

The Directors have pleasure in presenting to shareholders their report for the year ended 31 December 2002.

Principal Activities

The principal activity of the Company is holding its subsidiary companies and the principal activities of its subsidiary companies and associated companies and their major areas of operation are set out in the Review of Businesses on pages 5 to 20.

Dividends

The Directors declared an interim dividend of HK\$0.30 per share in respect of the year ended 31 December 2002 which was paid on 19 September 2002. The Directors recommended, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the payment of a final dividend of HK\$0.70 per share and a special dividend of HK\$1.00 per share in respect of the year ended 31 December 2002 payable on 12 May 2003 to shareholders on the Register of Members at the close of business on 6 May 2003.

Reserves

The amounts and particulars of transfer to and from reserves during the year are set out in note 21 to the accounts.

Donations

Donations made by the Group during the year amounted to HK\$11 million.

Fixed Assets

Movements of fixed assets are set out in note 12 to the accounts.

董事會欣然將截至二零零二年十二月三十一日止年度之年報送呈各股東省覽。

主要業務

本公司之主要業務為持有其附屬公司，而其附屬公司及聯營公司之主要業務及主要營運範圍載於第 5 至 20 頁之業務回顧內。

股息

董事會已宣派截至二零零二年十二月三十一日止年度之中期股息為每股港幣 0.30 元，該等股息已於二零零二年九月十九日派發。董事會建議於二零零三年五月十二日向於二零零三年五月六日營業時間結束時名列股東名冊內之股東派發截至二零零二年十二月三十一日止年度之末期股息每股港幣 0.70 元及特別股息每股港幣 1.00 元，惟須獲股東於即將舉行之股東週年大會上批准方可作實。

儲備

本年度撥入及撥自儲備之金額及詳情載於賬目附註 21。

捐款

本集團年內之捐款為港幣一千一百萬元。

固定資產

固定資產之變動情況載於賬目附註 12。

Major Customers and Suppliers

The percentage of purchases and sales with the Group's suppliers and customers are as follows:

Purchases	2002	2001
The largest supplier	11%	7%
Five largest suppliers combined	25%	20%

The aggregate percentage of sales to the Group's five largest customers is less than 30%.

No Directors, their associates or shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) were interested at any time in the year in the above suppliers or customers.

Subsidiary Companies

The names of the principal subsidiary companies, their principal places of operation, their countries of incorporation and particulars of their issued share capital are set out in note 30 to the accounts.

Issue of Debt Securities

On 15 February 1996, the Company issued and sold US\$100 million aggregate principal amount of its 7.37% Senior Notes due 2006 ("Senior Notes") to financial institutions pursuant to note purchase agreements dated 15 February 1996. All of the Senior Notes remained outstanding at the end of the year.

On 20 August 1997, the Company issued and sold Japanese Yen 9.5 billion floating rate bond due 2002 ("Yen Bond"), for general working capital purposes, to an investor pursuant to the subscription agreement dated 15 August 1997. All of the Yen Bond were repaid in August, 2002.

主要客戶及供應商

本集團之供應商及客戶之應佔購買及銷售百分比率如下：

購買
最大供應商
五大供應商合計

本集團五大客戶之應佔銷售百分比率合共少於30%。

各董事、其聯繫人士或股東（就董事所知擁有本公司股本超過5%者）於年內任何時間概無擁有上述供應商或客戶任何權益。

附屬公司

主要附屬公司之名稱、其主要營運地點、註冊成立地點及已發行股本之詳情載於賬目附註30。

發行債務證券

於一九九六年二月十五日，本公司根據一九九六年二月十五日之票據購買協議，發行及出售本金共值一億美元之7.37%之票據（「票據」）予金融機構，該等票據於二零零六年到期，全部票據於本年底時仍未被註銷或贖回。

於一九九七年八月二十日，本公司根據一九九七年八月十五日之認購協議，發行及出售共值九十五億日圓之浮息債券（「日圓債券」）予一名投資者，以作一般營運資金。該等日圓債券於二零零二年到期，全部日圓債券已於二零零二年八月償還。

On 1 June 2001, CITIC Pacific Finance (2001) Limited, a wholly owned subsidiary of the Company, issued and sold a total of US\$450 million principal amount of 7.625% guaranteed notes due 2011 (“Guaranteed Notes”) for refinancing the indebtedness of the Company and for general corporate purposes, to investors pursuant to the purchase agreements dated 24 May 2001 and 1 June 2001. All of the Guaranteed Notes remained outstanding at the end of the year.

Save as aforesaid, neither the Company nor its subsidiary companies have issued any debt securities.

Borrowings

Particulars of borrowings of the Group are set out in note 22 to the accounts.

Directors

The Directors in office during the financial year ended 31 December 2002 were:

Mr Larry Yung Chi Kin
Mr Henry Fan Hung Ling
Mr Vernon Francis Moore
Mr Peter Lee Chung Hing
Mr Norman Yuen Kee Tong
Mr Robert Ernest Adams
Mr Zhang Yichen, *resigned on 9 May 2002*
Mr Yao Jinrong
Mr Chang Zhenming
Mr Li Shilin
Mr Carl Yung Ming Jie
Mr Liu Jifu
Mr Willie Chang
Mr Hamilton Ho Hau Hay
Mr Alexander Reid Hamilton
Mr Hansen Loh Chung Hon
Mr Norman Ho Hau Chong
Mr Chau Cham Son, *resigned on 9 May 2002*
Mr André Desmarais

於二零零一年六月一日，本公司之全資附屬公司 CITIC Pacific Finance (2001) Limited 根據二零零一年五月二十四日及二零零一年六月一日之購買協議，發行及出售共值四億五千萬美元之 7.625% 之保證票據（「保證票據」）予投資者，以便為本公司之債項進行再融資及撥作一般營運資金。該等保證票據將於二零一一年到期，全部保證票據於本年底時仍未被註銷或贖回。

