

財政回顧

Financial Review

綜合財政業績

截至二零零四年六月三十日止六個月

緒言

中信泰富之二零零四年中期報告，包括主席致股東報告、中期賬目及按會計準則、法例及香港聯合交易所規定之其他資料。編製本財政回顧，旨在透過討論各項業務之溢利貢獻及本公司之整體財政狀況，協助讀者瞭解所提供之法定資料。

本中期報告第30頁至第34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若干數據之附註，載於中期報告第35頁至第41頁。

載於第42頁為中信泰富核數師羅兵咸永道會計師事務所向股東發出之報告，列載其對中信泰富中期報告之獨立分析。

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。

Of the Consolidated Financial Results for the six months ended 30 June 2004

Introduction

CITIC Pacific's 2004 Interim Report includes a letter from the Chairman to shareholders, the interim accounts and other information required by accounting standards, legislation, and the Hong Kong Stock Exchange. This Financial Review 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 30 to 34 of the Interim Report contain the Consolidated Profit and Loss Account, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity. Following these financial statements, on pages 35 to 41 of the Interim Report, are Notes that further explain certain figures presented in the statements.

On page 42 is the report of CITIC Pacific's auditor – PricewaterhouseCoopers – of their independent review of CITIC Pacific's Interim Report.

Basis of Accounting

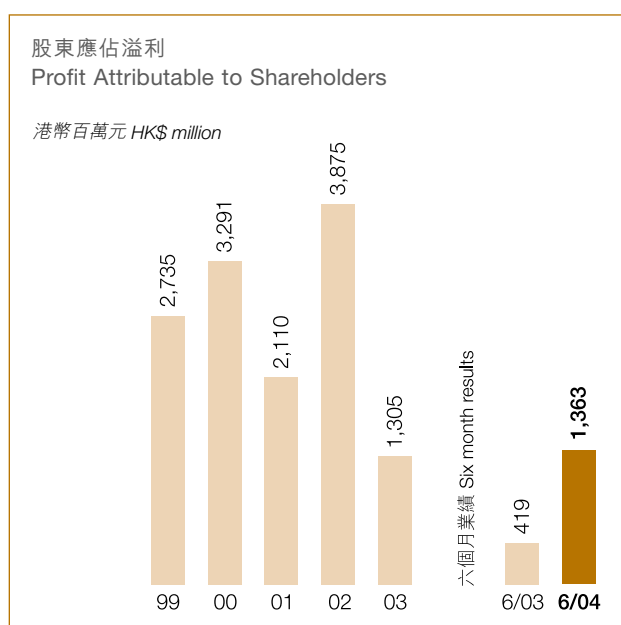
CITIC Pacific prepares its financial statements in accordance with generally accepted accounting standards published by the Hong Kong Society of Accountants. Hong Kong accounting standards broadly follow International Accounting Standards.

股東應佔溢利

截至二零零四年六月三十日止六個月之股東應佔溢利為港幣十三億六千三百萬元，較二零零三年之港幣四億一千九百萬元上升225%。溢利上升之原因詳見下文。

Profit Attributable to Shareholders

The net profit attributable to shareholders for the six months ended 30 June 2004 was HK\$1,363 million, an increase of 225% compared with HK\$419 million achieved in 2003. The reasons for the increase in profit are described below.



業務分類溢利貢獻

各主要營業單位在二零零四年首六個月之溢利貢獻，與二零零三年同期比較如下：

Business Segments Contribution

The contribution made by major business units in the first six months of 2004, compared with the same period of 2003, were :

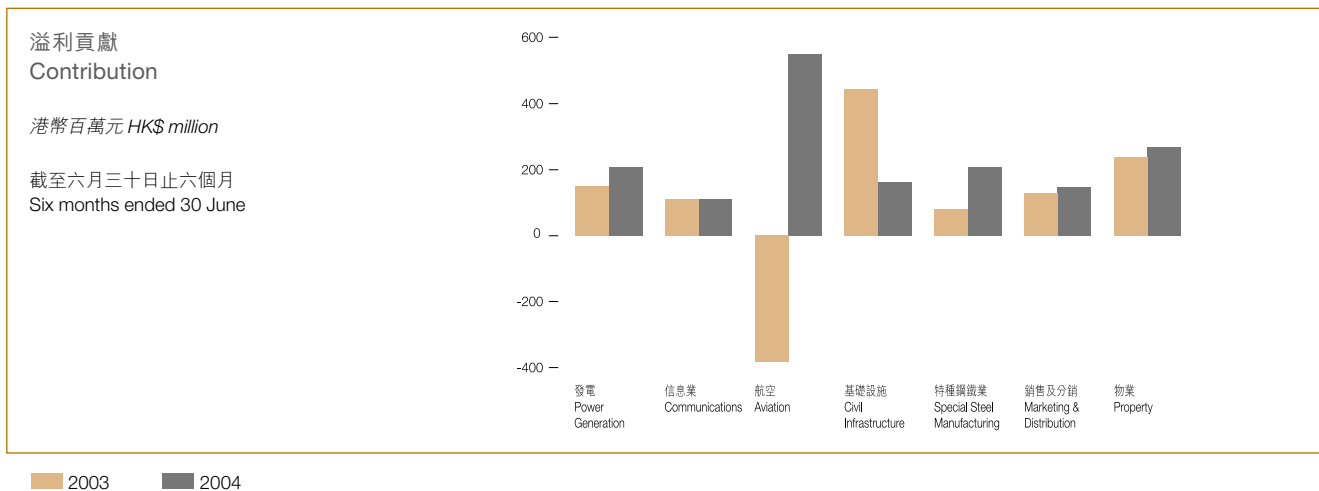
溢利貢獻 港幣百萬元	Contribution HK\$ million	1 – 6/2004	1 – 6/2003	2004 – 2003
發電	Power Generation	208	149	59
信息業	Communications	111	112	(1)
航空	Aviation	549	(382)	931
基礎設施	Civil Infrastructure	161	443	(282)
特種鋼鐵業	Special Steel Manufacturing	207	76	131
銷售及分銷	Marketing & Distribution	146	129	17
物業	Property	267	239	28

與二零零三年六月三十日首六個月之溢利貢獻比較：

- 發電：由於電力需求增加，以及北方聯合電力首次為集團帶來溢利，令溢利貢獻增長。
- 信息業：中信電訊1616的溢利貢獻上升，由於邊際利潤有所改善。澳門電訊的業績較2003年疲弱，而中信國安則較穩定，其他業務亦投資了新的產品及服務。
- 航空：2004年度上半年的客運市場甚為活躍，與去年「非典」期間客運量大幅下跌形成強烈對比。
- 基礎設施：香港的隧道溢利貢獻增長17%，但由於2003年度上半年出售了上海的橋隧及公路項目，令整體盈利下降。
- 特種鋼鐵業：2004年的鋼鐵需求量可觀的增加，令邊際利潤錄得龐大增長。
- 銷售及分銷：大昌行的非汽車貿易及慎昌於香港和國內市場的業績均有所改善。汽車業務在所有市場仍保持高度競爭力，大昌行於香港的汽車銷售量增長了14%。國內的銷情則平穩。香港的商業汽車和觸媒催化器銷售及汽車租賃方面的盈利均見改善，但國內方面由於產品組合的轉變，令盈利有所下調。
- 物業：香港及上海的物業租金收入均有所增長。

