事會報告

董事會欣然提呈合生創展集團有限公司(「本公司」)及其附屬公司(以下統稱「本集團」)截至二零零三年十二月三十一日止年度的年報連同經審核賬目。

主要業務

本公司為一間投資控股公司，旗下各附屬公司、聯營公司及共同控制實體主要從事投資控股、物業發展、投資及物業管理業務。

本集團截至二零零三年十二月三十一日止年度按業務劃分的營業額及其各自對經營溢利的貢獻分析如下：

由於大部份本集團截至二零零三年十二月三十一日止年度的營業額及股東應佔溢利均來自於中國大陸經營的業務，因此並無呈列本集團按地區劃分的營業額及股東應佔溢利的貢獻分析。

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31st December 2003, the five largest customers of the Group accounted for approximately 0.6% of the Group's total turnover while the five largest suppliers of the Group accounted for 78% of the Group's total purchases. In addition, the largest customer of the Group accounted for approximately 0.2% of the Group's total turnover while the largest supplier of the Group accounted for 36% of the Group's total purchases.

Save for the association with certain related companies as set out in Note 3 to the accompanying accounts, none of the Directors, their associates or any shareholders (which to the knowledge of the Directors owned more than 5% of the Company's share capital) has a beneficial interest in the Group's five largest customers or five largest suppliers.

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31st December 2003 are set out in the consolidated profit and loss account on page 53 of this annual report.

An interim dividend of HK2 cents per share, totalling HK\$20,040,000 was declared and paid during the year. The Directors recommend the payment of a final dividend of HK3 cents per share, which will bring the total dividends for the year ended 31st December 2003 to HK\$50,100,000.

SHARE CAPITAL

Details in share capital of the Company are set out in Note 35 to the accompanying accounts.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 37 to the accompanying accounts.

Distributable reserves of the Company as at 31st December 2003, calculated under the Companies Act of Bermuda, amounted to HK\$50,062,000 (2002: HK\$6,608,000).

董事會報告

主要顧客及供應商

於截至二零零三年十二月三十一日止年度期間，本集團五名最大客戶約佔本集團營業額的0.6%，而本集團五名最大供應商則約佔本集團採購額的78%。此外，本集團的最大客戶約佔本集團營業額的0.2%，而本集團的最大供應商則約佔本集團採購額的36%。

除於隨附的經審核賬目附註3所載與若干關連公司有聯繫外，概無董事、彼等的聯繫人等或任何股東（據董事所知擁有超過本公司5%之股本者）於本集團五名最大客戶或五名最大供應商中擁有實質權益。

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的業績詳情載於本年報第53頁的綜合損益表內。

中期股息每股2港仙，合共20,040,000港元，已於本年度內宣派及支付。董事會建議派發末期股息每股3港仙；故此，截至二零零三年十二月三十一日止年度股息總額將為50,100,000港元。

股本

本公司的股本詳情載於隨附之賬目附註35。

儲備

本集團及本公司於本年度的儲備變動載於隨附賬目附註37。

於二零零三年十二月三十一日，根據百慕達公司法計算，本公司的可供分派儲備為50,062,000港元（二零零二年：6,608,000港元）。

Report of the Directors

DONATIONS

During the year, the Group made charitable donations totalling HK\$6,109,000 (2002: HK\$1,251,000) to various organisations for charitable purposes.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws and there is no restriction against such rights under the laws of Bermuda.

PROPERTIES AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in properties and equipment and investment properties of the Group during the year are set out in Notes 14 and 15 to the accompanying accounts, respectively.

SUBSIDIARIES AND ASSOCIATE

Particulars of the Company's subsidiaries and associate are set out in Notes 19 and 20 to the accompanying accounts, respectively.

BANK LOANS

Particulars of bank loans as at 31st December 2003 are set out in Notes 30 and 31 to the accompanying accounts.

PENSION SCHEMES

Details of the pension schemes are set out in Note 42 to the accompanying accounts.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 131 to 134.

董事會報告

捐款

於本年，本集團為慈善用途捐款6,109,000港元（二零零二年：1,251,000港元）予多個機構。

優先購買權

本公司細則並無優先購買權條文，而百慕達法例亦無限制該等權利。

物業及設備和投資物業

本集團於本年度的物業及設備和投資物業變動詳情分別載於隨附賬目附註14及附註15。

附屬公司及聯營公司

本公司的附屬公司及聯營公司詳情分別載於賬目附註19及附註20。

銀行貸款

於二零零三年十二月三十一日的銀行貸款詳情載於隨附賬目附註30及附註31。

退休金計劃

退休金計劃詳情載於隨附賬目附註42。

五年財務摘要

本集團於過去五年的業績及資產與負債摘要載於第131至134頁。

Report of the Directors

董事會報告

ON-GOING CONNECTED TRANSACTIONS

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has granted a conditional waiver to the Company from strict compliance with the requirements under Chapter 14 (the original Chapter 14 was deleted as from 31st March 2004 and replaced by a new Chapter 14A) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) in respect of certain on-going connected transactions. Pursuant to the waiver, the Company is not required to disclose details of such connected transactions by press notice and/or circular and/or to obtain prior independent shareholders’ approval. Details of such connected transactions are as follows:

- (i) Appointment of a main contractor – Guangdong Zhujiang Construction Limited (“GZ Construction”)

During the three years commencing 1st January 2003, the Group may, from time to time, appoint GZ Construction as its main contractor in respect of construction works to be carried out on property development projects of the Group. The appointment of GZ Construction as the Group’s main contractor will be on normal commercial terms conducted at arm’s length between the parties and in the ordinary and usual course of business of the Group; and will be fair and reasonable so far as the shareholders of the Company are concerned. Further, individual construction contracts will only be awarded to GZ Construction if the terms offered by it are no less favourable than those offered by other contractors. GZ Construction, being a 60%-owned subsidiary of Guangdong Zhujiang Investment Limited (“GD Zhujiang”), a minority shareholder of certain subsidiaries of the Company, is a connected person of the Company under the Listing Rules. During the year ended 31st December 2003, construction fees paid/payable to GZ Construction amounted to approximately HK\$1,250,000,000 (2002: HK\$1,969,000,000).

