



Directors' Report

董事會報告書

DIRECTORS' REPORT

董事會報告書

The Directors hereby present their Annual Report together with the audited accounts of China Everbright Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES

The Group is principally engaged in investment holding and provision of financial services. The principal activities of the subsidiaries are set out in note 14 to the accounts.

TURNOVER AND CONTRIBUTION TO GROUP RESULTS

The turnover and contribution to operating results of the Group by activity and geographical location are set out in note 31 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2004 are set out on page 47 of this Annual Report.

The Directors do not recommend the payment of a final dividend for the year ended 31st December 2004 (2003: HK\$0.033 per share).

MAJOR CUSTOMERS AND SUPPLIERS

The principal activities of the Group are investment holding and provision of financial services and the turnover represents the aggregate of investment returns from trading securities, interest income, dividend income, rental income, brokerage commission and service income. Accordingly, it is not practicable to state the percentage of the sales attributable to the Group's largest customers and percentage of the purchases attributable to the Group's largest suppliers.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has an interest in the share capital of any of the five largest suppliers.

董事會向各位股東呈覽中國光大控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零四年十二月三十一日止年度之年報及經審核賬目。

主要業務

本集團之主要業務為投資控股及提供金融服務。附屬公司之主要業務詳情載於賬目附註14。

營業額及對集團業績之貢獻

以主要業務及地域分佈及其對本集團營業額及經營業績貢獻之詳情載於賬目附註31。

業績及盈利分配

本集團截至二零零四年十二月三十一日止年度之業績載於本年報第47頁。

董事會不建議就截至二零零四年十二月三十一日止年度派發末期股息(二零零三年:港幣3.3仙)。

主要客戶及供應商

本集團主要業務為投資控股及提供金融服務,其營業額主要包括累計交易證券之投資回報、利息收入、股息收入、租金收入及經紀佣金與服務收入,因此未能列出最大客戶及最大供應商所佔本集團銷售額之百分比。

各董事及其聯繫人或任何股東(指根據董事會所知擁有本公司已發行股本逾百分之五者)概無擁有任何五大供應商之權益。

DIRECTORS' REPORT *(continued)***董事會報告書** (續)**FINANCIAL SUMMARY**

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 125 of this Annual Report.

FIXED ASSETS

Movements in fixed assets are set out in note 13 to the accounts.

PROPERTIES

Particulars of major properties held by the Group as at 31st December 2004 are set out on pages 126 to 128 of this Annual Report.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates as at 31st December 2004 are set out in notes 14 and 15 to the accounts respectively.

SHARE CAPITAL

During the year, the issued share capital of the Company had been increased from HK\$1,563,350,712 to HK\$1,563,600,712. The Company issued 250,000 shares on the exercise of share options granted to senior executives of the Group.

Details of the movements in the share capital of the Company during the year are set out in note 25 to the accounts.

SHARE PREMIUM AND RESERVES

Movements in share premium and reserves during the year are set out on pages 50 to 52 of this Annual Report.

The Company does not have any distributable reserves at 31st December 2004 as calculated under Section 79B of the Hong Kong Companies Ordinance (2003: HK\$371,017,000).

財務摘要

本集團過往五年財政年度之業績、資產及負債摘要載於本年報第125頁。

固定資產

固定資產於本年度內之變動情況載於賬目附註13。

物業

本集團於二零零四年十二月三十一日持有之主要物業資料載於本年報第126頁至第128頁。

附屬及聯營公司

本公司於二零零四年十二月三十一日之各主要附屬及聯營公司之詳情分別載於賬目附註14及15。

股本

於本年度內，本公司之已發行股本由港幣1,563,350,712元增加至1,563,600,712元。本公司因本集團高級行政人員行使認股權而發行250,000股股份。

本公司股本於本年度內之變動情況載於賬目附註25。

股本溢價及儲備

股本溢價及儲備於本年度內之變動情況載於本年報第50至52頁。

於二零零四年十二月三十一日，本公司沒有任何按照香港公司法第79B章計算的可分配予股東之儲備（二零零三年：約港幣371,017,000元）。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

BORROWINGS AND INTEREST CAPITALISED

Bank loans and overdrafts repayable within one year or on demand are classified as current liabilities in the accounts. No interest was capitalised by the Group during the year.

