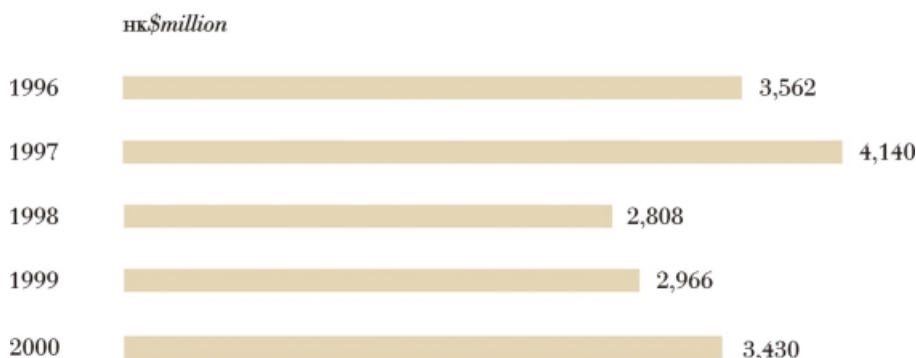


Financial Review and Analysis

REVIEW OF 2000 CONSOLIDATED FINANCIAL RESULTS

Attributable Profit



The net profit attributable to shareholders in 2000 was HK\$3,430 million, an increase of 16% compared with HK\$2,966 million achieved in 1999.

Contribution

The following chart shows the contribution each business made in the last five years. Contribution and other terms used in this report are defined on page 109. For ease of year to year comparison and appreciation of the trend, the profit made on the sale of shares in Hong Kong Telecom in 1996 and in Dragonair in 1997 are excluded. For these reasons the total contribution in the table does not reconcile directly to the audited accounts. The percentage is the proportion of contribution amongst these 8 businesses.

	1996		1997		1998		1999		2000	
	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%	HK\$'m	%
Aviation	1,054	28	702	13	(11)	0	659	16	1,475	36
Civil Infrastructure	800	21	1,099	20	1,382	33	1,292	30	1,320	32
Power Generation	186	5	1,166	22	1,870	46	1,199	29	548	13
Property	602	16	1,587	30	270	6	740	18	422	10
Trading & Distribution	330	9	360	7	330	8	230	5	226	6
Communications	648	18	322	6	65	2	51	1	92	2
Manufacturing	21	1	2	0	18	1	22	1	29	1
Consumer Credit	89	2	84	2	167	4	0	0	0	0

Compared with the contribution in 1999:

Aviation increased due to much improved passenger and cargo loads at both Cathay Pacific and Dragonair, and greatly increased profit at HACTL.

The increased contribution by Civil Infrastructure resulted from increased profit at the Eastern Harbour Crossing and a much reduced loss at the Western Harbour Crossing, both in Hong Kong. The contribution from Mainland civil infrastructure was steady. In 1999 the profit from the sale of three infrastructure projects was included in the results.

Power Generation decreased due to the disposal of a 15% shareholding in CLP in October 1999, offset by the profit on selling a power plant in Shanghai in 1999 and greater returns from power plants in the Mainland in 2000 resulting from increased demand.

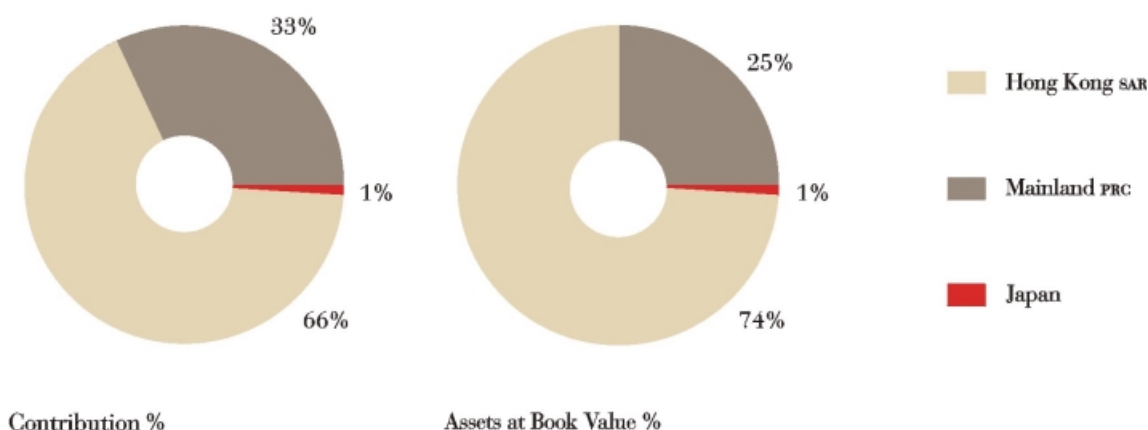
Property's contribution was depressed by writing off the HK\$244 million cost of newly completed tunnel infrastructure at Discovery Bay. Sale of Discovery Bay's La Serene and Neo Horizon in 2000 yielded only half the profit of Tierra Verde in 1999. Rental income from investment properties rose substantially.

