This summary financial report 2008 only gives a summary of the information and the particulars of CITIC Pacific Limited's annual report 2008 from which the summary financial report is derived. Shareholders may obtain a printed copy of the 2008 annual report free of charge by writing to the company's share registrars, Tricor Tengis Limited.

CITIC PACIFIC

Fundamental Strengths

Summary Financial Report 2008

Contents

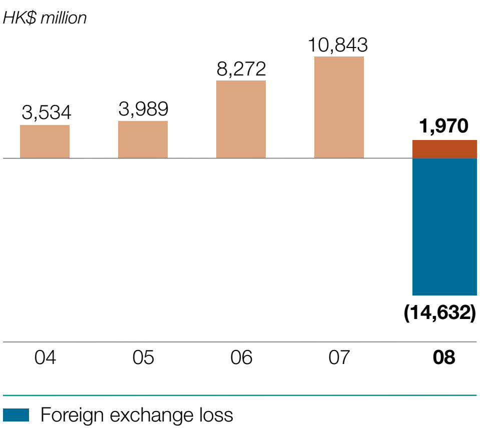
Financial Highlights

In HK$ Million unless specifically indicated	**2008**	2007	Increase / (Decrease) %
(Loss) / profit attributable to shareholders after tax	**(12,662)**	10,843	(217)
– excluding leveraged foreign exchange contracts, net of tax	**1,970**	10,821	(82)
– leveraged foreign exchange contracts (loss) / gain, net of tax	**(14,632)**	22	(66,609)
Major businesses' contribution			
Special steel	**1,617**	2,242	(28)
Iron ore mining	**(123)**	–	N/A
Property			
– Mainland China	**523**	197	165
– Hong Kong	**490**	534	(8)
Power generation	**(1,198)**	494	(343)
Others	**1,527**	3,655	(58)
Cash contributed from all businesses	**8,194**	13,201	(38)
Net debt	**38,938**	20,609	89
Cash & available committed loan facilities	**36,801**	26,589	38
Total number of shares outstanding *(in million)*	**3,646**	2,212	65
Shareholders' funds	**49,971**	59,793	(16)
Shareholders' funds per share *(HK$)*	**13.70**	27.03	(49)
Dividends per share *(HK$)*			
Regular	**0.30**	1.20	
Special	**–**	0.20	

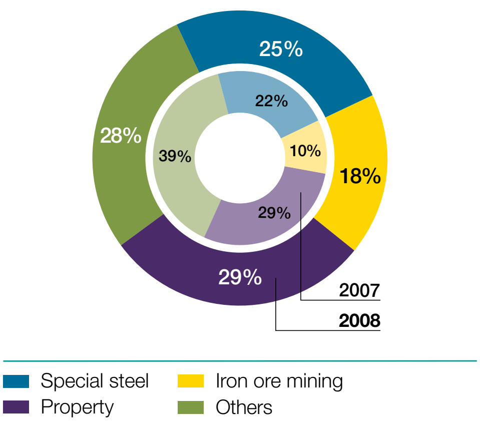
Ratios

Total debt to total capital	**64%**	36%	
Net debt to total capital	**44%**	26%	
Interest cover	**(13)x**	50x	

Profit attributable to shareholders



Group segment assets



CITIC Pacific's Fundamental Strengths

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.

Our Major Businesses

Special Steel

- **25** % 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.

Find out more on p6

Iron Ore Mining

- **18** % 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.

Find out more on p18

Property

- **29** % of segment assets
- developing **4.9 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, as well as Hainan Island.

Find out more on p28

Chairman's Letter to Shareholders

2008 Results Overview

CITIC Pacific's net loss after tax attributable to shareholders for 2008 was HK$12,662 million compared with a profit of HK$10,843 million in 2007. A HK$14,632 million realised and marked to market loss after tax on a number of foreign exchange contracts was recognised in 2008, which significantly impacted the bottom line of our company. Excluding this loss, CITIC Pacific's businesses made an after tax profit of HK$1,970 million.

The Board recommends not paying a final dividend. Thus, the dividend per share for the year is the HK$0.3 declared and paid as an interim dividend. It has also been decided that no bonuses will be paid to directors for 2008.

Financially Sound

Our company is financially secure following the re-capitalisation by the CITIC Group. Shareholders' funds stood at HK$50 billion at 31 December 2008. Our balance sheet is solid, with debt maturity well structured in anticipation of cash flows from our businesses. Our cash position is good, and the majority of our projects already have financing in place. Maturing debt in the next few years requires re-financing and, considering today's environment, work on this will begin shortly.

Core Businesses are Fundamentally Strong

I am pleased to report that the difficult times we have experienced in recent months have not distracted the management of our businesses from their unremitting focus on our operations. However, there can be no doubt that the economic conditions have impacted the full year performance.

Our special steel business had a mixed year. After an excellent first half, which saw profits reach a historic high, both demand and the price of steel weakened, notably in the fourth quarter. In addition, a year end provision had to be made against our inventory as its value had decreased significantly. 2009 will be another challenging year.

Our focus is to manage our businesses for the long-term. The improvements we have made in recent years to raise product quality, develop new products and new markets, and operate more efficiently will continue to pay off. We now have a far more coordinated approach to sales and marketing, raw material sourcing and technology development among our three steel plants, and an increased proportion of higher value products.

We are in a strong position as the largest special steel maker in China with the highest market share in the categories of steel we manufacture. The economies of scale and market position we enjoy will help us continue to reap benefits.

Our iron ore mine development in Western Australia made significant progress in 2008. In December, amendments to the State Agreement Act governing the project were passed, enabling us to export magnetite concentrate as well as pellets and thus allowing the full project plan to be executed. In January 2009, we signed a seven-year contract for the supply of gas to our project. With more than 1,100 people working in Perth, Beijing and at the project site, and over 75 percent of capital expenditure committed, the project is the most advanced large-scale magnetite development in Australia. We now have 90 percent of our mining fleet on site. Other preparatory works are well advanced with components being manufactured at different facilities around the world. The initial production is expected to begin in 2010.

Despite a global downturn in commodity prices and a softening of demand for raw materials, we maintain an optimistic long-term view of the iron ore market.

Our property projects in mainland China continue to make progress. The twin office towers of our Shanghai Lu Jia Zui New Financial District Project are on schedule to be completed in 2010. During 2008, despite deteriorating market conditions we pre-sold a number of units in our residential projects in Qingpu, Yangzhou, and Jiangyin. Ningbo CITIC Square is on track for completion in the latter half of 2009. The construction of the infrastructure, two hotels and apartments of our Hainan project is also progressing well.

We are closely monitoring property market conditions, and we retain the flexibility to adjust the pace of our developments accordingly. However, we believe strongly that the underlying demand for quality offices and homes in China will continue to drive the property market in the long run. Our financial strength enables us to withstand short-term volatility and this, combined with our longstanding experience of property development in China, will be critical to our continued success.

Other Businesses

Our power business had a tough year. The significant increase in the price of coal was the main reason for the loss incurred. 2009 has seen coal prices come down, which is beneficial to power producers. However, utilisation hours of power plants will depend on China's overall economic development. We expect our power business to do better in 2009. Cathay Pacific's performance was affected by an unrealised mark to market loss on fuel hedging contracts as well as a general slowdown in demand in the second half of the year. 2009 will remain difficult for the aviation industry. In the long-term, Cathay Pacific will continue to benefit from the synergies with Dragonair and a strong relationship with Air China. The Eastern and Western Tunnels in Hong Kong operated smoothly with increased profit and continuing cash flow. Our two listed companies CITIC 1616 and Dah Chong Hong, both performed well with increasing profits in a challenging year. These businesses provide steady cash flow to our company.

Looking to the Future

Now that we have put the issues of 2008 behind us, we are focused on the future. For 2009, we face a difficult operating environment which will impact this year's performance. We will operate our business as efficiently as we can to help weather this downturn.

As we look at global economic conditions and compare the situation in mainland China, we remain encouraged. We have sufficient resources and are well placed to capture future opportunities.

I would like to take this opportunity to extend both my own personal thanks and that of the Board to all of our employees. This has been an extremely challenging period for our company, and our employees have shown outstanding dedication and commitment.

Larry Yung Chi Kin
Chairman
Hong Kong, 25 March 2009

BUSINESS REVIEW

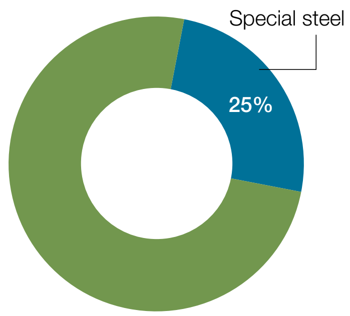
Special Steel

- 6.3 million tonnes of special steel produced in 2008
- High end products were 40% of total production in 2008
- A special steel plate line and two seamless steel tube lines are on track for completion in 2009
- New coking coal plant is on track to begin production in the second half of 2009
- Emission and energy savings achieved

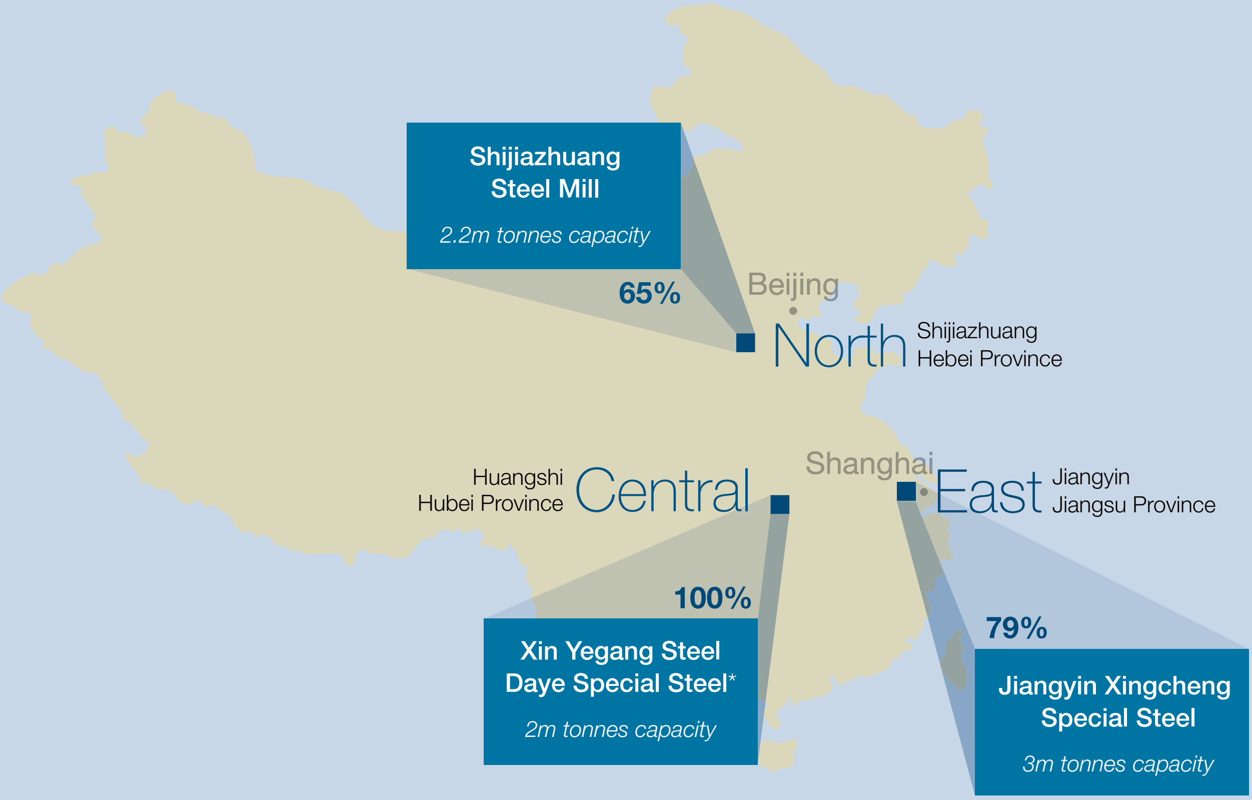
Special Steel

HK$ million	2008	2007	Change
Turnover	**22,758**	18,501	23%
Profit contribution	**1,617**	2,242	(28)%
Segment assets	**28,848**	21,489	34%
Segment liabilities	**5,751**	5,381	7%
Cash contribution to CITIC Pacific	**194**	2,196	(91)%
Capital expenditure	**8,381**	1,442	481%