除上述者外，本公司或其附屬公司概無發行任何債務證券。

借貸

本集團之銀行貸款詳情載於賬目附註 22。

董事

於截至二零零二年十二月三十一日止財政年度內任職董事之人士如下：

榮智健先生
范鴻齡先生
莫偉龍先生
李松興先生
阮紀堂先生
羅安達先生
張懿宸先生，於二零零二年五月九日辭任
姚進榮先生
常振明先生
李士林先生
榮明杰先生
劉基輔先生
張偉立先生
何厚浚先生
韓武敦先生
陸鍾漢先生
何厚鏘先生
周湛榮先生，於二零零二年五月九日辭任
德馬雷先生

Pursuant to Article 104(A) of the New Articles of Association of the Company, Messrs Henry Fan Hung Ling, Li Shilin, Carl Yung Ming Jie, Hamilton Ho Hau Hay, Alexander Reid Hamilton and Hansen Loh Chung Hon shall retire by rotation in the forthcoming Annual General Meeting and all, being eligible, offer themselves for re-election.

Biographical details of directors may be found on pages 45 to 50.

Management Contract

The Company entered into a management agreement with China International Trust & Investment Corporation Hong Kong (Holdings) Limited ("CITIC HK") on 11 April 1991 but with retrospective effect from 1 March 1990 in which CITIC HK agreed to provide management services to the Company and its subsidiary companies for a management fee calculated on a cost basis to CITIC HK payable quarterly in arrears. The management agreement is terminable by two months' notice by either party. Messrs Larry Yung Chi Kin, Henry Fan Hung Ling, Vernon Francis Moore, Chang Zhenming and Liu Jifu had indirect interests in the management agreement as they are directors of CITIC HK. A copy of the management agreement will be available for inspection at the Annual General Meeting of the Company to be held on 6 May 2003.

Directors' Interests in Contracts of Significance

None of the Directors of the Company has or at any time during the year had, an interest which is or was material, either directly or indirectly, in any contract with the Company or any of its subsidiary companies, which was significant in relation to the business of the Company, and which was subsisting at the end of the year or which had subsisted at any time during the year.

根據本公司新組織章程細則第 104(A)條，范鴻齡先生、李士林先生、榮明杰先生、何厚浚先生、韓武敦先生及陸鍾漢先生於即將舉行之股東週年大會上輪值告退，惟各人均合符資格連任，並已表示願意膺選連任。

董事之個人詳細資料載於第 45 至 50 頁。

管理合約

本公司與中國國際信托投資（香港集團）有限公司（「中信香港」）於一九九一年四月十一日訂立管理協議，其效力可追溯至一九九零年三月一日。中信香港於該協議同意向本公司及其附屬公司提供管理服務，而管理費則根據成本基準按季下期付予中信香港。該管理協議可由任何一方給予兩個月之通知予以終止。由於榮智健先生、范鴻齡先生、莫偉龍先生、常振明先生及劉基輔先生均為中信香港之董事，彼等於該管理協議中擁有間接權益。該管理協議之副本將於二零零三年五月六日舉行之股東週年大會上可供查閱。

董事於重大合約之權益

本公司之任何董事現時或於年內任何時間並無在本公司或其任何附屬公司所訂立之任何合約（對本公司業務而言屬於重大並於年終或年內任何時間仍屬有效之合約）中直接或間接擁有任何重大權益。

Connected Transactions

Connected transactions disclosed in accordance with Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) are as follows:

1. Pursuant to the agreement dated 9 October 1996 made between the Company, CITIC HK, Kerry Trading Co. Limited, The Development Bank of Singapore Limited (collectively “the Parties”) and Cheer First Limited (“Cheer First”), the Parties being the shareholders of Cheer First agreed to make loans to Cheer First for providing loan finance to Goldon Investment Limited which holds CITIC Tower. CITIC HK being a substantial shareholder of the Company and regarded as its connected person holds 25% interest in Cheer First. The loan was made on normal commercial terms and in proportion to each party’s shareholding in Cheer First. It was with no fixed repayment date and was interest bearing at the rate per annum equivalent to Hong Kong Inter-Bank Offered Rate. As at 31 December 2002, the amount of shareholders’ loan due by Cheer First to the Company was HK\$2,174 million.

2. Lucky Zone Enterprises Inc. (“Lucky Zone”), the developer of a fixed optical fibre network in the PRC, and its subsidiaries were owned by the Company and China International Trust and Investment Corporation (“CITIC Beijing”) in the proportions 80/20 until 27 February 2002 when the Company completed the disposal of its entire interest in the fixed optical fibre network to CITIC HK. From time to time up to 27 February 2002, the Company provided finance to Lucky Zone and its subsidiaries by way of shareholders’ loan or corporate guarantee. The shareholders’ loan was made in proportion to the Company’s shareholdings in such companies, with no fixed repayment date and was non-interest bearing. The guarantee given by the Company was a several guarantee proportional to the Company’s shareholdings in such companies. Immediately prior to completion of the disposal, the amount of shareholders’ loan due by Lucky Zone and its subsidiaries to the Company was HK\$1,491 million whereas the guarantees executed by the Company to secure the banking facilities granted to the subsidiaries of Lucky Zone were RMB824 million. There was another guarantee executed by the Company in respect of 80% of the liability of one of the subsidiaries of Lucky Zone under a lease agreement for leasing certain equipment at the contract sum of approximately US\$15.5 million. All such guarantees executed by the Company were released after the disposal.