持續關連交易

香港聯合交易所有限公司(「聯交所」)已就若干持續關連交易，批准本公司有條件豁免嚴格遵守聯交所證券上市規則(「上市規則」)第14章(原14章已於二零零四年三月三十一日刪除，新的14A章取代)的規定。根據該項豁免，本公司毋須以刊發報章公告及／或通函方式披露該等關連交易詳情，及／或事先獲取獨立股東批准。該等關連交易詳情如下：

- (i) 委任總承建商－廣東珠江工程總承包有限公司(「珠江總承包」)

由二零零三年一月一日起計三年期間，本集團可不時委聘珠江總承包為本集團將進行建築工程的物業發展項目的主要承建商。本集團將循雙方按公平磋商原則及於本集團日常業務範圍內對本公司股東屬公平合理的一般商業條款，委聘珠江總承包為本集團的主要承建商。此外，只有當珠江總承包所開出的條款並不遜於其他承建商，個別建築合約才會批予珠江總承包。根據上市規則，由於珠江總承包為廣東珠江投資有限公司(「廣東珠江」)(本公司若干附屬公司的少數股東)持有60%權益的附屬公司，故珠江總承包乃本公司的關連人士。於截至二零零三年十二月三十一日止年度已付／應付珠江總承包的建築費用約為1,250,000,000港元(二零零二年：1,969,000,000港元)。

Report of the Directors

- (ii) Appointment of a main contractor – Guangdong Hanjiang Construction Installation Project Limited (“Hanjiang”)

During the three years commencing 1st January 2003, the Group may, from time to time, appoint Hanjiang as its main contractor in respect of construction works to be carried out on property development projects of the Group. The appointment of Hanjiang as the Group’s main contractor will be on normal commercial terms conducted at arm’s length between the parties and in the ordinary and usual course of business of the Group; and will be fair and reasonable so far as the shareholders of the Company are concerned. Further, individual construction contracts will only be awarded to Hanjiang if the terms offered by it are no less favourable than those offered by other contractors. Hanjiang is owned as to 90 per cent. by Mr. Chu Hing Yee, the brother of Mr. Chu Mang Yee, the Chairman and executive Director of the Company (“Mr.Chu”), and 10 per cent. by Mr. Chu Fan, the brother-in-law of Mr. Chu. Each of Mr. Chu Hing Yee and Mr. Chu Fan is a connected person of the Company under the Listing Rules. Accordingly, Hanjiang being an associate of Mr. Chu Hing Yee is also a connected person of the Company. During the year ended 31st December 2003, construction fees paid/payable to Hanjiang amounted to approximately HK\$882,000,000 (2002: Nil).

- (iii) Appointment of a property management company – Guangdong Esteem Property Services Limited (“Esteem”)

During the three years commencing 1st January 2003, the Group may appoint Esteem to manage the unsold units of the Group’s properties located in Guangzhou and the southern part of Guangdong Province in return for management fees equal to 50% of those charged to owners of individual units of the sold properties. Esteem is a connected person of the Company under the old Chapter 14 of the Listing Rules because 10% equity interest of Esteem is held by Guangdong Zhujiang Property

董事會報告

- (ii) 委任總承建商—廣東韓江建築安裝工程有限公司(「韓江」)

由二零零三年一月一日起計三年期間，本集團可不時委聘韓江為本集團將進行建築工程的物業發展項目的主要承建商。本集團將循雙方按公平磋商原則及於本集團日常業務範圍內對本公司股東屬公平合理的一般商業條款，委聘韓江為本集團的主要承建商。此外，只有當韓江所開出的條款並不遜於其他承建商，個別建築合約才會批予韓江。韓江由本公司主席兼執行董事朱孟依先生(「朱先生」)之胞弟朱慶伊先生擁有90%權益，以及由朱先生之妹夫朱帆先生擁有10%權益。根據上市規則，朱慶伊先生及朱帆先生均為本公司之「關連人士」。因此，韓江作為朱慶伊先生之聯繫人士亦屬本公司之關連人士。於截至二零零三年十二月三十一日止年度已付／應付韓江的建築費用約為882,000,000港元(二零零二年：無)。

- (iii) 委任物業管理公司—廣東康景物業服務有限公司(「康景」)

由二零零三年一月一日起計三年期間，本集團可委任康景以管理本集團位於廣州及廣東省南部的未出售物業單位，並按照向已出售物業單位業主徵收的管理費的50%收取管理費。根據上市規則原14章，由於廣東珠江物業管理公司(廣東珠江的全資附屬公司)持有康景10%權益，故康景乃本公司的關

Report of the Directors

董事會報告

Management Company, a wholly-owned subsidiary of GD Zhujiang. During the year ended 31st December 2003, management fees paid/payable to Esteem amounted to approximately HK\$4,196,000 (2002: HK\$2,250,000).

On 19th January 2004, the Group acquired the remaining 10% equity interest in Esteem from Guangdong Zhujiang Property Management Company for a consideration of RMB467,000. Esteem thus became a wholly-owned subsidiary of the Company. After 19th January 2004, any transactions between the Company and Esteem are exempt from the disclosure or shareholders' approval requirement of the Listing Rules.

- (iv) Appointment of a property management company – Beijing Zhujiang Century Property Management Limited (“Beijing Century”)

During the three years commencing 1st January 2003, the Group may appoint Beijing Century to manage the unsold units of the Group's properties located in Beijing and Tianjin in return for management fees equal to 50% of those charged to owners of individual units of the sold properties. Beijing Century is owned as to 80% by Beijing Zhujiang Real Estate Development Company Limited (“Beijing Zhujiang”) and 20% by GZ Construction, while Beijing Zhujiang is owned as to 60 per cent. by GD Zhujiang and 40 per cent. by GZ Construction. Accordingly, Beijing Century is a connected person of the Company under the Listing Rules. During the year ended 31st December 2003, management fees paid/payable to Beijing Century amounted to approximately HK\$1,926,000 (2002: HK\$512,000).

