

董事會報告

Directors' Report

董事會欣然將截至二零零三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，而其附屬公司與聯營公司之主要業務連同主要營運範圍載於第5至29頁之業務回顧內。

股息

董事會已宣派截至二零零三年十二月三十一日止年度之中期股息為每股港幣0.30元，該等股息已於二零零三年九月二十三日派發。董事會建議於二零零四年五月十三日向於二零零四年五月十日營業時間結束時名列股東名冊上之股東派發截至二零零三年十二月三十一日止年度之末期股息每股港幣0.70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與詳情載於賬目附註22。

捐款

本集團年內之捐款為港幣二千一百萬元。

固定資產

固定資產之變動情況載於賬目附註12。

The Directors have pleasure in presenting to shareholders their report for the year ended 31 December 2003.

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 Business Review on pages 5 to 29.

Dividends

The Directors declared an interim dividend of HK\$0.30 per share in respect of the year ended 31 December 2003 which was paid on 23 September 2003. 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 in respect of the year ended 31 December 2003 payable on 13 May 2004 to shareholders on the Register of Members at the close of business on 10 May 2004.

Reserves

The amounts and particulars of transfer to and from reserves during the year are set out in Note 22 to the accounts.

Donations

Donations made by the Group during the year amounted to HK\$21 million.

Fixed Assets

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

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	Purchases	2003	2002
最大供應商	The largest supplier	5	11
五大供應商合計	Five largest suppliers combined	12	25

本集團五大客戶之應佔銷售百分比率合共少於30%。

本公司董事、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、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31。

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，向金融機構發行及出售本金共值一億美元之7.37%之票據（「票據」）。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，向投資者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」），以便為本公司之債項進行再融資及籌集一般營運資金。該等保證票據於二零一一年到期，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。

Major Customers and Suppliers

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

	2003	2002
The largest supplier	5	11
Five largest suppliers combined	12	25

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 31 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 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.

借貸

本集團之借貸詳情載於賬目附註23。

董事

除羅安達先生已於二零零四年一月一日起榮休外，於截至二零零三年十二月三十一日止財政年度內本公司之在任董事之姓名及個人詳細資料載於第62至65頁。

根據本公司新組織章程細則第104(A)條，榮智健先生、李松興先生、阮紀堂先生、劉基輔先生及張偉立先生於即將舉行之股東週年大會上輪值退任，惟各人均符合資格連任，並已表示願意膺選連任。

管理合約

本公司與中信(香港集團)有限公司(前稱「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；協議之效力可追溯至一九九零年三月一日。根據該協議，中信香港同意向本公司及其附屬公司提供管理服務，而管理費將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二零零四年五月十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合約，並且在年終或年內任何時間仍然有效)中，直接或間接擁有任何重大權益。

Borrowings

Particulars of borrowings of the Group are set out in Note 23 to the accounts.

Directors

With the exception Mr Robert Ernest Adams, who retired with effect from 1 January 2004, the Directors of the Company whose names and biographical details appear on pages 62 to 65 were the Directors in office during the financial year ended 31 December 2003.

Pursuant to Article 104(A) of the New Articles of Association of the Company, Messrs Larry Yung Chi Kin, Peter Lee Chung Hing, Norman Yuen Kee Tong, Liu Jifu and Willie Chang shall retire by rotation in the forthcoming Annual General Meeting and all, being eligible, offer themselves for re-election.

Management Contract

The Company entered into a management agreement with CITIC Hong Kong (Holdings) Limited (formerly 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 10 May 2004.

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.

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，以便向持有香港中信大廈之金蓬投資有限公司提供貸款融資。中信香港乃本公司之主要股東，被視為其關連人士，並同時持有Cheer First 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。截至二零零三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二十一億五千萬元。

2. 年內，本集團為上海大昌江南鳳有限公司（「江南鳳」）之銀行信貸作出擔保，有關信貸將撥作該公司一般營運資金。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。截至二零零三年十二月三十一日止，江南鳳獲授予之銀行信貸額合共四百萬美元，由大昌行集團及新競其餘一名商業伙伴分別提供60%及40%之公司擔保。

Connected Transactions

Connected transactions disclosed in accordance with 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 owns the CITIC Tower, Hong Kong. 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 2003, the amount of shareholders' loan due from Cheer First to the Company was HK\$2,150 million.

