

In the first six months of 2002 CRTC Pacific's net profit was HK\$1,965 million compared with HK\$1,500 million in the first half of 2001. In recognition of the 31% increase in profits and the strong cash flow in this period, the directors have resolved to increase the interim dividend from HK\$0.20 to HK\$0.30.

The increase in profits is mainly due to the following factors: aviation business improved dramatically compared with the second half of 2001. The trend of improvement is particularly notable since the second quarter of this year. In the first half of 2002, CRTC Pacific effectively reduced overhead expenses and improved operating efficiency. Net financing costs decreased significantly, thanks to the lower market interest rate and borrowing costs; our communication businesses continued to grow steadily with increased profit contribution; the sale of residential apartments in Siena One at Discovery Bay and The Victoria Towers in Kowloon also contributed to the overall profit.

The first half of 2002 was particularly difficult for Hong Kong, and in common with many other organizations, CRTC Pacific applied itself to improving efficiency in all our businesses. Although this process was painful, the positive results will be of great long-term benefit to the Company in enabling products to be offered at lower cost.

In the following pages I will focus on the new developments and changes from the full description of CRTC Pacific's business in the last annual report.

Infrastructure

Infrastructure continues to be the main focus of CRTC Pacific's business to which it provides strong and stable profits and cash flows.

Communications

Since its acquisition by CRTC Pacific in mid 2000, *CRTC Telecom 1616* has established itself as the premier International Direct Dialling wholesaler. Monthly IDD traffic volume reached almost 200 million minutes in June 2002, some 33% higher than just six months earlier and 141% higher than the end of June 2001. CRTC Telecom 1616 is currently focusing on diversifying its businesses by offering its customers a range of value-added services. These non-IDD telecom services are expected to bring additional revenue and growth to CRTC Telecom 1616 in the future.

中信泰富二零零二年首六個月的淨溢利為港幣十九億六千五百萬元，較去年同期的港幣十五億元增長31%。鑑於溢利的增長及公司充裕的流動資金，董事會決定將中期股息由港幣0.20元增至港幣0.30元。

溢利增長的主要因素是：航空業表現突出，同去年下半年相比業績錄得顯著改善，尤在第二季度以後保持了增長勢頭；期內公司節流奏效，減少了營運支出，同時市場利率及公司融資成本降低，財務費用大幅減少；信息業務繼續獲得穩步擴展，盈利貢獻有所增加；出售愉景灣海澄湖畔一段以及九龍港景峰之住宅項目於期內入帳，給房地產溢利帶來增長。

今年以來香港的經營環境日漸困難，同眾多公司一樣，中信泰富花費了相當的精力旨在提高我們業務的經營效率。雖削減公司運作成本之過程需作出必要的抉擇或犧牲，相信所採取的調整舉措將為公司帶來長遠的效益。

以下本人將會重點論述自公佈去年年報以來，中信泰富業務之變化及新發展。

基礎建設

基礎建設業務為公司帶來強勁和穩定的利潤及流動現金，仍繼續為中信泰富的業務核心。

信息業

自中信泰富於二零零零年中收購了 *中信電訊 1616* 之後，該公司已逐步確立了其在長途電話批發市場上的領先地位。至二零零二年六月，長途電話之月處理流量已接近 2 億分鐘，較六個月前增長了 33%，更比去年同期增加了 141%。目前，中信電訊 1616 正致力於業務多元化，為客戶開發提供多種增值服務，此等業務預計將可為公司帶來更多的收益。

CPCNet specializes in Internet Protocol services for corporate businesses. In March, it launched its “TrueConnect”, Virtual Private Network service to serve the needs of customers with business spanning the Greater China region. Eight points of presence have already been established in Mainland China and another four are planned for the end of 2002. *CPCNet* now has a sizable customer pipeline for the “TrueConnect” service, which is already profitable, and is in negotiation with potential business partners in other parts of the world. *CPCNet* will also be launching other new services such as Collaboration Software Services, enhanced security solutions to businesses and managed solutions to the education sector for innovative teaching programs.

