

Review of Consolidated Financial Results for the 6 months ended 30 June 2001

The historical figures in this Financial Review and Analysis have been adjusted to comply with the requirements of the new or revised Hong Kong Statements of Standard Accounting Practices implemented in 2001. The changes to the Group's accounting policies are set out in Note 1 to the accounts on page 28. These adjustments are merely book entries and have no implication for the actual value of the Company's assets, or its cashflow.

In the first six months of 2001, these new accounting policies have increased dividend income by HK\$26 million and increased the amortisation of goodwill by HK\$91 million, a net decrease in net profit of HK\$65 million. Had these new accounting policies been applied in 2000, dividend income would have been HK\$107 million less and the amortisation of goodwill HK\$87 million higher, a net decrease in net profit of HK\$194 million.

For ease of year to year comparison and appreciation of the underlying trend, the profit made on the sale of shares in Hong Kong Telecom and Dragonair in 1996 and 1997 of HK\$3,298 million and HK\$3,236 million respectively are excluded from the chart of Attributable Profit and Contribution. Therefore they do not reconcile directly to the audited accounts.

截至二零零一年六月三十日止六個月之綜合財政業績回顧

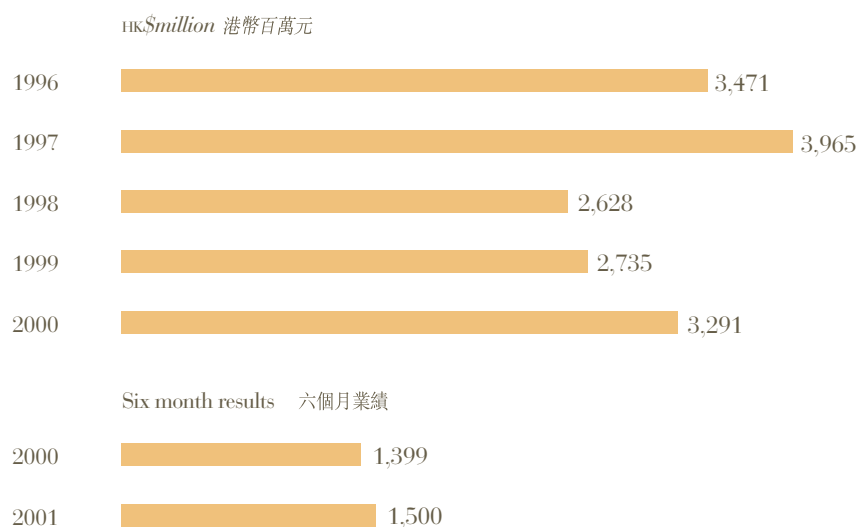
本財政回顧及分析中之歷史數據已作出調整，以符合於二零零一年實施之嶄新或經修訂香港會計實務準則之規定。有關本集團會計政策之變動載於第28頁之賬目附註1。此等調整僅適用於入賬程序，對本公司資產之實際價值或現金流量均無影響。

於二零零一年首六個月，採納此等新會計政策令股息收入增加港幣二千六百萬元，商譽攤銷增加港幣九千一百萬元，淨溢利減少港幣六千五百萬元。倘於二零零零年度已採用此等新會計政策，股息收入應減少港幣一億七百萬，商譽攤銷增加港幣八千七百萬元，淨溢利則減少港幣一億九千四百萬元。

為及易於按年比較趨勢，於一九九六年及一九九七年分別出售香港電訊及港龍航空之溢利（分別為港幣三十二億九千八百萬元及港幣三十二億三千六百萬元）均自應佔溢利及溢利貢獻之圖表剔除，故此，該等溢利並不可直接對賬於經審核會計報表內。

Attributable Profit

應佔溢利



The net profit attributable to shareholders for the 6 months ended 2001 was HK\$1,500 million, an increase of 7% compared with HK\$1,399 million achieved for the same period in 2000.

二零零一年首六個月之股東應佔淨溢利為港幣十五億元，較二零零零年同期錄得之港幣十三億九千九百萬元增加7%。

Contribution

The following chart shows the contribution each business made to corporate interest, overhead expenses and amortisation of goodwill. The percentage is the proportion of contribution amongst the 8 businesses in the table.

