CITIC PACIFIC

Half-Year Report 2009

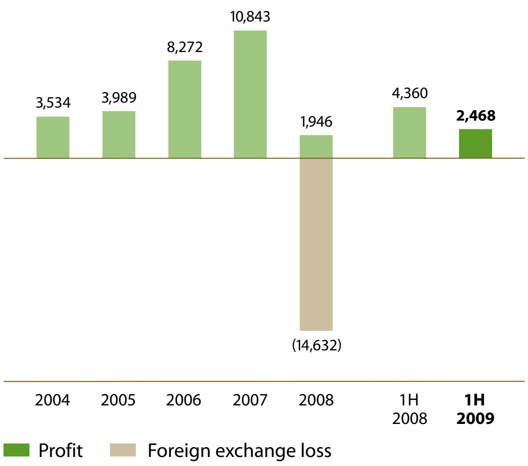
Contents

Financial Highlights

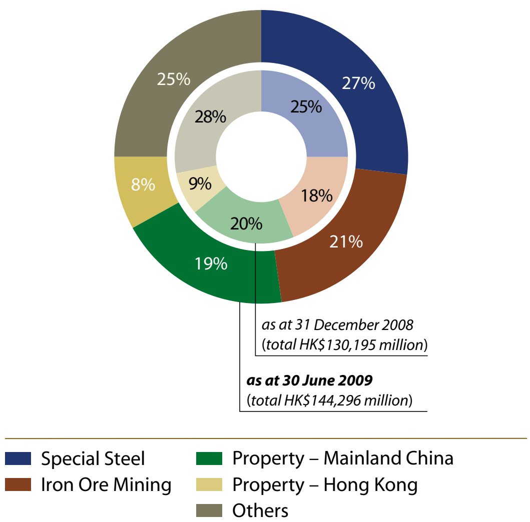
In HK$ million unless specifically indicated	**1H 2009**	As restated 1H 2008	Increase/ (Decrease) %
Profit attributable to shareholders	**2,468**	4,360	(43)
Major businesses' contribution			
Special Steel	**524**	1,839	(72)
Iron Ore Mining	**284**	(14)	N/A
Property			
– Mainland China	**285**	159	79
– Hong Kong	**198**	294	(33)
Others	**1,249**	1,029	21
Net gain from sale of listed shares	**33**	843	(96)
Cash generated from operating activities after tax paid	**2,347**	1,465	60
Other non financing cash inflows	**2,577**	4,299	(40)
EBITDA	**4,530**	6,416	(29)
Interest expense	**346**	321	8
Taxation	**522**	496	5
Earnings per share *(HKD)*	**0.68**	1.98	(66)
Dividends per share *(HKD)*	**0.15**	0.30	(50)
	As at 30 June 2009	As at 31 December 2008	
Total assets	**149,031**	138,901	7
Total debt	**64,400**	57,234	13
Bank deposits	**20,946**	18,296	14
Available committed facilities	**9,045**	18,505	(51)
Shareholders' funds	**55,443**	49,688	12
Net debt to total capital	**44%**	44%	

Profit attributable to shareholders

HK$ million



Group segment assets



Major Businesses

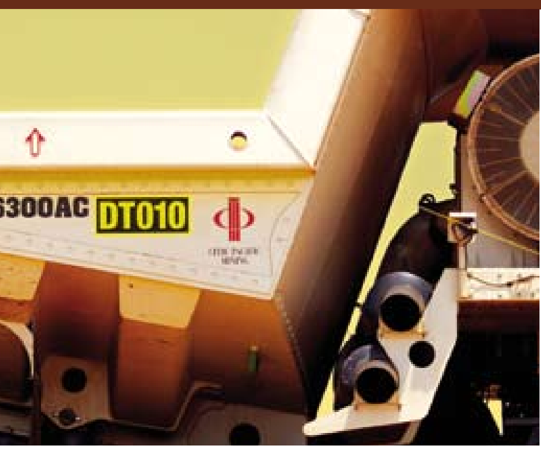
CITIC Pacific has a great depth of experience and expertise in operating businesses in China, both on the mainland and in Hong Kong. In recent years the business has been increasingly focused on the mainland to take advantage of the long-term growth opportunities that exist there.

Our major businesses are special steel manufacturing, iron ore mining and property development in mainland China.

Special Steel

- 27% of segment assets
- 3 key production plants in China
- over 7 million tonnes of annual production capacity

CITIC Pacific Special Steel is the largest special steel manufacturer in China. Special Steel is used in a wide range of industries, including auto components, machinery manufacturing, transportation, energy, railways and shipping. The major products are bearing steel, gear steel, spring steel and seamless steel tubes.



Iron Ore Mining

- 21% of segment assets
- 2 billion tonnes of world-class magnetite ore reserves
- over 27 million tonnes of concentrate and pellets to be exported annually
- potential to increase production to more than 70 million tonnes annually

The Sino Iron project is the most advanced magnetite development in Australia. Production is expected to start in the second half of 2010, ensuring a stable, quality supply of iron ore to CITIC Pacific's special steel plants, as well as other steel producers in China.

Mainland China Property

- 19% of segment assets
- developing 5.5 million square metres of gross floor area in the coming years
- a diversified portfolio of development properties

CITIC Pacific focuses on developing medium and large scale projects in mainland China. Properties are located in prime areas in Shanghai, major cities in the Yangtze Delta area, and Hainan Island.

Chairman's Letter to Shareholders

Our businesses are strong, and sound and I believe we have the necessary mechanisms and structures in place to manage risks and maximise returns for our shareholders.

2009 First Half Results

CITIC Pacific recorded a profit attributable to shareholders of HK$2,468 million in the first six months of 2009 compared to HK$4,360 million for the same period in 2008.

We should remember that economic conditions in key markets were buoyant in the first half of 2008, and the subsequent rapid deterioration resulted in a most challenging operating environment for business. Beginning in the second quarter of 2009, we have seen encouraging signs of recovery, and this is reflected in the mixed results of our businesses.

In the first half of the year, the special steel business faced weaker demand for its products, in particular in overseas markets, but remained profitable. Property sales in many of our developments in mainland China have shown encouraging signs of recovery, in particular in the second quarter. Our power business did better than last year as the coal price dropped. Other businesses such as tunnels in Hong Kong, CITIC 1616 and Dah Chong Hong continue to provide us with stable profits and cash flow.

At the Annual General Meeting, I said that paying a dividend again would be considered once our company returned to profitability. The Board recommends paying an interim dividend of HK$0.15 per share. When making this decision, we not only took into consideration the expectations of our investors, but also our company's need for capital to further develop our business, and our obligation to repay maturing debts.

Improving Corporate Governance

After I became Chairman in April, I identified the three things that impressed me the most about CITIC Pacific, and which I believe are central to the success of this company: the quality of our businesses and assets; the international standard of our management and employees; and the strong commitment to leadership in our approach to governance.

Looking at what this company has achieved since its formation has given me, and all of us at CITIC Pacific, the confidence and determination to work hard, and to return this company to strong and prosperous growth.

Besides running businesses and ensuring they generate profit and returns for our shareholders, we clearly recognise the importance of managing risks and strengthening our controls and central management. A lot has been achieved in this area.

We now have a much more formalised decision-making process, which greatly facilitates our ability to manage the diverse nature of our company's activities, and effectively monitor their associated risks.

I chair a re-defined and re-invigorated executive committee, which serves as a medium for communicating our direction and priorities, and for sharing information about key developments and issues affecting our various businesses. This committee now includes the leaders of most of our businesses, with the participation of the heads of major functional departments in the head office.

Our newly established investment committee's role is to consider the strategy and planning of the company, and to review investment proposals. The committee consists of four executive directors, including myself, and one non-executive director. Meetings are held regularly. Since its formation in April, we have reviewed and made decisions on a number of proposed investments and disposals.

The asset and liability management committee ('ALCO'), set up late last year, continues its important work. Chaired by the finance director and with representatives of different disciplines in the company, ALCO meets monthly to review the asset and liability balance of the company. It monitors and sets limits to our exposure in relation to asset and liability mismatches, counter parties, currencies, interest rates, commitments and commodities. It also establishes hedging policies, reviews and approves financing plans, and controls the use of any new financial products.

Throughout my career, I have learned and felt deeply that the running of a company depends very much on a well-established system and process and, most of all, on a cohesive management team. Like all organisations, having highly qualified people is essential to our operations. One of the central jobs of my chairmanship will be to ensure the recruitment of additional high quality and experienced personnel to our company. One example is the appointment of a new financial controller to further strengthen the effectiveness of financial controls throughout the company. Having spent 17 years with CITIC Group in various capacities in China and most recently in the United States, he brings to CITIC Pacific a wealth of knowledge and experience, not only in accounting and financial management, but also in his understanding of CITIC Group. We have also recruited a very experienced new treasurer, who will be joining us in the near future.

Businesses

Facing the challenging operating environment, our businesses, from special steel, to iron ore, to property, to tunnels, to power, and Dah Chong Hong and CITIC 1616, have proven that they are fundamentally strong.

Development of each of our businesses will be based on an assessment of its market position, competitiveness, future prospects, and the extent of our ability to influence its management. We are also studying and exploring potential opportunities and synergies between CITIC Pacific and CITIC Group. Our goal and responsibility is to increase investment returns for our shareholders, and we will achieve this by way of good management, co-operation, and, where needed, by the sale and restructuring of assets.

We intend to sell businesses over which CITIC Pacific is unable to exercise management control, which are not significant to the company's future or do not generate sufficient profit or cash. Examples are the disposals of our 20% interest in North United Power and our interests in Kaifeng Power and Weihai Power. These disposals do not indicate a disinterest in the power sector but a rationalisation to concentrate on the important components such as Ligang Power Station.

On August 17, we agreed to sell 12.5% of Cathay Pacific to Air China and 2% to Swire Pacific. As a result, our interest in Cathay Pacific will be reduced to 3%. The sale will generate HK$7.3 billion of cash, which will strengthen CITIC Pacific's financial position and direct resources to the development of our major businesses.

Restructuring of certain assets is another way to generate returns for our shareholders. CITIC Capital, 50% owned by CITIC Pacific, recently signed an agreement with China Investment Corporation ('CIC'), China's sovereign wealth fund, under which CIC will become a 40% shareholder through subscribing to new shares. After completion of this transaction, our interest in CITIC Capital will be reduced to 27.5%. Through this restructuring, not only will CITIC Capital's capital base be enlarged, it will also result in a material increase in funds under management.

We are increasing investment in our major businesses. At a time when most steel mills in China were incurring losses, our three special steel plants remained profitable, and CITIC Pacific Special Steel continues to be a leader in the special steel industry in China. We are committed to further developing and investing in special steel, a major business of CITIC Pacific. This is reflected in the building of new production lines, as well as our purchase of the 20% interest in Jiangyin Xingcheng Special Steel currently held by its management, bringing CITIC Pacific's ownership in this steel mill to 100%.

Our iron ore mine in Australia continues to make progress. Given the complexity and the sheer size of this project, it is amazing to see how much has been accomplished, but there is still much to do to achieve production, and this is receiving the full attention of the management and our contracting partners.

Property development in mainland China is another major business. CITIC Pacific has signed a co-operation agreement with CITIC Real Estate Co. Ltd., a subsidiary of CITIC Group, and a well-known property developer in China with a significant land bank in many cities. Under the agreement, CITIC Real Estate will recommend projects to CITIC Pacific that it believes to have good potential. After its own evaluation, CITIC Pacific may take a 20% stake in these projects. The two companies will share knowledge, market information and other resources, and CITIC Pacific can also leverage off CITIC Real Estate's vast sales network. We are now evaluating several projects. At the same time, construction of CITIC Pacific's property developments in mainland China are progressing to plan, and sales of commercial and residential properties have picked up in recent months with an improvement in market sentiment. With hard work, many of our development projects will be ready for sale in the coming few years, and we expect they will bring significant profit contribution to CITIC Pacific.

When formulating CITIC Pacific's future development strategy, one thing is clear: having multiple businesses in diversified industries is beneficial to CITIC Pacific, in particular as our businesses are positioned to capture the fast growing demand of mainland China. As an example, special steel as a percentage of total steel produced in China is still quite low compared to that of industrialised countries. China's demand for special steel will continue to grow as the country becomes industrialised. For iron ore, our story is also very compelling. CITIC Pacific, will in due course, become Australia's largest exporter of magnetite concentrate. The concentrate we will be producing is of higher quality than most of China's imported ore. This high quality ore will not only satisfy the increasing need from Chinese steel mills, it will also serve Chinese society's demand for a greener approach to business.

Financial Position

At the end of the half year, shareholders' funds were HK$55 billion, an increase of 11% compared with the end of 2008. Cash and available committed facilities stood at HK$30 billion. We do recognise that we need to manage our on-going financing requirements and we have already begun to work on this. New loans of HK$10 billion were signed or are in process in the last few months. Our mainland China property sales are expected to rise in 2010 and thereafter provide significant cash flow. In addition, sales of smaller or non-managed businesses will bring cash to the company.

I should mention that all of the Australian dollar leveraged foreign exchange contracts outstanding at December 31, 2008, were restructured into plain forward contracts, which qualify for treatment as accounting hedges. As a result, volatility in the cost of the iron ore project due to exchange rate fluctuations will be reduced.

Conclusion

Challenged by the unprecedented global financial crisis, the Chinese government has taken proactive and timely measures, and implemented plans to stimulate its economy, which have brought initial success. As China's basic infrastructure and supporting pillar industries continue to improve, household income continues to grow, and the country continues to industrialise and urbanise, underlying consumption and demand will no doubt continue to grow. To be successful, the strategy we formulate, and the businesses and assets we invest in, should capture the growing demand in China.

CITIC Pacific's achievements in the last 20 years have been considerable. I have full confidence and resolve to take this company to greater success.

Let me take this opportunity to thank our Board and our employees for their continued support and their enormous hard work in a difficult period. I would also like to express my gratitude to our investors for standing by us and continuing to believe in CITIC Pacific.

Chang Zhenming
Chairman
Hong Kong, 26 August 2009

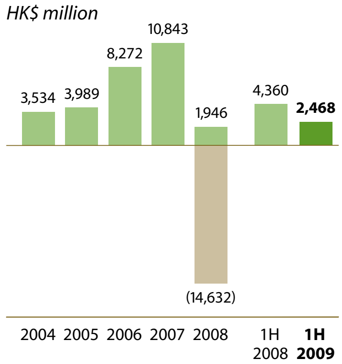
Financial Review

Group Performance

The first half of 2009 has been a time of recovery for the Group's businesses. Special Steel and Power showed an improvement in performance compared to the second half of 2008, due to the recovery in the mainland China economy. CITIC Pacific's business followed that of the world's economy showing a poor fourth quarter in 2008, a modest revival in the first quarter of 2009 and a stronger second quarter.

A net profit of HK$2,468 million was attributable to shareholders for the first half of 2009, compared to a net profit of HK$4,360 million in the first half of 2008. HK$197 million of the net profit was attributable to net gains associated with leveraged financial contracts.

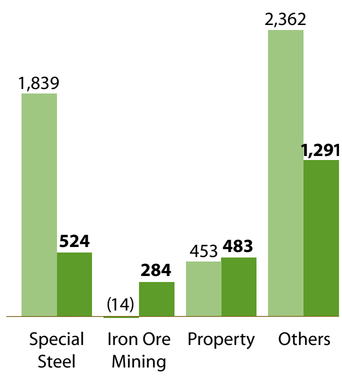
Profit attributable to shareholders



Contribution by Segment

In HK$ million	**1H 2009**	1H 2008
Special Steel	**524**	1,839
Iron Ore Mining	**284**	(14)
Property		
Mainland China	**285**	159
Hong Kong	**198**	294
Power	**352**	(38)
Civil Infrastructure	**244**	277
Aviation	**171**	315
Dah Chong Hong	**153**	151
CITIC 1616	**93**	83
Others	**269**	1,084
Fair value change of investment properties	**9**	490
Total	**2,582**	4,640

Segment performance



Special Steel In the special steel division, contribution in the first half of 2009 declined by 72% from HK$1,839 million to HK$524 million for the same period in 2008. The first half of 2008 was exceptionally strong with 3.5 million tonnes of steel being sold, compared with 2.9 million tonnes being sold in 2009. The contribution in the first half of 2009 showed a strong increase as compared to the HK$222 million loss in the second half of 2008, which was largely attributable to an inventory provision of HK$513 million made during the period. Management has focused on achieving a more profitable product mix and a reduction in the raw material cost base due to declines in the price of iron ore, coke and scrap metal.

