

CITIC Pacific's profit for the year 2001 was HK\$2,110 million, or HK\$0.96 per share. A result 36% lower than the previous year is not welcome news, but shareholders should be reassured the main reason is easily identifiable and understandable: the aviation sector of our business was hit hard after September 11 at a time when the world and regional economies were already deteriorating.

A key measure of the health of any business is the cash flow it generates, and I am delighted to report that our businesses generated a very healthy cashflow in 2001, and the Group is well prepared to take up any good investment opportunities going forward.

Recognizing CITIC Pacific's continuing strong and stable cash flows, and substantial financial resources, the Board is recommending a final dividend of HK\$0.60 giving shareholders a dividend of HK\$0.80 for 2001, only a little less than in 2000 reflecting the reduced profit.

The major **growth** in CITIC Pacific's profit in 2001 came from the telecommunication and property sectors.

The contribution from our **telecommunications** businesses was three times that of last year reaching almost HK\$300 million. CITIC Telecom 1616, our fast-growth IDD wholesaler, was the largest contributor to this result, but CITIC Guoan and CTM also made significant contributions too.

The contribution from **investment property** grew 15% driven by increased rental from the Festival Walk shopping mall.

In other sectors of our business – **marketing and distribution** had a challenging year, although at the operating level the result was satisfactory, and specialty **steel manufacturing** tripled its profits.

Strategy

CITIC Pacific's business is diversified but clearly focused in a limited number of sectors. We believe that diversity builds strength, and that superior results come from focusing on what we do best.

中信泰富於二零零一年度的溢利為港幣二十一億一千萬元，即每股港幣0.96元。公司溢利較去年下降了36%，雖然業績並不理想，但股東應不難理解溢利下降的主要原因：全球及地區經濟不斷萎縮及「九一一」事件的發生，令集團旗下的航空業務更備受沉重打擊。

現金流量是衡量一間公司穩健性的重要指標。本人欣然報告，集團旗下各項業務於二零零一年所取得的現金流量處於非常穩健的水平，並有充足的財力迎應投資良機。

鑑於中信泰富之現金流量持續強勁和穩定，加之公司財政資源充裕，董事會建議向股東派發末期股息港幣0.60元，二零零一年度全年股息為港幣0.80元，略低於二零零零年度之股息，反映了本年度溢利有所下降。

中信泰富二零零一年度電訊及物業項目的溢利有所增長。

來自電訊業務的貢獻為去年之三倍，接近港幣三億元。當中大部份來自旗下迅速發展的長途電話批發商中信電訊1616，而中信國安及澳門電訊亦有顯著貢獻。

又一城商場的租金收入上升，令物業投資的溢利貢獻增長了15%。

其他業務方面，貿易分銷業於今年面對重重挑戰，但總體經營狀況尚令人滿意。而特種鋼製造業則錄得三倍的利潤增長。

發展策略

中信泰富致力推行業務多元化，但堅持以若干業務作為發展重點。我們相信業務多元化有助於分散投資風險，壯大公司實力，同時亦深知只有盡我所長，發揮自身優勢才能取得佳績。

Geographically CITIC Pacific will continue to have its solid base in Hong Kong but focusing increasingly on the vast market of the Mainland of China. Our knowledge and contacts in China are wide and deep, and they have led to success particularly in Civil Infrastructure and Power. CITIC Pacific will continue to focus on China. Even when business is done around the world, we are always conscious that the overriding purpose is to serve the Chinese market.

Let me review the future I see for each of our business sector:

In **telecommunications**, CITIC Telecom 1616 has established itself as one of the major telecommunication hub in Asia Pacific. The company has established strategic alliance and cooperative relationship with 125 major international telecom carriers and operators in over 80 countries. Leveraging on these relationships, CITIC 1616 continues to launch new value-added services.

CPCNET, which CITIC Pacific acquired late last year, will be our flagship for Internet services. CPCNET is actively offering individual business users and companies with value-added services such as corporate connectivity, Virtual Private Networks (VPN), Internet security solutions, data center servers hosting, etc.

After two years of investment, the major part of the China Express Number 1 Backbone Network has been completed. Because of the concern on telecommunication policies in China, CITIC Pacific sold the network project to CITIC Hong Kong (Holdings) but retaining the right to buy it back. This transaction will reduce the Company's investment risk, and the necessary infrastructure for the development of CITIC Pacific's telecommunication businesses is provided by CITIC 1616's high quality integrated platform centered in Hong Kong and linking all over the world.