CITIC Guoan and *Macau Telecom* also made their contributions to the results of telecommunications business.

Power

The existing power plants are all operating smoothly and generating steady income. Total electricity generated by *CITIC Pacific's* power plants was 6,308 million kwh, an increase of 21% compared with the first six months of 2001.

Preparation for the construction of Ligang Phase III Power Station is continuing. At the same time, the second unit of 200MW of the co-generation plant in Hohhot is near completion and the development of the 200MW co-generation plant in Jilin is proceeding according to schedule with target completion dates of December of 2002 and April of 2003 for the two units.

Civil Facilities: Roads, Bridges and Tunnels

CITIC Pacific's bridges, tunnels and road in Shanghai continue to contribute steady and stable cash flows that have been experienced for many years.

In Hong Kong, the Western Harbour Crossing (WHC) traffic averaged 39,486 per day at the end of June was much below projection whilst the Eastern Harbour Tunnel registered an average traffic volume of 73,511 vehicles per day, a slight decrease from the same period last year. The lack of traffic growth in both tunnels is a serious concern and appropriate action may have to be taken in due course to address the issue of satisfactory shareholders' return.

In August, Hong Kong Tunnels and Highways Management Co Ltd. was awarded a new contract by the Hong Kong Government to continue to manage the operations of the Cross Harbour Tunnel.

CPCNet 為企業提供網絡服務。為滿足大中華地區客戶的業務需要，公司於今年三月推出虛擬私人網絡「TrueConnect」。目前在中國大陸已建有八個網點 (POPs)，並計劃在今年年底再增加四個網點。TrueConnect 的推出吸引了眾多客戶並已為公司提供利潤。現公司正積極拓展此業務，與世界許多國家的潛在業務伙伴商議合作計劃。*CPCNet* 將繼續推出更多的新服務，例如為商業客戶而設計的企業協作軟件和通訊保安方案，以及特別為教育界而設計的管理方案，協助其提供新穎的教學方法。

中信國安和澳門電訊亦為信息業帶來溢利貢獻。

發電

中信泰富之現有電廠均運行良好，收入貢獻穩定。上半年累計完成發電量總共為 63.08 億千瓦小時，較去年同期增長 21%。

新建電廠方面，利港電廠三期的興建準備工作正繼續進行。呼和浩特電廠第二台二十萬千瓦的發電機組已接近完工。吉林新力熱電廠二十萬千瓦發電機組的建設工程進展順利，預計二台機組將分別於今年十二月及明年四月份開始營運。

基礎設施：公路、橋樑及隧道

中信泰富於上海的橋樑、隧道和公路多年以來一直為公司提供穩定的現金回報。

香港方面，西區海底隧道（「西隧」）到六月底為止的交通流量平均為每日 39,486 架次，遠低於預期。而東區海底隧道的平均交通流量為每日 73,511 架次，較去年同期少幅下降。該兩條隧道之交通流量未見增長是當前所面臨的嚴重問題，必須採取適當的措施以提高股東回報。

八月份香港政府與香港隧道及高速公路管理有限公司簽訂了一份新的合約，該公司將繼續管理中區海底隧道的營運。

Aviation

For the six months ended 30 June 2002 *Cathay Pacific's* profit rose 7% from the same period in 2001 to HK\$1,412 million. Both cargo and passenger load factors rose but the yield for both declined. Cost per available ton kilometer was well under control. Needless to say, these results are significantly better than in the second half of 2001, which was particularly difficult for the world's airline industry.

