

董事會報告

Directors' Report

董事會欣然將截至二零零四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7至31頁之業務回顧內。

股息

董事會已宣派截至二零零四年十二月三十一日止年度之中期股息為每股港幣0.30元，該等股息已於二零零四年九月二十二日派發。董事會建議於二零零五年五月十七日向於二零零五年五月十二日營業時間結束時名列股東名冊上之股東派發截至二零零四年十二月三十一日止年度之末期股息每股港幣0.80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一千八百萬元。

固定資產

固定資產之變動情況載於賬目附註12。

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	2004	2003
最大供應商	The largest supplier	10	13
五大供應商合計	Five largest suppliers combined	20	21

The Directors have pleasure in presenting to shareholders their report for the year ended 31 December 2004.

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 7 to 31.

Dividends

The Directors declared an interim dividend of HK\$0.30 per share in respect of the year ended 31 December 2004 which was paid on 22 September 2004. The Directors recommended, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the payment of a final dividend of HK\$0.80 per share in respect of the year ended 31 December 2004 payable on 17 May 2005 to shareholders on the Register of Members at the close of business on 12 May 2005.

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\$18 million.

Fixed Assets

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

Major Customers and Suppliers

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

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，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。

借貸

本集團之借貸詳情載於賬目附註23。

董事

於截至二零零四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64至67頁。

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 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 23 to the accounts.

Directors

The directors of the Company whose names and biographical details appear on pages 64 to 67 were the directors in office during the financial year ended 31 December 2004.

由二零零五年四月一日起，張立憲先生獲委任為本公司之執行董事。因此，根據本公司新組織章程細則第95條，彼之任期至即將舉行之股東週年大會，並符合資格膺選連任。除此之外，根據本公司新組織章程細則第104(A)條，莫偉龍先生、姚進榮先生、常振明先生、何厚鏘先生及德馬雷先生於即將舉行之股東週年大會上輪值退任，惟各人均合符資格連任，並已表示願意膺選連任。

本公司確認已收到每位獨立非執行董事根據香港聯合交易所有限公司證券上市規則（「上市規則」）新制訂的獨立性指引，就其個人獨立性作出的年度確認函；而本公司仍認為彼等董事屬獨立人士。

管理合約

本公司與中信（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二零零五年五月十二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。

Mr Leslie Chang Li Hsien has been appointed as an executive director of the Company with effect from 1 April 2005. Thus, in accordance with Article 95 of the New Articles of Association of the Company, he shall hold office only until the forthcoming Annual General Meeting and is then eligible for re-election. In addition, pursuant to Article 104(A) of the New Articles of Association of the Company, Messrs Vernon Francis Moore, Yao Jinrong, Chang Zhenming, Norman Ho Hau Chong and André Desmarais shall retire by rotation in the forthcoming Annual General Meeting and all, being eligible, offer themselves for re-election.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to the new independence guidelines under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ('Listing Rules') and that the Company still considers such directors to be independent.

Management Contract

The Company entered into a management agreement with CITIC 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 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 12 May 2005.

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

根據上市規則須予披露之關連交易如下：

1. 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(「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,永勝投資向中信北京購入(a)新力能源開發有限公司(前稱新力能源開發公司)(「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責任公司(「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(「利港」)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。

2. 根據於二零零四年四月九日由遵義市城市管理局代表遵義市人民政府及Compagnie Generale des Eaux(「CGDE」)代表合營公司(定義見下文)訂立之特許權協議(「特許權協議」),其中一家合營公司獲授予許可權購入位於中華人民共和國之兩所現有水處理設施,即南郊水廠及北郊水廠(「各水廠」),代價為人民幣一億五千二百萬元,並會運行及維護各水廠。特許權協議須待(其中包括)合營公司獲發營業執照之後方可作實。

Connected Transactions

Connected transactions disclosed in accordance with the Listing Rules are as follows:

1. 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 ('CITIC Beijing'), being a substantial shareholder of the Company, and (ii) the agreement dated 13 October 2003 made between Everwin and CITIC Beijing, Everwin acquired from CITIC Beijing (a) 65% of the registered capital of Sunburst Energy Development Co., Ltd. (formerly 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 ('Ligang') 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.

