

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of CIH is investment holding. The principal activities of the Company and its subsidiaries are the underwriting of all classes of non-life and life reinsurance business, and direct life insurance business. The Group also carries on assets management and insurance intermediaries businesses and, to support its insurance activities, holds money market, fixed income, equity and property investments. The principal activities and other particulars of the subsidiaries are set out in note 15 on the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and the subsidiaries during the financial year are set out in note 2 on the financial statements.

The only information the Group has maintained relating to operating results by geographic area is geographical analysis of turnover, segment assets and capital expenditure. The directors believe that profit contributions from each geographic area is not required for a proper appraisal of its businesses.

MAJOR INSURANCE CUSTOMERS AND SUPPLIERS

The information in respect of the Group's gross premium written and outward premium ceded attributable to major insurance customers and suppliers, respectively, during the financial year is as follows:

	Percentage of the Group's total	
	Gross premium written	Outward premium ceded
The largest insurance customer	1.1%	—
Five largest insurance customers in aggregate	4.1%	—
The largest insurance supplier	—	10.4%
Five largest insurance suppliers in aggregate	—	35.8%

The largest insurance customer is a related party. The directors confirm that this insurance customer is under the common control of CIHC which is the ultimate holding company of the Company.

Apart from the above, at no time during the Year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors own more than 5.0% of the Company's share capital) had any interest in these major insurance customers and suppliers.

FINANCIAL STATEMENTS

The loss of the Group for the year ended 31 December 2004 and the state of the Company's and the Group's affairs at that date are set out in the financial statements on pages 64 to 124.

No interim dividend was declared during the Year (2003: HK1.2 cents per ordinary share). The directors did not recommend the payment of a final dividend in respect of the year ended 31 December 2004 (2003: HK1.2 cents).

董事會報告書

董事會全人謹將截至二零零四年十二月三十一日止年度的年報及經審核財務報告呈覽。

主要業務

中保國際的主要業務是投資控股。本公司及其附屬公司的主要業務是承接各類一般人壽及非人壽再保險業務及直接人壽保險業務。此外，本集團也從事資產管理業務及保險中介業務，並為配合保險業務而持有各類貨幣、固定收入證券、股票及物業投資。附屬公司的主要業務及其他資料載於財務報告附註15。

本公司及各附屬公司於本財務年度的主要業務及經營地區分析載於財務報告附註2。

本集團唯一有關按地區劃分的經營業績資料為營業額、分類資產和資本開支地區分析。董事相信毋須分析各地區之溢利貢獻亦可對其業務作合理評估。

主要保險客戶及供應商

主要保險客戶及供應商於本財務年度佔本集團的已承保保費總額及分出保費的資料臚列如下：

	佔本集團總額的百分比	
	已承保的 保費總額	分出保費
最大保險客戶	1.1%	—
五大保險客戶合計	4.1%	—
最大保險供應商	—	10.4%
五大保險供應商	—	35.8%

最大保險客戶是關連人士。董事確認該保險客戶共同受制於中保控股，即本公司的最終控股公司。

除此之外，本公司的董事，其聯繫人士或任何股東(據董事所知，持有本公司股本5.0%以上)均沒有於年內任何時間擁有這些主要保險客戶及供應商的任何權益。

財務報告

本集團截至二零零四年十二月三十一日止年度的虧損和本公司及本集團於該日的財政狀況載於第64至124頁的財務報告內。

本年度內並無宣派中期股息(二零零三年：1.2港仙)。董事會於截至二零零四年十二月三十一日止年度不建議派發末期股息(二零零三年：1.2港仙)。

REPORT OF THE DIRECTORS

FIXED ASSETS

Details of the movements in fixed assets are set out in note 13 on the financial statements.

SHARE CAPITAL

Shares were issued during the Year upon exercise of options under the Company's share option scheme. Details of the movements in share capital of the Company during the Year are set out in note 33 on the financial statements.

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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of the movements in reserves of the Company and the Group during the Year are set out in note 34 on the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2004, the Company's reserves available for cash distribution and/or distribution in specie amounted to HK\$172.93 million (2003: HK\$116.69 million). In addition, the Company's share premium account of HK\$1,639.43 million (2003 HK\$1,633.31 million) as at 31 December 2004 may be distributed in the form of fully paid bonus shares.

DIRECTORS

The directors during the financial year were:

Executive directors

Yang Chao

Zhang Xiaoshu (*resigned on 4 February 2004*)

Lin Fan (*appointed on 1 November 2004*)

Miao Jianmin

Song Shuguong (*appointed on 1 November 2004*)

Xie Yiqun (*appointed on 1 November 2004*)

Ng Yu Lam Kenneth

Dong Ming

Shen Koping Michael

Lau Siu Mun Sammy

董事會報告書

固定資產

固定資產的變動詳情載於財務報告附註13。

股本

本公司曾於年內根據本公司認股權計劃所行使之認股權發行股份。有關本公司於年內股本變動的詳情載於財務報告附註33。

購買、出售或贖回本公司的上市證券

本公司或任何其附屬公司於年內概無購入、出售或贖回任何本公司的上市證券。

儲備

本公司及本集團於年內儲備變動的詳情載於財務報告附註34。

可分配儲備

於二零零四年十二月三十一日，本公司可供現金分配及／或實物分配的儲備合共為1.7293億港元(二零零三年：1.1669億港元)。此外，本公司於二零零四年十二月三十一日有為數16.3943億港元(二零零三年：16.3331億港元)的股本溢價賬可以繳足紅股的形式作出分配。

董事會

本財務年度的董事如下：

執行董事

楊超

張小舒(已於二零零四年二月四日請辭)

林帆(於二零零四年十一月一日委任)

繆建民

宋曙光(於二零零四年十一月一日委任)

謝一群(於二零零四年十一月一日委任)

吳俞霖

董明

沈可平

劉少文

REPORT OF THE DIRECTORS

Non-executive directors

Zheng Changyong

Wu Jiesi *

Che Shujian* (*appointed on 13 October 2004*)

Lau Wai Kit *

* *Independent*

In accordance with Article 93 of the Company's articles of association, Messrs. Lin Fan, Song Shuguang, Xie Yiqun and Che Shujian shall retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Mr. Zheng Changyong is due to retire by rotation according to Articles 97 to 100 of the Company's articles of association, and, being eligible, offers himself for re-election as a non-executive director of the Company at the forthcoming Annual General Meeting.