Dragonair recorded a reduced interim profit compared to the same period last year. However, the airline has emerged from the downtrend which began in the fourth quarter of last year and the recent performance is particularly strong. In July, *Dragonair* began flights between Hong Kong and Taipei which is expected to become a new revenue generator. The Hong Kong – Taipei route is already operated by *Cathay Pacific*. This is the first passenger route in which two Hong Kong based airlines have operated in competition. *Citic Pacific* supports this change of policy which is appropriate to the future development of the Hong Kong aviation industry.

Property

Up to 30 June 2002, 98% of the 298 flats at *Siena One* at Discovery Bay and 69% of 988 apartments at *The Victoria Towers* in Kowloon have been sold. *Siena Two* will begin pre-sale shortly. Site clearance of Phase 1 of *Citic Pacific's* residential development in Shanghai – *Westgate Garden* – has been completed and foundation work is scheduled to commence in the fourth quarter of this year.

Rental income from *Citic Square* and *Royal Pavilion* in Shanghai was recorded for the first time as they were acquired in January 2002 and the contribution from investment properties rose 12%.

Marketing and Distribution

For the first six months of 2002, *Dah Chong Hong* (DCH) faced a weak consumer market in Hong Kong but the market in Mainland China was stable. DCH profits in the first half of 2002 increased by 11% compared to 2001 due to improved efficiency from close attention to reducing costs.

航空

截至二零零二年六月三十日，*國泰航空*的溢利較二零零一年同期增長了7%至港幣十四億一千二百萬元。貨運量及載客人數均有所上升，但兩者的收益率則告下降。平均營運成本得以很好控制。同航空業最艱難的去年下半年相比，*國泰*今年首六個月之業績錄得顯著改善。

*港龍航空*的中期溢利比去年同期有所下跌，但已擺脫了去年第四季度以來的跌勢，近期表現日漸強勁。今年七月，*港龍航空*開設了往返香港和台北兩地的航班服務，為該公司提供了新的業務增長點。因為*國泰航空*原已經營該條航線，這標誌著首次有兩家香港航空公司同時為同一航線提供服務。中信泰富支持這一政策的變化，認為此項新政策將有利於香港航空業在未來的進一步發展。

物業

截至二零零二年六月三十日，愉景灣海澄湖畔一段298個住宅單位及九龍港景峰988個住宅單位已分別售出98%和69%。海澄湖畔二段也將於短期內推出預售。位於上海的老西門新苑住宅開發項目的第一期地盤清理工程已完成，並預定於今年第四季開始地基工程。

於二零零二年一月購入的上海中信泰富廣場及華山公寓首次提供租金收入。投資物業方面的總體溢利貢獻增長了12%。

貿易及分銷

今年上半年，*大昌行*面對的香港消費市場依然疲弱，但中國大陸市場則保持平穩，由於成本控制得當，*大昌行*盈利比去年同期上升了11%。

Motor: The Hong Kong motor market has been particularly hard hit by the weak economy. DCH increased its market share by 3-percentage-point to 26%, selling 4,513 units in the first half of the year, a decline of only 12% compared with a 26% drop for the overall motor market. In the Mainland China market, demand grew for both imported and domestically made vehicles. In order to capture the opportunities presented by this fast growing market, DCH has focused its effort on building up its distribution networks in China. During the first half of 2002, three Bentley and seven Renault showrooms were successfully opened.

Trading: In Hong Kong, the sales of consumer goods and food commodities have remained stable due to the Company's success in expanding market share and new products. In Mainland China, the development of the distribution business has also moved forward smoothly. After the successful restructuring of the agriculture and catering business, there has been an improvement in profits.

Faced with increased competition and the difficult economic environment, *Sims Trading's* profits have decreased from a year ago. Management is focusing on generating new businesses, improving efficiency and co-operating with DCH wherever possible.

Other Businesses

Citic Capital Markets has consolidated itself under a new holding company and in its short life has generated new business, established working relationships with Citic Securities and Citic Ka Wah Bank, and begun to recruit high quality staff to pursue its strategy. In September its main operations will move to Citic Tower under its new identity.