Segment assets



CITIC Pacific Special Steel



* *CITIC Pacific owns 58% of Daye Special Steel*

Overview

CITIC Pacific Special Steel is the largest special steel manufacturer in China with an annual production capacity of over seven million tonnes. Our three operating plants, Jiangyin Xingcheng Special Steel, Xin Yegang Steel and Shijiazhuang Steel, are ideally located to cover the main markets for special steel in eastern, central and northern China. The major products manufactured are bearing steel, gear steel, spring steel and seamless steel tubes. These are widely used in a range of different industries, including auto components, machinery manufacturing, oil, petrochemicals, transportation, energy, railways and shipping.

2008 Operating Performance

In 2008, a total of 6.3 million tonnes of special steel was produced by CITIC Pacific Special Steel's three plants. Sales closely matched the amount produced.

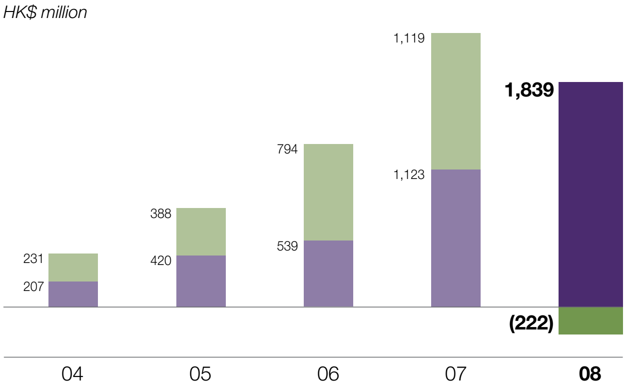
Production and sales were 4% and 3% lower compared with 2007. Demand for special steel products was strong in the first half of the year. However, the global financial crisis led to a slowdown in growth, and demand for steel products declined sharply. This in turn led to a drop in steel prices in the second half of 2008, which was particularly pronounced in the fourth quarter.

The profit contribution from CITIC Pacific Special Steel declined 28% compared with 2007, primarily due to the challenging operating environment in the latter part of 2008. During this period, all three plants experienced a sharp decline in product price, but were using raw materials purchased earlier in the year at high cost. Another major factor accounting for the decrease in profit contribution was a provision of HK$513 million against year-end inventory.

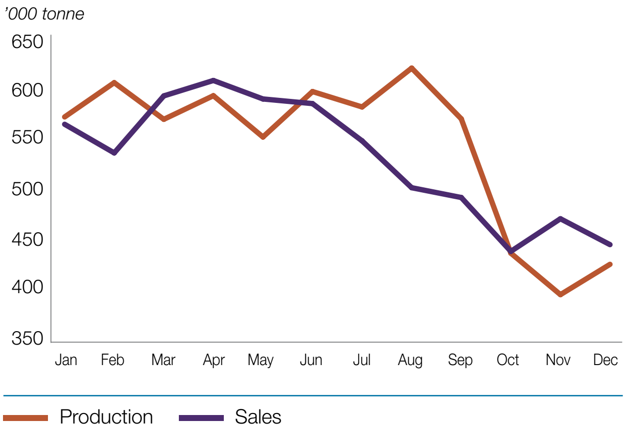
Special Steel Production

Our three special steel plants employ two different technological approaches: long and short processes. The long process uses iron ore and coke as raw materials. The short process uses scrap steel, pig iron or molten iron as raw materials. During the next phase, alloys are added to the molten steel produced from these processes. Through an 'LF' ladle refining furnace, an 'RH' or vacuum degassing furnace, and a continuous casting and rolling process, steel billets are produced and shaped to various specifications according to customers' specific requirements. The management teams at the plants are focused on cost efficiency and product quality, and will therefore choose whichever one of the processes that has lower raw material input costs.

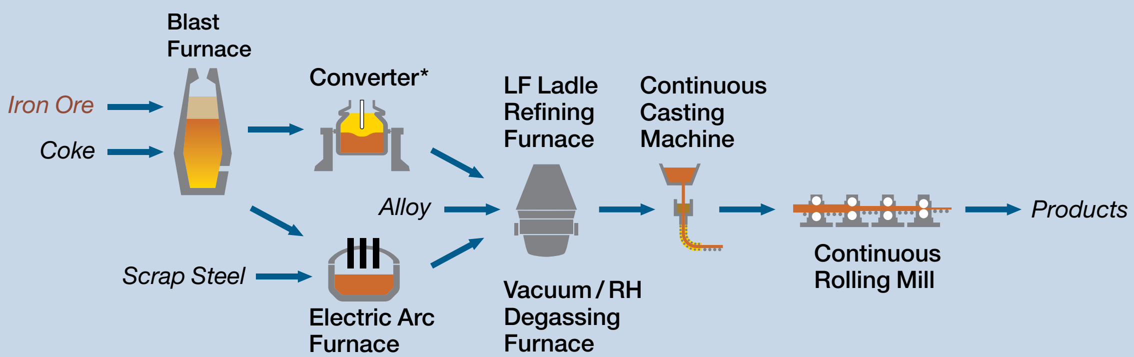
Profit contribution



2008 monthly production and sales volume



Special steel manufacturing process



* Xin Yegang does not use a converter

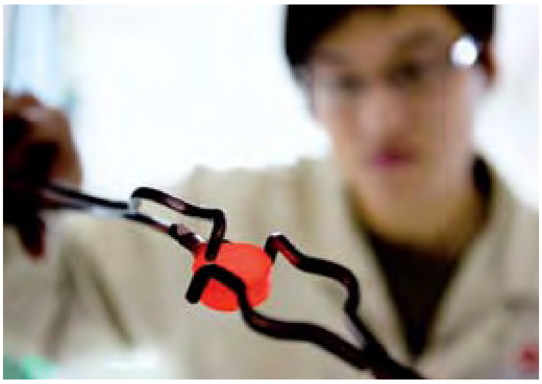
Products

Special steel refers to steel that has added or extra benefits, such as heat resistance, anti corrosion and anti fatigue. Categorised by shape, special steel includes bar steel, plate, strip steel, tube steel and wire steel. Approximately 90% of CITIC Pacific Special Steel's products are bar steel, manufactured to order based on customers' specific requirements. These bars are sold to manufacturers who use this steel to make products such as gears, bearings and springs. Around 6%, or 400,000 tonnes of total annual production, was for seamless steel tubes which are used in the oil and petrochemical industry as well as for machinery manufacturing.

Key products of CITIC Pacific Special Steel

Product	2008 market share	Sales ('000 tonnes) 2008	2007	Change
Gear steel	44%	**863**	831	4%
Alloy spring steel	40%	**447**	463	(3)%
Bearing steel	40%	**769**	789	(3)%
Other alloy steel	26%	**1,741**	1,835	(5)%
Carbon structure steel	19%	**1,265**	1,471	(14)%
Seamless steel tubes	7%	**380**	436	(13)%

Statistics are from the China Special Steel Enterprises Association and include only registered enterprises



In 2008 high end products were 40% of the total production, about 2.5 million tonnes and an 8% increase from 2007.

Customers

The Group's products are sold to these industries

Industry	2008 sales ('000 tonnes)	Percentage of total sales	Percentage change from 2007
Auto components	2,662	42%	2%
Machinery manufacturing	1,397	22%	6%
Metal works	828	13%	(23)%
Power generation	415	7%	8%
Oil and petrochemical	381	6%	9%
Railway	156	2%	12%
Shipbuilding	100	2%	7%
Others	390	6%	(31)%
Total	**6,329**	**100%**	**(3)%**

Top five customers in China

Name	Industry	Tonnage sold ('000)
Jiangsu Zhenda Seamless Tube	Machinery manufacturing	132
Pangang Group Chengdu Iron and Steel	Machinery manufacturing	80
Yangzhou Chengde Steel Tube	Power generation	79
Dongfeng Motor	Auto components	78
Jiangxi Hongdu Steelworks	Machinery manufacturing	77

Many buyers of our products are affiliated and contracted producers for manufacturers in the auto, machinery manufacturing, oil and petrochemical industries. Our end users include Toyota, General Motors, Honda, Volkswagen, Volvo, Caterpillar and SKF.

Sales and Marketing of Products

One of the key advantages of the special steel business is that production is based on customer orders and therefore inventory levels of finished products are usually low. For 2008, over 70% of sales were to long-term customers with whom we have strategic relationships. The product delivery period is typically in the one to three month range, with the majority being less than two months.

We retain the flexibility to adjust product prices according to market changes.

In 2008, 84% of products were sold to domestic Chinese customers. Exports made up the other 16% of sales amounting to 990,000 tonnes, a decrease of 11% compared with 2007.

The Group's products are exported to these countries and regions

Country / Region	Amount ('000 tonnes)	Percentage of total exports	Change from 2007
Korea	217	22%	(34)%
Southeast Asia	227	23%	21%
Europe	158	16%	(20)%
South America	109	11%	61%
United States	71	7%	15%
Middle East	60	6%	(32)%
Others	145	15%	(15)%
Total	**987**	**100%**	**(11)%**

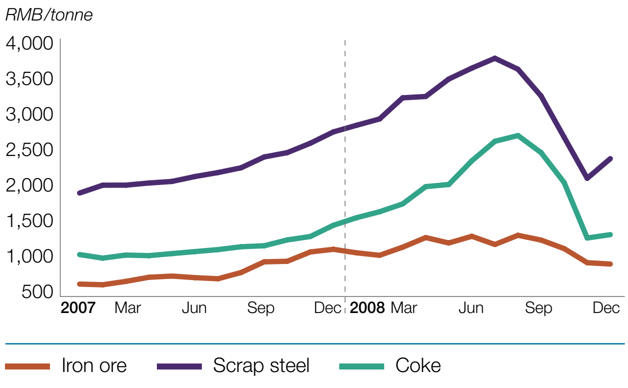
Raw Materials Required

Major raw materials used in the production of special steel include iron ore, scrap steel, coke, coal and alloy.