2. Pursuant to a concession agreement dated 9 April 2004 ('Concession Agreement') entered into between Zunyi Municipal Administration Bureau on behalf of the Zunyi Municipal People's Government and Compagnie Generale des Eaux ('CGDE') on behalf of the JV Companies (as defined below), one of the JV Companies was granted the right to acquire two existing water treatment facilities, the Nanjiao Facility and the Beijiao Facility in the People's Republic of China ('the Facilities') at RMB152 million and to operate and maintain the Facilities. The Concession Agreement is conditional upon, among other things, the business licences of JV Companies having been issued.

於二零零四年六月九日，本集團與CGDE簽訂兩項協議，成立遵義通用水務水處理有限公司（「資產公司」）及遵義通用水務水處理運行有限公司（「運行公司」，與資產公司合稱「合營公司」）。本集團及CGDE將會分別擁有資產公司的75%及25%的權益，以及運行公司的25%及75%的權益。

於二零零四年六月十八日，本集團與CGDE代表合營公司再簽訂一項委託協議（「委託協議」），待合營公司成立後，資產公司將其運行及維護各水廠之權利交託運行公司，年期長達三十五年。根據委託協議，資產公司將會向運行公司按月支付委託費，包括(i)按計劃購買的已處理水基本用量支付的基本委託費及(ii)按照運行公司每日實際供應超出基本用量的已處理水支付的額外委託費。根據委託協議，預計本公司每個財政年度須就委託安排而支付的最高總值限額不超過人民幣五千一百萬元。

待合營公司成立後，合營公司將與（其中包括）CGDE簽訂一項特許權約務更替轉讓協議（「特許權更替協議」）及一項委託約務更替轉讓協議（「委託更替協議」），讓合營公司正式承擔根據特許權協議及委託協議下的義務及責任。待合營公司成立後，CGDE將成為資產公司的主要股東，並將會成為本公司的關連人士。簽訂特許權更替協議及委託更替協議將構成本公司的關連交易。根據委託協議下之委託安排將構成本公司的持續關連交易。

直至二零零四年十二月三十一日止，合營公司仍未成立。因此，特許權更替協議及委託更替協議尚未簽訂，以及根據委託協議下之委託安排仍未展開。

On 9 June 2004, the Group entered into two agreements with CGDE to form CGE (Zunyi) Water Treatment Co., Ltd. ('Asset Company') and CGE (Zunyi) Water Treatment Operation Co., Ltd. ('Operation Company', together with Asset Company, the 'JV Companies'). The Group and CGDE will be respectively interested in 75% and 25% of Asset Company, and 25% and 75% of Operation Company.

On 18 June 2004, the Group and CGDE further entered into a delegation agreement ('the Delegation Agreement') on behalf of the JV Companies so that upon their formation, Asset Company shall delegate the right to operate and maintain the Facilities to Operation Company for up to 35 years. Under the Delegation Agreement, Asset Company shall pay to Operation Company a monthly delegation fee consisting of (i) the basic delegation fee for the basic volume of treated water planned to be purchased and (ii) the additional delegation fee for the actual daily volume of treated water supplied by Operation Company in excess of the basic volume. It is expected that the maximum aggregate annual value for the arrangement under the Delegation Agreement for each financial year of the Company will not exceed RMB51 million.

Upon formation of the JV Companies, the JV Companies will enter into a concession novation agreement ('Concession Novation Agreement') and a delegation novation agreement ('Delegation Novation Agreement') with, inter alia, CGDE to formally take up their rights and obligations under the Concession Agreement and the Delegation Agreement. Upon establishment of the JV Companies, CGDE will be a substantial shareholder of Asset Company and will become a connected person of the Company. The entering into of the Concession Novation Agreement and the Delegation Novation Agreement will constitute connected transactions of the Company. The arrangement under the Delegation Agreement will constitute continuing connected transactions of the Company.

