

主席致股東報告

Chairman's Letter to Shareholders

中信泰富二零零三年之淨溢利為港幣十三億五百萬元，較二零零二年之港幣三十八億七千五百萬元下跌66%。下跌原因為上海三橋兩隧售出後收入取消，航空溢利下跌及集團為投資物業之價值撥備港幣五億八千七百萬元。值得欣慰的是，受非典型肺炎影響之業務能得以迅速恢復。就此有關之詳細分析可參閱本年報「業務回顧」及「財政回顧」等章節。董事會建議向股東派發末期股息每股港幣0.7元，與二零零二年相同。

發電

發電是中信泰富多年來之主要業務。二零零三年為集團帶來以下良好商機：

位於江蘇省無錫市之利港電廠，是集團發電業務之旗艦。二零零三年第三期兩台60萬千瓦機組基建已動工，並將於二零零六年投產。第四期兩台60萬千瓦機組計劃於二零零七年投產。此兩期之設備訂貨已獲落實。中信泰富近期內收購了利港電廠第一及第二期9%之權益，將持股量增至65%。而在第三期和第四期的權益亦增至73%。

此外，中信泰富在無錫市興建一座裝機容量達70萬千瓦之抽水蓄能電站之申請正在審批中。

於今年一月，集團成為北方聯合電力公司（「北方電力」）股東之一，擁有20%股權。北方電力於內蒙古現擁有權益總裝機容量431萬千瓦。二零零四年計劃新增權益容量為92萬千瓦。其他合資夥伴分別為內蒙古電力投資公司、中國華能集團和神華集團。內蒙古擁有豐富的煤礦蘊藏，是興建發電廠理想之地，除了能滿足自治區內用電需求，亦可通過電網向華北及東北地區輸電。北方電力在未來數年內將繼續興建新發電設施，發展為中國內地大型發電集團之一。

CITIC Pacific's net profit for 2003 was HK\$1,305 million, a decrease of 66% compared with the HK\$3,875 million in 2002. This decline is due to the loss of income from the three bridges and two tunnels in Shanghai, which were sold, a decrease in aviation's contribution, and a HK\$587 million provision against the value of investment properties. Fortunately the SARS affected businesses recovered quickly, and a detailed analysis of their performance can be found in the Business and Financial Review sections of this report. The Board recommends maintaining the final dividend at the same level as 2002 of HK\$0.7 per share.

Power

A key business of CITIC Pacific is the generation of electric power, and 2003 has provided CITIC Pacific with the following excellent opportunities:

The **Ligang Power Station** in Wuxi, Jiangsu Province is the flagship of our Company's power business. Construction of its third 2x600MW phase began in 2003 and operation is planned for 2006. The fourth phase, also 2x600MW, is expected to be operational in 2007. Equipment for both phases has already been ordered. CITIC Pacific recently acquired an additional 9% of the Ligang Power Station Phases I and II and now owns 65%. Our shareholding in Phases III and IV will be higher at 73%.

Also in Wuxi, an application to build a **Pumped Storage** facility with a capacity of 700MW is being considered by the relevant authorities.

In January 2004 we became a 20% owner of the **North United Power Corporation**, which has an attributable generating capacity of 4,310MW, all in Inner Mongolia. Another 920MW of attributable capacity is being planned for 2004. North United Power Corporation is now a partnership between Inner Mongolia Electric Co. and two other major power companies China Huaneng Group and Shenhua Group. Inner Mongolia has substantial coal deposits making it an ideal location for power generation, both for the requirements in the autonomous region, and to supply electricity to North and Northeast China through the grid. In coming years North United Power will continue to build additional capacity with the aim of becoming one of the largest power generation companies in mainland China.

中國大陸不但現在電力供不應求，隨著經濟的繁榮，長遠的用電需求會不斷增加。因此，中信泰富深信集團進一步擴展電力投資的前景是廣闊的。

信息業

於十一月，中信泰富與中華全國體育總會及中國奧會建立了為期二十年之獨家合作關係，共同開發、經營及管理以「中國數碼體育互動平台」為品牌之寬頻電子體育互動平台。現已開通三個網站，包括：*sport.org.cn*，提供準確及具權威之體育報道；*olympic.cn*，為中國奧會官方網站，具備中英文兩個版本；*sport.cn*，整合了四個現有網站，包括中體在線網、電子競技網、體彩中心網及體育用品展銷網。現時獲得國家體育總局「官方」確認的體育專案達九十九個之多，在全國各地廣受歡迎，因此，通過上述合營專案，中信泰富在此領域將育有無限商機。