Shanghai CP Guojian Pharmaceutical is awaiting approval for its first medicine to proceed to clinical trial and is proceeding with the design of its new laboratory and production plant.

Finance

In August, Citic Pacific raised a HK\$2.5 billion loan with maturities of 5.5 and 7 years thereby extending the debt maturity and reduced interest expense. Supported by strong recurring cash flows from many of our operations, Citic Pacific certainly has the financial strength and flexibility to implement its strategies in the future.

汽車：香港汽車市場受到經濟衰退影響，二零零二年上半年的總銷量較去年同期下跌了26%，但大昌行的銷量為4,513輛，只減少12%，市場佔有率則增加了3個百分點至26%。中國大陸市場對進口及國產汽車的需求與日俱增，為把握進入這個高增長市場的機會，大昌行將集中力量擴展其在中國的分銷網絡。於二零零二年上半年，大昌行成功開設了3間賓利及7間雷諾汽車展銷店。

貿易：由於能夠成功擴大市場佔有率及開發新產品，大昌行在香港的消費品及糧油食品銷售得以保持平穩。在中國大陸發展的分銷業務亦進展順利，在成功重整了農業及餐飲項目後，盈利情況已有所改善。

面對不斷增加的競爭及困難的經濟環境，慎昌的盈利比去年同期有所減少，管理層正集中精力在開發新業務、提高效率及開發利用與大昌行運作的協同效益等方面做出努力。

其他業務

新成立的控股公司「中信資本市場」已迅速拓展了業務，並與中信證券及中信嘉華銀行建立了合作關係。公司已著手招聘人才，實施發展大計。中信資本市場將於九月遷入中信大廈，並將以嶄新的公司形象面市。

上海中信國健藥業有限公司的第一個藥品正等待批准進行臨床實驗，新的實驗室及生產廠房也正在設計中。

財務

中信泰富於八月完成了一項港幣二十五億元的銀團貸款，還款期分別為五年半及七年。此貸款安排一方面延長了集團整體債務償還期，同時亦降低了利息開支。中信泰富之現有業務為公司提供了強勁的經常性現金流量，公司具備雄厚的財務實力和靈活性，足以應付未來發展的需要。

Looking Ahead

The last twelve months have seen enormous volatility in the markets in various parts of the world, and there is much uncertainty about the future, particularly of the US economy. CITIC Pacific is fortunate to be based in Hong Kong with a singularly deep knowledge of China, sound businesses that produce good cash flows many of which have potential to grow, well structured finance, good management and a tradition of operating with excellent standards of corporate governance.

Our strategy will be to continue to move forward, step-by-step, to develop our existing businesses related to China in a systematic way, especially those related to communications, aviation, power and marketing and distribution. At the same time we will not overlook opportunities to purchase sound businesses in our areas of expertise.

All the Directors and staff of CITIC Pacific have worked hard in the last six months, in difficult circumstances, to progress our company forward, and I thank them for this and their dedication and commitment to excellence.

Larry Yung Chi Kin *Chairman*

Hong Kong, 26 August 2002

前景展望

過去一年裏，世界各地市場波動不定，未來的經濟前景特別是美國經濟極不明朗。幸運的是中信泰富立足香港，對中國市場有獨到的認識及豐富的經驗。公司業務發展穩健並具增長潛力，集團的財務結構良好，流動現金充裕，亦擁有優秀的管理團隊，並且在公司管治方面有卓越的傳統。

我們的策略是以循序漸進的方式逐步拓展集團於國內的現有業務，尤以發展信息、航空、發電及貿易分銷業務為核心。同時，我們將把握商機，在公司專長的領域，收購拓展業務。

中信泰富全體董事及員工在過去六個月努力不懈，攜手共渡難關，令公司業務蒸蒸日上。對於他們的工作熱誠和盡心竭力，本人謹此致謝。

榮智健 主席

香港，二零零二年八月二十六日