

CORPORATE GOVERNANCE

CITIC Pacific is committed to excellent standards of corporate governance and first class business practices.

BOARD OF DIRECTORS

The Board currently comprises twelve executive and seven non-executive directors. It meets four times a year to review financial and operating performance and discuss future strategy.

The Audit Committee of the Board reviews the system of internal controls throughout the Group, the completeness and accuracy of its financial statements, and liaises on behalf of the Board with external and internal auditors. The Committee was established in 1995 and comprises three independent non-executive directors. It met four times in 2000, together with management and auditors, to review internal and external audit reports and the interim and final financial statements of the Group.

The Board has established an Executive Committee of executive directors and senior managers who meet monthly to review operational matters.

CODES

To ensure the highest standard of integrity in 1995 the Group adopted a Code of Conduct defining the ethical standards expected of all employees and the Group's non-discriminatory employment practices. Training courses on the Code are held regularly for employees, and the Audit Committee receives a report on its operation every year.

The Company has issued its own Code for Securities Transactions by Directors and certain senior staff that follows the Stock Exchange of Hong Kong's Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix 10 of the Exchange's Listing Rules. Throughout 2000 the Group has complied with the Code of Best Practice contained in Appendix 14 of the Listing Rules.

The Group has endorsed the guide to good employment practices issued by the Employers' Federation of Hong Kong to promote good and responsible employment standards.

FINANCIAL REPORTING

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. No changes were made to the Group's accounting policies in 2000 except the adoption of newly published standards on accounting for group reconstructions and a revised standard on accounting for investment properties. The adoption had an immaterial effect on the results of the Group.