

## Of the Consolidated Financial Results for 2002

### Introduction

CITIC Pacific's 2002 Annual Report includes a report by the Directors to shareholders, the financial accounts and other information required by accounting standards, legislation, and the Hong Kong Stock Exchange. This Management's Discussion and Analysis is designed to assist the reader in understanding the statutory information by discussing the contribution of each business segment, and the financial position of the company as a whole.

Pages 68 to 75 of the Annual Report contains the Consolidated Profit and Loss Account, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity. Following these financial statements, on pages 76 to 136 are Notes that further explain the figures presented in the statements.

On page 137 CITIC Pacific's auditor – PricewaterhouseCoopers – make a report to the shareholders of their opinion of the financial statement.

### Basis of Accounting

CITIC Pacific prepares its financial statements in accordance with generally accepted accounts standards published by the Hong Kong Society of Accountants. Hong Kong accounting standards broadly follow International Accounting Standards. In preparing its 2002 financial statements, the Group adopted new or revised SSAPs, particularly SSAP No. 34 "Employee Benefits" and SSAP No. 11 "Foreign Currency Translation" which became effective for the current accounting year. Their adoption has no significant impact on the Group's financial statements except that the adoption of SSAP No. 34 by CITIC Pacific's associated company, Cathay Pacific Airways Limited, has reduced CITIC Pacific's attributable opening retained earnings by HK\$148 million.

## 二零零二年綜合財政業績

### 緒言

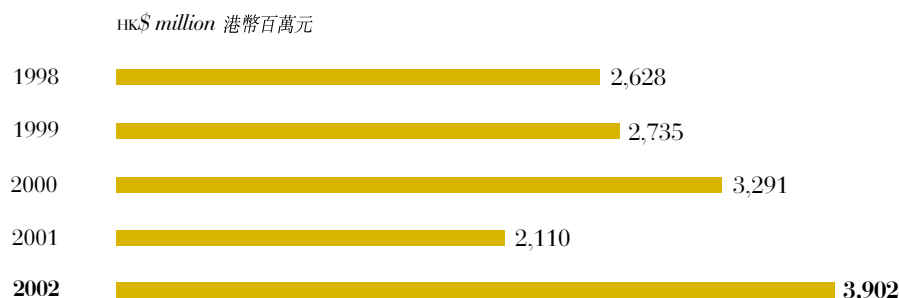
中信泰富的二零零二年年報包括董事會報告、財務報表及按會計準則、法例及香港聯合交易所規定的其他資料。編製本管理層討論及分析旨在透過討論各項業務的溢利貢獻及本公司的整體財政狀況，協助讀者瞭解所提供的法定資料。

本年報第68頁至第75頁載有綜合損益賬、資產負債表、現金流量表及權益變動表。緊隨該等財務報表之後為進一步闡釋報表所載數據的附註（載於第76頁至第136頁）。

第137頁載有中信泰富核數師羅兵咸永道會計師事務所向股東發出的報告，列載其對財務報表的意見。

### 會計基準

中信泰富乃根據香港會計師公會頒佈而普遍被採用之香港會計準則編製財務報表。香港會計準則大致上依循國際會計準則。本集團在編製其二零零二年度財務報表時，採納嶄新或經修訂的香港會計準則，尤其是於本財政年度生效的香港會計準則第三十四號「僱員福利」及香港會計準則第十一號「外幣換算」。除因中信泰富的聯營公司國泰航空有限公司採納香港會計準則第三十四號而令中信泰富的應佔期初保留盈利減少港幣一億四千八百萬元外，採納該等香港會計準則對本集團的財務報表並無重大影響。

**Profit Attributable to Shareholders**

The net profit attributable to shareholders for 2002 was HK\$3,902 million, an increase of 85% compared with HK\$2,110 million achieved in 2001. All business segments contributed to this increase, except power generation and civil infrastructure.

**Business Segments**

The financial statements contain business segment information for turnover (Note 2), pre-tax profit from consolidated activities (Note 3), for associated companies (Note 4), fixed assets (Note 12) and assets and liabilities (Note 24).

The following chart shows, for each major business segments, the after tax contribution it made to corporate level net interest expense not charged to individual businesses, overhead expenses and the amortization of goodwill. Historical performance can be seen on the 10 years statistics on page 36.

**Contribution**

HK\$ million	2002	2001	港幣百萬元
Aviation	1,263	324	航空
Civil Infrastructure	1,223	1,362	基礎設施
Communications	556	295	信息業
Power Generation	245	281	發電
Marketing & Distribution	235	119	銷售及分銷
Property	925	633	物業
Industrial Manufacturing	126	95	工業製造

**股東應佔溢利**

二零零二年之股東應佔溢利為港幣三十九億二百萬元，較二零零一年之港幣二十一億一千萬元增加85%。除發電及基礎設施外，各業務分類均為此溢利增長作出貢獻。

**業務分類**

財務報表載有關於營業額（附註2）、稅前綜合業務溢利（附註3）、聯營公司（附註4）、固定資產（附註12）及資產與負債（附註24）等業務分類資料。

下圖顯示各主要業務分類的稅後溢利貢獻與尚未自個別業務扣除的企業利息支出淨額、營運開支及商譽攤銷的比例。過往的表現可參閱第36頁所載的十年統計。

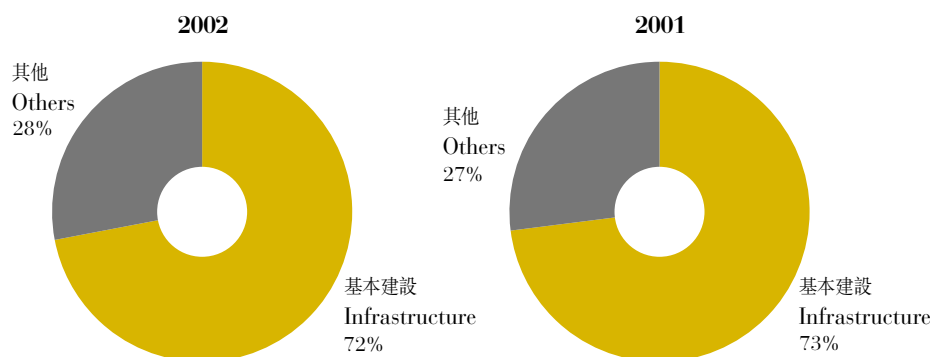
**溢利貢獻**

The main reasons for the different contribution in each segment in 2002 compared that for 2001 are:

