

管理層討論及分析

Management Discussion and Analysis

1.0 經營情況

二零零六年上半年本港經濟持續增長，失業情況穩步改善，股市交投活躍，支持內部消費向好，對外貿易亦續有理想表現，配合最優惠利率與同業拆息之間息差擴闊等，都對本地銀行業有所幫助。可是，本港經過長達兩年多的加息週期以後，商業及按揭貸款增長明顯受到影響；業界的激烈競爭持續，亦對貸款收益率構成壓力；而且孳息曲線平坦化的現象並沒有改變，息口前景仍未明朗，通脹壓力漸增，加上內地經濟強勁增長勢頭持續，中國政府陸續推出宏觀調控措施等，均為香港金融業的經營環境帶來挑戰。

中信國際金融控股有限公司（「本集團」）於二零零六年上半年除了努力鞏固核心業務表現及建立新優勢外，亦專注落實在國際市場上推動「中信」金融服務品牌的任務。本集團於三月三十一日展開重要策略性發展計劃，宣佈向中國中信集團公司（「中信公司」）收購中信銀行19.9%權益（中信公司於二零零六年六月三十日向中信銀行注入人民幣五十億元資本後，有關策略性權益隨之降至16.4%），此交易已於二零零六年七月十九日之股東特別大會中通過，現正待

1.0 Review of Operations

Healthy domestic consumption saw Hong Kong's economy grow further in the first half of 2006. Apart from steadily declining unemployment and the buoyant turnover in the local stock market, the economy was also helped by continued strong external trade performance. All these factors, coupled with the widening of the spread between the Prime Lending Rate ("Prime") and the Hong Kong Interbank Offer Rate ("HIBOR"), created a favourable operating environment for the local banking industry. Nonetheless, the growth in commercial and mortgage lending suffered obvious blows as the local interest rate up-cycle persisted well beyond its second year. Loan yields were also depressed by intense industry competition. Meanwhile, the Hong Kong financial sector faced additional challenges brought on by the resilient flattening of the yield curve, the uncertain interest rate outlook, increasing inflationary pressures, as well as the successive macro-economic tightening policies introduced by the Mainland Chinese government in its attempt to further rein in the nation's robust economic growth.

In the first half of 2006, CITIC International Financial Holdings Limited (the "Group") stayed focused on its priorities to defend its core performance, build new competencies, and maximise opportunities for the CITIC financial services brand internationally. On 31 March 2006, the Group kicked off its major strategic development plan with the announcement of its acquisition of a 19.9% stake in China CITIC Bank ("CNCB") (The strategic stake was subsequently lowered to 16.4% following a RMB5 billion capital injection into CNCB by CITIC Group on 30 June 2006). The transaction has been approved by the Group's independent shareholders at an Extraordinary

中國有關監管機構作最後審批。收購交易正式完成後，本集團會成為中信銀行的主要外資投資者。管理層希望透過實力互補，突顯和發揮本集團與中信銀行間的協同效應，為股東創造更大利益。

2.0 業績表現

2.1 盈利

截至二零零六年六月底止上半年度，本集團利息收入顯著上升53.1%，惟期內資金成本因市場利率大幅攀升而倍增，導致淨利息收入按年下跌11.9%。不過，非利息收入持續強勁增長，上半年升幅高達20.0%，抵銷大部份淨利息收入下跌的影響；計及經營支出後，未計減值撥備前經營溢利下跌3.4%至四億五千八百萬港元。減值虧損方面，雖然信貸週期逐步正常化，本集團二零零六年上半年仍錄得二百萬港元淨回撥，但由於去年同期受惠於資產素質改善及綜合減值回撥，減值虧損錄得九千三百萬港元淨回撥，相比之下令經營溢利較去年同期下降16.0%至四億七千八百萬港元。此外，去年出售嘉華銀行中心帶來一次性的出售有形固定資產溢利二億二千七百萬港元，而今年上半年則未有錄得如此大額收益；計入其他項目後，本集團二零零六年上半年股東應佔溢利較去年同期下跌32.0%至四億九千二百萬港元。

General Meeting held on 19 July 2006, and is now pending final approvals by the relevant regulatory authorities in the PRC. Upon the completion of the transaction, the Group will become the major foreign investor in CNCB. The Group's management hopes to deliver enhanced shareholder value by maximising the synergistic benefits to be derived from leveraging the complementary competencies of the Group and CNCB.

2.0 Business Performance

2.1 Earnings

The Group reported a strong 53.1% increase in interest income in the first half of 2006; however, interest expenses doubled as funding cost soared as a result of the sharp rise in market interest rates. This led to a fall in net interest income by 11.9% year-on-year. However, much of this impact was offset by the Group's continued strong growth in non-interest income at 20.0% in the first half of 2006. Net of operating expenses, operating profit before impairment allowances decreased by 3.4% to HK\$458 million. Meanwhile, despite a normalising credit cycle in the first half of 2006, the Group recorded a net release of HK\$2 million in impairment allowances during the period. This compared to a net release of HK\$93 million in the corresponding period last year that was then helped primarily by asset quality improvements as well as a reversal in collective assessment. As a result, operating profit dropped 16.0% over the same period last year to HK\$478 million. Unlike in 2005, when the sale of Ka Wah Bank Centre realised a one-off gain of HK\$227 million from the disposal of tangible assets, a similar scale of gain was not repeated in the first half of 2006. After taking into account other items, the Group's profit attributable to shareholders for the first half of 2006 dropped 32.0% year-on-year to HK\$492 million.

2.2 淨利息收入

由於中信嘉華銀行有限公司(「中信嘉華」)致力擴大核心業務基建及實力，今年上半年貸款方面錄得理想表現，加上最優惠利率與同業拆息之間息差擴闊，本集團期內利息收入大幅增長53.1%。

但與此同時，今年上半年香港三個月銀行同業拆息平均較去年同期上升2.2百分點至4.4%，孳息曲線持續平坦，令存款、持有至到期定息投資組合及基金投資的資金成本壓力大幅上揚，整體利息支出因而增加103.8%，導致淨利息收入減少11.9%至四億九千八百萬港元。

由於基金投資的總收益是以非利息收入入賬，為了更準確地反映本集團的利息收入能力，在計算淨息差時其資金成本乃重新計入淨利息收入項目內。經調整基金投資的資金成本後，本集團二零零六年上半年的淨息差為1.76%，與按相同基準計算的二零零五年中期數字1.78%相若。

展望未來，將有多項因素影響本集團淨利息收入。首先，中信嘉華已於今年七月贖回三億美元後償債券，此舉將有助減省利息支出。中信嘉華現時並無迫切資本需要，未來將視乎市場情況考慮會否再發行有關債務。此外，隨著持有至到期定息投資組合逐步期滿後，本集團計劃積極調配有關資金，透過優化資

2.2 Net Interest Income

The Group reported substantial growth in its interest income by 53.1% during the period, driven primarily by strong loan growth resulting from the strengthened core business infrastructure and competencies of CITIC Ka Wah Bank Limited ("CKWB"), as well as by the widening of the Prime-HIBOR spread.