關連交易

根據香港聯合交易所有限公司（「聯交所」）證券上市規則第十四章而須予披露之關連交易如下：

1. 根據於一九九六年十月九日由本公司、中信香港、嘉里貿易有限公司、新加坡發展銀行有限公司（統稱「各方」）及Cheer First Limited（「Cheer First」）訂立之協議，各方作為Cheer First之股東同意貸款予Cheer First以便向持有中信大廈之金蓬投資有限公司提供貸款融資。本公司之主要股東並被視為其關連人士之中信香港持有Cheer First之25%權益。該筆貸款乃按一般商業條款及根據各方於Cheer First持有之股權比例而作出，並無固定還款日期，每年息率相等於香港銀行同業拆息。截至二零零二年十二月三十一日止，Cheer First尚欠本公司之股東貸款數額為港幣二十一億七千四百萬元。

2. 中國固定光纖網絡之發展商運城企業有限公司（「運城」）及其附屬公司之股權由本公司與中國國際信托投資公司（「中信北京」）按80/20之比例擁有，直至二零零二年二月二十七日本公司完成出售其於固定光纖網絡之全部權益予中信香港為止。本公司於二零零二年二月二十七日之前不時提供股東貸款或公司擔保予運城及其附屬公司。股東貸款乃按本公司於該等公司所佔股權比例提供，並無固定償還日期及免息。本公司提供之擔保屬個別擔保，擔保比例相等於本公司於該等公司所佔之股權比例。於緊接完成出售之前，本公司給予運城及其附屬公司之股東貸款總額為港幣十四億九千一百萬元，而本公司就運城附屬公司之銀行信貸所作之擔保額為人民幣八億二千四百萬元。本公司並就運城旗下一間附屬公司租賃若干設備所簽署之租賃合約提供最高達租賃費用80%之擔保，該份租賃合約總值約一千五百五十萬元。本公司所提供之上述所有擔保已於出售之後解除。

3. On 14 March 2002, CITIC Beijing, CITIC Ka Wah Bank Limited (“CITIC Ka Wah”, subsequently renamed as CITIC International Financial Holdings Limited), the Company, Dramatic Year Limited (“Dramatic Year”), Forever Glory Holdings Ltd. (“Forever Glory”) and CITIC Capital Markets Holdings Limited (“CITIC Capital Markets”) entered into a Share Transfer and Subscription Agreement. Pursuant to the agreement, Forever Glory being a wholly owned subsidiary of the Company agreed to subscribe for 960 new shares of HK\$1.00 each in CITIC Capital Markets and to acquire 20 shares of HK\$1.00 each in CITIC Capital Markets from Dramatic Year, a wholly-owned subsidiary of CITIC Ka Wah. The total consideration payable by the Company under the agreement was HK\$510 million. Upon completion of the Share Transfer and Subscription Agreement, CITIC Capital Markets would be owned as to 25 per cent. by Dramatic Year, 25 per cent. by a wholly owned subsidiary of CITIC Beijing and 50 per cent. by Forever Glory. The joint venture relationship between the parties in respect of CITIC Capital Markets would be governed by a shareholders' agreement. CITIC Capital Markets, through its subsidiaries, was mainly involved in investment banking, securities and brokerage business. CITIC Capital Markets and Dramatic Year, being indirect subsidiaries of CITIC Beijing, are connected persons of the Company.

4. On 28 June 2002, the Company, Kerry Properties Limited (“Kerry”), The Cross-Harbour (Holdings) Limited and China Merchants Holdings (International) Company Limited entered into a new performance guarantee (“the New Performance Guarantee”) in favour of the Hong Kong SAR Government. Under the New Performance Guarantee, each of the parties jointly and severally guaranteed to the Hong Kong SAR Government the due and punctual performance by Hong Kong Tunnels and Highways Management Company Limited (“HKTHMC”) of its obligations under the new contract for the management, operation and maintenance of the Cross Harbour Tunnel. Each party in turn had agreed, pursuant to the joint venture agreement relating to HKTHMC, to account to and indemnify each other in respect of their portion of liability under the New Performance Guarantee in proportion to their respective ultimate beneficial interests in the share capital of HKTHMC. Kerry owns 30% of a subsidiary of the Company and is regarded as a connected person of the Company. The maximum exposure of the Company under the New Performance Guarantee and the related indemnity was estimated to represent more than 0.03% but less than 3% of the book value of the net tangible assets of the Group as at 31 December 2001.

3. 於二零零二年三月十四日，中信北京、中信嘉華銀行有限公司（「中信嘉華」，後易名為中信國際金融控股有限公司）、本公司、Dramatic Year Limited（「Dramatic Year」）、Forever Glory Holdings Ltd.（「Forever Glory」）及中信資本市場控股有限公司（「中信資本市場」）訂立一項股份轉讓及認購協議。根據該協議，本公司之全資附屬公司Forever Glory同意認購中信資本市場每股面值港幣1.00元之新股份960股，及向中信嘉華之全資附屬公司Dramatic Year收購中信資本市場每股面值港幣1.00元之股份20股。本公司根據該協議所須支付之總代價為港幣五億一千萬元。待股份轉讓及認購協議完成後，中信資本市場之股權其中25%將由Dramatic Year擁有，另25%由中信北京一間全資附屬公司擁有，而其餘50%則由Forever Glory擁有。各訂約方在中信資本市場之合營夥伴關係將受一項股東協議所規限。中信資本市場主要透過旗下附屬公司從事投資銀行、證券及經紀業務。中信資本市場及Dramatic Year均為中信北京之間接附屬公司，故同屬本公司之關連人士。

4. 於二零零二年六月二十八日，本公司、嘉里建設有限公司（「嘉里」）、港通控股有限公司及招商局國際有限公司向香港特區政府訂立一項新履約擔保（「新履約擔保」）。根據新履約擔保，各方共同及個別向香港特區政府保證香港隧道及高速公路管理有限公司（「紅隧管理公司」）切實及依時履行其根據新合約所規定管理、經營及保養海底隧道之責任。各方根據經營紅隧管理公司所訂之合營協議，同意按照各自於紅隧管理公司股本中之最終實益權益比例，就彼等於新履約擔保中所承擔之責任互相向各方負責及提供賠償保證。嘉里擁有本公司一間附屬公司之30%權益，故被視作本公司之關連人士。本公司根據新履約擔保及相關賠償保證所承擔之責任上限估計佔本集團於二零零一年十二月三十一日之有形資產賬面淨值逾0.03%，但不足3%。