As at 31 December 2004, the JV Companies have not yet been formed. Accordingly, the Concession Novation Agreement and the Delegation Novation Agreement have not been entered into and the delegation arrangements under the Delegation Agreement have not commenced.

3. 於二零零四年六月二十四日，樂暉有限公司（「樂暉」）（本公司之全資附屬公司）、江陰鋼廠及天水投資有限公司（「天水」）就成立新合營公司（「新合營公司」）而訂立合營合同及公司章程，以生產及銷售黑色金屬材料。新合營公司投資總額和註冊資本分別為二千九百八十萬美元及一千一百九十二萬美元。新合營公司於成立後，將由樂暉約佔80%、江陰鋼廠佔11.7%及天水約佔8.3%。

江陰鋼廠為本公司旗下多家附屬公司之主要股東，該等附屬公司之其中一位董事擁有天水42.8%權益，故江陰鋼廠及天水均為本公司的關連人士。

4. 根據本公司之全資附屬公司Tallian Corp.（「Tallian」）與本公司之主要股東中信北京於二零零四年十月十五日訂立之協議，Tallian向中信北京購入A-A動力投資有限公司（「A-A動力」）之全部已發行股本及A-A動力結欠中信北京為數約港幣九千九百四十七萬七千二百九十元之股東貸款，總代價人民幣一億四千八百萬元。A-A動力持有淮北國安電力有限公司（「淮北國安電力」）12.5%股本權益。淮北國安電力之業務為建設、擁有及經營淮北第二發電廠以及於中國發電與銷售電力。

5. 根據本公司之全資附屬公司新宏電力投資有限公司（「新宏」）與利港之其他股東於二零零五年二月二十八日訂立的原則性協議，合營公司的合營期限將作出修訂，合營合同及章程內一切規定新宏及合營公司須於第一期電廠展開商業運行之後十五年之期屆滿時，及於第二期電廠展開商業運行之後二十年之期屆滿時，將其所享的一切權利及利益以無償方式轉讓予利港之其他股東的條文將告失效，而合營合同及章程的條款將修改為長期合資模式，代價為新宏向利港之其他股東支付合共人民幣五億元之補償（「補償」）。新宏將以現金支付補償予利港之其他股東，與其各自於利港所佔的權益比例相若。

3. On 24 June 2004, Noble Full Company Limited ('Noble Full') (a wholly owned subsidiary of the Company), Jiangyin Steel Mill and Bright Trinity Enterprises Ltd. ('Bright Trinity') entered into a joint venture contract and an articles of association for the establishment of a joint venture company ('the New JV') for the production and sale of ferrous metal materials. The total investment and the registered capital of the New JV amount to US\$29.8 million and US\$11.92 million respectively. Upon its establishment, the New JV would be owned as to approximately 80% by Noble Full, 11.7% by Jiangyin Steel Mill and approximately 8.3% by Bright Trinity.

As Jiangyin Steel Mill is a substantial shareholder of various subsidiaries of the Company and a director of the said subsidiaries holds 42.8% interest in Bright Trinity, Jiangyin Steel Mill and Bright Trinity are connected persons of the Company.

4. Pursuant to an agreement dated 15 October 2004 made between Tallian Corp. ('Tallian'), a wholly owned subsidiary of the Company, and CITIC Beijing, a substantial shareholder of the Company, Tallian acquired from CITIC Beijing the entire issued share capital in A-A Dynamic Investments Limited ('A-A Dynamic'), which holds a 12.5% equity interest in Huai Bei Guoan Power Company Ltd. ('Huai Bei Guoan Power'), and a shareholder's loan of approximately HK\$99,477,290 owed by A-A Dynamic to CITIC Beijing, at an aggregate consideration of RMB148 million. Huai Bei Guoan Power is engaged in the business of building, possession and operation of Huai Bei No. 2 Power Plant, generation and sale of electricity in the People's Republic of China.