溢利貢獻

下表顯示各項業務比對於公司利息、營運開支及商譽攤銷所帶來之溢利。表內百分率乃按所列八類業務之溢利貢獻比例計算。

		1996		1997		1998		1999		2000		Six months ended 2000		2001	
		HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%
基礎設施	Civil Infrastructure	800	21	1,099	20	1,382	34	1,292	31	1,320	32	642	34	678	34
航空	Aviation	1,054	28	702	13	(11)	0	659	16	1,475	36	638	34	423	21
物業	Property	602	16	1,587	30	270	6	740	18	422	10	101	5	296	15
發電	Power Generation	222	6	1,166	22	1,865	46	1,143	28	584	14	326	18	230	12
信息業	Communications	648	17	322	6	65	2	51	1	92	2	31	2	180	9
貿易及分銷	Trading & Distribution	330	9	360	7	330	8	230	5	226	5	110	6	119	6
製造	Manufacturing	21	1	2	0	18	0	22	1	29	1	10	1	50	3
消費信用	Consumer Credit	89	2	84	2	167	4	0	0	0	0	0	0	0	0

Compared with the contribution for the 6 months ended 2000:

- The increased contribution by Civil Infrastructure resulted from increased profit at the Eastern Harbour Crossing and the first profitable period at the Western Harbour Crossing, both in Hong Kong.
- Aviation decreased by 34% mainly due to the decline of passenger and cargo loads at Cathay Pacific.
- Property sales in the first half of 2001 were not significant, 2000 included a loss of HK\$244 million due to the write off of infrastructure in Discovery Bay. The contribution from property leasing increased with particular strong growth at Festival Walk.
- Power generation decreased mainly due to the reduced shareholding in CLP and the timing of dividends declared by the operating companies.
- Communications increased significantly mainly due to the full period contribution of the acquisition of CITIC Telecom 1616 and CITIC Guoan.
- Trading and Distribution increased 8% mainly due to contribution from the motor business whose profits reported a 22% growth for the period but it was reduced by the lower contribution from other trading business as a result of weak demand.
- Manufacturing increased mainly due to increased sales of steel.

與二零零零年首六個月之溢利貢獻比較:

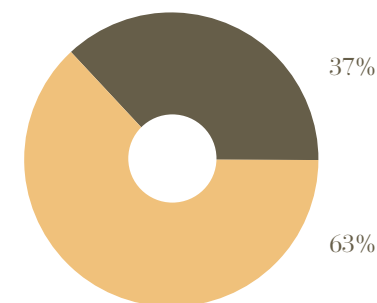
- 基礎設施業務溢利貢獻增加,由於香港的東區海底隧道的利潤有所增長及西區海底隧道首次錄得溢利。
- 航空業務溢利下降34%,主要由於國泰之載客量及貨物運載量下降。
- 二零零一年上半年度之物業銷售並不龐大。二零零零年包括了就愉景灣隧道基礎設施之成本港幣二億四千四百萬元進行撇賬。租金收入增加,又一城之租金增幅尤其可觀。
- 發電業務溢利貢獻下降,主要由於減持中電控股股權及營運公司宣派股息的入賬時間所致。
- 信息業務溢利大幅增加,主要由於收購中信電訊1616及中信國安後,其溢利貢獻於整段期間入賬。
- 貿易及分銷業務溢利增長8%,主要由於期內汽車業務之溢利貢獻錄得22%之增長。但由於市道疲弱,其他貿易業務之盈利減少,令整體溢利貢獻錄得較低增幅。
- 製造業務溢利增加,主要由於鋼鐵銷售上升。

Geographical Distribution

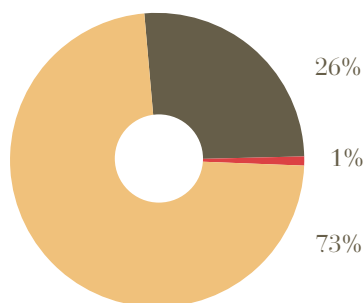
地區分佈

Six months to 30 June 2001
截至二零零一年六月三十日止六個月

As at 30 June 2001
二零零一年六月三十日計算



Contribution % 應佔溢利



Assets at Book Value % 賬面資產值



Taxation

The level of tax increased mainly due to increase in the taxation charge of associated companies.