Iron Ore Mining The build-out of the Australian mining operations infrastructure continues with good progress made on the power station, excavation and the gas pipeline, port access road and causeway. In the first half of 2009, approval documents for the sale of a 20% interest in the project to China Metallurgical Group Corp. ('MCC') were processed, and completion is expected shortly. A net profit of HK$285 million was recorded in the first half of 2009, mainly due to the positive impact of the strengthening AUD on the leveraged foreign exchange contracts up to the date of the restructuring and the sale of excess AUD.

Mainland China Property Net contribution from leasing and sales increased to HK$285 million in the first half of 2009 from HK$159 million in the first half of 2008, reflecting both a limited supply of new properties for sale and government incentives to stimulate the property market. Leasing performed relatively well, with CITIC Square, Royal Pavilion, New Westgate Garden and other properties showing a 19% underlying profit increase from the same period last year. The first half of 2008 included a HK$40 million net exchange gain. This increase was due mainly to higher rental rates for new leases signed during the period. The average occupancy rate was approximately 92%. Sales were mainly driven by our Yangzhou and Westgate Garden properties.

Contribution from Property

In HK$ million	**1H 2009**	1H 2008
Mainland China		
Sales	**122**	46
Leasing	**163**	177
Property under development	**–**	(64)
Hong Kong		
Sales	**10**	116
Leasing	**188**	178
Total	**483**	453

Hong Kong Property Due to the full period contribution from leases signed in early 2008, profits from leasing increased from HK$178 million in the first half of 2008 to HK$188 million in the first half of 2009. The average occupancy rate for our Hong Kong portfolio remained high at 88%. HK$9 million was associated with the sale of properties in Discovery Bay by our associated company, Hong Kong Resorts, in the first half of 2009.

Power Despite power generated declining 16% for the same period due to soft economic conditions, the power division showed a HK$352 million profit for the first half of 2009, compared to a HK$38 million loss in the first half of the previous year. This was due to an increase in power tariffs and an easing in coal prices. Our coal mine in Shandong contributed HK$26 million in profit in the first half of 2009.

Civil Infrastructure Civil Infrastructure showed a profit contribution of HK$244 million for the first half of 2009 compared to HK$277 million in the first half of 2008. Eastern Harbour and Western Harbour tunnels provided a HK$210 million profit contribution compared to HK$227 million in the first half of 2008. This was due to the poor general economic conditions as well as the toll increase in Tate's Cairn Tunnel diverting traffic from the Eastern Harbour tunnel.

Aviation The aviation division showed a HK$171 million profit for the first half of 2009, compared to HK$315 million in the same period in the previous year, which included a HK$403 million gain from the disposal of Air China Cargo. Cathay Pacific's total profit for the first half of 2009 was HK$812 million and included gains of HK$2.1 billion from fuel hedges. Passenger yields were lower due to a reduction in premium traffic, swine influenza and direct cross straits flights. Hong Kong Air Cargo Terminals volume declined 22% from the same period in the last year, and profit showed a decline of 38% from last year.

Dah Chong Hong The Group's share of Dah Chong Hong's profit was HK$153 million for the first half of 2009 as compared to HK$151 million for the first half of 2008. The motor segment performed well in mainland China with contribution driven mainly by the sale of passenger vehicles (with the Bentley dealership making a healthy contribution), but trade in the Hong Kong market was slow. The trading division outperformed against expectations due to effective cost control and new agency products. The performance of the Logistics and Food and Consumer divisions was mixed in the uncertain economic environment.

CITIC 1616 The Group's share of CITIC 1616's profit was HK$93 million for the first half of 2009 as compared to HK$83 million for the first half of 2008. CITIC 1616's improved performance was mainly due to profit contribution from China Motion Netcom, which was acquired in November 2008, and increased revenue from mobile value-added services and VPN.

Other Income Other net income, which consists mainly of profits from the sale of listed shares, decreased to HK$269 million in the first half of 2009, as compared to a HK$1,084 million profit for the same period in the previous year.

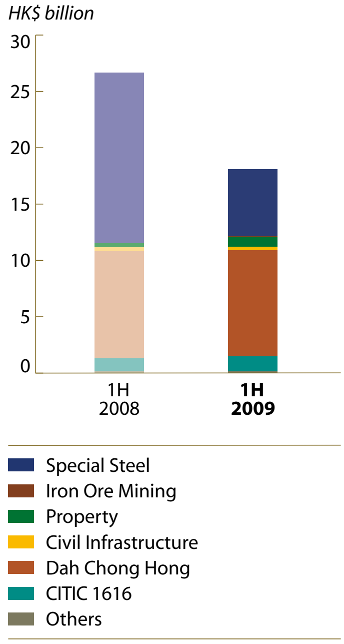
Turnover

Special Steel and Dah Chong Hong accounted for the majority of the consolidated turnover of the Group.

Turnover of Special Steel decreased 60% due to lower volume and a sharp price decline, which began in the second half of 2008 (although a corresponding fall in raw material prices and more profitable product mix helped alleviate some of the pressure on margins). Turnover of Dah Chong Hong was roughly the same as the previous year. Economic conditions in Hong Kong remained weak, but mainland China began to show signs of a recovery in the economy towards the end of the period due to government stimulus measures.

In HK$ million	**1H 2009**	1H 2008
Special Steel	**6,027**	15,212
Iron Ore Mining	**9**	–
Property		
Mainland China	**752**	261
Hong Kong	**128**	115
Power	**–**	–
Civil Infrastructure	**348**	366
Aviation	**–**	–
Dah Chong Hong	**9,470**	9,519
CITIC 1616	**1,333**	1,128
Others	**31**	71
Total	**18,098**	26,672

Turnover by business segment



Foreign Exchange Derivatives

A one time pre-tax gain of HK$285 million was reported for the first half of 2009, mainly due to gains up to the date of restructuring of leveraged foreign exchange derivative contracts, which were intended to hedge exposures at our Australian mining operations.

Three AUD leveraged forward exchange contracts were restructured into a series of plain vanilla forward contracts from March to May of 2009. Together with contracts restructured in 2008, the Group had AUD plain vanilla contracts with a notional amount of AUD 2.3 billion as at 30 June 2009. As at 30 June 2009, no AUD leveraged forward contracts remain. The restructured AUD plain vanilla forward contracts, together with those restructured in 2008, are eligible for hedge accounting. They are accounted for as hedges against movements in the spot exchange rate, which allows most of the movements in the fair market value of these derivatives to be recorded in equity, with a small residual amount, largely reflecting the difference of AUD/USD interest rates, being recorded in the profit and loss account.

One Euro dual currency leveraged foreign exchange contract was terminated in January 2009. Currently, no Euro leveraged forward exchange contracts remain. Three RMB target redemption forward contracts that mature in 2011 with a maximum notional amount of RMB 3,102 million are held by the Group to hedge its RMB exposures. These non deliverable forward contracts are not eligible for hedge accounting, and gains and losses in the fair market value of these contracts are reflected in the profit and loss account.

Excluding the restructured AUD plain vanilla foreign exchange derivatives mentioned above, no new derivative contracts were entered into during the first half of 2009.

Interest Expense

The Group's interest expense charged to the profit and loss account increased from HK$321 million to HK$346 million in the first half of 2009. Capitalised interest of HK$745 million was mainly attributable to special steel and property development projects in mainland China as well as our mining operations in Australia.

The weighted average cost of debt (including both interest capitalised and expensed) declined from 4.8% in the first half of 2008 to 3.7% in the first half of 2009. This was due to the continuing low interest rate environment in Hong Kong and the United States.

Taxation

Current tax decreased from HK$481 million to HK$333 million due to a decrease in profit from operations. At the same time, it was offset by a deferred tax expense on the exchange gain from the sale of surplus AUD by our mining operations in Australia.

Earnings Per Share

Earnings per share were HK$0.68 in the first half of 2009 compared to HK$1.98 in the first half of 2008. Earnings per share grew from 2004 to 2007, but declined sharply in 2008 due to losses from foreign exchange derivatives. The share base has also grown with an issuance of 1,453,125,000 new shares to the CITIC Group in December 2008.

Earnings per share

Group Segment Assets

Total segment assets increased from HK$130,195 million to HK$144,296 million in the first half of 2009. Asset growth was mainly driven by our three main lines of business – mainland China property, Special Steel and Iron Ore Mining in Australia. These businesses have increased their share of total assets from 63% in 2008 to 67% in the first half of 2009. The share of our Australian business has increased from 18% in 2008 to 21% in the first half of 2009 as the mine infrastructure construction continued.

	Total segment assets	
In HK$ million	**As at 30 Jun 2009**	As at 31 Dec 2008
Special Steel	**38,250**	32,500
Iron Ore Mining	**30,979**	24,187
Property		
Mainland China	**27,721**	25,973
Hong Kong	**11,174**	11,121
Power	**8,072**	7,765
Civil Infrastructure	**2,629**	2,516
Aviation	**7,882**	7,699
Dah Chong Hong	**10,621**	11,163
CITIC 1616	**2,472**	2,402
Others	**4,496**	4,869
Total	**144,296**	130,195

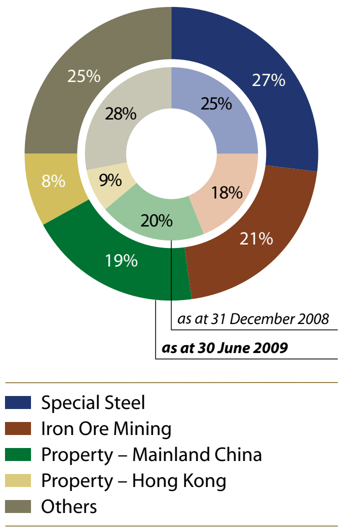
Net Debt

Net debt has grown in line with the expansion plans of our businesses. The Group expects net debt to begin to decline once the major capital expenditure plans for the steel and mining businesses have been completed in 2010 and 2011.

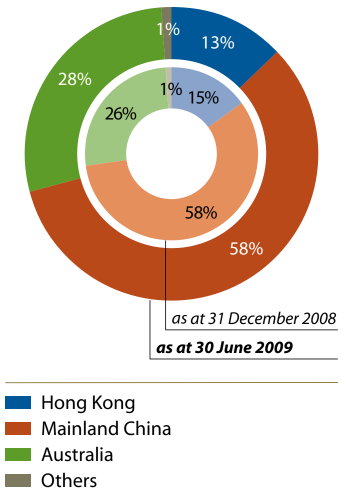
Shareholders' Funds

Shareholders' funds increased from HK$49,688 million at 31 December 2008 to HK$55,443 million in June 2009, due to profit in the period and mark-to-market gains in the derivatives portfolio. These gains were mainly due to a rise in the Australian Dollar against the United States Dollar as well as the rise in interest rates and are mainly reflected in reserves as the underlying instruments qualify for hedge accounting.

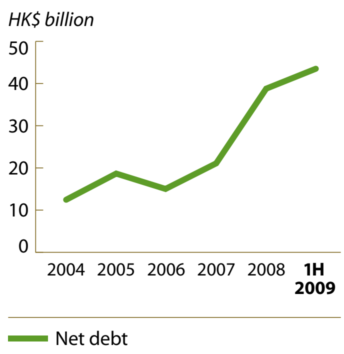
Group segment assets



Group segment assets by geographical area



Net debt



Dividends

An interim dividend of HK$0.15 per share will be paid for 2009 following the return to profitability of the Group.

Capital Expenditure

Capital expenditure has continued to grow over the past 5 years with the Australian mining operations accounting for the largest share in the past two years. This share will fall as construction nears completion and production begins in 2010.

	1H 2009 *In HK$ million*	Projected capital expenditure (up to 2010) *In HK$ billion*
Special Steel	2,432	6
Iron Ore Mining	3,473	18
Property		
Mainland China	1,571	9
Hong Kong	5	1
Others	310	1
Total	7,791	35

Capital expenditure represented in the above table includes expenditure incurred by the Group to acquire or increase fixed assets, deposits paid on fixed asset purchases, payments for mining rights and related development costs including capitalised interest.

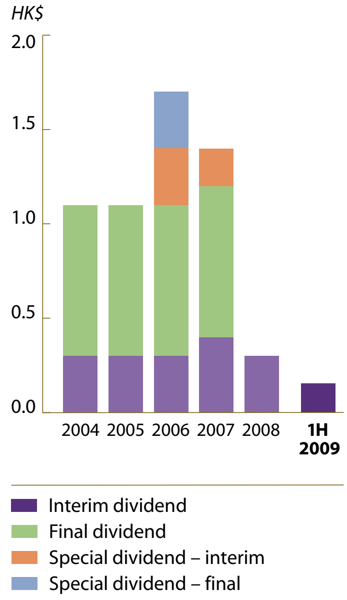
The Group has maintained its focus on its major businesses and continued to invest approximately HK$2.4 billion in the Special Steel division, HK$3.5 billion in the Australian mining project and HK$1.6 billion in its property projects in China, accounting for 31%, 45% and 20% of the total respectively.

In Jiangyin Xingcheng Special Steel, construction of a new 1.2 million tonne plate production line continued with completion expected later this year. At Xin Yegang, two new lines capable of producing 630,000 tonnes of medium to thick wall seamless steel tubes are under construction with production expected to begin in December 2009.

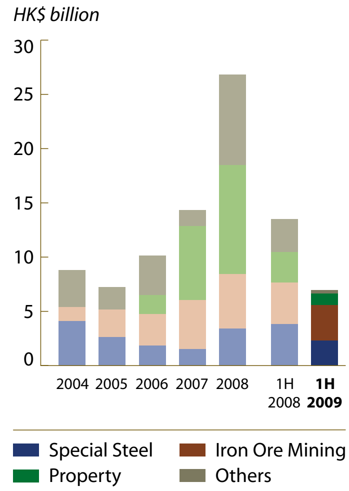
The Australian mining project has continued to build essential infrastructure. Major achievements in 2009 include the laying of the gas pipeline and port access road and causeway. A large portion of the power plant has been completed as well as the first ball mill manufactured by CITIC Heavy Machinery.

Property projects currently under construction in mainland China are located in Shanghai, Ningbo, Yangzhou and Hainan Island. In Hong Kong, our construction projects in Discovery Bay are ongoing. (Described in the 2008 Annual Report, page 30 to page 39).

Dividend per share



CAPEX by business segment



As at 30 June 2009, the Group's contracted capital commitments were approximately HK$21 billion related mainly to iron ore mining, property in mainland China and special steel.

The future capital expenditure will be funded by the Group's cash and deposits and available credit facilities. Page 21 describes the HK$20.9 billion of cash and deposits held by the Group and HK$9.0 billion of available committed facilities at 30 June 2009. Since 30 June 2009, cash has been generated from the sale of assets and additional facilities arranged.

Cash Inflows

Cash inflows to the Group totalled HK$4,924 million in the first half of 2009, compared with HK$5,764 million during the same period in 2008. Cash inflows principally represent cash generated from operating activities after income taxes paid, dividends from associated companies and jointly controlled entities, proceeds from divestment of businesses, sales of listed investments and sales of fixed assets and investment properties.

In HK$ million	**1H 2009**	1H 2008
Operating Activities		
Special Steel	**701**	769
Iron Ore Mining	**(383)**	(304)
Property		
Mainland China	**677**	348
Hong Kong	**162**	144
Power	**–**	–
Civil Infrastructure	**269**	282
Aviation	**–**	–
Dah Chong Hong	**797**	90
CITIC 1616	**239**	209
Others	**(115)**	(73)
Sub-total	**2,347**	1,465
Other Non Financing Inflows		
Dividends from associated companies and jointly controlled entities	**133**	547
Divestment of businesses	**1,716**	1,442
Sale of listed investments and other financial assets	**526**	1,786
Sale of fixed assets and investment properties	**143**	89
Others	**59**	435
Sub-total	**2,577**	4,299
Total	**4,924**	5,764

Divestment of businesses in the first half of 2009 is a deposit of HK$1,716 million received in advance of completion against the sale of a 20% interest in the Australian mining operations to MCC.

