

主席業務回顧

Chairman's Business Review

中信泰富中期之淨溢利為港幣四億一千九百萬元，去年同期則為港幣十九億四千八百萬元。溢利下降之主要原因是非典型肺炎（「非典」）的發生導致集團航空業務嚴重受挫，以及出售了上海的三橋二隧一路的項目，使基本建設項目的收入減少。

因為出售了上海的基建項目，套現港幣六十二億元，故集團宣佈維持派發中期股息港幣0.30元。

現將二零零三年上半年集團業務發展之重大事項概述如下：

基礎建設

發電

由於電力需求強勁，同時呼和浩特及吉林電廠之新裝機組亦相繼投入運轉，截至二零零三年六月三十日止，本集團各發電廠首六個月之發電總量共達78.91億千瓦時，較二零零二年同期上升25%。利港電廠第三期兩台60萬千瓦機組增建計劃已獲國務院批准，興建工程各項準備工作已全面展開，預計於二零零六年建成。有關利港第四期的初步規劃工作已經進行。吉林電廠第二台10萬千瓦發電機組如期竣工，並已在六月投產。

基礎設施

在香港，東區及西區海底隧道交通流量均告下跌，這在第二季度非典高峰期時尤為明顯。二零零三年上半年，該兩條隧道每日平均交通流量分別為69,972架次及34,900架次，分別下跌5%及12%。自六月份起兩條隧道之交通流量已有逐步回升，但仍略低於去年同期。

CITIC Pacific's net profit was HK\$419 million compared with HK\$1,948 million achieved in the same period last year. The main reasons for the decline were the severe effect of the SARS virus on our aviation businesses and the sales of the bridges, tunnels and road projects in Shanghai, which reduced the profit contribution from civil infrastructure.

Due to the sale of Shanghai infrastructure projects, HK\$6.2 billion cash was received. Therefore, we recommend maintaining interim dividend of HK\$0.30.

Notable developments in our businesses during the first half of 2003 are described below:

Infrastructure

Power Generation

Electricity generated by the Group's power plants was 7,891 million kwh in the six months of 2003, an increase of 25% compared with the same period in 2002. Demand for electricity was buoyant, and the newly installed capacities in Hohhot and Jilin plants made their contribution. The third phase of Ligang Power Station was approved by the State Council. Construction preparatory work for this 1,200MW (2x600MW) additional plant is underway, and operations are expected to commence in 2006. Initial planning has begun for a fourth phase of the Ligang Power Station. The second 100MW unit of Jilin Power Station was completed on schedule and commercial operation began in June.

Civil Infrastructure

In Hong Kong, traffic fell in both the Eastern and Western Harbour Crossings particularly in the second quarter when SARS was at its peak. Average daily traffic for the two tunnels was 69,972 and 34,900 vehicles respectively for the first half of 2003, down 5% and 12%. Since June, the traffic throughput for both tunnels has gradually recovered, but is still a little below a year ago.

信息業

中信電訊1616業務持續增長。長途電話之月處理量達三億五千萬分鐘，較二零零二年底增加約40%。雖盈利率有所受壓，但業務仍具吸引力。短訊等增值服務，自推出以來已錄得利潤。

CPCNet推出之虛擬私人網絡「TrueConnect」產品，提供話音與數據傳輸服務，不斷吸引新客戶。安裝工程在非典期間遇到困難，但現已快速恢復。

澳門電訊不斷改善服務，控制成本，在日趨激烈的市場競爭環境下，繼續表現良好。

中信泰富信息科技正在積極開發數項電子商務應用項目，應可在不久的將來為集團帶來效益。

航空

國泰航空及港龍航空之業務在三月份伊拉克戰事爆發後已有所減弱，但同月突發的非典給航空業帶來之負面影響則尤為嚴重，導致季度經營環境出現了前所未有之嚴峻局面。國泰航空與港龍航空及時停飛大部份航機、並削減了飛行班次、同時實行全體員工無薪假期計劃等措施以減少成本。

國泰航空首六個月錄得虧損港幣十二億四千一百萬元，相比去年同期溢利則為港幣十四億一千二百萬元。上半年乘客人數下跌32%至四百萬人次，乘客運載率及收益率分別減少14%及6%。值得欣慰的是貨運量增長了5%至四十萬六千噸。國泰航空現已有九成航班恢復正常運作，預計至九月底所有航班將全部恢復正常。

Communications

CITIC Telecom 1616 continued its growth and monthly wholesales IDD traffic reached 350 million minutes, some 40% higher than the end of 2002. Profit margins were under pressure but the business remains attractive. Other value added businesses, such as Short Message Service (SMS), have been profitable since launch.