稅項

由於聯營公司之稅項支出增加，故導致稅項增加。

Shareholders' Returns

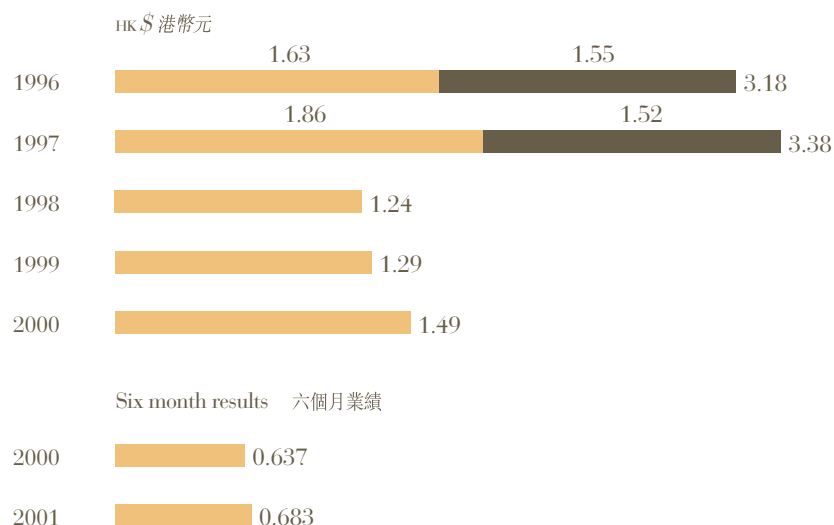
CITIC Pacific's primary objective is to increase shareholder value for which it has used earnings per share as a proxy. The Company expects its businesses to provide returns on investment over their lives that will provide shareholders with an adequate return on equity.

股東回報

中信泰富之主要目標乃增加股東價值，並以每股盈利作為指引。本公司期望其業務於營運期間所提供之投資回報能為股東帶來足夠之股本報酬。

Earnings Per Share

Earnings per share were HK\$0.683 for the 6 months ended 2001, an increase of 7% compared with HK\$0.637 for the same period in 2000.



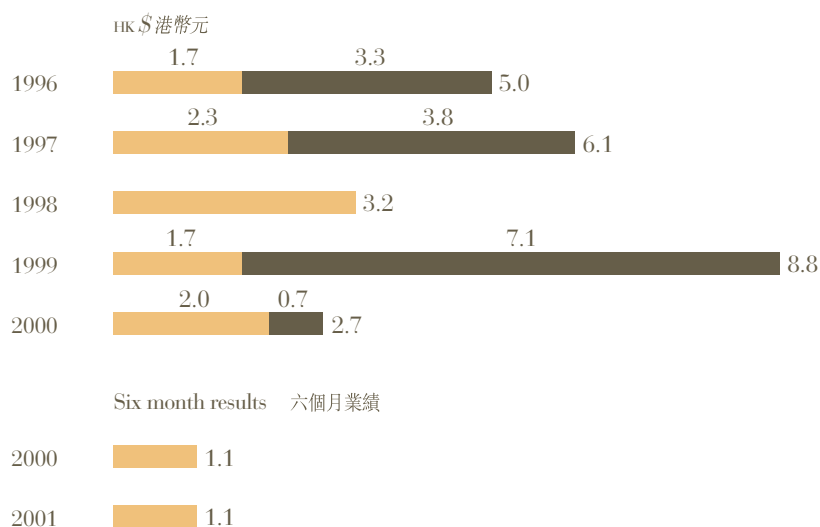
每股盈利

二零零一年首六個月之每股盈利為港幣0.683元，較二零零零年同期錄得之港幣0.637元增加7%。



Cash Flow Per Share

The cash flow per share was HK\$1.1 for the 6 months ended 2001.



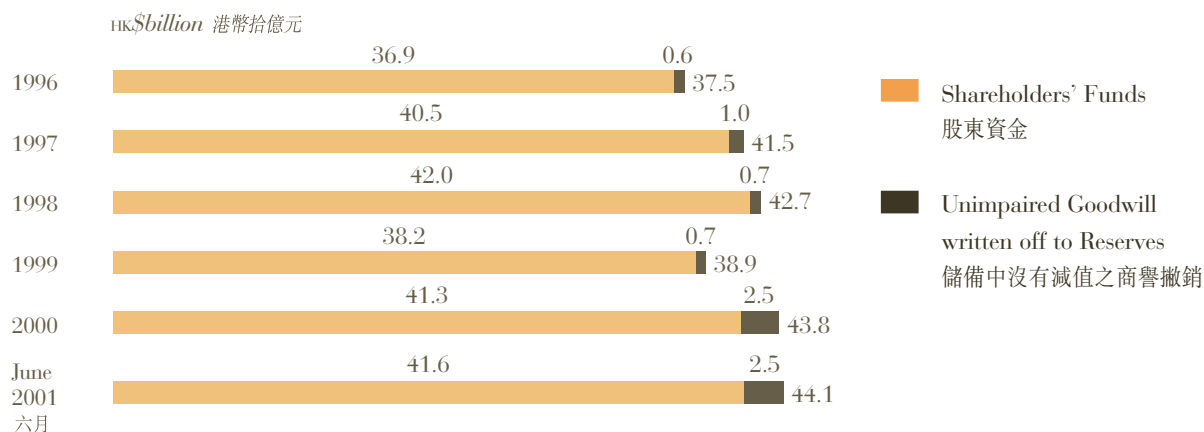
每股現金流量

二零零一年首六個月之每股現金流量為港幣1.1元。



Shareholders' Equity

Shareholders' equity consisting of shareholders' funds plus unimpaired goodwill written off to reserves of HK\$2.5 billion for accounting purposes was HK\$44.1 billion as at 30 June 2001, an increase of 1% as compared to 31 December 2000.