Treasury Risk Management

Building on the lessons of the past year, CITIC Pacific has continued to refine its policies and procedures in order to mitigate the effects of sudden adverse changes in market conditions.

General Policies

- Maintain central management of raising finance and financial exposures while delegating to business units specific responsibilities as appropriate.
- Diversify funding sources through utilisation of both bank financing and capital markets and employing limited or non recourse project finance when available.
- Arrange financing to match each business' characteristics and cash flows to the extent that it is possible.

Responsibilities

The Group's overall risk management programme seeks to minimise the impact of fluctuations in exchange rates, interest rates and various input cost fluctuations on the Group's financial performance. The asset and liability management committee ('ALCO'), set up by the Board in October 2008, meets monthly to set out the policies and procedures of the Group and monitor its exposures.

The group finance department is responsible for maintaining and implementing the Group's financial risk management policies and procedures within the framework agreed by ALCO.

The group finance department monitors funding requirements of the Group along with resulting interest rate, currency, credit and liquidity risks. This portfolio approach to financial risk management enables activities in these areas to be carried out in a more economic and efficient manner.

Overseas subsidiaries and jointly controlled entities are responsible for managing their liquidity, certain interest rate risks, certain foreign exchange risks and specific input costs under policies approved by the boards of their respective companies, but also within the confines of the overall ALCO strategy.

The Group's listed subsidiaries, Dah Chong Hong ('DCH'), CITIC 1616 and Daye Special Steel, arrange their financial and treasury affairs themselves, within Group policies.

Derivatives Policy

Financial derivatives are used to assist in the management of interest rate and exchange rate risks. To the extent possible, gains and losses of the derivatives offset the losses and gains on the assets, liabilities or transactions being hedged.

In June 2009 the Group signed a contract with Reval Inc. ('Reval'), a derivative risk management and hedge accounting solutions firm, to provide software and consulting services to better monitor its derivative portfolio and ensure compliance with accounting standards. Valuations provided by Reval were used in the compilation of the Half-Year Report.

The use of financial instruments has currently been restricted to loans, deposits, interest rate swaps and plain vanilla foreign exchange contracts. The use of structured derivatives and instruments or contracts that contain embedded options would require presentation to and the approval of ALCO.

It is the Group's policy not to enter into financial transactions, derivative or otherwise, for speculative purposes.

Foreign Exchange Risk

The Company's functional currency is Hong Kong dollars ('HKD'). The Group has major operations in Hong Kong, mainland China and Australia and is subject to market risk due to changes in United States dollars ('USD'), Renminbi ('RMB') and Australian dollars ('AUD') exchange rates. There are also exposures to the Japanese Yen ('JPY') (operations and assets related to DCH), Euro ('EUR') and Swedish Krona ('SEK') (equipment purchases).

The Group strives to reduce currency exposure by matching assets with borrowings in the same currency to the extent possible. It is the Group's policy to hedge transactions where value or time to execution will give rise to material currency exposure, provided that the cost of the hedging instrument is not prohibitively expensive in comparison to the underlying exposure.

The Group's major foreign currency exposures arise from:

i) its capital expenditures relating to its iron ore mining operations in Australia;

ii) the Group's steel and property operations in mainland China;

iii) USD denominated debt; and

iv) purchases of finished products for sale by DCH.

The Group does not hedge currency translational exposures from the consolidation of subsidiaries whose functional currency is not HKD, as they are non-cash exposures.

US Dollars (USD) The Group seeks to diversify its funding sources and also match funding requirements to subsidiaries whose functional currency and revenues are in US dollars through USD denominated borrowings. As at 30 June 2009, the Group had HK$10.7 billion equivalent of net US dollar debt exposure.

Renminbi (RMB) The Group's businesses in mainland China had RMB gross assets of approximately HK$82.5 billion as at 30 June 2009, offset by debts and other liabilities of HK$27 billion, giving an RMB net asset exposure of HK$55.5 billion (31 December 2008: RMB gross asset exposure of approximately HK$75.1 billion, offset by debt and other liabilities of HK$22.8 billion, giving RMB net asset exposure of HK$52.3 billion). The Renminbi is currently not a freely convertible currency and 'registered capital', which usually accounts for no less than 25% of the total investment amount for projects in mainland China, is required to be paid in foreign currency. As the Group's investment in mainland China is expanding, CITIC Pacific has an increasing exposure to the Renminbi.

In 2008, the Company entered into several RMB non-deliverable leveraged forward contracts for general purpose hedging of RMB exposures. The maximum notional amount of these contracts is RMB 3,102 million.

Australian Dollars (AUD) The Australian mining operations' functional currency is USD as the future revenues from its iron ore business are denominated in USD. However, a substantial portion of its developmental and operating expenditures are denominated in AUD. USD/AUD forward contracts are currently employed to hedge these currency exposures.

As at 30 June 2009, the Group's plain vanilla forward contracts had a notional amount of A$2,334 million that qualify as accounting hedges, because their maturity matches the needs of the business over the next four years as well as fulfilling other relevant criteria to be accounting hedges.

Japanese Yen (JPY) CITIC Pacific issued a JPY Bond in 2005. The bond was fully hedged through a cross currency swap into Hong Kong dollars floating rate payments. This swap does not qualify as an accounting hedge, therefore changes in its value are reflected in the profit and loss account. In addition to the JPY bond, as at 30 June 2009 there are JPY 6,474 million loan liabilities at the CITIC Pacific Level.

For the Australian mining operations, as at 30 June 2009 there was a net JPY 1,015 million denominated exposure for capital expenditures to purchase machinery.

Swedish Krona (SEK) The Group's SEK exposure amounted to SEK 142 million at 30 June 2009 due to a contract with Siemens to supply a steam turbine generator for the Australian mining operations. This position is currently 62% hedged using plain vanilla forward contracts.

Euro (EUR) The Group's EUR exposure amounted to EUR 146 million as at 30 June 2009. Most of this exposure is generated by EUR 79 million in contracts for procurement and design services for the Australian mining project and EUR 58 million for equipment purchases for the special steel business. This position is currently not hedged as a significant portion of this exposure will be paid in the second half of 2009.

Interest Rate Risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The group finance department manages this risk by considering the portfolio of all of the Group's interest bearing assets and liabilities. The net desired position is then managed by borrowing at a fixed rate and through the use of interest rate swaps which have the effect of converting floating rate borrowings into fixed rates.

The appropriate ratio of fixed / floating risk for the Group is reviewed periodically. The level of fixed rate debt is decided after taking into consideration the potential impact of higher interest rates on profit, interest cover and cash flow cycles of the Group's business and investments.

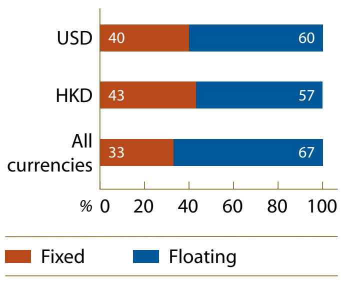
In 2008, the Company entered into HK$16.4 billion of swaps to lock in fixed rates for periods up to 20 years, partly in connection with the iron ore mining project. A large portion of these forward starting swaps have become effective, and the balance will become effective in the second half of 2009 and in 2010.

As at 30 June 2009, the Group's portfolio of floating to fixed interest rate derivative contracts had a notional amount of HK$17 billion. After hedging, 67% of the borrowings of the Group was floating rate. The ratio of fixed rate to the total borrowings of the portfolio is projected to be 38% on 31 December 2009.

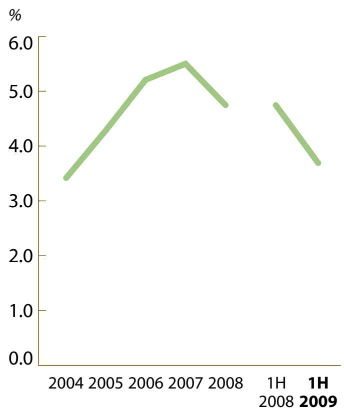
The Group's overall weighted all-in cost of borrowing (including capitalised interest, fees and hedging costs) as at 30 June 2009 was approximately 3.7% compared with 4.8% for the same period last year.

Interest rate base

as at 30 June 2009



Average borrowing costs



Credit Risk

To manage counterparty risk, the Group deals with international financial institutions with a credit rating of investment grade A- (S&P) or A2 (Moody's) and above. For mainland Chinese institutions, a maximum deposit limit is set that does not exceed the amount borrowed from those institutions. Deposits are liquid, interest-bearing and consistent with treasury and business purpose needs.

The group finance department is responsible for monitoring the limits and the list of approved financial institutions. Management does not expect any losses from non-performance by these counterparties.

Liquidity Risk

The Group takes liquidity risk into consideration when deciding its source of funds and their respective tenors. It manages its liquidity risk by maintaining substantial undrawn committed credit facilities, money market lines and cash deposits so as to avoid over reliance on any one source of funds, and to minimise substantial refinancing in any one period. In addition, the Company has established co-operative agreements with major PRC banks.

Management monitors rolling forecasts of the Group's liquidity reserve (comprised of undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows). In addition, the Group's liquidity management procedures involve projecting cashflows in major currencies and considering the level of liquid assets necessary to meet these cash flow requirements. The group finance department also monitors balance sheet liquidity ratios against internal requirements and maintains debt financing plans.

Group Debt and Liquidity

CITIC Pacific seeks to secure financing and resources from a diversified set of counterparties on the most competitive terms available in the market. It is our policy to retain sufficient liquidity to maintain our financial flexibility and our credit rating.

At the end of June 2009, CITIC Pacific has multiple borrowing relationships with financial institutions in Hong Kong, the PRC and other markets. The Group's policy is to diversify funding sources through bank borrowings and accessing capital markets. It seeks to maintain a mix of short- and long-term borrowings to stagger maturities and minimise refinancing risk.

The Group's subsidiaries and affiliates secure debt facilities to fund their investments, to the extent possible, without recourse to the Group. The major exceptions are CITIC Pacific's guarantee for the US$1.3 billion syndicated loan to fund Phase I of its mining operations, expiring upon fulfillment of certain conditions subsequent to the project, and associated interest rate and foreign exchange hedging transactions to Sino Iron Pty Ltd. A 20-year US$1.1 billion corporate loan to the phase II project for mining operations has also been guaranteed. US$587 million in guarantees was also provided to Sino Iron to support performance/obligations under construction or procurement contracts.

The net debt of the Group as at 30 June 2009 compared to 31 December 2008 and 30 June 2008 is as follows:

HK$ million	**30 June 2009**	31 December 2008	30 June 2008
Total debt	**64,400**	57,234	41,906
Cash and bank deposits	**20,946**	18,296	10,695
Net debt	**43,454**	38,938	31,211

In the first six months of 2009, total debt increased from HK$57.2 billion at the end of 2008 to HK$64.4 billion at 30 June 2009 due to the continuing outlays for the Australian mining business as well as the Group's steel and property businesses drawing down additional debt in mainland China in anticipation of capital expenditure.

In the first six months of 2009, the Company received a HK$1.7 billion deposit from the future sale of a 20% interest in the Australian mining operations to MCC (completion awaits formal approvals). HK$523 million was realised from the sale of shares in various listed companies held by the Group. The sale of the Group's 20% interest in North United Power was agreed at a consideration of RMB 2.0 billion (approximately HK$2.2 billion). This sale is expected to be completed and the proceeds are expected to be received in September 2009.

Changes in Financing

During the first six months of 2009, facilities totalling HK$6.1 billion were established or renewed with HK$600 million by CITIC Pacific and HK$5.5 billion by subsidiaries. Subsequent to 30 June 2009, additional HK$4 billion of facilities were signed and HK$6 billion of facilities are in process.

Currency Profile

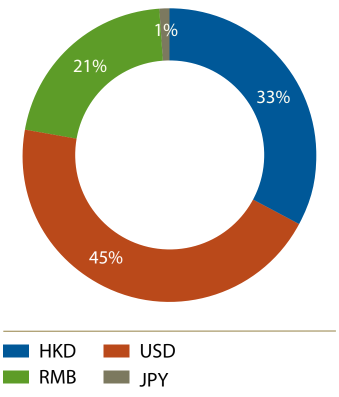
The denomination of the Group's borrowings as well as cash and deposit balances by currency as at 30 June 2009 is summarised as follows:

	Denomination					
HK$ million equivalent	HK$	US$	RMB	JPY	Other	**Total**
Total debt in original currency	13,691	36,066	13,263	1,314	66	**64,400**
Total debt after hedging	20,982	29,281	13,263	808	66	**64,400**
Cash and bank deposits	2,204	8,573	8,859	212	1,098	**20,946**
Net debt / (cash) after hedging	18,778	20,708	4,404	596	(1,032)	**43,454**

The Group actively seeks to diversify its funding sources so as not to be reliant on any one market. The Group uses cross currency swaps to hedge USD and JPY financing, which swaps the cash flows into HKD to lower its overall cost of funding.

Total debt after hedging

as at 30 June 2009



Available Sources of Financing

In addition to the cash and deposits balance of HK$20.9 billion as at 30 June 2009, the Group had available loan and trade facilities totalling HK$11.3 billion and HK$3.1 billion respectively. Borrowings by source of financing as at 30 June 2009 are summarised as follows:

HK$ million	Total facilities	Amount utilised	Available unutilised facilities
Committed facilities			
Term loans	65,950	56,905	9,045
Global bonds *(USD Bond)*	3,510	3,510	–
Private placement *(JPY Bond)*	506	506	–
Total committed	69,966	60,921	9,045
Uncommitted facilities			
Money market lines and short term facilities	5,722	3,469	2,253
Trade facilities	4,693	1,638	3,055

As at 30 June 2009, total committed facilities amounted to HK$69,966 million, of which HK$9,045 million (13%) remain undrawn. In addition to the above facilities, CITIC Pacific has established cooperative agreements with major banks in mainland China. Under these cooperative agreements, CITIC Pacific's projects in mainland China can apply for credit facilities subject to the banks' approval on a project-by-project basis in accordance with banking regulations in the mainland.

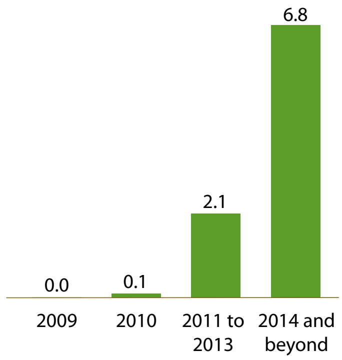
Leverage

Net debt divided by total capital was 44% as at 30 June 2009 compared with 44% as at the end of 2008.

Available committed facilities by maturity

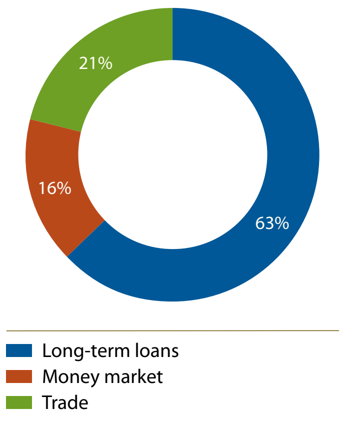
as at 30 June 2009

HK$ billion



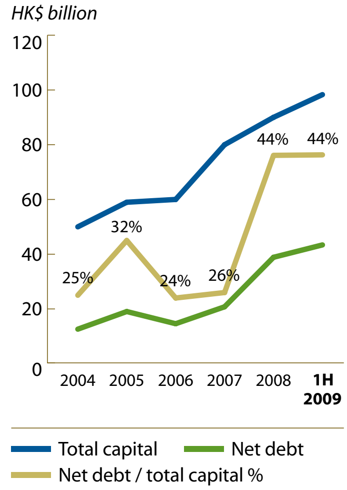
Available facilities by type

as at 30 June 2009



Leverage

HK$ billion



Maturity Profile of Outstanding Debt

The Group emphasises raising long-term debt over short-term debt and actively manages its debt portfolio to ensure that the debt maturing in each year will not exceed the anticipated cash flow and the Group's ability to refinance the debt in that year. As at 30 June 2009, outstanding loans that will mature by the end of 2009 amounted to HK$4 billion, against cash and deposits totalling HK$20.9 billion.