Major raw materials used

Type	2008 ('000 tonnes)	Percentage of total raw material cost	Percentage of production cost
Iron ore	8,878	34%	30%
Scrap steel	1,793	19%	17%
Coke	1,692	12%	10%
Coal	3,544	13%	11%
Alloy	238	14%	13%
Total	**16,145**	**92%**	**81%**

Price of major raw materials



Source of iron ore

Country	Percentage of total
China	42%
Australia	26%
Brazil	14%
India	10%
Others	8%

The prices of all major raw materials increased significantly in the first seven months of 2008. However, from August onwards the prices of these raw materials declined rapidly due to weakened demand.

Of the total 8.9 million tonnes of iron ore used in 2008, approximately 33% was contracted compared with 25% in 2007. The rest was purchased on the spot market. Major overseas suppliers are Vale, Hamersley and BHP. Fortescue also became a supplier in 2008.

For 2009, we see the trend of price differences between contracted and spot iron ore narrowing, which means that our cost base will be moving closer to other major steel producers in China, who are able to secure much more contracted iron ore than CITIC Pacific Special Steel. When our Australian iron ore mine begins full production, this issue will be partially resolved.

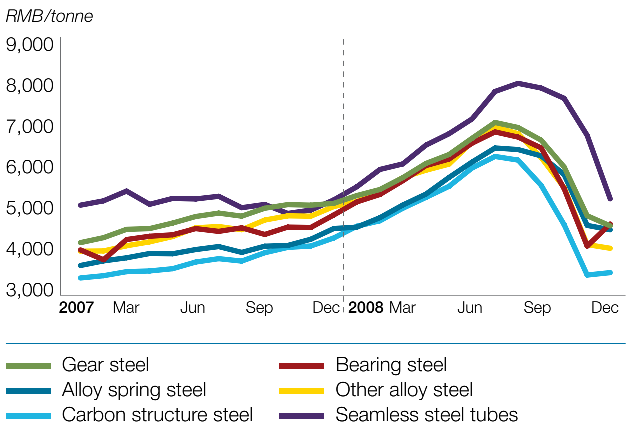
With the goal of lowering the overall cost of the delivered iron ore, we ordered a total of 12 bulk carriers with 115,000 deadweight tonnage (DWT) each. The first of these will be delivered in 2010. These ships are specially made to travel up the Yangtze River to arrive directly at Jiangyin Xingcheng Special Steel, which is expanding its port capacity to accommodate these vessels.

Another important raw material is coking coal. We now have two coking coal plants with a production capacity of 1.9 million tonnes. We invested in a new coking plant in 2008, which will begin production in the second half of 2009. It is capable of producing 900,000 tonnes of coking coal annually. With our three coking facilities, we can meet the needs of our plants.

Product Pricing

Pricing of special steel products is mainly driven by two factors: demand and the cost of raw materials. In the first three quarters of 2008, the price of special steel products in all three of our plants rose significantly due to strong demand as well as sharp increases in the cost of the raw materials used. However, from the fourth quarter onwards, weakened demand and raw material price decreases led to a significant drop in special steel prices.

Price of major products



Protecting the Environment

Over the years, much effort and work have gone into lessening the impact of our plants on the environment, mainly through reducing emissions and saving energy. The major initiatives undertaken were:

- Implementation of ISO14001 Environment and Management System
- Passed China's Occupational Health and Safety Assessment
- Improved use of resources, such as gas recovery, waste heat and pressure utilisation, waste water treatment and recycling
- Further investment in energy saving and emission reducing equipment

Major pollutants	Measures	Results
Industrial fumes, and dust	Cloth filter de-dusting and electric de-dusting	All national environment protection requirements met
Sewage water	Cooling water recycling; small quantity treated in sewage treating station before discharging	
Waste residual	Recovered and recycled	
Noise	Sound proof coverage used for all large noise generating equipments; factory not close to residential areas	
SO_2	Treated with wet desulphurizing device	

Outlook for 2009 and Beyond

In 2008, total special steel production in China was 10% of total steel produced and decreased 0.4% compared with 2007. In industrialised countries, special steel is roughly 15–20% of the total steel production. In the long-term, as China continues to grow, more and more special steel will be needed.

Looking at the prospects for 2009, China's steel industry faces the dual challenge of weakened steel demand both domestically and also from international markets. The RMB4 trillion stimulus package unveiled by the Chinese government in November 2008, which aims to bolster the economy, should benefit the steel industry. However, a structural imbalance between demand and supply exists, and this is likely to be more pronounced in the first half of 2009 with the situation improving in the second half.

Similarly, in special steel over-supply at the lower-end of the product spectrum is already evident. However, a number of the higher-end products still rely on imports. Overall product prices are likely to remain low in 2009, particularly in the first half of the year with some recovery expected in the second half. The auto, machinery, railway and energy sectors will continue to play an important role in driving demand for special steel in the long-term.

Plans for the Future

As the largest special steel producer in China, CITIC Pacific benefits from economies of scale combined with our leadership position in the types of steel produced. This puts us in an extremely advantageous position to capture long-term growth opportunities in the China market. Work will continue in many areas:

Product Development, Marketing and Sales

We will closely monitor China's stimulus plan to seek new opportunities in markets for high quality bar products, seamless steel tubes and those used in the railway, wind power, marine engineering and machinery manufacturing industries.

Raising product quality is critical to staying competitive, in particular in a market where there is over supply of lower-end products. In 2008, 40% of CITIC Pacific's products were high quality compared with 36% in 2007.

Currently, a small portion of our products are sold through traders while the majority is sold directly to users. Going forward, we will aim to continue reducing the reliance on traders and directly reach end-users. Strategic co-operative relationships have been established with First Auto, Dongfeng Motor, Caterpillar and SKF.

Synergies Among Plants

Since the formation of CITIC Pacific Special Steel, strong synergies have been achieved from the three plants, and work will continue on this front. Major raw materials required by the three plants will be sourced centrally to further reduce costs. Centralised negotiations with major ports such as Beilun port in Ningbo on raw material loading and unloading could further reduce transshipment costs. Management will also further rationalise the regional sales division in order to lower transportation costs and shorten the time needed to deliver products to customers.

Expansion Plans

With the aim of further enhancing our leading position in the domestic and international markets for special steel, we are expanding our product range to include plates as well as downstream finished products such as seamless steel tubes.

A new special steel plate production line with an annual capacity of 1.2 million tonnes is being constructed at Jiangyin Xingcheng Special Steel, and is expected to be completed in the second half of 2009. Main products will include ship plate steel, steel used in marine engineering, petroleum pipe line steel, and pressure vessel steel used in the shipbuilding, marine engineering, oil, petrochemical and machinery manufacturing industries.

The market for medium plates has been growing rapidly in China in recent years. There is strong demand for high quality, high value added plates. This market currently relies on imports, in particular pipe line steel, ship plate and steel used in marine engineering and machinery manufacturing. Therefore, the products from this new line will be able to meet the demand for similar products in China in the future.

In Xin Yegang, two new lines with total annual production capacity of 630,000 tonnes of medium wall seamless steel tubes are being constructed. Completion is expected in the third quarter of 2009. Products from the two lines are widely used in the energy, petrochemical, coal and military industries.

Jiangyin Xingcheng Special Steel

www.jyxc.com

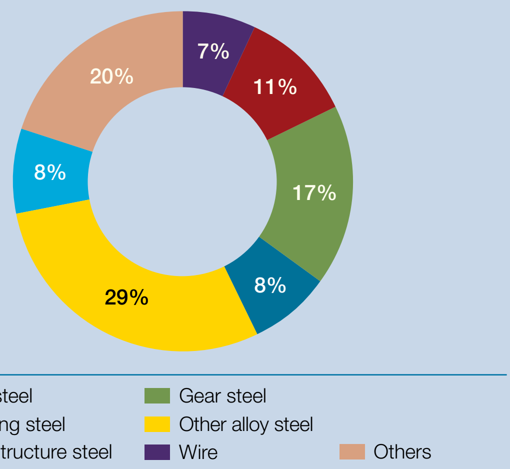
Located in Jiangsu Province in the eastern part of China, Jiangyin Xingcheng Special Steel is a leader in special steel manufacturing in China. Its annual production capacity of three million tonnes includes a production line built in partnership with Sumitomo Metals Kokura of Japan. Completed in 2007, it is now producing special steel for high-end auto components. It is also the first and only line in China capable of producing round tube billet with a diameter of 800mm for use in machinery manufacturing. The plant's other high-grade products are used in the making of bearings, gears, springs and high-pressurised tubes.

A new production line is being constructed to produce special steel plate products. With an annual capacity of 1.2 million tonnes, its completion is expected to be in the second half of 2009.

Jiangyin Xingcheng Special Steel is strategically situated next to the Yangtze River and has two 50,000 tonne wharfs, providing efficient transport of its raw materials and finished products. The wharfs are being expanded to accommodate the 115,000DWT ships ordered by CITIC Pacific.

For 2008, a total of 2.9 million tonnes of steel was produced and 2.8 million tonnes were sold, an increase of 6% and 5% respectively, primarily due to the addition

Jiangyin Xingcheng's products



of the Sumitomo line. Exports were 460,000 tonnes, a 6% drop from the previous year. Many of the products are certified by well known users worldwide, such as Toyota, SKF, FAG and Caterpillar.

Xin Yegang Steel (Xin Yegang)

www.xinyegang.com

Xin Yegang had an annual designed production capacity of two million tonnes at the end of 2008, including the capacity of Daye Special Steel, an A-share listed company in which CITIC Pacific indirectly holds a 58% interest. Xin Yegang's products include bearing steel, gear steel, spring steel, carbon structure steel and seamless steel tubes that are used in the auto, petrochemical, power and machinery manufacturing sectors.

Two new lines with a total annual production capacity of 630,000 tonnes are being constructed, and completion is expected to be in the third quarter of 2009. Their products are primarily used in the energy, petrochemical, coal and military industries. These two products will compliment Xin Yegang's existing seamless tubes to further satisfy customer needs.

Xin Yegang is located in the city of Huangshi in Hubei Province and is the oldest steel plant in China, dating back to 1908. It is next to the Yangtze River, with three 5,000 tonne wharfs that enable it to enjoy an advantage in transportation. In the future, the Group's mini-cape sized ships will transport the iron ore from various sources to ports on the Yangtze River, where it will be transshipped to Xin Yegang. As a result, transshipment costs should be reduced.