At the same time, the average three-month HIBOR in the first half of 2006 climbed by 2.2 percentage points to 4.4% compared to the same period last year. That, coupled with the prolonged flat yield curve, significantly intensified funding cost pressures on the Group's deposits, held-to-maturity fixed income investment portfolio and fund investments, and led to a 103.8% rise in overall interest expense. As a result, net interest income declined by 11.9% to HK\$498 million.

As gross income for the fund investments was recognised as non-interest income, in order to provide an accurate reflection of the Group's interest earning capability, the Group calculated its net interest margin by adding back the portfolio's funding cost to net interest income to arrive at 1.76% for the first half of 2006, as compared to 1.78% restated on the same basis for the first half of 2005.

Looking ahead, note should be taken of several factors that will impact the Group's net interest income. Firstly, CKWB recalled its US\$300 million subordinated debt issue in July 2006, which will help to reduce the Group's interest expense. As CKWB does not have any pressing need for capital, any decision to replace the subordinated debt issue will depend on market conditions. Secondly, the Group plans to relieve funding cost pressures from its held-to-maturity fixed income investment

產負債管理，減輕該投資組合所帶來的資金成本壓力，惟基金投資規模的逐步審慎擴大，將對資金成本以至利息支出及淨利息收入構成進一步壓力。

2.3 非利息收入

二零零六年上半年本集團非利息收入持續表現卓越，較去年同期上升20.0%至四億九千一百萬港元，增長主要來自中信嘉華核心業務在貸款、投資及財資有關產品所取得的理想表現。非利息收入佔經營收入的比例，由去年中的42.0%提升至49.6%，本集團將繼續致力保持這個比率在40%以上水平。

2.4 經營支出

二零零六年上半年本集團經營支出按年上升6.2%，除了僱員成本因素外，亦包括中信嘉華在重整寫字樓計劃中所涉及的一次過搬遷開支所致（詳情請參閱4.124）。成本對收入比率由二零零五年中的51.4%上升至53.7%，但較二零零五年底的55.6%已有輕微改善。本集團已實施嚴格的成本控制措施，力求令這比率在今年底進一步回落。

portfolio by redeploying capital from maturing securities for better balance sheet management. However, prudent expansion of the Group's fund investments will correspondingly exert further pressures on both funding costs and net interest income.

2.3 Non-Interest Income

The Group delivered an outstanding 20.0% non-interest income growth to HK\$491 million in the first half of 2006 as compared to the same period last year. The growth was mainly derived from CKWB's strengthened core business performance in loans, investment and treasury-related products. The share of non-interest income in the Group's operating profit rose to 49.6% for the first half of 2006 from 42.0% for the corresponding period last year. The Group will strive to maintain this ratio above 40%.

2.4 Operating Expenses

The Group's operating expenses for the first half of 2006 rose by 6.2% year-on-year, primarily due to the rise in staff-related costs as well as one-time relocation expenses related to CKWB's office rationalisation plan (Please see 4.124 for details). Cost to income ratio rose to 53.7% from 51.4% for the first half of 2005, but was slightly improved from 55.6% as at 2005 year-end. The Group has already put in place prudent cost control measures, and will strive to further reduce this ratio by the end of 2006.

2.5 減值撥備

本集團一向審慎借貸，不斷致力提升風險管理及資產素質。二零零六年上半年信貸週期逐步正常化，本集團作個別評估貸款錄得淨撥備二千九百萬港元，至於作綜合評估貸款之淨回撥則錄得三千五百萬港元，期內總共錄得六百萬港元淨回撥。計及其他資產的減值後，本集團錄得二百萬港元減值淨回撥，去年同期則錄得九千三百萬港元淨回撥，主要受惠於當時資產素質改善及綜合減值回撥。

2.6 中期股息

董事會建議派發中期股息每股七點七港仙，派息比率為50.2%。上年度之中期股息為每股十一點三港仙。

3.0 資產素質

3.1 資產、貸款及存款規模

期內，本集團的資產規模顯著擴大。於二零零六年六月底，總資產為八百九十七億港元，較二零零五年底增加5.5%；總貸款較二零零五年底上升8.0%至四百六十八億港元，主要貸款金額的增長來自用於香港以外貸款、金融業貸款以及貿易融資；總存款則為六百六十四億港元，較二零零五年底上升7.3%。

2.5 Impairment Allowances

The Group lent conservatively and strived to continually improve its risk management and asset quality. With the credit cycle normalising in the first half of 2006, the Group reported a HK\$29 million charge for individually assessed loans, and a HK\$35 million release for collectively assessed loans, resulting in a net release in loan impairment allowances for the period of HK\$6 million. Including impairment on other assets, the Group registered a HK\$2 million net release in impairment allowances, compared to a net release of HK\$93 million in the corresponding period last year that was then helped by asset quality improvements as well as a reversal in collective assessment.

2.6 Interim Dividend

The Board of Directors proposed an interim dividend of HK\$0.077 per share, representing a pay-out ratio of 50.2%. The interim dividend for the first half of 2005 was HK\$0.113 per share.

3.0 Asset Quality

3.1 Asset, Loan, and Deposit Sizes

The Group's asset size expanded significantly during the period, and stood at HK\$89.7 billion as at 30 June 2006, representing a 5.5% increase from 2005 year-end. Total loans rose 8.0% from the end of 2005 to HK\$46.8 billion, driven mainly by a rise in loans for use outside Hong Kong as well as financial sector related loans and trade finance. Total deposits grew by 7.3% from 2005 year-end to HK\$66.4 billion.

3.2 資產素質指標

期內，本集團資產素質指標較二零零五年底輕微改善，其中覆蓋率由 92.7% 擴大至 98.2%。

3.3 財務狀況

於二零零六年六月底，本集團之未經調整資本充足比率為 15.0%，貸存比率為 70.5%，貸款對資產總值比率為 52.2%。

3.2 Asset Quality Indicators

During the period, the Group reported slight improvements in its asset quality indicators, including an expansion of its coverage ratio to 98.2% from 92.7% at 2005 year-end.