Compared with the contribution for the six months ended 30 June 2003:

- Power Generation: the increased demand for electricity and a first contribution from North United Power resulted in higher contribution.
- Communications: CITIC Telecom 1616's contribution increased due to improved margins. Operating results at CTM was weaker than in 2003, while CITIC Guoan was relative stable and other business invested in new products and services.
- Aviation: the market for passenger travel was buoyant in the first half of 2004 in a contrast to the previous year when SARS caused a dramatic reduction in passenger traffic.
- Civil Infrastructure: the tunnels in Hong Kong increased their contribution 17% and the overall decrease was due to the sale of bridges, tunnels and a road in Shanghai in the first half of 2003.
- Special Steel Manufacturing: significantly higher margins were achieved in 2004 due to a considerable increase in the demand for steel.
- Marketing & Distribution: the non-motor trading business of DCH and SIMS had much improved results in both the Hong Kong and mainland markets. The motor business remained highly competitive in all markets, DCH sold 14% more vehicles in Hong Kong, while sales in the mainland were flat. Profits improved in Hong Kong particularly due to commercial vehicle and catalytic converter sales and motor leasing but were lower in the mainland due to a change in product mix.
- Property: income from rental properties rose in both Hong Kong and Shanghai.



本中期報告第36頁及第37頁載有按業務分類之營業額，以及來自綜合業務、共同控制實體及聯營公司之未扣除財務支出淨額及稅前溢利資料。

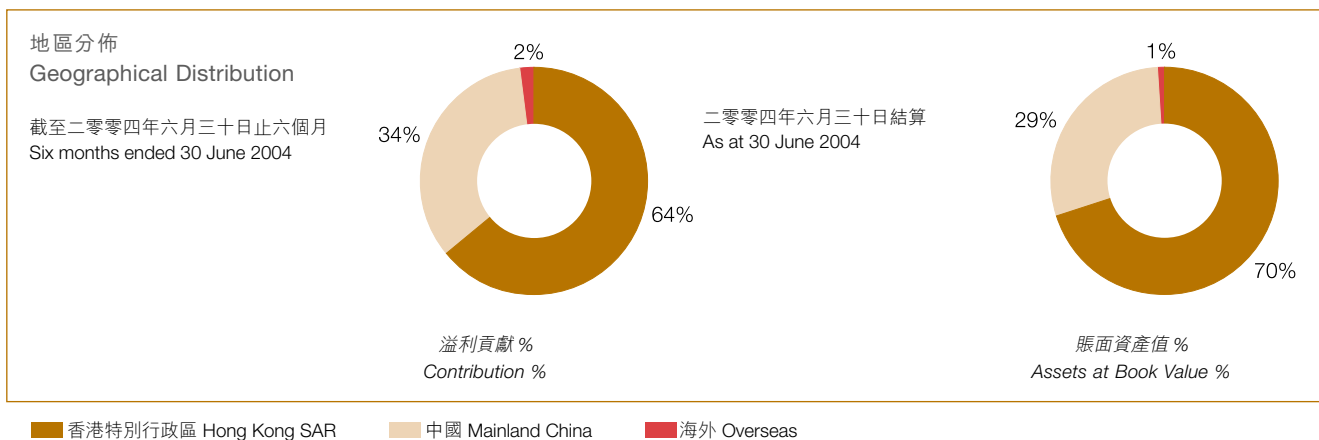
Pages 36 and 37 of the Interim Report contains business segment information for turnover and profit before net finance charges and taxation for consolidated activities, jointly controlled entities and associated companies.

地區分佈

來自香港、中國以及海外之溢利貢獻及資產，乃根據每項業務之基地所在位置劃分。來自中國之溢利貢獻減少，原因為集團在二零零三年中出售位於上海之橋樑及隧道項目。

Geographical Distribution

The division of contribution and assets between Hong Kong, mainland China and overseas is shown below based on the location of the base of each business's operations. There was a decline for the amount contributed by the mainland China components following the disposal of the bridges and tunnels in Shanghai in mid-2003.



利息支出

本集團之利息支出由港幣二億一千五百萬元下降至港幣一億六千三百萬元，是由於借貸成本減少。

攤銷

會計準則規定須作出若干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。於二零零四年，港幣一億一千萬元之商譽已於損益賬內攤銷，較二零零三年上半年增加港幣一千一百萬元。

稅項

稅項由二零零三年港幣二億一千九百萬元上升至二零零四年港幣二億八千四百萬元。二零零四年上半年之稅項支出詳情載於中期報告附註5。

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。

Interest Expense

The Group's interest expense decreased from HK\$215 million to HK\$163 million mainly due to a decrease in borrowing cost.

Amortisation

Accounting standards require certain adjustments that are unrelated to the cashflow of our businesses. 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 2004, HK\$110 million of goodwill was amortised to the profit and loss account, a HK\$11 million increase compared to the first half of 2003.

Taxation

Taxation increased from HK\$219 million in 2003 to HK\$284 million in 2004. The components of the taxation charge for the half year are set out in Note 5 of the Interim Report.

