

CRIC Pacific's performance in 2002 was more than satisfactory. Profits rose 85% to reach HK\$3,902 million, and in doing so generated significant cash flow. In light of the good performance, it is proposed to pay shareholders a special dividend of HK\$1.00 per share in addition to a final dividend of HK\$0.70. This result has been brought about by our focusing on traditional businesses, working hard to raise revenue and finding more efficient ways to do business.

The **aviation** business was robust in 2002. Cathay Pacific's profit increase was five times 2001's results, and Dragonair posted a 60% gain in profit compared with 2001. Increased demand for both passenger and cargo transportation, combined with new products and well managed unit costs, confirm CRIC Pacific's belief in the potential of the airline business in China.

On 3 March 2003, CRIC Pacific signed an agreement with Air China and Beijing Capital Airport Group Corporation to form Air China Cargo Co. Ltd in which CRIC Pacific has a 25% interest. This joint venture will handle all of Air China's existing and future international and domestic cargo and their related ground service businesses. As China has become the world's manufacturing base and the joint venture has the largest domestic and international networks of all Chinese airlines, it will certainly benefit from increasing air cargo volume.

As envisaged, our **communications** businesses have become more significant and now represent 12% of the contribution of all businesses compared with 10% in 2001. CRIC Telecom 1616's IDD wholesale business has grown to become the Asian market leader. It is now serving more than 165 telecom carriers in over 80 countries, setting the foundation for future value added service business. Short Message Switching is being developed and has shown good future prospects. CPCNet launched its "TrueConnect" VPN to customers in the Greater China region, which has proved to be a success. CPCNet's traditional business has maintained its solid base of corporate customers using its connectivity solutions to the Internet. Despite increased competition, CTM's profits rose due to a larger number of both mobile and Internet subscribers. Communications businesses have great potential and are expected to grow further in the coming years.

中信泰富二零零二年的業績非常理想，溢利上升85%至港幣三十九億零二百萬元，從而為公司帶來充裕的現金流量。有鑑於此優良表現，本年度除派發末期股息港幣0.70元外，董事會建議向股東派發特別股息港幣1.00元。公司之所以有此佳績主要是因為我們注重發展傳統業務、致力增加收入來源並不斷發掘更有效的經營方式。

航空業於二零零二年之表現突出。國泰航空的溢利上升五倍，港龍航空的溢利較二零零一年亦增長60%。區內客運及貨運需求的上升，加上新產品的推出以及單位成本控制得體，令中信泰富更加確信中國航空業深具發展潛力。

二零零三年三月三日，中信泰富與中國國際航空公司及北京首都機場集團公司簽訂協議，組建中國國際貨運航空有限公司。中信泰富將持有該合資企業25%的股權，此合資企業將接替中國國際航空集團經營其全部國際及國內的航空貨運及相關之地面服務。中國現時已成為世界的生產基地，該合資企業擁有中國最大的國內國外航空線路網絡，定將受惠於不斷增加的航空貨運量。

正如預期，中信泰富的**信息**業務實現快速增長，現已佔全部業務溢利貢獻的12%，而二零零一年則佔10%。中信電訊1616已確立了其在亞洲國際長途電話批發市場之領先地位，通過話音服務與超過80多個國家、多於165個運營商建立了聯接的網絡，為今後的增值業務奠定了基礎。短訊業務亦正在開展，並展現了良好的前景。CPCNet在大中華地區為客戶推出之虛擬私人網絡「TrueConnect」服務取得成功。其傳統的互聯網業務令CPCNet的企業客戶群得以維持和鞏固。面對激烈的競爭，澳門電訊的溢利仍由於流動電話及互聯網用戶數目增加而上升。公司認為，信息業務仍具發展潛力，可望於未來數年進一步增長。

Our existing **power stations** continued to operate smoothly generating a total of 14,046 million kwh, an increase of 23% over 2001. The Ligang power station generated a record 8,505 million kwh of total electricity reflecting the increased demand for electricity in Eastern China. Following the completion of the second 200MW unit at the Hohhot co-generation plant and the first 100MW unit at Jilin, the second 100MW unit in Jilin will be completed in June 2003. Preparation work for the third phase of Ligang (2 x 600MW) is currently underway. Approval for construction is expected soon. The first unit is expected to commence operation in 2006. China's power industry is now operating under new, clearer policies, under which we believe there will be many opportunities for independent power producers such as CRIC Pacific who provide the excellent management and efficient production necessary for success.