5. On 16 December 2002, Mainstream Holdings Limited (“Mainstream Holdings”), a 55% owned subsidiary of the Company, entered into a sale and purchase agreement (“Sale and Purchase Agreement”) with 河南雙滙投資發展股份有限公司 (“Shuanghui Investment”). Pursuant to the Sale and Purchase Agreement, Mainstream Holdings agreed to transfer 30% interest in the registered capital of Shanghai DCH Shuanghui IBP Co., Ltd. (“DCH Shuanghui”) to Shuanghui Investment at the consideration of RMB18.7 million so that after the transfer, DCH Shuanghui would be owned as to 40% by Mainstream Holdings and 60% by Shuanghui Investment. The consideration was arrived at after arm’s length negotiations and reflected the unaudited net asset value of DCH Shuanghui as at 30 November 2002. DCH Shuanghui is engaged in the business of producing and selling meat and related food products. After the completion of the aforesaid transfer, the registered capital of DCH Shuanghui would be increased by RMB46.75 million of which 60% would be contributed by Shuanghui Investment in Renminbi and 40% by Mainstream Holdings in US dollars. With the increase in shareholding of Shuanghui Investment in DCH Shuanghui, it was anticipated that Shuanghui Investment would make greater contributions to DCH Shuanghui in terms of capital, know-how, sales and marketing and overall management. Shuanghui Investment is regarded as a connected person of the Company by virtue of its being a substantial shareholder of DCH Shuanghui which is a subsidiary of the Company. The aggregate value of the connected transaction represented more than 0.03% but less than 3% of the book value of the net tangible assets of the Group as at 31 December 2001.

6. On 18 December 2002, Connemera Inc. (“Connemera”) (a wholly-owned subsidiary of the Company), Jiangsu CP Xingcheng Special Steel Co., Ltd. (“Jiangsu CP Xingcheng”) (a non wholly-owned subsidiary of the Company) and Jiangyin Steel Mill entered into a joint venture contract and an articles of association for the establishment of a new joint venture company (“the New JV”) for the production and sale of hot iron and the related products. The total investment and the registered capital of the New JV amounted to US\$25 million and US\$10 million respectively. Upon its establishment, the New JV would be owned as to 30.25% by Connemera, 45% by Jiangsu CP Xingcheng and 24.75% by Jiangyin Steel Mill.

5. 於二零零二年十二月十六日，本公司擁有其55%權益之附屬公司華新控股有限公司（「華新控股」）與河南雙滙投資發展股份有限公司（「雙滙投資」）訂立一項買賣協議（「買賣協議」）。根據買賣協議，華新控股同意以人民幣一千八百七十萬元之代價將上海大昌雙滙艾波有限公司（「大昌雙滙」）之30%註冊資本權益轉讓予雙滙投資，而於完成轉讓後，大昌雙滙之40%權益將由華新控股擁有，而其餘60%權益則由雙滙投資擁有。有關代價乃由雙方按公平交易原則磋商釐定，並反映大昌雙滙於二零零二年十一月三十日之未經審核資產淨值。大昌雙滙從事生產及銷售肉類及相關食品。於完成上述轉讓後，大昌雙滙之註冊資本將增加人民幣四千六百七十五萬元，其中60%將由雙滙投資以人民幣注入，其餘40%則由華新控股以美元注入。由於雙滙投資增持大昌雙滙之股權，預計雙滙投資將在資金上、技術上、市場銷售及整體管理各方面為大昌雙滙作出更大貢獻。由於雙滙投資為大昌雙滙之主要股東，而大昌雙滙則為本公司之附屬公司，故雙滙投資被視作本公司之關連人士。是項關連交易之總值佔本集團於二零零一年十二月三十一日之有形資產賬面淨值逾0.03%，但不足3%。

6. 於二零零二年十二月十八日，本公司之全資附屬公司均萬有限公司（「均萬」）、本公司之非全資附屬公司江蘇泰富興澄特殊鋼股份有限公司（「泰富興澄股份公司」）及江陰鋼廠訂立一項合資合同及公司章程，以成立一間專門產銷熱裝鐵水及相關產品之新合資企業（「新合資企業」）。新合資企業之總投資及註冊資本分別為二千五百萬美元及一千萬美元。新合資企業於成立後，將由均萬、泰富興澄股份公司及江陰鋼廠分別擁有30.25%、45%及24.75%權益。

On the same day, Jiangsu CP Xingcheng entered into two sale and purchase agreements with Maxy Rich Investments Limited (“Maxy Rich”) (a wholly-owned subsidiary of the Company) and Jiangyin Steel Mill respectively for the acquisition of 20% interest in the registered capital of Jiangyin Xingcheng Special Steel Works Co., Ltd. (“Special Steel Co.”), an existing joint venture company between Maxy Rich and Jiangyin Steel Mill, by Jiangyin CP Xingcheng. The total consideration for the acquisition was RMB220,707,236.40 and was determined with reference to the audited net asset value of Special Steel Co. as at 31 August 2002. After the acquisition, Special Steel Co. would be owned as to 44% by Maxy Rich, 20% by Jiangsu CP Xingcheng and 36% by Jiangyin Steel Mill. The acquisition was only part of the reorganisation of Jiangsu CP Xingcheng in anticipation of its intended listing on the Shanghai Stock Exchange in 2003.

Jiangyin Steel Mill was a connected person of the Company by virtue of its being a substantial shareholder of several other subsidiaries of the Company.

