

董事會報告書

Report of the Directors

董事會謹將截至二零零二年十二月三十一日止年度的報告書及經審核財務報表呈覽。

主要業務

本集團及本公司的主要業務是在香港提供一般銀行及相關金融服務。於二零零二年十一月二十五日，即「中信嘉華銀行有限公司(合併)條例」(「合併條例」)所指的指定日期，本公司憑藉合併條例將大部份業務轉歸香港華人銀行有限公司(「華人銀行」)所有，自此，本公司成為一所投資控股公司，持有中信嘉華銀行集團所有股份權益，本公司亦更名為中信國際金融控股有限公司CITIC International Financial Holdings Limited，而華人銀行亦同時易名為中信嘉華銀行有限公司CITIC Ka Wah Bank Limited。本公司各主要附屬公司於二零零二年十二月三十一日的詳情載於財務報表附註20內。

財務報表

本集團截至二零零二年十二月三十一日止年度的溢利和本公司及本集團於該日的財政狀況載於第102頁至第189頁的財務報表內。

股息

本公司已於二零零二年九月十六日派發中期股息每股港幣三仙(二零零一年：港幣三仙)。董事會建議派發截至二零零二年十二月三十一日止年度末期股息每股港幣0.13元(二零零一年：港幣兩仙半)。末期股息將以現金派發，惟可選擇收取已繳足股款的新股以代替現金。

慈善捐款

本集團於本年度的慈善捐款合共為港幣159,150元(二零零一年：港幣57,571元)。

固定資產

固定資產的變動載於財務報表附註24內。

儲備

本集團及本公司於本年度的儲備變動載於財務報表附註31內。

股本

本公司於本年度內的股本變動載於財務報表附註30內。

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Group and the Company are the provision of general banking and related financial services, primarily in Hong Kong. On 25 November 2002, the appointed date of the CITIC Ka Wah Bank Limited (Merger) Ordinance (the 'Ordinance'), the bulk of the business undertaking of CITIC Ka Wah Bank Limited were vested in The Hongkong Chinese Bank, Limited ('HKCB') and thereafter, the Company became an investment holding company holding all the shareholding interests of the CITIC Ka Wah Bank Group. The name of the Company was changed to CITIC International Financial Holdings Limited (中信國際金融控股有限公司) and the name of HKCB was changed to CITIC Ka Wah Bank Limited (中信嘉華銀行有限公司) simultaneously. Particulars of the Company's principal subsidiaries as at 31 December 2002 are set out in note 20 on the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2002 and the state of the Company and the Group's affairs as at that date are set out in the financial statements on pages 102 to 189.

DIVIDENDS

An interim dividend of HK\$0.03 (2001: HK\$0.03) per share was paid on 16 September 2002. The directors recommend the payment of a final dividend of HK\$0.13 (2001: HK\$0.025) per share in respect of the year ended 31 December 2002. The final dividend will be paid in cash, with an option to receive new, fully paid shares in lieu of cash.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year amounted to HK\$159,150 (2001: HK\$57,571).

FIXED ASSETS

Movements in fixed assets are set out in note 24 on the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 31 on the financial statements.

SHARE CAPITAL

Movements in the share capital of the Company are set out in note 30 on the financial statements.

董事

本財政年度內及截至本報告書日期止的董事如下（按董事中文姓氏的筆劃排列）：

孔丹先生（董事長）
王東明先生
（於二零零二年十一月二十五日委任）
江紹智先生（董事總經理）
李永鴻先生（董事總經理兼替任行政總裁）
（於二零零二年三月二十一日委任）
居偉民先生
林廣兆先生（獨立非執行董事）
范尚德先生（獨立非執行董事）
（於二零零二年十一月二十五日委任）
常振明先生（行政總裁）
陳許多琳女士（董事總經理兼替任行政總裁）
張恩照先生
楊超先生
趙盛彪先生
劉基輔先生
（於二零零二年十一月二十五日委任）
盧永逸先生（董事總經理）
竇建中先生

于葆忠先生
（於二零零二年十一月二十五日離任）
李恒勳先生
（於二零零二年十一月二十五日離任）
林思顯博士
（於二零零二年十一月二十五日離任）
莊壽倉先生
（於二零零二年十一月二十五日離任）

根據本公司的公司組織章程細則第111(1)條，王東明先生、范尚德先生及劉基輔先生在即將召開的股東週年大會依章告退，並願應選連任。

DIRECTORS

The directors during the financial year and up to the date of this report are as follows (arranged in the order of number of strokes of the directors' Chinese surnames):