5. Pursuant to an agreement-in-principle dated 28 February 2005 made between Sunspark Power Investment Company Limited ('Sunspark'), a wholly owned subsidiary of the Company, and the other shareholders of Ligang, in consideration of Sunspark paying an aggregate compensation of RMB500 million ('Compensation') to the other shareholders of Ligang, the terms of the joint venture shall be amended so that all those provisions of the joint venture contract and articles that stipulate the transfer of the rights and benefits in Phase I, upon expiry of a 15-year period after commencement of its commercial operation, and Phase II, upon expiry of a 20-year period after commencement of its commercial operation, from Sunspark and the joint venture to the other shareholders of Ligang at nil consideration shall cease to have effect and the terms of the joint venture contract and articles shall be changed to a long term joint venture. The Compensation will be paid in cash to the other shareholders of Ligang approximately in proportion to their respective equity interests in Ligang.

無錫市地方電力公司（「無錫電力」）實益擁有利港8.74%的權益，其控股公司為本公司旗下若干附屬公司之主要股東，而國投電力公司（「國投電力」）實益擁有利港12.77%的權益，亦為本公司旗下一間附屬公司之主要股東，故無錫電力與國投電力均屬本公司之關連人士。

6. 於二零零五年三月十一日，佳富投資有限公司（本公司之全資附屬公司）與中信信託投資有限責任公司（「中信信託」）就向中信信託收購沃爾瑪華東百貨有限公司35%股本權益而訂立收購協議。收購之代價為3,580,000美元，乃參考中信信託向沃爾瑪華東百貨有限公司注入註冊資本加上資金成本後釐定。由於中信信託屬中信北京（本公司主要股東）全資附屬公司，故中信信託屬本公司之關連人士。

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%。於二零零五年三月十五日，根據該計劃可予發行之股份上限為194,881,016股，佔已發行股本約8.89%。

Wuxi Local Electric Power Company（「Wuxi Power」），beneficially holding 8.74% of Ligang, and its holding company are substantial shareholders of certain subsidiaries of the Company and SDIC Electric Power Co.（「SDIC」），beneficially holding 12.77% of Ligang, is also a substantial shareholder of a subsidiary of the Company. Thus, both Wuxi Power and SDIC are connected persons of the Company.

6. On 11 March 2005, Sky Rich Investments Ltd. (a wholly owned subsidiary of the Company) entered into an acquisition agreement with CITIC Trust & Investment Co., Ltd.（「CITIC Trust」）to acquire from CITIC Trust a 35% equity interest in Wal-Mart East China Stores Co., Ltd. The consideration for the acquisition was US\$3,580,000 and was determined with reference to the registered capital contribution from CITIC Trust to Wal-Mart East China Stores Co., Ltd. plus the cost of fund. As CITIC Trust is wholly owned by CITIC Beijing being a substantial shareholder of the Company, CITIC Trust is a connected person of the Company.

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 15 March 2005, the maximum number of shares available for issue under the Plan is 194,881,016, representing approximately 8.89% of the issued share capital.

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，其行使期不得超逾十年，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二十八日內支付港幣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香港聯合交易所有限公司（「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。

8. 該計劃將持續生效至二零一零年五月三十日止。

自採納該計劃後，本公司分別於二零零二年五月二十八日及二零零四年十一月一日授出兩批購股權。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。而於截至二零零四年十二月三十一日止年度，所有授出之購股權概無被註銷或作廢。本公司股份在緊接二零零四年十一月一日授出購股權日期前之收市價為港幣19.90元。

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 shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited ('Stock Exchange') on the date of grant; (ii) the average closing price of the Company's shares 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. The Plan shall be valid and effective till 30 May 2010.