- Communications increased 88% due to a greater contribution from CITIC Telecom 1616, CITIC Guoan, CPCNet and CTM.
  - Power Generation decreased by 13% mainly due to pre-operating expenses in newly commissioned plants and a lower dividend declared by operating companies in order to reserve funds for future expansion.
  - Civil Infrastructure decreased by 10% due to the disposal of the Chongqing Chang Jiang LIT Bridge in December 2001, improved results at the Western Harbour Tunnel but reduced profits at the Eastern Harbour Tunnel.
  - Aviation increased almost 3 times mainly due to profit growth of 5 times at Cathay Pacific and a 60% increase in the profit from Dragonair. Both airlines increased passenger and cargo volumes. HACTL's results increased 56% with a record cargo volume.
  - Property sales at both Siena One and Siena Two at Discovery Bay and The Victoria Tower in Kowloon contributed HK\$272 million compared with HK\$37 million from property sales in 2001. Property leasing profit of HK\$653 million increased 10% as a result of the Shanghai properties newly acquired in January 2002 offset by a slight reduction in Hong Kong rental income.
  - Marketing & Distribution: The motor group contributed HK\$200 million (+17%) due to an outstanding performance in the sale of cars and trucks in both Hong Kong and the Mainland China and strong earnings from the diversified motor services operations. General trading businesses grow 12% in real terms to HK\$37 million (HK\$75 million was written off in 2001 for catering and agricultural businesses in Mainland China).
  - Industrial Manufacturing profit increased 33% due to a 25% increase in the sales of steel and increased operation efficiency.
- 於二零零二年各項業務分類的溢利貢獻有別於二零零一年的主要原因為：
- 信息業務溢利增長88%，是由於中信電訊1616、中信國安、CPCNet及澳門電訊之較大盈利貢獻。
  - 發電業務溢利貢獻下降13%，主要由於投資新電廠所需之營運前開支，以及營運公司宣派的股息減少以便保留資金用作將來發展。
  - 基礎設施業務溢利貢獻下降10%，是由於二零零一年十二月出售重慶長江李家沱大橋，而西區海底隧道的業績有所改善，但東區海底隧道的溢利貢獻則下降。
  - 航空業務溢利上升3倍，主要由於國泰航空的利潤增長5倍及港龍航空的溢利增長60%。該兩間航空公司之載客量及貨運量均增加。香港空運貨站錄得創記錄的貨運量，令溢利增長56%。
  - 出售愉景灣海澄湖畔一段和二段及九龍港景峰令物業銷售溢利貢獻港幣二億七千二百萬元，與二零零一年比較，溢利貢獻為港幣三千七百萬元。香港租金收入輕微下降，抵銷了二零零二年一月新購入的上海物業帶來之租務收益，整體物業租金溢利為港幣六億五千三百萬元，增長10%。
  - 銷售及分銷方面，汽車集團溢利貢獻為港幣二億元（增長17%），主要由於香港及國內汽車及貨車銷售良好，以及多元化汽車業務帶來強勁收益。一般貿易業務實質增長12%，達港幣三千七百萬元（於二零零一年曾就國內之飲食及農業項目撇賬港幣七千五百萬元）。
  - 工業製造業務溢利增加33%，主要由於鋼鐵銷售上升25%及營運效率增長。

The businesses segments within the infrastructure group – Communications, Power Generation, Civil Infrastructure and Aviation – contributed approximately 72% compared with 73% in 2001.

業務分類內基本建設（信息業、發電、基礎設施及航空）的溢利貢獻約為72%，與二零零一年比較則為73%。



### Geographical Distribution

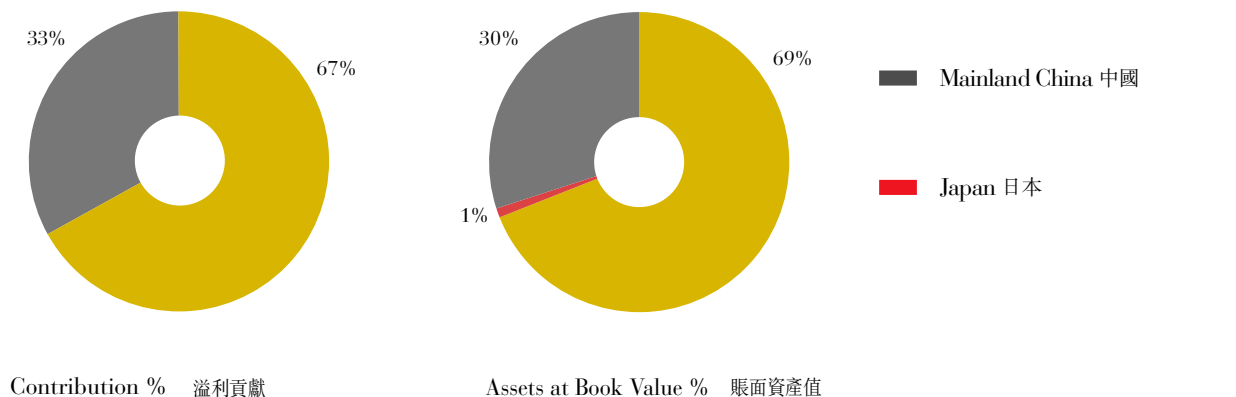
In 2002, the contribution and assets of the Group by the location of the base of operations were:

### 地區分佈

於二零零二年，本集團按業務基地所在位置劃分的溢利貢獻及資產如下：

as at 31 December 2002

二零零二年十二月三十一日結算



### Interest Expense

The Group's total interest expense declined from HK\$690 million to HK\$490 million due to a reduction in borrowings from HK\$14.6 billion to HK\$9.3 billion and a reduction in the average cost of borrowings from 6% to 4.6%. Debt net of bank deposit reduced from HK\$10 billion to HK\$6.7 billion and net interest expenses, after deducting interest income, declined from HK\$504 million to HK\$434 million.