In 2008, Xin Yegang's production and sales were 1.7 million tonnes, a reduction of 8% compared with 2007. Exports were 253,000 tonnes, which was 15% of total sales and 9% lower from the previous year.

Shijiazhuang Steel Mill (Shigang)

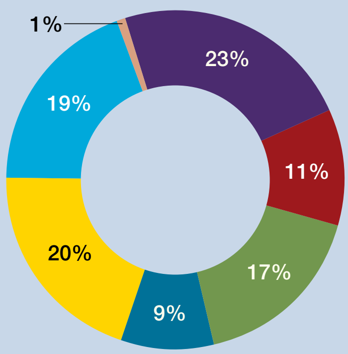
www.csggs.com

Located in the city of Shijiazhuang in Hebei Province, Shigang benefits not only from the efficient transportation networks around Beijing and Tianjin, but also from neighbouring coal-rich Shanxi Province. Established in 1957, Shigang is now a manufacturer of special steel with a production capacity of over two million tonnes.

Its main products include bearing steel, gear steel and alloy steel, and are supplied mainly to the auto components and machinery manufacturing sectors.

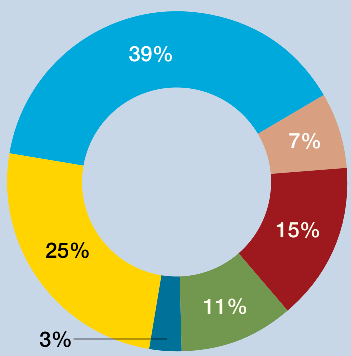
For 2008, 1.7 million tonnes of steel were produced and 1.8 million tonnes were sold. Exports were down 19% compared with last year, amounting to 15% of total sales.

Xin Yegang Steel's products



Bearing steel | Gear steel
Alloy spring steel | Other alloy steel
Carbon structure steel | Seamless steel tubes | Others

Shigang's products



Bearing steel | Gear steel
Alloy spring steel | Other alloy steel
Carbon structure steel | Others

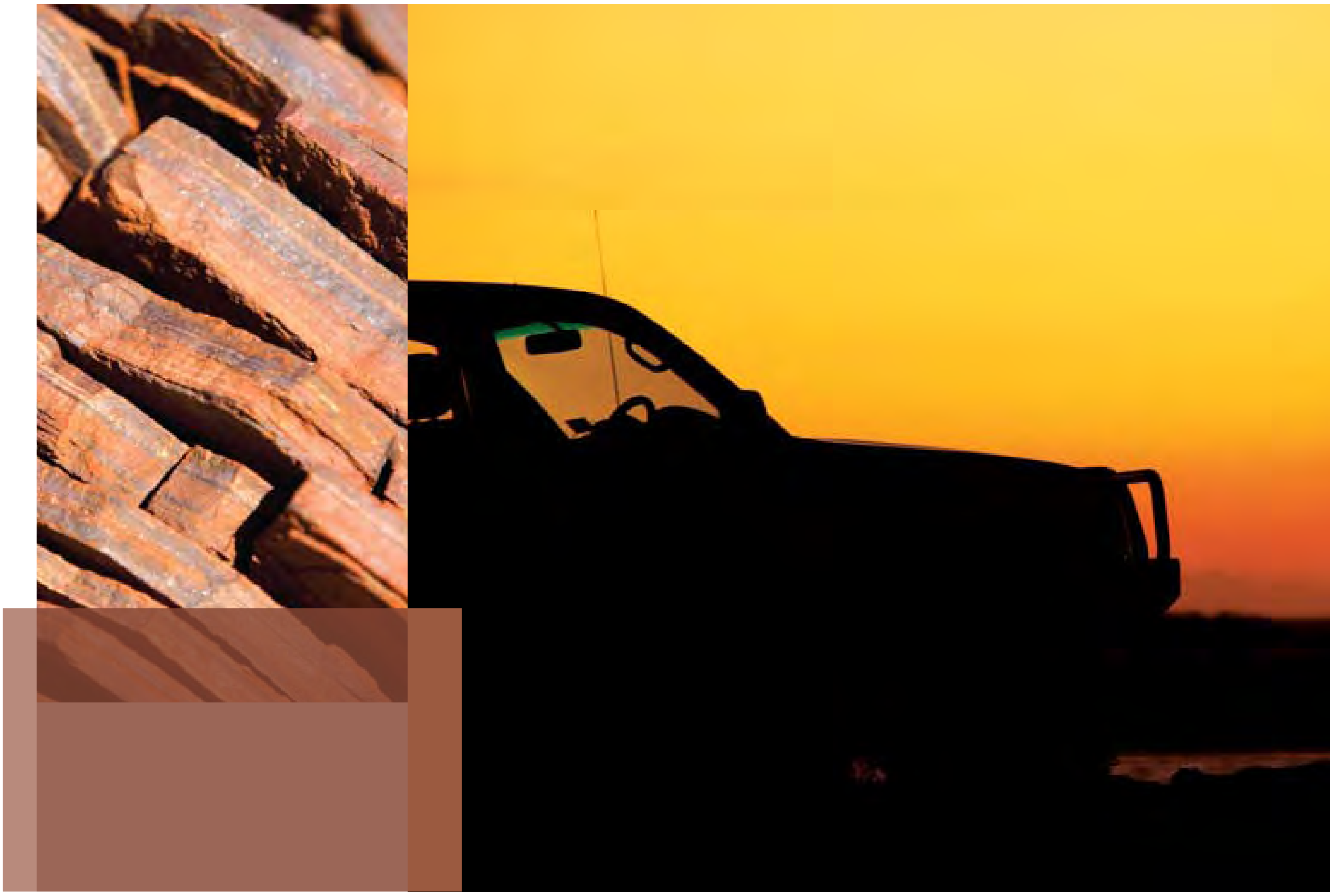

MT 6300AC
DT010
CITIC PACIFIC
MINING

BUSINESS REVIEW

Iron Ore Mining

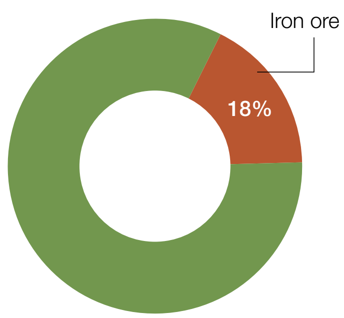
- Amendments to the State Agreement Act passed enabling the export of concentrate in addition to pellets
- Indigenous Land Use Agreements signed with three Native Title claimant groups
- Major gas supply arrangement secured
- Over 18 million tonnes of material moved
- More than 75% of capital expenditure committed

Iron Ore Mining



HK$ million	**2008**	2007	Change
Segment assets	**20,976**	9,780	114%
Segment liabilities	**6,074**	702	765%
Capital expenditure			
Mining	**8,479**	4,808	76%
Ships	**1,531**	2,036	(25)%

Segment assets



Overview

CITIC Pacific's Sino Iron project is geographically well placed to take advantage of the neighbouring Asian market, with a large mineral resource base and processing close to port facilities in the Pilbara region of Western Australia.

CITIC Pacific has rights to two billion tonnes of resource, giving the project an expected mine life of about 25 years, with options to acquire an additional four billion tonnes which would lift production to 70 million tonnes per annum.

With long lead items ordered, manufacturing in progress and major construction underway at site, the project is the most advanced magnetite development in Australia and represents a secure, long-term source of quality feedstock for major steel mills in China, including those owned by CITIC Pacific.

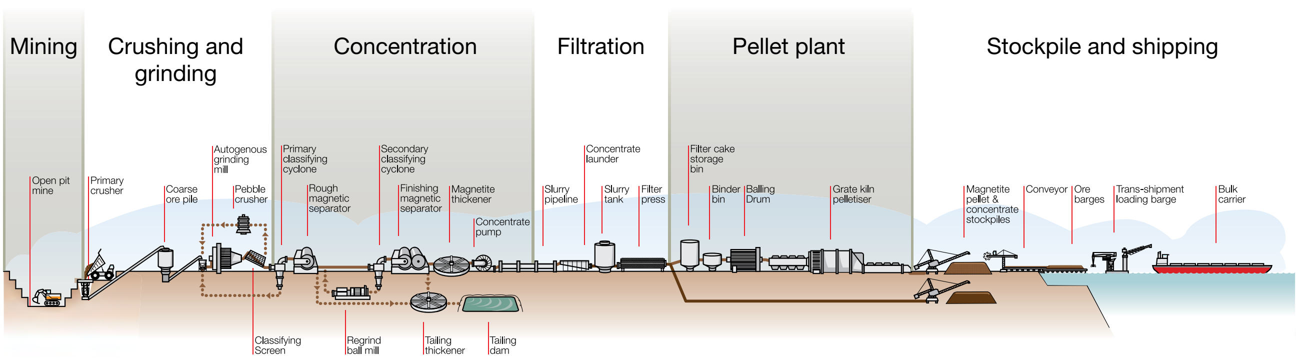
The Sino Iron project is managed by CITIC Pacific Mining, a subsidiary of CITIC Pacific, and is headquartered in Perth with a representative office in Beijing. The project will mine magnetite iron ore and is scheduled to begin production during the second half of 2010. Ore will be processed into concentrate and pellets, and at full production more than 27 million tonnes of product will be exported each year.

Once in operation, the Sino Iron project will mine more than 140 million tonnes of material each year, of which about 80 million tonnes will be processed, making it one of the world's largest mines. Dedicated infrastructure includes concentrate processing, pelletising, a 51 gigalitre desalination plant and new port facility, as well as a 450 MW power station.

The project will benefit from China's position as the world leader in magnetite ore processing technology with the lead contract for the detailed design, construction and commissioning of the mine, processing facilities and materials handling being implemented by China Metallurgical Construction Corporation, which will acquire a 20 percent equity interest in the project.

An important aspect of the project is the transfer to Australia of Chinese magnetite mining and processing technology and expertise which, combined with the experience of CITIC Pacific Mining's Australian team and partners, will create the foundation of an Australian magnetite industry on a world scale.

Sino Iron project – Magnetite mining and processing for export



Products

The products anticipated from the Sino Iron project will be of very high quality specification (high in iron content, low in contaminants). This is a crucial requirement for special steel producers in particular, who have very tight tolerance limits given the nature of their finished products. Therefore, these products are expected to benefit from broad market acceptance from conventional steel producers as well as special steel plants.

Mineral Resource Estimate

Total Joffre resource

Classification	Million tonnes	MagFe (%)
Measured	193	22.38%
Indicated	1,209	22.74%
Inferred	911	24.15%
Total	**2,314**	**23.26%**

Note: 'Mineral Resource' estimates are based on assay data at December 2007. Model released February 2008.

A 'Mineral Resource' is a concentration or occurrence of material of economic interest in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. 'Joffre' is a member of the Brockman Iron Formation, the main ore body for the project.

2008 Project Progress

The Sino Iron project has achieved significant outcomes during 2008.