3.3 Financial Position

As at 30 June 2006, the Group's unadjusted capital adequacy ratio was 15.0%. Its loans to deposits ratio was 70.5%, and its loans to total assets ratio was 52.2%.

中信國際金融主要財務指標

CITIC International Financial Holdings' Key Financial Indicators

		二零零六年 六月三十日 30 June 2006	二零零五年 十二月三十一日 31 December 2005
未經調整資本充足比率	Unadjusted capital adequacy	15.0%	16.0%
貸存比率	Loans to deposits	70.5%	70.1%
貸款對資產總值比率	Loans to total assets	52.2%	51.0%
減值貸款比率	Impaired loans	2.7%	2.7%
覆蓋率*	Coverage*	98.2%	92.7%
貸款虧損覆蓋率	Loan loss coverage	39.3%	48.6%
綜合減值撥備覆蓋率	Collective assessment coverage	0.53%	0.68%

*計法為將個別評估減值撥備及減值貸款押品之和除以減值貸款總額

*Calculated by dividing the sum of individually assessed impairment allowances and collateral of impaired loans by the gross impaired loans

4.0 主要業務發展

4.1 中信嘉華銀行有限公司(「中信嘉華」)

4.11 經營情況

去年中信嘉華致力創造增長條件，積極鞏固及擴大大具核心競爭優勢的服務領域，為核心業務表現及盈利注入新的增長動力。有關舉措在今年開始已見成效，各主要業務部門於二零零六年上半年均創下佳績。

4.12 業績

4.121 盈利

中信嘉華於期內佔本集團純利約74.1%，故業績表現與集團整體相若。截至二零零六年六月底止上半年度，中信嘉華利息收入顯著按年上升53.1%，但期內資金成本因市場利率大幅攀升而倍增，令淨利息收入下跌13.7%。不過，由於非利息收入持續強勁增長，上半年錄得高達39.8%的按年升幅，抵銷淨利息收入下跌及經營支出上升的影響，帶動未計減值撥備前經營溢利較去年同期上升7.1%至四億八千萬港元。減值虧損方面，二零零六年上半年錄得一千三百萬港元淨撥備，相對去年同期錄得的九百九十九萬港元淨回撥，引致經營溢利按年比較下降11.2%至四億八千六百萬港元。在財務會計準則下，中信嘉華二零零六年上半年股東應佔溢利較去年同期下跌46.7%至三億六千四百萬港元，除了基於上述原因及去年業績包括出售嘉華銀行中心的二億二千七百萬港元一次性

4.0 Core Business Development

4.1 CITIC Ka Wah Bank Limited (“CKWB”)

4.11 Operating Environment

CKWB focused on strengthening its fundamentals and building competencies last year in order to enhance its competitive advantages and to drive future business expansion. The results of such efforts were evident in the strong performances delivered by all its major business departments in the first half of 2006.

4.12 Business Performance

4.121 Earnings

CKWB accounted for 74.1% of the Group's net profit, as such its overall results performance was similar to that of the Group. For the first half of 2006, CKWB's interest income grew by a significant 53.1% year-on-year, but soaring funding costs saw its net interest income reduced by 13.7%. Nevertheless, a strong 39.8% non-interest income growth helped to offset the decline in net interest income and the rise in operating expenses. As a result, it reported a 7.1% rise over the same period last year in operating profit before impairment allowances to HK\$480 million. A net provision of HK\$13 million in impairment losses was recorded in the first half of 2006 as compared to a net release of HK\$99 million in the corresponding period last year. As a result, operating profit dropped 11.2% over the same period last year to HK\$486 million. CKWB's profit attributable to shareholders for the first half of 2006 dropped 46.7% to HK\$364 million on a financial accounting basis as compared to the same period last year; apart from reasons cited above and the fact that the previous year's results included a one-off gain of HK\$227 million from the sale of Ka Wah Bank Centre, the current year's

收益外，本年度業績亦受到出售銀行物業錄得的四千七百萬港元賬面淨虧損所影響。但須要注意的是，該物業交易本身並無造成實質損失，相反地，透過在二零零二年成立的物業估值儲備中回撥，它為本集團綜合賬目帶來四千五百萬港元出售資產淨收益。若全面考慮並計及期內出售銀行物業的影響後，中信嘉華對本集團的股東應佔溢利貢獻為四億七千一百萬港元。

4.122 淨利息收入

在中信嘉華提升核心業務實力的努力下，企業及零售貸款方面均有理想表現，加上最優惠利率與同業拆息之間息差擴闊，刺激利息收入增加53.1%。惟受到資金成本因市場利率大幅攀升而倍增所影響，二零零六年上半年中信嘉華淨利息收入按年減少13.7%至四億九千二百萬港元。經調整基金投資的資金成本後，上半年的淨息差為1.76%，而按相同基準計算的二零零五年中期數字為1.81%。

results also carried a net book loss of HK\$47 million from the sale of bank premises. It should be noted, however, that the property transaction itself did not create a real loss, and it was instead carried as a net disposal gain of HK\$45 million in the Group's consolidated accounts due to the release of a property valuation reserve created in 2002. If the gains from the sale of bank premises had been fully taken into account, CKWB's contribution to the Group's profit attributable to shareholders would have been HK\$471 million.

4.122 Net Interest Income

CKWB's efforts to strengthen its core business fundamentals have resulted in strong performances in both its wholesale and retail loan portfolios. This, coupled with the widening of the Prime-HIBOR spread, helped push interest income up by 53.1% during the period. However, the sharp rise in market interest rates doubled its funding costs, resulting in a 13.7% year-on-year contraction in its net interest income to HK\$492 million in the first half of 2006. After adjusting for the funding cost on its fund investments, CKWB's net interest margin stood at 1.76% for the first half of 2006 as compared to 1.81% restated on the same basis for the first half of 2005.