Trading and Distribution's contribution fell 2%. Motor profits increased 157% and the food businesses based in Hong Kong were stable. However, the Mainland food businesses suffered losses due to fierce competition and an investment was made in developing e-businesses. Engineering performed poorly due to a lack of new business in a depressed property market.

Manufacturing results increased 32% due to higher sales.

Geographical Distribution

as at 31 December 2000



Taxation

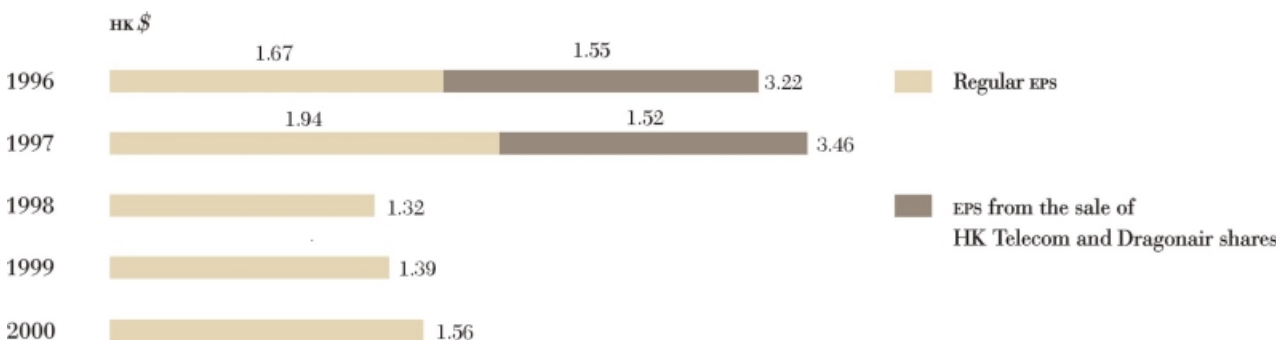
The level of tax decreased mainly due to decrease in the taxation charge of associated companies after the disposal of 15% in CLP in the second half of 1999.

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.

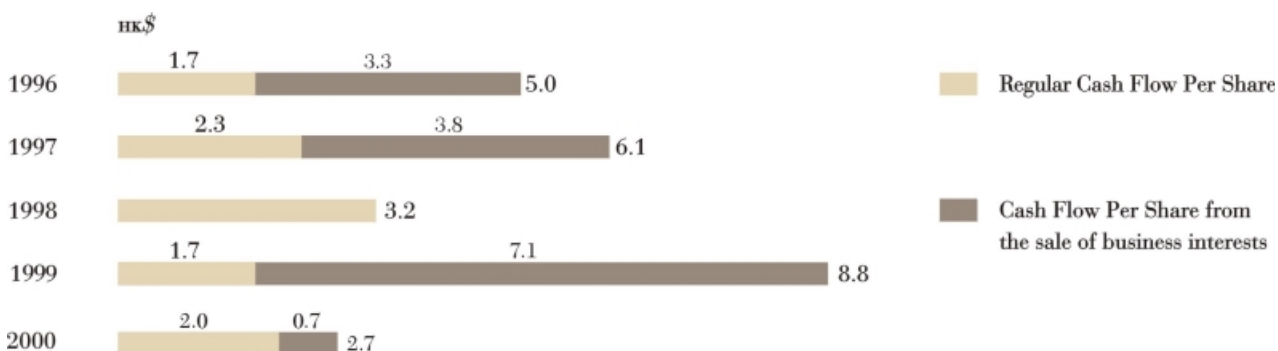
Earnings Per Share

Earnings per share were HK\$1.56 in 2000, an increase of 12% compared with HK\$1.39 in 1999.



