

In the six months ended 30 June 2001, CITIC Pacific achieved a net profit attributable to shareholders of HK\$1,500 million, representing a 7% increase over the same period last year.

The Directors have declared an interim dividend of HK\$0.20, the same as in 2000.

Business Review

Communications

CITIC Pacific's long-term strategy for its communication business is to utilize the vast Mainland market as our base, and Hong Kong as the converging point for Asia, to develop a telecommunication network which will eventually reach and serve the whole world.

In the Mainland, the construction of the China Express No.1 Backbone Network continues to progress and to date, over 23,000 route kms of fibre optical cable containing about 110,000 kms fibre has been laid. In anticipation of future operational needs, it has been agreed that the fibre kms will be increased from 154,864 kms to 224,144 kms within the original cost.

Equipment installation has been completed at more than 100 exchange points connecting most of the metropolitan areas from the north to south and the major coastal cities in China. The Western part of the country with cities of Chengdu, Chongqing and Xian as the centres will be the focus of the project in the immediate future.

As announced when CITIC Pacific acquired the China Express No.1 project, the operation and management of the project will be handled through CITIC Beijing. Negotiation regarding cooperation between CITIC Beijing and relevant parties is making good progress.

中信泰富於截至二零零一年六月三十日止六個月之股東應佔淨溢利為港幣十五億元，較去年同期增長7%。

董事會宣佈派發中期股息港幣0.20元，與二零零零年相同。

業務回顧

信息業

中信泰富在信息領域所採取之長遠策略，是以中國大陸為依托並以香港作為亞洲樞紐，最終致力發展成為一個服務遍及全球之電訊網絡。

中國大陸方面，奔騰一號骨幹網建設繼續取得進展，迄今光纖路段鋪設已逾23,000公里，而已鋪設之光纖芯公里總長度則約達110,000芯公里。為滿足日後之營運需要，有關方面已同意在不變更原訂成本的基礎上，整個骨幹網光纖芯公里之總長度將由154,864芯公里增加至224,144芯公里。

連接華北至華南大部份地區以及沿海各大城市逾100個交換站已完成設備安裝工程。近期項目發展的重點將移至以成都、重慶及西安為中心之西部城鎮。

奔騰一號在中信泰富購買時已申明將委託中信北京做網絡運行及管理，中信北京現繼續與有關方面協商合作事宜，進度良好。

Through its controlled subsidiary, CITIC Guoan Information Industry (GAI), our 50% owned associate CITIC Guoan continued to expand its cable TV operations. GAI's cable subscribers increased by 46,000 in the first six months of 2001 and the cable system is being upgraded to be able to offer more value-added services to customers. In the last several months, GAI has acquired a telecommunication system integration business, and more recently the Everbright Communication Corporation, further strengthened Guoan's capability and market position in the communication business in China.

In May 2001, CITIC Pacific entered a cooperative joint venture with the city of Dalian to jointly develop a comprehensive communication network in the city. Technical reviews and the development of a business plan are underway.

In Hong Kong, CITIC Telecom 1616 moved its operations centre into CITIC Tower in July 2001 and has doubled its IDD voice switching capacities to 300,000 lines. CITIC Telecom 1616's voice platform is now connected to more than 60 countries and serving 80 plus major local and international telecom carriers and mobile operators.

CITIC Pacific has offered to buy 100% of PSINet (HK), and it is anticipated that the transaction will be completed by the end of the year. The acquisition will enable CITIC Pacific to develop IP based value-added services and internet business. Hong Kong will serve as a bridge linking China and the rest of the world.

本公司佔50%權益之聯營公司中信國安有限公司透過其附屬公司中信國安信息產業股份有限公司(「國安信息」)繼續擴展其有線電視業務。於二零零一年首六個月,國安信息之有線電視用戶增加了46,000戶。現該公司正進行提昇有線電視系統之功能的工作,以便能為用戶提供增值服務。過去數個月間,國安信息收購了一項電訊系統集成業務,並於最近收購了光大通信公司,進一步鞏固加強了中信國安在中國信息行業之實力及其市場地位。

中信泰富於二零零一年五月與大連市政府簽約,籌組合作企業,一同在大連市內發展一個多元化信息網絡。雙方現正進行有關技術研究及業務發展計劃方案。

在香港方面,中信電訊1616於今年七月已將其營運總部遷入中信大廈,並將其國際長途話務交換容量倍增至300,000個端口。目前,該公司的網絡平台已連接60餘個國家,為80多家當地及國際主要電訊營運商提供服務。

中信泰富將全面收購PSINet (HK),此項工作約可在年內完成。一旦購入PSINet (HK),中信泰富將發展IP增值業務及互聯網業務,以香港為橋樑聯結中國和世界。

In Macau, CTM's mobile phone and internet customers have increased more than 18% and 38% respectively over the same period last year. Net profit also grew by 37% despite reductions in mobile and IDD charges.