The proposed appointments will not have any specific term, but will be subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's articles of association.

Subject to the approval of the shareholders at the Company's Annual General Meeting, the emoluments of the directors will be determined by the Remuneration Committee of the Company.

The biographical details of directors, company secretary and financial controller are set out in pages 30 to 35.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the Independent non-executive directors as regards to their independence to the Company and considers that each of the Independent non-executive directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Messrs. Yang Chao, Miao Jianmin, Ng Yu Lam Kenneth, Dong Ming and Lau Siu Mun Sammy entered into service contracts with the Company on 29 May 2000 for an initial period of three years commencing from 1 April 2000. Mr. Shen Koping Michael entered into a service contract with the Company on 23 July 2002 for an initial period of two years commencing from 15 July 2002. The respective contracts shall continue after their respective initial period unless and until terminated by either party to such contracts by giving three months' written notice to the other party.

No director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

董事會報告書

非執行董事

鄭常勇

武捷思*

車書劍*(於二零零四年十月十三日委任)

劉偉傑*

* 獨立

根據本公司的組織章程細則條文第93條，林帆先生、宋曙光先生、謝一群先生及車書劍先生將於即將召開的股東周年大會退任，他們均願膺選連任，鄭常勇先生根據本公司的組織章程細則條文第97至100條，亦須依章輪值告退，他願於即將召開的股東周年大會膺選連任為非執行董事。

以上所建議的委任均無指定期限，但須按本公司的組織章程細則，在股東周年大會輪值告退及膺選連任。

董事酬金將由本公司的薪酬委員會訂定，惟仍需股東在股東周年大會上批准。

董事、公司秘書及財務總監的詳細履歷載於第30至35頁。

獨立性的確認

本公司已取得各獨立非執行董事每年確認其獨立性的確認函。本公司亦認為每位獨立非執行董事，確屬獨立於本公司的人士。

董事的服務合約

楊超先生、繆建民先生、吳俞霖先生、董明先生及劉少文先生已於二零零零年五月二十九日跟本公司簽訂服務合約，任期由二零零零年四月一日開始，初步為期三年。沈可平先生於二零零二年七月二十三日與本公司訂立服務合約，任期由二零零二年七月十五日開始，初步為期二年。除非及直至上述合約的任何一方透過向其他方發出三個月的書面通知而終止合約，否則，相關服務合約會在其各自的初步任期結束後獲得續期。

擬於即將召開的股東周年大會中候選連任的董事概無與本公司或任何其附屬公司訂立於一年內不可在不予賠償(一般法定賠償除外)的情況下終止尚未屆滿的服務合約。

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2004, the interests or short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long Positions in shares and underlying shares of the Company:

Name of directors	Shares		Underlying shares pursuant to share options	Total interests	Percentage of issued share capital %
	Personal interests	Family interests			
Yang Chao	—	—	3,970,000 (Note)	3,970,000	0.3
Lin Fan	—	—	1,970,000 (Note)	1,970,000	0.1
Miao Jianmin	—	—	2,640,000 (Note)	2,640,000	0.2
Song Shuguang	—	—	1,100,000 (Note)	1,100,000	0.1
Ng Yu Lam, Kenneth	366,000	200,000	2,200,000 (Note)	2,766,000	0.2
Dong Ming	—	—	2,300,000 (Note)	2,300,000	0.2
Shen Koping, Michael	2,000	—	2,006,000 (Note)	2,008,000	0.2
Lau Siu Mun, Sammy	600,000	—	1,550,000 (Note)	2,150,000	0.2
Zheng Changyong	—	—	1,500,000 (Note)	1,500,000	0.1

Note: These represent interests of options granted to the directors under the Share Option Scheme to acquire shares of the Company, further details of which are set out in the section "Share Option Scheme".

董事會報告書

董事及最高行政人員的股份權益、淡倉權益及相關的股份及債權證

於二零零四年十二月三十一日，按證券及期貨條例第352條規定存置登記冊的記錄所載，或按上市公司董事進行證券交易的標準守則要求，已經知會本公司及聯交所，董事及最高行政人員在本公司及其相聯法團（根據證券及期貨條例第XV段的釋義）的股份、相關股份或債權證中擁有的權益及淡倉如下：

本公司的股份及相關股份的好倉情況：

董事名稱	股份		根據認股權的 相關股份	總權益	佔已發行股份 %
	個人權益	家族權益			
楊超	—	—	3,970,000 (註)	3,970,000	0.3
林帆	—	—	1,970,000 (註)	1,970,000	0.1
繆建民	—	—	2,640,000 (註)	2,640,000	0.2
宋曙光	—	—	1,100,000 (註)	1,100,000	0.1
吳俞霖	366,000	200,000	2,200,000 (註)	2,766,000	0.2
董明	—	—	2,300,000 (註)	2,300,000	0.2
沈可平	2,000	—	2,006,000 (註)	2,008,000	0.2
劉少文	600,000	—	1,550,000 (註)	2,150,000	0.2
鄭常勇	—	—	1,500,000 (註)	1,500,000	0.1

註：此乃根據認股權計劃賦予董事的認股權可認購本公司的股份份數，詳情載於「認股權計劃」文內。

REPORT OF THE DIRECTORS

Save as disclosed above:

- (A) none of the Directors of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO); and
- (B) during the Year, no Directors of the Company nor any of their spouses or children under the age of 18 years held any rights to subscribe for equity or debt securities of the Company nor had there been any exercise of any such rights by any of them.