4.123 非利息收入

二零零六年上半年中信嘉華各項核心業務均錄得理想表現，令非利息收入持續表現卓越，較去年同期大幅上升39.8%至四億九千六百萬港元。其中基金投資總收益上升48.4%，企業貸款費用收入增加42.7%，零售銀行費用及佣金收入上升31.3%，而外匯買賣收益上升110.5%。非利息收入佔經營收入的比例，由去年中的38.4%大幅提升至50.2%，中信嘉華於可見將來會繼續致力保持這個比率在40%以上水平。

4.124 經營支出

二零零六年上半年中信嘉華經營支出按年上升6.5%，除了僱員成本因素外，亦包括中信嘉華在重整寫字樓計劃中，把零售銀行及後勤營運部門遷往鰂魚涌常盛大廈所涉及的一次過支出所致。成本對收入比率由二零零五年中的51.6%輕微下跌至51.5%，並較二零零五年的55.2%有所改善。中信嘉華已實施嚴格的成本控制措施，力求令這比率在今年底進一步回落。

4.123 Non-Interest Income

For the first half of 2006, strong performances by CKWB's core businesses contributed to a significant 39.8% growth in its non-interest income to HK\$496 million compared to the same period last year. The growth was mainly derived from a 48.4% increase in gross income from fund investments, a 42.7% increase in corporate loans related fees, a 31.3% increase in retail banking fee and commission income as well as a 110.5% increase in foreign exchange trading gains. The share of non-interest income in its operating profit rose significantly to 50.2% for the first half of 2006 from 38.4% for the corresponding period last year. CKWB will strive to maintain this ratio above 40% for the foreseeable future.

4.124 Operating Expenses

CKWB's operating expenses for the first half of 2006 rose by 6.5% year-on-year, primarily due to the rise in staff-related costs as well as one-time relocation expenses related to the consolidation of its retail and back-office operations in Somerset House in Quarry Bay under its office premise rationalisation plan. Its cost to income ratio fell slightly to 51.5% from 51.6% for the first half of 2005, but was better compared to 55.2% recorded at 2005 year-end. With prudent cost control measures in place, CKWB will strive to further reduce this ratio by the end of 2006.

4.125 減值撥備

中信嘉華一向審慎借貸，不斷致力提升風險管理及資產素質。隨著二零零六年上半年信貸週期逐步正常化，錄得貸款減值撥備一千三百萬港元，其中個別評估貸款錄得四千九百萬港元淨撥備，而綜合評估貸款淨回撥則為三千六百萬港元。計及其他資產的減值撥備後，中信嘉華仍錄得一千三百萬港元減值淨撥備，去年同期為九千九百萬港元淨回撥。

4.13 資產素質

4.131 資產、貸款及存款規模

隨著核心業務不斷增長，中信嘉華的資產規模亦顯著擴大。於二零零六年六月底，總資產為八百六十三億港元，較二零零五年底增加5.5%；總貸款較二零零五年底上升8.1%至四百六十四億港元，主要貸款金額的增長來自用於香港以外貸款、金融業貸款以及貿易融資；總存款則為六百六十八億港元，較二零零五年底上升7.3%。

4.132 資產素質指標

中信嘉華期內資產素質指標持續表現良好。於二零零六年六月底，覆蓋率由去年底的87.8%擴大至97.4%。此外，二零零六年六月的按揭貸款拖欠比率由去年底的0.14%進一步降低至0.13%；信用卡撇賬率亦由二零零五年底的1.36%持續下跌至1.33%。

4.125 Impairment Allowances

CKWB lent conservatively and strived to continually improve its risk management and asset quality. With the credit cycle normalising in the first half of 2006, CKWB recorded a HK\$49 million charge for individually assessed loans and a HK\$36 million release for collectively assessed loans, resulting in a HK\$13 million net charge in loan impairment allowances in the first half of 2006. Including impairment on other assets, CKWB still registered a HK\$13 million net charge in impairment allowances, compared to a net release of HK\$99 million in the corresponding period last year.

4.13 Asset Quality

4.131 Asset, Loan, and Deposit Sizes

In tandem with the continuous growth in CKWB's core businesses, its asset size has also expanded significantly. As at 30 June 2006, CKWB's total assets were HK\$86.3 billion, representing a 5.5% increase from 2005 year-end. Total loans rose 8.1% from 2005 year-end to HK\$46.4 billion, driven mainly by a rise in loans for use outside Hong Kong as well as financial sector related loans and trade finance. Total deposits grew by 7.3% from 2005 year-end to HK\$66.8 billion.

4.132 Asset Quality Indicators

CKWB reported improvements in its asset quality indicators during the period. Its coverage expanded from 87.8% as at 2005 year-end to 97.4% as at 30 June 2006. Its mortgage delinquency ratio in June 2006 fell further from 0.14% as at 2005 year-end to 0.13%. Its credit card charge-off ratio also fell further from 1.36% as at 2005 year-end to 1.33%.

4.133 財務狀況

於二零零六年六月底，中信嘉華的未經調整資本充足比率為15.2%，平均流動資金比率為45.7%，貸存比率為69.5%，貸款對資產總值比率為53.8%。

4.133 Financial Position

As at 30 June 2006, CKWB's unadjusted capital adequacy ratio was 15.2%. Its average liquidity ratio was 45.7%. Its loans to deposits ratio was 69.5% and its loans to total assets ratio was 53.8%.

中信嘉華主要財務指標

CITIC Ka Wah Bank's Key Financial Indicators

		二零零六年 六月三十日 30 June 2006	二零零五年 十二月三十一日 31 December 2005
未經調整資本充足比率	Unadjusted capital adequacy	15.2%	16.4%
平均流動資金比率	Average liquidity	45.7%	51.1%
貸存比率	Loans to deposits	69.5%	69.0%
貸款對資產總值比率	Loans to total assets	53.8%	52.5%
減值貸款比率	Impaired loans	1.88%	1.89%
覆蓋率*	Coverage*	97.4%	87.8%
貸款虧損覆蓋率	Loan loss coverage	41.9%	50.9%
綜合減值撥備覆蓋率	Collective assessment coverage	0.54%	0.69%
內地放款佔總貸款比率	Mainland loans to total customer advances	14.5%	15.1%

*計法為將個別評估減值撥備及減值貸款押品之和除以減值貸款總額

*Calculated by dividing the sum of individually assessed impairment allowances and collateral of impaired loans by the gross impaired loans

4.14 業務發展

4.141 零售銀行部

二零零六年上半年，中信嘉華之零售銀行部業務發展勢頭強勁，淨利息收入因最優惠利率與香港銀行同業拆息之息差擴闊而改善，非利息收入則受到其持續推行新產品及服務推廣計劃之支持而繼續增長。