7. From time to time during the year, the Group maintained or executed guarantees to banks to secure the facilities granted to Shanghai DCH Jiangnanfeng Co., Ltd. (“Jiangnanfeng”), a company engaged in the production and selling of chickens and related food products, as its general working capital. Jiangnanfeng was 76.77% owned by Regal Heights Limited (“Regal Heights”, a 60% subsidiary of Dah Chong Hong Holdings Limited) with the remaining interest held by individual third parties which were connected to the Group by virtue only of their substantial shareholding in Jiangnanfeng. As at 31 December 2002, total facilities granted to Jiangnanfeng was RMB57 million secured by corporate guarantees given by Dah Chong Hong Group, in turn the 40% partner in Regal Heights shared 40% of such liabilities by giving irrevocable letters of credit issued by a bank in favour of Dah Chong Hong Group.

於同日，泰富興澄股份公司分別與本公司之全資附屬公司萬富投資有限公司（「萬富」）及江陰鋼廠訂立兩項買賣協議，由泰富興澄股份公司收購江陰興澄特種鋼鐵有限公司（「特鋼公司」）之20%註冊資本。特鋼公司為一間由萬富與江陰鋼廠合組之現有合資公司。收購涉及之總代價為人民幣220,707,236.40元，乃參考特鋼公司於二零零二年八月三十一日之經審核資產淨值釐定。於進行收購後，特鋼公司將由萬富、泰富興澄股份公司及江陰鋼廠分別擁有44%、20%及36%權益。收購僅為泰富興澄股份公司為籌備於二零零三年在上海證券交易所上市而進行之部份重組工作。

由於江陰鋼廠為本公司旗下多家附屬公司之主要股東，故屬於本公司之關連人士。

7. 本集團於年內不時為上海大昌江南鳳有限公司（「江南鳳」）之銀行信貸作擔保，以提供該公司所需之一般營運資金。該公司為雞肉及有關食品之生產及銷售商。新競有限公司（「新競」，為大昌貿易行集團有限公司持有60%股權之附屬公司）持有江南鳳之76.77%股權，其餘股權則屬獨立第三者所有，該等獨立第三者僅因擁有江南鳳之重大股權而成為本集團之關連人士。截至二零零二年十二月三十一日止，江南鳳獲授予之銀行信貸額共人民幣五千七百萬元，乃由大昌行集團提供擔保，而佔新競40%股權之商業夥伴相對給予大昌行集團不可撤銷銀行信用證作為分擔該擔保額40%之責任。

8. During the year, certain subsidiaries of the Company had entered into business transactions with Swire Pacific Limited and its associate (as defined in the Listing Rules), being connected persons of the Company after the completion of the acquisition of Citic Square by the Company on 22 January 2002. Details of the transactions made during the period from 22 January 2002 to 31 December 2002 with annual amounts exceeding 0.03% of the Group's consolidated net tangible assets as disclosed in the Company's 2001 annual report were as follows ("the Continuing Transactions"):

	HK\$ 港幣元	
Sale and purchase of foodstuffs	15,319,526	買賣食品
Repair of aviation containers and sale of parts	17,900,944	維修空運貨櫃及銷售零件
Repair and maintenance of ground support equipment and airport vehicles	40,418,219	維修及保養地勤設備及機場車輛
	<u>73,638,689</u>	

An independent committee of the Board (comprising only of independent non-executive Directors) had reviewed the Continuing Transactions made during the period from 22 January 2002 to 31 December 2002 and confirmed that the Continuing Transactions had been entered into:

- in the ordinary and usual course of business of the Group;
- on normal commercial terms or, if there were no sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- on terms that were fair and reasonable so far as the shareholders of the Company were concerned.

The auditors of the Company had also confirmed to the Board that the Continuing Transactions (a) had received the approval of the Board of the Company; (b) had been entered into on normal commercial terms or, with the terms of the agreement(s) relating to the transactions or, if there was no such agreement, on terms no less favourable to or from independent third parties; and (c) had not exceeded 3% of the value of the audited net tangible assets of the Group as disclosed in the Company's 2001 annual report.

8. 年內，本公司若干附屬公司與太古股份有限公司及其聯繫人士（定義見上市規則）（彼等繼本公司於二零零二年一月二十二日完成收購中信泰富廣場後成為本公司之關連人士）進行若干業務交易。以下為由二零零二年一月二十二日至二零零二年十二月三十一日止期間進行之交易（「持續交易」），全年交易金額佔本公司二零零一年年報所載之本集團綜合有形資產淨值逾 0.03%：

獨立董事委員會（只包括獨立非執行董事）已審閱由二零零二年一月二十二日至二零零二年十二月三十一日止期間內進行之持續交易，並確認該等持續交易：

- 乃在本集團之日常及一般業務中進行；
- 乃按正常商業條款進行，或倘缺乏足夠之同類交易作比較以判斷是否符合正常商業條款，則按對本集團而言不遜於向獨立第三者提供或獲獨立第三者提供（視乎適用情況而定）之條款進行；及
- 乃按對本公司各股東而言屬公平合理之條款進行。

本公司之核數師亦向董事會確認持續交易 (a) 已獲本公司之董事會批准；(b) 乃按正常商業條款或根據有關交易所屬協議條款進行，或倘無訂立該等協議，則按不遜於向獨立第三者提供或獲獨立第三者提供之條款進行；及(c) 並未超逾本公司二零零一年年報所披露之本集團經審核有形資產淨值 3%。

Share Option Plan

The Company adopted the CRRIC Pacific Share Incentive Plan 2000 ("the Plan") on 31 May 2000. The major terms of the Plan are as follows:

1. The purpose of the Plan is to promote the interests of the Company and its shareholders by (i) providing the participants with additional incentives to continue and increase their efforts in achieving success in the business of the Company, and (ii) attracting and retaining the best available personnel to participate in the on-going business operation of the Company.
2. The participants of the Plan are any director, executive or employee of the Company or its subsidiaries as invited by the Board.
3. The maximum number of shares over which options may be granted under the Plan shall not exceed 10% of (i) the issued share capital of the Company from time to time or (ii) the issued share capital of the Company as at the date of adopting the Plan, whichever is the lower. As at 12 March 2003, the maximum number of shares available for issue under the Plan is 218,846,016.
4. No participant shall be granted an option which, if exercised in full, would result in such participant's maximum entitlement to exceed 25 per cent of the maximum aggregate number of shares subject to the Plan.
5. The exercise period of any option granted under the Plan must not be more than ten years commencing on the date of grant.
6. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.
7. The exercise price determined by the Board will be at least the higher of (i) the closing price of the Company's share as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the Company's shares.