連人士。於截至二零零三年十二月三十一日止年度已付／應付康景的管理費約為4,196,000港元(二零零二年：2,250,000港元)。

於二零零四年一月十九日，本集團向廣東珠江物業管理公司收購康景餘下10%權益，代價為人民幣467,000元。康景因此成為本公司的全資附屬公司。於二零零四年一月十九日之後，本公司與康景之任何交易均獲豁免遵守上市規則的披露或股東批准要求。

- (iv) 委任物業管理公司—北京珠江世紀物業管理有限公司(「北京世紀」)

由二零零三年一月一日起計三年期間，本集團可委任北京世紀以管理本集團位於北京及天津的未出售物業單位，並按照向已出售物業單位業主徵收的管理費的50%收取管理費。北京世紀由北京珠江房地產開發有限公司(「北京珠江」)及珠江總承包分別擁有80%及20%股權；而北京珠江則由廣東珠江及珠江總承包分別擁有60%及40%權益。因此，根據上市規則，北京世紀為本公司之「關連人士」。於截至二零零三年十二月三十一日止年度已付／應付北京世紀的管理費約為1,926,000港元(二零零二年：512,000港元)。

Report of the Directors

The independent Non-executive Directors have reviewed the above transactions and confirmed that:

- (i) a. the above transactions have been conducted at arm's length between the parties on normal commercial terms and in the ordinary and usual course of the business of the Group, and are fair and reasonable so far as the shareholders of the Company are concerned;
- b. the above transactions have been carried out on terms no less favourable than terms available from independent third parties;
- c. the disclosure provided herein in respect of the details of the above transactions is in compliance with the old Rule 14.25 (1)(A) to (D) of the Listing Rules;
- (ii) during the year ended 31st December 2003, construction fees paid/payable to GZ Construction amounted to approximately HK\$1,250,000,000 (2002: HK\$1,969,000,000), which has not exceeded the annual construction fees paid/payable to GZ Construction in respect of the year concerned as permitted under the said waiver from the Stock Exchange;
- (iii) during the year ended 31st December 2003, construction fees paid/payable to Hanjiang amounted to approximately HK\$882,000,000 (2002: Nil), which has not exceeded the annual construction fees paid/payable to Hanjiang in respect of the year concerned as permitted under the said waiver from the Stock Exchange;
- (iv) during the year ended 31st December 2003, management fees paid/payable to Esteem amounted to approximately HK\$4,196,000 (2002: HK\$2,250,000), which has not exceeded the annual management fees paid/payable to Esteem in respect of the year concerned as permitted under the said waiver from the Stock Exchange; and

董事會報告

獨立非執行董事已審閱上述交易，並確認：

- (i) a. 上述交易已由訂約各方按公平磋商原則、並以一般商業條款，及於本集團日常業務範圍內進行，對本公司股東而言乃屬公平合理；
- b. 上述交易乃按不遜於獨立第三方可提供的條款進行；
- c. 本文就上述交易細節所提供的披露，乃根據上市規則原14.25(1)(A)至(D)條而作出；
- (ii) 於截至二零零三年十二月三十一日止年度內已付／應付珠江總承包的建築費用約1,250,000,000港元(二零零二年：1,969,000,000港元)，並未超過根據聯交所授予的上述豁免所批准於有關年度可向珠江總承包支付／應付的全年建築費用限額；
- (iii) 於截至二零零三年十二月三十一日止年度內，已付／應付韓江的管理費約為882,000,000港元(二零零二年：無)，並未超過根據聯交所授予的上述豁免所批准於有關年度可向韓江支付／應付的全年管理費限額；
- (iv) 於截至二零零三年十二月三十一日止年度內，已付／應付康景的管理費約為4,196,000港元(二零零二年：2,250,000港元)，並未超過根據聯交所授予的上述豁免所批准於有關年度可向康景支付／應付的全年管理費限額；及

Report of the Directors

- (v) during the year ended 31st December 2003, management fees paid/payable to Beijing Century amounted to approximately HK\$1,926,000 (2002: HK\$512,000), which has not exceeded the annual management fees paid/payable to Beijing Century in respect of the year concerned as permitted under the said waiver from the Stock Exchange.

The auditors of the Company have reviewed the above transactions and confirmed that the transactions:

- (1) have received approval from the Board of Directors; and
- (2) have been entered into in accordance with the terms of the agreements governing the transactions.

Save as disclosed in Note 3 to the accompanying accounts, no other contracts of significance in relation to the Company's business to which the Company or any of its subsidiaries, associate, jointly controlled entity or holding company was a party and in which any of the Company's Directors had a material interest, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year ended 31st December 2003, the Group entered into the following connected transactions:

- (i) Acquisition of additional 21% equity interest in Guangdong Hopson Leijing Real Estates Limited ("Leijing")

On 25th May 2003, the Group entered into an agreement with GD Zhujiang, Guangzhou Zhujiang Property Development Centre Company Limited ("GZ Development Centre"), Guangzhou Tong Rui Da Real Estate Industrial Company Limited ("Tong Rui Da"), Guangdong Zhujiang Industrial Development Company Limited ("GZ Industrial") and York Joint Development Limited ("York Joint") to acquire an additional 21% equity interest of Leijing, a 53.5% owned subsidiary of the Group prior to such acquisition, which engaged in property development and is incorporated in mainland China. GZ

董事會報告

- (v) 於截至二零零三年十二月三十一日止年度內，已付／應付北京世紀的管理費約為1,926,000港元(二零零二年：512,000港元)，並未超過根據聯交所授予的上述豁免所批准於有關年度可向北京世紀支付／應付的全年管理費限額。