2. During the year, the Group executed a guarantee to a bank 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 2003, total facilities granted to Jiangnanfeng was US\$4 million secured by corporate guarantees, of which 60% was given by Dah Chong Hong Group and 40% by the remaining partner in Regal Heights.

3. 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）進行若干業務交易。由於太古股份有限公司乃本公司一家非全資擁有之附屬公司之主要股東，而該附屬公司為上海中信泰富廣場之投資者，故太古股份有限公司屬本公司之關連人士。在截至二零零三年十二月三十一日止年度內進行之交易當中，全年交易金額佔本公司在二零零二年年報所載之本集團綜合有形資產淨值逾0.03%者（「持續交易」），詳情如下：

港幣元（約）

維修空運貨櫃及銷售零件
維修及保養地勤設備及機場車輛

HK\$ (approximately)

Repair of aviation containers and sale of parts	18,000,000
Repair and maintenance of ground support equipment and airport vehicles	32,000,000
	50,000,000

獨立董事委員會（只包括獨立非執行董事）已審閱在截至二零零三年十二月三十一日止年度內進行之持續交易，並確認該等持續交易

- 乃本集團之日常及一般業務；
- 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，則按不遜於向獨立第三者提供之條款進行；及
- 乃按對本公司各股東而言屬公平合理之條款進行。

本公司之核數師亦已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該等交易所屬協議條款進行，或假如並無訂立該等協議，則按不遜於向獨立第三者提供之條款進行；及(c)並未超逾本集團於其二零零二年年報所載二零零二年十二月三十一日之有形資產淨值3%。

3. 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 as Swire Pacific Limited is a substantial shareholder of a non-wholly owned subsidiary of the Company that partly owns CITIC Square, Shanghai. Details of the transactions made for the year ended 31 December 2003 with annual amounts exceeding 0.03% of the Group's consolidated net tangible assets as disclosed in the Company's 2002 annual report were as follows ('the Continuing Transactions'):

An independent committee of the Board (comprising only of independent non-executive Directors) had reviewed the Continuing Transactions made for the year ended 31 December 2003 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 than terms available to 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 such transactions or, if there was no such agreement, on terms no less favourable than terms available to independent third parties; and (c) had not exceeded 3% of the Group's net tangible asset value as at 31 December 2002 as disclosed in its 2002 annual report.

4. 根據(i)本公司之全資附屬公司永勝投資控股有限公司(「永勝投資」)與中國中信集團公司(前稱「中國國際信托投資公司」)(「中信北京」,本公司之主要股東)於二零零三年十月十三日訂立之協議,以及(ii)永勝投資與中信北京於二零零三年十月十三日訂立之協議,永勝投資同意向中信北京購入(a)新力能源開發公司(「新力能源」)之65%註冊資本連同新力能源負欠中信北京為數人民幣四千六百八十九萬元之股東貸款及累計未付利息之權益(但不包括新力能源所持有之陝西新力發電有限公司(「陝西新力」)之51%註冊資本),以及(b)內蒙古豐泰發電有限公司之20%註冊資本。新力能源實益擁有江蘇利港電力有限公司13.44%之權益和深圳市協誠電氣工業有限公司85%之權益。代價為人民幣三億六千零九十六萬元。此外,就一項由獨立第三者向陝西新力提供人民幣三億一千五百四十九萬元之銀行信貸(中信北京已就該項信貸向有關銀行提供擔保,而新力能源亦已在一九九七年十二月二十九日作出反擔保),中信北京已與永勝投資就中信北京因向銀行提供擔保而引致之任何賠償達成協議,中信北京與永勝投資將平均攤分有關賠償之責任,永勝投資將向中信北京相應地作出賠償保證,以人民幣五千萬元為上限。