CITIC Pacific has contributed to **aviation** in Hong Kong and the tremendous progress Cathay Pacific and Dragonair have made over the years as two of the best airlines in the world. The sharp drop in demand for air traffic heavily affected Cathay Pacific in particular, but there are already early signs of improvement, and both Cathay Pacific and Dragonair are strategically located to take advantage of the Mainland China market. The Mainland airline industry is being restructured. CITIC Pacific sees great potential and new business opportunities to expand. The Company is actively pursuing these opportunities and the negotiations with relevant parties are making progress.

在**發展地域**方面，中信泰富將繼續立足香港，依托中國大陸的巨大市場。中信泰富的成功受益於我們對中國市場的深入認識和廣泛的聯繫渠道，過去尤其體現在基礎建設及發電項目之發展方面。中信泰富將一如繼往，以中國為其發展重點，即使未來業務範圍可能遍及世界各地，但服務中國市場將始終為公司發展之大前題。

本人對公司各項業務的未來前景作出以下分析：

電訊方面，中信電訊 1616 已成為亞太區主要的電訊樞紐。該公司同世界上 80 個國家、125 個一級國際供應商及電訊運營商建立了策略性聯盟和合作關係，並以此為基礎，不斷推出新的增值服務。

中信泰富去年底收購的 CPCNET 將作為我們互聯網業務的旗艦，積極發展包括公司互聯網連接、虛擬私人網絡、互聯網安全系統、數據中心主機托管等多元化商業互聯網技術服務。

國內的骨幹網經兩年投資已基本成形。因從中國電信業務政策問題的考慮，我們把該網絡出售給中信香港，但保留了回購權。我們認為這是一項穩妥的舉措，一是減少了中信泰富投資的風險，二是中信 1616 已建立了通往世界各地的高質素綜合電信網絡，為中信泰富拓展其電訊業務提供了必要的基礎設施。

中信泰富致力於香港**航空事業**的發展。經多年努力，國泰航空和港龍航空現已發展成為全球兩家傑出的航空公司，中信泰富亦為此作出了貢獻。全球航空交通需求的急劇下跌對國泰航空造成了嚴重打擊，但近來市場復甦的跡象已初步顯現。背靠中國大陸市場，國泰航空及港龍航空之發展均將佔盡地利。中國大陸的航空業正在進行改組。中信泰富認為內地航空事業極具發展潛力，與有關方面的合作投資會談正在積極進行，並已取得進展。

Following China's accession to the World Trade Organization, the **financial service** and capital markets in China will expand and grow closer to those of Hong Kong, and will have huge development potentials. CITIC Pacific, together with CITIC Beijing and CITIC Ka Wah Bank, have established a joint venture – "CITIC Capital Markets Holdings Ltd." – in which CITIC Pacific will have 50% interest and participate directly in its strategy formation and the day-to-day management. The joint venture business will be built upon the existing broking and investment banking operations of CITIC Group in Hong Kong, and fully utilizes CITIC Group's expertise and broad contacts in Hong Kong, Mainland and all over the world. While based in Hong Kong, CITIC Capital Markets Holdings will focus on the China market. This new venture is aimed to develop a leading brand name in the China-focused fund management business, as well as developing the existing businesses of brokerage and corporate finance.

CITIC Pacific recently reached an agreement with Shanghai Lansheng Guojian Corporation to form a joint venture "Shanghai CP Guojian Pharmaceutical Company Ltd". CITIC Pacific will invest up to RMB350 million and will have controlling interest of 51% in the joint venture. CP Guojian's vision is to build its own research and development, production and marketing capabilities. The venture will leverage on CITIC Pacific's strong financial position, advanced management systems and broad contacts in international markets. The venture begins with a team of leading biotech researchers, and also a number of patents that are either registered or are under registration in China and in other countries. CP Guojian's immediate focus is the development of new drugs related to genetic therapy. Biotech will be one of the fastest growing industries in this century and has great development potential. We believe the investment will contribute to the Company's future growth in the coming years.

CITIC Pacific's team of **power industry** veterans has built and operates one of the largest groups of power generation plants in China of any foreign organization with total capacity of 3,000MW. The Ligang power station is one of the most profitable in China. Late last year, the first unit of 200MW at the Huhhot power plant in Inner Mongolia became operational and the second unit is expected to commence operation before the end of 2002. Construction work at the Jilin power plant is going smoothly. As the power industry in China reforms, we will continue to seek new opportunities investing in power plants.

Our **civil infrastructure**, consisting of Huangpu bridges and tunnels in Shanghai and two cross harbour tunnels in Hong Kong, produces reliable long term cashflows.