本公司核數師已審閱上述交易，並確認該等交易：

- (1) 已獲董事會批准；及
- (2) 根據該等交易協議之條款進行。

除隨附賬目附註3所披露外，本公司的董事概無於本年度年終或年內任何時間，在本公司或其任何附屬公司、聯營公司、共同控制實體或控股公司所訂立任何與本公司業務有關的其他重大合約中持有重大權益。

關連交易

於截至二零零三年十二月三十一日止年度，本集團訂立下列關連交易：

- (i) 收購廣東合生樂景房地產有限公司(「樂景」)額外21%股本權益

於二零零三年五月二十五日，本集團與廣東珠江、廣州珠江房地產開發中心有限公司(「廣州開發中心」)、廣州通瑞達房地產實業有限公司(「通瑞達」)、廣東珠江實業發展有限公司(「廣珠實業」)及潤俊發展有限公司(「潤俊」)訂立協議以購入樂景股本中之額外21%股本權益，於是項收購前樂景為本集團擁有53.5%權益之附屬公司，從事物業發展並於中國大陸註冊成立。廣東珠江分別持有廣州開發中心及廣珠實業92%及38%權益，

Report of the Directors

Development Centre and GZ Industrial are owned as to 92% and 38% by GD Zhujiang, respectively and York Joint was a former shareholder of Leijing, and accordingly, GZ Development Centre, GZ Industrial, York Joint, together with GD Zhujiang are all connected persons under the Listing Rules. The Directors believe that, in view of the encouraging economic condition and property market in Guangzhou, the site being developed by Leijing, after development into a commodity property area, would be of great commercial value. The consideration of HK\$15.7 million, which approximately represented the fair value of the net identifiable assets acquired, was settled through share capital injection in Leijing.

- (ii) Acquisition of additional 4.7% equity interest in Guangzhou Hopson Yijing Real Estate Limited ("Yijing")

On 15th December 2003, the Group entered into an agreement with GD Zhujiang and Xin Nan Fang Real Estate Development Company Limited ("Xin Nan Fang") to acquire an additional 4.7% interest in the share capital of Yijing, a 60% owned subsidiary of the Group prior to such acquisition, which engaged in property development and is incorporated in mainland China from Xin Nan Fang. Xin Nan Fang is directly owned as to 90.65% by Mr. Chu Muk Chi, a brother of the Chairman, and therefore together with GD Zhujiang are connected persons of the Company under the Listing Rules. The Directors believe that, in view of the encouraging economic condition and property market in Guangzhou, the site being developed by Yijing after development into a commodity property area, would be of great commercial value. The consideration of HK\$8.4 million, which approximately represented the fair value of the net identifiable assets acquired, was settled through share capital injection in Yijing.

- (iii) Sale of land to the Chairman

On 15th December 2003, Guangdong Huanan New City Real Estate Limited ("Huanan Real Estate"), a 60% owned subsidiary of the Group sold an undeveloped land with an area of 11,117 sq.m. located between the south side of

董事會報告

而潤俊為樂景之前股東，因此，廣州開發中心、廣珠實業、潤俊及廣東珠江均為上市規則下之關連人士。董事相信，鑑於廣州經濟狀況及樓市表現令人鼓舞，樂景現正發展之地盤於發展成為商品房地區後將具有重大商業價值。代價15,700,000港元(約相當於所購入可識別淨資產之公平值)透過向樂景注資方式繳付。

- (ii) 收購廣州合生逸景房地產有限公司「逸景」額外4.7%股本權益

於二零零三年十二月十五日，本集團與廣東珠江、廣州新南方房地產開發有限公司(「新南方」)訂立協議由新南方購入逸景股本中之額外4.7%權益，於是項收購前逸景為本集團擁有60%權益之附屬公司，其從物業發展並於中國大陸註冊成立。本公司主席之兄長朱沐之先生直接持有新南方90.65%權益，因此連同廣東珠江為上市規則下之關連人士。董事相信，鑑於廣州經濟狀況及樓市表現令人鼓舞，逸景現正發展之地盤於發展成為商品房地區後將具有重大商業價值。代價8,400,000港元(約相當於所購入可識別淨資產之公平值)透過向逸景注資方式繳付。

- (iii) 向主席出售土地

於二零零三年十二月十五日，本集團擁有60%權益之附屬公司廣東華南新城房地產有限公司(「華南房地產」)向本公司主席出售一塊位於南村鎮珠江河畔南面及廣東省番禺市

Report of the Directors

董事會報告

Zhujiang River Bank of Nan Village Town and the north side of Xin Cheng Road in Panyu of Guangdong Province to the Chairman for his own use and enjoyment at a consideration of HK\$4,111,192, which was determined with reference to the open market value.

- (iv) Establishment of a sino-foreign co-operative joint venture in Tianjin City, PRC

On 15th December 2003, Nambour Properties Limited ("Nambour"), a wholly owned subsidiary of the Group, entered into an agreement with Tianjin Zhujiang Industrial Company Limited ("Tianjin Zhujiang"), owned as to 60% by GD Zhujiang and 40% by GZ Construction, to form a sino-foreign co-operative joint venture (the "Joint Venture") in the PRC, for the development, construction and operation of a hotel in Tianjin City, PRC. The Directors consider that Tianjin will become an even more popular city for local tourists and tourists all over the world after the accession to the World Trade Organization and the hosting of the Olympic Game in 2008 by the PRC and the demand for luxurious hotels in Tianjin will therefore increase. The registered capital of the Joint Venture is RMB 72 million (HK\$67.9 million) – 30% by Tianjin Zhujiang and 70% by Nambour.

- (v) Sale of 30% equity interest in Tonking International Limited ("Tonking") to the Chairman

Prior to the sale, Tonking, owned as to 30% by Hopeson Holdings Limited and 70% by Miss Wong, an independent third party, held a property of negative equity value, had an unaudited negative net tangible asset value amounted to HK\$14,503,000 and carried an outstanding bank loan of HK\$8,348,533. In order to cease advancing further loans to Tonking for the repayment of outstanding bank loans, on 15th December 2003, the Group entered into an agreement with Miss Wong, an independent third party and the Chairman to sell its 30% equity interest in Tonking to the Chairman at a consideration of HK\$1. In addition, the Group agreed to waive the loan due from Tonking amounted to HK\$8,928,000 and the Chairman assumed all the liabilities of Tonking.