5. 於二零零三年十一月二十八日,本公司之全資附屬公司新宏電力投資有限公司(「新宏」)與無錫市地方電力公司(「無錫市電力」)就成立一家新合營公司訂立合營合同及公司章程,新宏及無錫市電力將分別擁有新合營公司之70%及30%權益。新合營公司將在中國江蘇省無錫市馬山籌建抽水蓄能電站項目,總投資額及註冊資本分別為二千八百萬美元及二千萬美元。由於無錫市電力為無錫市國聯發展(集團)有限公司之附屬公司,而無錫市國聯發展(集團)有限公司乃本公司若干附屬公司之主要股東,故無錫市電力屬本公司之關連人士。

4. Pursuant to (i) the agreement dated 13 October 2003 made between Everwin Holdings Ltd. ('Everwin'), a wholly owned subsidiary of the Company, and CITIC Group (formerly China International Trust and Investment Corporation) ('CITIC Beijing'), being a substantial shareholder of the Company, and (ii) the agreement dated 13 October 2003 made between Everwin and CITIC Beijing, Everwin agreed to acquire from CITIC Beijing (a) 65% of the registered capital of Sunburst Energy Development Inc. ('Sunburst'), together with the benefit of a shareholder's loan of RMB46,890,000 due by Sunburst to CITIC Beijing and interest outstanding thereunder (but excluding 51% of the registered capital of Shaanxi Xin Li Power Generation Company Limited ('Shaanxi Xin Li') held by Sunburst) and (b) 20% of the registered capital of Inner Mongolia Fengtai Electric Power Generation Company Limited. Sunburst in turn beneficially owns 13.44% of Jiangsu Ligang Electric Power Company Limited and 85% of Shenzhen Xiecheng Electric Industry Company Limited. The consideration was RMB360,960,000. In addition, in relation to a banking facility of RMB315,490,000 (extended by an independent third party) to Shaanxi Xin Li under which CITIC Beijing has provided a guarantee to the bank and Sunburst has provided the counter indemnity dated 29 December 1997, it was agreed that in relation to any claim against CITIC Beijing under its guarantee to the bank, CITIC Beijing and Everwin will share such claim equally and Everwin will indemnify CITIC Beijing accordingly, up to a maximum amount of RMB50 million.

5. On 28 November 2003, Sunspark Power Investment Company Limited, a wholly owned subsidiary of the Company, and Wuxi Local Electric Power Company ('Wuxi Power') entered into the joint venture contract and the articles of association for the establishment of a new joint venture on 70:30 basis, to engage in the construction of pumped storage hydraulic power plant in Ma Shan, Wuxi, Jiangsu in the People's Republic of China ('PRC'). The total investment and the registered capital of the new joint venture amount to US\$28 million and US\$20 million respectively. As Wuxi Power is a subsidiary of 無錫市國聯發展(集團)有限公司, being a substantial shareholder of certain subsidiaries of the Company, Wuxi Power is a connected person of the Company.

6. 於二零零四年一月十九日，本公司與江陰市市屬集體資產管理辦公室及江陰鋼廠訂立一項框架協議。根據框架協議，江陰市市屬集體資產管理辦公室及江陰鋼廠同意江陰鋼廠就本集團收購江陰鋼廠在下列公司（全部在中國從事鋼鐵業務）55.55%之權益訂立協議，總作價為人民幣五億四千九百三十七萬七千一百八十四元：

江蘇泰富興澄特殊鋼股份有限公司
江陰泰富興澄特種材料有限公司
江陰興澄特種鋼鐵有限公司
江陰興澄鋼材有限公司
江陰興澄儲運有限公司

同日，本公司各有關附屬公司就上述收購與江陰鋼廠訂立五份收購協議。增購以上公司之權益為本集團提供良機，使本集團得以進一步拓展在國內之鋼鐵製造業務。

此外，於二零零四年一月十九日，上述其中兩家公司（並非本公司全資擁有之附屬公司）就向江陰鋼廠收購下列物業之土地使用權與江陰鋼廠訂立協議。該兩家公司以下列物業作為主要生產廠房及總部：