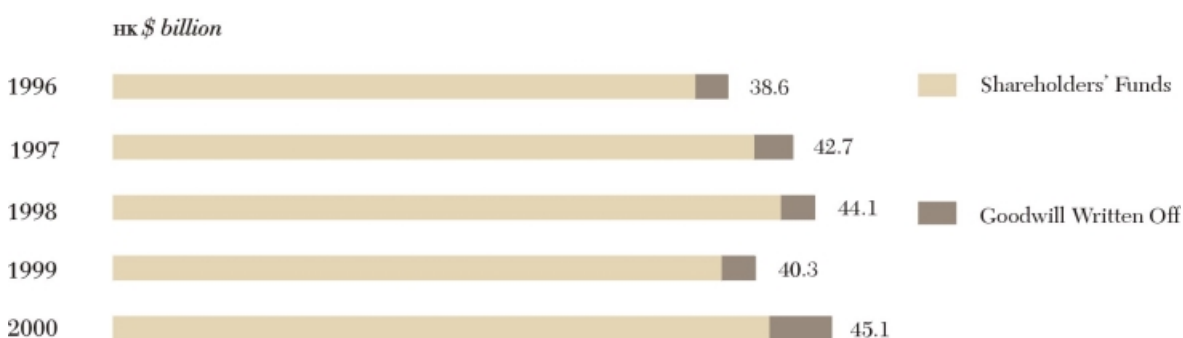
Cash Flow Per Share

Cashflow per share was HK\$2.7 in 2000.



Shareholders' Equity

Shareholders' Equity, consisting of Shareholders' Funds plus goodwill written off for accounting purposes, was HK\$45.1 billion as at 31 December 2000, an increase of 12% as compared to 31 December 1999. In February the company issued 100,000,000 new shares at a price of HK\$40.38. Shareholders' Equity was reduced in 2000 by approximately HK\$1 billion due to repurchasing 31.4 million shares at an average price of HK\$32.01. In 2000, additional goodwill of approximately HK\$1.8 billion was written off to reserves on the acquisition of the Telecom 1616 Group and CITIC Guoan.



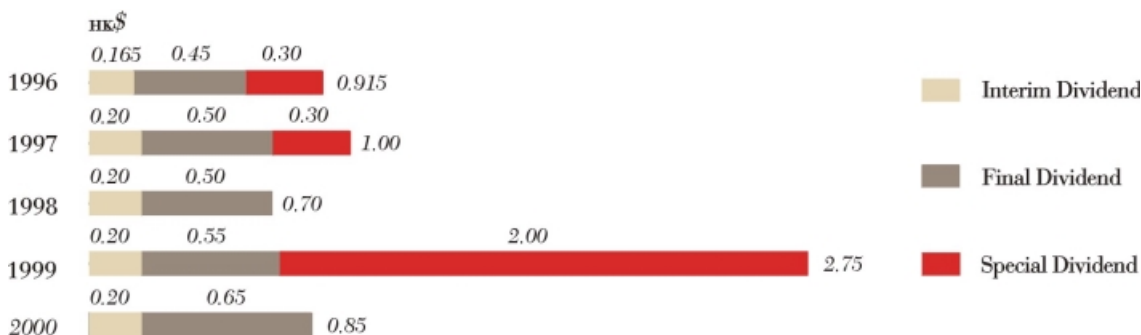
Shareholders' Equity Per Share

Shareholders' Equity per share at 31 December 2000 was HK\$20.5 as compared to HK\$19.0 at 31 December 1999.