Mr. Kong Dan (Chairman)
Mr. Wang Dongming
(appointed on 25 November 2002)
Mr. Kong Siu Chee Kenneth (Managing Director)
Mr. Lee Wing Hung Raymond (Managing Director and ACEO)
(appointed on 21 March 2002)
Mr. Ju Weimin
Mr. Lam Kwong Siu (Independent Non-Executive Director)
Mr. Fan Sheung Tak Stephen (Independent Non-Executive Director)
(appointed on 25 November 2002)
Mr. Chang Zhenming (Chief Executive Officer)
Mrs. Chan Hui Dor Lam Doreen (Managing Director and ACEO)
Mr. Zhang En Zhao
Mr. Yang Chao
Mr. Zhao Shengbiao
Mr. Liu Jifu
(appointed on 25 November 2002)
Mr. Lo Wing Yat Kelvin (Managing Director)
Mr. Dou Jianzhong

Mr. Yu Baozhong
(resigned on 25 November 2002)
Mr. Li Hengxun
(resigned on 25 November 2002)
Dr. Daniel H Lam
(resigned on 25 November 2002)
Mr. Zhuang Shoucang
(resigned on 25 November 2002)

In accordance with Article 111(1) of the Company's Articles of Association, Mr. Wang Dongming, Mr. Fan Sheung Tak Stephen and Mr. Liu Jifu retire from the Board at the forthcoming Ordinary Yearly Meeting and, being eligible, offer themselves for re-election.

董事 (續)

按照本公司的公司組織章程細則第118條所規定，竇建中先生、趙盛彪先生、林廣兆先生及盧永逸先生在即將召開的股東週年大會輪值告退，並願應選連任。

各董事均無與本公司或本公司任何附屬公司訂立若本公司於一年內終止便須作出賠償（一般法定賠償除外）的任何服務合約。

董事權益

根據本公司按《證券（披露權益）條例》第29條而編存的登記冊所載，各董事於二零零二年十二月三十一日所佔本公司股份的實益權益如下：

董事姓名 Name of directors	個人權益 Personal interests	每股面值港幣1元的普通股 Ordinary shares of HK\$1 each		權益總額 Total interests
		家族權益 Family interests	其他權益* Other interests*	
陳許多琳女士 Mrs. Chan Hui Dor Lam Doreen	—	—	2,074,689	2,074,689
江紹智先生 Mr. Kong Siu Chee Kenneth	—	—	2,074,689	2,074,689
盧永逸先生 Mr. Lo Wing Yat Kelvin	—	—	2,074,689	2,074,689
趙盛彪先生 Mr. Zhao Shengbiao	1,400,000	—	614,114	2,014,114

* 此為有關董事按本公司於一九九五年三月三十日採納的高級行政人員購股權計劃而持有的未行使購股權數目。

本公司、控股公司、附屬公司或同系附屬公司，概無訂立任何與本公司業務有關而令本公司董事於年終時或本年度內任何時間，可直接或間接享有重大權益的重要合約。

除上述者外，本公司、控股公司、附屬公司或同系附屬公司均沒有在本年度內任何時間訂立任何安排，致使本公司董事或他們的配偶或未滿十八歲的子女可以透過收購本公司或任何其他法人公司的股份或債券而獲益。

DIRECTORS (cont'd)

In accordance with Article 118 of the Company's Articles of Association, Mr. Dou Jianzhong, Mr. Zhao Shengbiao, Mr. Lam Kwong Siu and Mr. Lo Wing Yat Kelvin retire from the Board by rotation at the forthcoming Ordinary Yearly Meeting and, being eligible, offer themselves for re-election.

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

DIRECTORS' INTERESTS

At 31 December 2002, the beneficial interests of the directors in the share capital of the Company as recorded in the register maintained under section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

董事姓名 Name of directors	個人權益 Personal interests	每股面值港幣1元的普通股 Ordinary shares of HK\$1 each		權益總額 Total interests
		家族權益 Family interests	其他權益* Other interests*	
陳許多琳女士 Mrs. Chan Hui Dor Lam Doreen	—	—	2,074,689	2,074,689
江紹智先生 Mr. Kong Siu Chee Kenneth	—	—	2,074,689	2,074,689
盧永逸先生 Mr. Lo Wing Yat Kelvin	—	—	2,074,689	2,074,689
趙盛彪先生 Mr. Zhao Shengbiao	1,400,000	—	614,114	2,014,114

* These represented the outstanding share options held by the respective directors pursuant to the Senior Executive Share Option Scheme of the Company adopted on 30 March 1995.