Shareholders' Equity Per Share

Shareholders' equity per share at 30 June 2001 was HK\$20.1 as compared to HK\$19.9 at 31 December 2000.



股東權益

於二零零一年六月三十日之股東權益(包括股東資金加上因按會計處理儲備中沒有減值之商譽撇銷港幣二十五億元)為港幣四百四十一億元,較二零零零年十二月三十一日增加1%。

每股股東權益

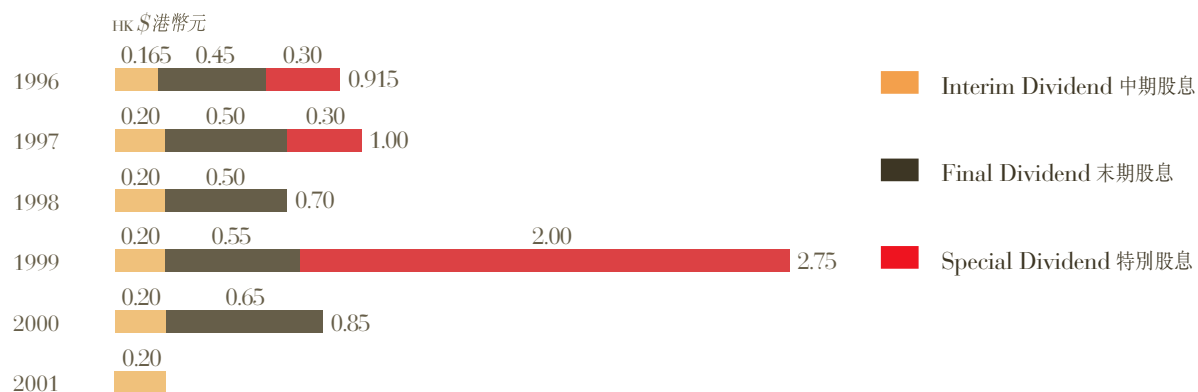
二零零一年六月三十日之每股股東權益為港幣20.1元,而二零零零年十二月三十一日則為港幣19.9元。

Dividend Per Share

It is proposed to pay an interim dividend for 2001 of HK\$0.20 per share on 21 September 2001.