### 利息支出

本集團的利息支出總額由港幣六億九千萬元下跌至港幣四億九千萬元，是由於借貸由港幣一百四十六億元減至港幣九十三億元及平均借貸成本由6%減至4.6%所致。扣除銀行存款的債項由港幣一百億元減至港幣六十七億元，而利息支出淨額（扣除利息收入後）由港幣五億四百萬元減至港幣四億三千四百萬元。

## Amortization and Revaluation

Accounting standards require two major adjustments that are unrelated to the cashflow of our business. Goodwill – the amount paid for buying a business that exceeds the value of its physical and identifiable assets – must be amortised to the profit and loss account over its useful life not exceeding 20 years. In 2002, HK\$204 million of goodwill was amortised to the profit and loss account, a HK\$18 million increase compared to 2001.

In certain defined circumstances, accounting standards require listed investments to be revalued to market value at the end of each accounting period. This revaluation caused CITIC Pacific to record an unrealised loss of HK\$2 million in the year of 2002 compared with an unrealised loss of HK\$166 million in the year of 2001, a change of HK\$164 million between the two years.

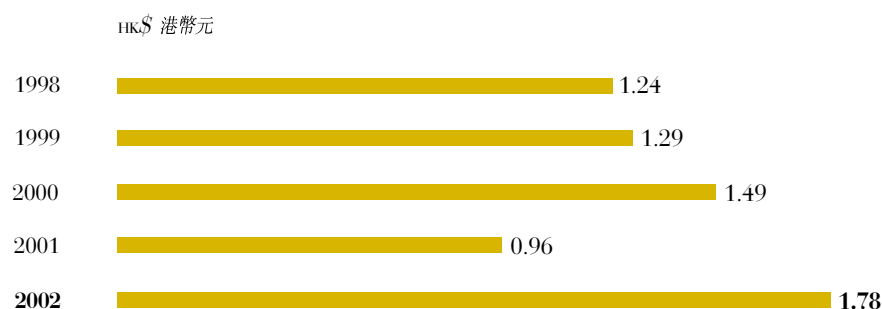
## Taxation

Taxation increased from HK\$306 million in 2001 to HK\$377 million in 2002 mainly due to increase in the share of taxation of the associated companies, particularly that of Cathay Pacific whose tax rate was significantly lower in 2002 compared with 2001.

## 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.

## Earnings per Share



Earnings per share were HK\$1.78 for the year 2002, an increase of 85% compared with HK\$0.96 for the year in 2001. The number of shares outstanding in the two years was substantially the same so all the increase in earnings per share was attributable to the increase in profit.

## 攤銷及重估

會計準則規定須作出兩項與集團業務之現金流量無關之重大調整。商譽（就收購業務所付款項超出其實質及可辨認資產之價值）必須於其不超過二十年之可使用年期內在損益賬攤銷。於二零零二年，港幣二億四百萬元的商譽已於損益賬內攤銷，較二零零一年增加港幣一千八百萬元。

在若干情況之下，會計準則亦規定上市投資類別須重估其於每段會計期間結算日之市值。此項重估導致中信泰富於二零零二年錄得未變現虧損港幣二百萬元，而二零零一年的未變現虧損為港幣一億六千六百萬元，兩年之變動為港幣一億六千四百萬元。

## 稅項

稅項由二零零一年港幣三億六百萬元增加至二零零二年港幣三億七千七百萬元的主要原因乃分佔聯營公司稅項增加所致，但是國泰航空於二零零二年的稅率遠低於二零零一年。

## 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。

## 每股盈利

二零零二年之每股盈利為港幣1.78元，較二零零一年之港幣0.96元增加85%。於該兩年度的已發行股份數目大致相同，故每股盈利增加實為溢利增加所致。

**Shareholders' Equity****股東權益**

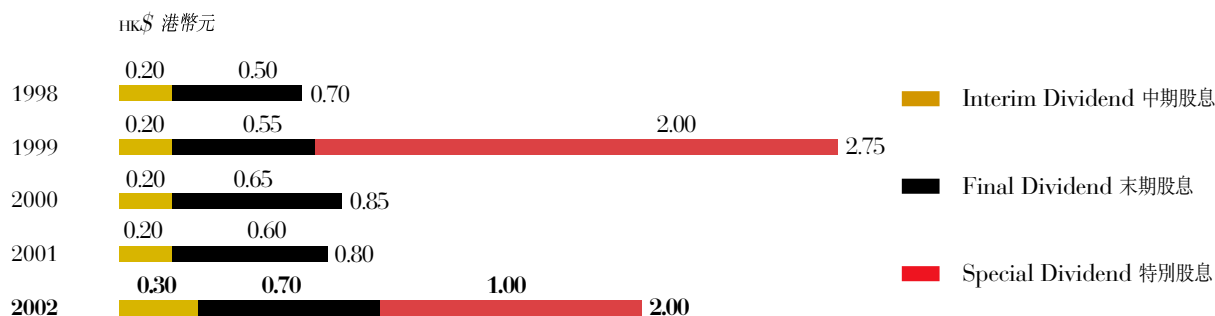
Shareholders' equity defined as shareholders' funds, plus HK\$2.5 billion of unimpaired goodwill written off to reserves for accounting purposes, was HK\$45.2 billion as at 31 December 2002. The movement of the shareholders' funds during the year is set out in the Consolidated Statement of Changes in Equity on page 75 of the accounts.