- i) 位於江陰市澄江鎮西沿山58號之四幅工業用地，由江蘇泰富興澄特殊鋼股份有限公司收購，作價人民幣四千九百三十六萬六千二百元；及
- ii) 位於江陰市人民東路68號之一幅工業用地，由江陰興澄鋼材有限公司收購，作價人民幣三千六百六十七萬六千四百六十二點七三元。

由於江陰鋼廠為本公司若干附屬公司之主要股東，故屬本公司關連人士。

6. On 19 January 2004, the Company entered into a framework agreement with Asset Management Office of Jiangyin Municipal Government and Jiangyin Steel Mill. Pursuant to the framework agreement, Asset Management Office of Jiangyin Municipal Government and Jiangyin Steel Mill agreed to Jiangyin Steel Mill entering into the agreements in relation to the Group's acquisition of Jiangyin Steel Mill's 55.55% interest in the following companies involved in the steel industry in the PRC at the total consideration of RMB549,377,184:

Jiangsu CP Xingcheng Special Steel Co., Ltd.
Jiangyin CP Xingcheng Special Materials Co., Ltd.
Jiangyin Xingcheng Special Steel Works Co., Ltd.
Jiangyin Xingcheng Steel Products Co., Ltd.
Jiangyin Xingcheng Storage and Transportation Co., Ltd.

On the same day, five agreements in relation to the aforesaid acquisition were entered into between wholly owned subsidiaries of the Company and Jiangyin Steel Mill. The acquisition of additional interests in the above companies provided an opportunity for the Group to further expand its steel manufacturing business in the PRC.

In addition, on 19 January 2004, two of the above companies being non-wholly owned subsidiaries of the Company entered into agreements with Jiangyin Steel Mill for acquiring the land use rights of the following properties which were occupied by them as their principal production sites and head offices from Jiangyin Steel Mill:

- i) 4 parcels of land for industrial use at 58 Xi Yan Shan, Chengjiang, Jiangyin acquired by Jiangsu CP Xingcheng Special Steel Co., Ltd. at RMB49,366,200; and
- ii) a parcel of land for industrial use at 68 Renmin Dong Lu, Jiangyin acquired by Jiangyin Xingcheng Steel Products Co., Ltd. at RMB36,676,462.73.

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

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. 根據該計劃可授出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%。於二零零四年三月十八日，根據該計劃可予發行之股份上限為207,456,016股，佔已發行股本約9.47%。
4. 倘參與者在全面行使獲授予之購股權時，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. 根據該計劃所授出之任何購股權，其行使期不得超逾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，最少為以下各項之較高者：(i)本公司股份在授出購股權日期於聯交所日報表上所列之收市價；(ii)本公司股份在緊接授出購股權日期前五個營業日在聯交所日報表上所列之平均收市價；及(iii)本公司股份之面值。

Share Option Plan

The Company adopted the CITIC 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 18 March 2004, the maximum number of shares available for issue under the Plan is 207,456,016, representing approximately 9.47% of the issued share capital.
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.

8. 該計劃將持續生效至二零一零年五月三十日止。

在二零零二年五月二十八日，本公司根據該計劃授出合共可認購11,550,000股本公司股份之購股權（詳見下表），佔當時已發行股本之0.53%，行使價為每股港幣18.20元。本公司股份在緊接授出購股權日期前之收市價為港幣18.10元。所有已授出及獲接納之購股權，可在授出購股權日期起計五年內全數或部份行使。所有授出之購股權已獲接納，而於截至二零零三年十二月三十一日止期間內，概無予以行使、註銷或作廢。

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 then 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 2003.