Power

CRIC Pacific's power plants in Mainland China performed well despite a general increase in the coal price of approximately 8% which resulted in increase in the total production cost. Power output was also a little lower compared with the exceptionally strong demand experienced last year. Management at all the plants have continued the improvement of their operating efficiency as a first priority.

The development of the co-generation power station in Huhhot, Inner Mongolia is on schedule for commissioning the first 200MW unit in the first half of 2002 and the second unit, also 200MW, by the end of 2002.

In June 2001, CRIC Pacific signed an agreement to acquire 55% equity interest in a co-generation power plant project in Jilin province in the north-eastern part of China. The plant will include two 100MW power generators and three 360 tonnes boilers which will provide both power and heating to the area. The construction work began two years ago and is expected to complete in 2002.

Roads, Bridges, Tunnels

CRIC Pacific's bridges, tunnels and road projects in the Mainland continue to contribute stable returns and cashflow to the Company.

In Hong Kong, the Eastern Harbour Crossing continues to generate strong revenue and cash flow and has repaid its debt in full. The Western Harbour Crossing (WHC) recorded its first six months profit since opened in 1997 following an increase in tolls in late 2000.

澳門方面，澳門電訊之流動電話及互聯網用戶數目分別較去年同期增加逾18%及38%。雖然流動電話和長途電話收費減低，但純利仍增長37%。

發電

雖然期內煤價平均上漲約8%，導致生產成本增加，與去年電力需求異常強勁之情況相比，發電量亦出現輕微下降，但中信泰富在中國大陸之發電廠仍有不俗表現。所有發電廠之管理層繼續以提高營運效率為首要任務。

位於內蒙古呼和浩特之熱電廠興建工程正按照預定進度施工，首台20萬千瓦之發電機組可望於二零零二年上半年進入商業運轉，而第二台20萬千瓦發電機組則將於二零零二年底前投入使用。

中信泰富於二零零一年六月簽訂協議，收購一家位於中國東北部吉林省的熱電廠55%之權益。該熱電廠由兩台各為10萬千瓦之發電機組及三台各為360噸鍋爐組成，為該地區提供電力及熱力供應。該熱電廠興建工程於兩年前展開，可望於二零零二年完成。

公路、橋樑、隧道

中信泰富在國內之橋樑、隧道及公路項目繼續為本公司提供穩定的收益及現金回報。

香港方面，東區海底隧道之收入及現金流量繼續保持強勁，該項目公司已經清還其所有債務。西區海底隧道繼於二零零零年底調高收費後始錄得溢利，此乃該隧道自一九九七年通車之後首次錄得中期溢利。

Aviation

It is inevitable that Cathay Pacific's profitability will be adversely affected by the slowdown in the world major economies and by the industrial action of the pilots union. However, Cathay Pacific has the world's most modern fleet, a high quality management team and operating system, I believe that once the local and international economic environment improves, Cathay Pacific will certainly turn around quickly.

Dragonair increased its service frequency for major destinations such as Beijing and Shanghai. With the two B747-300 freighters joining the fleet, Dragonair's cargo service capability also increased. Net revenue increased by 28% to reach HK\$2,255 million for the first six months in 2001. However, consolidated net profit was slightly lower than last year primarily due to the increase in fuel costs, higher depreciation charges for the new head office and the pre-operating cost in connection with the freighter operations.

Critic Pacific believes that the aviation business in Mainland China has great growth potential as it is re-structured and we are actively exploring investment opportunities in this sector.

Trading and Distribution

Dah Chong Hong (DCH) increased its turnover by 6% and reported 4% greater net profit than in 2000, but as the year progressed, the market in Hong Kong became weaker. DCH's motor division reported a 36% increase in total number of vehicles sold and a 22% rise in net profit for the period. The newly acquired Bentley and Rolls Royce dealerships also contributed to the result. However, the profit contribution from DCH's general trading businesses was lower owing to the unfavourable consumer market sentiment.

航空

由於世界主要經濟不景，以及機師工會工業行動等因素的影響，國泰航空今年的業績勢必受到影響。但國泰擁有世界上最現代化的機隊與高質素的機制及管理人員，本人堅信，隨着本地區及世界經濟的逐步恢復，國泰必能再建輝煌。

港龍航空增加了其前往北京及上海等主要城市之航機班次，並增添了兩架B747-300貨機，進一步提高了其貨運服務能力。港龍二零零一年首六個月之淨營業額增加了28%至港幣二十二億五千五百萬元。然而，由於燃料成本上漲、新總部之折舊支出增加以及公司需承擔開展貨運業務的前期支出等原因，期內純利較去年有輕微下跌。