零售銀行部今年上半年的主要策略性焦點是發展旗下嶄新的CITIC*first*尊貴財富管理服務。中信嘉華繼去年十月向現有客戶優先推介CITIC*first*後，於本年三月正式把該項服務作全面市場推廣，而截至六月底已共吸納逾四千九百位客戶，客戶平均管理資產超過三百五十萬港元。CITIC*first*的推出亦帶動財富管理業務收入，其中基金銷售在今年上半年的收入按年增加18.4%，證券收入按年上升61.8%，而股票及外幣掛鈎投資產品的收入更按年增長79.6%。中信嘉華的目標是三年內將中高端市場份額由2%增至5%。

至於按揭業務方面，中信嘉華雖然未有跟隨同業的減息幅度，但透過推出多項新按揭產品，加上附屬機構香港華人財務有限公司多承造舊區樓宇按揭，故仍能在激烈的競爭環境下，將新取用住宅按揭的市場份額由2.6%提升至3.6%。

4.14 Business Development

4.141 Retail Banking Group

CKWB's Retail Banking Group ("RBG") reported strong business momentum in the first half of 2006, with a healthy improvement in net interest income underpinned by the widened Prime-HIBOR spread, and non-interest income growth supported by its continuous programme of new products and services campaigns.

Its key strategic focus during the period was to develop its new mass affluent wealth management service, CITIC*first*. Following its soft launch to existing clients in October 2005, the full marketing launch of CITIC*first* was rolled out in March 2006, and by the end of June, CITIC*first* had attracted over 4,900 customers with average assets under management exceeding HK\$3.5 million. The launch of CITIC*first* also boosted CKWB's wealth management income in the first half of 2006, with a 18.4% year-on-year growth in its unit trust income, a 61.8% year-on-year increase in its securities income and a 79.6% year-on-year rise in its equity-linked and foreign currency-linked investment products income. CKWB targets to increase its penetration of the affluent market from 2% to 5% within three years.

In mortgage lending, although CKWB did not match the rate-cutting competition by its peers, its market share of newly drawn residential mortgages grew from 2.6% to 3.6%. This was achieved through the offer of several new mortgage solutions, and was further helped by increased mortgage lending activities in older districts through CKWB's subsidiary, HKCB Finance Limited.

中信嘉華以中小企為目標客戶的商務銀行業務亦錄得理想增長，總貸款按年上升35.8%，其中貿易融資貸款更按年增加69.9%。

4.142 企業銀行部

企業銀行部在二零零五年進行了重要的策略性重新定位，將業務重點由借貸拓展至提供增值財務方案，務求深化與客戶之關係，並以此開拓費用收入來源。有關改革於二零零六年上半年成功取得令人鼓舞的成績。

擴充後的銀團貸款部，在今年上半年完成了十三宗銀團貸款籌組，其中八宗擔任牽頭安排行，為客戶籌組金額中共承銷達四十三億港元。商業銀行部三月推出 CITIC Partner 特選客戶會員計劃，亦推動貿易融資業務上半年大幅增長35.7%。去年四月正式成立的中信保險服務有限公司，其保險中介人身份由保險代理轉為保險經紀後，在僅僅一年以來總保費按年增長達15.9%，保險佣金收入按年增幅更達60.6%。

CKWB also experienced good growth momentum in the business segment targeting small- and medium-sized enterprises, registering total loans growth of 35.8% year-on-year, of which trade finance loans increased by 69.9% year-on-year.

4.142 Wholesale Banking Group

CKWB's Wholesale Banking Group ("WBG") took a strategic decision in 2005 to reposition itself from a pure lender to a solutions bank. Its aim is to deepen client relationships by offering value-added solutions, and thereby to broaden its fee income generation capability. This strategy has already yielded encouraging results in the first half of 2006.

Its expanded Syndication Department completed 13 syndicated loans in the first half of 2006, of which it acted as lead arranger for eight of the transactions. Total underwritten amount from these syndicated deals totalled HK\$4.3 billion. In March 2006, its Commercial Banking Department launched CITIC Partner, a membership programme for selected corporate clients that contributed to a significant 35.7% growth in trade finance for the first half of 2006. The establishment of CITIC Insurance Brokers Limited in April 2005 enabled CKWB to change its insurance intermediary role from that of an insurance agency to an insurance broker, and it recorded a 15.9% year-on-year increase in total premiums while insurance commission grew by 60.6% year-on-year in just one year's time.

4.143 財資部

財資部繼續透過中信嘉華的企業及零售銀行網絡拓闊其結構性產品的分銷渠道，今年上半年推出的結構性產品共十六個，共吸納九億二千八百萬港元資金。

同時，財資部繼續銳意發展其基金投資組合，規模由去年底的五十四億港元擴大至本年六月底的五十九億港元，而其總收益亦由二零零五年上半年的九千五百萬港元按年增長48.4%至一億四千一百萬港元。儘管投資市場於二零零六年上半年波動不定，但透過審慎分配資產及嚴格監控表現，有關投資組合仍能帶來穩健之正面回報。由本年初至六月底，其年度化回報率為5.0%，相對去年同期為5.2%；而組合自二零零四年四月成立至今之年度化回報率為5.6%。

基金投資已錄得兩年的穩健業績，現時正積極研究發展成中信嘉華的核心業務，把有關的資金管理能力推廣至大中華地區的企業及金融機構客戶。適值合資格境內機構投資者（「QDII」）的推出，中信嘉華亦會密切發掘在這方面與中信銀行的合作機會。

4.143 Treasury and Markets Group

CKWB's Treasury and Markets Group ("TMG") continued to increase its structured product distribution through the bank's own wholesale and retail banking channels, with a total of 16 products launched in the first half of 2006 which attracted total funds of HK\$928 million.

Meanwhile, TMG continued to focus on developing its fund investments portfolio. The scale of the portfolio increased from HK\$5.4 billion at 2005 year-end to HK\$5.9 billion at the end of June 2006; gross revenue generated increased year-on-year by 48.4% to HK\$141 million from HK\$95 million in the first half of 2005. As a result of rigorous asset allocation and vigilant performance monitoring, the portfolio was able to weather market volatilities in the first half of 2006 and delivered stable and positive returns for the period. As at the end of June 2006, its year-to-date annualised return was 5.0% compared to 5.2% for the same period last year, and its annualised return since inception in April 2004 was at 5.6%.

With a two-year solid performance track record, TMG is preparing to establish fund investments as a CKWB core business, and to extend this expertise to corporate and financial institutional clients in the Greater China region. Capitalising on the launch of China's Qualified Domestic Institutional Investors ("QDII") programme, CKWB is also looking closely into collaborative opportunities with CNCB in this area.

