



CITIC Pacific Limited
中信泰富有限公司

Announcement of Results for the year ended 31 December 2000

2000 CHAIRMAN'S STATEMENT

Results

In the year 2000 CITIC Pacific achieved a net profit of HK\$3,430 million, an increase of HK\$464 million and 16 % above the previous year. Earnings per share increased at a lower rate of 12% as a result of the additional shares issued in February 2000.

The improvement in CITIC Pacific's businesses was much stronger than these results suggest for, as I reported to shareholders earlier in the year, the infrastructure portion of the newly completed tunnel at Discovery Bay was written off reducing profit, and in 1999 a non-recurrent profit was recorded on the sale of infrastructure projects. In 2000 the aviation sector performed particularly well.

The Board recommends a final dividend of HK\$0.65 per share to give a total of HK\$0.85 for the year. The dividend per share for 2000 is 13% higher than the previous year, excluding a special dividend paid in 1999.

Communications

Building the China Express No.1 Backbone Network in Mainland China has proceeded on schedule. At the end of 2000 the fibre loops linking Beijing, Wuhan, Guangzhou and Shanghai had been completed, and the installation and testing of equipment are proceeding well. The installation of the cables and equipment from Zhengzhou to Xian, Wuhan to Chengdu and Beijing to Shenyang is being accomplished smoothly. CITIC is negotiating with the relevant departments of the Ministry of Information Industry in handling jointly matters related to the operation and licensing of the network.

In November 2000 CITIC Pacific received permission to buy 50% of CITIC Guo An Company Limited from CITIC, which retains the other 50% shareholding. CITIC Guo An is the controlling shareholder in cable television network provider CITIC Guo An Information Industry, with which the "China Express No.1 Backbone Network" will have substantial synergy through transmission of programming and the connection to end users of about 4 million today.

In May 2000 CITIC Pacific acquired 100% of Telecom 1616, a wholesaler of IDD capacity based in Hong Kong, and renamed it CITIC Telecom 1616. In the last several months of 2000, CITIC Telecom 1616 has upgraded its network capabilities and substantially increased its market share of calls from Hong Kong. It plans to begin becoming a wholesaler of data capacity towards the end of 2001.

CTM in Macau, the newly acquired CITIC Telecom 1616 and CITIC Guo An are all profitable, and the communications business in the Mainland shows enormous promise.

Aviation

CITIC Pacific owns over one quarter of the Hong Kong aviation sector, and has played a key role in the industry's development in Hong Kong over the last few years.

Cathay Pacific and Dragonair both recorded outstanding results for the year 2000 in which both passenger and cargo traffic grew substantially. Cathay carried a record 11.9 million passengers, and both the passenger load factor and yield increased. Cargo turnover rose strongly and now accounts for almost 30% of Cathay's revenue.

Dragonair carried a record of 2.7 million passengers and the load factor also increased, particularly for cargo services. Dragonair moved into Dragonair House at Chek Lap Kok in June 2000, and also operated its first all-cargo flights to Shanghai and Europe.

CITIC Pacific is committed to aviation which has great potential, and we are exploring new opportunities to expand in the sector with cargo of particular interest.

Civil Facilities

The 3 bridges, 2 tunnels and road in Shanghai, and the bridge in Chongqing continue to contribute substantial and stable cash flow to CITIC Pacific. In May 2000 the Shanghai government suspended tolls at the cross Huangpu River facilities to encourage the development of Pu Dong, but our contracts continue to be honoured demonstrating the value of substantial and reliable partners.

In Hong Kong, the Eastern Harbour Crossing had an average daily road traffic of 72,000 vehicles per day, an increase of 5%. The Western Harbour Tunnel ("WHT") increased its toll in December 2000 for the first time since opening. Traffic continues to grow steadily, but for toll revenue to reach the expectations at the time when the tunnel was built, better connecting road systems and negotiation on the tolls at the three cross harbour tunnels are required.

CITIC Pacific will continue to seek investment in civil infrastructure projects with sound economic fundamentals.

Power

We are proud that our power plants, particularly the largest at Ligang, Jiangsu Province, continue to be some of the most efficient power producers in the Mainland. A total of 10,550 million Kwh of electricity was generated by CITIC Pacific's power plants at Ligang, Zhengzhou and Kaifeng,

an increase of 1,340 million Kwh compared with 1999. The two plants supplying both heat and power in Shandong province performed according to plan.

The first unit of the new 400 MW (2 x 200 MW) power station in Huhhot, Inner Mongolia is expected to be completed in early 2002, and the second unit should become operational by the end of 2002. We expect to obtain approval for the development of phase III (2 x 200 MW) of the Xinli power station in Zhengzhou shortly and detailed development planning is in progress. CITIC Pacific is considering to expand the power plants at Ligang and acquire other existing power plants in the Mainland.