中信泰富認為，隨着中國大陸之航空業進行重組改革，航空市場將極具增長潛力，本公司將積極尋求在航空業的投資機會。

貿易及分銷

今年以來，香港之市道逐漸轉弱。但大昌行之營業額及純利分別較二零零零年度上升6%及4%。大昌行於期內售出之車輛總數增加了36%，汽車業務溢利亦上升了22%。新近取得之賓利及勞斯萊斯之經銷業務亦為公司盈利帶來貢獻。但由於整體消費市場氣氛欠佳，大昌行旗下一般貿易業務之溢利貢獻有所下跌。

Early this year, CITIC Pacific acquired 100% of Sims Trading Company, a leading distributor in Hong Kong representing well-known international brands of food and beverage products. The acquisition further enhanced CITIC Pacific's overall trading and distribution network. Re-structuring is underway to fully utilize the business synergy between Sims and the DCH group and to improve operating efficiency.

Property

There were no property sales in the first half of 2001, but the contribution from rental income increased 27% with particularly strong growth at Festival Walk. Phase 11 of the Discovery Bay development and the Victoria Tower project at Canton Road are progressing well and are expected to generate profit.

In July, CITIC Pacific signed an agreement with the Shanghai government to develop a major residential housing project in the Huang Pu District of Shanghai. Total development floor areas will be around 280,000 square metres. The project will be developed by stages and the first phase is planned for pre-sale in 2003. Over the last several years, the standard of living in the Mainland has improved rapidly particularly in major cities such as Shanghai where demand for better housing is very strong, and development of higher quality apartments is an attractive business.

中信泰富於今年初收購了慎昌有限公司之100%權益。該公司為香港著名分銷商，專門代理各國品牌食品及飲品。是項收購進一步加強了中信泰富之整體貿易及分銷網絡。業務重組工作現正進行中，務求令慎昌與大昌行集團在業務上發揮協同效益，並提高營運效率。

物業

二零零一年上半年雖無來自出售物業的溢利，但租金收入則較去年同期增加了27%，又一城之租金增幅尤其可觀。愉景灣第十一期發展項目及廣東道港景峰項目進展順利，預期可為公司帶來收入。

中信泰富與上海市政府於七月簽訂協議，將在上海市黃埔區發展一個大型住宅項目。該項目總建築樓面面積約為280,000平方米，將分階段發展，計劃第一期可於二零零三年推出預售。過去數年來，中國大陸之生活水準迅速提高，上海等主要城市對優質住房之需求尤其殷切，故發展高質素住宅將是具有吸引力之業務。

Finance

Currently, CITIC Pacific's financial position is very strong. In May, CITIC Pacific issued a US\$450 million 7.625% 10-year global bond to establish CITIC Pacific's name in the global debt capital market. In August, CITIC Pacific signed a HK\$3.8 billion, 5.5/7 year loan supported by 23 financial institutions. These transactions greatly extended the Group's debt maturity, thus improving the Company's financial stability. Combined with our strong recurring cash flow generated from operations, CITIC Pacific has excellent liquidity and strong financial flexibility to implement its strategy in the future.

Future Prospects

Hong Kong sits between Mainland China with its strong and robust domestic growth and the uncertain economies of the rest of the world. It is likely that our businesses in Hong Kong will experience a challenging second half as the economies in which they operate slow. In this environment, the strength and stability of CITIC Pacific's core businesses and the strong financial position built up in the last six months are a clear advantage. We shall continue to develop our communications and power infrastructure businesses which will surely provide considerable growth in their value to CITIC Pacific in the coming few years.

I would like to take this opportunity to extend my appreciation to all the Directors and staff for all their dedicated hard work and many contributions to CITIC Pacific's success.

Larry Yung Chi Kin *Chairman*

Hong Kong, 28 August 2001

公司財務

目前中信泰富之財務狀況非常穩固。今年五月，中信泰富成功發行了一項總值四億五千萬美元息率為7.625厘之10年期環球債券，確立了本公司在國際債務資本市場上之地位。於八月，中信泰富又完成了一項總值港幣三十八億元之五年半及七年期銀團貸款，獲得多達23間金融機構的支持。此等交易大大延長了集團債務償還期，從而加強了本公司財務狀況之穩定性。配合現有業務所提供之強勁的經常性現金流量，中信泰富現擁有充裕的資金儲備及靈活的財務調配能力，足以應付日後各項業務的發展所需。

前景

香港雖受惠於中國大陸持續迅速的經濟增長，但同時亦受制於世界其他經濟體系不明朗因素之影響。因此，預計本公司之香港業務於下半年可能會面對重重挑戰。在此環境下，中信泰富之穩定的核心業務以及於過去六個月中所建立之強健財務狀況，優勢顯而易見。本公司將不斷拓展旗下之信息及發電等基建業務，相信此等發展將於未來數年為中信泰富帶來顯著增值。

對於各位董事及全體員工努力不懈為中信泰富作出的貢獻，本人謹此致謝。

榮智健 主席

香港，二零零一年八月二十八日