中國加入世界貿易組織之後，**金融**市場將會進一步開放，中港兩地的資本市場發展亦勢必愈加緊密、潛力無窮。本公司將與中信總公司和中信嘉華銀行合資同組「中信資本市場控股有限公司」，中信泰富將佔股 50%，直接參與該公司的發展策略及日常管理。合資公司將以中信集團在香港現有的投資銀行業務為基礎，充份利用和發揮中信集團在中港兩地乃至國際上的廣泛聯絡渠道及金融管理經驗，立足香港，面向大陸，除積極拓展企業融資、股票經紀等傳統資本市場業務之外，旨在建立發展以中國市場為中心的基金管理業務及品牌。

中信泰富於最近與上海蘭生國健藥業有限公司共同組建了上海中信國健藥業有限公司，將投資人民幣三億五千萬，控股 51%。該合資公司將集科研、生產及銷售為一體，憑著中信泰富雄厚的資金實力、先進的企業管理理念以及豐富的國內外市場渠道，並利用合資方優秀的科研人才及已經擁有或正在申請的多項國內外研究發明專利，重點開發一批治療性基因工程新藥。生物科技將是本世紀發展最快，亦是最具開發潛力的行業之一。我們相信，這方面的投資在未來幾年將為中信泰富提供新的業務增長點。

中信泰富擁有一支強幹的**發電行業**專才隊伍，旗下各電廠的發電總裝機容量將達三百萬千瓦，目前為國內最大的外資獨立發電商之一。其中，利港發電廠更是中國最具盈利能力的發電廠之一。興建中的內蒙呼和浩特熱電廠首台二十萬千瓦之發電機組已於去年年底投入運轉，第二台機組也將於二零零二年底前投入使用。新投資的吉林熱電廠工程進展順利。隨著國家電力市場改革，我們將不斷尋求新的電廠業務投資機會。

基礎建設方面，上海各項連接黃浦江兩岸的橋樑和隧道，以及位於香港的兩條海底隧道，均為公司提供了可靠的長期現金流量。

Marketing and distribution in Hong Kong and Mainland China is the business of Dah Chong Hong and Sims Trading which serve the people of Hong Kong and China in providing high quality products. Hong Kong is a mature but profitable market, and we are concentrating on delivering improved customer service at a reduced cost. The Mainland is the opportunity, and a systematic 3-year plan is being implemented both on the motor and food side of the business to position Dah Chong Hong and Sims Trading as the premier supplier and distributor of motor vehicles and food products in China.

In **property**, the center of cities in Mainland China presents opportunities today. During the last twelve months CITIC Pacific has invested in developing land in the center of Shanghai, and bought two income-producing buildings in the same city. There may be similar opportunities in Shanghai and in Beijing where CITIC Pacific already owns a 50% interest in the CITIC Building. In Hong Kong, the existing properties are capable of generating significant development profits and stable rental income in the coming years.

Future

CITIC Pacific moves into the future and the Chinese Year of the Horse with confidence that our Company will grow and develop in the coming years in the direction I have already described.

CITIC Pacific has the financial resources to take up new opportunities as they develop. We are conscious that really good business opportunities are few, and thus we are disciplined to be patient to identify opportunities that will benefit shareholders in the long term.

It is my pleasure to lead a team of businessmen and women with long, successful and practical experience in so many disciplines that all work together to propel CITIC Pacific forward. To every one of them, and our directors, bankers and advisors, I thank you for all your fine work over the past year and your commitment to the future.

Larry Yung Chi Kin

Chairman

Hong Kong, 14 March 2002

以中港兩地消費者為服務對象，大昌行及慎昌從事香港及中國大陸的**貿易分銷業務**為顧客提供優質產品。香港是一個已經成熟但仍可繼續營利的市場，集團正致力以較低的成本，進一步改善提高對客戶服務的質素。中國大陸市場則是充滿商機，集團就拓展汽車及食品業務將推行一系列的計劃，目標是將大昌行及慎昌發展成為全中國最主要的汽車及食品供應商和分銷商。

中國大陸主要城市之**物業**發展呈現許多機遇。過去一年中，中信泰富啟動了於上海市中心區的物業發展項目，並購入了市內兩項即時提供租金收入的物業。同上海一樣，北京的物業發展亦有商機，中信泰富已擁有北京國際大廈的50%權益。在香港，中信泰富現有物業可於未來數年提供可觀的收益及穩定的租金收入。

前景展望

迎來馬年，中信泰富對未來發展充滿信心，深信本公司於未來數年業務將蒸蒸日上，朝著本人以上提及的發展方向不斷成長擴大。

中信泰富備有充足的財政資源可把握新的投資機遇。我們意識到真正的商業良機來之不易，因此必須謹慎耐心地發掘長遠而言對股東最為有利的投資機會。

本人慶幸能與一群在各行各業累積了豐富實際經驗的成功商界精英共事，攜手推動中信泰富邁向美好將來。對於各位同僚、董事、往來銀行及商業顧問在過去一年的出色工作表現、支持及努力不懈締造未來，本人謹此致謝。

榮智健

主席

香港，二零零二年三月十四日