No contract of significance in relation to the Company's business to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Apart from the above, at no time during the year was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

高級行政人員購股權計劃

本公司目前有一項高級行政人員購股權計劃（「購股權計劃」），據此，本公司合資格的高級行政人員（包括執行董事）均獲賦予購股權，以認購本公司股份。該項購股權計劃於一九九五年三月三十日採納，並將於二零零五年三月二十九日終止。購股權的行使價由董事會釐定，並以股份的面值和股份於賦予日期前五個營業日在香港聯合交易所有限公司（「聯交所」）錄得的平均收市價的80%兩者中的較高數額為準。接納每次配授的購股權須付港幣1元。

根據購股權計劃賦予的購股權可認購的股份總數，不得超過本公司於當時已發行股本的10%；惟當中按照購股權計劃行使購股權而配發及發行的股份則不包括在內。於二零零二年十二月三十一日，根據購股權計劃可予發行的股份總數為300,835,662股或佔本公司已發行股本的9.9%。

SENIOR EXECUTIVE SHARE OPTION SCHEME

A Senior Executive Share Option Scheme (the 'Option Scheme') is maintained by the Company, under which eligible senior executives (including executive directors) of the Company were granted share options for subscription of shares of the Company. The Option Scheme was adopted on 30 March 1995 and will be terminated on 29 March 2005. The exercise price of options was determined by the Board and was the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares on The Stock Exchange of Hong Kong Limited (the 'Stock Exchange') for the five business days immediately preceding the date of the grant. The consideration for accepting the options granted was HK\$1.00 per grant.

The maximum number of shares in respect of which options may be granted under the Option Scheme may not exceed 10% of the issued share capital of the Company from time to time, excluding any shares which have been duly allotted and issued pursuant to the exercise of any option granted under the Option Scheme. As at 31 December 2002, the total number of ordinary shares available for issue under the Option Scheme is 300,835,662 or 9.9% of the issued share capital of the Company.

高級行政人員購股權計劃 (續)

於二零零二年十二月三十一日，本公司董事及僱員根據本公司的購股權計劃獲賦予下列購股權，以認購本公司股份（於二零零二年十二月三十一日的每股收市價為港幣2.25元）。購股權持有人可就每個購股權認購一股本公司股份。

SENIOR EXECUTIVE SHARE OPTION SCHEME (cont'd)

At 31 December 2002, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2002 was HK\$2.25) granted pursuant to the Option Scheme of the Company. Each option gives the holder the right to subscribe for one share.

	於年初 未行使的 購股權數目 No. of options outstanding at the beginning of the year	於年終 未行使的 購股權數目 No. of options outstanding at the year end	賦予日期 Date granted	可行使 購股權期間 Period during which options exercisable	年度內行使 購股權購入 的股份數目 No. of shares acquired on exercise of options during the year	年度內失效 的購股權 No. of options lapsed during the year	行使 購股權時的 每股行使價 Price per share on exercise of options 港幣(元) HK\$	加權平均 收市價 (註3) Weighted average closing price (note 3) 港幣(元) HK\$
陳許多琳女士 Mrs. Chan Hui Dor Lam Doreen	2,000,000	2,000,000	17/08/1999	20/04/2000 至 29/03/2005	-	-	*2.217	-
	-	*74,689	28/02/2002	28/02/2002 至 29/03/2005	-	-	2.217	-
江紹智先生 Mr. Kong Siu Chee Kenneth	2,000,000	2,000,000	17/08/1999	18/05/2001 至 29/03/2005	-	-	*2.217	-
	-	*74,689	28/02/2002	28/02/2002 至 29/03/2005	-	-	2.217	-
盧永逸先生 Mr. Lo Wing Yat Kelvin	2,000,000	2,000,000	17/08/1999	31/10/1999 至 29/03/2005	-	-	*2.217	-
	-	*74,689	28/02/2002	28/02/2002 至 29/03/2005	-	-	2.217	-

高級行政人員購股權計劃 (續)

SENIOR EXECUTIVE SHARE OPTION SCHEME (cont'd)

	於年初 未行使的 購股權數目 No. of options outstanding at the beginning of the year	於年終 未行使的 購股權數目 No. of options outstanding at the year end	賦予日期 Date granted	可行使 購股權期間 Period during which options exercisable	年度內行使 購股權購入 的股份數目 No. of shares acquired on exercise of options during the year	年度內失效 的購股權 No. of options lapsed during the year	行使 購股權時的 每股行使價 Price per share on exercise of options 港幣(元) HK\$	加權平均 收市價 (註3) Weighted average closing price (note 3) 港幣(元) HK\$
趙盛彪先生 Mr. Zhao Shengbiao	87,000	87,000	10/04/1996	11/04/1996 至 to 29/03/2005	-	-	1.000	-
	210,875	210,875	08/05/1997	09/05/1997 至 to 29/03/2005	-	-	1.000	-
	316,239	316,239	06/05/1998	07/05/1998 至 to 29/03/2005	-	-	1.000	-
其他僱員總計 Aggregate total of other employees	200,000	200,000	30/03/1995	30/03/1995 至 to 29/03/2005	-	-	1.000	-
	37,000	37,000	10/04/1996	11/04/1996 至 to 29/03/2005	-	-	1.000	-
	42,125	42,125	08/05/1997	09/05/1997 至 to 29/03/2005	-	-	1.000	-
	73,689	73,689	06/05/1998	07/05/1998 至 to 29/03/2005	-	-	1.000	-
	1,200,000	450,000	16/04/1999	06/08/1999 至 to 29/03/2005	750,000	-	*1.620	2.275