購股權計劃

本公司於二零零零年五月三十一日採納中信泰富股份獎勵計劃二零零零（「該計劃」）。該計劃之主要條款如下：

1. 該計劃旨在透過(i)給予參與者額外獎賞以鼓勵彼等繼續加倍努力為本公司締造佳績，及(ii)吸引及挽留菁英人才參與本公司之持續業務營運，從而促進本公司及其股東之利益。
2. 該計劃參與者為獲董事會邀請之本公司或其附屬公司之任何董事、行政人員或僱員。
3. 根據該計劃可授予之購股權之股份數目上限不得超出(i)本公司不時之已發行股本或(ii)本公司於採納該計劃當日之已發行股本（以較低者為準）之10%。於二零零三年三月十二日，根據該計劃可予發行之股份上限為218,846,016股。
4. 倘參與者全面行使所獲授予之購股權將導致其權益上限超逾該計劃所涉及之股份總數上限之25%，則參與者將不獲授予購股權。
5. 根據該計劃所授予任何購股權之行使期不得超逾10年，由授出日期起計。
6. 承授人如欲接納授予購股權，必須由授出日期起計28日內支付港幣1.00元（概不退還）辦理接納手續。
7. 行使價由董事會釐定，最少為以下各項的較高者：(i)本公司股份於授出日期在聯交所日報表上所報的收市價；(ii)本公司股份於緊接授出日期前五個營業日在聯交所日報表上所報的平均收市價；及(iii)本公司股份的面值。

8. The Plan shall be valid and effective till 30 May 2010.

On 28 May 2002 options to subscribe for a total of the 11,550,000 shares in the Company listed in the table below representing 0.53% of the issued share capital, at the exercise price of HK\$18.20 per share, were granted under the Plan. The closing price of the Company's share immediately before the date of grant was HK\$18.10. All options granted and accepted can be exercised in whole or in part within 5 years from the date of grant. All were accepted, and none were exercised, cancelled or lapsed in the period up to 31 December 2002.

	<i>Number of Share Options Granted during the period 期內授出之購股權數目</i>	
Directors of the Company	8,100,000	本公司董事
Continuous Contract Employees	3,450,000	連續合約僱員
Total	11,550,000	合計

The fair value of an option on one CITIC Pacific share granted in the current period measured as at the date of grant of 28 May 2002 was HK\$5.47 on the following assumptions using the Black-Scholes option pricing model:

- Exercise price of HK\$18.20;
- Expected volatility of 45.3% (based on historical share price movement);
- Expected annual dividend yield of 4.8% (based on historical dividend payments);
- Estimated expected life of the options granted is 5 years (the full term of the outstanding option awards and therefore is the maximum entry for this assumption);
- Five-year Hong Kong Exchange Fund Notes interest rate at the date the options were granted was 4.74%; and
- A 5% risk-of-forfeiture adjustment in respect of the expectation that some options will be forfeited over their estimated expected lifetime.

8. 該計劃將持續生效至二零一零年五月三十日止。

於二零零二年五月二十八日，本公司根據該計劃授予下表所列可按行使價每股港幣18.20元認購本公司股份共11,550,000股（佔已發行股本之0.53%）之購股權。本公司股份於緊接授出日期前之收市價為港幣18.10元。所有已授出並獲接納之購股權均可由授出日期起計5年內全部或部份行使。所有購股權均獲接納，而於截至二零零二年十二月三十一日止期間內概無予以行使、註銷或失效。

每項於本期間授出可認購一股中信泰富股份之購股權於二零零二年五月二十八日授出當日之公平價值為港幣5.47元，乃採用柏力克－舒爾斯期權定價模式按下列假設釐定：

- 行使價為港幣18.20元；
- 預期波幅為45.3%（以過往股價走勢為依據）；
- 預期每年股息收益率為4.8%（以過往股息為依據）；
- 所授購股權之估計年期為5年（此乃未行使購股權之整段有效期，故是項假設屬於極限）；
- 五年期港幣外匯基金票據於授出購股權當日之息率為4.74厘；及
- 就預期若干購股權將於其估計年期內遭沒收而設定5%之沒收風險調整。

The result of the Black-Scholes option pricing model can be materially affected by changes in these assumptions so an option's actual value may differ from the estimated fair value of the options due to limitations of the model.

All the options forfeited before expiry of the Plan will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Plan.

As there is no accounting standard in Hong Kong governing the accounting for employee stock option, their cost has not been incorporated in the accounts.

倘上述假設出現變動，足以嚴重影響柏力克-舒爾斯期權定價模式之結果，故購股權之實際價值可能因是項定價模式之限制而有別於購股權之估計公平價值。

所有於該計劃屆滿前遭沒收之購股權將被視作失效，不得重新加入根據該計劃可供發行之股份數目。

由於香港並無任何有關僱員購股權入賬方式之會計準則，故其成本並未列入賬目內。

Directors' Interests in Securities of the Company

1. Shares in the Company and Associated Corporation

The interests of the Directors in shares of the Company or associated corporations as at 31 December 2002 as recorded in the register required to be kept under section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

	Number of Shares 股份數目					Total 總數
	Personal interests 個人權益	Corporate interests 法團權益	Family interests 家族權益	Other interests 其他權益		
Cruc Pacific Limited						中信泰富有限公司
Larry Yung Chi Kin		400,381,000			400,381,000	榮智健
Henry Fan Hung Ling		43,000,000			43,000,000	范鴻齡
Vernon Francis Moore				3,200,000	3,200,000	莫偉龍
				(Note 1)(附註 1)		
Peter Lee Chung Hing	500,000				500,000	李松興
Norman Yuen Kee Tong	33,000				33,000	阮紀堂
Robert Ernest Adams	550,000				550,000	羅安達
Liu Jifu	40,000				40,000	劉基輔
Hansen Loh Chung Hon	1,050,000	500,000	500,000		1,550,000	陸鍾漢
		(Note 2)(附註 2)	(Note 2)(附註 2)			
André Desmarais	87,800	100,230,000	1,000		100,318,800	德馬雷
					(Note 3)(附註 3)	
Cathay Pacific Airways Limited						國泰航空有限公司
Hansen Loh Chung Hon	450,000				450,000	陸鍾漢

Note 1: Deemed interests held by the relevant Director and his family as contingent beneficiaries of a discretionary trust.