The weighted average life of the Group's debt was 6.1 years (31 December 2008: 5.6 years).

HK$ million	2009	2010	2011	2012	2013	2014 and beyond	Total	Percentage
CITIC Pacific Ltd[1]	560	2,967	9,394[1]	7,350	4,595	7,675[1]	32,541	51%
Subsidiaries	3,446	2,950	4,864	2,675	1,616	16,308	31,859	49%
Total maturing debt	4,006	5,917	14,258	10,025	6,211	23,983	64,400	100%

[1] Includes financing raised by wholly owned special purpose vehicles.

Debt/Cash in Jointly Controlled Entities and Associated Companies

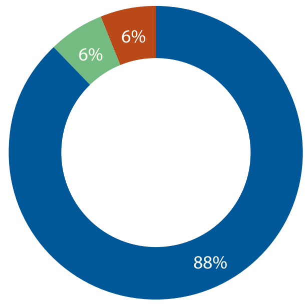
For accounting purposes, some of the Group's businesses are classified as jointly controlled entities and associated companies. The following table shows the debt/cash position of jointly controlled entities and associated companies by business sector as at 30 June 2009 which under Hong Kong generally accepted accounting standards are not consolidated into the Group's accounts.

HK$ million	Total net debt / (cash)	Proportion of net debt / (cash) attributable to CITIC Pacific
Special Steel	1,910	1,238
Property		
Mainland China	844	422
Hong Kong and others	(472)	(230)
Power	16,142	6,238
Aviation	30,668	5,364
Civil Infrastructure	2,246	772
Dah Chong Hong	(12)	(7)
Others	1,881	1,123
Total	53,207	14,920

The debt amounts shown in the above table were arranged by jointly controlled entities and associated companies without recourse to their shareholders. None of these debts is guaranteed by CITIC Pacific or its subsidiaries. Certain of the Group's associates, such as Discovery Bay, are 100% financed by their shareholders and do not have any external borrowings.

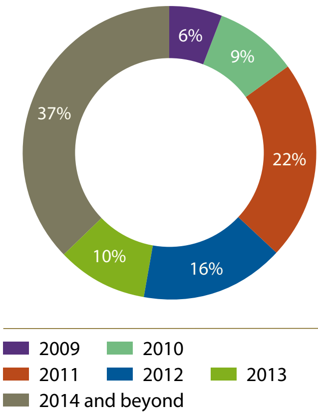
Outstanding debt by type

as at 30 June 2009



Outstanding debt by maturity

as at 30 June 2009



Pledged Assets

As at 30 June 2009, assets of HK$1,071 million (31 December 2008: HK$746 million) were pledged to secure banking facilities, which mainly related to Dah Chong Hong's overseas business and to a property subsidiary in mainland China. In addition, assets of HK$18.5 billion of the iron ore mining project were pledged under its project finance arrangement. Contracts for building 12 ships (HK$5.1 billion in aggregate) to transport iron ore from the mine to steel plants in mainland China were pledged as security for the ships' financing.

Contingent Liabilities

As at 30 June 2009, the Group's contingent liabilities had not significantly changed from the position as at 31 December 2008.

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 three major categories, namely, a 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. CITIC Pacific monitors these ratios on a regular basis and has been in compliance with these loan covenants.

	Covenant limits	As at 30 June 2009
Minimum consolidated net worth		
Consolidated net worth	≥ HK$25 billion	HK$57.1 billion
Gearing		
Consolidated borrowing / consolidated net worth	≤ 1.5	1.13
Negative pledge		
Pledged assets / consolidated total assets	≤ 30%	0.72%

'Consolidated Net Worth' means the aggregate of shareholders' funds, goodwill from acquisitions and developments having been written off against reserves or the profit and loss account, convertible debt and subordinated debt (including perpetual debt).

'Consolidated Borrowing' means the aggregate of all consolidated indebtedness for borrowed money (includes indebtedness arising under acceptances and bills of exchange other than in respect of goods or services acquired in the ordinary course of business) and all contingent obligations in respect of indebtedness for borrowed money other than aforesaid consolidated indebtedness for borrowed money.

'Negative Pledge' allows certain exceptions including but not limited to any security over any asset acquired or developed, which security is created to finance or refinance the acquisition or development of such asset.

Credit Ratings

In February 2009, Moody's and Standard & Poor's upgraded the Company's credit rating to Ba1 and BB+ respectively.

One of the Group's risk management objectives is to maintain a stable credit profile. Despite the uncertain economic environment, the stability of our core businesses will ensure that we meet all our commitments to our lenders and allow us to secure additional financing to support our funding needs in the future.

Forward Looking Statements

The Half-Year Report contains certain forward looking statements with respect to the financial condition, results of operations and businesses 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 cases materially, from those implied or anticipated in any forward looking statement.

Human Resources

As at the end of June 2009, CITIC Pacific and its subsidiaries employed a total of 28,471 staff worldwide. We have 4,376 employees in Hong Kong and 23,321 in mainland China. Our remaining 774 colleagues are employed in Taiwan, Japan, Singapore, the US, Canada and Australia.

The Group strives to attract and retain talented employees to help us grow and expand our business, and to strengthen our internal control and risk management mechanisms. To ensure that our overall remuneration policy is competitive, equitable and in line with our business strategy the Group regularly conducts reviews of our compensation and benefits programme. Over the last six months, there has been no major change to our human resources management policy.

CITIC Pacific understands that our staff are our most important asset and is committed to providing a healthy working environment that supports each individual's progression. Employees are encouraged to engage in continuous skills development through further studies and we provide internal training opportunities and subsidies for external training courses. The Group also aims to maintain good staff relations by actively promoting an open dialogue between staff and the management.

CITIC Pacific supports investing in training our younger generation. The Group has implemented various management trainee and apprentice training programmes. It also provides training opportunities to young school leavers and college students, and continues to participate in the youth pre-employment training programme of the Hong Kong Labour Department and internship programmes of universities in Hong Kong and mainland China.

As socially responsible corporate citizens, CITIC Pacific and its employees contribute to local communities through charitable work and donations. The Group maintains its long-term support of the Community Chest of Hong Kong and also sponsored the performance of the Beijing Opera at the 2009 Hong Kong Arts Festival.

Consolidated Profit and Loss Account

for the six months ended 30 June 2009 – unaudited

In HK$ million	Note	**2009**	As restated 2008
Turnover	2	**18,098**	26,672
Cost of sales		**(14,616)**	(22,074)
Gross profit		**3,482**	4,598
Other income and net gains	3	**1,118**	1,685
Distribution and selling expenses		**(671)**	(626)
Other operating expenses		**(1,186)**	(1,327)
Change in fair value of investment properties		**(54)**	410
Profit from consolidated activities	2	**2,689**	4,740
Share of results of			
Jointly controlled entities	2	**753**	641
Associated companies	2	**353**	26
Profit before net finance charges and taxation		**3,795**	5,407
Finance charges		**(540)**	(253)
Finance income		**114**	272
Net finance (charges)/income	5	**(426)**	19
Profit before taxation		**3,369**	5,426
Taxation	6	**(522)**	(496)
Profit for the period		**2,847**	4,930
Profit attributable to:			
Shareholders of the Company	2	**2,468**	4,360
Minority interests		**379**	570
		2,847	4,930
Dividends			
Proposed dividends	7	**(547)**	(658)
Earnings per share for profit attributable to shareholders of the Company during the period (HK$)			
Basic	8	**0.68**	1.98
Diluted	8	**0.68**	1.98

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2009 – unaudited

In HK$ million	**2009**	As restated 2008
Profit for the period	**2,847**	4,930
Other comprehensive income, net of tax		
Cash flow hedging reserves movement from interest rate swap and foreign exchange contracts	**3,173**	20
Transfer from investment revaluation reserve to profit and loss account on disposal of other financial assets	**(66)**	(1,453)
Fair value changes from other financial assets	**84**	(1,444)
Share of other comprehensive income of associated companies and jointly controlled entities	**49**	222
Exchange translation differences	**37**	2,211
Revaluation gain recognised upon transfer from property held for own use to investment properties	**22**	–
Reserve released on disposal of jointly controlled entities	**–**	(72)
Total comprehensive income for the period	**6,146**	4,414
Total comprehensive income for the period attributable to		
Shareholders of the Company	**5,755**	3,656
Minority interests	**391**	758
	6,146	4,414

Consolidated Balance Sheet

as at 30 June 2009 – unaudited

In HK$ million	Note	**30 June 2009**	As restated 31 December 2008
Non-current assets			
Fixed assets			
Property, plant and equipment		**30,458**	23,028
Investment properties		**11,139**	11,230
Properties under development		**10,998**	9,848
Leasehold land		**2,359**	2,320
		54,954	46,426
Jointly controlled entities		**22,077**	21,140
Associated companies		**13,337**	14,801
Other financial assets		**600**	1,063
Intangible assets		**9,799**	8,979
Deferred tax assets		**939**	1,967
Derivative financial instruments	16	**212**	235
Non-current deposits	9	**7,177**	8,709
		109,095	103,320
Current assets			
Properties held for sale		**525**	733
Other assets held for sale	10	**1,766**	–
Inventories		**5,453**	5,605
Derivative financial instruments	16	**113**	1,016
Debtors, accounts receivable, deposits and prepayments	11	**11,133**	9,931
Cash and bank deposits		**20,946**	18,296
		39,936	35,581
Current liabilities			
Bank loans, other loans and overdrafts			
secured	13	**546**	490
unsecured	13	**7,031**	8,892
Creditors, accounts payable, deposits and accruals	12	**16,808**	13,500
Derivative financial instruments	16	**308**	3,043
Provision for taxation		**322**	274
Liabilities held for sale		**57**	–
		25,072	26,199
Net current assets		**14,864**	9,382
Total assets less current liabilities		**123,959**	112,702
Non-current liabilities			
Long term borrowings	13	**56,823**	47,852
Deferred tax liabilities		**1,751**	1,710
Derivative financial instruments	16	**2,891**	6,682
Provisions		**809**	734
		62,274	56,978
Net assets		**61,685**	55,724
Equity			
Share capital		**1,458**	1,458
Reserves		**53,438**	48,230
Proposed dividend	7	**547**	–
Equity attributable to shareholders of the Company		**55,443**	49,688
Minority interests in equity		**6,242**	6,036
Total equity		**61,685**	55,724

Consolidated Cash Flow Statement

for the six months ended 30 June 2009 – unaudited

In HK$ million	Note	**2009**	As restated 2008
Cash flows from operating activities			
Profit before taxation		**3,369**	5,426
Share of results of jointly controlled entities and associated companies		**(1,106)**	(667)
Net finance charges/(income)	5	**426**	(19)
Gain on foreign exchange contracts	3	**(285)**	(34)
Realised and unrealised exchange gain	3	**(563)**	(30)
Income from other financial assets		**(3)**	(93)
Depreciation and amortisation		**596**	508
Impairment losses		**37**	35
Net gain from sale of other financial assets		**(46)**	(843)
(Profit)/loss on disposal of property, plant and equipment		**(24)**	6
Change in fair value of investment properties		**54**	(410)
Loss/(profit) on disposal of interests in subsidiary companies, jointly controlled entities and associated companies		**1**	(573)
Operating profit before working capital changes		**2,456**	3,306
Decrease/(increase) in inventories and properties held for sale		**770**	(557)
Increase in debtors, accounts receivable, deposits and prepayments		**(1,386)**	(2,567)
Increase in creditors, accounts payable, deposits and accruals		**849**	1,507
Effect of foreign exchange rate changes		**(11)**	108
Cash generated from operating activities		**2,678**	1,797
Income taxes paid		**(331)**	(332)
Cash generated from operating activities after income taxes paid		**2,347**	1,465
Payment for leveraged foreign exchange contracts		**(861)**	–
Net payment for termination of interest rate swaption		**(333)**	–
Interest received		**126**	202
Interest paid		**(1,186)**	(698)
Realised exchange gain		**278**	–
Other finance (charges)/income and financial instruments		**(137)**	2
Net cash from consolidated activities		**234**	971

In HK$ million	Note	2009	As restated 2008
Cash flows from investing activities			
Purchase of			
Subsidiary companies (net of cash and cash equivalents acquired)		**(137)**	(38)
Additional interests in subsidiary companies		**–**	(2)
Property under development		**(1,235)**	(1,743)
Property, plant and equipment		**(4,535)**	(5,036)
Leasehold land		**(65)**	(33)
Intangible assets		**(580)**	(597)
Other financial assets		**(13)**	(393)
Proceeds of			
Disposal of property, plant and equipment and investment properties		**143**	89
Sale of other financial assets		**526**	1,786
Disposal of interests in jointly controlled entity		**–**	916
Disposal of interests in subsidiary companies (net of cash and cash equivalents disposed)		**–**	526
Increase in pledged deposit with banks		**(18)**	–
Increase in non-current deposits		**(457)**	(2,348)
Deposit received for disposal of 20% interest in a subsidiary		**1,716**	–
Investment in jointly controlled entities and associated companies		**(24)**	(2,507)
Increase in loans to jointly controlled entities and associated companies		**(156)**	(227)
Dividend received from jointly controlled entities and associated companies		**133**	547
Income received from other financial assets		**3**	79
Net cash used in investing activities		**(4,699)**	(8,981)
Cash flows from financing activities			
Issue of shares pursuant to the Plan		**–**	8
Repurchase of shares		**–**	(631)
New borrowings		**23,137**	16,829
Repayment of loans		**(15,943)**	(3,983)
Decrease in minority interests		**(139)**	(97)
Dividends paid		**–**	(1,757)
Net cash from financing activities		**7,055**	10,369
Net increase in cash and cash equivalents		**2,590**	2,359
Cash and cash equivalents at 1 January		**18,117**	8,017
Effect of foreign exchange rate changes		**46**	264
Cash and cash equivalents at 30 June		**20,753**	10,640
Analysis of the balances of cash and cash equivalents			
Cash and bank deposits		**20,946**	10,695
Bank overdrafts and pledged deposits		**(193)**	(55)
		20,753	10,640

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2009 – unaudited

In HK$ million	Note	Attributable to equity holders of the Company: Share capital	Other reserves	Retained profits	Total	Minority interests	Total equity
Balance at 31 December 2008, as previously reported		1,458	38,243	10,270	49,971	6,036	56,007
Effect on associated company on the adoption of HK(IFRIC)-Int 13	1	–	–	(283)	(283)	–	(283)
Balance at 1 January 2009, as restated		1,458	38,243	9,987	49,688	6,036	55,724
Profit for the period		–	–	2,468	2,468	379	2,847
Other comprehensive income, net of tax, for the period							
Share of other comprehensive income of associated companies and jointly controlled entities		–	66	(17)	49	–	49
Fair value changes from other financial assets		–	84	–	84	–	84
Transfer from investment revaluation reserve to profit and loss account on disposal of other financial assets		–	(66)	–	(66)	–	(66)
Exchange translation differences		–	46	–	46	(9)	37
Revaluation gain recognised upon transfer from property held for own use to investment properties		–	1	–	1	21	22
Cash flow hedging reserves movement from interest rate swap and foreign currency contracts		–	3,173	–	3,173	–	3,173
Total comprehensive income for the period		–	3,304	2,451	5,755	391	6,146
Dividends paid to minority shareholders of subsidiaries		–	–	–	–	(258)	(258)
Acquisition of interest from minority shareholders		–	–	–	–	(3)	(3)
Capital injection by minority shareholders		–	–	–	–	78	78
Capital refund to minority shareholders		–	–	–	–	(2)	(2)
		–	–	–	–	(185)	(185)
Balance at 30 June 2009		1,458	41,547	12,438	55,443	6,242	61,685

In HK$ million	Note	Attributable to equity holders of the Company: Share capital	Other reserves	Retained profits	Total	Minority interests	Total equity
Balance at 31 December 2007, as previously reported		885	32,660	26,248	59,793	4,906	64,699
Effect on associated company on the adoption of HK(IFRIC)-Int 13	1	–	–	(258)	(258)	–	(258)
Balance at 1 January 2008, as restated		885	32,660	25,990	59,535	4,906	64,441
Profit for the period		–	–	4,360	4,360	570	4,930
Other comprehensive income, net of tax, for the period							
Exchange translation differences		–	2,023	–	2,023	188	2,211
Share of other comprehensive income of associated companies and jointly controlled entities		–	222	–	222	–	222
Fair value changes from other financial assets		–	(1,444)	–	(1,444)	–	(1,444)
Transfer from investment revaluation reserve to profit and loss account on disposal of other financial assets		–	(1,453)	–	(1,453)	–	(1,453)
Reserves released on disposal of jointly controlled entities		–	(72)	–	(72)	–	(72)
Cash flow hedges movement from interest rate swap		–	20	–	20	–	20
Total comprehensive income for the period		–	(704)	4,360	3,656	758	4,414
Dividends to shareholders of the Company		–	–	(1,757)	(1,757)	–	(1,757)
Dividends paid to minority shareholders of subsidiaries		–	–	–	–	(134)	(134)
Share repurchase		(7)	7	(631)	(631)	–	(631)
Share of associated company's share repurchase		–	–	(26)	(26)	–	(26)
Acquisition of interest from minority shareholders		–	–	–	–	(2)	(2)
Minority interest arising from acquisition of subsidiaries		–	–	–	–	77	77
Capital injection by minority shareholders		–	–	–	–	74	74
Purchase of own shares by a subsidiary		–	–	–	–	(2)	(2)
Transfer from general reserve		–	(47)	47	–	–	–
Share options exercised		–	8	–	8	–	8
		(7)	(32)	(2,367)	(2,406)	13	(2,393)
Balance at 30 June 2008, as restated		878	31,924	27,983	60,785	5,677	66,462

Notes to the Financial Statements

1 Significant accounting policies

These condensed unaudited consolidated interim accounts ('the Accounts') are prepared in accordance with Hong Kong Accounting Standard ('HKAS') 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 to the Listing Rules of the Stock Exchange of Hong Kong Limited.

