

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2003.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 44 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

## RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2003 and the state of affairs of the Company and the Group at that date are set out in this annual report on pages 42 to 178.

A distribution of HK one cent per ordinary share was paid on 24 June 2003. The directors do not recommend the payment of a final dividend for the year ended 31 December 2003.

## SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years/periods, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 183. This summary does not form part of the audited financial statements.

## FIXED ASSETS AND INVESTMENT PROPERTY

Details of movements in the fixed assets and investment properties of the Company and the Group during the year are set out in note 15 to the financial statements. Further details of the Group's investment properties are set out on page 182 of this annual report.

董事謹提呈本公司與本集團截至二零零三年十二月三十一日止年度之年報及經審核財務報表。

## 主要業務

本公司之主要業務為投資控股，其主要附屬公司之主要業務載於財務報表附註44內。本集團之主要業務性質在本年度內並無重大變動。

## 業績及股息

本集團截至二零零三年十二月三十一日止年度之溢利及本公司與本集團於當日之業務狀況載於本年報第42至178頁財務報表內。

於二零零三年六月二十四日已就每股普通股作出一港仙之分派。董事不建議就截至二零零三年十二月三十一日止年度派發末期股息。

## 財務資料概要

本集團過去五個財政年度／期間之已公佈業績以及資產負債以及少數股東權益概要載於第183頁內。概要乃摘錄自經審核財務報表並經適當重新分類，但並不屬於經審核財務報表之一部份。

## 固定資產及投資物業

本公司與本集團之固定資產及投資物業在本年度之變動詳情載於財務報表附註15內。本集團投資物業之進一步詳情載於本年報第182頁。

# Report of the Directors

## SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 34 and 35 to the financial statements, respectively.

## PRE-EMPTIVE RIGHTS

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

## CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions totalling HK\$1,115,000 (2002: HK\$43,000).

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

## RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 36 to the financial statements and in the consolidated statement of changes in equity on pages 156 to 158 of this annual report, respectively.

## 股本及購股權

本公司之股本及購股權於本年度之變動詳情及原因分別載於財務報表附註34及35內。

## 優先購買權

本公司之公司細則或百慕達法例中並無優先購買權之規定，強制本公司須按比例向現時股東提呈發售新股。

## 慈善捐款

本集團於本年度合共捐出1,115,000港元慈善捐款（二零零二年：43,000港元）。

## 購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司在本年度並無購買、出售或贖回本公司任何上市證券。

## 儲備

本公司與本集團於本年度之儲備變動詳情分別載於財務報表附註36及本年報第156至158頁之綜合權益變動表內。

### DISTRIBUTABLE RESERVES

The Company's contributed surplus is distributable to shareholders in accordance with the Companies Act 1981 of Bermuda as amended. At 31 December 2003, the Company's reserves available for distribution calculated in accordance with generally accepted accounting policies in Hong Kong amounted to HK\$541,417,000 (2002: Nil). In addition, the Company's share premium account, in the amount of HK\$4,192,000, may be distributed in the form of fully paid bonus shares.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, the aggregate amount of turnover attributable to the Group's five largest customers represented less than 30% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest suppliers represented about 45.2% of the Group's total purchases and the purchase attributable to the Group's largest supplier was about 20.6% of the Group's total purchases.

As one of the Group's five largest suppliers is a jointly-controlled entity of the Group, Mr. Ho Tsu Kwok, Charles, being an executive director of the Company and controls a company which is the controlling shareholder of the Company, is deemed to have interest in the said supplier. Save as disclosed herein, none of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

### 可供分派儲備

根據一九八一年百慕達公司法(修訂本)，本公司之繳入盈餘可供分派予股東。於二零零三年十二月三十一日，本公司根據香港公認會計準則而可供分派之儲備為541,417,000港元(二零零二年：無)。此外，本公司之股份溢價賬合共4,192,000港元或會以繳足紅股之方式進行分派。