Contracts for the **civil facilities** in Shanghai came under review pursuant to the State Council directive that all projects with guaranteed returns had to be renegotiated. CRIC Pacific began investing in large infrastructure projects in Shanghai in early 1990s to assist the City's, in particular, Pudong's economic development. The Shanghai government has always followed through its contractual commitment to CRIC Pacific. We have had several recent friendly meetings with the relevant authorities in Shanghai. The final outcome is still awaited.

In Hong Kong, traffic at the Eastern Tunnel was adversely affected by the opening of the Tseung Kwan O extension to the Mass Transit Railway. The toll increase at the Western Harbour tunnel in February 2003 is expected to alleviate financial strain.

Our **marketing and distribution** business performed satisfactorily in 2002. The total number of vehicles sold in Hong Kong declined 23%. Although Dah Chong Hong's market share increased by 4%, total sales in this market declined 8%. Overall, Dah Chong Hong's turnover increased 17%.

集團現有的**發電廠**運作暢順，總發電量達140.46億千瓦小時，較二零零一年增長23%。利港電廠的年發電量創下85.05億千瓦小時的記錄，反映了華東地區用電需求的上升。繼呼和浩特熱電廠第二台二十萬千瓦發電機組及吉林首台十萬千瓦發電機組安裝完畢後，吉林電廠第二台十萬千瓦發電機組將於二零零三年六月建成。利港發電廠第三期（安裝兩台六十萬千瓦發電機組）的前期準備工作正在積極進行，預計近期將獲准動工興建，首台機組預定於二零零六年投產。中國電力改革政策日漸明確，相信將為中信泰富這樣具有優良管理水平及高效率的獨立發電商提供發展機會。

根據國務院指示，所有固定回報項目均須重新商議清理。因此，集團位於上海的所有**基礎設施**項目亦需按此規定進行審核。集團在九十年代初率先大規模投資上海基建，協助加快上海特別是浦東新區的經濟發展。上海市從過去至今一直遵從合約精神辦事。集團近期已同上海市政府的有關部門進行了多次友好會談，有關項目之最後處理結果仍有待公佈。

香港方面，東隧的交通流量因地鐵將軍澳支線通車而受到不利影響。西區海底隧道已於二零零三年二月調高收費，預期此舉有助紓緩西隧項目公司之財政壓力。

銷售及分銷業務於二零零二年表現令人滿意。去年香港的總汽車銷量下跌23%，大昌行的市場佔有率雖然增加4%，其總銷量仍下跌8%。整體而言，大昌行的營業額增加17%。

The Mainland China automobile market has grown rapidly in recent years. Our auto sales in Mainland China in 2002 more than doubled the level in 2001. In both motor and general trading, Dah Chong Hong will continue to develop its businesses in Mainland China, and is following a systematic program of expansion of its sale network, operating facilities and control systems. Up to now, more than 20 integrated sales, service and spare parts centres, regional parts distribution and traditional service centres in 14 cities have been set up.

In Hong Kong, the new vehicle registration tax was raised significantly in the recent budget, which will have a potentially serious effect on vehicle sales, in particular, the sales of luxury vehicles. In addition, the new budget also proposed increases in taxes of other categories including salaries tax. This, again, will be negative to Dah Chong Hong's and Sims Trading's overall business. Both Dah Chong Hong and Sims Trading will continue to reduce the cost of delivering their products, eliminate costs that are not productive today, while investing money in areas that are relevant to the future.

In late 2002, CITIC Pacific's major shareholder – CITIC – signed a joint venture agreement with Wal-Mart to develop stores in Eastern China. Dah Chong Hong has already begun working actively to find ways in which its expertise in sourcing and delivering products can be of value to Wal-Mart.

On the **property** front, in January 2002, we purchased CITIC Square and Royal Pavilion, both located in Shanghai. They made a first contribution to the Group's profits. The foundation work of Westgate Garden – a large residential development property in the Huang Pu district of the city – began in late 2002. We are actively pursuing opportunities to expand our property business in Mainland China.