財資部未來另一焦點策略，乃藉著現時持有至到期定息投資組合陸續期滿後，將部分自由資金用作支持貸款增長，或積極在貨幣市場上進行有關配對差距的活動，以有效地管理資產負債及流動資金。

4.144 中國業務

中信嘉華中國業務繼續取得良好進展。中國國際財務有限公司(深圳)(「中國國際財務」)在二零零六年上半年對中信嘉華的盈利貢獻比例較去年同期大幅增加逾三倍。去年中國國際財務已獲中國銀監會批准經營人民幣業務，可以在指定範圍內向企業客戶及非內地居民提供人民幣服務，於二零零六年底中國銀行業全面開放後，中國國際財務及中信嘉華更可透過此牌照發展內地居民人民幣銀行業務。

上海分行於二零零六年四月獲發衍生工具牌照，已於二零零六年八月初成功推出首項衍生產品，並計劃在年內繼續推出一系列衍生產品。有關牌照除了可有效服務現有客戶外，亦將有助中信嘉華加強與中信銀行於財資服務方面之合作，並抓緊新機會推行可配合QDII的產品及服務。上海分行亦計劃於二零零六年底申請人民幣牌照。

Another strategic focus for TMG going forward is to actively manage down its existing held-to-maturity fixed income investment portfolio by redeploying free funds from maturing securities for various uses, including to support CKWB's loan growth and to manage the bank's liquidity through active money market gapping activities.

4.144 China Banking

CKWB's China Banking business continued to deliver improving performances. The share of profit contribution by China International Finance Company Limited (Shenzhen) ("CIFC") to CKWB in the first half of 2006 significantly increased by more than three times as compared to the corresponding period in 2005. Last year, CIFC received approval from the China Banking Regulatory Commission to offer Renminbi services to corporate customers and non-Mainland citizens. Leveraging on this Renminbi licence, CKWB and CIFC will also be able to extend Renminbi services to all Mainland citizens when China opens up its banking sector at the end of 2006.

The Shanghai branch was granted its derivatives licence in April 2006 and successfully launched its first derivative product in early August 2006. A series of additional derivative products will be introduced in the remainder of 2006. Apart from allowing CKWB to deliver more effective solutions to its existing clients, the new derivatives licence will also allow CKWB to strengthen its collaboration with CNCB in the treasury services area and to leverage new opportunities to develop relevant QDII products and services. Meanwhile, the branch also plans to apply for a Renminbi licence at the end of 2006.

此外，中信嘉華已獲監管機構批准著手籌劃將北京代辦處升格為分行，料可於今年下旬投入營運。

未來中信嘉華將繼續透過現時的內地網點發展中國業務，同時與中信銀行的合作將為中信嘉華開拓內地業務方面帶來嶄新機遇（詳見4.145）。

4.145 與中信銀行的協同合作

隨著本集團逐步落實收購中信銀行策略性權益，中信嘉華將與中信銀行更有效地發揮互補優勢。未來兩行合作的大方向，是中信嘉華憑藉其國際業務的經驗及實力，透過內地網點，繼續以服務香港及跨境客戶為首要任務，同時向於中港及其他地區具有業務需要之中國客戶提供跨境服務。而中信銀行除專注拓展國內市場的領導地位外，並將與中信嘉華合作，提供當地銀行、貿易及其他以中國為基礎的產品及服務，共同為客戶提供一站式的聯合跨境金融方案。

Separately in Beijing, CKWB has received regulatory approval to prepare for the upgrade of its representative office to branch status. The Beijing branch is expected to start business in the latter half of 2006.

CKWB will continue to pursue organic growth of its PRC business through its existing network in the Mainland, and will simultaneously tap brand new opportunities arising from its collaboration with CNCB (Please see 4.145).

4.145 Synergistic Collaboration with CNCB

As the Group progresses to complete its acquisition of a strategic stake in CNCB, CKWB and CNCB will collaborate to more effectively optimise their complementary competencies. Broadly speaking, CKWB's priority will be to leverage its international business experience and expertise as well as its network in the Mainland to provide solutions to its Hong Kong and cross-border clientele on the one hand, and on the other hand to cater to PRC customers with two-way business needs between China, Hong Kong and elsewhere. Meanwhile, apart from focusing on building its leadership position in China, CNCB will work with CKWB to deliver domestic banking, trade and other China-based products and services in joint cross-border one-stop solutions for customers.

中信嘉華與中信銀行已初步確定出業務合作領域，部分更已開始帶來協同效益。

目前兩行均已成立指定聯絡小組，以識別及抓緊聯合業務機會，並計劃有系統地為企業客戶建立綜合的產品及服務平台，在客戶資源、專業技能、產品系列、服務素質及風險管理等方面互補優勢。

企業銀行方面，兩行計劃發展共同的客戶群，在風險管理和借貸標準上達至共識，其中可以展開合作的範疇包括銀團貸款、聯合跨境融資方案、國際貿易結算和匯款等。

財資業務方面，兩行將研究如何在國際貨幣市場管理和基金投資上共享技能及專長，並建立更大的業務規模。

在培訓和發展上，兩行亦有不少的協同合作機會，未來會優先專注於信貸和風險管理、私人財富管理和銀行保險業務。

CKWB and CNCB have already preliminarily identified areas of business collaboration, some of which have started to bring synergistic benefits.

Both banks have established dedicated liaison teams to identify and tap joint business opportunities, and are planning to systematically develop an integrated product and services platform for their corporate clientele, as well as to build complementary competencies in customer resources, professional know-how, product range, service quality and risk management.

In the area of wholesale banking, the two banks plan to develop a common customer set, for which it will develop compatible risk management and underwriting standards. Specific areas for collaboration may include syndications, joint cross-border financing solutions, international trade settlement and remittances.

In the area of treasury services, the two banks will look at sharing skill sets and expertise as well as building scale in international money market management and funds investments.

Training and development will be another area of collaborative opportunities for the two banks, and priority focus will be given to such areas as credit and risk management, private wealth management and bancassurance.