SHARE OPTION SCHEME

The Company adopted the Old Scheme on 24 May 2000 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The exercise price of options was determined by the board and would not be less than the nominal value of the shares or 80.0% of the average of the closing prices of the shares on the Stock Exchange for the five business days immediately preceding the date on which an option is offered. The options are exercisable for a period of ten years commencing from the date on which an option is accepted.

No employee shall be granted an option, which, if exercised in full, would result in such employee becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued to him under all options previously granted to him which have been exercised and issuable to him under all the options previously granted to him which are for the time being subsisting and unexercised, would exceed 25.0% of the aggregate number of shares for the time being issued and issuable under the Old Scheme.

The maximum number of shares in respect of which options may be granted under the Old Scheme may not (when aggregated with shares subject to any other employee share option scheme) exceed in nominal 10.0% of the issued share capital of the Company from time to time, excluding for this purpose any shares which have been duly allotted and issued pursuant to the Old Scheme.

At an extraordinary general meeting of the Company held on 7 January 2003, the shareholders of the Company approved the adoption of the New Scheme and the termination of the Old Scheme. The New Scheme is in line with the prevailing requirements of Chapter 17 of the Listing Rules in relation to share option schemes. All options granted under the Old Scheme shall continue to be valid and exercisable in accordance with the terms of the Old Scheme.

The purpose of the New Scheme is for the Company to attract, retain and motivate eligible participants to strive for future development and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants and for such other purposes as may be approved from time to time.

The New Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options will be granted but in respect of all options which remain exercisable at the end of the period, the provisions of the New Scheme shall remain in full force and effect. The remaining life of the New Scheme as at 31 December 2004 was 8 years.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 10.0% of the total number of Shares in issue as at the Adoption Date, which was 132,533,159 Shares. As at the date of this report, a total of 126,073,159 Shares (representing approximately 9.5% of the issued share capital of the Company as at the date of this annual report) are available for issue.

董事會報告書

除上述者外：

- A. 並無任何董事擁有本公司或任何相聯法團（根據證券及期貨條例第XV段的釋義）任何權益或股份淡倉、相關股份或債權證；與及
- B. 在本年度，並無任何董事或任何他們的配偶或未滿十八歲的子女有權認購本公司的股本或債務證券，亦並無任何上述人仕行使任何此等權利。

認股權計劃

本公司於二零零零年五月二十四日採納舊計劃。根據舊計劃，本公司董事有權酌情邀請本集團僱員（包括本集團內任何公司的董事）接納可認購本公司股份的認股權。認股權行使價由董事會釐定，惟不會低於股份面值或授出認股權日期前五個交易日股份在聯交所的平均收市價80.0%。認股權可於接納當日起計十年內行使。

倘賦予僱員認股權，而其全數行使該等認股權後可認購的股份數量，連同已行使其先前獲賦予的所有認股權而獲發行的股份，以及根據先前授出而當時仍有效及未行使的認股權可向其發行的股份合計，超過當時根據舊計劃已發行及可發行的股份總數25.0%，則不得再賦予該僱員認股權。

根據舊計劃授出的認股權所涉及股份面值，連同根據任何其他僱員認股權計劃所涉及股份合計，不得超過本公司不時的已發行股本10.0%（就此而言，不包括根據舊計劃正式配發及發行的任何股份）。

於本公司在二零零三年一月七日舉行的股東特別大會上，本公司股東批准採納新計劃，並終止舊計劃。新計劃符合上市規則第十七章有關認股權計劃當時的規定。根據舊計劃授出的所有認股權將繼續有效，並可根據舊計劃的條款行使。

新計劃旨在吸引、挽留及激勵合資格的參與者，致力推動本集團日後的發展及擴充，並為本公司提供靈活的方法，以鼓勵、獎賞、酬謝、補償參與者及／或為合資格的參與者提供利益，以及為不時批准的其他目的而設。

新計劃的有效期限從採納日期起計為期十年，在該期間後，將不會再授出任何認股權，惟就於期限結束之時所有仍可行使的認股權而言，新計劃的條文將繼續全面有效。於二零零四年十二月三十一日，新計劃的餘下年期為八年。

根據新計劃及本公司任何其他認股權計劃授出的所有認股權在行使時可予發行的股份總數，合共不得超過於採納日期已發行股份總數的10.0%，即132,533,159股股份。於本報告日期，合共126,073,159股股份（佔於本年報日期本公司已發行股本約9.5%）可供發行。

REPORT OF THE DIRECTORS

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share options schemes of the Company must not exceed 30.0% of the total number of Shares in issue from time to time (or such higher percentage as may be allowed under the Listing Rules.)

The total number of Shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period up to and including the Grant Date shall not exceed 1.0% of the total number of Shares in issue. Where any further grant of options to a participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such participant in the 12-month period up to and including the date of such further grant representing in aggregate over 1.0% of the Shares in issue, such further grant must be separately approved by the shareholders of the Company in a general meeting with such participant and his associates abstaining from voting.

The period under which an option may be exercised will be determined by the Board of Directors at its discretion, save that the period shall commence on the date of grant and expire not later than 10 years after the date of grant. The amount payable on acceptance of an option is HK\$1.00. The full amount of Subscription Price has to be paid on exercise of an option.

The Subscription Price in respect of each Share issued pursuant to the exercise of options granted under the New Scheme shall be determined by the Board with a price at least the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date, and
- the nominal value of a Share.

At 31 December 2004, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2004 was HK\$3.20) granted at nominal consideration under the Old Scheme and the New Scheme, respectively. Each unit of option gives the holder the right to subscribe for one share.