股東權益為股東資金加上在入賬時在儲備撇銷之未減值商譽港幣二十五億元之總和，於二零零二年十二月三十一日為港幣四百五十二億元。本年度的股東資金變動載於本賬目第75頁的綜合權益變動表。

**Shareholders' Equity per Share****每股股東權益**

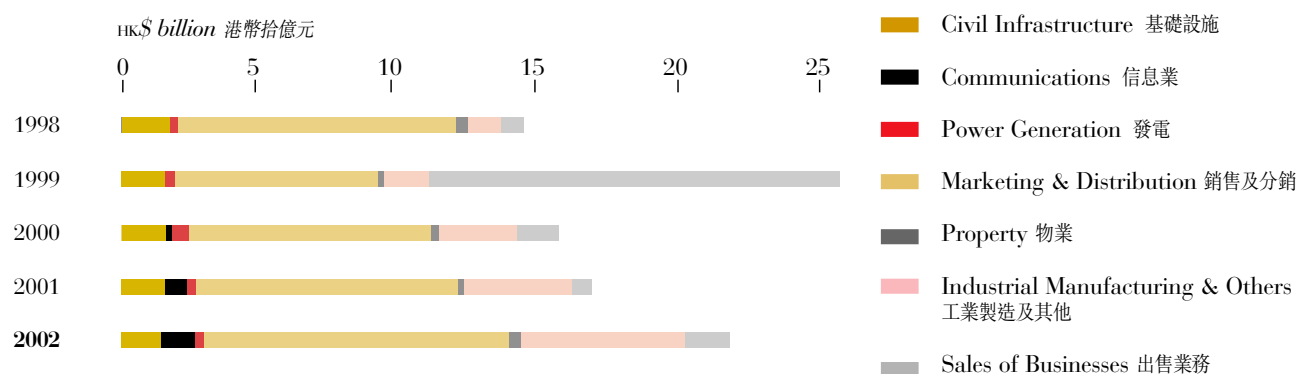
Shareholders' equity per share at 31 December 2002 was HK\$20.7 as compared to HK\$20.1 at 31 December 2001 mainly due to increase in shareholders' funds by the profit for the year partly offset by the dividend paid and certain reserve movements set out in Note 21 on page 106 of the financial statements.

二零零二年十二月三十一日之每股股東權益為港幣 20.7 元，而二零零一年十二月三十一日則為港幣 20.1 元，主要因為在本年度溢利帶動下的股東資金增幅部份已因派付股息及財務報表第 106 頁附註 21 所載的若干儲備變動而抵銷。

**Dividend per Share****每股股息**

An interim 2002 dividend of HK\$0.30 per share was paid on 19 September 2002 and it is proposed to pay a final 2002 dividend on 12 May 2003 of HK\$0.70 per share and a special dividend of HK\$1 per share on the same day. The regular dividend for 2002 represents 56% of the 2002 profit and 29% of the regular cashflow received from all businesses.

## Turnover



The largest component of Turnover are sales of goods and services, but other items such as sales of assets are included as described in Note 2 of the financial statements. Only the turnover from businesses included as Consolidated Activities is reported – they contributed 58% to the net profit before taxation.

Marketing & Distribution turnover increased 17% in 2002 compared with 2001. Motor trading turnover increased 39% in 2002, a 180% growth in the Mainland China market being offset by a 11% decline in Hong Kong. Other trading and distribution turnover fell slightly by 2% in aggregate. Industrial Manufacturing turnover increased 25% due to larger sales of steel, while communications turnover increased 55% mainly due to the growth of business of the CITIC Telecom 1616 Group. Other turnover in 2002 included the sale of the 80% interest in China Express No. 1 Backbone Network at a consideration of HK\$1.6 billion.

集團於二零零二年九月十九日派發二零零二年中期股息每股港幣0.30元，並建議於二零零三年五月十二日派發二零零二年末期股息每股港幣0.70元及於同日派發特別股息每股港幣1元。二零零二年的普通股息佔二零零二年溢利的56%，及佔來自所有業務的經常性現金流量的29%。

## 營業額



貨品銷售及服務乃佔營業額中的最大部份，並包括其他項目如出售資產等已列入財務報表附註2。本集團只呈報來自綜合業務的營業額，其貢獻佔除稅前淨溢利的58%。

於二零零二年銷售及分銷的營業額較二零零一年增加17%。汽車貿易於二零零二年的營業額上升39%，但大陸市場錄得的180%增長卻為香港的11%跌幅所抵銷。其他貿易及分銷的營業額合共輕微下跌2%。工業製造的營業額因鋼鐵銷量上升而增加25%，而信息業的營業額則主要因中信電訊1616集團取得業務增長而增加55%。二零零二年的其他營業額包括以港幣十六億元的代價出售中國奔騰一號骨幹網的80%權益。

**Capital Expenditure****資本開支**

HK\$ million	2002	2001	港幣百萬元
Aviation	–	1	航空
Civil Infrastructure	156	91	基礎設施
Communications	216	1,121	信息業
Power Generation	120	139	發電
Marketing & Distribution	272	612	銷售及分銷
Property	2,893	584	物業
Industrial Manufacturing	280	206	工業製造
Others	704	8	其他

CITIC Pacific bought two properties in Shanghai for HK\$2.7 billion in 2002. "Others" is mainly a 50% interest in CITIC Capital Markets Holdings Ltd. of HK\$510 million. The construction of an additional steel plant was completed during the year and its cost reflected under Industrial Manufacturing. The Marketing & Distribution segment mainly increased investment in operating fixed assets while the 2001 amount included the acquisition of Sims Trading Group. Equipment was purchased to support the expansion of the telecommunication business.