新城路北面，面積為11,117平方米之未發展地盤供其本身消閒之用，代價為4,111,192港元，此乃參照公開市值而釐定。

- (iv) 在中國天津市成立中外合作合營企業

於二零零三年十二月十五日，本集團之全資附屬公司南博置業有限公司（「南博」）與天津珠江實業有限公司（「天津珠江」）（分別由廣東珠江及廣珠工程擁有60%及40%股權）訂立協議，在中國組成中外合作合營企業（「合營企業」）以在中國天津市發展、興建及經營一間酒店。董事認為，隨着中國加入世界貿易組織，及主辦二零零八年奧運會，天津將吸引更多本地及世界各地之旅客，因此天津對豪華酒店之需求將增加。合營企業之註冊資本為人民幣72,000,000元（67,900,000港元），天津珠江佔30%，而南博佔70%。

- (v) 向主席出售同恒國際有限公司（「同恒」）30%股本權益

於出售前，同恒之30%由合生集團有限公司擁有，70%由一名獨立第三者黃女士擁有。同恒持有一項負資產值物業，其未經審核有形資產淨值為負數為14,503,000港元及未償還銀行貸款為8,348,533港元。為免再向同恒墊付貸款以償還尚未償還之銀行貸款，於二零零三年十二月十五日，本集團與該名獨立第三者黃女士及本公司主席訂立協議，以1港元之代價向主席出售其於同恒之30%股本權益。此外，本集團亦同意豁免同恒欠付之8,928,000港元，而主席已承擔同恒之所有負債。

Report of the Directors

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Chu Mang Yee (*Chairman*)

Mr. Xiang Bin (*Deputy Chairman*)

Mr. Au Wai Kin

Mr. Chen Chang Ying

(*Appointed on 10th December 2003*)

Mr. Cheung Fong Wing

Ms. Xiao Yan Xia

Mr. Tse Sai Tung, Stones (*Managing Director and CEO*)

(*Resigned on 29th September 2003*)

Mr. Au Yeung Fu, Anthony (*Deputy Chairman*)

(*Resigned on 1st August 2003*)

Independent Non-executive Directors

Mr. Yuen Pak Yiu, Philip

Mr. Lee Tsung Hei, David

Mr. Wong Shing Kay, Oliver

All Directors except Mr. Chu Mang Yee is subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's Bye-laws. In accordance with the Company's Bye-laws, Mr. Xiang Bin ("Mr. Xiang") retires from office by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

Mr. Xiang has a service contract with the Company for an initial term of 5 years (subject to the termination provisions of the service contract) commencing from 15th February 2001 and will continue thereafter until terminated by notice given by either party. Subject to the terms of Mr. Xiang's service contract, after his re-election at the forthcoming annual general meeting, Mr. Xiang will continue to serve on the board of Directors for a period of approximately 3 years until he becomes due to retire by rotation again in accordance with the Bye-laws of the Company. Pursuant to Mr. Xiang's service contract, he is entitled to, among other things,

董事會報告

董事及董事服務合約

本年度內及直至本報告刊發日期在任的董事如下：

執行董事

朱孟依先生 (主席)

項斌先生 (副主席)

歐偉建先生

陳長纓先生

(於二零零三年十二月十日獲委任)

張芳榮先生

蕭燕霞女士

謝世東先生 (董事總經理兼總裁)

(於二零零三年九月二十九日辭職)

歐陽富先生 (副主席)

(於二零零三年八月一日辭職)

獨立非執行董事

阮北耀先生

李頌熹先生

黃承基先生

全體董事 (朱孟依先生除外) 須根據本公司的公司細則於本公司股東週年大會上輪值退任。根據本公司的公司細則，項斌先生 (「項先生」) 須輪值退任，惟彼合資格且願意於應屆股東週年大會上膺選連任。

項先生與本公司訂立服務合約，任期最初由二零零一年二月十五日起計五年 (受服務合約之中止條文所限)，其後繼續延任，直至任何一方通知對方予以終止為止。根據項先生的服務合約條款，項先生於應屆股東週年大會膺選連任後，將繼續留任董事會約三年，直至其須根據本集團細則輪值告退為止。根據項先生的服務合約，彼有權 (其中包括) 收取年薪 2,000,000 港元、為本集團服務一年後收取 1,000,000 份購股

Report of the Directors

an annual salary of HK\$2,000,000, 1,000,000 option shares after completion of 1 year's service with the Group, sales bonus and share options determined by reference to the Group's sales performance and housing allowance during his first year of service.

Mr. Xiang does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. So far as the Directors are aware, as at the date of this report, Mr. Xiang beneficially held 1,000,000 shares in the capital of the Company.

In accordance with the Company's Bye-laws, all the Directors appointed by the Directors during the year retire at the next annual general meeting next following their appointment. Accordingly, Mr. Chen Chang Ying ("Mr. Chen") retires from office and, being eligible, offers himself for re-election at the forthcoming annual general meeting.

After his re-election at the forthcoming annual general meeting, Mr. Chen will continue to serve on the board of Directors for a period of approximately 3 years until he becomes due to retire by rotation again in accordance with the Bye-laws of the Company. Mr. Chen does not have a service contract with the Company. Pursuant to Mr. Chen's service contract with a wholly-owned subsidiary of the Company, he is entitled to, among other things, an annual salary of RMB500,000, an annual consultancy fee of HK\$500,000, a sales bonus determined by reference to the Group's sales performance, housing allowance, pension scheme contribution and medical insurance.

Mr. Chen does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. So far as the Directors are aware, as at the date of this report, Mr. Chen did not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO Ordinance")) in the shares of the Company.