Approvals

Government approval to commence construction was given in May 2008 based on an initial, limited project proposal. Amendments to the State Agreement Act under which the project operates were passed by the Western Australian Parliament in December to allow the export of concentrate in addition to pellets.

Indigenous Land Use Agreements were signed with three Native Title claimant groups covering the Cape Preston area. The agreement provides native title and land tenure certainty for the project and benefits including education, training and employment opportunities for the groups.

Gas Supply

A significant milestone was reached with the completion of a major gas supply agreement. This agreement will see the Sino Iron project become the foundation customer for a new natural gas supply in Western Australia. Under the contract, gas will be supplied by Apache and Santos over seven years commencing in the second half of 2011 from the offshore Reindeer gas field.

Construction

Bulk earthworks for the concentrator and power plant were completed and civil works commenced. Construction of a causeway providing temporary access to the location of the port facility is underway. Initial earthworks for the 25 kilometre service corridor between mine and port at Cape Preston have begun.

Installation of construction accommodation villages is continuing with 900 new rooms becoming available in April 2009, increasing to more than 3,000 rooms to match forecast workforce levels.

Contracts have been awarded for the detailed design and construction of a jetty structure and the transshipment facilities. A contract for the detailed design and supply of the desalination plant process, mechanical and electrical equipment has also been awarded. A major logistics contract was awarded to Sinotrans which will work in partnership with Toll Australia to globally manage transport and logistics requirements for the project.

Mine Development

A bulk sample of iron ore was extracted from the mine pit in August 2008 and testing has been conducted successfully to refine and optimize the process plant design. Results to date confirm the ore is suitable for the autogenous grinding phase of processing, and further testing will continue during first half 2009 to assess performance in other processing phases.

More than 90 per cent of the mining fleet is on site. The early arrival of the equipment, amongst the largest in its class, will add to the business's efficiency as the equipment will play a critical role in project construction. More than 18 million tonnes of material was moved during 2008 in preparation for the commencement of mine operations.

People

At year end 2008, CITIC Pacific Mining had more than 530 employees in Western Australia and China and more than 500 contractors on site. In a highly competitive labour market, the recruitment effort saw, on average, one person joining the business each day during 2008. The business was also certified as a registered training organisation in April.

Safety

The construction phase of a project raises challenges for safety with a rapid increase in personnel numbers at site. During 2008, work progressed on a number of safety initiatives across the business, in particular communications, contractor management, vehicle safety and a review of health and safety standards, to ensure objectives, activities and behaviours are aligned to prevent the risk of injury. Cyclone readiness was also a key focus during the year.

Environment and Heritage

CITIC Pacific Mining's heritage team successfully managed obligations under Australian Native Title and cultural heritage legislation to allow ground disturbance over the project area. The team undertook extensive archaeological and ethnographic surveys in consultation with three Native Title claimant groups to ensure careful management of heritage areas and prepare relevant approvals, allowing construction to proceed in a timely way.

A team of environmental professionals oversees compliance in all environmental aspects of the project, including regular site audits and establishment of monitoring programs. Comprehensive environmental management plans have been developed in consultation with government to ensure appropriate management of sensitive issues and areas.

CITIC Pacific Mining recently completed the transfer of approximately 2,500 hectares of land to Western Australia's Conservation Estate, which will assist the protection of terrestrial ecosystems.

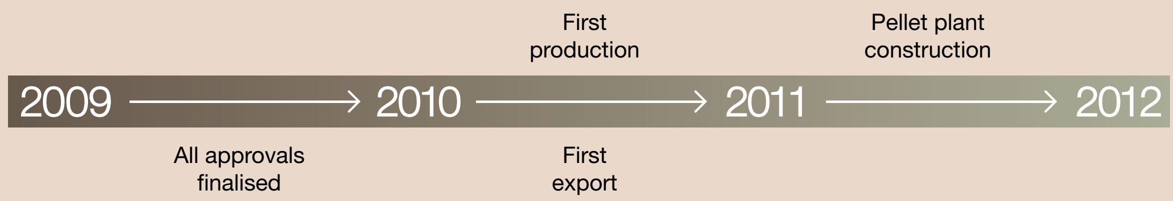
Greenhouse Gas Emissions

With energy as a key input, the planning and design phases of the project have incorporated strategies to reduce greenhouse gas emissions, including the construction of an efficient, low emission combined-cycle power station, which produces about 40 per cent less emissions than an open cycle plant. With a significant energy footprint, there are implications for the project from the planned introduction of a carbon pollution reduction scheme (CPRS) in Australia.

During 2008, a life cycle assessment of magnetite was commissioned which demonstrated significant net greenhouse gas savings over the value chain. Magnetite product is of higher iron content with lower impurities and generates heat in the steel making process, thereby resulting in an overall reduction in carbon emission when compared to traditional hematite fines.

Under the proposed CPRS, increased emission activities in Australia will be penalised despite net emissions in the global steelmaking value chain being reduced. CITIC Pacific Mining is currently seeking government support for magnetite mining and processing to be compensated as an emissions intensive, trade exposed industry to ensure that the project is not unduly impacted on its ability to operate in a competitive, cost effective and carbon conscious way.

Mine development project timeline



Community

CITIC Pacific Mining has established relationships with government, industry and community stakeholders in Western Australia, with a focus on Pilbara regional stakeholders. Engagement with the local community is essential to the success of this project and consultation with stakeholders has allowed development of a community engagement framework and identified a number of initial opportunities for community partnerships.

Project Commencement

Following a review of the overall project schedule with key project partners, the first production target has been revised to the second half of 2010.

Construction of the six mill lines and the pellet plant will be phased to reduce peak manning levels and manage associated costs.

The capital expenditure for the project is approximately US$3.85 billion, consisting of US$3.5 billion in capital cost and US$0.35 billion in pre-investment. More than 75% of capital expanditure is committed. In an assessment of operating needs, CITIC Pacific Mining identified opportunities to build in economies of scale when constructing key pieces of infrastructure. This pre-investment will add value to the project and will help increase capacity for future stages.

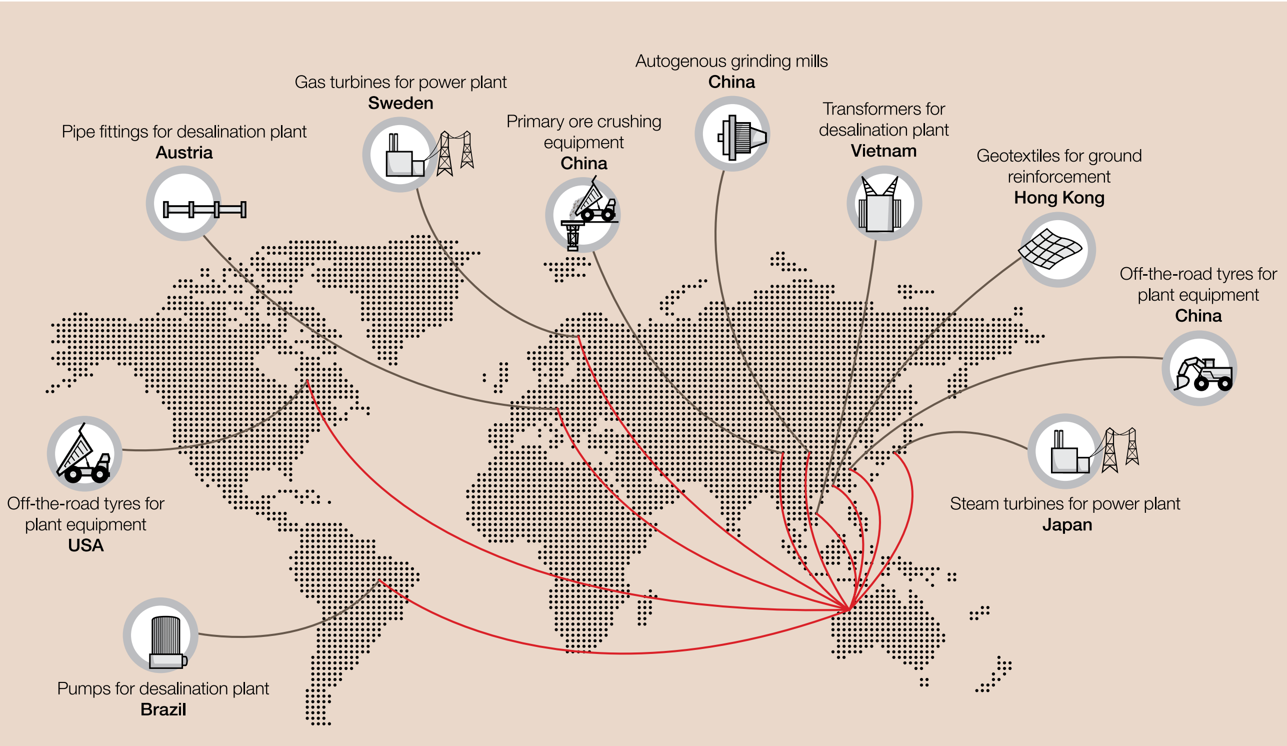
Looking Ahead

Despite a global downturn in commodity prices and a softening of demand for raw materials, CITIC Pacific maintains an optimistic view of the iron ore market.

While it is expected that iron ore demand will be subject to considerable volatility in the immediate short-term, there are potential benefits flowing from China's US$586 billion economic stimulus package, which is largely directed at infrastructure.

Such initiatives will take time to offset the negative impact of the recent rapid downturn in exports and construction. However, in the longer term there is evidence that the current global credit issues could ultimately lead to supply shortages, potentially allowing demand to increase due to industry consolidation and associated supply contraction and constraints; limited capital availability for new projects; cost structures remaining high compared to long term historical norms; and sustained, albeit slower, growth in China.

A business strategy has been developed to drive an improvement culture at CITIC Pacific Mining with the aim of continually enhancing the productivity of resources to increase the value of the business for shareholders and products for customers. The strategy seeks to maximise new technology and research to improve the efficiency of the business.



In 2009, CITIC Pacific Mining will maintain engagement with the local community as the level of project activity increases and a large construction workforce continues to arrive at site.

Project Activity in 2009

With the amendments to the State Agreement Act now passed, CITIC Pacific Mining has submitted a full project development proposal to enable progress on construction as planned, and will work closely with government to finalise environmental management plans under the environmental approval given to the project in 2003, as well as Aboriginal Heritage Act approvals. With continued strong support from government to progress approvals for major projects, CITIC Pacific Mining remains confident that approvals will not impede the construction progress.

Key project components are being manufactured and will be delivered from around the world, beginning in the first half of 2009. With these arrivals, activity across the site will dramatically increase during the year.

A construction workforce of more than 4,000 is expected during peak construction periods. The awarding of outstanding major construction contracts will be completed during the first half 2009 and civil works will commence on the crushing facilities and concentrator. A temporary causeway to the location of the port facility at the cape area will enable major earthworks to begin, following which civil works will commence on the desalination plant and other facilities. The construction of a permanent causeway and port facility will commence, enabling modular pieces of equipment to be delivered direct to site later in the year.