Since adoption of the Plan, the Company have granted two lots of share options on 28 May 2002 and 1 November 2004 respectively. All options granted and accepted can be exercised in whole or in part within 5 years from the date of grant and none of such options were cancelled or lapsed during the year up to 31 December 2004. The closing price of the Company's shares immediately before the grant on 1 November 2004 was HK\$19.90.

在該計劃下授出之購股權於二零零四年十二月三十一日止年度之變動歸納如下：

A summary of the movements during the year ended 31 December 2004 of the share options granted under the Plan is as follows:

A. 本公司之董事

A. Directors of the Company

董事姓名 Name of director	授出日期 Date of grant	行使價 港幣元 Exercise price HK\$	購股權數目 Number of Share Options				佔已發行 股本百分率 Percentage of issued share capital %
			於04年1月 1日之結存 Balance as at 1.1.04	於04年12月31日止 年度內授出 Granted during the year ended 31.12.04	於04年12月31日止 年度內行使 Exercised during the year ended 31.12.04	於04年12月 31日之結存 Balance as at 31.12.04	
榮智健 Larry Yung Chi Kin	28.5.02 1.11.04	18.2 19.9	2,000,000 –	– 2,000,000	– –	2,000,000 2,000,000 4,000,000	0.182
范鴻齡 Henry Fan Hung Ling	28.5.02 1.11.04	18.2 19.9	1,600,000 –	– 1,600,000	1,600,000 1,600,000 ¹	– –	–
莫偉龍 Vernon Francis Moore	28.5.02 1.11.04	18.2 19.9	1,000,000 –	– 1,000,000	– –	1,000,000 1,000,000 2,000,000	0.091
李松興 Peter Lee Chung Hing	28.5.02 1.11.04	18.2 19.9	1,000,000 –	– 1,000,000	– –	1,000,000 1,000,000 2,000,000	0.091
阮紀堂 Norman Yuen Kee Tong	28.5.02 1.11.04	18.2 19.9	500,000 –	– 500,000	– –	500,000 500,000 1,000,000	0.046
姚進榮 Yao Jinrong	28.5.02 1.11.04	18.2 19.9	300,000 –	– 500,000	– –	300,000 500,000 800,000	0.036
常振明 Chang Zhenming	28.5.02	18.2	500,000	–	–	500,000	0.023
李士林 Li Shilin	28.5.02	18.2	300,000	–	–	300,000	0.014
榮明杰 Carl Yung Ming Jie	28.5.02 1.11.04	18.2 19.9	300,000 –	– 500,000	– –	300,000 500,000 800,000	0.036
劉基輔 Liu Jifu	28.5.02 1.11.04	18.2 19.9	300,000 –	– 500,000	– –	300,000 500,000 800,000	0.036

附註：

1. 本公司股份在緊接該等購股權行使日期前之加權平均收市價為港幣20.85元。

Note:

1. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised is HK\$20.85.

B. 除董事以外，根據僱傭條例界定下按持續合約受聘之本公司僱員

B. Employees of the Company working under continuous contracts (as defined in the Employment Ordinance), other than the Directors

授出日期 Date of grant	行使價 港幣元 Exercise price HK\$	購股權數目 Number of Share Options			
		於04年1月1日 之結存 Balance as at 1.1.04	於04年12月31日止 年度內授出 Granted during the year ended 31.12.04	於04年12月31日止 年度內行使 Exercised during the year ended 31.12.04	於04年12月31日 之結存 Balance as at 31.12.04
28.5.02	18.2	3,400,000	–	30,000 ²	3,370,000
1.11.04	19.9	–	5,180,000	–	5,180,000

附註：

2. 本公司股份在緊接該等購股權行使日期前之加權平均收市價為港幣21.95元。

Note:

2. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised is HK\$21.95.