於二零零三年十二月三十一日之購股權數目
Number of Share Options as at 31 December 2003

本公司董事	Directors of the Company	8,100,000
按持續合約受聘之僱員	Continuous Contract Employees	3,400,000
其他*	Others*	50,000
合計	Total	11,550,000

* 此購股權乃授予一名按持續合約受聘之僱員，而該僱員於二零零三年十二月三十一日年度內榮休。

* It is in respect of the options granted to an employee under continuous contract, who retired during the year ended 31 December 2003.

董事之證券權益

在二零零三年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條須予保存之登記名冊內記錄，董事於本公司或任何相聯法團（定義見證券及期貨條例第XV部）股份之權益如下：

1. 本公司及相聯法團之股份

Directors' Interests in Securities

The interests of the Directors in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ('sfo')) as at 31 December 2003 as recorded in the register required to be kept under section 352 of the sfo were as follows:

1. Shares in the Company and Associated Corporation

		股份數目 Number of Shares			佔已發行股本 百分率 Percentage to the issued share capital %	
		個人權益 Personal interests	法團權益 Corporate interests	家族權益 Family interests	信託及 類似權益 Trusts and similar interests	
中信泰富有限公司	CITIC Pacific Limited					
榮智健	Larry Yung Chi Kin		400,381,000		18.295	
范鴻齡	Henry Fan Hung Ling		43,000,000		1.965	
莫偉龍	Vernon Francis Moore				3,200,000	0.146
李松興	Peter Lee Chung Hing	500,000				0.023
阮紀堂	Norman Yuen Kee Tong	33,000				0.002
羅安達	Robert Ernest Adams	550,000				0.025
劉基輔	Liu Jifu	40,000				0.002
陸鍾漢	Hansen Loh Chung Hon	1,050,000	500,000 ¹	500,000 ¹		0.071
德馬雷	André Desmarais	99,765	100,242,035 ²			4.585
彼得•克萊特 (德馬雷先生之 替任董事)	Peter Kruyt (alternate director to Mr André Desmarais)	2,100				0.0001
國泰航空有限公司	Cathay Pacific Airways Limited					
陸鍾漢	Hansen Loh Chung Hon	450,000				0.013

附註：

- 由於所列500,000股股份乃透過一間由有關董事及其家族擁有之公司持有，故有關董事持有之法團權益與其家族權益重疊。
- 在所持有之100,242,035股股份中，12,035股乃透過一間由有關董事控制之法團持有，而100,230,000股乃透過一間由有關董事出任總裁兼聯席行政首長之法團間接持有。

Note:

- 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.
- Out of 100,242,035 shares, 12,035 shares are held by corporations controlled by the relevant Director and 100,230,000 shares are held indirectly by a corporation of which the relevant Director is the President and Co-Chief Executive Officer.

2. 本公司之購股權

2. Share Options in the Company

董事	Directors	尚未行使之購股權數目 Number of Outstanding Share Options	佔已發行股本百分率 Percentage to the issued share capital %
榮智健	Larry Yung Chi Kin	2,000,000	0.091
范鴻齡	Henry Fan Hung Ling	1,600,000	0.073
莫偉龍	Vernon Francis Moore	1,000,000	0.046
李松興	Peter Lee Chung Hing	1,000,000	0.046
阮紀堂	Norman Yuen Kee Tong	500,000	0.023
羅安達	Robert Ernest Adams	300,000	0.014
姚進榮	Yao Jinrong	300,000	0.014
常振明	Chang Zhenming	500,000	0.023
李士林	Li Shilin	300,000	0.014
榮明杰	Carl Yung Ming Jie	300,000	0.014
劉基輔	Liu Jifu	300,000	0.014