高級行政人員購股權計劃 (續)

SENIOR EXECUTIVE SHARE OPTION SCHEME (cont'd)

於年初 未行使的 購股權數目 No. of options outstanding at the beginning of the year	於年終 未行使的 購股權數目 No. of options outstanding at the year end	賦予日期 Date granted	可行使 購股權期間 Period during which options exercisable	年度內行使 購股權購入 的股份數目 No. of shares acquired on exercise of options during the year	年度內失效 的購股權 No. of options lapsed during the year	行使 購股權時的 每股行使價 Price per share on exercise of options 港幣(元) HK\$	加權平均 收市價 (註3) Weighted average closing price (note 3) 港幣(元) HK\$	
其他僱員總計 (續) Aggregate total of other employees (cont'd)	–	*22,406	28/02/2002	28/02/2002 至 to 29/03/2005	*22,407	–	1.620	2.275
	3,000,000	–	17/08/1999	24/02/2000 至 to 05/01/2002	–	3,000,000	2.300	–
	1,000,000	–	17/08/1999	11/02/2000 至 to 01/01/2002	–	1,000,000	2.300	–
	2,700,000	–	17/08/1999	24/02/2000 至 to 31/03/2002	750,000	1,950,000	*2.217	2.483
	–	–	28/02/2002	28/02/2002 至 to 31/03/2002	–	*100,830	2.217	–
	4,200,000	4,000,000	17/08/1999	01/04/2000 至 to 29/03/2005	–	200,000	*2.217	–
	–	*149,377	28/02/2002	28/02/2002 至 to 29/03/2005	–	*7,469	2.217	–
	2,000,000	–	29/02/2000	18/01/2002 至 to 31/12/2002	2,000,000	–	*1.970	2.248

高級行政人員購股權計劃 (續)

SENIOR EXECUTIVE SHARE OPTION SCHEME (cont'd)

	於年初 未行使的 購股權數目 No. of options outstanding at the beginning of the year	於年終 未行使的 購股權數目 No. of options outstanding at the year end	賦予日期 Date granted	可行使 購股權期間 Period during which options exercisable	年度內行使 購股權購入 的股份數目 No. of shares acquired on exercise of options during the year	年度內失效 的購股權 No. of options lapsed during the year	行使 購股權時的 每股行使價 Price per share on exercise of options 港幣(元) HK\$	加權平均 收市價 (註3) Weighted average closing price (note 3) 港幣(元) HK\$
其他僱員總計 (續) Aggregate total of other employees (cont'd)	-	-	28/02/2002	28/02/2002 至 to 31/12/2002	*74,689	-	1.970	2.248
	1,000,000	700,000	16/03/2000	16/03/2001 至 to 29/03/2005	300,000	-	*1.828	2.392
	-	*37,344	28/02/2002	01/03/2002 至 to 29/03/2005	-	-	1.828	-
	1,700,000	1,700,000	28/03/2000	31/03/2000 至 to 29/03/2005	-	-	*1.758	-
	-	*63,485	28/02/2002	28/02/2002 至 to 29/03/2005	-	-	1.758	-
	2,000,000	-	19/05/2000	26/04/2002 至 to 29/03/2005	2,000,000	-	*1.513	2.663
	-	-	28/02/2002	26/04/2002 至 to 29/03/2005	*74,688	-	1.513	2.663
	1,000,000	1,000,000	27/06/2000	05/06/2002 至 to 29/03/2005	-	-	*1.681	-

高級行政人員購股權計劃 (續)

SENIOR EXECUTIVE SHARE OPTION SCHEME (cont'd)

於年初 未行使的 購股權數目 No. of options outstanding at the beginning of the year	於年終 未行使的 購股權數目 No. of options outstanding at the year end	賦予日期 Date granted	可行使 購股權期間 Period during which options exercisable	年度內行使 購股權購入 的股份數目 No. of shares acquired on exercise of options during the year	年度內失效 的購股權 No. of options lapsed during the year	行使 購股權時的 每股行使價 Price per share on exercise of options 港幣(元) HK\$	加權平均 收市價 (註3) Weighted average closing price (note 3) 港幣(元) HK\$	
其他僱員總計 (續) Aggregate total of other employees (cont'd)	–	*37,344	28/02/2002	05/06/2002 至 to 29/03/2005	–	1.681	–	
	700,000	500,000	10/08/2000	11/08/2001 至 to 29/03/2005	200,000	–	*2.198	2.600
	–	*18,672	28/02/2002	28/02/2002 至 to 29/03/2005	*7,469	–	2.198	2.600
	200,000	200,000	23/08/2000	24/08/2001 至 to 29/03/2005	–	–	*2.213	–
	–	*7,469	28/02/2002	28/02/2002 至 to 29/03/2005	–	–	2.213	–
	2,300,000	1,300,000	05/12/2000	22/10/2001 至 to 29/03/2005	1,000,000	–	*1.747	2.192
	–	*48,547	28/02/2002	28/02/2002 至 to 29/03/2005	*37,344	–	1.747	2.192