Directors	No. of options outstanding at the beginning of the year	No. of options outstanding at the end of the year	Date granted	Period during which options exercisable	Consideration paid for the grant	No. of shares acquired in exercise of options during the year	Price per share to be paid on exercise of options	Price of shares for options granted	Price of shares for options exercised
Yang Chao	2,670,000	2,670,000	26 September 2000	26 September 2000 to 25 September 2010	HK\$1.00	–	HK\$1.11	–	–
	1,300,000	1,300,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	–	HK\$3.225	–	–
Zhang Xiaoshu (resigned on 4 February 2004)	2,200,000	–	28 September 2000	28 September 2000 to 27 September 2010	HK\$1.00	2,200,000	HK\$1.11	–	HK\$3.925
	1,100,000	–	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	1,100,000	HK\$3.225	–	HK\$3.900

董事會報告書

根據新計劃及本公司任何其他認股權計劃已授出但仍未行使的所有認股權於行使時可予發行的股份最高數目，不得超逾不時已發行股份總數的30.0% (或上市規則可能允許的較高百分率)。

在任何十二個月期間 (直至及包括授出日期) 所授予每位參與者的認股權在行使時已發行及將發行的股份總數，不得超逾已發行股份總數的1.0%。倘進一步授出認股權予一名參與者將導致任何十二個月期間 (直至及包括進一步授出該等認股權的日期)，已授予及將授予該參與者的所有已發行及將發行的認股權在行使時，已發行及將發行的股份超逾已發行股份總數1.0%，則進一步授出的認股權必須獲本公司股東於股東大會上另行批准，而該參與者及其聯繫人士須放棄投票。

可行使認股權的期限將由董事會酌情決定，惟該期限應於授出日期開始，而到期日不得多於從授出日期起計之十年期。接納一份認股權應付的款項為1.00港元。行使價的全數款項需於行使認股權時支付。

根據新計劃授出的認股權在行使時發行的每股股份的行使價由董事會釐定，而該價格最少應為 (以最高者為準)：

- (a) 於提呈日期 (必須為營業日) 股份在聯交所每日報表所報的收市價；
- (b) 緊接提呈日期前五個營業日股份在聯交所每日報表所報的平均收市價；及
- (c) 股份的面值。

於二零零四年十二月三十一日，本公司的董事及僱員分別根據舊計劃及新計劃以名義價款獲賦予可認購本公司股份 (於二零零四年十二月三十一日每股市值為3.20港元) 的認股權中擁有以下權益。每份認股權賦予持有人認購一股股份的權利。

董事	於年初 未行使的 認股權數目	於年末 未行使的 認股權數目	賦予日期	可行使認股權期間	獲賦予 認股權時 支付的價款	年內行使 認股權 購入的 股份數目	行使認股權時 應付的每股股價	每股價格 於獲賦予 認股權日期的	於行使 認股權日期的
楊超	2,670,000	2,670,000	2000年9月26日	2000年9月26日 至2010年9月25日	1.00港元	—	1.11港元	—	—
	1,300,000	1,300,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
張小舒 (已於二零零四年 二月四日請辭)	2,200,000	—	2000年9月28日	2000年9月28日 至2010年9月27日	1.00港元	2,200,000	1.11港元	—	3.925港元
	1,100,000	—	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	1,100,000	3.225港元	—	3.900港元

REPORT OF THE DIRECTORS

Directors	No. of options outstanding at the beginning of the year	No. of options outstanding at the end of the year	Date granted	Period during which options exercisable	Consideration paid for the grant	No. of shares acquired in exercise of options during the year	Price per share to be paid on exercise of options	Price of shares for options granted	Price of shares for options exercised
Lin Fan	1,270,000	1,270,000	9 October 2000	9 October 2000 to 8 October 2010	HK\$1.00	—	HK\$1.11	—	—
	700,000	700,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	—	HK\$3.225	—	—
Miao Jianmin	1,740,000	1,740,000	26 September 2000	26 September 2000 to 25 September 2010	HK\$1.00	—	HK\$1.11	—	—
	900,000	900,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	—	HK\$3.225	—	—
Song Shuguang	200,000	200,000	12 February 2001	12 February 2001 to 11 February 2011	HK\$1.00	—	HK\$0.95	—	—
	900,000	900,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	—	HK\$3.225	—	—
Ng Yu Lam, Kenneth	1,300,000	1,300,000	28 September 2000	28 September 2000 to 27 September 2010	HK\$1.00	—	HK\$1.11	—	—
	500,000	500,000	12 February 2001	12 February 2001 to 11 February 2011	HK\$1.00	—	HK\$0.95	—	—
	400,000	400,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	—	HK\$3.225	—	—
Dong Ming	1,500,000	1,500,000	27 September 2000	27 September 2000 to 26 September 2010	HK\$1.00	—	HK\$1.11	—	—
	400,000	400,000	12 February 2001	12 February 2001 to 11 February 2011	HK\$1.00	—	HK\$0.95	—	—
	400,000	400,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	—	HK\$3.225	—	—
Shen Koping, Michael	1,500,000	1,500,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	—	HK\$3.225	—	—
	156,000	156,000	7 January 2003	7 January 2003 to 6 January 2013	HK\$1.00	—	HK\$3.975	—	—
	—	350,000	5 January 2004	5 January 2004 to 4 January 2014	HK\$1.00	—	HK\$3.98	HK\$3.975	—
Lau Siu Mun, Sammy	1,100,000	850,000	27 September 2000	27 September 2000 to 26 September 2010	HK\$1.00	250,000	HK\$1.11	—	HK\$3.80
	400,000	400,000	12 February 2001	12 February 2001 to 11 February 2011	HK\$1.00	—	HK\$0.95	—	—
	300,000	300,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	—	HK\$3.225	—	—