In Hong Kong, sales at Discovery Bay's Siena One were good, and those at Siena Two are slower. CITIC Tower and other investment properties remain well let, but rentals are soft. The Festival Walk shopping centre remains very popular and returns are steady.

中國大陸的汽車市場近年來發展迅速，大昌行於二零零二年度中國的汽車銷量則較二零零一年度增加兩倍以上。在汽車及貿易方面，大昌行將繼續發展中國大陸之業務，現正有系統地擴展銷售網絡、經營設施及監控系統，到目前為止，集團已在 14 個城市設立了 20 多個集銷售、售後服務及零部件支援於一身的專賣店、地區性的零部件分銷中心及傳統的汽車維修中心。

在香港業務方面，由於新的財政預算案對汽車的首次登記稅大幅提高，預計將嚴重影響汽車之銷售量，特別是在高價車方面，負面影響將更大。此外，新財政預算案亦建議提高其它各款稅項，包括薪俸稅，將對大昌行及慎昌的整體銷售有不良影響。面對越趨激烈的競爭，大昌行及慎昌均將繼續削減運營成本，減少不必要的支出，同時投資於將來有發展潛力業務上。

於二零零二年底，中信泰富的主要股東中信北京與 Wal-Mart 簽訂合資協議，將共同在華東地區開設連鎖店。大昌行已開始積極開展工作，希望能發揮其自身在採購及付運方面的專長，為 Wal-Mart 提供協助。

物業方面，中信泰富於二零零二年一月購入了位於上海的中信泰富廣場及華山公寓兩個項目，該等物業年內首次為集團提供盈利貢獻。位於上海市黃浦區的大型住宅發展項目「老西門新苑」已於年底破土動工。公司正在積極尋找機會，擴大其在國內的地產發展。

香港方面，愉景灣「海澄湖畔」一期的銷售情況良好，而二期的銷售速度則較為緩慢。中信大廈及其他投資物業的出租率情況理想，但租金則繼續偏軟。「又一城」購物中心仍深受客戶喜愛，項目回報穩定。

Our Future

In 2003 we expect the economy of Mainland China to continue its steady growth, and remain highly competitive. This offers bright future for the Group's businesses in power generation, communications, aviation, property and trading, and investments in high tech areas. CITIC Pacific's deep knowledge of China, the businesses in which we operate, and the careful way we evaluate opportunities and manage our finances will continue to guide the company as it moves ahead.

The economic situation in Hong Kong is unclear. The war with Iraq is looming, causing an increase in the oil price which will adversely affect our aviation business. The tax increases proposed in the new Hong Kong budget will potentially lead to a reduction in consumption, which in turn will affect our marketing and distributing businesses. In this environment, controlling costs, raising efficiency and creating synergies among our businesses will remain a preoccupation. With our team of experienced and committed professionals, our abundant financial resources and balance sheet strength, the company is ready to take on new challenges and opportunities when they arise.

Every step of the way all the employees of CITIC Pacific, my fellow directors, bankers and investors have supported this company, and I send everyone my sincere thanks.

Larry Yung Chi Kin *Chairman*
Hong Kong, 12 March 2003

前景

展望二零零三年，中國大陸的經濟將持續穩步增長並極具競爭力，這對中信泰富在電廠、電訊、航空、地產、貿易及高科技等領域的投資，提供了廣闊的前景。中信泰富熟悉中國國情及所經營的業務，在評估商機及財政管理上採取嚴謹的態度。今後公司將繼續以此作為發展原則。

香港的經濟前景仍不明朗，伊拉克戰事一觸即發，戰爭的陰影造成油價高升，無疑將對航空業的運營帶來不利因素。香港新預算案提出全面加稅，可能引致本地消費收縮，因而影響到集團的貿易分銷業務。在此環境下，控制成本、提高效率及發揮旗下各項業務的協同效應仍然是當務之急。憑藉旗下經驗豐富而忠誠之優秀專才，配合充裕的財務資源及健全的財政狀況，本公司將隨時迎接新挑戰及商機。中信泰富在邁步向前的過程中，一直得到全體職員、董事各同僚、往來銀行及投資者的大力支持，本人謹此致以衷心謝意。

榮智健 主席
香港，二零零三年三月十二日