高級行政人員購股權計劃 (續)

SENIOR EXECUTIVE SHARE OPTION SCHEME (cont'd)

	於年初 未行使的 購股權數目 No. of options outstanding at the beginning of the year	於年終 未行使的 購股權數目 No. of options outstanding at the year end	賦予日期 Date granted	可行使 購股權期間 Period during which options exercisable	年度內行使 購股權購入 的股份數目 No. of shares acquired on exercise of options during the year	年度內失效 的購股權 No. of options lapsed during the year	行使 購股權時的 每股行使價 Price per share on exercise of options HK\$	加權平均 收市價 (註3) Weighted average closing price (note 3) HK\$
其他僱員總計 (續) Aggregate total of other employees (cont'd)	300,000	300,000	26/03/2001	27/03/2002 至 29/03/2005	-	-	*1.758	-
	-	*11,203	28/02/2002	27/03/2002 至 29/03/2005	-	-	1.758	-

註:

1. 所有在到期前已失效的購股權，將重新納入按購股權計劃可予發行的股份數目內。
2. 本公司股份於二零零二年二月二十八日授出購股權之前一天的收市價為港幣2.425元。
3. 此為本公司購股權行使日期前的股份加權平均收市價。
4. *為反映二零零二年一月七日本公司發行六供一供股後的攤薄影響，某部份購股權持有人所持有的購股權，無論在行使價或可認購本公司普通股的數目上，均已作相應的調整。

Notes:

1. All the options lapsed before expiry of the options will be added back to the number of shares available to be issued under the Option Scheme.
2. The closing price of the shares of the Company immediately before the date on which the options were granted on 28 February 2002 was HK\$2.425.
3. This represents the weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised.
4. * Subsequent to the one for six Rights Issue of the Company on 7 January 2002, the exercise prices were adjusted while options to subscribe for additional ordinary shares of the Company were granted to certain existing option holders as adjustments made to their existing options to reflect the dilution effect of the Rights Issue.

所賦予的購股權在行使後方可於財務報表確認。由於任何對購股權的價值評估方法，均涉及多項主觀及不明確的假設，故董事認為並不適宜將二零零二年十二月三十一日止年度內所賦予的購股權價值作披露。董事相信任何按投機假設而對購股權價值所作的評估，可能對各股東而言既無意義亦有誤導之成份。

The share options granted are not recognised in the financial statements until they are exercised. The directors consider that it is not appropriate to disclose the value of options granted during the year ended 31 December 2002 since any valuation of the options would be subject to a number of assumptions that would be subjective and uncertain. The directors believe that the evaluation of options based upon speculative assumptions would not be meaningful and would be misleading.

主要股東

據董事所知，於二零零二年十二月三十一日持有相當於本公司已發行股本10%或以上權益的如下：

股東名稱	每股面值港幣1元的普通股數目 Number of ordinary shares of HK\$1.00 each	持股比率 Shareholding %
中國國際信托投資公司（「中信」） China International Trust and Investment Corporation（「CITIC」）	1,667,840,076	55%

除上述披露者外，董事並不知悉有其他任何一方持有相當於本公司已發行股本10%或以上的權益。

本年度內，本集團曾與中信（本公司的控股股東）及其其他附屬公司在日常業務過程中進行交易。本集團及本公司與中信及其其他附屬公司於二零零二年十二月三十一日的結存載於財務報表附註17內。

關連交易

於二零零二年二月四日，本公司成立中信資本市場控股有限公司（「中信資本控股」）為新居間控股公司，以該公司名義全數持有當時分別由本公司及中信持有51%及49%的中信資本證券有限公司（「中信資本證券」）（前稱嘉佳證券有限公司）及中信資本市場有限公司（「中信資本市場」）（前稱嘉華金融有限公司）的已發行股份。重組持股架構後，中信資本控股分別由本公司的全資附屬公司Dramatic Year Limited（「Dramatic Year」）及中信的全資附屬公司True Worth Investments Limited（「True Worth」）持有51%及49%的股份權益。

SUBSTANTIAL SHAREHOLDER

As far as the directors are aware, the following had an interest of 10% or more of the issued share capital of the Company as at 31 December 2002:

股東名稱	每股面值港幣1元的普通股數目 Number of ordinary shares of HK\$1.00 each	持股比率 Shareholding %
中國國際信托投資公司（「中信」） China International Trust and Investment Corporation（「CITIC」）	1,667,840,076	55%

Save as disclosed above, the directors are not aware of any other party having an interest representing 10% or more of the issued share capital of the Company.

During the year, the Group entered into transactions with the Company's controlling shareholder, CITIC, and its other subsidiaries in the normal course of business. The Company and the Group's balances with CITIC and its other subsidiaries as at 31 December 2002 are set out in note 17 on the financial statements.