董事會報告書

董事	於年初 未行使的 認股權數目	於年末 未行使的 認股權數目	賦予日期	可行使認股權期間	獲賦予 認股權時 支付的價款	年內行使 認股權 購入的 股份數目	行使認股權時 應付的每股股價	每股價格 於獲賦予 認股權日期的	於行使 認股權日期的
林帆	1,270,000	1,270,000	2000年10月9日	2000年10月9日 至2010年10月8日	1.00港元	—	1.11港元	—	—
	700,000	700,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
繆建民	1,740,000	1,740,000	2000年9月26日	2000年9月26日 至2010年9月25日	1.00港元	—	1.11港元	—	—
	900,000	900,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
宋曙光	200,000	200,000	2001年2月12日	2001年2月12日 至2011年2月11日	1.00港元	—	0.95港元	—	—
	900,000	900,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
吳俞霖	1,300,000	1,300,000	2000年9月28日	2000年9月28日 至2010年9月27日	1.00港元	—	1.11港元	—	—
	500,000	500,000	2001年2月12日	2001年2月12日 至2011年2月11日	1.00港元	—	0.95港元	—	—
	400,000	400,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
董明	1,500,000	1,500,000	2000年9月27日	2000年9月27日 至2010年9月26日	1.00港元	—	1.11港元	—	—
	400,000	400,000	2001年2月12日	2001年2月12日 至2011年2月11日	1.00港元	—	0.95港元	—	—
	400,000	400,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
沈可平	1,500,000	1,500,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
	156,000	156,000	2003年1月7日	2003年1月7日 至2013年1月6日	1.00港元	—	3.975港元	—	—
	—	350,000	2004年1月5日	2004年1月5日 至2014年1月4日	1.00港元	—	3.98港元	3.975港元	—
劉少文	1,100,000	850,000	2000年9月27日	2000年9月27日 至2010年9月26日	1.00港元	250,000	1.11港元	—	3.8港元
	400,000	400,000	2001年2月12日	2001年2月12日 至2011年2月11日	1.00港元	—	0.95港元	—	—
	300,000	300,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—

REPORT OF THE DIRECTORS

Directors	No. of options outstanding at the beginning of the year	No. of options outstanding at the end of the year	Date granted	Period during which options exercisable	Consideration paid for the grant	No. of shares acquired in exercise of options during the year	Price per share to be paid on exercise of options	Price of shares for options granted	Price of shares for options exercised
Zheng Changyong	1,000,000	1,000,000	28 September 2000	28 September 2000 to 27 September 2010	HK\$1.00	–	HK\$1.11	–	–
	500,000	500,000	12 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	–	HK\$3.225	–	–
Employees	440,000	440,000	25 September 2000 to 9 October 2000	25 September 2000 to 8 October 2010	HK\$1.00	–	HK\$1.11	–	–
	130,000	130,000	9 February 2001 to 17 February 2001	9 February 2001 to 16 February 2011	HK\$1.00	–	HK\$0.95	–	–
	502,000	492,000	12 September 2002 to 11 September 2002	12 September 2002 to 11 September 2012	HK\$1.00	10,000	HK\$3.225	–	HK\$3.77

The price of the shares disclosed for the grant of options is the closing price quoted on the Stock Exchange immediately before the date of the options granted during the Year. The price of shares disclosed for the exercise of options is the weighted average closing price quoted on the Stock Exchange immediately before the dates of the options exercised during the Year.

The share options granted are not recognised in the financial statements until they are exercised. The weighted average value per option granted at the date of grant using the Black-Scholes pricing model and the weighted average assumptions used are as follows:

	2004	2003	2002	2001
Weighted average value per option granted	HK\$0.94	HK\$0.92	HK\$0.75	HK\$0.29
Risk-free interest rate	0.01%	0.01%	1.0%	2.0%
Expected life (in years)	10	10	10	20
Volatility	20.0%	20.0%	20.0%	20.0%
Expected dividend per share	—	HK\$0.024	HK\$0.03	HK\$0.05

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Since the Company's share options have characteristics significantly different from those of traded options and the changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

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

董事會報告書

董事	於年初 未行使的 認股權數目	於年末 未行使的 認股權數目	賦予日期	可行使認股權期間	獲賦予 認股權時 支付的價款	年內行使 認股權 購入的 股份數目	行使認股權時 應付的每股股價	每股價格 於獲賦予 認股權日期的	於行使 認股權日期的
鄭常勇	1,000,000	1,000,000	2000年9月28日	2000年9月28日 至2010年9月27日	1.00港元	—	1.11港元	—	—
	500,000	500,000	2002年9月12日	2002年9月12日 至2012年9月11日	1.00港元	—	3.225港元	—	—
權員	440,000	440,000	2000年9月25日 至2000年10月9日	2000年9月25日 至2010年10月8日	1.00港元	—	1.11港元	—	—
	130,000	130,000	2001年2月9日 至2001年2月17日	2001年2月9日 至2011年2月16日	1.00港元	—	0.95港元	—	—
	502,000	492,000	2002年9月12日 至2002年9月11日	2002年9月12日 至2012年9月11日	1.00港元	10,000	3.225港元	—	3.77港元

就授出認股權而披露的本公司股份價格為緊接各認股權授出日期前於聯交所所報的收市價。而行使認股權所披露的本公司股份價格為緊接認股權行使日期前於聯交所所報的加權平均收市價。

授出的認股權於行使後方會在財務報告內確認。所授出的認股權於授出當日而根據Black-Scholes計價模式估計的加權平均價及所使用的加權平均假設數據載列如下：

	2004	2003	2002	2001
加權平均價值授出的每股認股權	0.94港元	0.92港元	0.75港元	0.29港元
無風險利率	0.01%	0.01%	1.0%	2.0%
預期年期(年)	10	10	10	20
波動率	20.0%	20.0%	20.0%	20.0%
預期每股股息	—	0.024港元	0.03港元	0.05港元

Black-Scholes認股權計價模式是為估計並無保留權限制及可全數轉讓的買賣認股權的公平價值而設，而使用該認股權計價模式時須基於若干高度主觀的假設，包括預期股價波動率。由於本公司認股權的性質與買賣購股權大相逕庭，且主觀假設的變動會嚴重影響公平價值的估計，因此Black-Scholes認股權計價模式未必可靠計算認股權的公平價值。

除上述者外，本公司、任何其控股公司、附屬公司或同系附屬公司均沒有在本年度任何時間參與任何安排，致使本公司董事或最高行政人員或任何他們的配偶或未滿十八歲子女，可以透過收購本公司或任何其他法團的股份或債券而獲益。

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2004, the interests and short positions of the shareholders, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long Positions in shares of the Company:

Substantial shareholders	Capacity	Number of ordinary shares (corporate interests)	Percentage of issued share capital
CIHC	Interest of controlled corporation	726,389,705 (Note 1)	54.5
CIHK	643,425,705 shares as beneficial owner and 82,964,000 shares as interest of controlled corporation	726,389,705 (Note 2)	54.5
ICBC	Interest of controlled corporation	125,964,887 (Note 3)	9.5
ICBC (Asia)	Beneficial owner	125,964,887	9.5
Lloyd George Investment Management Ltd	Investment manager	80,062,000	6.0

Notes:

(1) CIHC's interest in the Company is held by CIHK, Golden Win and Toplap, all of which are wholly-owned subsidiaries of CIHC.