每股股息

茲建議於二零零一年九月二十一日派發二零零一年中期股息每股港幣0.20元。

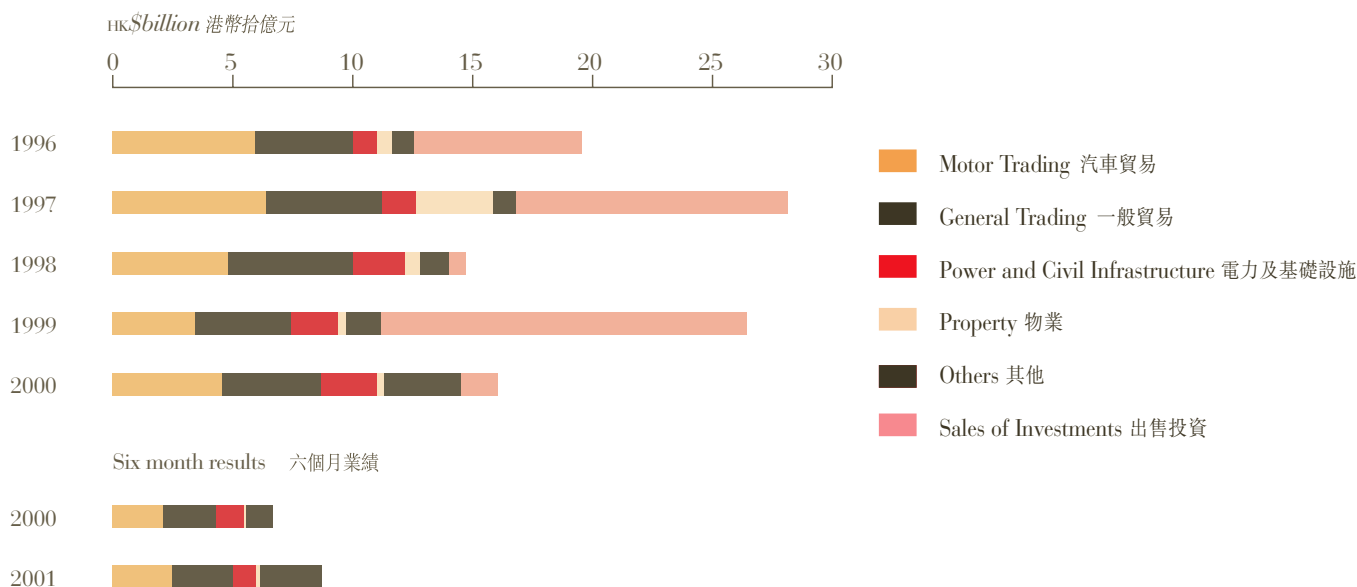


Turnover

Motor trading turnover increased 18% in first half of the year 2001 compared with the same period of 2000, and general trading turnover increased by 16% mainly due to the acquisition of the Sims Trading Group during the period. Industrial manufacturing turnover increased 32% due to increased sales of steel while communications turnover increased by 8 times due to the full period contribution of the Telecom 1616 Group. Other turnover in 2001 represented sales of listed investments.

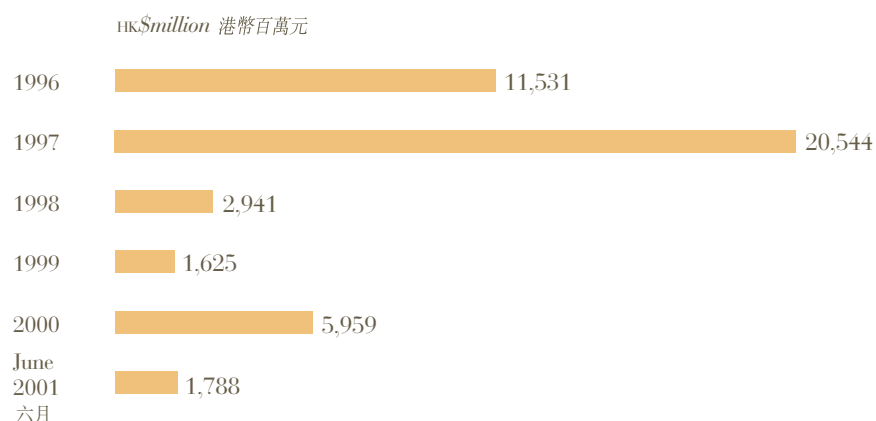
營業額

二零零一上半年之汽車貿易營業額較二零零零年度同期增加 18%，而一般貿易之營業額則增加 16%，主要原因為於期內收購慎昌集團。工業製造之營業額因鋼鐵銷售上升而增加 32%，而信息業之營業額則因電訊 1616 集團之溢利貢獻於整段期間入賬而增加 8 倍。二零零一年之其他營業額為出售上市投資。



Capital Expenditure

Capital expenditure for the 6 months ended 2001 was incurred mainly on the investment in communication projects, the property development at Discovery Bay and the acquisition of the Sims Trading Group. As at 30 June 2001, the Group's contracted capital commitments were HK\$1,743 million.



資本開支

二零零一年首六個月之資本開支主要是用於投資信息業項目、發展愉景灣之物業及收購慎昌集團。於二零零一年六月三十日，本集團已簽約之資本承擔為港幣十七億四千三百萬元。

	1996		1997		1998		1999		2000		截至六個月 Six months ended 2001	
	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%
信息業 Communications	0	0	0	0	0	0	0	0	4,062	68	855	48
貿易、製造及其他 Trading, Manufacturing & Others	472	4	611	3	464	15	394	24	719	12	615	34
物業發展 Property Development	1,604	14	1,728	8	2,170	74	634	39	920	15	223	13
基礎設施 Civil Infrastructure	2,995	26	1,864	9	255	9	427	26	97	2	57	3
發電 Power Generation	150	1	16,283	79	0	0	164	10	161	3	38	2
航空 Aviation	6,310	55	58	1	52	2	6	1	0	0	0	0

Group Liquidity

CITIC Pacific aims to finance its business with liabilities appropriate to their cash flows, employing limited or non-recourse project finance when it is available. The financing and cash management activities of the Group are centralized except where operating businesses such as Dah Chong Hong or Sims Trading are delegated authority to manage their own short term banking facilities, mainly for trade finance.

CITIC Pacific aims to diversify its funding sources through utilization of both the banking and capital markets. In addition to the bond holders, which are spread over in Asia, Europe and North America markets, the Company maintains borrowing relationships with over 70 financial institutions based all over the world.

Currency risks are managed by financing non Hong Kong dollar assets as far as possible with matching debt. For instance the US\$ cash flow arising from most infrastructure projects in Mainland China are matched against US\$ debt.

The continued development of both RMB debt and equity markets is very important to CITIC Pacific as the focus of our businesses are increasingly towards Mainland China and projects generating RMB cashflow. RMB financing will be arranged for these investments.