Shareholders' Returns

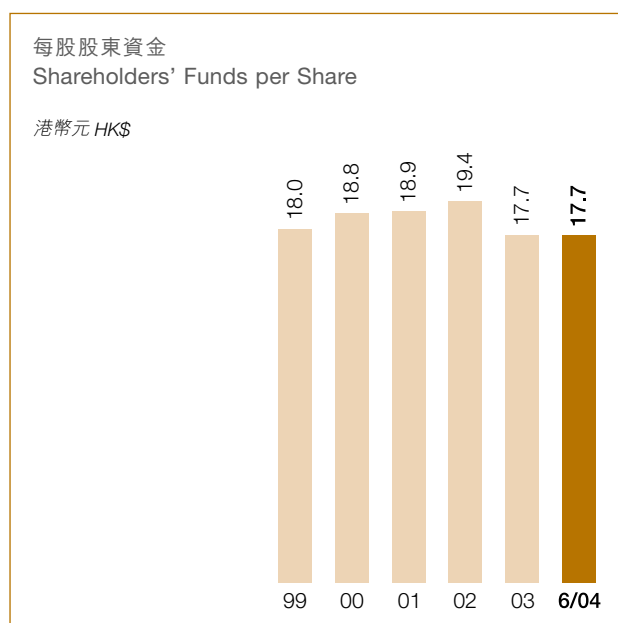
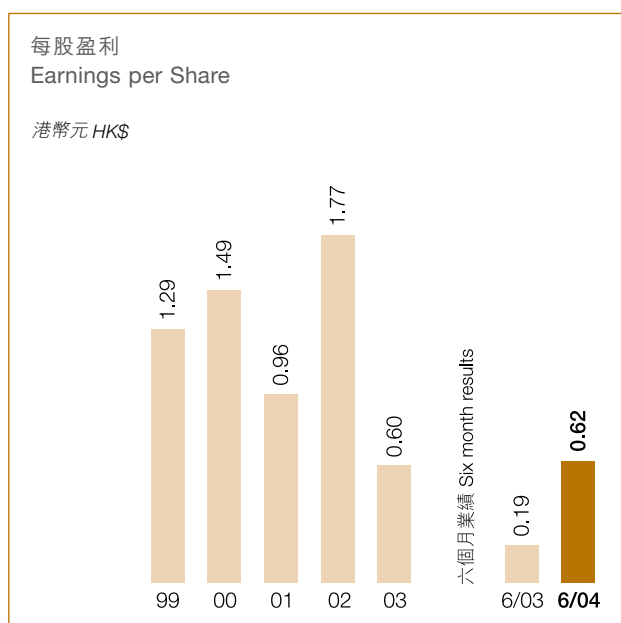
CITIC Pacific's primary objective is to increase shareholder value for which it has used earnings per share as a proxy. The Company expects its businesses to provide returns on investment over their lives that will provide shareholders with an adequate return on equity.

每股盈利

截至二零零四年六個月止之每股盈利為港幣0.62元，較二零零三年同期之港幣0.19元上升225%。該兩年度之已發行股份數目大致相同，故每股盈利上升實為溢利上升所致。

Earnings per Share

Earnings per share were HK\$0.62 for the six months ended 2004, an increase of 225% compared with HK\$0.19 for the same period in 2003. The number of shares outstanding in the two years was substantially the same so all the increases in earnings per share was attributable to the increase in profit.



每股股東資金

二零零四年六月三十日之每股股東資金為港幣17.7元，與二零零三年十二月三十一日之數字相同。

Shareholders' Funds per Share

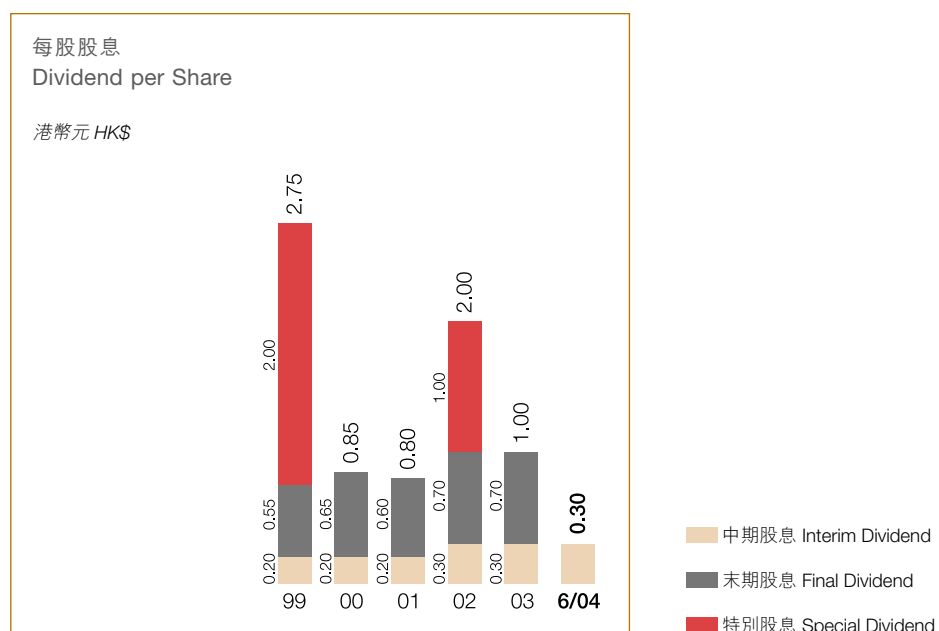
Shareholders' funds per share at 30 June 2004 was HK\$17.7, the same as at 31 December 2003.

每股股息

二零零四年之建議宣派中期股息為每股港幣0.30元，與二零零三年及二零零二年相同。

Dividend per Share

An interim dividend of HK\$ 0.30 per share is proposed for 2004, the same as in 2003 and 2002.



營業額

貨品銷售及服務佔營業額之最大部份，並包括其他項目如出售資產等。本集團只呈報來自綜合業務之營業額。綜合業務（不包括共同控制實體或聯營公司）為稅前溢利提供港幣九億六千九百萬元之貢獻。

在截至二零零四年六月三十日止六個月，銷售及分銷之營業額較二零零三年同期增加5%。汽車貿易之營業額上升9%，其他貿易及分銷之營業額輕微上升1%。特種鋼鐵業之營業額則受惠於特鋼銷售價格上升，增加53%。至於信息業之營業額則主要因國際長途電話價格下跌，減少5%。