In accordance with the Company's Bye-laws, Mr. Cheung Fong Wing will also retire by rotation from office and will not offer himself for re-election.

董事會報告

權股份、參照本集團銷售表現而釐定的銷售花紅及購股權，以及於第一年服務的房屋津貼。

項先生概無與本公司任何其他董事、高級管理人員、主要股東及控股股東有任何關係。就董事所知，於本報告日期，項先生實益擁有本公司股本中1,000,000股股份。

根據本公司的公司細則，所有於年內由董事所委任的董事須於其被委任後之下一屆股東週年大會上告退。因此，陳長纓先生（「陳先生」）須告退，惟彼合資格且願意於應屆股東週年大會上膺選連任。

陳先生於應屆股東週年大會膺選連任後，將繼續留任董事會約三年，直至其須根據本集團細則輪值告退為止。陳先生並無與本公司訂立服務合約。根據陳先生與本公司一間全資附屬公司的服務合約，彼有權（其中包括）收取年薪人民幣500,000元、顧問費每年500,000港元、參照本集團銷售表現而釐定的銷售花紅、房屋津貼、退休金計劃及醫療保險。

陳先生概無與本公司任何其他董事、高級管理人員、主要股東及控股股東有任何關係。就董事所知，於本報告日期，陳先生概無於本公司股份中實益擁有任何權益（定義見證券及期貨條例第十五部）。

根據本公司的公司細則，張芳榮先生亦須輪值退任，惟彼不願意膺選連任。

Report of the Directors

None of the Directors have a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December 2003, the interests or short positions of the Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in shares

Name of directors	董事姓名	Number of shares of the Company				Percentage of shares	
		Personal interests	Family interests	Corporate interests	Other interests	Total	outstanding
		個人權益	家屬權益	公司權益	其他權益	合計	佔已發行股份百分比
Mr. Chu Mang Yee (a)	朱孟依先生(a)	-	-	637,500,000	-	637,500,000	63.62%
Mr. Au Wai Kin (b)	歐偉建先生(b)	-	-	37,500,000	-	37,500,000	3.74%
Mr. Cheung Fong Wing (c)	張芳榮先生(c)	-	-	38,000,000	-	38,000,000	3.79%
Ms. Xiao Yan Xia	蕭燕霞女士	100,000	-	-	-	100,000	0.01%

Notes –

- Mr. Chu Mang Yee held 637,500,000 shares of the Company through Sounda Properties Limited, a company wholly-owned by him, and HKSCC Nominees Limited.
- Mr. Au Wai Kin held 37,500,000 shares of the Company through a company wholly-owned and controlled by him.

董事會報告

所有董事概無與本公司或其任何附屬公司訂立於一年內不作賠償(法定賠償除外)即不可終止的服務合同。

董事於股份、相關股份及債券擁有之權益及淡倉

於二零零三年十二月三十一日，本公司董事及行政總裁根據證券及期貨條例第XV部第7及第8分部已知會本公司及聯交所其於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份及相關股份中擁有之權益或淡倉(包括根據證券及期貨條例之該等規定被認為或視作擁有之權益或淡倉)，或必須列入根據證券及期貨條例第352條予以存置之登記冊內，或根據上市公司董事進行證券交易的標準守則必須知會本公司及聯交所之權益或淡倉載列如下：

(1) 於股份之好倉

附註 –

- 朱孟依先生透過其全資擁有的新達置業有限公司及香港中央結算(代理人)有限公司持有本公司637,500,000股股份。
- 歐偉建先生透過其全資擁有及控制的公司持有本公司37,500,000股股份。

Report of the Directors

董事會報告

- c. Mr. Cheung Fong Wing held 38,000,000 shares of the Company through a company 60% owned by him and 20% owned by his spouse.

(2) Long positions in share options

As at 31st December 2003, Mr. Xiang Bin, Executive Director of the Company, has personal interests in share options granted under the Old Scheme (as mentioned below in the section headed "Information on Share Option Schemes") to subscribe for shares of the Company. The following table discloses movements in the Company's share options outstanding at the beginning and at the end of the year:

- c. 張芳榮先生透過其擁有60%權益及其配偶擁有20%權益的一間公司持有本公司38,000,000股股份。

(2) 於購股權之好倉

於二零零三年十二月三十一日，本公司的執行董事項斌先生擁有根據舊計劃(下文「購股權計劃的資料」一節內所述)授出的認購本公司股份的購股權個人權益。下表披露本公司尚未行使之購股權於年初及年終之變動：

Date of grant	授出日期	Exercise price per share	Exercise period	Number of share options				End of year
				Beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	
		每股行使價	行使期	年初	年內授出	年內行使	年內失效	年終
Mr. Tse Sai Tung, Stones	謝世東先生							
14th July 1998	一九九八年七月十四日	HK\$1.49港元	14th July 1998 to 13th July 2003	2,000,000	-	-	2,000,000 ⁽¹⁾	-
			一九九八年七月十四日至二零零三年七月十三日					
14th July 1999	一九九九年七月十四日	HK\$1.00港元	14th July 1999 to 13th July 2004	1,000,000	-	-	1,000,000 ⁽²⁾	-
			一九九九年七月十四日至二零零四年七月十三日					
18th September 2002	二零零二年九月十八日	HK\$1.16港元	18th September 2002 to 17th September 2007	1,000,000	-	-	1,000,000 ⁽²⁾	-
			二零零二年九月十八日至二零零七年九月十七日					
				4,000,000	-	-	4,000,000	-
Mr. Xiang Bin	項斌先生							
30th April 2002	二零零二年四月三十日	HK\$1.17港元	30th April 2002 to 29th April 2007	1,000,000	-	-	-	1,000,000
			二零零二年四月三十日至二零零七年四月二十九日					
				5,000,000	-	-	4,000,000	1,000,000

Report of the Directors

- (1) The option granted to Mr. Tse Sai Tung, Stones was not exercised within the exercise period and therefore lapsed at the expiry of the exercise period.
- (2) Mr. Tse Sai Tung, Stones resigned as Director of the Group on 29th September 2003 and his unexercised options therefore lapsed upon his resignation.