CONNECTED TRANSACTIONS

On 4 February 2002, the Company re-organised the shareholding structure of its two non-wholly owned subsidiaries, namely CITIC Capital Securities Limited（「CCSL」）（then known as Cargary Securities Limited）and CITIC Capital Markets Limited（「CCML」）（then known as Ka Wah Capital Limited）by setting up a new intermediate holding company namely CITIC Capital Markets Holdings Limited（「CCMH」）to take up the entire issued share capital of both subsidiaries. Both CCSL and CCML were held as to 51% by the Company and 49% by CITIC before the restructuring and thereafter, the Company and CITIC held respectively 51% and 49% of the shareholding interest of CCMH through their respective wholly-owned subsidiaries, Dramatic Year Limited（「Dramatic Year」）and True Worth Investments Limited（「True Worth」）.

關連交易 (續)

於二零零二年三月十四日，本公司與中信、True Worth、中信泰富有限公司（「中信泰富」）、Forever Glory Limited（「Forever Glory」）（中信泰富的全資附屬公司）、Dramatic Year及中信資本控股訂立股份轉讓及認購協議。根據該協議，Forever Glory同意以港幣499,591,837元認購中信資本控股的新股，而Dramatic Year同意以港幣10,408,163元向Forever Glory出售中信資本控股股份。交易完成後，Dramatic Year、True Worth及Forever Glory分別持中信資本控股發行股份的25%、25%及50%。交易於二零零二年五月二十七日完成。而中信資本控股發行新股份及Dramatic Year向Forever Glory出售股份均被視為本公司根據聯交所的《證券上市規則》（「上市規則」）第14章所指的關連交易。

持續關連交易

根據一項於二零零零年九月一日由當時之中信嘉華銀行有限公司（「中信嘉華」）與中信資本證券訂立的租務協議，中信嘉華同意自二零零零年一月一日起，將香港德輔道中二百三十二號嘉華銀行中心二樓及三樓的物業租予中信資本證券，為期一年，而中信資本證券有權按當時市價向中信嘉華提出續租第二期及第三期租約，每期為期一年。於二零零一年十二月一日，中信資本證券行使權力續租第三期租約，租期由二零零二年一月一日至二零零二年十二月三十一日止，每月租金為港幣120,408元。至二零零二年二月一日，由於出租物業的面積減少，每月租金調整至港幣114,595元。該租務協議最終亦於二零零二年十月一日終止。按照上述租務協議，中信嘉華於本年度合共收取的租金為港幣995,315元。

中信嘉華亦曾於二零零零年十月十一日與中信資本證券訂立代理協議。根據該代理協議，中信資本證券委任中信嘉華為其非獨家代理，由中信嘉華透過屬下分行網絡，代中信資本證券接收其客戶之證券交易指示。就每項成功完成之指示而言，中信嘉華有權按與中信資本證券不時相互同意的息率，向中信資本證券收取代理費用，惟不少於交易收費的30%。上述代理協議已於二零零二年五月二十七日由雙方終止。惟中信嘉華則於同日與華人銀行及中信資本證券訂立新的代理協議。按照原先的代理協議，中信嘉華於本年度合共收取的代理費用為港幣1,327,628元。

CONNECTED TRANSACTIONS (cont'd)

On 14 March 2002, the Company entered into a Share Transfer and Subscription Agreement with CITIC, True Worth, CITIC Pacific Limited ('CITIC Pacific'), Forever Glory Holdings Ltd ('Forever Glory') (a subsidiary of CITIC Pacific), Dramatic Year and CCMH. Under this agreement, Forever Glory agreed to subscribe for new shares in CCMH for cash consideration of HK\$499,591,837 and Dramatic Year agreed to sell shares in CCMH to Forever Glory for cash consideration of HK\$10,408,163. Upon completion of the transaction, Dramatic Year, True Worth and Forever Glory would hold 25%, 25% and 50% of the issued share capital of CCMH respectively. The share transfer and subscription was completed on 27 May 2002. Accordingly, the issue of new shares by CCMH and the disposal of CCMH's shares by Dramatic Year to Forever Glory constituted connected transactions of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the 'Listing Rules').

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the tenancy agreement dated 1 September 2000 made between CITIC Ka Wah Bank Limited then ('CKWB') and CCSL, CKWB let to CCSL the premises at 2nd and 3rd Floors, Ka Wah Bank Centre, 232 Des Voeux Road Central, Hong Kong for a period of one year commencing from 1 January 2000 with an option to renew for a second term of one year and a further option for a third term of one year at the then market rate. On 1 December 2001, CCSL had exercised the option to renew the tenancy for the third term of one year from 1 January 2002 to 31 December 2002 at the monthly rental of HK\$120,408. On 1 February 2002, the monthly rental was adjusted to HK\$114,595 due to a reduction of let premises. The tenancy was terminated on 1 October 2002. The aggregated rental received by CKWB for the year pursuant to the tenancy agreement was HK\$995,315.