### 主要客戶及供應商

於回顧年度，本集團五大客戶之營業總額佔本集團營業總額不足30%。本集團五大供應商之採購總額佔本集團採購總額約45.2%，而本集團最大供應商之採購額佔本集團採購總額約20.6%。

因屬於本集團五大供應商之一之供應商為本集團之共同控制公司，而本公司執行董事何柱國先生因同時控制一間為本公司控權股東之公司，故何柱國先生被視為擁有上述供應商之權益。除本文所披露外，本公司董事、彼等之聯繫人士或據董事所知任何擁有本公司已發行股本5%以上之股東，一概無擁有本集團五大客戶或供應商之任何權益。

# Report of the Directors

## DIRECTORS

The directors of the Company during the year were:

### *Executive directors:*

Mr. Ho Tsu Kwok, Charles

Mr. Ho Kwok Fai

Mr. Jia Hong Ping

Mr. Jim Sui Hing

(appointed on 24 April 2003)

Mr. Lo Wing Hung

Mrs. Sy Wong Chor Fong

Mr. Wong Wai Ming

Mr. Yang Yiu Chong, Ronald Jeffrey

### *Non-executive director:*

Mr. Leung Chun Ying

### *Independent non-executive directors:*

Ms. Ho Chiu King, Pansy Catilina

Mr. Timothy David Dattels

(appointed on 24 April 2003)

Dr. Tong Yuk Lun, Paul

Mr. Tung Chee Chen

Subsequent to the balance sheet date, on 18 February 2004 and 29 March 2004, Mr. Ho Kwok Fai resigned and Mr. Lai Ting Yiu was appointed as an executive director of the Company, respectively.

## 董事

本公司於本年度之董事如下：

### 執行董事：

何柱國先生

何國輝先生

賈紅平先生

詹瑞慶先生

(於二零零三年四月二十四日獲委任)

盧永雄先生

施黃楚芳女士

黃偉明先生

楊耀宗先生

### 非執行董事：

梁振英先生

### 獨立非執行董事：

何超瓊女士

**Timothy David Dattels**先生

(於二零零三年四月二十四日獲委任)

唐玉麟博士

董建成先生

在結算日後，分別於二零零四年二月十八日及二零零四年三月二十九日，何國輝先生辭任本公司執行董事，而黎廷瑤先生則獲委任為本公司執行董事。

According to bye-law 86(2) of the Company's bye-laws, Mr. Lai Ting Yiu shall hold office until the forthcoming annual general meeting of the Company and shall then be eligible for re-election at the forthcoming annual general meeting.

According to bye-law 87(1) of the Company's bye-laws, Mrs. Sy Wong Chor Fong, Ms. Ho Chiu King, Pansy Catilina and Dr. Tong Yuk Lun, Paul shall retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

#### **DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES**

Biographical details of the directors and the senior management of the Company are set out on pages 20 to 26 of this annual report.

#### **DIRECTORS' SERVICE CONTRACTS AND REMUNERATION**

None of the directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The remuneration of directors are fixed by the Board with reference to the industry and market conditions.

#### **DIRECTORS' INTERESTS IN CONTRACTS**

Save as disclosed in note 43 to the financial statements, 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 or any of its subsidiaries was a party during the year.

根據本公司之公司細則第86(2)條，黎廷瑤先生將留任至本公司應屆股東週年大會為止，並符合資格於應屆股東週年大會上膺選連任。

根據本公司之公司細則第87(1)條，施黃楚芳女士、何超瓊女士及唐玉麟博士須任滿告退，惟彼等符合資格且願意在應屆股東週年大會上膺選連任。

#### **董事及高級管理層履歷**

本公司董事及高級管理層之履歷載於本年報第20頁至第26頁。

#### **董事之服務合約與酬金**

董事概無與本公司或其任何附屬公司訂立本集團不可於一年內不作補償(法定補償除外)而終止之服務合約。

董事之酬金由董事會根據業內報酬標準與市場情況釐定。

#### **董事於合約之權益**

除財務報表附註43所披露外，董事概無在本公司或其任何附屬公司於本年度訂立並對本集團業務有重大影響之合約中，直接或間接擁有任何重大權益。

# Report of the Directors

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2003, the interests and short positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### Long positions in ordinary shares of the Company:

Name of directors 董事姓名	Notes 附註	Number of ordinary shares held, capacity and nature of interest 所持普通股數目、身份及權益性質			Total 總數	Percentage of the Company's issued share capital 佔本公司 已發行股本 之百分比
		Directly beneficially owned 直接實益擁有	Through controlled corporation 透過受 控制法團			
Mr. Ho Tsu Kwok, Charles 何柱國先生	(1)	–	810,895,000	810,895,000	44.22%	
Mr. Ho Kwok Fai 何國輝先生	(2)	13,164,000	–	13,164,000	0.72%	
Mrs. Sy Wong Chor Fong 施黃楚芳女士	(3)	1,250,000	163,919,000	165,169,000	9.01%	
Mr. Wong Wai Ming 黃偉明先生		442,000	–	442,000	0.02%	
		14,856,000	974,814,000	989,670,000	53.97%	

## 董事所持股份權益及淡倉

於二零零三年十二月三十一日，本公司董事於本公司或任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有根據證券及期貨條例第352條存置之登記冊所記錄或根據上市公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及香港聯合交易所有限公司（「聯交所」）之權益或淡倉如下：

### 好倉 — 本公司普通股：

**Notes:**

- (1) The 808,396,000 and 2,499,000 shares are held by Luckman Trading Limited ("Luckman") and Yosham Limited, respectively, which are beneficially owned by Mr. Ho Tsu Kwok, Charles.
- (2) Subsequent to the balance sheet date, on 18 February 2004, Mr. Ho Kwok Fai resigned as a director of the Company.
- (3) The 163,919,000 shares are held by Stagelight Group Limited ("Stagelight"), which is beneficially owned by Mrs. Sy Wong Chor Fong and her family members.

The interests of the directors in the share options of the Company are separately disclosed in note 35 to the financial statements.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, none of the directors had registered an interest or short position in shares of the Company or associated corporation that was required to be recorded pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

**附註：**

- (1) 808,396,000股及2,499,000股股份分別由 Luckman Trading Limited (「Luckman」) 及 Yosham Limited 持有。該兩間公司均由何柱國先生實益擁有。
- (2) 在結算日後，於二零零四年二月十八日，何國輝先生辭任本公司董事。
- (3) 163,919,000股股份由 Stagelight Group Limited (「Stagelight」) 實益擁有，而該公司則由施黃楚芳女士及其家庭成員擁有。

董事持有本公司購股權之權益另獨立披露於財務報表附註35。

除上述者外，若干董事為本公司之利益於若干附屬公司持有非實益個人股本權益，此舉僅為符合最低公司成員之規定。

除上文所披露者外，概無董事於本公司或任何相聯法團之股份中有任何權益或淡倉而須記入根據證券及期貨條例第352條存置之登記冊或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所。

# Report of the Directors

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Save as disclosed in the share option scheme disclosures in note 35 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## **SHARE OPTION SCHEMES**

Concerning the share options granted during the year to the directors and employees, as detailed in note 35, the directors do not consider it appropriate to disclose a theoretical value of the options granted during the year because, in the absence of a readily market value of the options on the ordinary shares of the Company, the directors were unable to arrive at an assessment of the value of these options.