Save as disclosed above, as at 31st December 2003, none of the Directors, chief executives of the Company and their associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, and no Directors or chief executives or their respective spouses or children under 18 years of age had been granted any right to subscribe for equity or debt securities of the Company nor exercised any such right.

董事會報告

- (1) 授予謝世東先生之購股權於行使期間未被行使，因此，於其行使期屆滿時即告失效。
- (2) 謝世東先生於二零零三年九月二十九日辭任董事，因此，其尚未行使之購股權於其辭職時失效。

除上文所披露者外，於二零零三年十二月三十一日，本公司董事，行政總裁或彼等之聯繫人概無擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所所有關於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中任何個人、家族、公司或其他權益或淡倉（包括根據證券及期貨條例之該等規定被認為或視作擁有之權益或淡倉），或必須列入根據證券及期貨條例第352條予以存置之登記冊內，或根據上市公司董事進行證券交易的標準守則必須知會本公司及聯交所之任何個人、家族、公司或其他權益或淡倉。

除上述者外，於年內任何時間，本公司及其任何附屬公司並無訂立任何安排，以使董事或彼等之任何配偶或十八歲以下之子女有權透過購買本公司或任何其他法人團體之股份或債券而從中獲益，以及概無董事或行政總裁或彼等各自之配偶或十八歲以下之子女已獲授任何權利以認購本公司股份或債務證券或已行使該等權利。

Report of the Directors

董事會報告

SUBSTANTIAL SHAREHOLDERS

Other than interests disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, as at 31st December 2003, according to the register of interests kept by the Company under section 336 of the SFO, the following entity has interests or short positions in the shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	股東名稱	Capacity and nature of interest 身份及權益性質	Number of issued shares 已發行股份數目	Percentage holding 持股百分比
Sounda Properties Limited (Long positions)	新達置業有限公司 (好倉)	Beneficial owner 實益擁有人	637,500,000	63.62%

Save as disclosed above, as at 31 December, 2003, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

INFORMATION ON SHARE OPTION SCHEMES

On 4th November 2002, the Company adopted a new Share Option Scheme (the "New Scheme") which is in compliance with Chapter 17 of the Listing Rules. No option shares have been granted under the New Scheme since its adoption. On the same day, the old share option scheme adopted by the Company on 4th April 1998 (the "Old Scheme") was terminated. Since its adoption, 7 million option shares were granted under the Old Scheme. All options granted under the Old Scheme prior to its termination, other than those lapsed, continue to be valid and exercisable in accordance with the Old Scheme whose provisions remain enforceable to the extent necessary to give effect to the exercise of such options.

主要股東

除上文「董事於股份、相關股份及債券擁有之權益及淡倉」一節所披露之權益外，於二零零三年十二月三十一日，按本公司根據證券及期貨條例第336條須存置之登記冊之記錄，下列實體於本公司股份中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉：

除上文所披露者外，於二零零三年十二月三十一日，就董事所知，概無任何其他人士於本公司或任何聯營公司(定義見證券及期貨條例第XV部)之股份、相關股份或債券中擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉。

購股權計劃的資料

於二零零二年十一月四日，本公司採納一項新購股權計劃(「新計劃」)，該計劃符合上市規則第17章之規定。自新計劃採納以來概無據此授出購股權。同日，本公司於一九九八年四月四日採納之購股權計劃(「舊計劃」)已告終止。自舊計劃採納以來已據此授出7,000,000份購股權。所有於舊計劃終止前授出之購股權(已失效者除外)將繼續有效，並可按照舊計劃行使，該計劃之條文仍具效力，藉以行使該等購股權。

Report of the Directors

董事會報告

The following is a summary of the New Scheme disclosed in accordance with the Listing Rules:

根據上市規則就新計劃所作披露概述如下：

- | | | | |
|--|--|--|---|
| 1. Purpose of the New Scheme | As recognition of the contribution of the participants by granting options to them as incentives or rewards. | 1. 新計劃目的 | 向參與者授予購股權以表揚彼等之貢獻，並以此激勵並回饋彼等之努力 |
| 2. Participants of the New Scheme | Any executive, employee, director (including executive director and independent non-executive director), consultant, adviser and/ agent of the company or any of its subsidiaries. | 2. 新計劃的參與者 | 本公司或其任何附屬公司的行政人員、僱員、董事(包括執行董事及獨立非執行董事)、專家顧問、顧問及/或代理人 |
| 3. Total number of shares available for issue under the New Scheme and percentage of issued share capital as at 31st December 2003 | 100,200,000 shares unless shareholders' approval has been obtained pursuant to the terms of the New Scheme (10% of issued share capital) | 3. 根據新計劃可發行股份總數及於二零零三年十二月三十一日佔已發行股本百分比 | 除非已依照新計劃條款取得股東批准，否則為100,200,000股(佔已發行股本的10%) |
| 4. Maximum entitlement of each participant under the New Scheme | The total number of shares issued and to be issued upon the exercise of share options already granted or to be granted to each participant (including both exercised and outstanding share options) in the 12-month period up to and including the date of grant shall not exceed 1% of the issued share capital as at the date of grant. Any grant of further options above this limit shall be subject to certain requirements as stipulated in the rules of the New Scheme. | 4. 每位參與者根據新計劃可認購的最高數額 | 每名計劃參與者行使已授予或將授予之購股權獲配發或將獲配發之股份總數目(包括已行使及尚未行使之購股權)，於授予之日前十二個月期間(包括授予當日)，不得超逾於授出日期已發行股本1%。再授予任何超逾此限額的購股權須受新計劃規則內訂明的若干規定所規限 |