中信泰富於二零零二年以港幣二十七億元在上海購入兩項物業。「其他」主要為中信資本市場控股有限公司的50%權益港幣五億一千萬元。增建鋼廠的工程已於本年度完成，所需成本反映在工業製造項目下。銷售及分銷分類之支出主要為增加投資於營運固定資產，而二零零一年的款項則包括收購慎昌貿易集團。電訊業購買的設備旨在支援業務的擴展。



## Group Liquidity and Capital Resources

### General Policies

CITIC Pacific aims to finance its businesses 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 to enhance the utilization of Group financial resources and risk management.

CITIC Pacific diversifies its funding sources through utilization of both the banking and capital markets. The Company maintains borrowing relationships with major financial institutions based all over the world and its bonds are widely held by investors in Asia, Europe and North America.

CITIC Pacific minimizes its currency risks by endeavoring to finance non Hong Kong dollar assets in the same currency as the asset or cash flow from it, either by borrowing or using foreign exchange contracts. For instance, the US\$ cash flow arising from many infrastructure projects in Mainland China are matched against US\$ debt. Achieving the policy objective is not always possible due to limitation in financial markets, particularly on investment into the Mainland, so the continued development in RMB debt, equity and foreign exchange markets is very important to CITIC Pacific as the focus of businesses is increasingly towards Mainland China where the businesses will generate RMB cash flow.

The Company only uses derivative transactions for hedging purposes, and speculative activities are strictly prohibited. Counterparties' credit risk are carefully reviewed and, in general, the Company only deals with financial institutions whose credit rating is single A or better.

## 集團之流動資金及資本來源

### 一般政策

中信泰富之融資策略為融資形式須根據有關業務之現金流量情況，在可能情況下安排有限或無追索權之項目融資。本集團之融資及現金管理運作均集中在總公司層次進行，藉以提升集團財務資源的運用，以及加強風險管理。

中信泰富致力透過銀行及資本市場分散集資途徑。本公司與全球的主要金融機構維持借貸關係，而其債券廣為分佈於亞洲、歐洲及北美洲的投資者持有。

中信泰富透過借貸或利用外匯合約安排，以有關資產或現金收益之幣種為非港元資產進行融資，務求將貨幣風險降至最低。舉例而言，中國大陸基建項目帶來美元現金收益，故以美元債項配對。由於中國之金融市場有所限制，上述目標未能時常達致，故國內人民幣債務、股票及外匯市場之持續發展對中信泰富非常重要，因集團的業務重點愈來愈偏重於中國大陸，而在當地經營業務將帶來人民幣現金收益。

本公司只利用衍生工具對沖風險，絕對嚴禁進行投機買賣。交易對手之信貸風險亦會審慎分析。一般而言，本公司只與信貸評級達 A 級或以上之金融機構交易。

### Cash Flow from Operations

Since, by design, most of the Group's debt is raised by the holding company, the amount of cash flow from each business to the Company is an important measure as to the Company's ability to serve its debts. In the year of 2002, cash contributions to the Company from all businesses in the Group was approximately HK\$5.4 billion of which the infrastructure businesses contributed approximately HK\$3.2 billion; the property contributed approximately HK\$1.8 billion and the Marketing & Distribution contributed approximately HK\$330 million.

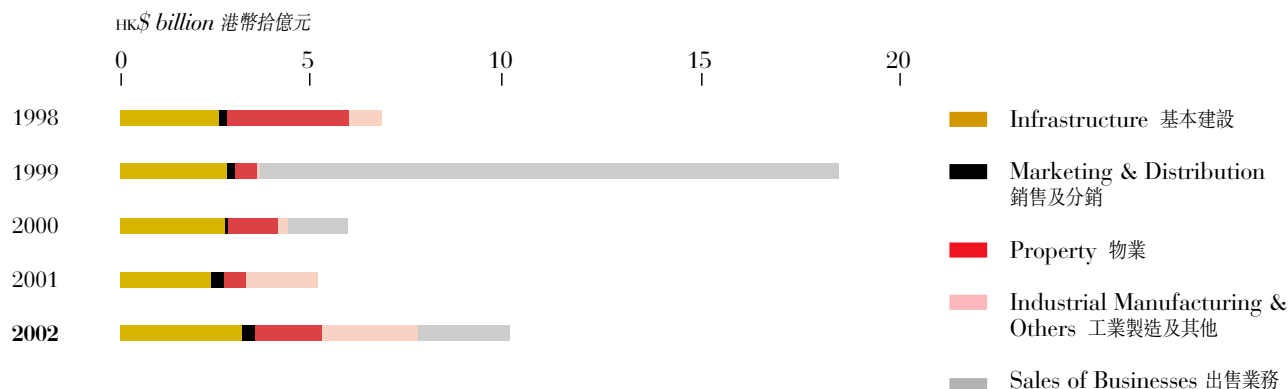
In addition, HK\$2.3 billion was received from the sale of China Express No. 1 Backbone Network and Chongqing Chang Jiang LIT Bridge. Cash received from selling marketable securities contributed over HK\$2.3 billion for the year.

