

主席業務回顧

Chairman's Business Review

中信泰富二零零四年首六個月之淨溢利為港幣十三億六千三百萬元，較去年同期之港幣四億一千九百萬元增長225%。董事會建議維持派發中期股息每股港幣0.30元。

溢利增長之主要原因是：(1)二零零三年因受非典型肺炎嚴重影響的航空業大為改觀；(2)市場對電力、特種鋼有強烈的需求；(3)來自其他各項業務之溢利貢獻亦有所改善。

以下本人將論述自公佈二零零三年年報以來，集團各項業務之運營情況，並介紹公司投資計劃之進展。

發電

由於中國電力需求持續強勁，集團旗下發電廠於二零零四年首六個月之發電總量達252億千瓦時，較二零零三年同期相比上升219%，其中包括今年初成立的北方電力公司，期內之總發電量158億千瓦時，該合資公司並首次為集團貢獻溢利。

中信泰富在利港電廠第一及第二期之持股量於今年年初增至65%。集團擁有71%權益之利港電廠第三期和第四期(4x60萬千瓦)之興建工程正在如期進行，按計劃將於二零零六年至二零零七年相繼投產。鄭州電廠第三期(2x20萬千瓦)之興建工程亦正在按計劃進行，第一台機組亦將於二零零六年竣工發電。裝機容量70萬千瓦之無錫抽水蓄能電站項目現正在審批中，該項目是集團擴展其發電業務之重要組成部份。

煤炭價格之大幅上漲以及煤炭供應和運輸所面臨的困難，近來廣受關注。煤炭成本通常約佔發電公司之發電成本的65%，所以企業能否確保煤炭之充足供應、及嚴格控制購煤

CITIC Pacific recorded a net profit of HK\$1,363 million in the first six months of 2004 compared with HK\$419 million in the same period last year, an increase of 225%. The board recommends maintaining the interim dividend of HK\$0.30.

The main reasons for the increase in profits are that aviation rebounded from the very depressed level that SARS produced in 2003; strong market demand for power and special steel products and the improved contributions from other businesses.

In the next few pages, I will describe the operating performance of our businesses and the progress of our investment plan since the 2003 annual report.

Power Generation

Electricity demand remained high in China so the total amount of power generated by our plants increased 219% to 25.2 billion KWH in the first six months of 2004 compared with the same period in 2003. Of the total electricity generated, North United Power, formed in the beginning of the year, accounted for 15.8 billion KWH. It also contributed to the power profit for the first time.

CITIC Pacific's interest in the Ligang Power Station Phase I and II increased to 65% in the beginning of the year. Construction of 71% owned Ligang Phase III and IV (4x600MW) is progressing on schedule with commercial operation expected in 2006 and 2007 respectively. Zhengzhou Phase III (2x200MW) construction is also proceeding to plan for completion of the first unit in 2006. Application for approval of the pumped storage facility in Wuxi (700MW) has been submitted to the relevant authorities. This project is also an important part of our expansion in power.

The substantial increase in the price of coal has been widely publicized, as has the logistical difficulty of securing coal. Coal costs are approximately 65% of the generation costs for power generating companies, so ensuring sufficient supply and controlling costs has become even more important than before. Our power team has worked hard to secure long-term volume

成本將愈顯重要。集團之電力隊伍不遺餘力，努力爭取落實長期供煤合同，以確保穩定的煤炭供應量。今年首六個月，獲中國政府批准之電價調整可抵銷一部份由於煤價上升給發電商所帶來的不利影響。我們將繼續致力控制成本、提高效率並維持電廠一流的運營狀態。

特種鋼鐵業

江陰鋼廠在上半年業績突出，原因是市場對其生產之特種鋼需求強勁，以及第一季度鋼材價格急增。溢利較去年同期增長超過172%。預計今年下半年特鋼的生產和銷售將仍保持穩定。

公司早前公佈之大冶特鋼的收購計劃正在進行中，有待有關部門之批准。

信息業

中信泰富信息業務之溢利貢獻較二零零三年有所改進，主要因為中信電訊1616經營情況改善，加之二零零三年底所開拓之互聯網遊戲業務。互聯網遊戲「傳奇3」已在短期內成為中國廣受歡迎之遊戲，現同時在線人數平均高達二十四萬人。其他新遊戲現正在測試中。雅典奧運期間，中信泰富與中華全國體育總會及中國奧委會成立之合營企業，通過互聯網從中國的角度提供了有關奧運的專題報道。

航空

集團所擁有之航空業務均表現強勁，與去年同期之業績形成強烈的對比。國泰航空及港龍航空之乘客大幅回升，載客人數更不斷創出新高。貨運量亦同樣出色。

coal supply contracts to ensure coal availability. The Chinese government authorised tariff adjustments in the first six months of this year will partially compensate the power generators for the sharp increase in coal prices. Our team of power engineers will continue to control costs, improve efficiency and to maintain the plants in first class condition.