## **董事收購股份之權利**

除財務報表附註35購股權計劃所披露外，本公司於本年度並無向任何董事或彼等各自之配偶或未滿十八歲之子女授出任何權利，可藉購入本公司之股份或債權證而獲益，而彼等於本年度亦無行使該等權利，而且本公司或其任何附屬公司亦無訂立任何安排，致使董事可獲得適用於任何其他法人團體之該等權利。

## **購股權計劃**

有關年內授予董事及僱員之購股權詳情載於附註35，由於本公司普通股之購股權並無可資比較市值，董事認為披露年內所授出購股權之理論價值並不適當，故董事未能就該等購股權之價值作出評估。



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES

At 31 December 2003, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the registers required to be kept by the Company pursuant to Section 336 of the SFO:

### Long positions in ordinary shares of the Company:

Name 名稱	Notes 附註	Percentage of Capacity and nature of interest 身份及權益性質	Number of ordinary shares held 所持普通股數目	the Company's issued share capital 佔本公司已發行股本之百分比
Luckman	(1)	Directly beneficially owned 直接實益擁有	808,396,000	44.08%
Hong Kong Tobacco Company Limited ("HK Tobacco") 香港煙草有限公司 ("香港煙草")	(2)	Deemed interest 視為擁有之權益	808,396,000	44.08%
Stagelight	(3)	Directly beneficially owned 直接實益擁有	163,919,000	8.94%
Great Diamond Developments Limited		Directly beneficially owned 直接實益擁有	137,919,000	7.52%

## 主要股東及其他人士之股份權益及淡倉

按本公司根據證券及期貨條例第336條存置之登記冊所紀錄，下列人士於二零零三年十二月三十一日擁有本公司已發行股本5%或以上之權益及淡倉：

### 好倉— 本公司普通股：

# Report of the Directors

## Notes:

- (1) The interest of Mr. Ho Tsu Kwok, Charles, held through a controlled corporation, duplicate to those disclosed under the section "Directors' interests and short positions in shares" above.
- (2) Pursuant to an option agreement dated 20 June 2001 and two supplemental agreements entered into between Luckman and HK Tobacco on 19 July 2002 and 19 July 2003 respectively, HK Tobacco was granted an option to purchase from Luckman 66,000,000 ordinary shares of the Company. Under Sections 317 and 318 of the SFO, HK Tobacco is deemed to be interested in all the 808,396,000 ordinary shares of the Company held by Luckman.
- (3) The interest of Mrs. Sy Wong Chor Fong, held through a controlled corporation, duplicate to those disclosed under the section "Directors' interests and short positions in shares" above.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares" above, had registered an interest or short position in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## 附註：

- (1) 此與何柱國先生於上文「董事之股份權益及淡倉」一節披露透過受控制法團持有之權益相同。
- (2) 根據Luckman與香港煙草分別於二零零一年六月二十日以及二零零二年七月十九日及二零零三年七月十九日訂立之購股權協議及兩份補充協議，香港煙草獲授購股權，可向Luckman收購66,000,000股本公司普通股。根據證券及期貨條例第317及318條，香港煙草被視為擁有Luckman所持有之全部808,396,000股本公司普通股之權益。
- (3) 此與施黃楚芳女士於上文「董事之股份權益及淡倉」一節披露透過受控制法團持有之權益相同。

除上文所披露者外，按本公司根據證券及期貨條例第336條存置之登記冊所紀錄，並無任何人士（本公司董事除外，彼等之權益已載於上文「董事之股份權益及淡倉」一節）擁有本公司股份之權益或淡倉。

## CONNECTED TRANSACTIONS

The following transactions constituted connected transactions as defined in the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules"):

- (i) During the year, the Group has provided financial assistance to a jointly-controlled entity in Mainland China at normal commercial lending rate. The outstanding amount as at 31 December 2003 was approximately HK\$3.3 million (2002: HK\$3.3 million). The other shareholder has not made an advance to the jointly-controlled entity in proportion to its interest therein.
- (ii) Pursuant to a sale and purchase agreement (the "Agreement") dated 13 May 2003 entered into between the Company and Mr. Ho Kwok Fai ("Mr. K. F. Ho"), a then director of the Company and the then minority shareholder of China Touch Magazine Group (BVI) Limited ("China Touch"), a subsidiary of the Group, the Company issued to Mr. K. F. Ho 13,164,000 new ordinary shares of HK\$0.1 each of the Company at an issue price of HK\$0.3550 per ordinary share for an aggregate consideration of HK\$4,673,200, in exchange for his then 4.33% equity interest in China Touch. After the completion of the acquisition, China Touch became a wholly-owned subsidiary of the Company.