By an agency agreement entered on 11 October 2000 between CKWB and CCSL, CCSL appointed CKWB as its non-exclusive agent to act on its behalf to receive orders for trading of securities from its customers through CKWB's branch network. For each successfully executed transaction, CKWB was entitled to receive from CCSL an agency fee at such rate as mutually agreed by both parties from time to time (being not less than 30% of the transaction fee). The agency agreement was terminated by the parties on 27 May 2002 simultaneously with the entering of a new agency agreement between CKWB, HKCB and CCSL. The aggregate agency fee received by CKWB for the year pursuant to the original agency agreement was HK\$1,327,628.

持續關連交易 (續)

於二零零二年五月二十七日，中信嘉華與中信資本控股訂立服務協議。根據該服務協議，中信嘉華提供管理支援服務予中信資本控股，而中信資本控股就所予提供之服務按雙方不時相互同意之時間成本基準，支付服務費用。按該項服務協議，中信資本控股須支付中信嘉華之服務費用每年總額不得少於港幣1,000,000元，亦不可多於港幣3,000,000元。按合併條例，服務協議的所有利益及權力已於二零零二年十一月二十五日（「合併日期」）轉歸華人銀行（現稱中信嘉華）所有。中信嘉華根據上述服務協議所收取本年度的服務費用總額為港幣1,350,000元。

於二零零二年五月二十七日，中信嘉華與中信資本證券及華人銀行訂立新的代理協議（「新代理協議」）。根據新代理協議，中信資本證券委任華人銀行及中信嘉華為代理銀行，代表中信資本證券為其客戶開立證券戶口，並透過華人銀行及／或中信嘉華接收中信資本證券客戶之指示。就每項成功完成之指示而言，為中信資本證券客戶開立證券戶口的有關代理銀行有權向中信資本證券收取如下的代理費用：

- (1) 如有關的代理銀行為中信嘉華，代理費用為中信資本證券客戶就有關指示須予支付之經紀佣金的30%；
- (2) 如有關的代理銀行為華人銀行，在合併日期前之間的代理費用為中信資本證券客戶就有關指示須予支付之經紀佣金的50%，而在合併日期起的代理費用則為中信資本證券客戶須予支付之經紀佣金的30%，

或中信資本證券與有關代理銀行不時相互同意的金額。根據新代理協議所收取本年度的代理費用總額為港幣811,213元。

此外，華人銀行獨家委聘中信資本證券執行華人銀行客戶作出之所有證券買賣指示。就每項成功執行華人銀行客戶作出之指示而言，中信資本證券有權向華人銀行收取數目相等於下列金額之佣金：(1)就合併日期前之間而言，佣金數目為華人銀行客戶就有關指示須予支付之經紀佣金的50%；及(2)在合併日期或以後，佣金數目則為華人銀行客戶就有關指示須予支付之經紀佣金的70%。

CONTINUING CONNECTED TRANSACTIONS (cont'd)

On 27 May 2002, CKWB entered into a service agreement ('Service Agreement') with CCMH. Pursuant to the Service Agreement, CKWB agreed to provide management support services to CCMH and CCMH agreed to pay CKWB service fees for services rendered on a time cost basis as mutually agreed between the parties from time to time. Pursuant to the Service Agreement, the aggregate service fees payable by CCMH to CKWB shall not be less than HK\$1,000,000 and not be more than HK\$3,000,000 per annum. All interests and rights under the Service Agreement were vested with HKCB, presently CKWB, pursuant to the Ordinance on 25 November 2002 (the 'Merger Date'). The aggregate service fee received or receivable by CKWB for the year pursuant to the Service Agreement was HK\$1,350,000.

On 27 May 2002, CKWB entered into a new agency agreement ('New Agency Agreement') with CCSL and HKCB. Pursuant to the New Agency Agreement, CCSL appointed HKCB and CKWB as its agent banks to act on its behalf to open securities accounts for its customers and to receive order from CCSL's customers through HKCB and/or CKWB. For each successfully executed order, the relevant agent banks through which the securities account of CCSL's customer was opened, would be entitled to receive from CCSL an agency fee as follows:

- (a) if the relevant agent bank is CKWB, 30% of the brokerage commission payable by the CCSL's customer on such order;
- (b) if the relevant agent bank is HKCB, 50% of the brokerage commission payable by the CCSL's customer on such order for the period prior to the Merger Date, and 30% of the brokerage commission payable by CCSL's customer commencing from the Merger Date,

or such amount as mutually agreed by CCSL and the relevant agent bank from time to time. The aggregate agency fee received for the year pursuant to the New Agency Agreement was HK\$811,213.