Report of the Directors

董事會報告

- | | | | |
|--|--|---|--|
| 5. The period within which the shares must be taken up under an option | Commencing on the date of grant of an option and expiring at 5:00 p.m. on the earlier of the business day preceding the fifth anniversary thereof and the business day preceding the tenth anniversary of the date on which the New Scheme was adopted. | 5. 根據購股權須認購股份的期限 | 自購股權授出日期起至該授出日期的五週年的前一個營業日或至採納新計劃日期的十週年的前一個營業日(以較早者為準)下午五時正屆滿 |
| 6. The minimum period for which an option must be held before it can be exercised | Completion of half year's full-time services with the Company or a subsidiary. | 6. 須於行使前持有購股權的最短期限 | 於本公司或一間附屬公司完成半年全職服務 |
| 7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid | Nil | 7. 申請或接納購股權的應付金額以及付款或通知付款的期限或償還申請購股權貸款的期限 | 無 |
| 8. The basis of determining the exercise price | The exercise price is determined by the board of Directors and shall at least be the highest of: <ul style="list-style-type: none"> a. the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant options; | 8. 釐定行使價的基準 | 行使價由董事會釐定，最低須為以下的最高者： <ul style="list-style-type: none"> a. 於有關購股權授出當日本公司股份於聯交所每日報價表的收市價； |

Report of the Directors

- b. the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant options; and
- c. the nominal value of the Company's shares
9. The remaining life of the New Scheme
- The Scheme was adopted on 4th November 2002 and will expire at 5:00 p.m. on the business day immediately preceding the tenth anniversary thereof

FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi. The Group experienced no significant foreign exchange movement and the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollars and Renminbi in the foreseeable future.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

EMPLOYEES

As at 31st December 2003, the Group, excluding its associate and jointly controlled entity, employed a total of 2,859 (2002: 2,670) staff, the great majority of which were employed in mainland China.

The remuneration policies remained the same as revealed in the Annual Report for the year ended 31st December 2002.

董事會報告

- b. 於緊接有關購股權授出當日之前五個營業日本公司股份於聯交所每日報價表的平均收市價；及
- c. 本公司股份面值
9. 新計劃的剩餘期限
- 計劃於二零零二年十一月四日採納，至緊接十週年前的一個營業日下午五時正終止

外匯波動

本集團的主要收入為人民幣，並以人民幣支付成本及費用。本集團並無面對任何重大外匯波動，而董事預計在可見之未來亦不會因港元兌人民幣的匯率變動而產生重大外匯虧損。

管理合約

年內，就本公司整體或任何重要環節業務方面並無訂立或存在管理及行政合約。

僱員

於二零零三年十二月三十一日，本集團(不包括其聯營公司及共同控制實體)共僱用2,859名(二零零二年十二月三十一日：2,670名)職員，其中大部份駐中國大陸。

薪酬政策與截至二零零二年十二月三十一日止年度之年報所披露者相同。

Report of the Directors

董事會報告

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information which would indicate that the Group is not, or was not, in compliance with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Listing Rules at any time during the year ended 31st December 2003, except that the independent Non-executive Directors of the Company are not appointed for specific terms. However, all Directors except the Chairman and the Managing Director are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's Bye-laws. In the opinion of the Directors, this meets the objective of the Code.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31st December 2003.

AUDIT COMMITTEE

The Company's audit committee is composed of all the three independent Non-executive Directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated accounts for the year ended 31st December 2003 with the Directors.

最佳應用守則

本公司董事認為，除並無設定本公司獨立非執行董事的特定委任期限外，概無任何資料顯示本集團於截至二零零三年十二月三十一日止年度內任何時間並無或從無遵守上市規則附錄14所載的最佳應用守則（「守則」）。然而，除主席及董事總經理外，其他董事須根據本公司的公司細則須於本公司的股東週年大會上輪值退任。董事認為，此安排符合守則的目標。

購買、贖回及出售本公司之上市證券

本公司或其任何附屬公司於截至二零零三年十二月三十一日止年度內概無購買、贖回或出售本公司任何上市證券。

審核委員會

本公司之審核委員會由本公司之所有獨立非執行董事組成。審核委員會已與管理層審閱本集團所採納之會計原則及慣例，並已商討有關內部控制及財務報告事宜，包括與董事審閱截至二零零三年十二月三十一日止年度之綜合賬目。

Report of the Directors

SUBSEQUENT EVENT

In March 2004, the Group purchased from two individuals ("the sellers") an effective interest of 70% in Dynawell Investment Limited, which owns a plot of land for development in Guangzhou, Guangdong Province, mainland China, for a consideration of HK\$5,000. In addition, the Group has agreed to be responsible for all the costs for the development of the entire property project and to distribute to the sellers a 30% interest of the total saleable area of the properties developed upon completion.

AUDITORS

Arthur Andersen & Co. audited the Company's accounts for the year ended 31st December 2001 and resigned as the Company's auditors with effect from 5th July, 2002. The Company, at a special general meeting held on 4th November, 2002, has appointed PricewaterhouseCoopers as its auditors.

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditors for the ensuing year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board of Directors

CHU MANG YEE

Chairman

Hong Kong, 21st April 2004

董事會報告

結算日後事項

於二零零四年三月，本集團以5,000港元之代價向兩名人士（「賣方」）購入頤和投資有限公司之70%有效權益，該公司擁有一塊位於中國廣東省廣州市之地塊以作發展用途。此外，本集團已同意承擔整個項目之所有發展成本，及於發展完成時將物業可銷售總面積之30%權益分發予賣方。

核數師

本公司截至二零零一年十二月三十一日止年度賬目由安達信公司審核，安達信公司由二零零二年七月五日起辭任本公司核數師。本公司於二零零二年十一月四日舉行之股東特別大會委任羅兵咸永道會計師事務所為核數師。

賬目已由羅兵咸永道會計師事務所審核，其將任滿告退並願意接受續聘。重新委任羅兵咸永道會計師事務所為本公司來年之核數師之決議案將於應屆股東週年大會上提出。

代表董事會

主席

朱孟依

香港，二零零四年四月二十一日