C. 其他

C. Others

授出日期 Date of grant	行使價 港幣元 Exercise price HK\$	購股權數目 Number of Share Options			
		於04年1月1日 之結存 Balance as at 1.1.04	於04年12月31日止 年度內授出 Granted during the year ended 31.12.04	於04年12月31日止 年度內行使 Exercised during the year ended 31.12.04	於04年12月31日 之結存 Balance as at 31.12.04
28.5.02	18.2	350,000	–	350,000 ³	–

附註：

3. 可認購50,000股本公司購股權乃授予一名按持續合約受聘之前任僱員，而該僱員於二零零三年退休。而可認購300,000股本公司購股權乃授予一名於二零零四年一月一日榮休的前任董事，該等購股權於年內行使。本公司股份在緊接該等購股權行使日期前之加權平均收市價為港幣19.5元。

Note:

3. Options for 50,000 shares in the Company granted to a former employee under continuous contract, who had retired in 2003, and options for 300,000 shares in the Company granted to a former director, who retired on 1 January 2004, were exercised during the year. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised is HK\$19.5.

每項可認購一股中信泰富股份之購股權於二零零四年十一月一日（即授出日）之公平價值為港幣3.54元，乃採用柏力克-舒爾斯模式按下列假設釐定：

- 行使價為每股港幣19.90元
- 預期波幅為35%（依據由二零零五年一月三十一日起計過去五年的股價波幅計算）
- 預期每年股息率為5%（依據過往派息紀錄）
- 所授購股權的估計年期為3.01年（依據假設的僱員流失率及提早行使的假設）
- 無風險利率每年為1.95%（依據於授出日以3.01年限期的香港外匯基金票據息率直接計入）

倘上述假設出現變動，足以嚴重影響柏力克-舒爾斯模式之結果，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。

本集團沒有提早採用最新香港財務報告準則第2號「以股份為基礎的支付」，該準則將於二零零五年一月一日或以後之會計年度開始生效。因此，於截至二零零四年十二月三十一日止之會計年度內並未就員工購股權成本入賬。本集團將由二零零五年一月一日或以後之會計年度開始採用根據香港財務報告準則第2號規定之要求。

董事之證券權益

在二零零四年十二月三十一日，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：

The fair value of an option on one CITIC Pacific share measured as at the date of grant of 1 November 2004 was HK\$3.54 based on the following assumptions using the Black-Scholes Model:

- Exercise price of HK\$19.90
- Expected volatility of 35% (based on volatility of share prices of the past 5 years as of 31 January 2005)
- Expected annual dividend yield of 5% (based on historical dividend payments)
- Estimated expected life of the options granted is 3.01 years (taking into account assumed turnover rate and an early exercise assumption)
- Risk-free interest rate of 1.95% per annum (based on linearly interpolated yields of Hong Kong Exchange Fund Notes with a term of 3.01 years at the grant date)

The result of the Black-Scholes 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.

The Group has not early adopted the new HKFRS 2 'Share Based Payment' which is effective for accounting periods beginning on or after 1 January 2005. Thus, no employee stock option cost is recognised in the accounts for the year ended 31 December 2004. The Group will follow the requirement of HKFRS 2 for accounting periods commencing on or after 1 January 2005.

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 2004 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. 本公司及相聯法團之股份

1. Shares in the Company and Associated Corporation

		股份數目 Number of Shares			估已發行股本 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		18.265
范鴻齡	Henry Fan Hung Ling		1,600,000		2.108
莫偉龍	Vernon Francis Moore				44,600,000 0.146
李松興	Peter Lee Chung Hing	500,000			3,200,000 0.023
阮紀堂	Norman Yuen Kee Tong	33,000			0.002
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	99,800	100,242,000 ²		4.578
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100,242,000股股份中，12,000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主席兼聯席行政總裁之法團間接持有。

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 100,242,000 shares, 12,000 shares are held by a corporation 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

本公司各董事持有之購股權權益（被界定為沒有上市之實貨交易股票衍生產品）於上文購股權計劃一節內予以詳盡披露。

除上文所披露者外，在二零零四年十二月三十一日，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。

2. Share Options in the Company

The interests of the directors in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are stated in detail in the preceding section of Share Option Plan.