Note 2: The corporate interests and the family interests of the relevant Director duplicate each other as the 500,000 shares are held through a company in which the relevant Director and his family are interested.

Note 3: In addition to the aforesaid, the relevant Director is also one of the trustees of a Canadian discretionary trust which controls Canadian companies which owns 24,000 shares of the Company.

附註 1：有關董事及其家族作為一全權信託之或然受益人而被視作持有之權益。

附註 2：有關董事持有之法團權益與其家族權益重疊，因 500,000 股股份為透過一間由該董事及其家族擁有之公司之權益。

附註 3：除上述所載外，有關董事亦為一個加拿大全權信託之受託人之一。該全權信託控制擁有本公司 24,000 股股份之加拿大公司。

2. Share Options in the Company

As at 31 December 2002, the number of outstanding options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept under section 29 of the SDI Ordinance were as follows:

<i>Directors</i>	<i>Number of Share Options of the Company</i> 本公司購股權數目	董事
Larry Yung Chi Kin	2,000,000	榮智健
Henry Fan Hung Ling	1,600,000	范鴻齡
Vernon Francis Moore	1,000,000	莫偉龍
Peter Lee Chung Hing	1,000,000	李松興
Norman Yuen Kee Tong	500,000	阮紀堂
Robert Ernest Adams	300,000	羅安達
Yao Jinrong	300,000	姚進榮
Chang Zhenming	500,000	常振明
Li Shilin	300,000	李士林
Carl Yung Ming Jie	300,000	榮明杰
Liu Jifu	300,000	劉基輔
Total	<u>8,100,000</u>	合計

As at 31 December 2002, none of the Directors has any other interests in the equity or debt securities of the Company or any associated corporations (within the meaning of the SDI Ordinance) which have been entered in the register kept by the Company pursuant to section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

2. 本公司之購股權

於二零零二年十二月三十一日，根據披露權益條例第29條須予保存之登記名冊內記錄，本公司授予董事認購本公司股份之未行使購股權數目如下：

於二零零二年十二月三十一日，各董事於本公司或其任何相聯法團（定義見披露權益條例）之股本或債務證券中，概無擁有依據披露權益條例第29條於本公司予以保存之登記名冊內記錄，或是根據上市公司董事進行證券交易的標準守則已通知本公司及聯交所之任何其他權益。

Substantial Shareholders

As at 31 December 2002, the interests of substantial shareholders, other than the Directors of the Company, in the equity securities of the Company as recorded in the register required to be kept under section 16(1) of the SDI Ordinance are as follows:

<i>Name</i>	<i>Number of Shares of the Company</i> 本公司之股份數目	<i>名稱</i>
CITIC Beijing	632,066,285	中信北京
CITIC HK	632,066,285	中信香港
Heedon Corporation	498,424,285	Heedon Corporation
Honpville Corporation	310,988,221	Honpville Corporation
Rockhampton Investments Limited	292,000,000	Rockhampton Investments Limited
Bloomfield Enterprises Corp.	292,000,000	Bloomfield Enterprises Corp.
Earnplex Corporation	292,000,000	Earnplex Corporation

CITIC HK is a substantial shareholder of the Company indirectly through the following wholly owned subsidiary companies by virtue of section 8(2) of the SDI Ordinance as follows:

主要股東

於二零零二年十二月三十一日，根據披露權益條例第 16(1)條須予保存之登記名冊內記錄主要股東（本公司董事除外）於本公司股本證券之權益如下：

按披露權益條例第 8(2)條，中信香港透過下列全資附屬公司間接成為本公司之主要股東：

<i>Name of Subsidiary Companies of CITIC HK</i>	<i>Number of Shares of HK\$0.40 each</i> 每股面值港幣 0.40 元之股份數目	<i>中信香港之附屬公司名稱</i>
Affluence Limited	43,266,000	Affluence Limited
Winton Corp	30,718,000	Winton Corp
Westminster Investment Inc	101,960,000	Westminster Investment Inc
Jetway Corp	22,500,000	Jetway Corp
Cordia Corporation	32,258,064	Cordia Corporation
Honpville Corporation	310,988,221	Honpville Corporation
Hainsworth Limited	80,376,000	Hainsworth Limited
Southpoint Enterprises Inc	10,000,000	Southpoint Enterprises Inc

Each of Affluence Limited, Winton Corp, Westminster Investment Inc, Jetway Corp, Cordia Corporation, Honpville Corporation, Hainsworth Limited and Southpoint Enterprises Inc holds the shares of the Company beneficially. Accordingly, Honpville Corporation is a substantial shareholder of the Company.