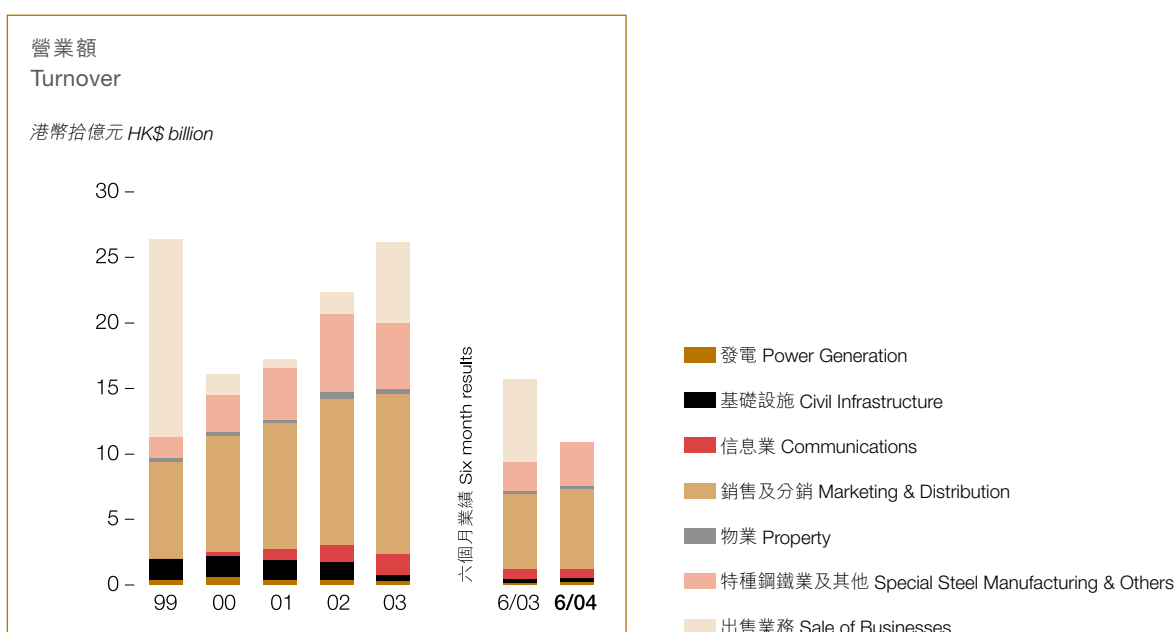
二零零三年之其他營業額，則包括以港幣六十二億元之代價出售位於上海之橋隧及公路。

Turnover

The largest component of Turnover is the sale of goods and services, but other items such as sales of assets are included. Only the turnover from businesses included as Consolidated Activities is reported – they contributed HK\$969 million to the net profit before taxation – turnover in jointly controlled or associated companies is not reported.

Marketing & Distribution turnover increased 5% in the six months ended 30 June 2004 compared with the same period in 2003. Motor trading turnover increased 9%, other trading and distribution turnover increased slightly by 1%. Special Steel Manufacturing turnover increased 53% mainly due to increased sales price of special steel, while communications turnover decreased 5% mainly due to the decreased price of international calls.

Other turnover in 2003 included the sales of bridges, tunnels and a road in Shanghai at a consideration of HK\$6.2 billion.



資本開支

發電業務之投資，包括增購利港電廠8.7%之非直接權益，以及增購豐泰電廠20%及北方聯合電力20%之權益。

特種鋼鐵業務方面，曾於二零零四年一月十九日公佈計劃增購江陰鋼廠權益之收購已於二零零四年上半年完成。

合資企業中國國際貨運航空有限公司已於一月投入運作；而位於上海之物業項目亦持續發展。

「其他業務」包括向中信資本市場額外注資。在二零零三年之投資，則包括一個藥業項目。

於今年及去年同期內，銷售及分銷業務均添置車輛，以拓展汽車租賃業務。

基礎設施業務方面，已投資一間位於上海之廢料處理廠。

於二零零四年六月三十日，本集團已簽約資本承擔為港幣四十八億元。

Capital Expenditure

Investment in the power sector included the acquisition of an additional indirect interest of 8.7% in Ligang Power Station, an additional 20% interest in Fengtai Power Plant, and 20% of North United Power.

In the Special Steel Manufacturing sector, the acquisition of additional interests in the Jiangyin Steel Plant described in an announcement dated 19 January 2004 was completed late in the first half of 2004.

The Air China Cargo joint venture began operation in January, while property developments in Shanghai are continuing.

An additional capital contribution to CITIC Capital Markets was made in 'Other Sectors'. In 2003 an investment was made in a pharmaceutical project.

Marketing and Distribution purchased additional vehicles to expand its motor leasing business in both periods.

In the Civil Infrastructure sector, an investment was made in a waste treatment plant in Shanghai.

As at 30 June 2004, the Group's contracted capital commitments were HK\$ 4.8 billion.

資本開支 港幣百萬元	Capital Expenditure HK\$ million	1 – 6/2004	1 – 12/2003
發電	Power Generation	1,184	144
特種鋼鐵業	Special Steel Manufacturing	1,038	537
航空	Aviation	518	–
物業	Property	511	104
其他業務	Other Sectors	269	195
信息業	Communications	134	185
銷售及分銷	Marketing & Distribution	86	211
基礎設施	Civil Infrastructure	50	5

集團之流動資金及資本來源

一般政策

中信泰富之策略為保持嚴謹之融資監控，以及維持高透明度。本集團之融資及現金管理運作均集中在總公司層次進行，藉以加強集團之風險管理、監控以及財務資源之運用。

中信泰富致力透過銀行及資本市場分散集資途徑。融資安排均盡可能配合業務特點及現金流量情況。在可能及合適之情況下安排有限或無追索權之項目融資。

中信泰富之業務主要集中在香港及中國兩地，因此，集團需承受港元、美元及人民幣外滙波動之風險。中信泰富透過借貸或利用外滙合約安排，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。由於中國之金融市場有所局限、加上監管限制（特別是現時人民幣未能自由兌換，以及國內之外滙遠期市場尚未發展），故上述目標未能時常達致。此外，由於「註冊資本」（一般規定不得少於有關項目之總投資額25%）必須以美元或港元投入，因此本集團之人民幣淨資產將不斷增加。在二零零四年六月三十日，本集團約29%之資產位於中國內地。

為穩定利息開支，集團致力維持適當之固定息率/浮動息率借貸。集團在考慮整體市場趨勢、集團之現金流量以及利息倍數比率後決定利率對沖比率。本集團亦積極安排利率掉期交易，從而控制長期利率風險。

Group Liquidity and Capital Resources

General Policies

The Group's policy is to maintain a high degree of financial control and transparency. Financing and cash management activities are centralised at head office level to enhance risk management, control and the best utilisation of financial resources of the Group.

Funding sources are diversified through utilisation of both the banking and capital market. To the extent it is possible, financings are arranged to match business characteristics and cash flows. Limited or non-recourse project finance is employed when it is available and appropriate.

CITIC Pacific conducts business mainly in Hong Kong and mainland China, therefore is subject to market risk in the foreign exchange rate of the HK Dollar, US Dollar and Renminbi. To minimise currency exposure, non Hong Kong dollar assets are usually financed in the same currency as the asset or cash flow from it, either by borrowing or using foreign exchange contracts. Achieving this objective is not always possible due to limitation in financial markets and regulatory constraints, particularly on investment into mainland China as currently, the Renminbi is not a free convertible currency and an on-shore forward market has not been developed. In addition, 'Registered Capital', which is usually accounted for no less than 25% of the total project investment amount, is required to be paid in US or HK Dollars. As a result, CITIC Pacific has an increasing exposure to the Renminbi. As of 30 June 2004, around 29% of the Group's assets were based in mainland China.

The Group aims to maintain a suitable mixture of fixed rate / floating rate borrowings in order to stabilise interest costs despite rate movements. Interest rate hedging ratio is determined after taking into consideration of the general market trend, the Group's cash flow pattern and interest coverage ratio. The Group actively employs interest rate swap transactions to manage long term interest risk.