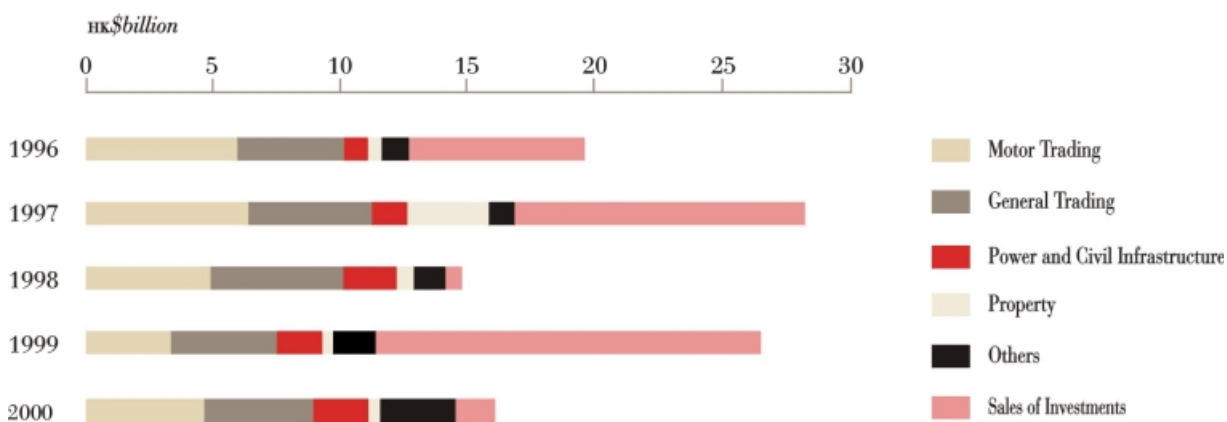
Dividend Per Share

On the assumption the shareholders approve the payment of a HK\$0.65 final dividend per share for 2000, the regular dividend will have increased 13% compared with 1999.



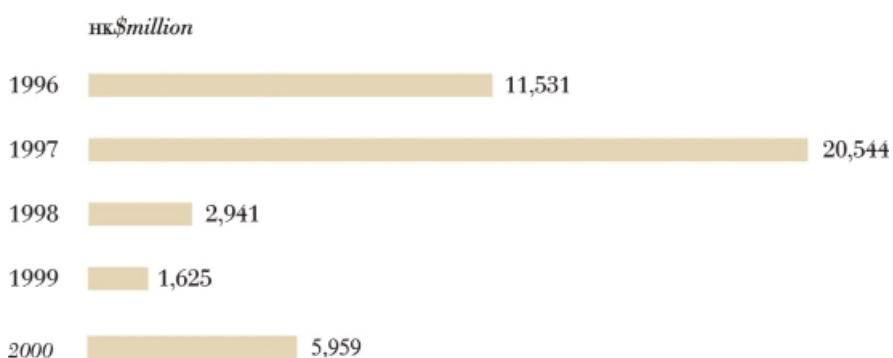
Turnover

Motor trading turnover increased 38% in the year of 2000 compared with the same period of 1999, but general trading turnover increased only 4%. In 1999 the sale of four infrastructure projects in Mainland China and 15% shareholding in CLP were included in turnover. Other turnover increased by 90% in 2000 mainly due to increased sales of steel.



Capital Expenditure

Capital expenditure for the year 2000 was mainly in communication projects, property development at Discovery Bay and the addition of fixed assets by the trading and manufacturing subsidiaries.



	1996		1997		1998		1999		2000	
	HK,\$'m	%	HK,\$'m	%	HK,\$'m	%	HK,\$'m	%	HK,\$'m	%
Aviation	6,310	55	58	1	52	2	6	1	0	0
Civil Infrastructure	2,995	26	1,864	9	255	9	427	26	97	2
Communications	0	0	0	0	0	0	0	0	4,062	68
Power Generation	150	1	16,283	79	0	0	164	10	161	3
Property Development	1,604	14	1,728	8	2,170	74	634	39	920	15
Trading, Manufacturing & Others	472	4	611	3	464	15	394	24	719	12

GROUP LIQUIDITY

CITIC Pacific aims to finance its business with liabilities appropriate to their cash flows, employing limited or non-recourse project finance when it is available. Financing and cash management activities of the Group are centralized except where operating business such as Dah Chong Hong or Sims Trading are delegated authority to manage their own short term banking facilities, mainly for trade finance.

CITIC Pacific maintains borrowing relationships with over 70 financial institutions based all over the world and aims to diversify its funding sources through utilization of both the banking and capital markets.