## 關連交易

以下交易構成聯交所證券上市規則(「上市規則」)所界定之關連交易：

- (i) 年內，本集團按一般商業借貸利率向中國內地一間共同控制公司提供資助。於二零零三年十二月三十一日之未償還金額約為3,300,000港元(二零零二年：3,300,000港元)。其他股東並無向共同控制公司按其權益比例作出借貸。
- (ii) 根據本公司與何國輝先生(「何國輝先生」)，其時為本公司之董事及其時為本集團附屬公司China Touch Magazine Group (BVI) Limited(「China Touch」)之少數股東)於二零零三年五月十三日訂立之買賣協議(「該協議」)，本公司以每股普通股0.3550港元之價格向何國輝先生發行13,164,000股本公司股本中每股面值0.1港元之新普通股，總代價為4,673,200港元，以換取其當時於China Touch之4.33%股本權益。是項收購完成後，China Touch成為本公司之全資附屬公司。

# Report of the Directors

## CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Other than the outstanding share options as set out in note 35 to the financial statements, the Company had no outstanding convertible securities, options, warrants or other similar rights as at 31 December 2003.

## POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are disclosed in note 42 to the financial statements.

## CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by this annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation at annual general meetings in accordance with the Company's bye-laws.

## AUDIT COMMITTEE

The audit committee, comprising two independent non-executive directors, Dr. Tong Yuk Lun, Paul and Ms. Ho Chiu King, Pansy Catilina, was established with written terms of reference in compliance with the Code as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Group's financial statements as at and for the year ended 31 December 2003 and the Company's balance sheet as at 31 December 2003 have been reviewed by the audit committee, the members of which are of the opinion that such statements comply with the applicable accounting standards and the Listing Rules, and that adequate disclosures have been made.

## 可換股證券、購股權、認股權證或類似之權利

除財務報表附註35分別所載未行使之購股權外，本公司於二零零三年十二月三十一日概無未行使之可換股證券、購股權、認股權證或其他類似權利。

## 結算日後事項

本集團結算日後重大事項詳情載於財務報表附註42內。

## 最佳應用守則

董事認為，本公司在本年報涵蓋之會計期間內，一直遵守上市規則附錄十四所載之最佳應用守則（「守則」）；惟本公司之獨立非執行董事並無根據守則第7段以固定任期委任，而必須根據本公司之公司細則，於股東週年大會上輪值告退。

## 審計委員會

審計委員會已遵照上市規則附錄十四之守則成立，並書面列明委員會之權責範圍。審計委員會由唐玉麟博士及何超瓊女士兩位獨立非執行董事組成，主要職責是審閱並監察本集團之財務報告程序及內部監控程序。審計委員會已審閱本集團截至二零零三年十二月三十一日止年度之財務報表及本公司於二零零三年十二月三十一日之資產負債表，並認為該等報表符合適用會計準則及上市規則之規定，且已作出足夠之披露。

# he Directors

董事會報告

## AUDITORS

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

ON BEHALF OF THE BOARD

**Mr. Ho Tsu Kwok, Charles**  
*Chairman*

Hong Kong  
20 April 2004

## 核數師

安永會計師事務所將於應屆股東週年大會上退任，會上將提呈一項決議案續聘安永會計師事務所為本公司之核數師。

承董事會命

主席  
何柱國先生

香港  
二零零四年四月二十日