本公司只利用衍生工具對沖利率及匯率風險，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，而本集團為了控制信貸風險，亦會考慮交易對方向本集團提供之信貸額。

現金流量

由於本集團之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淨額，乃衡量本公司償還債項能力之重要指標。期內，本集團之現金流量持續穩定強勁。以下為期內各業務之現金流量概覽：

The Company only uses derivative transactions for interest rate and currency hedging purposes, speculative trading is prohibited. Counterparties' credit risks are carefully reviewed. In general, the Company only deals with financial institutions with credit rating of single A or above. The counterparties' lending exposure to the Group is also an important consideration as a means to control credit risk.

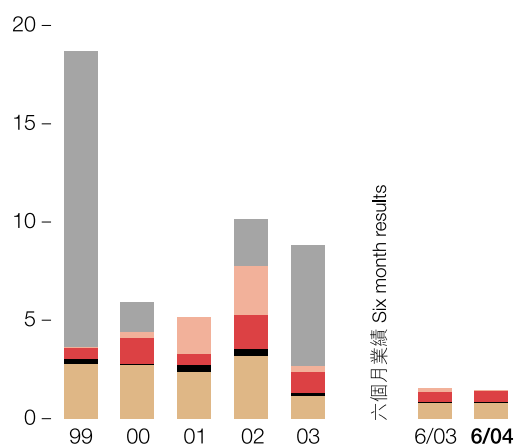
Cash Flow

By design, most of the Group's debt is raised at the holding company level. As such, the net amount of cash flow from each business to the Company is an important indicator as to the Company's ability to service its debts. During the period, the Group's cash flow remained stable and strong. Following is a summary of the cash contribution by each business segment for the period:

		截至六月三十日止六個月 For the six months ended 30 June	
港幣百萬元	HK\$ million	2004	2003
基本建設	Infrastructure		
發電	Power Generation	148	185
基礎設施	Civil Infrastructure	180	158
信息業	Communications	49	153
航空	Aviation	428	268
物業	Property	525	529
銷售及分銷	Marketing & Distribution	39	62
合計	Total	1,369	1,355

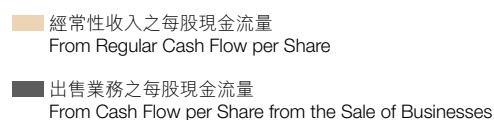
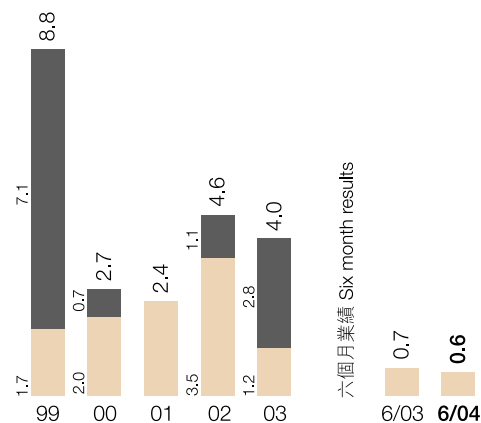
業務之現金流量
Cash Flow from Operations

港幣拾億元 HK\$ billion



每股現金流量
Cash Flow per Share

港幣元 HK\$



綜合現金流量概覽

港幣百萬元

Consolidated Cash Flow Summary

HK\$ million

截至六月三十日止六個月
For the six months ended 30 June

		2004	2003
現金淨額來自 / (投資於)	Net Cash generated from / (invested in)		
綜合業務	consolidated activities	(79)	908
共同控制實體	jointly controlled entities	(1,092)	(85)
聯營公司	associated companies	50	(357)
投資	investments	(66)	324
出售業務權益及有價證券	Sale of business interests and marketable securities	2	210
資本開支及於新業務之投資	Capital expenditure and investment in new businesses	(1,435)	(360)
稅項	Tax	(97)	(23)
已支付利息淨額	Net interest paid	(166)	(221)
		(2,883)	396
已支付股息	Dividends paid	(1,533)	(3,720)
借貸增加	Increase in borrowings	2,024	2,445
已行使購股權	Share options exercised	30	-
		521	(1,275)
現金及等同現金之減少	Decrease in cash and cash equivalents	(2,362)	(879)

集團債項及流動資金

於二零零四年六月三十日，本集團之借貸總額為港幣一百二十九億元（二零零三年十二月三十一日：港幣一百零五億元），而現金及銀行存款則為港幣三十二億元，負債淨額為港幣九十七億元，二零零三年十二月三十一日之負債淨額則為港幣五十億元。槓桿比率根據負債淨額佔資本總額計算為20%（二零零三年十二月三十一日：11%）。負債淨額之增長，主要由於集團投入電廠、空運、特種鋼鐵業及住宅物業發展等新項目。

負債總額

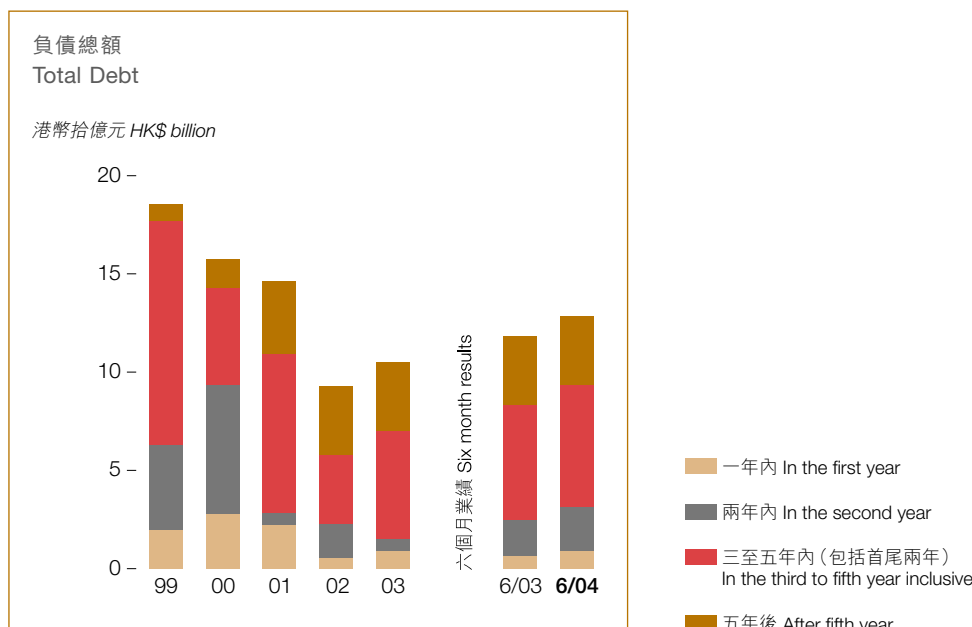
負債總額因上述新投資項目而增加。於二零零四年六月三十日，將於二零零五年底到期之借貸佔負債總額11%，而本集團於該日之銀行存款為港幣三十二億元，超過於二零零四年下半年到期償還之貸款。

Group Debt and Liquidity

As of 30 June 2004, the Group's total outstanding debt was HK\$12.9 billion (31 December 2003: HK\$10.5 billion), cash and deposits with banks were HK\$3.2 billion giving a net debt of HK\$9.7 billion compared to HK\$5 billion at 31 December 2003. Leverage, measured by the net debt to total capital, was 20% (31 December 2003: 11%). The increase in net debt was mainly due to the new investments in power plants, air cargo, special steel manufacturing and residential property development.