CPCNet's 'TrueConnect' virtual private network for both voice and data transmission has continued to attract new customers. New installations were difficult in the SARS period, but their pace has now picked-up strongly.

Macau Telecom continued to perform well in a more competitive market by improving services and controlling costs.

CITIC Pacific Communications is in the process of developing a number of e-Commerce applications, which should bring positive results in the near future.

Aviation

Business at Cathay Pacific and Dragonair weakened when the war in Iraq took place in March, but the effect of the outbreak of SARS in March was of an entirely different scale, resulting in the worse quarterly operating conditions ever experienced. Both companies immediately grounded a significant part of their fleet and reduced schedules, introduced unpaid leave programs for all the staff, and cut discretionary costs.

Cathay Pacific recorded a loss of HK\$1,241 million for the first six months compared to a profit of HK\$1,412 million a year ago. Passenger numbers in the first half fell 32% to 4 million; the load factor decreased by 14% and yield by 6%. Fortunately, the volume of cargo carried increased by 5% to 406,000 tonnes. Cathay Pacific now has 90% of its normal schedule in operation and a full flight schedule will resume by the end of September.

港龍航空之主要市場：香港、中國大陸及台灣三地均受到非典影響，旅客流量下跌，但近期已止跌回升，乘客人數呈上升趨勢。貨運方面，由於第三架貨機在二零零二年底投入使用，使貨物運載率上升了6.6%，噸量上升了50%。

香港空運貨站今年上半年之載貨量持續上升，較二零零二年同期增加5.3%至九十一萬九千二百一十二噸。

雖然非典型肺炎僅持續三個多月，卻使我們更加認識到控制單位成本對航空業前景之重要性。

銷售及分銷

香港消費市場受非典影響表現疲弱。在此環境下，大昌行之營業額仍能夠增長9%已屬理想。

汽車：今年三月政府財政預算案推出首次汽車登記累進稅方案（「登記稅」），對香港汽車市場造成嚴重負面影響，非典更使汽車銷售情況惡化。香港整體汽車市場下跌27%。登記稅之增幅最終在立法過程中得以調低，因此下半年汽車市場可望比較活躍。中國大陸汽車市場仍然發展蓬勃使大昌行在國內之汽車銷售量得以保持，主要是由於對其貨車需求的增加。

貿易：在香港，消費品及糧油食品分銷業務均受到當地經濟蕭條及非典之負面影響。而大昌行中國業務繼續擴展，特別是對超級市場的分銷有所改善。慎昌方面，由於運營效率提高、再加之消毒劑及醫療產品需求增加，營利情況有所改善。

Dragonair's main markets of Hong Kong, Mainland China and Taiwan were SARS affected resulting in the decline of passenger numbers. Recently, this decline has stopped and passenger numbers are trending up. Cargo load factors increased 6.6% and cargo tonnage increased by 50% utilizing the additional cargo capacity of a third freighter introduced in late 2002.

HACTL's throughput grew by 5.3% to 919,212 tonnes for the first six months of the year compared with the same period in 2002.

SARS has come and gone in little more than three months, but it has left an increased realization that containing unit costs is vital for the future of the airlines.

Marketing and Distribution

Considering the weak consumer market in Hong Kong that was severely affected by SARS, the division's 9% increase in turnover in the first six months of 2003 was a fine achievement.

Motor: The progressive Vehicles First Registration Tax (FRT) introduced in the March budget had an immediate negative effect on sentiment in the Hong Kong motor market, which SARS made worse. The total motor market fell 27%. The FRT increases were moderated in the legislative process giving the possibility of a more buoyant motor market in the second half. The Mainland China motor market remained robust enabling DCH to maintain its momentum, driven by increased demand for its commercial vehicles.