Trading and Distribution

The total number of motor vehicle units sold in Hong Kong in 2000 increased by 22% compared with 1999 and DCH's market share increased by 1%.

DCH added three franchises to sell domestically-produced and imported motor vehicles in Mainland China, and from 1 January 2001 DCH is delighted to be the exclusive dealer in both Hong Kong and Mainland China for both "Bentley" and "Rolls Royce".

The food-related businesses in Hong Kong and the cosmetics business of Shiseido performed strongly, and the electrical business improved significantly. However, the Engineering division suffered from lack of new business in a depressed property market.

In March 2000 DCH acquired a distributor of health care products in Hong Kong, Macau and the Mainland, now renamed DCH Healthcare Products Limited. Steps are being taken to significantly advance its business, especially in Mainland China.

In February 2001 CITIC Pacific acquired Sims Trading Company, a leading distributor of about 60 international brands of food and beverages to the catering and retail industry in Hong Kong, Macau and Mainland China. Sims' strong national distribution capability in China provides synergy to that of DCH's. I welcome their over 600 employees into the CITIC Pacific family.

Property

Discovery Bay "La Serene" and "Neo Horizon" were released for sale during 2000 and 93% of the units have been sold. The superstructure for phase 11 and 12 of Discovery Bay's new development is in progress and sales may begin as early as the end of 2001.

The tunnel connecting Discovery Bay with the Lantau expressway road system was opened for traffic in April enabling a connection to mains water supply in December adding to the attractions of Discovery Bay as a home.

Finance

A major development has been the increasing availability of RMB finance which will reduce currency risk of our Renminbi businesses, and will also significantly broaden our ability to expand in the Mainland. We are currently engaged in active and encouraging discussions with a view to raise substantial amount of long term RMB funds.

CITIC Pacific has excellent liquidity with total cash on hand and available committed facilities at the year end of well over HK\$10 billion, providing unrivalled financial strength and flexibility to take advantage of future investment opportunities.

Outlook

The economy in Mainland China continues to maintain its steady growth and China's accession to the World Trade Organisation will be an added stimulus. CITIC Pacific has the management expertise, market experience and financial strength to expand when good opportunities arise in our areas of focus and expertise.

CITIC Pacific will continue to focus on Hong Kong and Mainland China, and the infrastructure, trading and distribution and property sectors. Your Board sees great opportunities in these business areas and they will combine to meet our financial objective of enhancing our shareholders' value by providing a superior return on capital over the long term.

May I take this opportunity to thank our shareholders, bankers and business associates for their unfailing support which is the basis of CITIC Pacific's success. Many thanks to my fellow directors and all the Company's staff, including those in subsidiaries and associated companies, for their hard work and dedication, without whom the substantial progress in 2000 would have been impossible.

Larry Yung Chi Kin
Chairman

Hong Kong, 19 March 2001

RESULTS

The Directors of CITIC Pacific Limited (the "Company") are pleased to announce the audited consolidated results for the year ended 31 December, 2000 as follows :-

	Notes	2000 HK\$m	1999 HK\$m
Turnover	(1)	<u>16,008</u>	<u>26,424</u>
Profit from consolidated activities	(2)	2,445	2,259
Share of profits less losses of associated companies		1,939	2,223
Net finance charges	(3)	<u>(614)</u>	<u>(1,090)</u>
Profit before taxation		3,770	3,392
Taxation	(4)	<u>(229)</u>	<u>(322)</u>
Profit for the year		3,541	3,070
Minority interests		<u>(111)</u>	<u>(104)</u>
Profit attributable to shareholders		<u>3,430</u>	<u>2,966</u>
Dividends		<u>(1,871)</u>	<u>(5,904)</u>
Transfer to reserves		<u>(4)</u>	<u>(4)</u>
Earnings per share - HK\$	(5)	<u>1.56</u>	<u>1.39</u>
Dividend per share - HK\$	(6)		
- Interim		0.20	0.20
- Special		-	2.00
- Final, recommended		<u>0.65</u>	<u>0.55</u>
		<u>0.85</u>	<u>2.75</u>

Notes

- (1) Group turnover and contribution by principal activity and geographical area :