二零零三年，中信泰富在信息數據與電子商務方面取得進展，建立了電子商務平台並在全中國推出了效益明顯的在線互聯網遊戲產品，目前已吸引了超過一千萬用戶，同時在線人數最高達二十一萬人。由於該系統運作理想，集團計劃在二零零四年推出更多產品。

中信電訊1616二零零三年由於邊際利潤受壓導致溢利減少。但邊際利潤已見穩定，該公司乃亞洲長途電話批發市場最大供應商，優勢將於未來數年顯現。

鋼鐵

過去十年來，中信泰富在生產特鋼方面取得成功，產品包括軸承鋼、齒輪鋼及汽車用之彈簧鋼。鋼鐵產量在二零零三年創下一百七十萬噸的新紀錄，其中出口佔十四萬五千噸。江陰興澄之軸承鋼產量為全中國之冠。公司計劃與住友金屬小倉合作，將再擴建一條年產為一百萬噸的生產線。在此成功經驗基礎上，中信泰富於二零零四年二月簽訂了一份收購位於湖北省黃石市大冶特鋼95%權益之協定。

Mainland China is short of power both today and in the long run as prosperity will continue to increase, so CITIC Pacific is confident that there will be opportunities to expand our power generation business in the coming years.

Communications

In November CITIC Pacific established a 20-year exclusive cooperative relationship with the All-China Sports Federation and the Chinese Olympic Committee to develop, operate and maintain an interactive platform for broadband digital sports using the brand Chinese Interactive Sports. Three websites are in operation: *sport.org.cn* providing accurate and authoritative sports reports; *olympic.cn* the official site of the Chinese Olympic Committee presented in English and Chinese, and *sport.cn* which integrates four existing sites: China Sports on-line, China E-Sports, China Sports Lottery and On-line Sports Goods. The China Sports Federation lists 99 'official' sports, and interest in them is intense throughout mainland China, so the opportunities presented to CITIC Pacific through these ventures are immense.

During 2003, steps have been taken to develop data and e-commerce platforms, and a profitable on-line internet game has been marketed throughout mainland China which attracted over 10 million subscribers, and on occasions up to 210,000 simultaneous players. Having proved the operational aspects of the system, more products will be launched in 2004.

CITIC 1616's profit was reduced in 2003 as margins came under pressure, but margins have now stabilised, and the advantage of being Asia's largest IDD wholesaler will be seen in the coming years.

Steel

Over the last 10 years, CITIC Pacific has developed a very successful business manufacturing steel for specialised uses such as ball bearings, gears and automobile springs. In 2003, a record 1.7 million tonnes was produced, of which 145,000 tonnes was exported. Jiangyin Xing Cheng has the highest production of bearing steel in mainland China. In partnership with Sumitomo Metals, a one million tonne expansion will begin shortly. Building on this experience, in February 2004 CITIC Pacific entered into an agreement to purchase 95% of the Daye Special Steel Mill

大冶特鋼二零零三年鋼產量為一百三十萬噸，並計劃在二零零四年將產量增加至二百萬噸。二零零四年一月，中信泰富通過收購江陰興澄特殊鋼廠合資夥伴之權益，將股權增至79%。我們計劃重組及拓展集團在鋼鐵業務之權益，旨在中國特鋼領域居領先地位。

物業

位於上海之老西門新苑住宅項目第一期預計在二零零四年內開始預售，二零零五年/二零零六年竣工。此外中信泰富還在上海浦東機場附近擁有一幅面積約四百七十萬平方英尺之土地預作物流項目開發。集團位於上海之中信泰富廣場及華山公寓出租情況良好。同時，集團現正就數個其他地區的地產項目與有關方面進行磋商。我們深信，中國經濟的增長，將不斷為集團於內地之物業發展領域帶來商機。

航空

國泰航空及港龍航空在二零零三年上半年經歷了一段困難時期，但在二零零四年初已創出載客人數歷史新高。國泰航空與港龍航空的成功，有賴於中國內地經濟之健康發展，內地訪港旅客人數不斷上升。由於整體市場不斷擴大，兩家航空公司佳績可期。中信泰富與中國國際航空貨運合作之合資企業已於二零零四年一月正式運作，隨著中國經濟活動日趨頻繁，該合資企業必定受惠。

環境保護

集團之合資企業獲上海市政府授予老港生活垃圾衛生填埋場四期工程之特許經營權，使廢物處理業務成功地從香港拓展至上海。鑒於中國城市之環境保護意識日見增強，此方面的業務機會將愈來愈多。

at Huangshi, Hubei Province which in 2003 manufactured 1.3 million tonnes of specialty steel, and plans 2 million tonnes in 2004. In January 2004 CITIC Pacific increased its ownership in its existing Jiangyin Special Steel Plant to 79% by purchasing shares from our partner. We plan to reorganise and expand our enlarged steel interests and become the market leader in specialty steel in mainland China.