CONTINUING CONNECTED TRANSACTION

Significant related party transactions entered into by the Group during the year ended 31st December 2004, which do not constitute connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), are disclosed in note 26 to the accounts.

Following completion of the Company's acquisition of China Everbright Financial Holdings Limited ("Everbright Financial") on 31st December 1998, the provision of financial services by Everbright Financial and its subsidiaries to China Everbright Holdings Company Limited and China Everbright International Limited and their respective subsidiaries would constitute connected transactions for the Company. The Stock Exchange has granted a waiver to the Company from the strict compliance with the requirements of the Listing Rules in relation to connected transactions in respect of these types of transactions subject to certain disclosure requirements.

借貸及利息資本化

本集團須於一年內或須限令償還之銀行貸款及透支於財務報告書概列為流動負債。於本年度內，本集團並無將任何利息資本化。

持續的關連交易

本集團於截至二零零四年十二月三十一日止年度進行之重大有關連人士交易(而不構成香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)下之關連交易)，乃載於賬目附註26。

於一九九八年十二月三十一日本公司完成收購中國光大金融控股有限公司(「光大金融」)之事項後，光大金融及其附屬公司向中國光大集團有限公司、中國光大國際有限公司及彼等各自之附屬公司提供金融服務將構成本公司之關連交易。聯交所已就該等關連交易須遵守上市規則中的規定向本公司給予部份豁免，惟本公司須履行若干披露條件。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

CONTINUING CONNECTED TRANSACTION (continued)

持續的關連交易 (續)

The details of these transactions during the year ended 31st December 2004 are set out as follows:

截至二零零四年十二月三十一日止年度有關上述交易之詳情如下:

		2004 二零零四年 HK\$'000 港幣千元	2003 二零零三年 HK\$'000 港幣千元
Securities brokerage commission received from	收取之經紀佣金		
– Everbright Investment and Management Limited, a subsidiary of ultimate holding company	– 最終控股公司持有之附屬公司·光大投資管理有限公司	-	7
– Asia Like Securities Limited, a subsidiary of ultimate holding company	– 最終控股公司持有之附屬公司·Asia Like Securities Limited	235	80
– China Everbright Securities Investment Limited, an indirect subsidiary of ultimate holding company	– 最終控股公司間接持有之附屬公司·中國光大證券投資有限公司	-	2
– Everbright Creation International Limited, a subsidiary of an associate of ultimate holding company	– 最終控股公司持有之聯營公司之附屬公司·Everbright Creation International Limited	-	2
Rental expense paid to wholly owned subsidiary of ultimate holding company (note 26(g) to the accounts)	向最終控股公司持有之全資附屬公司支付租金 (賬目附註26(g))	2,400	2,400

In the opinion of the Directors, these transactions had been conducted on normal commercial terms. The Independent Non-executive Directors have reviewed these connected transactions and confirmed that such transactions were entered into on normal commercial terms in the ordinary course of business of the Group and in accordance with the agreements governing these transactions, or where there is no agreement, on terms no less favourable than terms available to independent third parties, and the aggregate value of such transactions did not exceed the limits set out in Rule 14A.34 of the Listing Rules.

董事認為上述交易按一般商業條款進行。本公司之獨立非執行董事已審閱該等關連交易，並確認該等交易乃本集團在日常業務中按一般商業條款及該等交易之協議規定而訂立，或如無訂立協議，交易條件不遜於給予獨立第三者之條款，上述交易之總金額並無超過上市規則第14A.34條規定之交易上限。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

DIRECTORS

The Directors of the Company during the year and up to the date of this Report are:

Executive Directors:

Wang Mingquan, Chairman
 Xu Bin, Vice-chairman
 Guo You (Resigned as Chief Executive Officer
 on 20th July 2004)
 Zhou Liqun, Chief Executive Officer
 (Appointed as Chief Executive Officer on 20th July 2004)
 He Ling, Deputy General Manager
 Chen Shuang, Deputy General Manager
 (Appointed on 26th August 2004)
 Xie Zhichun
 Lau Chung Man, Louis, Chief Financial Officer
 Wang Chuan (Resigned on 20th July 2004)

Independent Non-executive Directors:

Ng Ming Wah, Charles
 Tung Wai, David
 Seto Gin Chung, John

Article 87 of the Company's Articles of Association provides that any Director appointed by the Directors shall hold office only until the next annual general meeting of the Company, but shall be eligible for re-election at such meeting. Accordingly, Mr. Chen Shuang, being a Director so appointed, shall retire at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