The denomination of the Group's borrowings at 30 June 2001 after currency swaps were:

借貸面值	Denomination of borrowings	HK\$ 港幣	US\$ 美元	Renminbi 人民幣	Yen 日圓	Other 其他	Total 總計
港幣百萬元	HK\$million	6,265	9,459	1,432	476	92	17,724
百份率	Percentage	35%	53%	8%	3%	1%	100%

集團之財務狀況

中信泰富之融資策略的特點為融資形式須根據有關業務之現金流量，在可能情況下安排有限或無追索權項目融資。除部份業務如大昌行或慎昌獲授權自行管理其短期貿易融資外，本集團之融資及現金管理運作均集中在總公司層次進行。

中信泰富致力透過銀行及資本市場分散集資途徑。除分佈亞洲、歐洲及北美洲市場之債券持有人外，本公司亦與全球70餘間金融機構維持借貸關係。本集團一向盡量以配對債務平衡非港幣資產融資，從而嚴謹控制外幣風險。舉例而言，大部份中國大陸基本建設項目之美元現金流量均以美元債務作為配對。

中信泰富致力增加中國大陸之投資及以人民幣現金流量為本位的項目，因此國內之人民幣借貸及股票市場的持續發展對本公司非常重要。

本集團於二零零一年六月三十日經外幣掉期後之借貸面值為：

CITIC Pacific employs a combination of financial instruments to manage the fixed and floating interest rate and currency mix of its total debt portfolio with a view to stabilizing the overall cost of borrowing over time. As at 30 June 2001, approximately 67% of the Group's total borrowings after swap bear interest at floating rates and the remaining 33% are at fixed rates. The average cost of debt in the six months to 30 June 2001 was 6.1% compare with 6.7% a year before.

Taking advantage of the favorable market conditions, CITIC Pacific completed several large fund raising transactions in the first half of 2001. In April, an agreement was signed with a major PRC bank to provide CITIC Pacific with large sum of long term RMB financing for the Company's future investment in Mainland China. In May, CITIC Pacific issued a US\$450 million 7.625% 10-year Bond, establishing the Company's name in the international debt capital market. In August, a HK\$3.8 billion 5.5/7 year syndicated loan facility was signed with 23 banks. During the period, the Company also raised new funds, or extended the maturity, of approximately HK\$600 million of bilateral loans.

As of 30 June 2001, the Group's total outstanding debt was HK\$17.7 billion, cash and deposits with banks were HK\$6.2 billion to give net debt of HK\$11.5 billion. Net debt divided by total capital (total capital is defined as the aggregate of net debt, shareholders' funds and unimpaired goodwill written off to reserves) was 21%. The Group's outstanding debt maturing in the next two years have been substantially prepaid. The average life of outstanding debt was extended from 2.6 years at 31 December 2000 to 4 years at 30 June 2001 and will be further improved by the end of year because of the loan signed in August 2001.

As at 30 June 2001, the Group's cash and deposits with banks were approximately HK\$6.2 billion, of which 76% were denominated in US dollars, 14% were denominated in HK dollars and the remaining were denominated in other currencies.

中信泰富以不同形式之金融工具調配定息及浮息負債,以及各種負債貨幣組合,從而穩定整體借貸成本。截至二零零一年六月三十日,本集團經掉期後之借貸總額其中約67%為浮動利率負債,而餘額33%則為固定利率負債。截至二零零一年六月三十日止六個月之平均債務成本為6.1%,而一年之前則為6.7%。

把握有利之市場條件,中信泰富於二零零一年上半年已完成多項大型集資活動。今年四月,本集團與中國一間主要銀行簽訂協議,將為中信泰富提供大額長期人民幣融資,用以本公司日後在中國大陸的投資。於五月,中信泰富發行一項總值四億五千萬美元息率7.625厘之10年期債券,確立了本公司在國際債務資本市場上之地位。本集團於八月與23間銀行簽署了一項港幣三十八億元之5年半及7年期銀團貸款。期內本公司亦新建立或延續雙邊貸款協議共約港幣六億元。

於二零零一年六月三十日,本集團之借貸總額為港幣一百七十七億元,而現金及銀行存款則為港幣六十二億元,淨負債為港幣一百一十五億元。淨負債佔資本總額21%(資本總額之定義為淨負債、股東資金及儲備中沒有減值之商譽撇銷總和)。本集團於未來兩年到期之債項大部份已提早償還。未償還債項之平均年期已由二零零零年十二月三十一日之2.6年延長至二零零一年六月三十日之4年,加上於二零零一年八月簽訂之貸款,至年底前情況將得到進一步改善。