Currency risks are managed by financing non Hong Kong dollar assets as far as possible with matching debt. For instance the US\$ cash flows arising from most infrastructure projects in Mainland China are matched against US\$ debt. In the past, foreign entities or Sino-foreign joint ventures have had limited access to RMB financing and it has been particularly difficult to obtain long term RMB finance. As the banking market in the Mainland has developed, it has become increasingly feasible to arrange long term RMB financing in large size. CITIC Pacific's "China Express No.1" backbone project, for example, is largely financed by RMB borrowings, except for the financing of imported equipment, and a RMB long term loan for this project is currently being finalized.

The continued development of both RMB debt and equity market is very important to CITIC Pacific as our investment focus is increasing towards Mainland China and projects generating RMB cashflow.

The denomination of the Group's liabilities at 31 December 2000 after currency swaps were:-

Denomination of liabilities	HK\$	us\$	Yen	Reminbi	Other	Total
HK\$million	7,601	6,433	515	1,030	130	15,709
Percentage	48%	41%	3%	7%	1%	100%

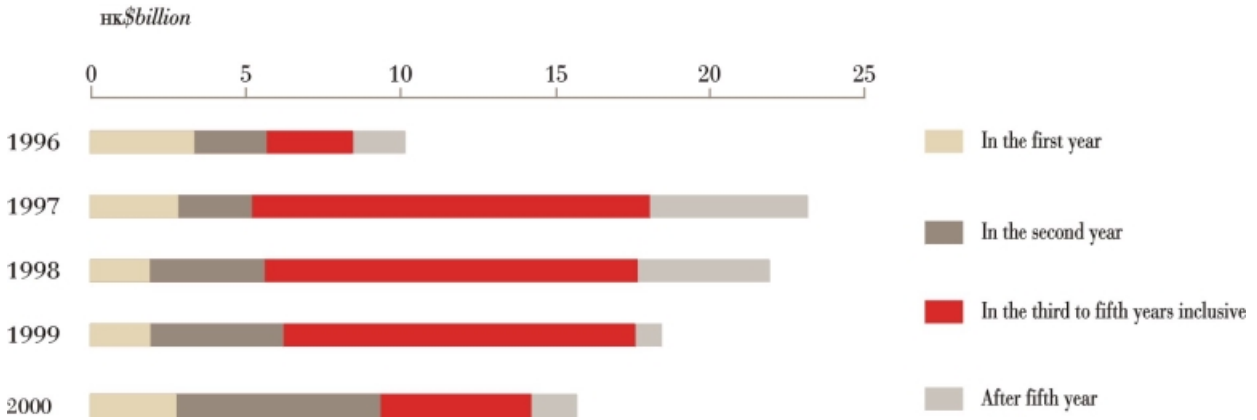
CITIC Pacific employs a combination of financial instruments to manage the fixed and floating interest rate and currency mix of its total debt portfolio with a view to stabilizing and minimising the overall cost of borrowing.

During 2000, CITIC Pacific completed several large scale fund raising activities that improved the Group's capital structure and the debt maturity profile. In February, CITIC Pacific placed 100 million ordinary shares to institutional investors raising almost HK\$4 billion. In March, the Company raised HK\$2.2 billion in a 5-year syndicated facility from 20 banks. In December, a HK\$2.4 billion facility was arranged through an associated company, Treasure Trove Limited, of which HK\$1.47 billion is attributable to CITIC Pacific. In addition, the Company raised new funds or extended the maturity of approximately HK\$1.76 billion bilateral facilities. These transactions, combined with the substantial net cash flow generated from operations, provided ample financial resources.

At 31 December 2000, the Group's total debt amounted to HK\$15.7 billion; cash and deposit with banks were HK\$5.2 billion to give net debt of HK\$10.5 billion. Undrawn facilities available to the Group totalled HK\$8.0 billion, of which approximately HK\$5.6 billion were committed facilities, HK\$1.6 billion money market lines, and the balance trade facilities.