(2) 82,794,000 shares are held by Golden Win and 170,000 shares are held by Toplap.

(3) ICBC's interest in the Company is held by ICBC (Asia), a subsidiary of ICBC.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2004.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party in which a director of the Company had a material interest subsisted at the end of the Year or at any time during the Year.

董事會報告書

主要股東及其他人事的權益、股份淡倉及其他相關股份權益

於二零零四年十二月三十一日，按證券及期貨條例第336條規定存置之登記冊的記錄所載不屬於本公司董事或最高行政人員的股東在本公司的股份及相關股份中擁有的權益及淡倉如下：

本公司股份的好倉情況：

主要股東	身份	普通股股數 (公司權益)	已發行股份 百分比
中保控股	控股公司權益	726,389,705 (註1)	54.5
香港中保	643,425,705 股為實益擁有人 及82,964,000 股為控股公司權益	726,389,705 (註2)	54.5
中國工銀	控股公司權益	125,964,887 (註3)	9.5
工銀(亞洲)	實益擁有人	125,964,887	9.5
羅祖儒投資管理有限公司	投資經理	80,062,000	6.0

註：

1. 中保控股於本公司之權益由香港中保、金和及鼎立持有，各公司均為中保控股之全資附屬公司。
2. 82,794,000股股份由金和持有，而170,000股股份由鼎立持有。
3. 中國工銀於本公司之權益由其附屬公司工銀(亞洲)所持有。

除前述者外，按《證券及期貨條例》第336條規定存置之登記冊的記錄所示，本公司並無接獲通知任何有關於二零零四年十二月三十一日在本公司的股份及相關股份中擁有的權益及淡倉。

董事在合約擁有的權益

本公司、任何其控股公司、附屬公司或同系附屬公司於年結時或本年度任何時間，均沒有訂立任何本公司董事擁有重大權益的重要合約。

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

During the Year, the Group has entered into various connected transactions with CIHC and its subsidiaries (“CIHC Group”).

Details of connected transactions under Chapter 14A of the Listing Rules between the Group and the CIHC Group are as follows:

	Note	2004 HK\$'000	2003 HK\$'000
Recurring transactions			
Business ceded by related companies:	(i)		
– Gross premium written		103,980	161,817
– Commission expenses paid		24,383	40,499
Business retroceded to related companies:	(ii)		
– Outward retroceded premium		464	62
– Commission income received		121	29
Securities brokerage fee paid	(iii)	1,324	1,087
Contributions to retirement schemes managed by a related party	(iv)	–	2,183
Insurance expenses covering business risk	(v)	156	370
Investment management fee and redemption income	(vi)	4,211	56,168
Rental and management fee paid	(vii)	1,788	1,791

Notes:

- (i) *Ming An, China Insurance Co. (Singapore) Pte. Ltd, China Insurance (Macau) Company Limited, P.T. China Insurance Indonesia, CICUK, CLIOCL (ceased to be a fellow subsidiary of the Company on 23 December 2003), fellow subsidiaries of the Company, ceded business to and received commission from CIRe, a wholly-owned subsidiary of the Company, in the normal course of CIRe's reinsurance business.*
- (ii) *CIRe retroceded business to and received commission from China Insurance (Macau) Company Limited, China America Insurance Company Limited, HK Branch, Ming An and CICUK, fellow subsidiaries of the Company, in the normal course of CIRe's reinsurance business.*
- (iii) *The Group has entered into agreements with CIGSL, a fellow subsidiary of the Company, in relation to securities broking services provided. Securities broking fees are charged at a fixed rate of 0.2% of the securities value.*
- (iv) *Employees of the Group participated in a defined contribution retirement scheme and Mandatory Provident Funds scheme managed by CLTL, a fellow subsidiary of the Company (ceased to be a fellow subsidiary of the Company on 23 December 2003), which charges a management fee for the services rendered.*
- (v) *The Group entered into a number of insurance policies with its fellow subsidiaries, CLIOCL (ceased to be a fellow subsidiary of the Company on 23 December 2003), and Ming An, to cover their business risks in relation to fire, motor vehicle, personal accident, workmen compensation, group life and medical, electronic equipment and professional indemnity.*
- (vi) *CIGAML, a wholly-owned subsidiary of the Company, provided investment consultancy services to and received investment management fees and redemption incomes from fellow subsidiaries of the Company.*
- (vii) *The Company and CIGAML leased office premises and car park spaces from and paid rent and building management fees to fellow subsidiaries of the Company.*
- (viii) *CIRe and CIHK established Dragon Jade, a wholly foreign-owned joint venture enterprise pursuant to the relevant rules and regulations of the PRC applicable to enterprises with foreign investment to develop and operate an industrial property complex in Shenzhen, the PRC, in 1992 in which CIRe has a 20.0% equity interest.*
- (ix) *CIHK, the immediate holding company, is the current owner of the China Insurance logo. Pursuant to a non-exclusive licence agreement entered into between CIHK and the Group, the Group has obtained the right to use such logo for an indefinite term at no consideration.*
- (x) *CIRe made an unsecured loan to Sanlink Investments Limited which was jointly established by certain related parties of the Group. The loan is interest-free and for an indefinite period. The outstanding balance as at 31 December 2004 was HK\$4.83 million (2003: HK\$4.83 million).*