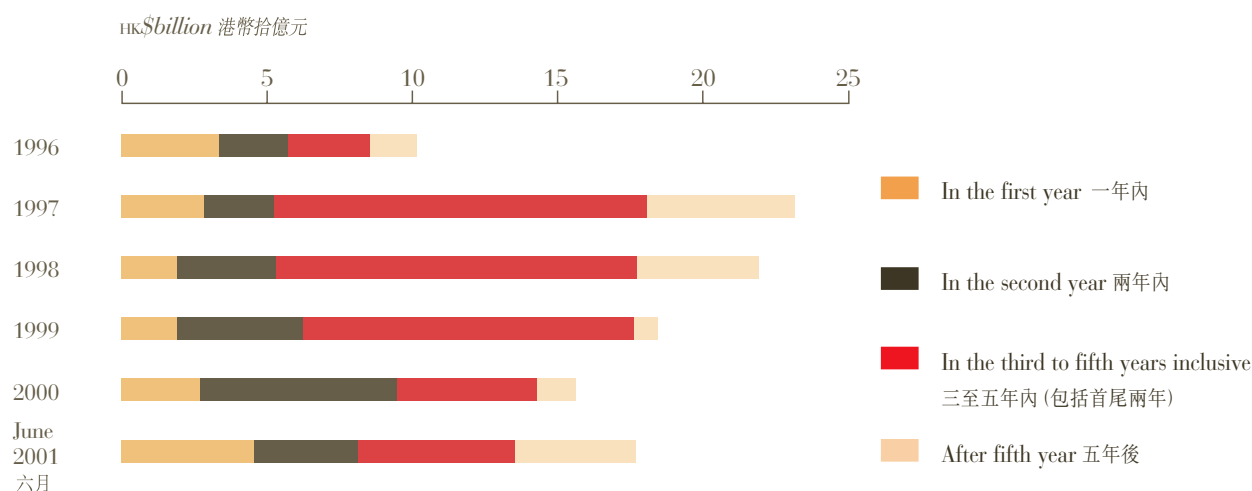
於二零零一年六月三十日,本集團之現金及銀行存款約為港幣六十二億元,其中約76%為美元,14%為港幣,其餘則為其他貨幣。

As at 30 June 2001, undrawn facilities available to the Group totalled HK\$7.8 billion of which approximately HK\$5.4 billion were long term committed facilities, HK\$1.6 billion were money market lines and the balance were trade facilities. These undrawn facilities, combined with the strong recurrent cash flow generated from operations, provided ample financial resources to the Group to implement its investment strategies.

As at 30 June 2001, assets of HK\$1,737 million were pledged to secure loan facilities utilised by subsidiaries. HK\$1,590 million of such pledged assets were released in July 2001 following the full repayment of the project finance loan borrowed by a subsidiary company, New Hong Kong Tunnel Company Limited.

Total Debt

Total debt increased due to the issue of US\$450 million (HK\$3,510 million) 7.625% Bond due 2011 which was partly used for the repayment of bank facilities.



本集團截至二零零一年六月三十日尚未提用之備用信貸共為港幣七十八億元，其中約港幣五十四億元為獲承諾之長期信貸，港幣十六億元為貨幣市場信貸額，其餘則為貿易信貸額。此等未提用信貸額加上現有業務所提供之強勁的經常性現金流量，令本集團擁有充裕之財政資源，足以應付日後業務發展所需。

截至二零零一年六月三十日，總值港幣十七億三千七百萬元之資產被用作附屬公司信貸抵押。該等被抵押資產中港幣十五億九千萬元已於二零零一年七月隨著附屬公司新香港隧道有限公司清還其所有項目融資貸款後獲得解除。

負債總額

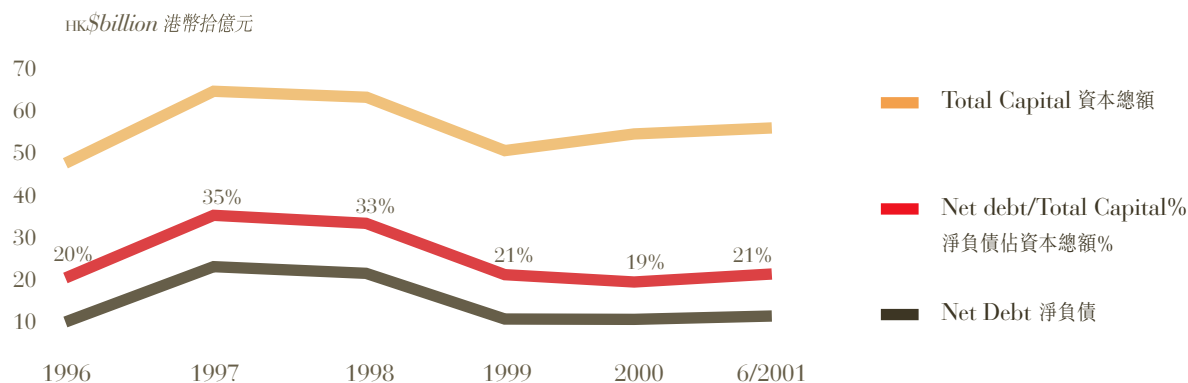
負債總額因發行於二零一一年到期總值四億五千萬美元（港幣三十五億一千萬元）息率7.625厘之債券而增加，該項債券部份用作償還銀行信貸。