除上文所披露者外，在二零零三年十二月三十一日，本公司各董事概無在本公司或其相聯法團之股份、相關股份或債券中擁有、被認為擁有、或視作擁有根據證券及期貨條例第XV部所界定之任何權益或淡倉，又或擁有、被認為擁有或視作擁有必須記錄在本公司根據證券及期貨條例第352條須予保存之登記名冊內之任何權益，又或擁有、被認為擁有或視作擁有根據上市規則所載上市公司董事進行證券交易的標準守則而必須通知本公司及聯交所之任何權益。

除上文所披露者外，於年內任何時間，本公司或其任何附屬公司概無參予任何安排，以使本公司之董事藉取得本公司或任何其他機構之股份或債券而獲益。

Save as disclosed above, as at 31 December 2003, none of the Directors of the Company had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Save as disclosed above, 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.

主要股東

在二零零三年十二月三十一日，根據證券及期貨條例第336條須予保存之股份及淡倉登記名冊內記錄，主要股東(本公司董事或其各自相聯人士除外)在本公司股份之權益如下：

Substantial Shareholders

As at 31 December 2003, the interests of the substantial shareholders, other than the Directors of the Company or their respective associate(s), in the shares of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows :

名稱	Name	本公司之股份數目 Number of Shares of the Company	佔已發行股本百分率 Percentage to the issued share capital %
中信北京	CITIC Beijing	632,066,285	28.882
中信香港	CITIC HK	632,066,285	28.882
Heedon Corporation	Heedon Corporation	498,424,285	22.775
Honpville Corporation	Honpville Corporation	310,988,221	14.210

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：

CITIC HK is a substantial shareholder of the Company indirectly through the following wholly owned subsidiary companies:

中信香港之附屬公司名稱	Name of Subsidiary Companies of CITIC HK	每股面值港幣 0.40元之股份數目 Number of Shares of HK\$0.40 each	佔已發行股本 百分率 Percentage to the issued share capital %
Affluence Limited	Affluence Limited	43,266,000	1.977
Winton Corp.	Winton Corp.	30,718,000	1.404
Westminster Investment Inc.	Westminster Investment Inc.	101,960,000	4.659
Jetway Corp.	Jetway Corp.	22,500,000	1.028
Cordia Corporation	Cordia Corporation	32,258,064	1.474
Honpville Corporation	Honpville Corporation	310,988,221	14.210
Hainsworth Limited	Hainsworth Limited	80,376,000	3.673
Southpoint Enterprises Inc.	Southpoint Enterprises Inc.	10,000,000	0.457

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。

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；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，中信北京在本公司之權益，與中信香港在本公司之權益重疊。中信香港在本公司之權益，與上述全部由其直接及間接擁有之附屬公司在本公司之權益重疊。Heedon Corporation在本公司之權益，與上述全部由其直接及間接擁有之附屬公司在本公司之權益重疊。Barnsley Investments Limited在本公司之權益，與上述由其直接擁有之附屬公司在本公司之權益重疊。Kotron Company Ltd.在本公司之權益，與上述由其直接擁有之附屬公司在本公司之權益重疊。

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.

CITIC Beijing is the direct holding company of CITIC HK. CITIC 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 CITIC Beijing in the Company duplicate the interests of CITIC HK in the Company. The interests of CITIC 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.

股本

在截至二零零三年十二月三十一日止年度內，本公司並無贖回其任何股份。在截至二零零三年十二月三十一日止年度內，本公司或其任何附屬公司亦無購回或出售本公司任何股份。

服務合約

在二零零三年十二月三十一日，本集團屬下任何公司與擬於即將舉行之股東週年大會上膺選連任之任何董事，概無簽訂僱主不可於一年內免付賠償（法定賠償除外）即可終止之服務合約。

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退任，惟彼等符合資格，並願意膺聘連任。

承董事會命
榮智健主席
香港，二零零四年三月十八日

Share Capital

The Company has not redeemed any of its shares during the year ended 31 December 2003. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31 December 2003.

Service Contracts

As at 31 December 2003, 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.

Auditors

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

By Order of the Board,
Larry Yung Chi Kin *Chairman*
Hong Kong, 18 March 2004