4.2 中信國際資產管理有限公司
(「中信國際資產管理」)

4.21 業績

中信國際資產管理繼續積極管理其資產和業務組合，但二零零六年上半年著眼於整合旗下資源及營運，以便未來尋覓合適的業務發展機會。另一方面，市場波動令其投資活動承受一定的壓力。期內中信國際資產管理錄得綜合經營收入一千七百多萬港元，較去年同期六千二百萬港元下降72.3%；受惠於總值一千三百萬港元的問題貸款及資產減值淨回撥，期內綜合稅前經營溢利為二千一百多萬港元，較去年同期下降51.1%；綜合淨利潤錄得一千七百多萬港元，較去年之三千五百萬港元下降51.5%。

4.22 問題貸款及資產

中信國際資產管理自二零零二年成立至今已把其管理的問題貸款及資產組合總額削減近半。二零零六年上半年，中信國際資產管理仍堅定不懈地處理有關組合，並成功催收七百萬港元貸款，已出售或已締約出售的押品總值逾二千五百萬港元，所錄得整體問題貸款及資產減值淨回撥逾一千三百萬港元。於二零零六年六月三十日，賬上問題貸款總額為三億九千萬港元。

4.2 CITIC International Assets Management Limited
(“CIAM”)

4.21 Business Performance

CIAM continued its diligence in managing its asset and business portfolio, but the focus in the first half of 2006 has been to consolidate its overall resources and operations as it sought appropriate opportunities to develop its future business. Meanwhile, market volatility also exerted pressures on the performance of its investments activities. For the period ended 30 June 2006, it reported a consolidated operating income of over HK\$17 million, which represented a 72.3% decline compared to last year's first-half figure of HK\$62 million. A release in net impairment allowances in problem loans and assets amounting to HK\$13 million helped to lift its consolidated operating profit before tax to over HK\$21 million, which represented a 51.1% decline over the same period last year. Consolidated net profit reported for the period amounted to over HK\$17 million, a decline of 51.5% compared to the same period last year of HK\$35 million.

4.22 Problem Loans and Assets

Since its establishment in 2002, CIAM has resolved close to 50% of its problem loans and assets portfolio. In the first half of 2006, CIAM continued to make steadfast progress in its efforts to continue to scale down its portfolio and problem loans resolved during the period amounted to HK\$7 million. It also sold or signed agreements to sell collateral valued at over HK\$25 million. This contributed to aggregate net releases in impairment allowances of over HK\$13 million in related problem loans and assets. As at 30 June 2006, the gross book value of its aggregate problem loans amounted to HK\$390 million.

4.23 直接投資及結構性貸款

中信國際資產管理於上半年度仍然著力於鞏固及監控現有投資項目，故未有新增任何該類投資及貸款業務。雖然面對於投資市場波動及個別投資減值影響，但由於組合內個別投資成功上市，令原有直接投資及結構性貸款組合於期內有逾一千九百萬港元的升值；此外在收入方面，有關之結構性貸款於期間亦提供超過四百萬港元之利息收入。長遠來看，中信國際資產管理相信整個組合將提供更大盈利及增值貢獻。

4.24 同業合作

為對未來業務鋪路，中信國際資產管理共同參股經營的深圳國成世紀創業投資有限公司於期內按計劃陸續增加投資於優質項目。此外，中信國際資產管理與巴林Shamil Bank B.S.C.合作之中國房地產投資基金已陸續按計劃獲得注資，並已積極於下半年展開投資。

4.23 Direct Investment and Structured Loans

During the first half of 2006, CIAM continued to place more focus on strengthening and monitoring its existing investments, thus it did not embark on any new investments or lending activities of this kind. Despite market volatility and impairment charges on certain individually assessed projects, the successful listing of individual investment contributed to an appreciation of over HK\$19 million in the original direct investment and structured loan portfolio during the period. In addition, the structured loans also generated over HK\$4 million in interest income during the period. In the long run, CIAM is confident that this portfolio will generate more profits and value-added contributions.

4.24 Cooperation with Other Investment Institutions

To pave the way for future business development, CIAM's co-investment entity, Shenzhen Guocheng Century Venture Capital Company Limited, successively increased its investment in quality projects as planned. Meanwhile, the China real estate investment fund jointly developed by CIAM and Bahrain's Shamil Bank B.S.C. has successively received its planned capital injection and has been actively pursuing investments in the latter half of 2006.

4.3 中信資本控股有限公司（「中信資本」）

4.3.1 業績

二零零六年上半年對中信資本而言意義重大。二零零六年五月，中信資本進行企業重整，把其股票資本市場業務（包括企業融資及經紀業務）注入中信証券（香港）有限公司（「中信証券香港」），重新定位為一家投資管理及諮詢服務公司。重整企業架構後，中信資本將專注發展資產管理、私募投資、房地產融資、結構性融資及財務諮詢等核心業務，同時並持有中信証券香港的20%權益。透過推出下述一個新的房地產基金，加上其他基金均有所增長，截至本年六月底，旗下所管理總資產已約達十億美元。為了反映其修訂的業務重點，中信資本在本年六月十五日由原來的中信資本市場控股有限公司易名為中信資本控股有限公司。二零零六年上半年，中信資本錄得稅後綜合盈利九千一百萬港元，較二零零五年同期上升達107.3%，盈利大幅上升主要來自出售上述股票資本市場業務帶來的一次過收益。

4.3 CITIC Capital Holdings Limited (“CCHL”)

4.3.1 Business Performance

The first half of 2006 was a remarkable period for CCHL. The firm underwent a corporate restructuring by transferring its equity capital markets business (comprising Corporate Finance and Brokerage) to CITIC Securities (HK) Company Limited (“CSHK”) in May 2006 and repositioned itself as an investment management and advisory firm. Following the restructuring, CCHL is now focused on its core businesses of asset management, private equity, real estate financing, structured finance and financial advisory, and it also keeps a 20% equity stake in CSHK. Its total assets under management reached approximately US\$1 billion at the end of June 2006 as a result of the launch of a new property fund (see below) and the growth of its other funds. To reflect its refined business focus, the firm was renamed CITIC Capital Holdings Limited (“CCHL”) from CITIC Capital Markets Holdings Limited on 15 June 2006. In the first half of 2006, CCHL achieved a consolidated profit after tax of HK\$91 million, a 107.3% increase over the same period in 2005. This sharp rise in profit was largely attributed to the one-time disposal gain arising from the transfer of its equity capital markets business as mentioned above.