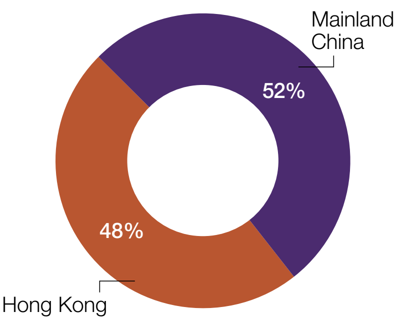
BUSINESS REVIEW

Property

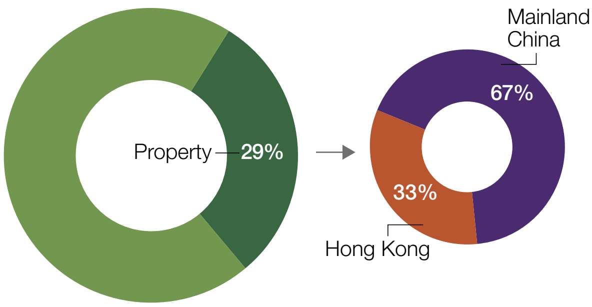
- Twin office towers of Shanghai's Lu Jia Zui New Financial District Project on schedule for completion in 2010
- CITIC Square in Ningbo is on track for completion in the latter half of 2009
- Construction of the infrastructure, two hotels and apartments at our Hainan project is progressing well
- Pre-sold units in residential projects in Qingpu, Yangzhou, and Jiangyin

HK$ million	**2008**	2007	Change
Turnover	**787**	1,321	(40)%
Profit contribution			
Mainland China	**523**	197	165%
Hong Kong and others	**490**	534	(8)%
Segment assets	**33,632**	28,078	20%
Segment liabilities	**2,002**	1,507	33%
Cash contribution to CITIC Pacific	**2,017**	2,201	(8)%
Capital expenditure	**5,058**	4,525	12%

Property profit contribution



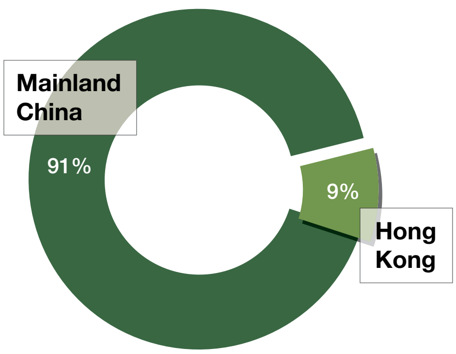
Segment assets



CITIC Pacific's Properties

Mainland China vs HK property

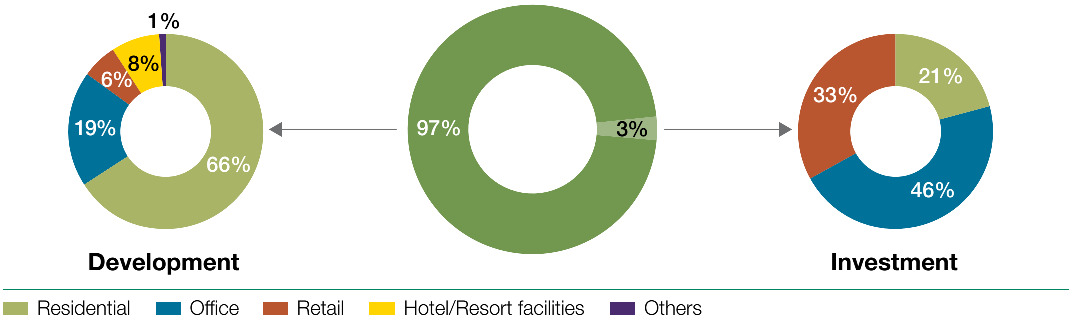
By gross floor area (GFA)



Mainland China

- Mainland property is a key focus and a core business
- Developing 4.9 million square metres of gross floor area in the coming years
- Strategic focus on Shanghai, major cities in the Yangtze Delta area, as well as the Shenzhou Peninsula on Hainan Island
- Strengthening sales and marketing efforts of existing developments; looking to grow the land bank at strategic locations in a prudent manner

By gross floor area (GFA)



Total gross floor area: 5 million square metres

Development Properties

Project	Usage	Ownership	Approx. site area (sq. metre)	Approx. GFA (sq. metre)	Expected completion date
New Westgate Garden, **Shanghai**	Residential, retail	100%			
Phase I			32,900	9,000 (on sale)	Completed
Phase II			35,300	137,000	2014
Qingpu Residential Development, **Shanghai**	Residential, hotel, retail	100%	796,800	606,000	In phases from 2009 onwards
Lu Jia Zui New Financial District Project, **Shanghai**	Office, hotel, residential, retail	50%	249,400	847,000	2010 to 2015
Site at Sichuan Beilu Station of Metro Line No. 10, Hongkou, **Shanghai**	Office, retail	90%	13,300	53,000	2010 to 2011
No.10, Hainan Rd., Hongkou, **Shanghai**	Office, retail	100%	16,400	66,000	After 2011
Site at Jiading New City Station of Metro Line No. 11, Jiading, **Shanghai**	Office, hotel, residential, retail	100%	156,000	538,000	In phases from 2012 onwards
Jiang Dong District, **Ningbo, Zhejiang Province**	Office, retail	99.3%	39,500	98,000	2009
Noble Manor **Yangzhou, Jiangsu Province**	Residential, retail	100%	328,600	437,000	In phases from 2009 onwards
Jiangyin, Jiangsu Province	Residential, retail	56%	91,300	178,000	2010 to 2011
Binhu District **Wuxi, Jiangsu Pronvince**	Residential, retail	70%	2,110,300	249,000	In phases from 2010 onwards
Shenzhou Peninsula **Wanning, Hainan Province**	Hotel, retail, residential	80% – 99.9%	6,710,100	1,653,000	In phases from 2010 onwards
Total			**10,579,900**	**4,871,000**	

GFA = *gross floor area i.e. the total area of permitted construction above ground*

Shanghai

Lu Jia Zui New Financial District Project

50% owned

Site area:	249,400 square metres
Gross floor area:	847,000 square metres Phase I – 263,000 square metres Other phases – 584,000 square metres
Usage:	Office, retail, hotel and residential
Expected completion:	2010 – 2015 Phase I twin office towers to be completed in 2010
Current Status:	Phase I construction in progress

This site is the last significant prime development area on the banks of the Huangpu River in Central Shanghai and was previously used as the shipyard for Shanghai Shipyard Co. Ltd on the South shore of the Huangpu River. Jointly developed by CITIC Pacific and the China State Shipbuilding Corporation, this project will include Grade-A office buildings, retail space, apartments and a hotel. The entire project will benefit from both the riverside scenery and convenient transport links and is being developed in phases under a comprehensive master plan. These buildings will become a prominent landmark in the Lu Jia Zui Financial District along the Huangpu river banks.

Phase I comprises two Grade-A office buildings and a five star hotel which will be managed by an internationally renowned hotel operator. As the financial centre of China, Shanghai and particularly the Lu Jia Zui Financial District in Pudong, are attracting an increasing number of financial institutions to set up their regional headquarters. Some businesses have already expressed an interest in purchasing the office premises.

Zhujiajiao New Town – Qingpu Residential Project

100% owned

Site area:	796,800 square metres
Gross floor area:	616,000 square metres
Usage:	Low density residential, retail and hotel
Expected completion:	In phases from 2009 onwards
Current Status:	approx. 10,000 square metres GFA completed approx. 90,000 square metres GFA under construction 516,000 square metres – under planning and initial phase of development

Located in the Western part of Shanghai at the junction of Zhejiang Province, Jiangsu Province and Shanghai, the Qingpu District is the gateway to and focus of development in the Western part of the city.

This project will take full advantage of the cultural traditions and history of the area and is adjacent to two scenic lakes, Dadian and Dianshan. It will create a unique living environment and become part of the core district of Zhujiajiao. The design encompasses villas, semi-detached houses, town houses, retail shops and a hotel. The hotel will be managed by a well known international hotel operator.

Sales Progress

Pre-sale of residential units was launched in phases beginning in September 2007. Of the 200 units (approx. 29,000 m^2 GFA) launched, 116 units (58%) have been sold as of February 2009 at an average price of approximately RMB 10,000/m^2.

Shanghai *continued*

New Westgate Garden

100% owned

Phase I

Site area:	32,900 square metres
Gross floor area:	117,000 square metres (9,000 square metres on sale)
Usage:	Residential
Number of units:	709
Completed:	June, 2006
Current Status:	91% of units sold as of February 2009

Phase II

Site area:	35,300 square metres
Gross floor area:	137,000 square metres
Usage:	Residential and retail
Expected completion:	2014
Current Status:	Re-settlement in progress

Located in the Huangpu District of Shanghai adjacent to Xizang Nanlu and Jianguo Donglu, this premium residential development is within walking distance of the Lao Xi Men subway station on the new Metro Line 8. It includes residential towers and retail shops with a basement car park.

Sichuan Beilu Station of Metro Line No. 10

90% owned

Site area:	13,300 square metres
Gross floor area:	53,000 square metres
Usage:	Office and retail
Expected completion:	2010 – 2011
Current status:	Construction in progress

CITIC Pacific and Shanghai Shentong Metro Assets Management Company Limited jointly acquired this site in Hongkou District in early 2007. It is situated above the Sichuan Beilu Metro Station of Metro Line No. 10 which is currently under construction and expected to become operational in early 2010. The project comprises office buildings and retail outlets that will benefit from the pedestrian flow generated by the metro line and the overall geographical advantage offered by Hongkou.

No. 10, Hainan Road

100% owned

Site area:	16,400 square metres
Gross floor area:	66,000 square metres
Usage:	Office and retail
Expected completion:	After 2011
Current status:	Design in progress

The site was acquired in December 2007 and is situated on the East side of the Sichuan Beilu Station. It will be designed and developed into a combined landmark project for this thriving district.

Jiading New City Station of Metro Line No.11

100% owned

Site area:	156,000 square metres
Gross floor area:	538,000 square metres
Usage:	Office, retail, hotel and residential
Expected completion:	In phases from 2012 onwards
Current Status:	Design in progress

Located in the Northwest of Shanghai, Jiading District is the gateway to a number of neighbouring economic regions such as Suzhou, Kunshan and Taicang in Jiangsu Province. As the earliest satellite city of Shanghai, Jiading is well known as a base for the science and automobile industries. This development is situated in the Shanghai city core area above the Jiading New City Station of the new Metro Line No.11, which will run across Jiading, Putuo, Changning, Xuhui and Pudong New District upon completion, in phases starting from end 2009. The project will be developed in phases and include residences, offices, retail shops and hotels. The development will be integrated with the interchange hub of metro lines and other public transport, as well as surrounding areas under a comprehensive plan of residential districts, business centres, sports and recreational parks and science research districts.

