



The directors present their report and the audited financial statements of the Company and of 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 principal subsidiaries and associates are set out in notes 16 and 17 to the financial statements, respectively.

Other than the acquisition of the property development business and the timber product business, of which the details are included in note 31(b) to the financial statements, there were no other significant changes in the nature of the principal activities of the Group during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2003 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 27 to 96.

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2003 (2002: Nil).

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 audited financial statements, is set out on pages 97 and 98 of the annual report. This summary does not form part of the audited financial statements.

董事會提呈董事會報告以及本公司及本集團截至二零零三年十二月三十一日止年度之經審核財務報表。

主要業務

本公司之主要業務為投資控股。主要附屬公司及聯營公司之主要業務分別載於財務報表附註16及17。

除財務報表附註31(b)所詳載之物業發展業務及木材產品業務收購外，本集團之主要業務性質於年內並無其他重大變動。

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的虧損以及本公司和本集團於當日的財務狀況載於財務報表第27至96頁內。

董事並不建議派付截至二零零三年十二月三十一日止年度末期股息（二零零二年：零）。

財務資料概要

本集團過去五個財政年度已刊發業績及資產與負債概要載於年報第97頁及第98頁，乃摘錄自經審核財務報表。該概要並非經審核財務報表之一部分。

**FIXED ASSETS AND INVESTMENT PROPERTIES**

Details of movements in the fixed assets and investment properties of the Company and of the Group during the year are set out in note 13 to the financial statements. Further details of the Group's investment properties are set out on page 99 of the annual report.

PROPERTIES UNDER DEVELOPMENT

Details of the Group's properties under development are set out in note 14 to the financial statements and on page 100 of the annual report.

SHARE CAPITAL AND SHARE OPTIONS

There was no movement in either the Company's authorised or issued share capital and share options during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands 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 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 of the Group during the year are set out in note 30 to the financial statements and in the consolidated statement of changes in equity, respectively.

固定資產及投資物業

本公司及本集團固定資產及投資物業於年內的變動詳情載於財務報表附註13內。本集團投資物業之進一步詳情載於年報第99頁。

發展中物業

本集團發展中物業詳情載於財務報表附註14及年報第100頁。

股本及優先認購股份權

本公司法定或已發行股本及優先認購股份權於年內概無任何變動。

優先購買權

本公司之公司組織章程細則或開曼群島法律並無有關優先購買權的條文，規定本公司須按比例向現有股東發售新股份。

購買、贖回或出售本公司上市證券

年內，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

儲備

本公司及本集團儲備於年內的變動詳情分別載於財務報表附註30及綜合股權變動報表內。

**DISTRIBUTABLE RESERVES**

At 31 December 2003, the Company had no reserves available for cash distribution and/or distribution in specie, except that under the provisions of Companies Law of the Cayman Islands, the Company's share premium account in the amount of HK\$677,882,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 52% of the total purchases for the year and purchase from the largest supplier included therein amounted to 27%.

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 the five largest suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:

Mr. Wang Mingquan, *Chairman*
Mr. Wang Shaolan, *Chief Executive Officer*
Mr. Zang Qiutao

Independent non-executive directors:

Mr. Werner Max Michael Makowski
Mr. Yang Zheng Qing

可供分派儲備

於二零零三年十二月三十一日，除開曼群島公司法條文規定者外，本公司並無任何可供作現金及／或實物分派的儲備，另本公司的股份溢價賬677,882,000港元可以繳足紅股方式分派。

主要客戶與供應商

於回顧年內，本集團五大客戶的銷售額佔本集團於年內總銷售額不足30%。本集團五大供應商的購貨額佔年內總購貨額52%，而本集團最大供應商的購貨額則佔其中27%。

本公司董事或彼等任何聯繫人士或就董事所深知任何擁有本公司已發行股本5%以上的股東，概無擁有本集團五大客戶或五大供應商的任何實益權益。

董事

以下為本公司本年度在任之董事：

執行董事：

王明權先生（主席）
王少蘭先生（行政總裁）
臧秋濤先生

獨立非執行董事：

麥高祺先生
楊正清先生

**DIRECTORS (continued)**

In accordance with article 116 of the Company's articles of association, Mr. Yang Zheng Qing will retire by rotation and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

Subsequent to the balance sheet date, on 8 April 2004, Mr. Hon Kwok Lung, Mr. Shi Tao and Mr. Lam Toi Man were appointed as executive directors and Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael were appointed as independent non-executive directors of the Company.

In accordance with the article 99 of the Company's articles of association, Mr. Hon Kwok Lung, Mr. Shi Tao, Mr. Lam Toi Man, Mr. Fung Tze Wa and Dr. Kwong Chun Wai, Michael will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 4 to 7 of the annual report.

DIRECTOR'S 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 or any of its subsidiaries was a party during the year.