董事

於本年度內及截至本報告書日期止，本公司董事為：

執行董事：

王明權，主席
 許斌，副主席
 郭友（於二零零四年七月二十日辭任
 行政總裁之職務）
 周立群，行政總裁（於二零零四年七月二十日
 獲委任行政總裁之職務）
 賀玲，副總經理
 陳爽，副總經理
 （於二零零四年八月二十六日獲委任）
 解植春
 劉仲文，財務總監
 王川（於二零零四年七月二十日辭任）

獨立非執行董事：

吳明華
 董偉
 司徒振中

本公司組織章程細則第八十七條規定，獲董事會委任的董事之任期將於下屆股東週年大會屆滿，但可於該大會膺選連任。因此，陳爽先生在即將舉行之股東週年大會上告退，並願意膺選連任。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

DIRECTORS (continued)

In accordance with Articles 120 and 121 of the Company's Articles of Association, one-third of the Directors or the nearest number to but not exceeding one-third of the Directors shall retire from office and be eligible for re-election. Accordingly, Dr. Xu Bin, Mr. Guo You and Mr. Xie Zhichun, being Directors who have been longest in office, shall retire by rotation. However, only Dr. Xu Bin and Mr. Guo You will offer themselves for re-election at the forthcoming Annual General Meeting whilst Mr. Xie Zhichun will not offer himself for re-election.

The term of office for each Non-executive Director is the period up to his retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st December 2004, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register of directors' and chief executives' interests and short positions required to be maintained under section 352 of the SFO are as follows:

1. Long position in shares of the Company

Name of Director	董事姓名	Total 總數	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	% of total issued shares (if 0.01% or more) 佔已發行股份 總數百分比 (倘0.01%或以上)
Guo You	郭友	1,000,000	1,000,000	-	-	0.06
He Ling	賀玲	320,000	320,000	-	-	0.02
Lau Chung Man, Louis	劉仲文	4,000	4,000	-	-	-

董事 (續)

本公司組織章程細則第一百二十條及第一百二十一條規定，於每年股東週年大會上，三分之一的董事或最接近但不超過此數目之董事將退任，但可膺選連任。因此，任期最長的董事：許斌博士、郭友先生及解植春先生將依章輪值告退。然而，只有許斌博士及郭友先生將於即將舉行之股東週年大會上願意膺選連任，而解植春先生將不會膺選連任。

每位非執行董事的任期將根據本公司組織章程細則需輪值退任時而屆滿。

董事及行政總裁於本公司及聯營公司股份中之權益

於二零零四年十二月三十一日，本公司根據證券及期貨條例第352條規定須設置之董事及最高行政人員權益及淡倉登記冊所載記錄顯示，各董事及行政總裁在本公司及其聯營公司（定義見證券及期貨條例第XV部）之股份、相關股份股本衍生工具及債券之權益如下：

1. 於本公司股份之長倉

DIRECTORS' REPORT (continued)

董事會報告書 (續)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS (continued) 董事及行政總裁於本公司及聯營公司股份中之權益 (續)

2. Long position in underlying shares of equity derivatives of the Company 2. 於本公司相關股份股本衍生工具之長倉

Name of Director 董事姓名	Nature of interest 權益性質	Date of Grant 授出日期	Number of equity derivatives held (share options) 持有股本衍生工具數目 (認股權)	Number of underlying shares (ordinary shares) 相關股份數目	Total Percentage 總百分比
Wang Mingquan 王明權	Personal 個人	26.06.02	6,000,000	6,000,000	–
	Personal 個人	07.07.03	3,000,000	3,000,000	0.58
Xu Bin 許斌	Personal 個人	26.06.02	1,500,000	1,500,000	–
	Personal 個人	07.07.03	750,000	750,000	0.14
Guo You 郭友	Personal 個人	26.06.02	2,000,000	2,000,000	–
	Personal 個人	07.07.03	750,000	750,000	0.18
Zhou Liqun 周立群	Personal 個人	26.06.02	1,500,000	1,500,000	–
	Personal 個人	07.07.03	750,000	750,000	0.14
He Ling 賀玲	Personal 個人	26.06.02	1,500,000	1,500,000	–
	Personal 個人	07.07.03	750,000	750,000	0.14
Chen Shuang 陳爽	Personal 個人	03.09.04	750,000	750,000	0.05
Xie Zhichun 解植春	Personal 個人	26.06.02	1,500,000	1,500,000	–
	Personal 個人	07.07.03	750,000	750,000	0.14
Lau Chung Man, Louis 劉仲文	Personal 個人	26.06.02	500,000	500,000	–
	Personal 個人	07.07.03	250,000	250,000	0.05
Ng Ming Wah, Charles 吳明華	Personal 個人	07.07.03	150,000	150,000	0.01
Tung Wai, David 董偉	Personal 個人	26.06.02	300,000	300,000	–
	Personal 個人	07.07.03	150,000	150,000	0.03
Seto Gin Chung, John 司徒振中	Personal 個人	07.07.03	150,000	150,000	0.01