Affluence Limited、Winton Corp、Westminster Investment Inc、Jetway Corp、Cordia Corporation、Honpville Corporation、Hainsworth Limited 及 Southpoint Enterprises Inc 分別實益持有本公司之股份。因此，Honpville Corporation 亦為本公司之主要股東。

CRIC Beijing is the direct holding company of CRIC HK. CRIC HK is the direct holding company of Heedon Corporation, Hainsworth Limited, Affluence Limited and Barnsley Investments Limited. Heedon Corporation is the direct holding company of Winton Corp, Westminster Investment Inc, Jetway Corp, Kotron Company Ltd and Honpville Corporation and Kotron Company Ltd is the direct holding company of Cordia Corporation. Barnsley Investments Limited is the direct holding company of Southpoint Enterprises Inc. Accordingly, the interests of CRIC Beijing in the Company duplicate the interests of CRIC HK in the Company. The interests of CRIC HK in the Company duplicate the interests in the Company of all its direct and indirect subsidiary companies as described above. The interests of Heedon Corporation in the Company duplicate the interests in the Company of all its direct and indirect subsidiary companies as described above. The interests of Barnsley Investments Limited in the Company duplicate the interests in the Company of its direct subsidiary company as described above and the interests of Kotron Company Ltd in the Company duplicate the interests in the Company of its direct subsidiary company as described above.

Rockhampton Investments Limited is a wholly owned subsidiary company of Bloomfield Enterprises Corp, which in turn is a wholly owned subsidiary company of Earnplex Corporation. Accordingly, the interests of Earnplex Corporation duplicate the interests in the Company of its direct and indirect subsidiary companies as described above. Mr Larry Yung Chi Kin is the owner of the entire issued share capital of Earnplex Corporation. The interests in the Company of Rockhampton Investments Limited represent part of the corporate interests of Mr Larry Yung Chi Kin as mentioned in the above section of “Directors’ Interests in Securities of the Company”.

中信北京為中信香港之直接控股公司。中信香港為 Heedon Corporation、Hainsworth Limited、Affluence Limited 及 Barnsley Investments Limited 之直接控股公司。Heedon Corporation 為 Winton Corp、Westminster Investment Inc、Jetway Corp、Kotron Company Ltd 及 Honpville Corporation 之直接控股公司，而 Kotron Company Ltd 為 Cordia Corporation 之直接控股公司。Barnsley Investments Limited 為 Southpoint Enterprises Inc 之直接控股公司。因此，中信北京於本公司之權益與中信香港於本公司之權益重疊。中信香港於本公司之權益與其上述所有直接及間接擁有之附屬公司於本公司之權益重疊。Heedon Corporation 於本公司之權益與其上述所有直接及間接擁有之附屬公司於本公司之權益重疊。Barnsley Investments Limited 於本公司之權益與其上述直接擁有之附屬公司於本公司之權益重疊，而 Kotron Company Ltd 於本公司之權益則與其上述直接擁有之附屬公司於本公司之權益重疊。

Rockhampton Investments Limited 乃 Bloomfield Enterprises Corp 之全資附屬公司，因而亦是 Earnplex Corporation 之全資附屬公司。因此，Earnplex Corporation 於本公司之權益與其上述直接及間接擁有之附屬公司於本公司之權益重疊。榮智健先生乃 Earnplex Corporation 全部已發行股本之擁有人。Rockhampton Investments Limited 於本公司之權益乃上述「董事於本公司證券之權益」一節中所載榮智健先生之法團權益之其中一部份。

Purchase, Sale or Redemption of Shares

During the year ended 31 December 2002, the Company made the following repurchases of its own shares on the Stock Exchange for the purpose of enhancing its earnings per share:

Month/Year	Number of Shares Repurchased 購回股份數目	Price per Share 每股作價		Aggregate Price Paid 已付價格總額 HK\$ million 港幣百萬元	
		Highest 最高 HK\$ 港幣元	Lowest 最低 HK\$ 港幣元	年/月	
December 2002	1,320,000	14.95	14.85	20	二零零二年十二月

These repurchased shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was charged against retained profit. An amount equivalent to the nominal value of the shares cancelled of approximately HK\$1 million was transferred from retained profit to capital redemption reserve.

Save as disclosed above, neither the Company nor its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31 December 2002 and the Company has not redeemed any of its shares during the year ended 31 December 2002.

Service Contracts

As at 31 December 2002, there were no service contracts which were not determinable by the employer within one year without payment of compensation (other than statutory compensation) between any company in the Group and any Director proposed for re-election at the forthcoming Annual General Meeting.

Arrangements for Acquisition of Shares or Debentures

Save as aforesaid in the above section of "Share Option Plan", at no time during the year was the Company or any of its subsidiary companies a party or parties to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

購買、出售或贖回股份

於截至二零零二年十二月三十一日止年度，本公司曾於聯交所購回本身之股份，藉以提高每股盈利，詳情如下：

該等購回之股份在購回後隨即予以註銷，因此本公司之已發行股本已相應減去該等購回股份之面值。於購回時所須支付之溢價已於保留溢利中扣除，而為數約港幣一百萬元，即相等於已註銷股份面值之款項已從保留溢利轉撥至資本贖回儲備。

除上文所披露者外，於截至二零零二年十二月三十一日止年度，本公司或其附屬公司概無購買或出售本公司之任何股份，而於截至二零零二年十二月三十一日止年度，本公司亦無贖回其任何股份。

服務合約

於二零零二年十二月三十一日，本集團屬下任何公司概無與擬於即將召開之股東週年大會上膺選連任之任何董事簽訂僱主不可於一年內免付賠償（法定賠償除外）而予以終止之服務合約。

購入股份或債券之安排

除上文「購股權計劃」一節所述者外，本公司或其任何附屬公司於本年度內概無參與任何安排，使本公司之董事可藉購買本公司或任何其他法人團體之股份或債券而獲得利益。

Auditors

The accounts for the year have been audited by PricewaterhouseCoopers who shall retire and, being eligible, shall offer themselves for re-appointment.

Corporate Governance

During the year, the Company was in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on the Stock Exchange.

By Order of the Board,
Larry Yung Chi Kin *Chairman*
Hong Kong, 12 March 2003

核數師

本年度之賬目已由羅兵咸永道會計師事務所審核。該會計師事務所將依章告退，惟彼等符合資格，願意膺聘連任。

公司管治

於該年內，本公司已遵守聯交所證券上市規則所載之最佳應用守則。

承董事會命
榮智健 主席
香港，二零零三年三月十二日