Contingent Liabilities

As at 30 June 2001, the Group's contingent liabilities have no significant changes from the last year end date.

Leverage

Net debt divided by total capital was 21% at 30 June 2001 compared with 19% at the end of 2000.



或然負債

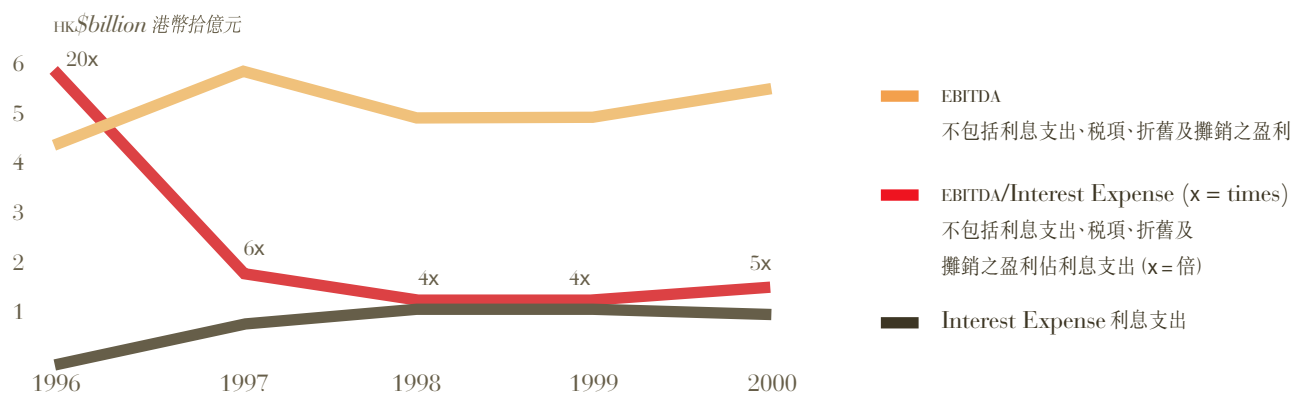
截至二零零一年六月三十日，本集團之或然負債與去年終比較並無重大轉變。

槓桿比率

截至二零零一年六月三十日淨負債佔資本總額為21%，而二零零零年底則為19%。

Interest Cover

EBITDA divided by interest expense for the 6 months ended 2001 was 6.4 compared to 4.2 in 2000, mainly due to a decrease in interest expense from HK\$587 million in 2000 to HK\$382 million in 2001.



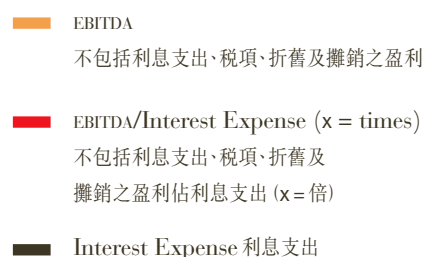
Cash Flow

Cash contribution from operations in the first half of 2001 from all businesses in the Group was approximately HK\$1.6 billion. The infrastructure sector contributed approximately HK\$1.1 billion mainly from power generation, civil facilities and dividends received from Cathay Pacific. The property sector contributed cash flow of over HK\$260 million mainly from the rental income. The cash contribution from trading & distribution was approximately HK\$170 million.

Cash received from the selling of marketable securities also contributed approximately HK\$300 million in the first six months of 2001.

利息倍數

截至二零零一年首六個月不包括利息支出、稅項、折舊及攤銷之盈利除以利息支出為6.4，而二零零零年則為4.2，主要因利息支出由二零零零年之港幣五億八千七百萬元減至二零零一年之港幣三億八千二百萬元。



現金流量

截至二零零一年首六個月，來自業務之現金貢獻總額約為港幣十六億元。基本建設業務提供了約港幣十一億元，主要來自發電、基礎設施及國泰之股息。物業業務帶來超過港幣二億六千萬元之現金流量，主要為租金收入。貿易及分銷之現金貢獻約為港幣一億七千萬。

於二零零一年首六個月，出售有價證券所得現金亦提供約港幣八億元。