DIRECTORS' REPORT (continued)

董事會報告書 (續)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS (continued)

董事及行政總裁於本公司及聯營公司股份中之權益 (續)
2. Long position in underlying shares of equity derivatives of the Company (continued)

2. 於本公司相關股份股本衍生工具之長倉 (續)

All the above shares and underlying shares of equity derivatives were beneficially owned by the Directors concerned. The percentage shown was calculated based on the number of issued shares as at 31st December 2004.

上述股份及相關股份股本衍生工具均由有關董事實益持有。上表所顯示之百分比以本公司於二零零四年十二月三十一日已發行股份數目計算。

Details of the share options held by the Directors and Chief Executive of the Company are shown in the following section under the heading "Information on Share Options".

本公司董事及行政總裁持有之認股權的資料見於下列「認股權資料」項下。

As at 31st December 2004 save as disclosed herein, none of the Directors and Chief Executive of the Company were interested in short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under SFO as recorded in the register of directors' and chief executives' interests and short positions.

於二零零四年十二月三十一日，本公司根據證券及期貨條例而設置之董事及最高行政人員權益及淡倉登記冊內，本公司董事及行政總裁概無擁有本公司或任何聯營公司之股份、相關股份股本衍生工具或債券之淡倉權益。

3. Long position in underlying shares of equity derivatives of associated corporations
3. 於聯營公司相關股份股本衍生工具之長倉

As at 31st December 2004, the following Directors had personal interests in options to subscribe for shares in China Everbright International Limited ("CEIL"), an associated corporation of the Company. The shares of CEIL are listed on the Stock Exchange.

於二零零四年十二月三十一日，以下董事個人擁有可認購本公司聯營公司中國光大國際有限公司之認股權，其股份於聯交所上市。

Name of Director 董事姓名	Nature of interest 權益性質	Exercise price (HK\$) 行使價 (港元)	Date of Grant 授出日期	Exercise period 行使期	Number of underlying shares of CEIL (ordinary shares) 光大國際之 相關股份數目	Total Percentage 總百分比
Wang Mingquan 王明權	Personal 個人	0.296	29.09.03	29.03.04-25.05.13	25,400,000	0.997
Chen Shuang 陳爽	Personal 個人	0.296	29.09.03	29.03.04-25.05.13	4,000,000	0.157

DIRECTORS' REPORT (continued)

董事會報告書 (續)

INFORMATION ON SHARE OPTIONS

認股權資料

Information in relation to share options of the Company disclosed in accordance with the Listing Rules was as follows:

根據上市規則所披露有關認股權的資料如下：

1. Outstanding share options as at 1st January 2004:

1. 於二零零四年一月一日尚未行使的認股權

	Number of options 認股權數目	Date of offer 認股權授出日期	Vesting period 有效期	Exercise period 行使期	Exercise price (HK\$) 行使價 (港元)
Wang Mingquan 王明權	6,000,000 3,000,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Xu Bin 許斌	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Guo You 郭友	2,000,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Zhou Liqun 周立群	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
He Ling 賀玲	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Wang Chuan 王川	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Xie Zhichun 解植春	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Lau Chung Man, Louis 劉仲文	500,000 250,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Ng Ming Wah, Charles 吳明華	150,000	07.07.03	08.07.04-08.01.06	08.07.04-07.01.07	2.375
Tung Wai, David 董偉	300,000 150,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Seto Gin Chung, John 司徒振中	150,000	07.07.03	08.07.04-08.01.06	08.07.04-07.01.07	2.375
Aggregate total of employees (Note) 僱員的總數 (註)	3,700,000 500,000 1,950,000	26.06.02 02.05.03 07.07.03	27.06.03-27.12.04 03.05.04-03.11.05 08.07.04-08.01.06	27.06.03-26.12.05 03.05.04-02.11.06 08.07.04-07.01.07	4.360 1.780 2.375