Total Debt

Total debt increased due to new investments as mentioned above. The debt at 30 June 2004 that will be mature upto end of 2005 amounted to 11% of the total debt and at that date the Group had deposits with banks of HK\$3.2 billion exceeding the loans due for repayment in second half of 2004.



於二零零四年六月三十日，在貨幣掉期前後本集團之借貸與現金及存款結餘之幣種如下：

The denomination of the Group's borrowings before and after currency swaps as well as cash and deposit balances in various currencies as of 30 June 2004 were summarised as follows:

幣種	Denomination	港元	美元	人民幣	日圓	其他	總計
		HK\$	US\$	Renminbi	Yen	Other	
港幣百萬元等值	HK\$ million Equivalent						
原本幣種之借貸	Borrowings in original currency	7,035	4,492	555	577	201	12,860
貨幣掉期後之借貸	Borrowings after Currency Swaps	8,933	2,594	555	577	201	12,860
現金及存款	Cash and Deposits	394	1,667	831	236	22	3,150
掉期後之借貸(現金)淨額	Net Borrowings (Cash) after Swaps	8,539	927	(276)	341	179	9,710

此外，中信泰富採用了於衍生工具內所述之外匯遠期/期權合約工具。

In addition, the Company entered into currency forward / option contracts as described under 'Derivative Products'.

備用融資來源

於二零零四年六月三十日，在本集團尚未提用之備用信貸中，港幣七十五億元為獲承諾之長期貸款，港幣十五億元為貨幣市場信貸額，而港幣十九億元則為備用貿易信貸額。

Available Sources of Financing

As of 30 June 2004, the Group's undrawn available facilities consists of HK\$7.5 billion in committed long term loans and HK\$1.5 billion of money market lines. In addition, available trade facilities amounted to HK\$1.9 billion.

港幣百萬元	HK\$ million	信貸總額 Total Facilities	未償還金額 Outstandings	備用信貸 Available Facilities
獲承諾貸款	Committed Facilities			
銀行貸款	Bank Loans	15,486	7,976	7,510
全球債券	Global Bonds	3,510	3,510	–
私人配售	Private Placement	780	780	–
獲承諾總額	Total Committed	19,776	12,266	7,510
未獲承諾貸款	Uncommitted Facilities			
貨幣市場信貸額	Money Market Lines	2,051	587	1,464
貿易信貸額	Trade Facilities	2,506	565	1,941

未償還負債之到期結構

本集團積極管理及延展集團之債務到期結構，以確保集團每年到期之債務不會超出當年預期之現金流量及集團在該年度為有關債務進行再融資之能力：

港幣百萬元 HK\$ million	2004	2005	2006	2007	2008	2009年 及以後 2009 and Beyond	合計 Total	百分率 Percentage
母公司 ¹ Parent Company ¹	184	90	1,869	2,687	2,965	3,510	11,305	88%
附屬公司 Subsidiaries	573	552	252	115	63	–	1,555	12%
到期債務 Maturing Debt	757	642	2,121	2,802	3,028	3,510	12,860	100%
百分率 Percentage	6%	5%	16%	22%	24%	27%	100%	

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。

Maturity Profile of Outstanding Debt

The Group actively manages and extends its debt maturity profile to ensure that the Group's maturing debt each year will not exceed the anticipated cash flow and the Group's ability to refinance the debt in that year:

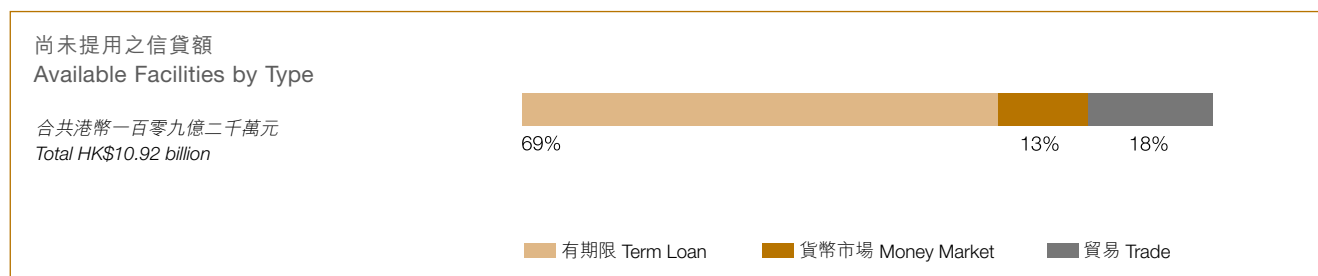
1. Including a US\$450 million global bond which was issued by a wholly owned special purposes vehicle.

財務狀況一覽

以下為本集團於二零零四年六月三十日之負債所涉及類別、利率、到期年份以及幣種分析：

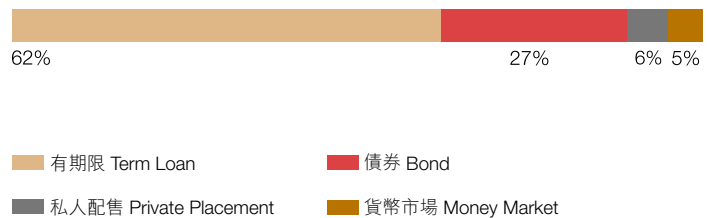
Financial Position at a Glance

The charts below show the type, interest rate, maturity and currency profiles of borrowings of the Group as at 30 June 2004:

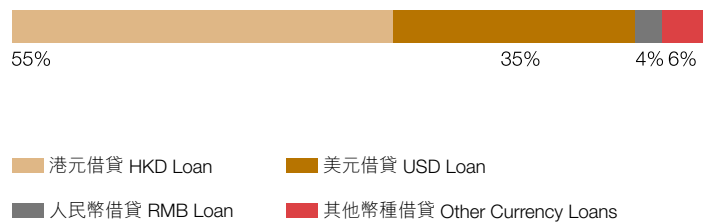


未償還負債
Outstanding Debt by Type

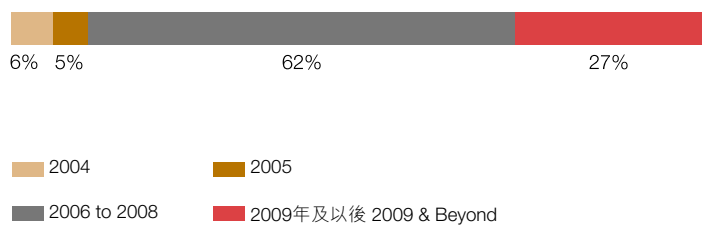
合共港幣一百二十八億六千萬
Total HK\$12.86 billion



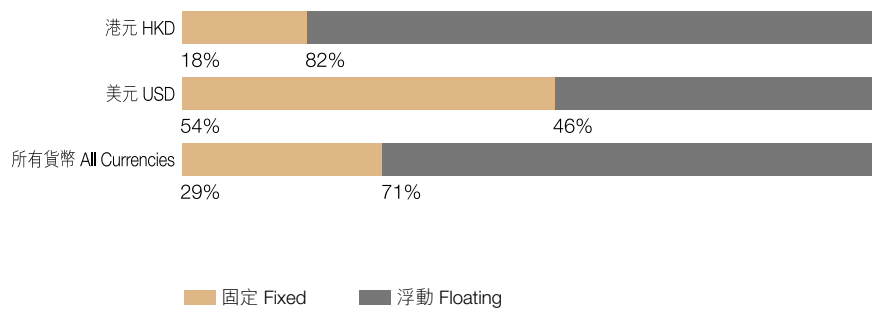
按幣種分類之未償還負債
Outstanding Debt by Currency



按到期年份分類之未償還負債
Outstanding Debt by Maturity



利率計算基準 (超過一年)
Interest Rate Base (Over One Year)



財務擔保及抵押資產

於二零零四年六月三十日，未反映在本公司及其附屬公司之綜合負債之擔保合共約港幣六億七千四百萬元，主要包括中信泰富按其控股比例為吉林發電廠之銀行融資所提供之擔保。

於二零零四年六月三十日，為數港幣七千九百萬元之資產用作附屬公司銀行信貸之抵押，主要涉及大昌行於海外之貿易業務。

共同控制實體及聯營公司之債務/現金

基於會計原因，本集團部份業務已分類為共同控制實體或聯營公司。以下為共同控制實體及聯營公司於二零零四年六月三十日之債務/現金詳情，根據香港普遍被採用之會計準則，此等債務/現金並不包括在集團之綜合賬目內。

Financial Guarantees and Pledged Assets

The aggregate amount of guarantees given by the Company and its subsidiaries which were not included in consolidated borrowings was approximately HK\$674 million as of 30 June 2004, primarily related to a guarantee to support CITIC Pacific's share of the loan facilities at Jilin Power Station.

As at 30 June 2004, assets of HK\$79 million were pledged to secure banking facilities utilised by subsidiaries, mainly related to Dah Chong Hong's trading business overseas.

Debt / Cash in Jointly Controlled Entities and Associated Companies

For accounting purposes, some of the Group's businesses are classified as jointly controlled entities and associated companies. The following table shows the debt / cash position of jointly controlled entities and associated companies as of 30 June 2004 which under Hong Kong generally accepted accounting standards is not consolidated into the Group's accounts.

業務分類 港幣百萬元	Business Sector HK\$ million	總負債淨額/ (現金)	中信泰富應佔 之負債淨額/(現金)	獲中信泰富或其附屬 公司擔保之負債 Amount of debt guaranteed by CITIC Pacific or its subsidiaries
		Total Net Debt/ (Cash)	Proportion of Net Debt/ (Cash) attributable to CITIC Pacific	
基本建設	Infrastructure			
發電	Power Generation	2,443	1,198	657
基礎設施	Civil Infrastructure	2,904	1,070	
信息業	Communications	1,000	617	
航空	Aviation	13,945	3,387	
銷售及分銷	Marketing & Distribution	741	372	
物業	Property	(338)	(126)	
其他	Others	(897)	(449)	
		19,798	6,069	657

又一城及愉景灣項目全部由股東出資，並無向外借貸；除了上表所列及於財務擔保所述有關吉林發電廠之財務擔保外，其他聯營公司及共同控制實體為本身業務進行之融資均對股東無任何追索權。

衍生工具

中信泰富以不同形式之金融工具（包括衍生工具）調控利率及滙率波動之風險。

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性質。於二零零四年六月三十日，本公司共有合面值港幣八十五億元之利率掉期／期權合約。在利率掉期後，本集團之實際浮動利率借貸為港幣九十億元，佔借貸總額之70%，其餘借貸則實際上以固定利率計息。

於截至二零零四年六月三十日止六個月之加權平均借貸成本（包括費用及對沖成本）約為3.4%，去年同期則為4.6%。

本集團業務之基本現金流量主要以港幣或人民幣為貨幣單位。公司通過訂立外滙掉期、遠期及期權合約等手段，務求將美元借貸及利率風險降至最低。於二零零四年六月三十日，此等合約合共五億七千萬美元。

為了對沖來自中國多個項目之預期應收股息，本公司亦已訂立人民幣不交收遠期合約（「NDF」合約）。此等股息原本以人民幣為貨幣單位，在支付時必須兌換為美元。於二零零四年六月三十日，本公司之人民幣不交收遠期合約合共三千五百萬美元。

Festival Walk and Discovery Bay are financed by their shareholders and do not have external borrowings; other associated companies and jointly controlled entities raise debt to finance their operational activities without recourse to their shareholders, except for Jilin Power Station as declared under Financial Guarantees and shown in the above table.

Derivative Products

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. As of 30 June 2004, the Company had outstanding interest rate swap / option contracts with a notional amount of HK\$8.5 billion. After the swaps, effectively HK\$9.0 billion or 70% of the Group's total borrowings were paying floating rate and the remaining were effectively paying fixed rate of interest.

The overall weighted average all-in cost of debt (including fees and hedging costs) for the six months ended 30 June 2004 was about 3.4%, compared with 4.6% for the same period last year.

The underlying cash flow of the Group's businesses is mainly in HK dollars or in Renminbi. To minimise potential US dollar debt and interest exposures, the Company entered into foreign exchange swap, forward and option contracts. As of 30 June 2004, such contracts outstanding amounted to US\$570 million.

The Company also entered into Renminbi Non Deliverable Forward or known as 'NDF' contracts for purpose of hedging the projected dividend receivable from various projects in the mainland. These dividends are originally denominated in Renminbi and required to be converted to USD at time of the payment. As of 30 June 2004, total outstanding NDF contracts amounted to US\$35 million.

根據本公司之計算或根據向主要金融機構索取之市值報表顯示，於二零零四年六月三十日，集團全部衍生工具交易之公平價值總額約為正數值港幣一千七百萬元。

Based on the Company's calculation and / or the mark to market price quotation obtained from major financial institutions, the aggregate fair value of all the outstanding derivative transactions as at 30 June 2004 was approximately a positive value of HK\$17 million.