董事會報告書

關連交易

本集團於年內與中保控股及其附屬公司(「中保控股集團」)訂立多項關連交易。

根據上市規則第14A條所列本公司與中保控股集團進行的關連交易詳情如下：

	註	2004 千港元	2003 千港元
經常交易			
關連公司分出的業務：	(i)		
— 已承保的保費總額		103,980	161,817
— 支付的佣金支出		24,383	40,499
關連公司轉分的業務：	(ii)		
— 轉分再保險保費		464	62
— 收取的佣金收入		121	29
支付的證券經紀費用	(iii)	1,324	1,087
關連人士管理的退休計劃供款	(iv)	—	2,183
有關業務風險的保險支出	(v)	156	370
投資管理費及贖回收入	(vi)	4,211	56,168
支付的租金及管理費	(vii)	1,788	1,791

註：

- (i) 年內，本公司的同系附屬公司民安、中國保險(新加坡)有限公司、中國保險(澳門)股份有限公司、P.T. China Insurance Indonesia、中保(英國)、中國人壽(海外)(於二零零三年十二月二十三日後不屬於同系附屬公司)向本公司全資附屬公司中再國際分出業務及收取佣金。
- (ii) 年內，中再國際於其一般再保險業務中向中國保險(澳門)股份有限公司、中美保險有限公司香港分公司、民安及中保(英國)轉分業務及收取佣金。
- (iii) 本集團與本公司同系附屬公司中保集團證券就提供證券經紀服務訂立協議。證券經紀費用按有關證券價值的0.2% 固定比率計算。
- (iv) 本集團僱員參與由中壽信託(於二零零三年十二月二十三日後不屬於同系附屬公司)本公司同系附屬公司管理的已訂定供款退休計劃及強制性公積金計劃。該公司就所提供的服務收取管理費用。
- (v) 年內，本集團與中國人壽(海外)(於二零零三年十二月二十三日後不屬於同系附屬公司)及民安訂立多項保單，以保障有關火災、汽車、個人意外、勞工賠償、團體壽險及醫療保險、電子設備及專業賠償責任等業務風險。
- (vi) 年內，本公司全資附屬公司中保資產管理向本公司同系附屬公司提供投資顧問服務及收取投資管理費及贖回費。
- (vii) 年內，本公司及中保資產管理向本公司同系附屬公司租用辦公室物業及停車場車位並支付租金及物業管理費。
- (viii) 中再國際與香港中保在一九九二年成立龍璧，它為一家根據中國適用於外資企業法例及法規的全外資合營企業，從事在中國深圳的一幢工業綜合大樓的發展及營運，中再國際擁有其20.0% 權益。
- (ix) 直接控股公司香港中保現時擁有中保的商標。根據香港中保與本集團訂立的非獨家特許權協議，本集團獲授權無償使用該商標，年期不限。
- (x) 中再國際向本集團若干關連人士共同成立的信嶺投資有限公司提供一筆無抵押貸款。該筆貸款為免息及無固定期限，於二零零四年十二月三十一日的尚未償還結餘為483萬港元(二零零三年：483萬港元)。

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS BETWEEN THE GROUP AND CIHC GROUP

A conditional waiver for disclosure and shareholders' approval requirements for connected transactions between the Group and CIHC Group under the Listing Rules was granted by the Stock Exchange in August 2000.

The independent non-executive directors have reviewed and confirmed that the connected transactions to which the conditional waiver has been granted by the Stock Exchange were conducted in the following manner:

- (i) entered into by the Group in the ordinary and usual course of its business;
- (ii) entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- (iii) entered into on normal commercial terms and either:
 - (1) in accordance with the terms of the agreements governing such transactions; or
 - (2) if there is no such agreement, on terms no less favourable than terms available to third parties; and
- (iv) entered into within the proposed limits as laid down by the Stock Exchange in the waiver.

A letter dated 23 March 2005 was received from the auditors of the Company confirming that (i) the connected transactions received the approval of the Company's board of directors; and (ii) the connected transactions to which the conditional waiver has been granted by the Stock Exchange have been conducted in the manner as stated in (iii) and (iv) above.

The conditional waiver which was originally effective for financial periods up to 31 December 2002 has been renewed in January 2003. The new waiver granted by the Stock Exchange will be effective for three financial years ending on 31 December 2005.

CONNECTED TRANSACTIONS BETWEEN CIGAML AND CIHC GROUP

A conditional waiver for disclosure requirements for connected transactions between CIGAML and CIHC Group under the Listing Rules was granted by the Stock Exchange in July 2002.

The independent non-executive directors have reviewed and confirmed that the connected transactions to which the conditional waiver has been granted by the Stock Exchange were conducted in the following manner:

- (i) entered into in the ordinary and usual course of business of the Group;
- (ii) conducted either on normal commercial terms or on terms no less favourable than terms available to or from independent third parties;
- (iii) entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
- (iv) entered into within the proposed limit as laid down by the Stock Exchange in the waiver.

A letter dated 23 March 2005 was received from the auditors of the Company confirming that the connected transactions to which the conditional waiver has been granted by the Stock Exchange have been conducted in the manner as stated in (ii) and (iv) above.

董事會報告書

本公司與中保控股集團之間的關連交易

聯交所已於二零零零年八月就本公司與中保控股集團之間的關連交易，批准有條件豁免根據上市規則的關連交易披露及股東批准規定。

獨立非執行董事已作出檢討，並確認聯交所批准有條件豁免所涉及的關連交易乃按以下方式進行：

- (i) 本公司於日常及一般業務當中訂立；
- (ii) 訂立條款對本公司股東而言乃屬公平合理；
- (iii) 按一般商業條款訂立，即：
 - (1) 根據規管該等交易的協議條款；或
 - (2) 如並無該等協議，則根據不遜於提供予第三方的條款；及
- (iv) 根據聯交所規定並適用於本公司所建議的限制而訂立。

本公司核數師於二零零五年三月二十三日發出的函件確認(i)該等關連交易已獲本公司的董事會批准；及(ii)聯交所批准有條件豁免所涉及的關連交易乃按上文(iii)至(iv)所述的方式進行。