DIRECTORS' REPORT (continued)

董事會報告書 (續)

INFORMATION ON SHARE OPTIONS (continued)

認股權資料 (續)

2. Outstanding share options as at 31st December 2004: 2. 於二零零四年十二月三十一日尚未行使的認股權

	Number of options 認股權數目	Date of offer 認股權 授出日期	Vesting period 有效期	Exercise period 行使期	Exercise price (HK\$) 行使價 (港元)
Wang Mingquan 王明權	6,000,000 3,000,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Xu Bin 許斌	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Guo You 郭友	2,000,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Zhou Liqun 周立群	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
He Ling 賀玲	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Chen Shuang 陳爽	750,000	03.09.04	04.09.05-04.03.07	04.09.05-03.03.08	3.225
Xie Zhichun 解植春	1,500,000 750,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Lau Chung Man, Louis 劉仲文	500,000 250,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Ng Ming Wah, Charles 吳明華	150,000	07.07.03	08.07.04-08.01.06	08.07.04-07.01.07	2.375
Tung Wai, David 董偉	300,000 150,000	26.06.02 07.07.03	27.06.03-27.12.04 08.07.04-08.01.06	27.06.03-26.12.05 08.07.04-07.01.07	4.360 2.375
Seto Gin Chung, John 司徒振中	150,000	07.07.03	08.07.04-08.01.06	08.07.04-07.01.07	2.375
Aggregate total of employees (Note)	3,400,000 500,000	26.06.02 02.05.03	27.06.03-27.12.04 03.05.04-03.11.05	27.06.03-26.12.05 03.05.04-02.11.06	4.360 1.780
僱員的總數 (註)	1,625,000 150,000 500,000	07.07.03 14.04.04 03.09.04	08.07.04-08.01.06 15.04.05-15.10.06 04.09.05-04.03.07	08.07.04-07.01.07 15.04.05-14.10.07 04.09.05-03.03.08	2.375 4.390 3.225

DIRECTORS' REPORT (continued)

董事會報告書 (續)

INFORMATION ON SHARE OPTIONS (continued)

認股權資料 (續)

3. Share options granted during the year ended 31st December 2004:

3. 截至二零零四年十二月三十一日止年度內授出的認股權:

Date of Grant:	授予日期:	14.04.2004	03.09.2004
Vesting Period:	有效期:	15.04.2005 - 15.10.2006	04.09.2005 - 04.03.2007
Exercise Period:	行使期:	15.04.2005 - 14.10.2007	04.09.2005 - 03.03.2008
Exercise Price:	行使價:	HK\$4.39	HK\$3.225

Grantees 承受人		Number of options	
		granted on 14.04.2004 於14.04.2004授出 之認股權數目	granted on 03.09.2004 於03.09.2004授出 之認股權數目
Chen Shuang	陳爽	-	750,000
Aggregate total of employees (Note)	僱員的總數 (註)	650,000	500,000

The value of the options depends on a number of factors such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The Directors believe that any calculation of the value of the options as at 31st December 2004 based on a great number of speculative assumptions would not be meaningful and would be misleading to the shareholders. Therefore the Directors believe it is not appropriate to state herein the value of options granted.

計算認股權之價值是基於多方面的變數，如行使價、行使期、利率、預期波幅及其他相關因素。董事會相信任何根據大量不確定的假設而計算認股權於二零零四年十二月三十一日之價值，對股東而言均屬沒有意義及將可能構成誤導。基於此原因，董事會認為不適宜在此列出已授出的認股權的價值。

4. Number of share options exercised during the year ended 31st December 2004:

4. 截至二零零四年十二月三十一日止年度內行使的認股權數目:

		Date of offer 授出日期	No. of Shares 股份數目	Exercise	WA Closing
				price (HK\$) 行使價(港元)	price** (HK\$) 加權平均 收市價** (港元)
Aggregate total	僱員的總數 (註)	26.06.02	150,000	4.36	5.55
of employees (Note)		07.07.03	100,000	2.375	3.60

** The weighted average ("WA") closing price of the shares of the Company immediately before the dates on which the options were exercised.