Trading: In Hong Kong, the sale of many consumer goods and wholesale food commodities was also negatively impacted by the economic downturn and SARS. Performance of DCH China improved due to the food distribution businesses – particularly to supermarkets. Sims' profit saw encouraging improvement due to improved efficiency and increase in demand for disinfectant and medical products.

過去六個月，大昌行及慎昌在削減運營成本方面均取得重大進展，這將可改善該兩間公司在提供產品及服務時之盈利能力。香港與中央政府達成的「更緊密經貿關係的安排」，應對集團貿易業務有長遠利益。

物業

在香港，愉景灣「海澄湖畔」二期已於七月初重新推出發售。第十三期地基工程經已完成，上蓋工程計劃於二零零四年動工興建。整體而言，香港住宅及寫字樓市場均供過於求，造成市場疲弱，這也反映在中信泰富所擁有之各項物業上，惟獨又一城購物中心仍保持出色表現，不但出租率高達100%，租金收入亦見穩定。在非典高峰期間，又一城一些租戶得到選擇性協助。物業發展繼續為中信泰富提供充裕現金流及合理收益率。

位於上海之老西門新苑住宅項目，第一期底層結構工作正在進行，計劃在二零零四年中開始預售。集團另外兩個上海投資物業—中信泰富廣場及華山公寓—出租率均超過九成。中信泰富對中國大陸物業發展之前景保持樂觀。

集團財務

截至六月三十日止，中信泰富之現金、存款及尚未提用之承諾信貸合共港幣七十億元。於七月初收取之港幣六十二億元現金，進一步增加了集團可動用之流動資金，使集團財務實力更加穩健雄厚。

Both DCH and Sims have made great strides in reducing the costs of delivering products in the last six months that will improve the profitability of the products and services they offer. The Closer Economic Partnership Arrangement between Hong Kong and the Central Government should have long-term benefits for our trading businesses.

Property

In Hong Kong, sale of Siena Two in Discovery Bay was re-launched in early July. Foundation work for the next Phase 13 has been completed, and work on the superstructure is scheduled to begin in 2004. Generally, both the residential and the office markets in Hong Kong have an excess of supply leading to a weak market. This has been reflected in CITIC Pacific's properties, although the Festival Walk shopping complex has continued to do very well, with full occupancy and steady rental. During the peak of the SARS epidemic, selective assistance was given to tenants. The property portfolio continues to give CITIC Pacific a good cash flow and acceptable yield.

Substructure work of Phase I of the Westgate Garden residential development in Shanghai is in progress and pre-sale is targeted for mid 2004. Occupancy of our two Shanghai investment properties – CITIC Square and Royal Pavilion is over 90%. We remain optimistic about the prospects of the Mainland property market.

Finance

At the end of June CITIC Pacific had HK\$7 billion in cash, deposits and un-drawn committed facilities. Cash of HK\$6.2 billion was received in early July, adding to the liquidity available and the considerable financial strength of the Company.

展望未來

今年上半年，雖然盈利下降，但集團財務狀況穩健，資金充足，使我們對未來充滿信心。我們將在以下四個方面積極參與投資建設：第一，電訊業及其增值業務；第二，中國的電力市場需求迫切，給予我們極大商機；第三，以上海為主以及其周邊地區的地產發展將會積極參與；第四，貿易業務將隨着在中國市場銷售量的增加及產品多元化而取得增長的機會。

在此，本人謹代表所有董事向中信泰富全體員工給予集團發展的理解、支持、全情投入及堅持不懈的努力而表示衷心感謝。

榮智健

主席

香港，二零零三年八月二十七日

Looking to the Future

Even though profit decreased in the first six months, CITIC Pacific has sufficient financial resources and strength to face the future with confidence. We will actively invest in the following four areas: first, communications and its value added services; second, power – the need of the Mainland China power market provides us with great opportunities; third, property – we will actively participate in property development in Shanghai and its adjacent areas; and fourth, the trading business has the opportunity to grow by increasing sales in China and offering an increased variety of products.

On behalf of all the directors, I would like to express my sincere appreciation to all the staff at CITIC Pacific for their understanding, support, commitment and continued hard work.

Larry Yung Chi Kin

Chairman

Hong Kong, 27 August 2003