Special Steel Manufacturing

Jiangyin Steel Mill had an excellent first half because of strong demand for its special steels and the sharp increase in steel prices in the first quarter. Profits rose more than 172% compared with the same period last year. We believe that the production and sales of special steel products will remain stable in the second half of the year.

The acquisition of Daye Steel announced by the Company earlier in the year is in progress and pending approval from the relevant authorities.

Communications

CITIC Pacific's communications businesses improved their contribution compared with 2003 due mainly to improved performance at CITIC Telecom 1616 and our Internet games business, which did not exist in the first half of 2003. The game *Legend of Mir3* has, in a short time, become a very popular game in China with an average of 240,000 people playing simultaneously at any one time. New games are currently being tested. During the Athens Olympic Games, our joint venture with the All-China Sports Federation and the Chinese Olympic Committee offered over the Internet special interest services covering the Games from a Chinese perspective.

Aviation

All parts of our aviation business were buoyant in the first half of 2004 in marked contrast to a year earlier. Passengers returned in great numbers and both Cathay Pacific and Dragonair have regularly broken records for the number of passengers carried. The volume of cargo was also excellent.

國泰航空錄得港幣十七億七千一百萬元之溢利，港龍航空則為港幣一億七千五百萬元。兩家公司在二零零三年同期均出現虧損。國泰航空開通了香港至紐約之每天直飛航班，並與俄羅斯航空在香港至莫斯科之航線建立了共享代號。港龍航空則開通了往來東京之航線。

值得耽心的是，由於油價的大幅上漲使國泰航空及港龍航空之燃料成本上升，因此，兩家航空公司均加收了機票及貨運燃料附加費。同時，在不影響安全和服務水準的情況下，繼續尋求進一步控制成本。

集團與中國國際航空貨運之合資企業，已於今年一月開始運作並錄得盈利，期內貨運量達三十萬二千噸。

香港空運貨站處貨量達一百零六萬九千九百六十八噸，較二零零三年同期增加16.4%。主要因素是出口量增加，特別是對歐洲之出口量有所增長。

銷售及分銷

銷售及分銷業務之溢利貢獻增長13%，主要原因是一般貿易方面表現理想，而香港汽車業務亦由去年低位反彈。

汽車：大昌行在香港之貨車銷量上升23%，轎車則增長了9%。在中國大陸，貨車銷售未能重覆二零零三年所創的歷史紀錄，但轎車銷售則有所上升，其主要來源於不段增長的國產車。二零零五年一月進口配額將被取消，預計進口車之銷量在此之前將持續偏低。近半年來，收緊信貸對進口車及國產車銷售所造成之負面影響日漸明顯。但從長遠來看，我們對中國大陸汽車市場之發展前景保持信心，政府於今年六月所推出的新政策，為汽車行業未來的發展奠定了良好的基礎。

Cathay Pacific achieved a profit of HK\$1,771 million and Dragonair HK\$175 million compared with losses in 2003. Cathay Pacific launched a daily non-stop flight to New York and began a code-share service to Moscow with Aeroflot, and Dragonair to Tokyo.

It is of concern that the significant higher oil price has raised fuel costs for both Cathay Pacific and Dragonair. But both airlines have levied fuel surcharges on both passenger tickets and freight rates and continue to find ways to control costs without adversely affecting safety or service.

Our Air China Cargo joint venture began its operation in January and has been profitable with 302,000 tonnes of cargo carried in the first six months.

HACTL achieved a 16.4% growth in tonnage handled compared with the same period of 2003 to reach 1,069,968 tonnes boosted by strong exports in particular to Europe.

Marketing and Distribution

The profit contribution from Marketing and Distribution increased by 13% largely due to solid performance on the trading side and a rebound of the motor business in Hong Kong from its low last year.

Motor: In Hong Kong, DCH's sales of commercial vehicles increased 23% while passenger car sales rose 9%. In mainland China, the sales of commercial vehicles could not repeat the particularly good performance in 2003 while sales of passenger vehicles increased slightly due to the continuous growth in domestically manufactured vehicles. The volume of imported vehicles is likely to be still lower in the next six months, as many purchasers may await the abolition of the import quota system in January 2005. As the half-year progressed, the tightening of the availability of credit had an increasingly negative effect on both imported and domestic manufactured vehicle sales. In the long-term, we remain confident in the growth potential of the Mainland motor market as evidenced by the new vehicle industry policy released by the Chinese government in June which set a solid foundation for the future development of this industry.