** 本公司股份在緊接有關認股權行使日期之前的加權平均收市價。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

INFORMATION ON SHARE OPTIONS (continued)

認股權資料 (續)

5. No share option was cancelled during the year ended 31st December 2004.
5. 截至二零零四年十二月三十一日止年度內並無註銷認股權。
6. Number of share options lapsed during the year ended 31st December 2004:
6. 按現行認股權計劃條款於截至二零零四年十二月三十一日止年度內失效的認股權數目：

		Date of offer 授出日期	No. of options 認股權數目
Wang Chuan	王川	26.06.02	1,500,000
		07.07.03	750,000
Aggregate total of employees (Note)	僱員的總數 (註)	26.06.02	150,000
		07.07.03	225,000
		14.04.04	500,000

Note: These are employees working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Hong Kong Employment Ordinance.

註： 彼等為按《僱傭條例》所指的「連續性合約」工作的僱員。

Save as disclosed herein, as at 31st December 2004, none of the Directors, the Chief Executive or their respective associates had any interest in the securities of the Company or any of its associated corporations or in any arrangements to which the Company is a party to purchase shares of the Company or any other body corporate.

除本文所披露者外，於二零零四年十二月三十一日，概無任何董事、行政總裁或彼等各自之聯繫人持有本公司或其任何聯營公司之證券權益，或任何購買本公司或任何其他法人團體股份之安排。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

INFORMATION ON SHARE OPTION SCHEME

認股權計劃資料

At the Extraordinary General Meeting of the Company held on 24th May 2002, an ordinary resolution was passed to adopt a Share Option Scheme (the "Scheme").

本公司於二零零二年五月二十四日舉行之股東特別大會上通過普通決議案以採納一認股權計劃（「計劃」）。

A summary of the Scheme disclosed in accordance with the Listing Rules was as follows:

根據上市規則披露的有關計劃的摘要如下：

- | | |
|--|--|
| 1. Purpose of the Scheme
該計劃的目的 | To provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group.
對本集團作出貢獻及提升本集團利益而努力不懈之合資格人士提供激勵或報酬。 |
| 2. Participants of the Scheme
該計劃的參與者 | Any employee(s) including any director(s) of the Company or any subsidiary or associated company.
本公司或其任何附屬公司或聯營公司之任何僱員及彼等之董事。 |
| 3. Total number of shares available for issue under the Scheme and percentage of issued share capital as at 31st December 2004
該計劃中可予發行的股份數目及其於二零零四年十二月三十一日佔已發行股本的百分率 | 103,116,071 shares (6.6 %)
103,116,071股(6.6%) |
| 4. Maximum entitlement of each participant under the Scheme
該計劃中每名參與者可獲授權益上限 | The maximum number of shares (issued and to be issued) in respect of which options may be granted under the Scheme and any other share option scheme(s) of the Company (whether exercised, cancelled or outstanding) to any participants in any 12-month period shall not exceed 1 per cent of the total number of shares in issue from time to time unless such grant has been duly approved by ordinary resolution of the shareholders in general meeting.
根據該計劃及本公司任何其他認股權計劃而於任何12個月期間向任何參與者授出認股權（無論已行使、註銷或尚未行使者），其有關之股份最多數目（包括已發行及將予發行股份數目）將不可超逾本公司不時已發行股份總數之1%。如授出之數目超逾1%，則必須經本公司股東於股東大會上以普通決議案正式批准。 |

DIRECTORS' REPORT (continued)

董事會報告書 (續)

INFORMATION ON SHARE OPTION SCHEME (continued)

認股權計劃資料 (續)