The accounting policies used in preparation of the Accounts are consistent with those adopted in the annual accounts for the year ended 31 December 2008 other than the adoption of certain new or revised Hong Kong Financial Reporting Standards ('HKFRS') in 2009 as set out below. The following standards, amendments or interpretations are effective in 2009 and considered to be relevant to the Group.

- HKAS 1 (Revised) – Presentation of financial statements
- HKAS 16 (Amendment) – Property, plant and equipment
- HKAS 23 (Revised) – Borrowing costs
- HKAS 28 (Amendment) – Investments in associates
- HKAS 32 (Amendment) – Financial instruments: presentation
- HKAS 36 (Amendment) – Impairment of assets
- HKAS 39 (Amendment) – Financial instruments: Recognition and measurement
- HKAS 40 (Amendment) – Investment property
- HKFRS 7 (Amendment) – Financial instruments: disclosures
- HKFRS 8 – Operating segments
- HK (IFRIC) Interpretation13 – Customer loyalty programmes

Adoption of the above standards did not have significant impact on the Accounts except as stated below.

HK(IFRIC) Interpretation 13 'Customer loyalty programmes'. The part of revenue from initial sales transactions equal to the fair value of customer loyalty awards granted is deferred until the awards are redeemed and the related service is provided. This change in accounting treatment has had a material impact on Cathay Pacific Airways Limited, an associated company, and reduces the Group's share of the retained profits of that company by HK$258 million and HK$283 million as at 1 January 2008 and 2009 respectively and reduces the Group's share of its results for the six months period ended 30 June 2008 by HK$17 million.

Under HKAS 1(Revised), entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two performance statements (the profit and loss account and statement of comprehensive income). The interim financial statements have been prepared under these revised requirements.

HKFRS 8, 'Operating segments', replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Adoption of this standard did not have any effect on the Group's results of operation or financial position. The Group has determined that its operating segments are substantially the same as the business segments previously identified under HKAS 14.

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive committee. The adoption of HKFRS 8 has resulted in the change of presentation in segment information. Comparatives for 2008 segment disclosures have been restated.

Goodwill is allocated by management to groups of cash-generating units at a segment level. The change in reportable segments has not resulted in any goodwill impairment. There has been no further impact on the measurement of the Group's assets and liabilities.

2 Segment Information

a Turnover and Profit Attributable to Shareholders of the Company

		Six months ended 30 June 2009									
In HK$ million	Turnover	Profit from consolidated activities	Share of results of jointly controlled entities	Share of results of associated companies	Net finance income/ (charges)	Group total	Segment allocations	Segment profit/ (loss)	Taxation	Minority Interests	Profit attributable to shareholders of the Company
Special Steel	**6,027**	**663**	**114**	**13**	**(51)**	**739**	**–**	**739**	**(104)**	**(111)**	**524**
Iron Ore Mining	**9**	**360**	**–**	**–**	**–**	**360**	**–**	**360**	**(76)**	**–**	**284**
Property											
Mainland China	**752**	**362**	**–**	**–**	**14**	**376**	**–**	**376**	**(96)**	**5**	**285**
Hong Kong	**128**	**93**	**–**	**66**	**5**	**164**	**45**	**209**	**(11)**	**–**	**198**
Power	**–**	**13**	**372**	**(16)**	**–**	**369**	**–**	**369**	**(17)**	**–**	**352**
Civil Infrastructure	**348**	**238**	**84**	**18**	**–**	**340**	**–**	**340**	**(37)**	**(59)**	**244**
Aviation	**–**	**–**	**–**	**168**	**3**	**171**	**–**	**171**	**–**	**–**	**171**
CITIC 1616	**1,333**	**212**	**–**	**(1)**	**3**	**214**	**–**	**214**	**(36)**	**(85)**	**93**
Dah Chong Hong	**9,470**	**496**	**32**	**15**	**(60)**	**483**	**(45)**	**438**	**(156)**	**(129)**	**153**
Other investments	**31**	**63**	**151**	**52**	**–**	**266**	**–**	**266**	**3**	**–**	**269**
Change in fair value of Investment Properties	**–**	**(54)**	**–**	**38**	**–**	**(16)**	**–**	**(16)**	**25**	**–**	**9**
Corporate											
General and administration expenses	**–**	**(204)**	**–**	**–**	**–**	**(204)**	**–**	**(204)**	**19**	**–**	**(185)**
Gain from leveraged foreign exchange contracts	**–**	**285**	**–**	**–**	**–**	**285**	**–**	**285**	**(88)**	**–**	**197**
Exchange gain	**–**	**162**	**–**	**–**	**–**	**162**	**–**	**162**	**–**	**–**	**162**
Net finance charges	**–**	**–**	**–**	**–**	**(340)**	**(340)**	**–**	**(340)**	**52**	**–**	**(288)**
Totals	**18,098**	**2,689**	**753**	**353**	**(426)**	**3,369**	**–**	**3,369**	**(522)**	**(379)**	**2,468**

2 Segment Information *continued*

a Turnover and Profit Attributable to Shareholders of the Company *continued*

		Six months ended 30 June 2008 (as restated)									
In HK$ million	Turnover*	Profit from consolidated activities	Share of results of jointly controlled entities	Share of results of associated companies	Net finance income/ (charges)	Group total	Segment allocations	Segment (loss)/ profit	Taxation	Minority Interests	Profit attributable to shareholders of the Company
Special Steel	15,212	1,835	405	–	115	2,355	–	2,355	(214)	(302)	1,839
Iron Ore Mining	–	(11)	–	–	–	(11)	–	(11)	(3)	–	(14)
Property											
Mainland China	261	211	(9)	–	21	223	–	223	(66)	2	159
Hong Kong	115	244	–	(5)	5	244	46	290	4	–	294
Power	–	7	3	(79)	13	(56)	–	(56)	18	–	(38)
Civil Infrastructure	366	256	94	26	–	376	–	376	(34)	(65)	277
Aviation	–	403	–	(93)	5	315	–	315	–	–	315
CITIC 1616	1,128	179	–	–	10	189	–	189	(31)	(75)	83
Dah Chong Hong	9,519	448	29	(29)	(40)	408	(46)	362	(91)	(120)	151
Other investments	71	914	119	46	–	1,079	–	1,079	5	–	1,084
Change in fair value of Investment Properties	–	410	–	160	–	570	–	570	(70)	(10)	490
Corporate											
General and administration expenses	–	(228)	–	–	–	(228)	–	(228)	(4)	–	(232)
Gain from leveraged foreign exchange contracts	–	34	–	–	–	34	–	34	(10)	–	24
Exchange gain	–	38	–	–	–	38	–	38	–	–	38
Net finance charges	–	–	–	–	(110)	(110)	–	(110)	–	–	(110)
Totals	26,672	4,740	641	26	19	5,426	–	5,426	(496)	(570)	4,360

* With effect from the year ended 31 December 2008, the Group changed the presentation of turnover by not including the proceeds from sale of investments. Amounts included in turnover and cost of sales for the six-month period ended 30 June 2008 of approximately HK$1,441 million and HK$868 million respectively have been reclassified.

2 Segment Information *continued*

a Turnover and Profit Attributable to Shareholders of the Company *continued*

An analysis of the Group's turnover by geographical area is as follows:

In HK$ million	Six months ended 30 June **2009**	2008
By geographical area		
Mainland China	**12,572**	20,226
Hong Kong	**4,628**	5,357
Overseas	**898**	1,089
	18,098	26,672

b Assets and Liabilities

An analysis of the Group's assets and liabilities by segment is as follows:

In HK$ million	Segment assets **30 June 2009**	31 Dec 2008	Investments in jointly controlled entities **30 June 2009**	31 Dec 2008	Investments in associated companies **30 June 2009**	31 Dec 2008	Segment liabilities **30 June 2009**	31 Dec 2008	Total **30 June 2009**	31 Dec 2008
By principal activities										
Special Steel	**33,686**	27,938	**4,433**	4,444	**131**	118	**(19,301)**	(14,572)	**18,949**	17,928
Iron Ore Mining	**30,979**	24,187	**–**	–	**–**	–	**(21,847)**	(16,112)	**9,132**	8,075
Property										
Mainland China	**21,762**	20,323	**5,959**	5,650	**–**	–	**(4,915)**	(4,391)	**22,806**	21,582
Hong Kong	**6,429**	6,425	**–**	–	**4,745**	4,696	**(474)**	(492)	**10,700**	10,629
Power	**2,069**	358	**6,003**	5,632	**–**	1,775	**(23)**	(8)	**8,049**	7,757
Civil Infrastructure	**994**	983	**1,530**	1,429	**105**	104	**(212)**	(193)	**2,417**	2,323
Aviation	**–**	–	**–**	–	**7,882**	7,699	**–**	–	**7,882**	7,699
CITIC 1616	**2,472**	2,397	**–**	–	**–**	5	**(840)**	(819)	**1,632**	1,583
Dah Chong Hong	**10,187**	10,781	**262**	234	**172**	148	**(5,207)**	(5,994)	**5,414**	5,169
Other investments	**304**	862	**3,890**	3,751	**302**	256	**(186)**	(129)	**4,310**	4,740
Segment assets/(liabilities)	**108,882**	94,254	**22,077**	21,140	**13,337**	14,801	**(53,005)**	(42,710)	**91,291**	87,485
Corporate	**4,735**	8,706					**(34,341)**	(40,467)	**(29,606)**	(31,761)
Net assets									**61,685**	55,724

3 Other Income and Net Gains

In HK$ million	Six months ended 30 June **2009**	 2008
Other income		
Commission income, subsidy income and rebates	**222**	112
Dividend income from other financial assets		
Listed shares	**3**	86
Co-operative joint ventures	**–**	7
	225	205
Gain from leveraged foreign exchange contracts (note (i))	**285**	34
Realised and unrealised exchange gain (note (ii))	**563**	30
Other net gains		
Net gain from disposal of subsidiary company	**2**	170
Net gain from disposal of jointly controlled entities	**–**	403
Net gain from disposal of other financial assets	**43**	843
	893	1,480
	1,118	1,685

Note:

i) As at 31 December 2008, three unrestructured AUD leveraged foreign exchange contracts with a maximum deliverable amount of AUD 2 billion were outstanding. These leveraged foreign exchange contracts were restructured into a series of plain vanilla forward contracts from March 2009 to May 2009. Currently no leveraged AUD foreign exchange contracts remain.

As at 30 June 2009, the AUD plain vanilla forward contracts had a notional amount of AUD 2,334 million compared with AUD 911 million at 31 December 2008.

One Euro leveraged foreign exchange contract with a maximum deliverable amount of EUR 66 million was terminated in January 2009. Currently, no leveraged Euro foreign exchange contracts remain.

As at 30 June 2009, three RMB non-deliverable forward contracts with maximum notional amount of RMB 3,102 million are held by the Group to hedge its RMB exposures. These non-deliverable forward contracts are not eligible for hedge accounting, and gains and losses in the fair value of these contracts are reflected in the profit and loss account. A HK$46 million profit was recognised in the first 6 months of 2009.

A net realised gain of HK$239 million was recognised for the period ended 30 June 2009 (2008: HK$34 million). This was comprised of the gains upon termination and restructuring of the leveraged contracts mentioned above, and realised gains and losses on taking delivery of foreign currencies under the above leveraged contracts.

ii) The realised and unrealised exchange gain of HK$563 million above mainly represents the net exchange gain on Australian dollar bank balances arising from deliveries under the leveraged and plain vanilla contracts subsequent to their delivery date.

4 Profit from Consolidated Activities

In HK$ million	Six months ended 30 June **2009**	2008
The profit from consolidated activities is arrived at after charging		
Cost of inventories sold	**13,056**	20,738
Depreciation and amortisation	**596**	508
Impairment losses on other financial assets	**3**	21
Impairment losses on trade and other receivables	**32**	–
Impairment losses on fixed assets	**2**	14

5 Net Finance Charges/(Income)

In HK$ million	(Income)/charges Six months ended 30 June **2009**	2008
Finance charges		
Interest expense	**1,091**	709
Amount capitalised	**(745)**	(388)
	346	321
Other finance charges	**19**	28
Other financial instruments		
net realised loss, mainly on interest rate swaptions	**155**	–
fair value loss/(gain)	**20**	(96)
	540	253
Finance income		
Interest income	**(114)**	(272)
	426	(19)

6 Taxation

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 June 2008: 16.5%) on the estimated assessable profit for the period. Overseas taxation is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Tax provisions are reviewed regularly to take into account changes in legislation, practice and status of negotiations. Details are as follows:

	Six months ended 30 June	
In HK$ million	**2009**	2008
Current taxation		
Hong Kong profits tax	**102**	114
Overseas taxation	**231**	367
Deferred taxation		
Changes in fair value of investment properties	**(26)**	76
Origination and reversal of other temporary differences	**215**	(29)
Effect of tax rate change	**–**	(32)
	522	496

7 Dividends

	Six months ended 30 June	
In HK$ million	**2009**	2008
2008 Final dividend paid: Nil (2007: HK$0.80) per share	**–**	1,757
2009 Interim dividend proposed: HK$0.15 (2008: HK$0.30) per share	**547**	658

8 Earnings per Share

The calculation of earnings per share is based on the consolidated profit attributable to shareholders of HK$2,468 million (six months ended 30 June 2008: profit of HK$4,360 million).

The basic earnings per share is based on the weighted average number of 3,646,274,160 shares in issue during the period (six months ended 30 June 2008: 2,198,430,092 shares in issue). The diluted earnings per share for the six months ended 30 June 2008 is based on 2,203,728,977 shares, which is the weighted average number of shares in issue during the period plus the weighted average number of 5,298,885 shares deemed to be issued at no consideration if all outstanding options had been exercised. Diluted earnings per share for 2009 is the same as the basic earnings per share as it is deemed that no potential additional ordinary shares would be issued at no consideration from the exercise of options because the exercise price was above the average market price of the Company's shares for the period ended 30 June 2009.