	Group Turnover		Profit from Consolidated Activities before Net Finance Charges	
	2000 HK\$m	1999 HK\$m	2000 HK\$m	1999 HK\$m
By principal activity :				
TRADING & DISTRIBUTION				
Motor vehicles and related services	4,614	3,343	274	165
Trading	4,260	4,113	20	114
POWER AND CIVIL INFRASTRUCTURE	3,723	17,079	2,174	2,208
INDUSTRIAL MANUFACTURING	2,339	1,563	124	81
COMMUNICATIONS	232	-	51	-
PROPERTY	266	232	178	143
OTHERS	574	94	208	70
Less : General & administration expenses	-	-	(584)	(522)
	<u>16,008</u>	<u>26,424</u>	<u>2,445</u>	<u>2,259</u>
By geographical area :				
Hong Kong	8,361	18,337		
China	5,897	6,805		
Japan	471	537		
Others	1,279	745		
	<u>16,008</u>	<u>26,424</u>		

- (2) The profit from consolidated activities is arrived at after crediting and charging :

	2000 HK\$m	1999 HK\$m
Dividend income from investments	599	418
Net gain from investments	111	225
Cost of sales	11,877	22,520
Depreciation and amortisation	<u>452</u>	<u>356</u>

- (3) Net finance charges included interest expense of HK\$1,157 million (1999 : HK\$1,246 million).

- (4) Hong Kong profits tax is calculated at 16% (1999: 16%) on the estimated assessable profit for the year. Overseas taxation is calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. Detailed as follows :-

	2000 HK\$m	1999 HK\$m
Company and subsidiary companies		
Hong Kong profits tax	97	66
Overseas taxation	49	33
Deferred taxation	(8)	(21)
	<hr/> 138	<hr/> 78
Associated companies		
Hong Kong profits tax	36	94
Overseas taxation	62	52
Deferred taxation	(7)	98
	<hr/> 229 <hr/>	<hr/> 322 <hr/>

- (5) The calculation of earnings per share is based on profit attributable to shareholders of HK\$3,430 million (1999: HK\$2,966 million) and on the weighted average number of 2,204,468,971 shares for the year (1999 : 2,127,367,160 shares).
- (6) The Directors have resolved to recommend to shareholders the payment of a final dividend of 65 cents per share (1999: 55 cents), which together with the interim dividend of 20 cents per share (1999: 20 cents) makes a total dividend of 85 cents per share (1999: 275 cents) for the year ended 31 December 2000. The total dividend of 85 cents per share will amount to HK\$1,871 million of the Company's profit for the year ended 31 December 2000 (1999: HK\$5,904 million).

The proposed final dividend of 65 cents per share, the payment of which is subject to approval of the shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 15 May 2001, is to be payable on Monday, 21 May 2001 to shareholders whose names appear on the Register of Members of the Company on 15 May 2001.

The Register of Members of the Company will be closed from Wednesday, 9 May 2001 to Tuesday, 15 May 2001, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. Tuesday, 8 May 2001.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

Corporate Governance

During the year, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Purchase, Sale or Redemption of Shares

During the year ended 31 December 2000, the Company made the following repurchases of its own shares on the Stock Exchange for the purpose of enhancing its earnings per share:

Month/Year	Number of Shares Repurchased	Price Per Share		Aggregate Price Paid <i>HK\$ million</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
January 2000	1,041,000	33.10	32.90	34
March 2000	650,000	41.80	41.40	27
April 2000	500,000	36.60	36.50	18
September 2000	13,612,000	37.20	30.70	453
October 2000	8,064,000	33.60	28.80	254
November 2000	7,500,000	33.20	26.55	218

These repurchased shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was charged against retained profit. An amount equivalent to the nominal value of the shares cancelled of HK\$13 million was transferred from retained profit to capital redemption reserve.

Save as disclosed above, neither the Company nor its subsidiary companies has purchased or sold any of the Company’s shares during the year ended 31 December 2000 and the Company has not redeemed any of its shares during the year ended 31 December 2000.

The Company adopted the CITIC Pacific Share Incentive Plan 2000 (“the Plan”) on 31 May 2000, pursuant to which the Board may invite selected Employees (as defined in the rules of the Plan) to subscribe for options over the Company’s shares on payment of HK\$1 per acceptance of such invitation. The subscription price is to be determined by the Board and will not be lower than 100% of the average of the closing prices of the Company’s shares on the Stock Exchange as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant (which is deemed to be the date of the offer) on which there were dealings in the Company’s shares on the Stock Exchange. No such invitation has been made as at 31 December 2000.

ANNUAL REPORT

The 2000 annual report containing all the information required by the Listing Rules of the Stock Exchange will be published on the Stock Exchange’s website and the Company’s website www.citicpacific.com by 9 April 2001. The printed copies will be sent to shareholders on 17 April 2001.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is to be held at the Island Ballroom, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Hong Kong on Tuesday, 15 May 2001 at 10:30 a.m.

By Order of the Board
Alice Tso Mun Wai
Company Secretary

Hong Kong, 19 March 2001

“Please also refer to the published version of this announcement in HK iMail, HK Economic Journal, HK Economic Times and Wen Wei Po”