- | | |
|---|---|
| 5. The period within which the shares must be taken up under an option
可根據認股權認購股份的期限 | The exercise period of options ranges from 1 year to 2.5 years.
認股權行使期限由一年至兩年半不等。 |
| 6. The minimum period for which an option must be held before it can be exercised
認股權行使之前必須持有的最短期限 | The option periods ranging from 1 year to 2.5 years from the date of offer.
認股權之期限內授出日期起計一年至兩年半不等。 |
| 7. (a) The amount payable on application or acceptance of the option
申請或接受認股權時須付之金額 | (a) HK\$1.00
1.00港元 |
| (b) The period within which payments or calls must or may be made
付款或通知付款的期限 | (b) Within 30 days after the date of offer
授出日期後30天內 |
| (c) The period within which loans for such purposes must be repaid
償還申請認股權貸款的期限 | (c) N/A
不適用 |
| 8. The basis of determining the exercise price
行使價的釐定基準 | The exercise price is determined by the Directors which shall be at least the highest of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer.
認股權之行使價將由董事會釐定，並至少須為下列三者中之最高者：(i)股份面值；(ii)於授出認股權當日，股份於聯交所每日報價表所示之收市價；及(iii)緊接授出認股權當日前五個交易日，股份於聯交所每日報價表所示之平均收市價。 |
| 9. The remaining life of the Scheme
該計劃尚餘的有效期 | The Scheme will expire on 24th May 2012.
該計劃將於二零一二年五月二十四日終止。 |

DIRECTORS' REPORT *(continued)***董事會報告書 (續)****DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

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

DIRECTORS' SERVICE CONTRACTS

No Director offering for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without payment of compensation other than the normal statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

董事於重大合約之權益

於本年度內，本公司、其控股公司、控股公司的附屬公司、或本公司附屬公司概無訂立任何重大、而任何董事擁有直接或間接重大權益之合約。

董事之服務合約

所有在即將舉行之股東週年大會上膺選連任之董事，均未與本公司或其任何附屬公司訂立任何在一年內不能終止，或除正常法定補償外還須支付任何補償方可終止之服務合約。

董事認購股份或債券之權利

除上文所披露者外，在本年度任何時間內，本公司、其任何附屬公司、控股公司或控股公司之附屬公司概無訂立任何安排，使董事可藉購買本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

SUBSTANTIAL SHAREHOLDERS

As at 31st December 2004 the following persons, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group:

主要股東

於二零零四年十二月三十一日，下列人士在本公司股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部知會本公司之權益及淡倉，或直接或間接擁有附帶權利在任何情況下在本集團任何其他成員公司之股東大會上投票之任何類別股本面值10%或以上權益：

Name of shareholder 股東名稱	No. of shares beneficially held 實益持有股份數目	% of total issued shares 佔已發行 股本百分比
China Everbright Holdings Company Limited (Note) 中國光大集團有限公司 (附註)	867,119,207 ^(L)	55.46 ^(L)
Datten Investments Limited (Note) (附註)	867,119,207 ^(L)	55.46 ^(L)
Honorich Holdings Limited	867,119,207 ^(L)	55.46 ^(L)
J.P. Morgan Chase & Co	76,327,266 ^(L) 14,873,666 ^(P)	4.88 ^(L) 0.95 ^(P)

(L) – Long Position, (P) – Lending Pool

(L) – 好倉 (P) – 借盤

Note: Honorich Holdings Limited (“Honorich”) is wholly-owned by Datten Investments Limited (“Datten”) which in turn is a wholly-owned subsidiary of China Everbright Holdings Company Limited (“Holdings”). Accordingly, Datten and Holdings are deemed to have the same interests in the shares of the Company as Honorich.

附註： Honorich Holdings Limited (「Honorich」) 乃由 Datten Investments Limited (「Datten」) 全資擁有，而 Datten 乃中國光大集團有限公司 (「光大集團」) 之全資附屬公司，因此 Datten 及光大集團於本公司股本中被視為擁有與 Honorich 相同之權益。

Save as disclosed above as at 31st December 2004, the Directors are not aware of any other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group.

除上文所披露者外，於二零零四年十二月三十一日，董事並不知悉有任何其他人士於本公司股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部知會本公司之權益及淡倉，或直接或間接擁有附帶權利，可在任何情況下在本集團任何成員公司之股東大會上投票之任何類別股本面值10%或以上權益。

DIRECTORS' REPORT (continued)**董事會報告書 (續)****PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

CORPORATE GOVERNANCE

The Company believes in the upholding of the principles and practices of good corporate governance as the best means to ensure effective internal control and safeguard the interests of shareholders, customers and staff. It is also crucial to the healthy development of the Company in the long term. The Company strictly abides by the laws and regulations of the jurisdiction where it operates, and observes the guidelines and rules issued by regulatory authorities. It also strives to follow the latest international and local corporate governance best practices.