9 Non-Current Deposits

Non-current deposits represent deposits made for land acquisitions and purchase of fixed assets.

10 Other Assets Held for Sale

The balance at 30 June 2009 represents an interest in an associated company, North United Power Corporation, following the approval of CITIC Pacific's board to dispose of the interest.

11 Debtors, Accounts Receivable, Deposits and Prepayments

In HK$ million	**30 June 2009**	31 December 2008
Trade debtors and bills receivable aged		
Within 1 year	**6,473**	5,281
Over 1 year	**211**	56
	6,684	5,337
Accounts receivable, deposits and prepayments	**4,449**	4,594
	11,133	9,931

Note:

i) Trade debtors are net of provisions and the ageing is classified based on invoice date.

ii) Each business unit has its own defined credit policy.

iii) The carrying amounts of debtors, accounts receivable, deposits and prepayments approximates their fair value.

iv) Accounts receivable, deposits and prepayments include amounts due from jointly controlled entities of HK$144 million (31 December 2008: HK$181 million), which are unsecured, interest free and recoverable on demand, except for an amount of HK$4 million (31 December 2008: HK$1.3 million) which is interest bearing, and amounts due from associated companies of HK$58 million (31 December 2008: HK$27 million) which are unsecured, interest free and recoverable on demand.

As at 30 June 2009, trade receivables of HK$186 million (31 December 2008: HK$166 million) were past due but not impaired. These relate to a number of independent customers which have no recent history of default. The ageing analysis of these trade receivables is as follows:

In HK$ million	**30 June 2009**	31 December 2008
Less than 3 months	**117**	–
3 to 6 months	**45**	131
Over 6 months	**24**	35
	186	166

11 Debtors, Accounts Receivable, Deposits and Prepayments *continued*

Movements in the provision for impairment of trade receivables are as follows:

In HK$ million	**30 June 2009**	31 December 2008
At beginning of period/year	**141**	83
Exchange adjustments	**–**	6
Provision for impairment loss	**19**	41
Receivables written off during the period/year	**–**	(4)
Impairment loss written back	**(26)**	–
Through acquisition of subsidiary	**10**	15
At end of period/year	**144**	141

The creation and release of provision for impairment losses has been included in other operating expenses in the consolidated profit and loss account. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

As at 30 June 2009, trade receivables of HK$148 million (31 December 2008: HK$162 million) were individually determined to be impaired. The individually impaired receivables mainly relate to customers who are in an unexpected difficult economic situation. It was assessed that a portion of such receivables is expected to be recovered.

12 Creditors, Accounts Payable, Deposits and Accruals

In HK$ million	**30 June 2009**	31 December 2008
Trade creditors and bills payable aged		
Within 1 year	**7,411**	5,517
Over 1 year	**500**	424
	7,911	5,941
Accounts payable, deposits and accruals	**8,897**	7,559
	16,808	13,500

Note: The carrying amounts of creditors, accounts payable, deposits and accruals approximate their fair value.

13 Borrowings

a

In HK$ million	30 June 2009	31 December 2008
Long term borrowings		
Bank loans		
unsecured	**40,861**	37,577
secured	**16,043**	8,478
	56,904	46,055
Other loans		
unsecured	**4,017**	4,040
Total long term borrowings	**60,921**	50,095
Amounts repayable within one year included under current liabilities	**(4,098)**	(2,243)
Total long term borrowings (non-current portion)	**56,823**	47,852
Short term borrowings		
Bank loans		
unsecured	**2,950**	6,704
secured	**486**	324
	3,436	7,028
Other loans		
unsecured	**6**	6
secured	**37**	105
	43	111
Amounts repayable within one year included under current liabilities	**4,098**	2,243
	7,577	9,382
Total of bank and other loans included under current liabilities		
secured	**546**	490
unsecured	**7,031**	8,892
	7,577	9,382
Total borrowings	**64,400**	57,234

Note:

i) Bank loans and other loans of the Group not wholly repayable within five years amounted to HK$22,496 million (31 December 2008: HK$16,850 million).

ii) On 1 June 2001, CITIC Pacific Finance (2001) Limited, a wholly owned subsidiary of the Company, issued and sold a total of US$450 million principal amount of 7.625% guaranteed notes due 2011 ('Guaranteed Notes') for refinancing the indebtedness of the Company and for general corporate purposes, to investors pursuant to purchase agreements dated 24 May 2001 and 1 June 2001. All of the Guaranteed Notes remained outstanding at 30 June 2009.

iii) On 26 October 2005, CITIC Pacific Finance (2005) Limited, a wholly owned subsidiary of the Company, issued and sold JPY 8.1 billion in aggregate principal amount of guaranteed floating rate note due 2035 ('JPY Notes') to investors for general corporate purposes pursuant to the subscription agreement dated 26 October 2005. All of the JPY Notes remained outstanding at 30 June 2009.

iv) Bank loans and other loans, other than the JPY Notes, are fully repayable before 2032 and bear interest at the prevailing market rates.

v) As at 30 June 2009, certain of the Group's inventories, deposits, accounts receivable, properties under development and self-used properties with an aggregate carrying value of HK$1.1 billion (31 December 2008: HK$0.7 billion) were pledged to secure loans and banking facilities granted to certain subsidiary companies of the Group. In addition, assets of HK$18.5 billion (31 December 2008: HK$15.1 billion) of the iron ore mining project were pledged under its project finance arrangements. Shipbuilding contracts of HK$5.1 billion (31 December 2008: HK$5.1 billion) for 12 ships being built to transport iron ore were also pledged as security for the ships financing. The aggregate values of assets pledged for various facilities amounted to approximately HK$24.7 billion (31 December 2008: HK$20.9 billion).

13 Borrowings *continued*

b The maturity of the long term borrowings is as follows:

In HK$ million	**30 June 2009**	31 December 2008
Bank loans are repayable		
in the first year	**4,097**	2,242
in the second year	**10,510**	5,625
in the third to fifth years inclusive	**20,307**	21,867
after the fifth year	**21,990**	16,321
	56,904	46,055
Other loans are repayable		
in the first year	**1**	1
in the second year	**3,510**	–
in the third to fifth years inclusive	**–**	3,510
after the fifth year	**506**	529
	4,017	4,040
	60,921	50,095

c The exposure of the Group's total borrowings to interest rate changes is as follows:

In HK$ million	**30 June 2009**	31 December 2008
Total borrowings	**64,400**	57,234
Borrowing at fixed rates for more than one year (from balance sheet date)	**(4,013)**	(3,984)
Interest rate swaps converting floating to fixed	**(16,962)**	(8,044)
Borrowings subject to interest-rate changes	**43,425**	45,206

The effective interest rate per annum on the Group's borrowings after considering the impact of interest rate swaps (converting floating to fixed rates of interest) was as follows:

	30 June 2009	31 December 2008
Total borrowings	**3.7%**	4.7%

d The fair value of borrowings is HK$61,930 million (31 December 2008: HK$53,033 million). The fair values are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments. These fair values, as compared to the carrying values, would have reflected an unrealised gain of HK$2,470 million (31 December 2008: HK$4,201 million). This unrealised gain has not been recorded in the accounts as the borrowings were not held for trading purposes, and accordingly have been accounted for at amortised cost.

13 Borrowings *continued*

e The carrying amounts of the total borrowings are denominated in the following currencies:

In HK$ million	**30 June 2009**	31 December 2008
Hong Kong dollar	**13,691**	14,886
US dollar	**36,066**	30,165
Renminbi	**13,263**	10,970
Other currencies	**1,380**	1,213
	64,400	57,234

The Group has the following undrawn borrowing facilities:

In HK$ million	**30 June 2009**	31 December 2008
Floating rate		
expiring within one year	**2,270**	3,032
expiring beyond one year	**9,028**	17,285
	11,298	20,317

14 Financial Risk Management

Financial Risk Factors

The Group is exposed to a variety of financial risks and manages them through a combination of financial instruments.

An Asset and Liability Management Committee ('ALCO') was set up by the board in October 2008 to oversee and monitor the exposures of the Group, and it meets on a monthly basis.

Financial risk management is centralised at head office level but execution and monitoring of specific risks and raising finance may be delegated to business units.

14 Financial Risk Management *continued*

Financial Risk Factors *continued*

a Exposure to Interest Rate Fluctuations

The Group aims to maintain a suitable mixture of fixed rate and floating rate borrowings in order to stabilise interest costs over time despite rate movements. The Group uses interest rate swaps and other instruments to modify the interest rate characteristics of its borrowings. As at 30 June 2009, HK$21 billion (31 December 2008: HK$13.7 billion) of the Group's total borrowings were effectively paying fixed rates and the remaining were effectively paying a floating rate of interest. In addition, HK$7.3 billion of forward starting swaps were outstanding that had not become effective as at 30 June 2009.

At 30 June 2009, if interest rates had been 100 basis points higher/lower, with all other variables held constant, the hypothetical impact would be as follows:

	100 basis points higher		100 basis points lower	
In HK$ million	Hypothetical impact on profit/(loss)	Hypothetical impact on equity increase/(decrease)	Hypothetical impact on profit/(loss)	Hypothetical impact on equity increase/(decrease)
Bank borrowings	**(140)**	**–**	**140**	**–**
Cash & deposits	**204**	**–**	**(204)**	**–**
Derivatives	**105**	**1,743**	**(116)**	**(1,918)**

At 31 December 2008, if interest rates had been 100 basis points higher/lower, with all other variables held constant, the hypothetical impact would be as follows:

	100 basis points higher		100 basis points lower	
In HK$ million	Hypothetical impact on profit/(loss)	Hypothetical impact on equity increase/(decrease)	Hypothetical impact on profit/(loss)	Hypothetical impact on equity increase/(decrease)
Bank borrowings	(190)	–	190	–
Cash & deposits	157	–	(157)	–
Derivatives	82	2,113	(89)	(2,375)

As described in note 14(b), the Group completed the restructuring of its leveraged AUD/USD contracts into plain vanilla forward contracts with an aggregate notional amount of AUD 2.3 billion outstanding at 30 June 2009. Since restructuring, these derivatives qualify and are accounted for as hedges against movements in the AUD/USD spot exchange rate. Therefore changes in the fair value of the derivatives as a result of movements in the AUD/USD spot exchange rate are recognised in the hedging reserve, whilst the residual changes in fair value of these derivatives largely reflecting movements in the differential between Australian and US interest rates are recorded in the profit and loss. At 30 June 2009, a 100 basis point increase/(decrease) in the differential between Australian and US interest rates could give rise to a hypothetical impact of approximately HK$240 million (decrease)/increase hypothetical impact on profit.

14 Financial Risk Management *continued*

Financial Risk Factors *continued*

b Exposure to Foreign Currency Fluctuations

CITIC Pacific is based in Hong Kong and has determined that its functional currency is the Hong Kong Dollar. CITIC Pacific conducts its business mainly in Hong Kong, mainland China and Australia. Therefore, it is subject to the risk of changes in the foreign exchange rates of the US Dollar, Renminbi and Australian Dollar and to a lesser extent, Japanese Yen, Euro and Swedish Krona. To minimise currency exposure, non-HK Dollar assets are usually financed by borrowings in the same currency as the asset or cash flow from it. Achieving this objective is not always possible due to limitations in financial markets and regulatory constraints, particularly investment into mainland China, as the Renminbi is currently not a freely convertible currency. In addition, regulations in mainland China require 'registered capital', which usually accounts for no less than 25% of the total investment amount, for projects in mainland China and to be paid in foreign currency. As the Group's investment in mainland China expands, CITIC Pacific has an increasing exposure to the Renminbi.

The future cash net flow of the Group's Australian iron ore mining project is denominated in USD and this is its functional currency for accounting purposes. A substantial portion of the project infrastructure/pre-completion operating expenditure is, and will be, denominated in Australian Dollars and other non-USD currencies, as will the operating expenditure once the mine is completed.

The Group entered into multiple leveraged AUD foreign exchange contracts mainly in the second half of 2008 to meet AUD requirements of the Australian mining operations. Leveraged foreign exchange contracts with maximum deliverable amount of AUD 5.3 billion were novated to the CITIC Group in December 2008, and AUD 2.9 billion remained for restructuring into plain vanilla forward contracts that qualify as accounting hedges, as their maturity matches the need of the business. These contracts were all restructured into plain vanilla forward contracts during December 2008 to May 2009. Currently, no leveraged AUD foreign exchange contracts remain as at 30 June 2009.

As at 30 June 2009 these plain vanilla forward contracts had a notional amount of AUD 2,334 million.

One EUR dual currency leveraged foreign exchange contract was terminated in January 2009. Currently, there are no EUR leveraged foreign exchange contracts remaining in the Group's portfolio. As at 30 June 2009, three RMB target redemption contracts with maximum hedged amount of RMB 3,102 million were held by the Group to hedge its RMB exposures. These non-deliverable forward contracts are not eligible for hedge accounting, and gains and losses in the fair market value of these contracts are reflected in the profit and loss account.

CITIC Pacific funded the iron ore mining project and the acquisition of bulk cargo vessels by USD loans to match the future cash flow of these assets. USD/HKD foreign exchange forward contracts and cross currency swaps are employed to hedge 34% of the currency exposure arising from other USD loans and a JPY/HKD cross currency swap was employed to minimise currency exposure for a JPY Bond.

14 Financial Risk Management *continued*

Financial Risk Factors *continued*

b Exposure to Foreign Currency Fluctuations *continued*

Sensitivity analysis

The following table indicates the approximate change in the Group's profit/(loss) and equity in response to reasonable possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date, and that all other variables, in particular interest rates, remain constant.

Group			**30 June 2009**			
In HK$ million	Hypothetical increase in foreign exchange rates	Effect on profit/(loss)	Effect on equity increase/ (decrease)	Hypothetical decrease in foreign exchange rates	Effect on profit/(loss)	Effect on equity increase/ (decrease)
USD	**1%**	**(103)**	**–**	**1%**	**103**	**–**
RMB	**1%**	**57**	**–**	**1%**	**(57)**	**–**
AUD (note)	**10%**	**43**	**1,469**	**10%**	**(43)**	**(1,469)**
YEN	**5%**	**(21)**	**–**	**5%**	**22**	**–**
SEK	**10%**	**–**	**10**	**10%**	**–**	**(8)**
EURO	**5%**	**–**	**–**	**5%**	**–**	**–**

Group			31 December 2008			
In HK$ million	Hypothetical increase in foreign exchange rates	Effect on profit/(loss)	Effect on equity increase/ (decrease)	Hypothetical decrease in foreign exchange rates	Effect on profit/(loss)	Effect on equity increas/ (decrease)
USD	1%	(83)	–	1%	83	–
RMB	2%	171	–	2%	(128)	–
AUD (note)	10%	1,264	473	10%	(1,264)	(473)
YEN	10%	(51)	2	10%	51	(2)
SEK	15%	–	33	15%	–	(33)
EURO	5%	2	–	5%	(3)	–

Note:
During the period ended 30 June 2009, the Group completed restructuring of all its leveraged AUD contracts to plain vanilla forward, which contracts qualify as and are accounted for as hedges. Therefore, changes in such contracts due to movements in AUD/USD spot rates only impact equity in the 30 June 2009 sensitivity table above. As at 31 December 2008, contracts with a substantial notional amount remained to be restructured and the sensitivity table as at 31 December 2008 above reflected the fact that hypothetical changes in AUD/USD spot rates could impact the profit and loss account for such contracts.

c Price Risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as available-for-sale. At 30 June 2009, if there had been a 5% change in the market value of available-for–sale securities with all other variables held constant, the Group's equity would have increased/ (decreased) by HK$11 million (31 December 2008: HK$34 million).

The Group is subject to commodity price risks such as iron ore and coal, and price risks associated with input costs and costs of goods sold. The Group has not entered into derivatives to manage such exposures.

14 Financial Risk Management *continued*

Financial Risk Factors *continued*

d Credit Exposure

The Group's credit risk is primarily related to deposits placed with banks and the continued ability of the banks to deliver on foreign exchange and derivatives. Operating businesses have trade and accounts receivables.