Zhejiang Province

CITIC Square, Ningbo

99.3% owned

Site area:	39,500 square metres
Gross floor area:	98,000 square metres
Usage:	Office and retail
Expected completion:	2009
Current Status:	Superstructure works completed

This development is in the Jiangdong District of Ningbo, the economic provincial capital as well as the regional centre of economic development of Zhejiang Province. The site is in close proximity to 'Ningbo Eastern New City', the future political and economic centre of the city. CITIC Square will be a Grade-A office and retail development. Preparation for pre-leasing and pre-sale is underway.

Jiangsu Province

Binhu District Residential Project, Wuxi

70% owned

Site area:	2,110,300 square metres
Gross floor area:	249,000 square metres
Usage:	Residential and retail
Expected completion:	In phases from 2010 onwards
Current Status:	Approx. 160,000 m^2 GFA development under construction and topped out

CITIC Pacific, together with the Wuxi Guolian Group, is jointly developing this residential and commercial property in the Binhu District of Wuxi. This site is located in front of the scenic Tai Lake and is within 15 – 20 minutes driving distance of the city centre. The project will be developed in phases with villas, town houses, low-rise and mid-rise residential buildings, all designed to take the advantage of the picturesque landscape, golf course view and scenic view of Tai Lake.

Noble Manor, Yangzhou

100% owned

Site area:	328,600 square metres
Gross floor area:	437,000 square metres Phase I – 90,000 square metres Other phases – 347,000 square metres
Usage:	Residential and retail
Expected completion:	In phases from 2009 onwards
Current Status:	Phase I at the final stage of completion Phase II construction in progress

Located in the Western part of the city centre, the site will be developed in harmony with the historical culture and neighboring environment of Yangzhou. A variety of residential units in low-rise, mid-rise and high-rise buildings will be provided.

Sales Progress

Pre-sale of residential units was launched in phases beginning in September 2007. Of the 667 units (approx. 78,000 m^2 GFA) launched, 501 units (75%) have been sold as of February 2009 at an average price of approximately RMB 5,800/m^2.

Jiangsu Province *continued*

Jiangyin Residential Project, Jiangyin

56% owned

Site area:	91,300 square metres
Gross floor area:	178,000 square metres
Usage:	Residential and retail
Expected completion:	2010 – 2011
Current Status:	Basement works and superstructure works in progress

Jiangyin is one of the fastest growing cities in Jiangsu Province. CITIC Pacific and the Wuxi Guolian Group are co-developing Jiangyin Xingcheng's old steel mill site in the Eastern city centre into a residential and commercial property.

Sales Progress

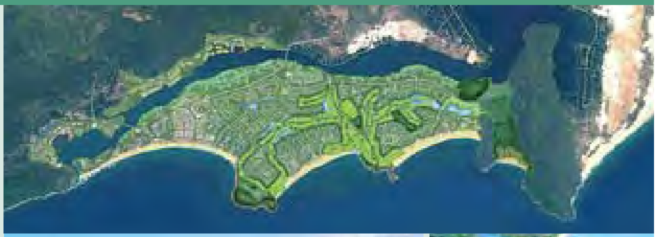
Pre-sale of residential units was launched in December 2008. Of the 164 units (approx. 26,000 m² GFA) launched, 95 units (58%) have been sold as of February 2009 at an average price of approximately RMB 7,800/m².

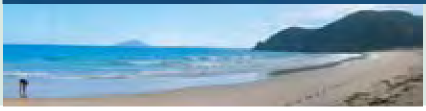
Hainan Province

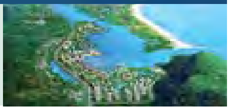
Shenzhou Peninsula Development, Wanning

80% – 99.9% owned

Site area:	6,710,100 square metres
Gross floor area:	1,653,000 square metres
Usage:	Integrated residential, hotel, retail and recreation
Expected completion:	In phases from 2010 onwards
Current Status:	Design and construction of Phase I (approx. 200,000 m² GFA) in progress







CITIC Pacific is developing a leisure resort real estate project on the Shenzhou Peninsula. The site has a planning area of 38 square kilometres, with four south facing beaches along eight kilometres of scenic coastline. About 16 square kilometres will be developed into a world class resort. As part of a new express railway line along the East coast of Hainan Island connecting the cities of Haikou and Sanya, a railway station will be built at Wanning city, which is approximately six kilometres from the Shenzhou Peninsula site. Constructed by the Hainan provincial government, completion of this new express railway is targeted in 2011. By then, the accessibility of the Shenzhou Peninsula site will be significantly improved from Haikou and Sanya, both regional hubs with international scheduled flights.

CITIC Pacific is also the prime developer responsible for the project's overall planning, design and infrastructure.

As at February 2009, CITIC Pacific had acquired 6.71 square kilometres of land. The construction of two hotels, apartments and the infrastructure of Phase I is progressing well. The hotels will be managed by well-known international hotel operators. Opening of the two hotels and pre-sale of apartments are expected in 2010.

Investment Properties

Property	Usage	Ownership	Approx. site area (sq. metre)	Approx. GFA (sq. metre)
CITIC Square, **Shanghai**	Office, retail	100%	14,500	114,000
Royal Pavilion, **Shanghai**	Serviced apartments	100%	8,800	35,000
New Westgate Garden, Retail Portion, **Shanghai**	Retail	100%	32,900	18,000
Total			**56,200**	**167,000**

GFA = *gross floor area*

Shanghai

CITIC Square

100% owned

Site area: 14,500 square metres
Gross floor area: 114,000 square metres
Usage: Office and retail
Completed: 2000

A Grade-A office tower located on Nanjing Xi Lu, one of the busiest commercial areas in Shanghai, CITIC Square continues to enjoy steady rental income with 98% occupancy as of February 2009.

Royal Pavilion

100% owned

Site area: 8,800 square metres
Gross floor area: 35,000 square metres
Usage: Serviced apartments
Completed: 1998

Royal Pavilion is a development of luxury serviced apartments, with 75% occupancy as of February 2009.

New Westgate Garden – Retail Portion

100% owned

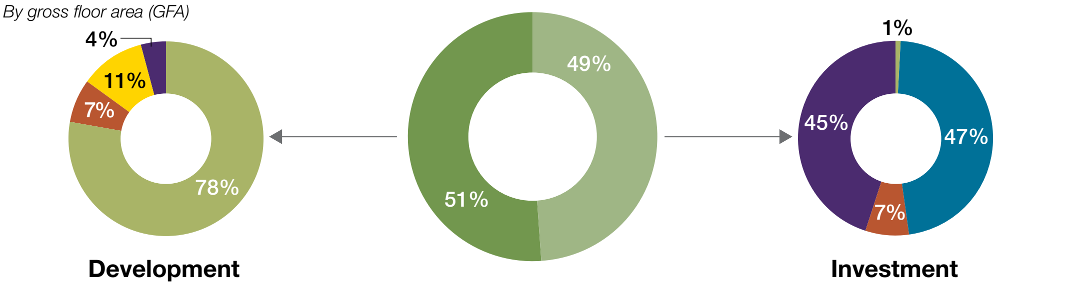
Site area: 32,900 square metres
Gross floor area: 18,000 square metres
Usage: Retail
Completed: 2006

The retail property is fully let.

Hong Kong

- 231,000 square metres of gross floor area to be developed in Discovery Bay
- Major investment properties include CITIC Tower, the Group's headquarters, and DCH Commercial Centre

By gross floor area (GFA)



Total gross floor area: 478,000 square metres

Investment Properties

Property	Usage	Ownership	Approx. GFA (sq. metre)
CITIC Tower	Office, retail	40%	52,000
DCH Commercial Centre	Office, retail	100%	36,000
Wyler Centre I	Industrial	100%	37,000
Broadway Centre	Industrial	100%	32,000
Yee Lim Industrial Centre, Block C	Industrial	100%	30,000
Others	Various	100%	50,000
Total			**237,000**

GFA = *gross floor area*



Development Properties

Discovery Bay

50% owned by CITIC Pacific, Discovery Bay is a large residential development jointly developed with HKR International Ltd. Since its launch in 1973, Discovery Bay has evolved into a fully integrated, suburban multinational residential community. Situated on the northeastern shore of Lantau Island, adjacent to the Disney Theme Park, Discovery Bay is endowed with open space. Recreational and leisure facilities include a private beach, central park, scenic promenade, golf courses and a marina.

The current Yi Pak Bay development is located in the Northern part of Discovery Bay. It has a gross floor area of approximately 218,000 square metres, of which 91,000 square metres have been developed as Siena One (Phase 11) and Siena Two (Phase 12). Chianti (Phase 13), which has a gross floor area of 50,000 square metres, was 98% sold as of February 2009.

A hotel development of 26,000 square metres of gross floor area at the Northern part of Discovery Bay is under construction.

Power Generation

HK$ million	2008	2007	Change
(Loss) / profit contribution	**(1,198)**	494	(343)%
Segment assets	**5,857**	6,409	(9)%
Segment liabilities	**6**	32	(81)%

At the end of 2008, CITIC Pacific owned a total attributable capacity of 6,250MW. During the year, we disposed of our 50% equity interest in the Kaifeng power plant.

The total electricity generated in 2008 by all power plants in which CITIC Pacific had an interest was 100 billion kwh, an increase of 5% from 2007. Heat generated was 41,075kGJ, a slight decrease of 2% compared with 2007.

In 2008, the price of coal rose significantly, averaging 46% across all of our power plants. The government policy of passing on fuel cost increases was not implemented, so power producers had to bear the rise in the cost of coal and therefore suffered losses for the year. Under these circumstances, our plants recorded a loss for the year.

During the year, further improvements were made to reduce emissions. Desulphurising systems are now installed in all of our power plants.

In order to secure a stable supply of coal, we acquired a 30% interest in a coal mine in Shandong Province with annual production capacity of 6 million tonnes. This coal mine has been profitable since the initial production began in November 2008.

As we look at the prospects for 2009, the operating environment is likely to be difficult, and shrinking demand remains a key challenge for our power business. A series of measures have been put in place. We strive to reduce costs by improving operating efficiency, while, increasing the stability of generating units to achieve higher productivity. In addition, we have already locked in the coal supply required by most of our plants in 2009.