### 業務之現金流量

由於本集團的大部份債項由控股公司安排，故各項業務為本公司帶來的現金流量乃衡量本公司償還債項能力的重要指標。於二零零二年，本集團所有業務為本公司提供的現金貢獻約為港幣五十四億元，基本建設提供約港幣三十二億元，物業提供約港幣十八億元，而銷售及分銷則提供約港幣三億三千萬元。

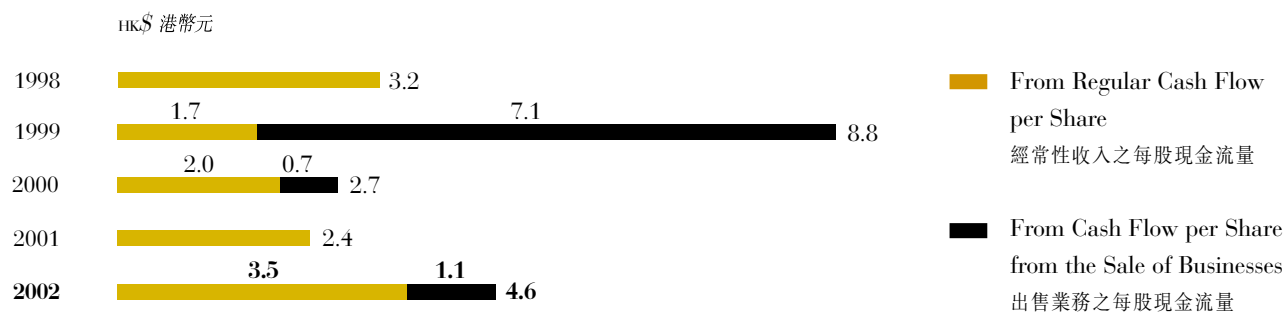
此外，出售中國奔騰一號骨幹網及重慶長江李家沱大橋獲得港幣二十三億元。於本年度出售有價證券所得現金逾港幣二十三億元。

### Cash Flow from Operations



### 業務之現金流量

### Cash Flow per Share



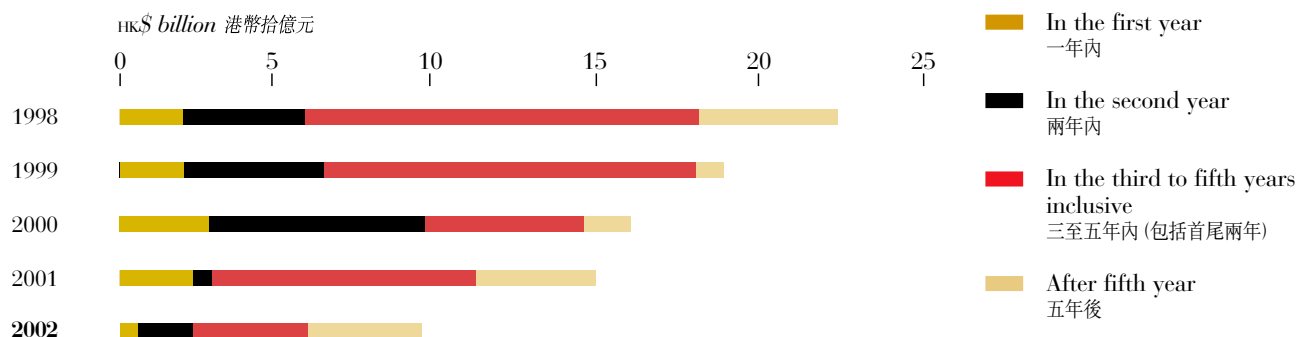
### 每股現金流量

## Group Debt and Liquidity

In 2002, CITIC Pacific raised HK\$2.5 billion through a 5.5/7 year syndicated loan facility to extend the Company's debt maturity profile, reduce the annual refinancing risk and lower the overall cost of funds. In addition, HK\$2 billion of bilateral facilities were established or renewed, generally at a lower cost than before.

As of 31 December 2002, the Group's total outstanding debt was HK\$9.3 billion (31 December 2001: HK\$14.6 billion), cash and deposit with banks were HK\$2.5 billion giving a net debt of HK\$6.7 billion compared to HK\$10 billion at 31 December 2001. Leverage, measured by the net debt to total capital was 13% (31 December 2001: 19%).

## Total Debt



Total debt decreased due to the repayment of bank borrowings. The debt balance as at 31 December 2002 that will be mature in 2 years' time amounted to 24% of the total debt and at that date the Group had deposit with banks of HK\$ 2.5 billion which exceeded the loans due for repayment in 2003.

## 集團債項及流動資金

於二零零二年，中信泰富簽定一筆港幣二十五億元為期五年半及七年之銀團貸款，用以延展公司之債務到期結構、降低每年的再融資風險及減輕整體資金成本。此外，本公司亦按普遍較以往低廉的成本建立或延續雙邊貸款協議共約港幣二十億元。

於二零零二年十二月三十一日，本集團之借貸總額為港幣九十三億元（二零零一年十二月三十一日：港幣一百四十六億元），而現金及銀行存款則為港幣二十五億元，淨負債為港幣六十七億元，而二零零一年十二月三十一日則為港幣一百億元。按照淨負債佔資本總額計算的槓桿比率為13%（二零零一年十二月三十一日：19%）。

## 負債總額

負債總額因償還銀行借貸而減少。於二零零二年十二月三十一日，兩年內到期之借貸佔負債總額的24%，而本集團於該日的銀行存款為港幣二十五億元，超過於二零零三年到期償還的貸款。

The Group policy is to maintain a high degree of financial transparency and control. Save for regulatory constraints (for RMB borrowings in the mainland for example) and operational considerations, all the borrowings are centralized at the Company level which then provides funds to businesses. As of 31 December 2002, the Company's borrowing structure and outstanding debt maturity was:

本集團的政策是維持高透明度的財務管理及嚴格之財務監控。除受條例限制（以在中國大陸進行人民幣借貸為例）及基於營運考慮外，所有借貸均集中由公司安排，然後向各項業務提供資金。截至二零零二年十二月三十一日，本公司之借貸結構及到期年份如下：

### Maturity of Outstanding Debt

### 未償還負債之到期年份

in HK\$ million	2003	2004	2005	2006	2007	二零零八年 及以後 2008 and Beyond	合計 Total	以港幣百萬元計算
Parent Company <sup>(1)</sup>	0	1,350	100	2,796	0	3,510	7,756	母公司 <sup>(1)</sup>
Subsidiaries	530	357	570	27	27	0	1,511	附屬公司
Total Outstanding Debt	530	1,707	670	2,823	27	3,510	9,267	未償還負債總額
Percentage	6%	18%	7%	31%	0%	38%	100%	百分率

(1) Including a US\$450 million global bond which was issued by a wholly owned special purposes vehicle.