DIRECTOR'S SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a 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 (續)

根據本公司公司組織章程細則第116條之規定，楊正清先生將於應屆股東週年大會依章輪值告退，並願且符合資格膺選連任。

於結算日後，韓國龍先生、石濤先生及林代文先生於二零零四年四月八日獲委任為執行董事，而馮子華先生及鄭俊偉博士則獲委任為本公司獨立非執行董事。

根據本公司公司組織章程細則第99條之規定，韓國龍先生、石濤先生、林代文先生、馮子華先生及鄭俊偉博士將於應屆股東週年大會依章輪值告退，並願且符合資格膺選連任。

董事及高級管理層之履歷

本公司董事及本集團高級管理層之履歷詳情載於年報第4至第7頁。

董事於合約中之權益

各董事概無於本公司或其任何附屬公司參與訂立，對本集團業務屬重大之任何合約中直接或間接擁有任何重大權益。

董事服務合約

即將於應屆股東週年大會獲建議連任之董事概無與本公司訂立任何本公司不可在一年內毋須支付賠償（法定賠償除外）而終止之服務合約。

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31 December 2003, none of the directors and chief executive of the Company had registered an interest or short position in shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) that was required to be recorded 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 the Listed Companies.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

Long positions:

Name 名稱	Capacity and nature of interest 身份及 權益性質	Number of ordinary shares held 所持普通股 數目	Percentage of the Company's issued share capital 佔本公司 已發行股本 百分比
China Everbright Holdings Company Limited ("CEH")	中國光大集團有限公司 (「光大集團」)	Through a controlled corporation 透過受控法團持有	40.48%
		625,393,515	40.48%

董事及主要行政人員於股份及相關股份之權益及淡倉

於二零零三年十二月三十一日，本公司董事及主要行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及相關股份中，擁有任何須根據證券及期貨條例第352條記錄之權益或淡倉，或須根據上市公司董事進行證券交易的標準守則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。

董事購買股份或債券的權利

於年內任何時間，任何本公司董事或彼等各自的配偶或未成年子女概無獲授或行使可藉購買本公司股份或債券獲益的權利，而本公司或其任何附屬公司亦無參與任何安排，致使董事可獲取任何其他法團的該等權利。

主要股東於股份及相關股份之權益

於二零零三年十二月三十一日，根據本公司遵照證券及期貨條例第336條存置之權益登記冊所記錄，下列人士持有本公司已發行股本5%或以上權益：

好倉：



The 625,393,515 shares are beneficially held by CEH, which comprise 625,369,515 shares and 24,000 shares held by Kenco Investments Limited and Everbright Investment & Management Limited, respectively, both of which are wholly-owned subsidiaries of CEH.

Save as disclosed above, no person had registered an interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

Details of the significant connected transactions of the Group under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are set out in note 35 to the financial statements.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year, no director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, pursuant to the Listing Rules, other than those businesses to which the directors were appointed as directors to represent the interest of the Company and/or the Group.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 36 to the financial statements.

光大集團實益擁有625,393,515股股份，而Kenco Investments Limited持有其中625,369,515股股份，光大投資管理有限公司則持有其中24,000股股份。該兩間公司均為光大集團全資附屬公司。

除上文披露者外，概無任何人士於本公司股份及相關股份中登記擁有任何須根據證券及期貨條例第336條記錄之任何權益或淡倉。

關連交易

根據聯交所證券上市規則（「上市規則」）屬於本集團之重大關連交易之詳情載於財務報表附註35。

董事於競爭業務之權益

年內，根據上市規則，概無董事被視為在與本集團業務構成競爭或可能構成競爭之業務中擁有直接或間接權益，惟董事因代表本公司及／或本集團權益而被委任為董事之該等業務則除外。

結算日後事項

本集團於結算日後之重大事項詳情載於財務報表附註36。



CODE OF BEST PRACTICE

In the opinion of the directors, the Company has 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 the 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 in accordance with the Company's articles of association.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises Mr. Werner Max Michael Makowski and Mr. Yang Zheng Qing 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 auditing, internal control and financial reporting matters including the review of the audited accounts for the year ended 31 December 2003.

AUDITORS

During the year, KPMG resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. There have been no other changes of auditors in the past three years. A resolution for the reappointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Wang Shaolan

Director and Chief Executive Officer

Hong Kong, 26 April 2004

遵守最佳應用守則

除本公司獨立非執行董事並無根據上市規則附錄十四所載最佳應用守則（「守則」）第7段所規定有指定之委任年期，而須根據本公司之公司組織章程細則輪值告退外，本公司於本年報涵蓋之整個會計期間均遵守守則。

審核委員會

本公司已根據守則之規定成立審核委員會，以審閱及監督本集團的財務申報過程及內部監控制度。審核委員會成員包括本公司獨立非執行董事麥高祺先生及楊正清先生。審核委員會已與管理層一同回顧本集團所採用之會計政策及慣例，並討論審計、內部監控及財務申報事宜（包括審閱本公司截至二零零三年十二月三十一日止年度之經審核財務報告書）。

核數師

年內畢馬威會計師事務所辭退本公司核數師職務，安永會計師事務所獲董事委任填補就此產生之空缺。本公司於過去三年並無更換核數師。在本公司應屆股東週年大會上，將提呈決議案，續聘安永會計師事務所為本公司核數師。

承董事會命

王少蘭

董事兼行政總裁

香港，二零零四年四月二十六日