The Group's cash and deposits with banks are placed with major financial institutions. Counterparty limits are closely monitored for all financial institutions with whom the Group is doing business. The Group only deals with international financial institutions with an investment grade credit rating except for leading PRC financial institutions that do not have an international credit rating. The amount of counterparties' lending exposure to the Group is an important consideration as a means to control credit risk.

Trade receivables are presented net of allowances for bad and doubtful debts. Credit risk in respect of trade and accounts receivables is dispersed since the customers are large in number and spread across different industries and geographical areas. Accordingly, the Group has no significant concentration of such credit risk. Each core operating business has a policy of credit control in place under which credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are due within 15 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The maximum exposure to credit risk at the reporting date is the carrying value of each financial asset, including derivative financial instruments, in the balance sheet after deducting any impairment allowance. None of the financial assets that are fully performing has been renegotiated in the current period.

e Liquidity Risk

Liquidity risk is managed by maintaining substantial undrawn committed credit facilities, money market lines and cash deposits so as to avoid over reliance on any one source of funds. Refinancing is allocated such that there is a reasonable amount coming due in any one period. In addition, the Company has established co-operative agreements with major PRC banks.

The Group's liquidity management procedures involve regularly projecting cashflows in major currencies, and considering the level of liquid assets and new financings necessary to meet these cash flow requirements.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the balance sheet date.

In HK$ million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2009				
Bank borrowings	**9,253**	**15,404**	**23,108**	**26,853**
Derivative financial instruments	**1,019**	**846**	**2,255**	**5,375**
Trade creditors and accounts payable	**16,547**	**250**	**9**	**2**
At 31 December 2008				
Bank borrowings	10,720	6,772	27,473	20,683
Derivative financial instruments	666	780	1,893	4,677
Trade creditors and accounts payable	12,985	507	8	–

14 Financial Risk Management *continued*

Financial Risk Factors *continued*

e Liquidity Risk *continued*

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on interest or exchange rates (where applicable) prevailing at the balance sheet date.

In HK$ million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 June 2009				
Forward foreign exchange contracts – cash flow hedges				
outflow	**(4,283)**	**(4,015)**	**(6,689)**	**–**
inflow	**4,033**	**3,778**	**6,285**	**–**
Forward foreign exchange contracts – not qualified for hedge accounting				
outflow	**(4,554)**	**(2,438)**	**(14)**	**(147)**
inflow	**4,619**	**2,455**	**11**	**65**

The majority of foreign exchange forward contracts that are not qualified for hedge accounting as at 30 June 2009 consist of USD/HKD forward exchange contracts and gains and losses in the fair market value of these contracts are reflected in the profit and loss account.

In HK$ million	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2008				
Forward foreign exchange contracts – cash flow hedges				
outflow	(2,275)	(1,334)	(2,561)	–
inflow	2,012	1,136	2,105	–
Forward foreign exchange contracts – not qualified for hedge accounting				
outflow	(11,207)	(9,788)	(334)	(201)
inflow	10,019	8,695	339	131

14 Financial Risk Management *continued*

Financial Risk Factors *continued*

f Fair Value Estimation

i) The fair value of outstanding derivative transactions is calculated based on the price quotations obtained from Reval Inc., a derivative risk management and hedge accounting solutions firm, and is cross checked against price quotations obtained from major financial institutions. Fair value of loans receivable is estimated as the present value of future cash flows, discounted at the current market interest rates for similar financial instruments.

The fair value of borrowings is disclosed in note 13(d). The fair values are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

ii) The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

iii) The carrying value less impairment provision of trade and other receivables and trade and other payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

iv) Certain financial instruments fail to demonstrate, either at inception or throughout the life of the hedge, that the hedge is highly effective, so do not meet hedging requirements. The related foreign currency and interest rate exposure is evaluated at fair values at period ends with movements thereon dealt with in the profit and loss account.

15 Capital Risk Management

The Group's primary objective when managing capital is to safeguard the Group's ability to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a strong shareholders' equity position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group's leverage ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank deposits. Total capital is the equity attributable to shareholders of the Company, as shown in the consolidated balance sheet, plus net debt.

The leverage ratio at 30 June 2009 and at 31 December 2008 were as follows:

In HK$ million	**30 June 2009**	As restated 31 December 2008
Total borrowings	**64,400**	57,234
Less: Cash and bank deposits	**20,946**	18,296
Net debt	**43,454**	38,938
Equity attributable to the equity holders of the Company	**55,443**	49,688
Total capital	**98,897**	88,626
Leverage ratio	**44%**	44%

16 Derivative Financial Instruments

In HK$ million	**30 June 2009** Assets	**30 June 2009** Liabilities	31 December 2008 Assets	31 December 2008 Liabilities
Qualified for hedge accounting – cash flow hedge				
Interest-rate instruments	**–**	**1,833**	–	4,150
Forward foreign exchange instruments	**56**	**947**	21	990
	56	**2,780**	21	5,140
Not qualified for hedge accounting				
Interest-rate instruments	**195**	**157**	222	458
Forward foreign exchange instruments	**74**	**262**	1,008	4,127
	269	**419**	1,230	4,585
	325	**3,199**	1,251	9,725
Less: current portion				
Interest-rate instruments	**48**	**44**	50	63
Forward foreign exchange instruments	**65**	**264**	966	2,980
	113	**308**	1,016	3,043
	212	**2,891**	235	6,682

i) Forward foreign exchange instruments

The notional amount of the outstanding forward foreign exchange instruments at 30 June 2009 was HK$25,767 million (31 December 2008: HK$34,513 million).

Gains and losses on forward foreign exchange contracts associated with highly probable forecast underlying transactions denominated in foreign currency expected to occur at various dates up to the next 48 months are recognised in the hedging reserve in equity as at 30 June 2009 and will be recognised in the profit and loss account in the period or periods during which the underlying hedged transactions affect the profit and loss account.

ii) Interest rate instruments

The notional amount of outstanding interest rate swap contracts at 30 June 2009 was HK$29,726 million (31 December 2008: HK$29,626 million). In addition, the Group had cross currency interest rate swap contracts with aggregate notional amount of HK$1,195 million (31 December 2008: HK$1,195 million). At 30 June 2009, the fixed interest rates under interest rate swaps varied from 3% to 7.23% per annum (31 December 2008: 3% to 7.23% per annum). Gains and losses on interest rate swap contracts qualifying for hedge accounting as at 30 June 2009 are recognised in the hedging reserve in equity and are released to the profit and loss account to match relevant interest payments which are mainly calculated at a margin added to the Hong Kong Inter-bank offered rate (HIBOR) or London Interbank offered rate (LIBOR).

17 Material Related Party Transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Since 24 December 2008, CITIC Pacific Limited is controlled by CITIC Group which owns 57.6% of the Company's shares as at 30 June 2009. CITIC Group is subject to the control of the PRC Government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as the 'state-owned enterprises'). Therefore, transactions with state-owned enterprises are regarded as related party transactions from 24 December 2008.

For the purpose of related party disclosure, the Group has identified to the extent practicable whether its customers and suppliers are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs. Management believes that meaningful information relating to significant related party transactions has been adequately disclosed.

The following is a summary of significant related party transactions between the Group and its related parties, including other state-owned enterprises, during the year and balances arising from related party transactions at the balance sheet date.

Transactions with state-owned banks

In HK$ million	**Six months ended 30 June 2009**
Interest expenses on bank borrowings	**645**

As at 30 June 2009, there were derivative liabilities of HK$1,961 million (31 December 2008: HK$5,815 million) in relation to outstanding financial instrument transactions with state-owned banks. They are included in the balances disclosed in Note 16.

In HK$ million	**As at 30 June 2009**	As at 31 December 2008
Balances with fellow subsidiary companies within CITIC Group, ultimate holding company of the Company		
(i) Bank balances	**1,103**	1,754
(ii) Bank loans	**1,029**	734
Balances with state-owned enterprises, including banks		
(i) Bank balances	**7,795**	7,903
(ii) Bank loans	**40,515**	32,222
(iii) Trade, other receivables and prepayments	**1,092**	1,121
(iv) Trade payables and other payables	**748**	978
(v) Non-current deposits: payment for construction of bulk cargo vessels with the refund guaranteed by a state-owned bank	**3,800**	3,754

17 Material Related Party Transactions *continued*

Transactions and balances with China Metallurgical Group, a state-owned enterprise

On 24 January 2007, Sino Iron Pty Ltd., a wholly owned subsidiary of the Company, ('Sino Iron') entered into a general construction contract with China Metallurgical Group Corp., a state-owned enterprise ('MCC'). Under the contract, MCC is responsible for the procurement of mining equipment, design, construction and installation of the primary crushing plant, concentrator, pellet plant, material handling system, camp and other auxiliary infrastructure facilities at an amount not exceeding US$1,106 million (approximately HK$8,630 million) in relation to the first 1 billion tonnes of ore to be extracted. The price for these works to be conducted by MCC is capped and no increase to the contract sum can be made unless otherwise agreed by both parties. On 20 August 2007, Sino Iron entered into supplemental agreements with MCC in relation to, amongst other things, the adjustment to the scope of the works to be conducted by MCC to include the second 1 billion tonnes of iron ore to be extracted and the contract sum was revised to US$1,750 million (approximately HK$13,650 million).

Sino Iron and MCC also agreed that the other remaining works would be contracted out to third parties directly by Sino Iron and such works shall be managed by MCC. Sino Iron agreed to pay 1% of the relevant price in (excluding any fee for training, interest, transportation, insurance and tax expenses) to MCC as management fees for the MCC managed works.

In HK$ million	**As at 30 June 2009**	As at 31 December 2008
Deposit paid to MCC	**1,529**	1,654
Trade payable and other payables to MCC	**655**	821
Deposit received from MCC for the acquisition of 20% interest in Sino Iron	**1,716**	–

On 20 August 2007, a wholly owned subsidiary of CITIC Pacific holding 100% of Sino Iron, and MCC entered into an agreement for MCC to purchase 20% of Sino Iron consideration equivalent to 20% of all the funds provided to Sino Iron by CITIC Pacific for the development of the iron ore project up to the date of completion, plus interest.

18 Post Balance Sheet Events

On 17 August 2009, the Company announced that it agreed to sell a 14.5% shareholding in Cathay Pacific Airways Limited, an associated company of the Group, for an aggregated cash consideration of approximately HK$7.3 billion with an estimated gain of approximately HK$1 billion.

On 24 August 2009, the Company announced that it agreed to purchase, for a consideration of approximately RMB1.5 billion (approximately HK$1.7 billion), a minority interest of approximately 20% in Jiangyin Xingcheng Special Steel so that on completion Jiangyin Xingcheng Special Steel will become wholly owned by the Group.

19 Comparative Figures

Certain comparative figures for 2008 have been adjusted to conform with the current accounting standards described in note 1 to the Accounts.

Report on Review of Interim Financial Information

Report on Review of Interim Financial Information to The Board of Directors of Citic Pacific Limited
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 26 to 53, which comprises the consolidated balance sheet of CITIC Pacific Limited (the 'Company') and its subsidiaries (together, the 'Group') as at 30 June 2009 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 'Interim Financial Reporting'.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 August 2009

Statutory Disclosure

Dividend and Closure of Register

The directors have declared an interim dividend of HK$0.15 per share (2008: HK$0.30 per share) for the year ending 31 December 2009 payable on Thursday, 24 September 2009 to shareholders whose names appear on CITIC Pacific's register of members on Friday, 18 September 2009. CITIC Pacific's register of members will be closed from Monday, 14 September 2009 to Friday, 18 September 2009, both days inclusive, during which period no share transfer will be effected. To qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the company's Share Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 11 September 2009.

Share Option Plan

Share Option Plan Adopted by CITIC Pacific

Under the CITIC Pacific Share Incentive Plan 2000 ('the Plan') adopted on 31 May 2000, the board may invite any director, executive or employee of CITIC Pacific or any of its subsidiaries to subscribe for options over CITIC Pacific's shares on payment of HK$1 per acceptance. The exercise price determined by the board will be at least the higher of (i) the closing price of the company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the company's shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the company's shares. The maximum number of shares over which options may be granted under the Plan shall not exceed 10% of (i) the issued share capital of the company from time to time or (ii) the issued share capital of the company as at the date of adopting the Plan, whichever is the lower.

All options granted and accepted under the Plan can be exercised in whole or in part within 5 years from the date of grant. During the six months ended 30 June 2009, none of such options were exercised and cancelled, but options for 4,050,000 shares have lapsed. A summary of the movements of the share options during the six months ended 30 June 2009 is as follows:

A. CITIC Pacific Directors

			Number of share options		
Name of director	Date of grant	Exercise price HK$	Balance as at 01.01.09	Balance as at 30.06.09	Percentage to issued share capital
Chang Zhenming	16.10.07	47.32	500,000	500,000	0.014
Peter Lee Chung Hing	01.11.04	19.90	1,000,000	1,000,000	
	20.06.06	22.10	1,200,000	1,200,000	
	16.10.07	47.32	1,200,000	1,200,000	
				3,400,000	0.093
Carl Yung Ming Jie	01.11.04	19.90	500,000	500,000	
	20.06.06	22.10	600,000	600,000	
	16.10.07	47.32	800,000	800,000	
				1,900,000	0.052
Vernon Francis Moore	01.11.04	19.90	1,000,000	1,000,000	
	20.06.06	22.10	700,000	700,000	
	16.10.07	47.32	600,000	600,000	
				2,300,000	0.063

Name of director	Date of grant	Exercise price HK$	Number of share options Balance as at 01.01.09	Balance as at 30.06.09	Percentage to issued share capital
Li Shilin	16.10.07	47.32	500,000	500,000	0.014
Liu Jifu	20.06.06	22.10	700,000	700,000	
	16.10.07	47.32	700,000	700,000	
				1,400,000	0.038
Milton Law Ming To	01.11.04	19.90	334,000	334,000	
	20.06.06	22.10	800,000	800,000	
	16.10.07	47.32	800,000	800,000	
				1,934,000	0.053
Wang Ande	20.06.06	22.10	350,000	350,000	
	16.10.07	47.32	800,000	800,000	
				1,150,000	0.032
Kwok Man Leung	16.10.07	47.32	600,000	600,000	0.016
Larry Yung Chi Kin	16.10.07	47.32	2,000,000	N/A (Note 1)	N/A (Note 1)

Note:
1. Mr Larry Yung Chi Kin has resigned with effect from 8 April 2009.

B. CITIC Pacific employees working under continuous contracts (as defined in the Employment Ordinance), other than the directors

Date of grant	Exercise price HK$	Number of share options Balance as at 01.01.09	Balance as at 30.06.09
01.11.04	19.90	1,030,000	1,030,000
20.06.06	22.10	2,046,000	2,046,000
16.10.07	47.32	6,750,000	6,750,000

C. Others

Date of grant	Exercise price HK$	Number of share options Balance as at 01.01.09	Balance as at 30.06.09
01.11.04	19.90	1,050,000 (Note 2)	200,000 (Note 3)
20.06.06	22.10	1,600,000 (Note 2)	– (Note 4)
16.10.07	47.32	3,600,000 (Note 2)	2,000,000 (Note 5)

Note:
2. These are in respect of options granted to former directors or employee under continuous contracts, who have subsequently resigned or retired.
3. Out of 1,050,000 options, 850,000 options have lapsed during the six months ended 30 June 2009.
4. 1,600,000 options have lapsed during the six months ended 30 June 2009.
5. Out of 3,600,000 options, 1,600,000 options have lapsed during the six months ended 30 June 2009.

Share Option Plans Adopted by Subsidiaries of CITIC Pacific

CITIC 1616 Holdings Limited ('CITIC 1616')

CITIC 1616 adopted a share option plan ('CITIC 1616 Share Option Plan') on 17 May 2007. On 23 May 2007, options to subscribe for a total of 18,720,000 shares in CITIC 1616, representing approximately 1% of the issued share capital, at the exercise price of HK$3.26 per share, were granted under the CITIC 1616 Share Option Plan and all were accepted. All options granted can be exercised in whole or in part within 5 years from the date of grant. None of the above options were exercised, cancelled or lapsed and no further options were granted during the six months ended 30 June 2009. The grantees were certain directors or employees of CITIC 1616 working under continuous contracts (as defined in the Employment Ordinance). None were granted to the directors, chief executives or substantial shareholders of CITIC Pacific.