(1) 包括一間專為特定目的而成立之全資附屬公司所發行總值四億五千萬美元之全球債券。

### Source of Debt Financing

### 融資來源

	港幣百萬元 HK\$ million	百分率 Percentage	
Bank Loans	4,977	54%	銀行貸款
Bonds	3,510	38%	債券
Private Placement	780	8%	私人配售
	<u>9,267</u>	<u>100%</u>	

As of 31 December 2002, the Group's undrawn available facilities totalled HK\$10.3 billion of which approximately HK\$7.5 billion were committed long term loans, HK\$1.8 billion money market lines and the balance trade facilities. These available facilities, combined with cash and deposit on hand and the Group's strong recurrent cash flow generated from operations, provide ample financial resources and flexibility to the Group to implement its business plans.

截至二零零二年十二月三十一日，本集團尚未提用之備用信貸共為港幣一百零三億元，其中約港幣七十五億元為獲承諾之長期貸款。港幣十八億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手頭現金與存款及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。

## Employment of Derivative Products

In the normal course of its business, CITIC Pacific employs a combination of financial instruments, including derivative products, to manage its exposure to fluctuations in interest and currency rates.

The Company uses interest rate swaps, forward rate agreements and interest rate option contracts to hedge exposures or to modify the interest rate characteristics of its borrowings. CITIC Pacific enters into cross currency swap contracts to change the denomination of its borrowings as part of its management to limit foreign currency exposures. Foreign exchange forward/option contracts are also used to hedge foreign currency exposure. These derivative contracts are linked to specific assets or liabilities.

As of 31 December 2002, the Company had interest rate swap agreements outstanding with a notional amount of approximately HK\$2 billion. Under these agreements, CITIC Pacific is to exchange either fixed or floating rate interest with its counterparties, without the exchange of the underlying notional amounts. Other financial products such as forward rate agreement are employed when deemed appropriate to stabilize the overall cost of borrowings over time.

As at 31 December 2002, approximately 56% of the Group's total borrowings after swaps bore interest at floating rates and the remaining 44% were at fixed rates. The average all-in cost of debt including hedging costs in 2002 was 4.6% compared with 6% a year before.

The denomination of the Group's borrowings and deposits with banks at 31 December 2002 were:

<i>in HK\$ million</i>							<i>以港幣百萬元計算</i>
<i>Denomination</i>	HK\$ 港幣	US\$ 美元	Renminbi 人民幣	Yen 日圓	Other 其他	Total 總計	面值
Debt outstanding	3,528	4,427	681	556	75	9,267	未償還負債
Deposits	450	1,481	522	73	19	2,545	存款
Net Borrowings	3,078	2,946	159	483	56	6,722	淨借貸額
Percentage	46%	44%	2%	7%	1%	100%	百分率

## 使用衍生工具

中信泰富在其正常業務過程中以不同形式之金融工具（包括衍生工具）調控利率及匯率風險。

本公司利用利率掉期、遠期利率協議及利率期權合約對沖風險或更改其借貸之利率特點。中信泰富訂立貨幣掉期合約，藉以更改借貸貨幣，管理外匯風險。本公司亦會使用外匯遠期／期權合約對沖外匯風險。此等衍生合約均為對沖特定之資產或負債。

截至二零零二年十二月三十一日，本公司共有約港幣二十億元之利率掉期協議。根據該等協議，中信泰富須與交易對手互換固定或浮動息率，但不涉及本金之交換。本公司在認為情況合適時亦會採用遠期利率協議等其他金融產品，務求穩定整體借貸成本。

截至二零零二年十二月三十一日，在利率掉期後本集團之借貸總額中約56%為浮動利率借貸，其餘44%則以固定息率計息。於二零零二年全年之平均借貸成本（包括對沖成本）為4.6%，而上年度則為6%。

本集團於二零零二年十二月三十一日之借貸額及銀行存款如下：

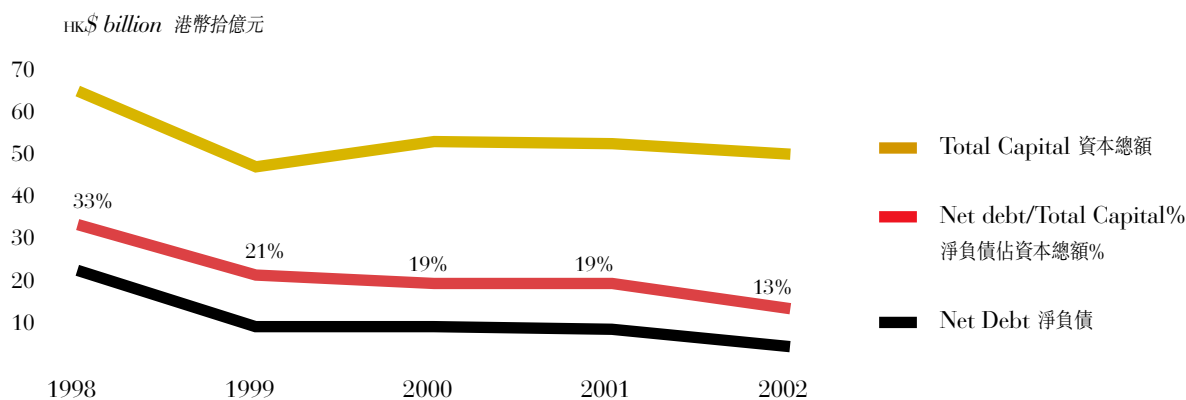
### Financial Guarantees and Pledged Assets

The aggregate outstanding amount of guarantees issued by CITIC Pacific which were not included in consolidated borrowings was approximately HK\$1.9 billion as of 31 December 2002. These are principally, a several guarantee to support CITIC Pacific's share of Jilin Power Station's banking facilities and a several guarantee to an associated company, Treasure Trove Limited, for a HK\$2,400 million syndicated loan facility to finance the CITIC Tower of which CITIC Pacific's share is 62%.