Property

The 1st phase of the New Westgate Garden residential development in Shanghai is targeting for pre-sale in 2004, and completion 2005/2006. We also own a parcel of land with a site area of about 4.7million sq. feet near the Shanghai Pudong airport for future development for logistics purposes. Our investment properties of CITIC Square and Royal Pavilion are doing well. A number of other development opportunities in different locations are under negotiation, and we are confident of the continued opportunities that the growth of the Chinese economy will present in the property sector.

Aviation

Both Cathay Pacific and Dragonair had a difficult time in the first half of 2003, but by early 2004 record numbers of passengers were being carried. Cathay Pacific and Dragonair's success depends on a healthy economy in China delivering more passengers from the mainland China, and in this expanding market both airlines should do well. CITIC Pacific's joint venture with Air China Cargo officially began operation in January 2004, and we are confident that it will benefit from the increasing economic activities in mainland China.

Environmental

A major breakthrough was made in extending our waste treatment businesses in Hong Kong to Shanghai when the Shanghai government awarded our joint venture the contract to design, construct, operate and maintain the Phase 4 of Laogang Municipal Waste Landfill. There should be many more such opportunities in the future as Chinese cities focus on environmental issues.

銷售及分銷

大昌行及慎昌表現良好。雖然香港業績並不理想，但中國內地業務成績突出，從而使整體業績有所上升。大昌行及慎昌將繼續有系統地擴展遍佈中國各地之業務、開拓市場、建立銷售網路、將經營設施現代化，同時將建立完善的內部監控管理系統。

資本市場

中信資本市場於去年表現突出並在首年內取得盈利，亦在短時間內在資產管理及投資銀行業務方面建立了良好聲譽。

前景

中國內地經濟持續增長，造就無限商機。中信泰富將積極把握機會將業務拓展至全中國。中信泰富之主要目標乃增加股東價值，本人深信，新開項目加上擁有穩定盈利之現有業務將互相配合，此一目標定可實現。我們將繼續側重發展集團具有專長之領域——發電、信息業、特種鋼鐵業、航空、以及物業及貿易。

中信泰富財務狀況穩健、負債比率低、現金及尚未提用信貸額充足，集團具備足夠資源擴展業務。

在此，本人謹代表所有董事答謝往來銀行及投資者對集團的大力支援，並感謝中信泰富、其子公司及聯營公司全體員工在過去一年作出的不懈努力。大家為中信泰富及其未來作出之承諾，是集團成功之基石。

榮智健

主席

香港，二零零四年三月十八日

Marketing and Distribution

Dah Chong Hong and Sims Trading had good results even though the business in Hong Kong was disappointing, this was more than offset by the performance in other parts of mainland China. Throughout mainland China, both DCH and Sims will continue their systematic expansion building markets and sales networks and modernising operating facilities while building sophisticated control systems alongside.

Capital Markets

CITIC Capital Markets had an exceptional and profitable year in its first full year of operation, and has established a fine reputation in asset management and investment banking in a very short time.

Our Future

CITIC Pacific is taking new opportunities to expand through mainland China where we expect continued economic growth to create more opportunities in the future. CITIC Pacific's overriding objective is to increase shareholder value, and I am confident that the new projects, in combination with the stable and profitable current businesses, will do so. We will remain focused mainly in areas of greatest expertise – power generation, communications, special steel manufacturing, aviation, property and trading.

CITIC Pacific is financially robust with low leverage and ample cash and unused financial facilities, giving sufficient resources to execute our expansion plans.

On behalf of all the directors, I would like to thank our bankers and investors for their continued support; and to thank the staff of CITIC Pacific and its subsidiaries and associates who have worked so hard in the last year. Their commitment to CITIC Pacific and its future is the basis of our success.

Larry Yung Chi Kin

Chairman

Hong Kong, 18 March 2004