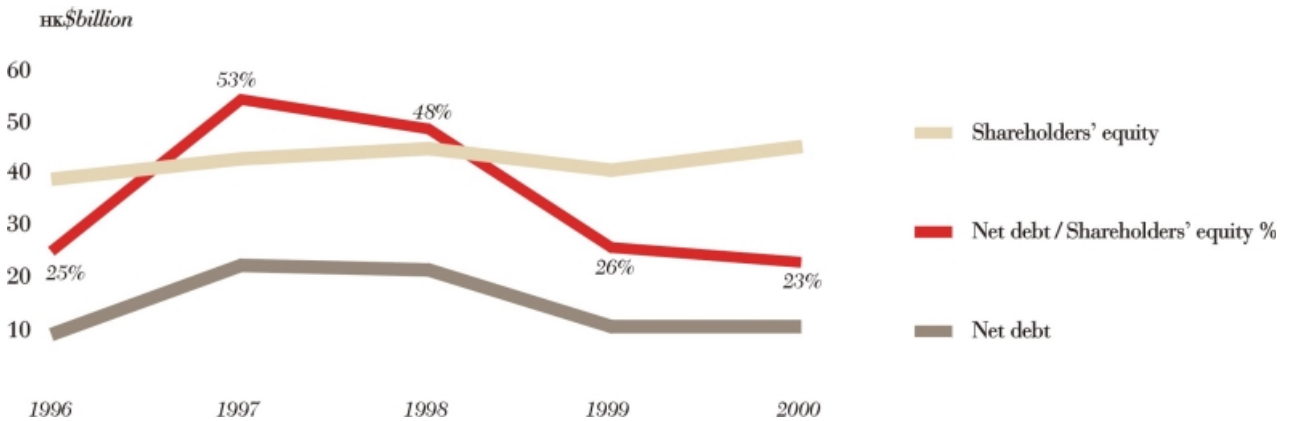
Total Debt

Total Debt decreased due to the repayment of bank facilities.



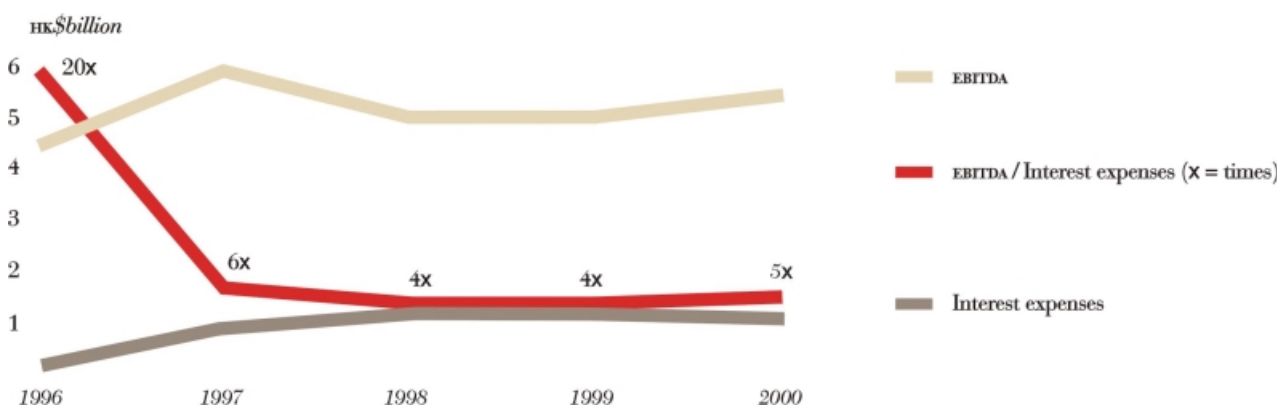
Leverage

Net debt divided by shareholders' equity was 23% at 31 December 2000 compared with 26% at the end of 1999.



Interest Cover

EBITDA / Interest expenses for the year 2000 was 4.6 compared to 4.0 in 1999, mainly due to a decrease in interest expense from HK\$1,246 million in 1999 to HK\$1,157 million in 2000.



Cash Flow From Operations

Cash contributed to CITIC Pacific Ltd in 2000 by all business in the Group was HK\$4.1 billion compared to HK\$5.9 billion in 1999 (which included a non-recurrent of HK\$2.3 billion from the sale of infrastructure projects). In 2000, the infrastructure sector contributed approximately HK\$2.7 billion mainly from power generation in Mainland China, civil facilities, dividends of HK\$404 million and HK\$270 million were received from Cathay Pacific and CLP respectively. The property sector contributed cash flow of over HK\$1.3 billion mainly from Discovery Bay property sales and there was a significant increase in rental income.