Dah Chong Hong Holdings Limited ('DCH Holdings')

Pre-IPO Share Option Scheme

DCH Holdings adopted the Pre-IPO Share Option Scheme ('Pre-IPO Scheme') on 28 September 2007.

DCH Holdings has granted 18,000,000 options under the Pre-IPO Scheme before the listing of DCH Holdings at the exercise price of HK$5.88 per share. No further options can be, or have been, offered or granted under the Pre-IPO Scheme after DCH Holdings' listing on 17 October 2007. All options granted and accepted fully vested on the date of grant but have a lock-up period of 6 months from the listing of DCH Holdings and are then exercisable in whole or in part within 5 years from the date of grant. The grantees were certain directors or employees of the DCH Holdings group working under continuous contracts (as defined in the Employment Ordinance). None were granted to the directors, chief executives or substantial shareholders of CITIC Pacific.

As at 1 January 2009, 17,400,000 options were outstanding under the Pre-IPO Scheme. None of these options were exercised, cancelled or lapsed during the six months ended 30 June 2009.

Post-IPO Share Option Scheme

DCH Holdings adopted the Post-IPO Share Option Scheme ('Post-IPO Scheme') on 28 September 2007. DCH Holdings has not granted any options under the Post-IPO Scheme since its adoption.

Directors' Interests in Securities

The interests of the directors in shares of CITIC Pacific or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ('SFO')) as at 30 June 2009 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Shares in CITIC Pacific and associated corporations

Name of director	Number of shares Personal interests unless otherwise stated	Percentage to issued share capital
CITIC Pacific Limited		
Peter Lee Chung Hing	1,000,000	0.027
Carl Yung Ming Jie	300,000	0.008
Vernon Francis Moore	4,200,000 (Note 1)	0.115
Li Shilin	300,000	0.008
Liu Jifu	840,000	0.023
Wang Ande	400,000	0.011
Hansen Loh Chung Hon	1,550,000 (Note 2)	0.043
André Desmarais	8,145,000 (Note 3)	0.223
Peter Kruyt (alternate director to Mr André Desmarais)	34,100	0.001
CITIC 1616 Holdings Limited		
Vernon Francis Moore	200,000 (Note 1)	0.010
Dah Chong Hong Holdings Limited		
Li Shilin	12,000	0.001
Liu Jifu	33,600 (Note 4)	0.002
Hansen Loh Chung Hon	62,000 (Note 5)	0.003
CITIC Guoan Information Industry Co., Ltd.		
Li Shilin	92,466	0.006
CITIC Resources Holdings Limited		
Zhang Jijing	28,000 (Note 4)	0.001

Note:
1. Trust interest
2. Personal interest in respect of 1,050,000 shares; corporate interest in respect of 500,000 shares and family interest in respect of 500,000 shares which duplicate each other
3. Corporate interest in respect of 8,000,000 shares and family interest in respect of 145,000 shares
4. Family Interest
5. Corporate interest in respect of 20,000 shares and joint interest in respect of 42,000 shares

2. Share options in CITIC Pacific

The interests of the directors in the share options (being regarded as unlisted physically settled equity derivatives) of CITIC Pacific are stated in detail in the preceding section of Share Option Plan.

3. Share options in associated corporations

CITIC Capital Holdings Limited

		Number of share options				
Name of director	Date of grant	Balance as at 01.01.09	Granted during the 6 months ended 30.06.09	Lapsed / cancelled / exercised during the 6 months ended 30.06.09	Balance as at 30.06.09	Percentage to issued share capital
Chang Zhenming	11.12.07	125,000	–	–	125,000	0.446
Peter Lee Chung Hing	02.03.05	15,000	–	–	15,000	
	04.04.06	10,000	–	–	10,000	
	11.12.07	10,000	–	–	10,000	
					35,000	0.125
Vernon Francis Moore	02.03.05	15,000	–	–	15,000	
	04.04.06	10,000	–	–	10,000	
	11.12.07	10,000	–	–	10,000	
					35,000	0.125
Ju Weimin	11.12.07	15,000 (Note 6)	–	–	15,000	0.054

Note:

6. Mr Ju Weimin was appointed as director of CITIC Pacific on 1 April 2009. Thus, this is in respect of the balance as of 1 April 2009.

CITIC Resources Holdings Limited

		Number of share options				
Name of director	Date of grant	Balance as at 01.01.09	Granted during the 6 months ended 30.06.09	Lapsed / cancelled / exercised during the 6 months ended 30.06.09	Balance as at 30.06.09	Percentage to issued share capital
Zhang Jijing	02.06.05	10,000,000 (Note 7)	–	–	10,000,000	0.165

Note:

7. Mr Zhang Jijing was appointed as director of CITIC Pacific on 1 April 2009. Thus, this is in respect of the balance as of 1 April 2009.

Save as disclosed above, as at 30 June 2009, none of the directors of CITIC Pacific had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of CITIC Pacific or its associated corporations or any interests which are required to be entered into the register kept by CITIC Pacific pursuant to section 352 of the SFO or any interests which are required to be notified to the company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Substantial Shareholders

As at 30 June 2009, the interests of the substantial shareholders, other than the directors of CITIC Pacific or their respective associate(s), in the shares of CITIC Pacific as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows:

Interest in the shares

Name	Number of shares of CITIC Pacific	Percentage to issued share capital
CITIC Group	2,098,736,285	57.558
CITIC Hong Kong (Holdings) Limited ('CITIC HK')	747,486,203	20.500
Heedon Corporation	598,261,203	16.407
Full Chance Investments Limited	450,416,694	12.353
Newease Investments Limited	450,416,694	12.353
Skyprofit Holdings Limited	450,416,694	12.353
Larry Yung Chi Kin	360,418,000 (Note)	9.88
Honpville Corporation	310,988,221	8.529
Earnplex Corporation	255,237,000	6.999

Note:
This includes 2,000,000 share options of CITIC Pacific granted to Mr Larry Yung Chi Kin on 16 October 2007 at the exercise price of HK$47.32 per share. The 2,000,000 share options have lapsed on 8 July 2009.

CITIC Group is a substantial shareholder of CITIC Pacific holding its indirect interest through its wholly owned subsidiary companies as follows:

Name of subsidiary company of CITIC Group	Number of shares of CITIC Pacific	Percentage to issued share capital
CITIC HK	747,486,203	20.500
Full Chance Investments Limited	450,416,694	12.353
Newease Investments Limited	450,416,694	12.353
Skyprofit Holdings Limited	450,416,694	12.353

CITIC HK is a substantial shareholder of CITIC Pacific holding its indirect interest through its wholly owned subsidiary companies as follows:

Name of subsidiary company of CITIC HK	Number of shares of CITIC Pacific	Percentage to issued share capital
Affluence Limited	46,089,000	1.264
Winton Corp.	30,718,000	0.842
Westminster Investment Inc.	101,960,000	2.796
Jetway Corp.	122,336,918	3.355
Cordia Corporation	32,258,064	0.885
Honpville Corporation	310,988,221	8.529
Hainsworth Limited	93,136,000	2.554
Southpoint Enterprises Inc.	10,000,000	0.274
Raymondford Company Limited	2,823,000	0.077

CITIC Group is the holding company of CITIC HK, Full Chance Investments Limited, Newease Investments Limited and Skyprofit Holdings Limited. CITIC HK is the direct holding company of Heedon Corporation, Hainsworth Limited, Affluence Limited and Barnsley Investments Limited. Heedon Corporation is the direct holding company of Winton Corp., Westminster Investment Inc., Jetway Corp., Kotron Company Ltd. and Honpville Corporation. Kotron Company Ltd. is the direct holding company of Cordia Corporation. Affluence Limited is the direct holding company of Man Yick Corporation which is the direct holding company of Raymondford Company Limited. Barnsley Investments Limited is the direct holding company of Southpoint Enterprises Inc.

Accordingly,

(i) the interests of CITIC Group in CITIC Pacific duplicate the interests of CITIC HK, Full Chance Investments Limited, Newease Investments Limited and Skyprofit Holdings Limited in CITIC Pacific;

(ii) the interests of CITIC HK in CITIC Pacific duplicate the interests in CITIC Pacific of all its direct and indirect subsidiary companies as described above;

(iii) the interests of Heedon Corporation in CITIC Pacific duplicate the interests in CITIC Pacific of all its direct and indirect subsidiary companies as described above;

(iv) the interests of Kotron Company Ltd. in CITIC Pacific duplicate the interests of Cordia Corporation in CITIC Pacific;

(v) the interests of Affluence Limited in CITIC Pacific duplicate the interests in CITIC Pacific of its direct and indirect subsidiary companies as described above;

(vi) the interests of Man Yick Corporation in CITIC Pacific duplicate the interests of Raymondford Company Limited in CITIC Pacific; and

(vii) the interests of Barnsley Investments Limited in CITIC Pacific duplicate the interests of Southpoint Enterprises Inc. in CITIC Pacific.

Mr Larry Yung Chi Kin is a substantial shareholder of CITIC Pacific and directly holds 100% interest in Earnplex Corporation. Accordingly, the interests of Mr Larry Yung Chi Kin in CITIC Pacific duplicate the interests held by Earnplex Corporation.

Share Capital

CITIC Pacific has not redeemed any of its shares during the six months ended 30 June 2009. Neither the company nor any of its subsidiary companies has purchased or sold any of the company's shares during the six months ended 30 June 2009.

Continuing Disclosure Requirements under Rule 13.22 of the Listing Rules

The following table shows the proforma combined balance sheet of the relevant affiliated companies as required therein under Rule 13.22 of the Listing Rules. Affiliated companies include associated companies and jointly controlled entities:

Proforma combined balance sheet of affiliated companies

In HK$ million	Group's attributable interest as at 30 June 2009
Fixed Assets	14,261
Associated Companies	6
Other Financial Assets	35
Derivative Financial Instruments	1
Deferred Tax Assets	12
Intangible Assets	1,758
Other Non Current Assets	1,855
Net Current Assets	2,297
Total Assets Less Current Liabilities	20,225
Long Term Borrowings	(8,298)
Deferred Tax Liabilities	(268)
Derivative Financial Instruments	(14)
Loan from Shareholders	(3,362)
	8,283

Corporate Governance

CITIC Pacific is committed to practising international standards of corporate governance. Details of our corporate governance practices can be found on page 72 of the 2008 annual report and the company's website www.citicpacific.com. The board has:

- Re-defined and re-invigorated the executive committee, which serves as a medium for communicating the direction and priorities of CITIC Pacific, and for sharing information about key developments and issues affecting the various businesses of CITIC Pacific. This committee now includes the leaders of most of the businesses of CITIC Pacific, with the participation of the heads of major functional departments in the head office and is chaired by Mr Chang Zhenming.
- Established an investment committee to consider the strategy and planning of CITIC Pacific, and to review investment proposals. The committee consists of four executive directors (including the chairman) and one non-executive director.
- Established the asset and liability management committee ('ALCO') late last year. Chaired by the group finance director and with representatives of different disciplines in CITIC Pacific, ALCO meets monthly to review the asset and liability balance of CITIC Pacific. It monitors and sets limits to exposure in relation to asset and liability mismatches, counter parties, currencies, interest rates, commitments and commodities. It also establishes hedging policies, reviews and approves financing plans, and controls the use of any new financial products.
- Updated the terms of reference of the audit committee (following changes to the Listing Rules), as part of its oversight function in relation to internal control, to include a responsibility to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the CITIC Pacific group's accounting and financial reporting function, and their training programmes and budget.

Throughout the six months ended 30 June 2009, CITIC Pacific has complied with all code provisions in the code on corporate governance practices contained in appendix 14 of the Listing Rules, except that the roles of the chairman and the managing director of the company have not been segregated as required by code provision A.2.1.

Following the resignation of Messrs. Larry Yung Chi Kin and Henry Fan Hung Ling as directors on 8 April 2009, Mr Chang Zhenming was appointed as chairman and managing director. The chairman expects to appoint a new managing director in due course. The audit committee of the board reviewed the Half-Year Report with management and the company's internal and external auditors and recommended its adoption by the board. The committee consists of three non-executive directors of whom two are independent.

The Half-Year Report is prepared in accordance with HKAS 34 'Interim Financial Reporting'. It has been reviewed by CITIC Pacific's independent auditors PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

The company has adopted the model code for securities transactions by directors of listed companies ('model code') contained in appendix 10 of the Listing Rules. Having made specific enquiry, all directors have complied with the required standard set out in the model code throughout the six months ended 30 June 2009.

Update on Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

Mr Chang Zhenming, chairman and managing director of CITIC Pacific, has been appointed as deputy chairman and non-executive director of Cathay Pacific Airways Limited (a company listed on the Hong Kong Stock Exchange) with effect from 13 May 2009.

Mr Norman Ho Hau Chong, an independent non-executive director of the company, has resigned as a non-executive director of Taifook Securities Group Limited (a company listed on the Hong Kong Stock Exchange) with effect from 1 July 2009.

Mr André Desmarais, a non-executive director of the company, has ceased as a director of Bellus Health Inc. (a company listed on the Toronto Stock Exchange) with effect from 4 June 2009.

Mr Peter Kruyt, an alternate director to Mr André Desmarais has resigned as a director of Adaltis Inc. (a company listed on the Toronto Stock Exchange) on 13 July 2009. Adaltis Inc. has made a voluntary assignment in bankruptcy under the Bankruptcy and Insolvency Act (Canada) on 4 August 2009.

Mr Kwok Man Leung was formerly a director of Adaltis Inc. until his resignation on 31 December 2008.

Definition of Terms

Terms

Total debt	Short-term and long-term loans, notes and bonds
Net debt	Total debt less cash less bank deposits
Total capital	Shareholders' funds plus net debt
Cash inflows	Cash inflows principally represent cash generated from operating activities after income taxes paid, dividends from associated companies and jointly controlled entities, proceeds from divestment of businesses, sales of listed investments and sales of fixed assets and investment properties
EBITDA	Earnings before interest expense, taxation, depreciation and amortisation
Segment contribution	Segment profit/(loss) less taxation less minority interests

Ratios

Earnings per share	Profit attributable to shareholders divided by the weighted average number of shares (by days) in issue for the year
Leverage	Net debt divided by total capital

Corporate Information

Headquarters and Registered Office

32nd Floor, CITIC Tower, 1 Tim Mei Avenue,
Central, Hong Kong
Telephone: +852 2820 2111 Fax: +852 2877 2771

Website

www.citicpacific.com contains a description of CITIC Pacific's business, copies of both the full and summary reports to shareholders, announcements, press releases and other information.

Stock Codes

The Stock Exchange of Hong Kong: 00267
Bloomberg: 267 HK
Reuters: 0267.HK
American Depositary Receipts: CTPCY
CUSIP Reference No: 17304K102

Share Registrars

Shareholders should contact our Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong at +852 2980 1333, or by fax: +852 2810 8185, on matters such as transfer of shares, change of name or address, or loss of share certificates.

Investor Relations

Investors, shareholders and research analysts may contact the Investor Relations Department by telephone at +852 2820 2004, by fax: +852 2522 5259 or at investor.relations@citicpacific.com.

Financial Calendar

Closure of Register:	14 September 2009 to 18 September 2009
Interim Dividend payable:	24 September 2009

The Half-Year Report is printed in English and Chinese and is available on our website at www.citicpacific.com under the 'Investor Information' section.

Shareholders may choose to receive the Half-Year Report in printed form in either English or Chinese or both or by electronic means. Shareholders may at any time change their choice on these matters by writing to the Company's Share Registrars.

Shareholders having difficulty in gaining access to the Half-Year Report will promptly be sent printed copies free of charge upon request to the Company's Share Registrars.

Non-shareholders are requested to write to the Company Secretary, CITIC Pacific Limited, 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong, or by fax: +852 2877 2771 or by email: contact@citicpacific.com.

CITIC Pacific Ltd
32/F CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Tel: +852 2820 2111 Fax: +852 2877 2771
www.citicpacific.com

Stock Code: 00267