原有效至二零零二年十二月三十一日止財務期間的有條件豁免已於二零零三年一月續期。新豁免有效期為截至二零零五年十二月三十一日止的三個財務年度。

中保資產管理與中保控股集團之間的關連交易

聯交所已於二零零二年七月就中保資產管理與中保控股集團之間的關連交易，批准有條件豁免根據上市規則的關連交易披露及股東批准規定。

獨立非執行董事已作出檢討，並確認聯交所批准有條件豁免所涉及的關連交易乃按以下方式進行：

- (i) 本集團於日常及一般業務當中訂立；
- (ii) 按一般商業條款訂立，或根據不遜於給予或獲自獨立第三方的條款；
- (iii) 訂立條款對本公司股東而言乃屬公平合理；及
- (iv) 根據聯交所規定並適用於本集團所建議的限制而訂立。

本公司核數師於二零零五年三月二十三日發出的函件確認聯交所批准有條件豁免所涉及的關連交易乃按上文(ii)及(iv)所述的方式進行。

REPORT OF THE DIRECTORS

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2004 are set out in note 29 on the financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 125.

RETIREMENT SCHEMES

In Hong Kong, the Group operates a defined contribution staff provident fund scheme ("the Scheme") for its employees who joined the Group before 1 December 2000 whereby the Group contributes to the Scheme at a rate ranging from 5.0% to 15.0% of the monthly salary of the eligible employees. The applicable rate of contribution depends on the completed years of service of the respective employees with the Group. For any forfeited amount due to resignation prior to the vesting of the benefits, the amount will be used to reduce the contributions made in that corresponding financial year.

As from 1 December 2000, the Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the Scheme. The MPF scheme is a defined contribution retirement scheme administered by related trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5.0% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000.

In the PRC, pursuant to the PRC laws and regulations, contributions for basic old age insurance for the Group's PRC staff are to be made monthly to a government agency based on a certain percentage of the standard salary set by the PRC provincial government, of which 22.5% is borne by the Group and the remainder is borne by the staff. The government agency is responsible for the pension liabilities relating to such staff on their retirement.

The Group has no further obligations for the payment of pension benefits or any other post retirement benefits beyond the defined contribution described above.

Aggregate contributions to retirement schemes are charged to the income statement as and when incurred. Contributions amounted to HK\$30.69 million for the year ended 31 December 2004 (2003: HK\$15.63 million).

CORPORATE GOVERNANCE

The annual results for the Year have been reviewed by the audit committee of the board of directors of the Company.

During the Year under review, the Company was in compliance with the Code of Best Practice as was then set out in Appendix 14 of the Listing Rules. The exception was that the non-executive directors were not appointed for a specific term, but are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's articles of association.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

董事會報告書

銀行貸款及其他借款

本集團及本公司於二零零四年十二月三十一日有關銀行貸款及其他借款狀況載於財務報告附註29。

五年概要

本集團於過去五個財務年度的業績及資產與負債概要載於第125頁。

退休計劃

於香港，本集團為二零零零年十二月一日前加入本集團的僱員設有一項已訂定供款退休計劃（「退休計劃」）。根據退休計劃，本集團需要按合資格僱員月薪的5.0%至15.0%向退休計劃作出供款。適用的供款比率是按有關僱員服務本集團的年期而定。在僱員可獲享有有關的退休福利前辭職而被沒收的任何金額，會用以減低相關財務年度的供款。

由二零零零年十二月一日起，本集團亦根據《香港強制性公積金計劃條例》為根據《香港僱傭條例》僱用而並無受退休計劃保障的僱員安排參與強制性公積金計劃（「強積金計劃」）。強積金計劃是由關連信託公司管理的已訂定供款退休計劃。根據強積金計劃，僱主及僱員均須按僱員有關收入5.0%就計劃作出供款，而每月有關收入之上限為20,000港元。

在中國，根據中國法律及法規，為本集團僱員提供的基本老年保險，須根據中國省政府規定的標準薪酬按一定百分比向政府機關作出每月供款，其中22.5%由本集團承擔，其餘則由僱員承擔。政府機關負責該等僱員退休時的有關退休金責任。

本集團除作出上述已訂定的供款外，毋須再支付退休金福利或任何其他退休後福利的進一步責任。

退休計劃的總供款會在產生時記入損益表。截至二零零四年十二月三十一日止年度的供款額合共為3,069萬港元（二零零三年：1,563萬港元）。

公司管治

本年度的全年業績已經本公司董事會轄下的審核委員會審閱。

除了由於非執行董事是根據本公司組織章程細則於本公司的股東周年大會上輪值告退及膺選連任，而沒有指定的任期外，本公司於本年度內一直遵守當時的上市規則附錄14所載的最佳應用守則。

本公司已採納上市規則附錄十所訂之標準守則作為有關董事進行證券交易的守則。在經向所有董事作出特定查詢之後，本公司確認所有董事均有遵守該守則所訂的標準。

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and a non-executive director, and reports to the board of directors of the Company. The audit committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control systems and the interim and annual results of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float, as not less than 25.0% of the Company's issued shares are held by the public.

AUDITORS

KPMG shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Yang Chao

Chairman

Hong Kong, 23 March 2005

董事會報告書

審核委員會

審核委員會由三名獨立非執行董事及一名非執行董事組成，並向本公司董事會匯報。審核委員會經常與本集團高級管理層及外間核數師舉行會議，檢討本集團的內部監控系統的成效並中期及年度報告。

公眾持股量

在本報告刊發之日，根據本公司取得的公開資料及就董事所知悉，於本公司的公眾持股量是足夠的，此乃因為公眾持股量並不少於本公司已發行的股本百分之二十五。

核數師

畢馬威會計師事務所即將告退，惟願膺選連任。由畢馬威會計師事務所連任本公司核數師的決議，將於即將召開的股東周年大會上提出。

承董事會命
董事長
楊超

香港，二零零五年三月二十三日