4.32 資產管理

資產管理業務方面，中信資本繼續吸納不同地區及種類的投資者，令投資客戶基礎更龐大及更趨多元化。中信資本於四月與中信嘉華零售銀行及財資部攜手合作，推出首個與中信資本旗艦基金——中國長／短倉股票基金掛鈎的結構性票據。

4.33 私募投資

中信資本管理的兩隻國際私募基金持續表現良好，並繼續投資於日本及美國企業，透過協助其加快中國發展步伐而帶來增值。此外，中信資本在中國亦正研究多個投資項目，同時已開始推廣有關私募基金，投資者反應甚佳，預期年底前將有投資者入股。

4.34 房地產、結構性融資及諮詢

由中信資本所管理的房地產投資基金——「中信資本中國房地產投資基金」——於二零零六年上半年再度集資，同時並進行了另一項投資。本年三月，中信資本與內地領先房地產發展商萬科合作推出一個新的房地產基金「中信萬科中國房地產開發基金」，並吸引了一家美國藍籌機構投資者成為主要投資者。

4.32 Asset Management

CCHL continued to expand and diversify its investor base in the Asset Management Business both geographically and by investor type. In April, it collaborated with CKWB's RBG and TMG to launch its first structured note linked to its flagship China long / short equity fund.

4.33 Private Equity

CCHL's two existing international private equity funds performed well and continued to pursue private equity investments with a China angle in Japan and the US. With a good deal pipeline in China, CCHL has also started marketing its flagship China private equity fund and has received strong investor interest. It is expected that its first third-party closing will take place before the year-end.

4.34 Real Estate, Structured Finance and Advisory

CITIC Capital China Property Investment Fund, an investment property fund managed by CCHL, raised additional capital and made another investment in the first half of 2006. In March 2006, CCHL teamed up with Vanke, a leading Chinese property developer, to launch a new property development fund, CITIC Capital Vanke China Property Development Fund. The fund has secured a blue chip institutional investor in the US as anchor investor and has already invested in two projects by June 2006.

該基金截至二零零六年六月已投資了兩個項目。中信資本亦與澳洲著名結構性融資集團Allco Finance合作管理CITIC Allco Investments Limited，該基金專注發掘中國的夾層貸款商機。此外，中信資本繼續憑藉其金融業務的專長及對內地的認識，為其客戶提供有關債務及財務的諮詢服務。

4.35 中信証券(香港)有限公司

香港資本市場在二零零六年上半年交投活躍，股票市場的每日成交量及期內首次公開招股的集資總額均有顯著增長，這種利好環境固然令中信証券香港的股票資本市場業務受惠，但與此同時，中信証券香港亦要面對競爭加劇及邊際利潤收窄帶來的不同程度挑戰。中信証券香港將憑藉中信証券在中國資本市場的領導地位，發展其香港股票資本市場業務的競爭優勢，成為公認的國企及紅籌專家及市場領導者。中信証券香港亦準備與中信証券更緊密合作，以有效利用其龐大的綜合資源發展業務及開拓其他互惠的業務範疇。

CCHL also partnered with Allco Finance, a well-known Australian structured finance group, to manage CITIC Allco Investment Limited, a fund that targets mezzanine finance opportunities in China. In addition, CCHL continued to leverage its financial expertise and China knowledge to provide debt related and financial advisory services to its clients.

4.35 CITIC Securities (HK) Company Limited

Activities in the Hong Kong capital markets were buoyant during the first half of 2006, with significant growth in daily market turnover registered by the stock market and in total funds raised through initial public offerings. The equity capital markets businesses of CSHK have benefited from this favourable environment, although challenges of varying degrees were also experienced in terms of increasing competition and narrowing profit margins. Backed by CITIC Securities' leadership position in China's capital market, CSHK is set to solidify the competitive niches of its equity capital markets businesses in Hong Kong and to become a recognised H-share and red chip expert and market leader. CSHK will also collaborate closely with CITIC Securities to leverage on the vast combined resources to focus on business development and tap into other mutually beneficial business areas.

5.0 實施巴塞爾新資本協定進展

過去幾年本集團一直致力藉著巴塞爾新資本協定(「新協定」)的實施，提升風險管理水平，並發展成核心優勢，以加強本集團的業務實力。本集團現已開始應用由一家外聘顧問公司協助建立的先進風險評級系統，透過此系統可以準確細分不同風險水平並按風險程度定價。本集團已作好準備，並有信心能依時符合香港金融管理局的標準計量方式要求。

從信貸風險及市場風險角度而言，實施新協定不會對本集團資本要求構成影響。本集團亦認為其現有資本可充裕地應付營運風險及未取用貸款方面的額外資本需求。

5.0 Progress in Basel II Accord Implementation

Over the past few years, the Group has dedicated efforts to leverage on the implementation of the Basel II Accord to enhance and position its risk management practices as one of its core competencies to strengthen the Group's business capability. With the help of an external consultant, the Group has already put in use an advanced rating system for effective risk ranking and effective risk-based pricing. The Group is well prepared and confident that it complies with the requirements of the Standardised Approach as per the schedule stipulated by the Hong Kong Monetary Authority.

The implementation of the Basel II Accord will have neutral impact on the Group's capital level from the credit risk and market risk perspectives. The Group is also comfortable that its existing capital levels will be sufficient to meet the additional capital requirements arising from operational risk and undrawn commitments.

6.0 未來發展

本集團繼二零零五年成功創造增長條件後，今年專注建立跨境實力，為此進行多項重要策略性部署，包括收購中信銀行策略性股權，以提升服務能力，為活躍於中國跨境業務和貿易的大中華及海外客戶提供一站式財務方案。有關交易亦突顯了本集團作為中信公司境外金融旗艦的角色，奠定本集團在國際領域中打造「中信」金融服務品牌的平台地位。

本集團未來將透過與合適的策略性國際夥伴合作，展開海外擴展計劃，在環球市場上積極把「中信」打造為首屈一指的國際金融服務品牌，以迎接中國即將正式加入世貿帶來的無限機遇。

6.0 Future Development

Having successfully built the foundations in 2005 to capture growth opportunities, the Group's focus this year will be on building its cross-border capabilities. With this in mind, the Group has undertaken a number of important strategic initiatives. The acquisition of a strategic stake in CNCB will improve the Group's ability to provide one-stop financial solutions to Greater China and overseas customers who are active in cross-border business and trade with the PRC. The transaction also underlines the Group's role as the offshore financial flagship of the CITIC Group, and confirms its role as the platform to build the "CITIC" financial services brand internationally.

Going forward, to prepare for the immense opportunities arising from China's formal accession into the World Trade Organisation, the Group plans to closely collaborate with a suitable strategic international partner, and to embark on a journey for overseas expansion that will position CITIC as a leading financial services brand in the global markets.