In addition, HKCB exclusively engaged CCSL for the execution of all orders for trading securities placed by customers of HKCB. For each successfully executed order placed by customers of HKCB, CCSL is entitled to receive from HKCB a commission equal to: (a) for the period prior to the Merger Date, 50% of the brokerage commission payable by the HKCB's customers on such order and (b) on or after the Merger Date, 70% of the brokerage commission payable by the HKCB's customer on such order.

持續關連交易 (續)

按合併條例，本公司於新代理協議的所有利益及權力已於二零零二年十一月二十五日轉歸華人銀行（現稱中信嘉華）所有。

中信資本市場及中信資本證券均為中信資本控股的全資附屬公司，而中信資本控股則分別由本公司及中信各持有25%的股份權益，而中信現時持有本公司約55%的已發行股份，因而可控制中信資本控股超過30%的投票權。為此，中信資本控股及中信資本證券被視為中信的聯繫人仕，故此訂立服務協議及新代理協議均構成本公司的關連交易。

董事包括獨立非執行董事已審查上述截至二零零二年十二月三十一日的交易，並確認上述交易已按有關協議的條款進行，對本公司股東而言乃屬公平及合理。本年度上述各交易的總額，並未有超過本公司在本年度經審核財務報表內所披露的有形資產賬面淨值的3%。

購買、出售或贖回本公司的上市證券

本公司於本年度並無贖回任何本公司的上市證券。二零零二年一月，本公司當時的附屬公司中信資本證券曾就本公司六供一供股，以認購價每股港幣1.68元認購本公司合共553,897股供股股份。該等供股股份已於二零零二年一月期間在聯交所出售，作價每股在港幣1.97元至港幣2.075元之間。除上述者外，本公司及各附屬公司於本年度均無購入或出售任何本公司的上市證券。

管理合約

本年度內，本公司並無簽訂或存有任何與本公司全盤業務或其中重大部份業務管理有關的管理合約。

主要客戶

董事相信，本集團五大客戶佔本集團於本年度的利息收入及其他經營收入總額少於30%。

CONTINUING CONNECTED TRANSACTIONS (cont'd)

All interests and rights of CKWB under the New Agency Agreement were vested with HKCB, presently CKWB, pursuant to the Ordinance on the Merger Date.

CCML and CCSL were both wholly-owned subsidiaries of CCMH which, in turn, was owned as to 25% by the Company and 25% by CITIC. CITIC currently holds approximately 55% of the issued share capital of the Company and thus, controls more than 30% of CCMH's voting rights. Accordingly, each of CCMH and CCSL was an associate of CITIC and the entry into the Service Agreement and New Agency Agreement constituted connected transactions of the Company.

The directors, including independent non-executive directors, had reviewed the transactions made during the year ended 31 December 2002 and confirmed that the transactions were conducted on terms that were fair and reasonable so far as the Company's shareholders were concerned and were entered into in accordance with the terms of the respective agreements governing the transactions. The aggregate amount of each of the transactions for the year did not exceed the amount of 3% of the book value of the net tangible assets of the Company as disclosed in the audited financial statements for the year.

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

The Company has not redeemed any of its listed securities during the year. In January 2002, CCSL, the then subsidiary of the Company, subscribed 553,897 rights shares of the Company at the subscription price of HK\$1.68 per share pursuant to the 1 for 6 Rights Issue of the Company. The shares were subsequently sold on the Stock Exchange at the price range of HK\$1.97 to HK\$2.075 per share in January 2002. Save as mentioned above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS

The directors believe that the five largest customers of the Group accounted for less than 30% of the total of interest income and other operating income of the Group in the year.

符合監管政策手冊的《本地註冊認可機構披露財務資料》

本公司截至二零零二年十二月三十一日止年度的財務報表，在各項重要環節上均符合香港金融管理局頒佈的監管政策手冊《本地註冊認可機構披露財務資料》所載的規定。

遵守《最佳應用守則》

除對獨立非執行董事的委任無具體的條款，本公司於本年度內均完全遵守由聯交所頒佈的上市規則附錄14《最佳應用守則》所載的規定。本公司於二零零二年十一月成立審核委員會外，以完全符合上述守則第14段的規定。

核數師

重新委任畢馬威會計師事務所為本公司核數師的決議案，將在即將舉行的股東週年大會上提呈。

承董事會命
董事長
孔丹

香港，二零零三年三月十二日

SUPERVISORY POLICY MANUAL ON FINANCIAL DISCLOSURE BY LOCALLY INCORPORATED AUTHORISED INSTITUTIONS

The financial statements for the year ended 31 December 2002 comply, in all material respects, with the guideline on 'Financial Disclosure by Locally Incorporated Authorised Institutions' under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules, except that there is no specific term for the appointment of independent non-executive directors. An audit committee was established in November 2002 to comply fully with paragraph 14 of the aforementioned Code.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Ordinary Yearly Meeting.

On behalf of the Board
Kong Dan
Chairman

Hong Kong, 12 March 2003