The Group has not provided any other guarantees for associated companies' borrowing facilities or obligations. Festival Walk and Discovery Bay are financed by their shareholders and do not have external borrowings; other associated companies and co-operative joint ventures such as Cathay Pacific, Dragonair, Western Harbour tunnel and power stations raise debt to finance their operational activities without recourse to their shareholders.

As at 31 December 2002, assets of HK\$287 million were pledged to secure banking facilities utilized by subsidiaries – mainly related to Dah Chong Hong's overseas trading business.

### Leverage



Net debt divided by total capital was 13% at 31 December 2002 compared with 19% at the end of 2001. It has declined continuously since 1997.

### 財務擔保及抵押資產

於二零零二年十二月三十一日，未反映在中信泰富綜合負債之擔保合共約港幣十九億元。主要包括中信泰富按其控股比例為吉林發電廠的銀行融資提供之個別擔保，以及就金額港幣二十四億元用於發展中信大廈之銀團貸款向聯營公司 Treasure Trove Limited 提共 62% 之個別擔保。

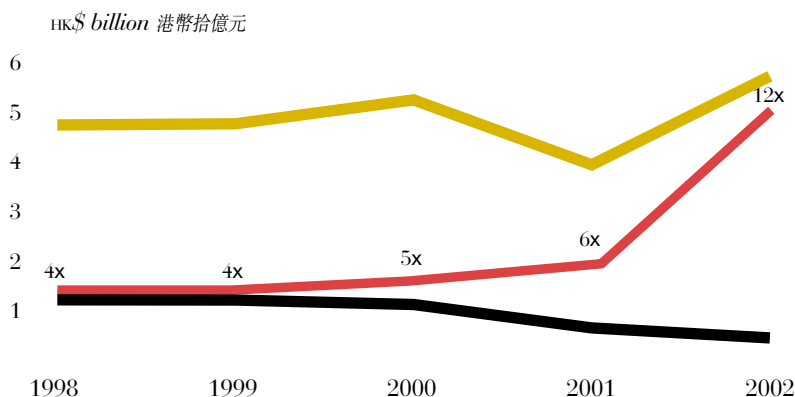
中信泰富並未為其他聯營公司之借貸或債務提供擔保。又一城及愉景灣項目全部由股東出資，並無向外借貸；其他聯營公司及合作公司如國泰航空、港龍航空、西區海底隧道及國內電廠均有為本身業務融資，惟該等融資對股東並無任何追索權。

截至二零零二年十二月三十一日，為數港幣二億八千七百萬元之資產用作附屬公司所用銀行信貸之抵押，主要涉及大昌行之海外貿易業務。

### 槓桿比率

截至二零零二年十二月三十一日，淨負債佔資本總額為 13%，而二零零一年底則為 19%。自一九九七年以來，槓桿比率持續下跌。

## Interest Cover



EBITDA divided by interest expense for the year ended 31 December 2002 was 11.7 compared to 5.7 in 2001, due to the increase in profit and a decrease in total interest expense from HK\$690 million in 2001 to HK\$490 million in 2002.

## Credit Ratings

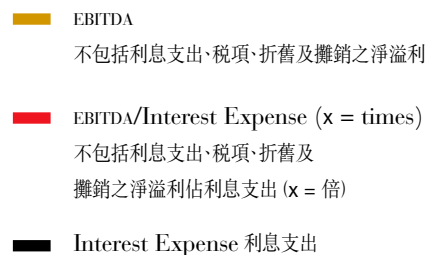
The Company has been assigned investment grade long term credit rating of Baa3 and BBB- by Moody's Investor Service and Standard & Poor's respectively. The credit outlook for both ratings are stable, reflecting CITIC Pacific's strong financial profile including low leverage, diversified business and strong cash flow.

## Forward-Looking Statements

This Annual Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward-looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement.

## 利息倍數



截至二零零二年十二月三十一日止年度不包括利息支出、稅項、折舊及攤銷之淨溢利除以利息支出為 11.7，而二零零一年則為 5.7，主要因溢利增加及利息支出總額由二零零一年之港幣六億九千萬元減至二零零二年之港幣四億九千萬元。

## 信貸評級

穆迪投資及標準普爾給予本公司之長期信貸投資評級分別為 Baa3 及 BBB-。兩項評級均顯示本公司之信貸前景穩定，反映中信泰富之財務狀況健全，包括負債比率低、業務多元化及現金流量強勁等有利條件。

## 前瞻聲明

本年報載有若干涉及本集團財政狀況、業績及業務之前瞻聲明。該等前瞻聲明乃本公司對未來事件之預期或信念，且涉及已知及未知的風險及不明朗因素，而此等因素足以令實際業績、表現或事態發展與該等聲明所表達或暗示之情況存在重大差異。

前瞻聲明牽涉固有風險及不明朗因素。敬請讀者注意，多項因素足以令實際業績與任何前瞻聲明所預測或暗示之情況存在重大差異。