For further details, please refer to the section "Corporate Governance" of this report.

EMPLOYEES

As at 31st December 2004, the number of employees of the Group was 147. Total staff cost for the year under review amounted to approximately HK\$70 million as noted in the consolidated profit and loss account. The Group ensures that the remuneration packages for employees are fair and competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Discretionary year end bonus may also be paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme and training programmes. Directors of the Company and full time employees of the Group may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the share option scheme approved by the Company at an extraordinary general meeting held on 24th May 2002.

AUDITORS

The accounts for the financial years ended 31st December 2004 have been audited by PricewaterhouseCoopers who retire, and being eligible, offer themselves for reappointment. A resolution for their re-appointment as auditors for the ensuing year will be proposed at the forthcoming Annual General Meeting.

購買、出售或贖回本公司之證券

本公司於年內並無贖回本身之股份。本公司及其任何附屬公司於年內概無購買或出售本公司之任何證券。

公司監管

本公司深信，保持高標準的良好公司治理機制，對確保本公司有效的內部監控，保障股東、客戶、員工以及本公司的長遠利益重要。為此，本公司將嚴格遵守本公司營業所在地的法律法規及監管機構的各項規定和指引，並積極配合國際和當地有關公司治理最佳慣例的要求，積極推動和完善本公司的公司治理。

詳情請參閱本報告「公司治理」部份。

僱員

本集團於二零零四年十二月三十一日擁有僱員147名。於回顧年度內之總員工成本約為港幣7千萬元並已列載於綜合利潤表內。本集團之薪酬制度公平及與市場相若，員工薪酬（包括薪金及花紅）按表現釐定。本集團亦會按僱員之個別表現，酌情向僱員發放花紅。員工福利亦包括醫療保險、退休計劃及培訓計劃。本公司董事及全職僱員可能獲授根據本公司於二零零二年五月二十四日股東特別大會上採納之認股權計劃之條款及條件發出之認股權以認購本公司之股份。

核數師

截至二零零四年十二月三十一日止財務年度的財務報表則由羅兵咸永道會計師事務所審核，該審計師任滿告退，但表示願意應聘連任。在即將舉行的股東週年大會上，將提呈重新委任核數師之決議案。

DIRECTORS' REPORT (continued)

董事會報告書 (續)

AUDIT COMMITTEE

The Audit Committee currently has three members who are Independent Non-executive Directors. The Committee is chaired by Mr. Ng Ming Wah, Charles, an Independent Non-executive Director. The other Committee members are Mr. Tung Wai, David and Mr. Seto Gin Chung, John. The Committee assists the Board to fulfill its supervisory role over the Company and its subsidiaries in, among others, the following areas:

- integrity of accounts and financial reporting process;
- internal control systems;
- effectiveness of internal audit function and performance appraisal of head of internal audit;
- appointment of external auditors and assessment of their qualifications, independence and performance;
- periodic review and annual audit of the Company's and the Group's accounts; and
- compliance with applicable accounting standards and legal and regulatory requirements on financial disclosures.

Five committee meetings were held during the year with an average attendance rate of 100%.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31st December 2004 of the Company.

On behalf of the Board
Wang Mingquan
 Chairman

Hong Kong, 21st April 2005

審核委員會

審核委員會現時由3名獨立非執行董事組成。主席由獨立非執行董事吳明華先生擔任，其他成員包括董偉先生及司徒振中先生。審核委員會協助董事會對本公司及其附屬公司在以下方面（但不僅限於以下方面）實現監控職責：

- 賬目的真實性和財務報告方式；
- 內部控制系統；
- 內部審核職能的有效性及其內部審核主管的績效評估；
- 外部審計師的聘任及其資格、獨立性和工作表現的評估；
- 本公司及本集團賬目的定期審閱和年度審計；及
- 遵循有關會計準則及法律和監管規定中有關財務資訊披露的要求。

審核委員會按計劃於二零零四年內共召開5次會議，出席率100%。

審核委員會已與管理層一同回顧本集團所採用之會計政策及慣例，並討論審計、內部監控及財務申報事宜（包括審閱本公司現公佈之截至二零零四年十二月三十一日止年度之經審核財務報告書）。

承董事會命
王明權
 主席

香港，二零零五年四月二十一日