貿易：經濟環境的改善，加上管理層不斷開拓貨品採購渠道、增加貨品類別，使香港之一般貿易業務較去年同期有了顯著改善。內地訪港旅客人數不斷上升更為集團合營企業姿生堂帶來令人鼓舞之業績。大昌行中國業務保持強勁；慎昌之物流運作及新業務的發展（特別是在國內）使其溢利有大幅改善。

物業

愉景灣「海澄湖畔」二期重新推出發售，市場反應良好，僅七月就售出128個單位，顯示香港物業市場已有復甦。至今為止，「海澄湖畔」二期已累計售出所有單位總數之96%。第十三期已在五月開始動工興建，將共建大約五百六十個單位。又一城繼續享有全港最受歡迎的購物商場之一的美譽，出租率維持100%，租金收入亦持續上升。

在中國大陸，集團發展之上海老西門新苑住宅項目於八月十八日開始預售其265個單位，市場反應熱烈。

中信泰富對中國大陸物業發展之長遠前景充滿信心，並將繼續在理想價位增加土地儲備。

集團財務

中信泰富保持雄厚的財務實力。公司於三月簽訂了一項港幣五十二億元之長期銀團貸款。截至六月三十日止，中信泰富之現金、存款及尚未提用之獲承諾信貸合共港幣一百零七億元，集團擁有足夠的資源來迎合未來業務開發之需求。

Trading: Thanks to an improved economic environment and the management's effort at continuously expanding product sourcing and diversity, the trading business in Hong Kong improved significantly compared with the same period a year ago. The increasing number of Mainland tourists to Hong Kong has brought encouraging results to our Shiseido joint venture in particular. Performance of DCH China remains strong. Sims' profit improved significantly due to the good performance in its logistics operation and the new businesses it generated especially in the mainland.

Property

Activity in the Hong Kong property market has picked up as evidenced by the good response to the re-launch sale of Discovery Bay's Siena Two where 128 units were sold in the month of July alone and as of today, 96% of the units available have been sold. Construction work for Phase 13, comprising approximately 560 apartments, commenced in May. Festival Walk continues to be one of the most attractive shopping centres in Hong Kong with full occupancy and rising revenue.

In mainland China, the New Westgate Garden residential project in Shanghai began the pre-sale of 265 flats on August 18. Market response was overwhelming.

We remain confident in the long-term prospects of the property markets in mainland China and continue to seek land at attractive prices.

Finance

CITIC Pacific's financial position remains very strong. In March, a HK\$5.2 billion long-term syndicated loan facility was signed. At the end of June CITIC Pacific had HK\$10.7 billion in cash, deposits and available committed facilities. The Group has ample financial resources to support our future expansion plans.

展望未來

中信泰富將繼續保持其多元化之業務架構，並繼續專注於開拓中國市場。公司正穩步實現其業務擴展計劃。中國的宏觀經濟調控將對國內某些企業或發展項目帶來抑止作用，而我公司在國內的主要項目如電力、特種鋼材及信息業等均具有長期發展的潛力。尤其在當前銀行信貸緊縮的情況下，中信泰富現现金流穩定，財力雄厚，將有利於集團把握時機，投資及發展項目。我們認為，中信泰富未來的成長將緊密依靠在中國的投資與發展，集團對此充滿信心。

在此，本人謹代表所有董事向中信泰富全體員工對集團的不懈支持、全情投入及努力表示衷心感謝。沒有他們就沒有集團今天的成就。

榮智健

主席

香港，二零零四年八月二十六日

Looking to the Future

CITIC Pacific remains committed to our diversified business structure and the China markets. Step-by-step progress is being made in implementing our expansion plans. Although the macro economic measures taken by the Chinese government will put certain constraints on some companies and projects, CITIC Pacific's major projects in power, special steel and communications all have long-term growth potential. Stable cashflow and a solid financial position will allow us to take advantage of good investment opportunities, especially when credit is tight in the present market. We believe that the growth and future of CITIC Pacific very much depends on the prosperity and growth in mainland China, and in that we have full confidence.

On behalf of all the directors, I would like to express my gratitude to all the staff at CITIC Pacific for their unwavering support, commitment and hard work, without which our progress would not be possible.

Larry Yung Chi Kin

Chairman

Hong Kong, 26 August 2004