或然負債

於二零零四年六月三十日，本集團之或然負債與去年底比較並無重大轉變。

Contingent Liabilities

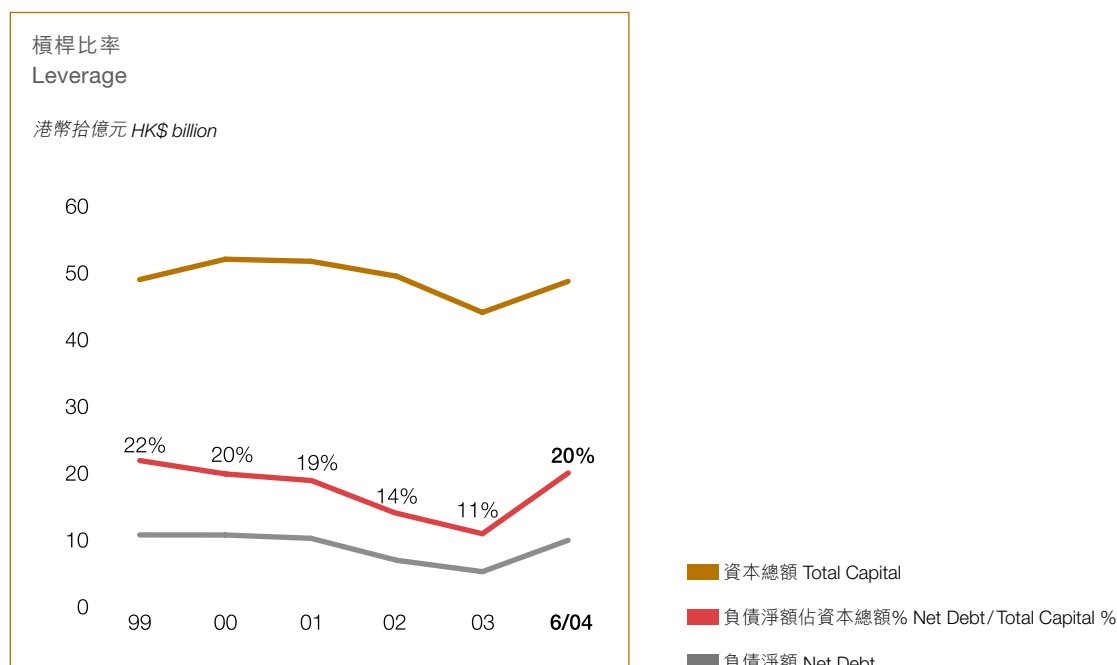
As at 30 June 2004, the Group's contingent liabilities had not changed significantly from the last year end.

槓桿比率

於二零零四年六月三十日，負債淨額佔資本總額20%，而二零零三年底則為11%。

Leverage

Net debt divided by total capital was 20% at 30 June 2004 compared with 11% at the end of 2003.

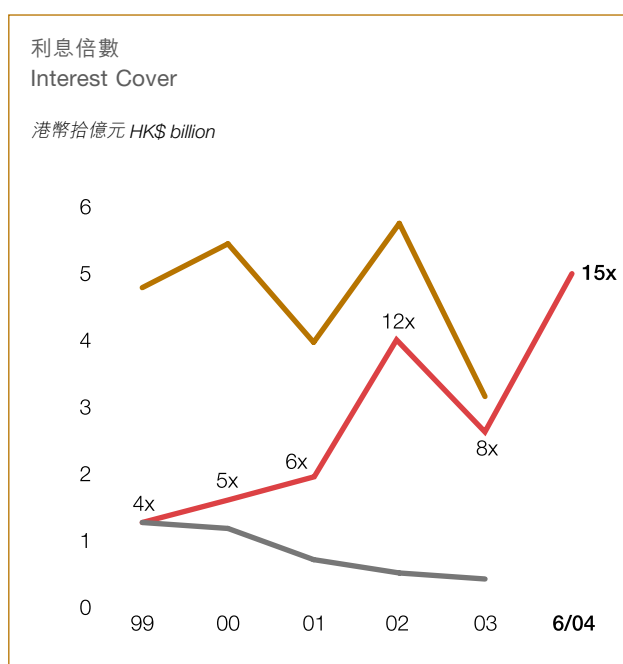


利息倍數

截至二零零四年六月三十日止六個月，不包括利息支出、稅項、折舊及攤銷之溢利淨額除以利息支出為15.1，而二零零三年同期則為6.3，原因為溢利上升225%，及利息支出總額減少24%。

Interest Cover

EBITDA divided by interest expense for the six months ended 30 June 2004 was 15.1 compared to 6.3 in the same period in 2003, due to the 225% increase in profit and a 24% decrease of total interest expenses.



借貸承諾

為了管理集團借貸結構以及債項方面之規定，中信泰富已制訂一套標準借貸承諾。財務承諾包括資本淨值最低保證、借貸總額佔資本淨值之最高比率以及抵押資產佔集團總資產之上限。在二零零四年六月三十日，本集團均符合其所有借貸承諾。

信貸評級

穆迪投資及標準普爾給予本公司之外幣長期信貸投資評級分別為Baa3及BBB-。兩項評級均顯示本公司目前之信貸前景穩定，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。截至二零零四年六月三十日止六個月，集團之槓桿比率（根據負債淨額佔資本總額計算）為20%，而利息倍數（根據不包括利息支出、稅項、折舊及攤銷之溢利淨額除以利息支出計算）則為15.1。集團深信，本集團之上述財務指標反映集團財務穩健、實力雄厚。本公司之目標為維持既有之穩健財務政策，務求進一步提升其信貸評級。

前瞻聲明

本中期報告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。

前瞻聲明涉及固有風險及不明朗因素。敬請注意：多項因素均可令實際業績有別於任何前瞻聲明所預測或暗示之業績；在若干情況下，更可能存在重大差異。

Loan Covenants

Over the years, CITIC Pacific has developed a set of standard loan covenants to facilitate the management of its loan portfolio and debt compliance. The financial covenants are generally limited to minimum net worth undertaking; a maximum ratio of total borrowings to net worth and a limit on the amount of pledged assets as a percentage of the Group's total assets. As at 30 June 2004, CITIC Pacific is in compliance with all of its loan covenants.

Credit Ratings

The Company has been assigned an investment grade foreign currency long term credit rating of Baa3 by Moody's Investor Service and BBB- by Standard & Poor's. For both ratings, the current credit outlook is stable, reflecting CITIC Pacific's strong financial profile including low leverage, diversified business and strong cashflow. The Group's leverage, measured by the net debt to total capital, was 20%. Interest cover, defined as EBITDA divided by interest expense, was 15.1 for the six months ended 30 June 2004. We believe that these financial indicators demonstrated the Group's financial strength. The Company's objective is to maintain its financial discipline aiming to improve its credit rating going forward.

Forward Looking Statements

This Interim 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.