Save as disclosed above, as at 31 December 2004, 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.

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, 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

在二零零四年十二月三十一日，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 2004, 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	28.835
中信香港	CITIC HK	632,066,285	28.835
Heedon Corporation	Heedon Corporation	498,424,285	22.738
Honpville Corporation	Honpville Corporation	310,988,221	14.187

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	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 %
Affluence Limited	Affluence Limited	43,266,000	1.974
Winton Corp.	Winton Corp.	30,718,000	1.402
Westminster Investment Inc.	Westminster Investment Inc.	101,960,000	4.651
Jetway Corp.	Jetway Corp.	22,500,000	1.026
Cordia Corporation	Cordia Corporation	32,258,064	1.472
Honpville Corporation	Honpville Corporation	310,988,221	14.187
Hainsworth Limited	Hainsworth Limited	80,376,000	3.667
Southpoint Enterprises Inc.	Southpoint Enterprises Inc.	10,000,000	0.456

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。

股本

於截至二零零四年十二月三十一日止年度，本公司並無贖回其任何股份。而於截至二零零四年十二月三十一日止年度，本公司或其任何附屬公司亦概無購回或出售本公司之任何股份。

截至二零零四年十二月三十一日止之年度，本公司根據中信泰富股份獎勵計劃二零零零已發行3,580,000股股份。

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.

Share Capital

The Company has not redeemed any of its shares during the year ended 31 December 2004. 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 2004.

During the year ended 31 December 2004, the Company has issued 3,580,000 shares under the CITIC Pacific Share Incentive Plan 2000.

服務合約

在二零零四年十二月三十一日，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。

根據上市規則第13.22條之持續披露規定

本公司根據上市規則第13.22條而附上聯屬公司之備考合併資產負債表。聯屬公司包括聯營公司及共同控制實體。

聯屬公司之備考合併資產負債表

以港幣百萬元計算

固定資產
共同控制實體
投資
遞延稅項資產
無形資產
退休金資產
遞延開支
長期應收賬款
流動資產負債

Service Contracts

As at 31 December 2004, 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.

Continuing Disclosure Requirements Under Rule 13.22 Of The Listing Rules

The Company has included a proforma combined balance sheet of affiliated companies as required therein under Rule 13.22 of the Listing Rules. Affiliated companies include associated companies and jointly controlled entities.

Proforma combined balance sheet of affiliated companies

in HK\$ million

Fixed Assets **10,153**
Jointly Controlled Entities **652**
Investments **212**
Deferred Tax Assets **7**
Intangible Assets **9**
Pension Assets **16**
Deferred Expenses **26**
Long Term Receivable **2,135**
Net Current Liabilities **(312)**

資產總額減流動負債
長期借款
遞延稅項負債
股東貸款

Total Assets Less Current Liabilities **12,898**
Long Term Borrowings **(1,483)**
Deferred Tax Liabilities **(193)**
Loans from Shareholders **(7,349)**
3,873

附註：

本公司及/或其附屬公司於聯屬公司之應佔權益詳情於財務報表之賬目附註30中披露。

Note:

Details of attributable interest of the Company and/or its subsidiary company in the affiliated companies as disclosed in Notes to the Accounts no. 30 of Financial Statements.

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。

最低公眾持股量

本公司根據公開資料，以及在各董事的認知範圍內，董事會確認本公司於二零零四年十二月三十一日止之財政年度內仍維持上市條例規定下的最低公眾持股量。

承董事會命

榮智健主席

香港，二零零五年三月十五日

Auditors

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

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules during the year ended 31 December 2004.

By Order of the Board,

Larry Yung Chi Kin *Chairman*

Hong Kong, 15 March 2005