Operational statistics of CITIC Pacific's power plants

						Electricity generated			Heat generated		
Power plant	Location (province)	Installed capacity (MW)	Ownership	Type	Utilisation hours	**2008 (m kWh)**	2007 (m kWh)	Change	**2008 (kGJ)**	2007 (kGJ)	Change
Ligang	Jiangsu			Coal fired							
I & II		1,440	65%		4,907	7,066	8,748	(19)%	NA	NA	NA
III & IV		1,260	71.4%		4,373	10,757	6,165	74%	NA	NA	NA
Hanfeng	Hebei	1,320	15%	Coal fired	5,284	6,974	7,427	(6)%	NA	NA	NA
Huaibei	Anhui	640	12.5%	Coal fired	5,965	3,818	3,302	16%	NA	NA	NA
Kaifeng*	Henan	–	50%	Coal fired	–	–	588	–	NA	NA	NA
North United	Inner Mongolia	13,050	20%	Coal fired	4,856	63,088	62,137	2%	25,844	27,423	(6)%
Zhengzhou	Henan	1,000	50%	Co-generation	5,682	5,682	4,874	17%	6,236	5,545	12%
Hohhot	Inner Mongolia	400	35%	Co-generation	5,532	2,213	2,472	(10)%	2,896	2,273	27%
Weihai	Shandong	36	49%	Co-generation	3,196	115	164	(30)%	3,383	3,694	(8)%
Chenming	Shandong	24	49%	Co-generation	3,033	73	154	(53)%	2,716	3,158	(14)%

** Sold in 2008*

Aviation

	Location	Ownership
Cathay Pacific	Hong Kong	17.5%
HACTL	Hong Kong	10%

HK$ million	**2008**	2007	Change
(Loss) / profit contribution	**(994)**	1,263	(179)%
Segment assets	**7,982**	10,689	(25)%
Segment liabilities	**–**	–	–

Cathay Pacific

www.cathaypacific.com

Cathay Pacific is an international passenger and freight carrier based in Hong Kong, which together with its subsidiaries Dragonair and Air Hong Kong, operates a fleet of 162 aircraft providing services to more than 120 destinations in 37 countries around the world.

In 2008, Cathay Pacific registered a loss of HK$8,558 million compared with a profit of HK$7,023 million in 2007. This loss was primarily due to the significant decrease in both passenger and cargo demand in the second half of the year, and a mark to market loss on certain fuel hedging contracts which amounted to HK$7.6 billion.

HACTL

www.hactl.com

HACTL operates Super Terminal 1, the largest air cargo terminal in the world. Total cargo throughput for 2008 was 2.5 million tonnes, down 4% from 2007.

Civil Infrastructure

	Location	Ownership	Franchise till
Eastern Harbour Tunnel (Road)	Hong Kong	71%	2016
Western Harbour Tunnel	Hong Kong	35%	2023

HK$ million	**2008**	2007	Change
Profit contribution	**523**	490	7%
Segment assets	**2,464**	2,470	–
Segment liabilities	**34**	31	10%

Eastern Harbour Tunnel

www.easternharbourtunnel.com.hk

The Eastern Harbour Tunnel registered average daily traffic of 63,218 vehicles in 2008, a 1% decrease from 2007.

Western Harbour Tunnel

www.westernharbourtunnel.com

The Western Harbour Tunnel is a key section of the Route 3 highway connecting Hong Kong Island with mainland China and Chek Lap Kok Airport. In 2008, average daily traffic was 47,742 vehicles, down 2% from 2007.

CITIC Pacific also has a 35% interest in the company that manages the Cross Harbour Tunnel on behalf of the government.

Listed Subsidiaries

Dah Chong Hong

www.dch.com.hk

56.7% equity held by CITIC Pacific
Stock code: 01828 (The Stock Exchange of Hong Kong)

HK$ million	**2008**	2007	Change
Profit contribution	**320**	417	(23)%
Segment assets	**9,462**	6,831	39%
Segment liabilities	**2,816**	2,185	29%

Dah Chong Hong is primarily engaged in distribution of motor vehicles, consumer and food products. It has operations in Hong Kong and mainland China, as well as Japan, Singapore and Canada. Dah Chong Hong was a wholly owned subsidiary of CITIC Pacific until its listing in October 2007.

CITIC 1616

www.citic1616.com

52.6% equity held by CITIC Pacific
Stock code: 01883 (The Stock Exchange of Hong Kong)

HK$ million	**2008**	2007	Change
Profit contribution	**181**	157	15%
Segment assets	**1,576**	1,047	51%
Segment liabilities	**747**	472	58%

CITIC 1616 is Asia's leading telecom service provider in telecom hubbing, enterprise solutions and international calling cards, servicing corporate and individual clients in more than 60 countries as well as over 350 international telecom operators. CITIC 1616 was a wholly owned subsidiary of CITIC Pacific until its listing in April 2007.

Financial Review

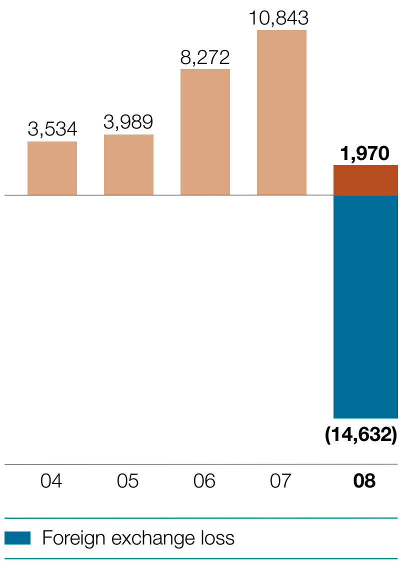
Group Performance

2008 proved to be a challenging year for the Group. Despite the strong performance in our underlying businesses during the first half of the year, our core activities were not immune from the ongoing economic slowdown in mainland China and as a direct result of the global economic crisis our businesses consequently slowed as the year progressed.

A net loss of HK$12,662 million was attributable to shareholders for the year ended 2008, compared with a net profit of HK$10,843 million in 2007. HK$14,632 million in losses (net of tax) were associated with a number of leveraged foreign exchange contracts described elsewhere. Before taking into account the effect of these leveraged foreign exchange losses, the operating profit attributable to shareholders was HK$1,970 million (net of tax), a 82% decline from 2007, due to deteriorating market conditions in the second half of 2008 and exceptional profits in 2007 arising from the listing of Dah Chong Hong and CITIC 1616.

Profit attributable to shareholders

HK$ million



Consolidated Profit and Loss Account

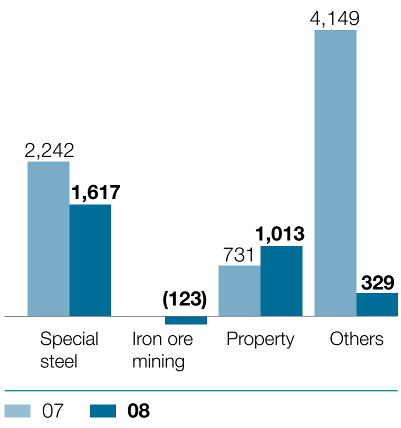
Contribution by segments[1]

In HK$ million	**2008**	2007
Special steel	**1,617**	2,242
Iron ore mining	**(123)**	–
Property		
Mainland China	**523**	197
Hong Kong	**490**	534
Power generation	**(1,198)**	494
Aviation	**(994)**	1,263
Civil infrastructure	**523**	490
Dah Chong Hong	**320**	417
CITIC 1616	**181**	157
Other investments	**1,530**	111
Fair value change of investment properties	**(33)**	1,217
Total	**2,836**	7,122

1 *A business's after tax profit that contributes to unallocated central interest, overhead and goodwill.*

Contribution

HK$ million



- **Special Steel** In the Special Steel division, net income declined from HK$2,242 million in 2007 to HK$1,617 million in 2008, a 28% decline year-on-year. Although turnover overall increased 23% in 2008, steel prices traded lower and demand was reduced in the second half of 2008, reflecting a general slowdown affecting the mainland China economy. In 2008, Special Steel made an inventory provision of HK$705 million in total, including HK$380 million for the jointly controlled entities. The amount attributable to CITIC Pacific's interest was HK$513 million.

- **Iron Ore Mining** The Iron Ore Mining division realised a HK$123 million loss in 2008 as construction on essential infrastructure continued. The loss was due primarily to operating expenses that could not be capitalised for accounting purposes.

Contribution from Property

In HK$ million	**2008**	2007
Mainland China		
Sales	**298**	(147)
Leasing	**277**	219
Tax rate change in 2007	**–**	177
Property under development	**(52)**	(52)
Hong Kong		
Sales	**125**	256
Leasing	**365**	278
Total	**1,013**	731

- **China Property** In our China Property division, net profit increased to HK$523 million in 2008 from HK$197 million in 2007. Leasing income was relatively stable, with CITIC Square and other retail properties showing an increase in rents on the back of long term leases. The average occupancy rates were 95%. Sales from the New Westgate Gardens and Qingpu reflected the slowdown in the luxury property market in 2008 and the results were bolstered by a write-back of HK$253 million impairment loss made in 2007 on phase II of New Westgate Gardens.

- **Hong Kong Property** While the strong leasing environment in early 2008 helped our rental properties in Hong Kong, the turmoil in the financial sector, placed pressure on the commercial property market. However due to long term leases entered into 2007 and in early 2008, profits from leasing increased from HK$278 million in 2007 to HK$365 million in 2008. The average occupancy rate for our Hong Kong portfolio was 93%. The HK$170 million profit on property sales in 2008 was mainly due to the sale of the Motor Services Centre in Yuen Long.
- **Power Generation** Despite an increase of 5% from 2007 of the total electricity generated to 100 billion kwh, the power generation division showed a HK$1,198 million loss, compared with a HK$494 million profit in the previous year. This was due to a sharp increase in coal prices, averaging 46% across our coal plants, which outpaced the maximum allowable tariff adjustments in 2008 which ranged from approximately 4-15%, depending on the power plant. Due to these factors, a net impairment loss of HK$449 million was booked on the power generation business in 2008.
- **Aviation** Aviation division showed a HK$994 million loss, compared with a HK$1,263 million profit in the previous year. Cathay Pacific saw increased turnover of 14.9% from 2007 based on passenger traffic growth of 7.3% over the year but suffered from mark-to-market losses on derivatives used to hedge fuel prices that were not effective hedges for accounting purposes. Our Aviation division income was bolstered by a one time disposal gain of HK$403 million on the sale of Air China Cargo.
- **Civil Infrastructure** Civil Infrastructure showed a profit increase to HK$523 million in 2008 from HK$490 million in 2007. The Eastern Harbour and Western Harbour tunnels suffered a slight decrease in traffic (-2% a day) compared with 2007 due to the poorer economy and the toll increase in the Western Harbour tunnel, but overall this was offset by the increased revenue per vehicle.

- **Dah Chong Hong** The Group's profit from Dah Chong Hong was HK$320 million for 2008, compared with HK$417 million from operations for 2007. Ownership in 2008 was approximately 57% compared with 100% before listing in October 2007. As with our other businesses, Dah Chong Hong was affected by the economy in the final quarter but strong results from earlier in the year increased after tax profit growth to HK$582 million in 2008 compared with HK$522 million in 2007. The motor segment performed well in Hong Kong and mainland China, compared with its other businesses, despite slowing sales and aggressive price discounts in the last quarter.

- **CITIC 1616** The Group's profit share from CITIC 1616 was HK$181 million for 2008 as compared with HK$157 million for 2007. Ownership in 2008 was 53% compared with 100% before listing in April 2007. CITIC 1616 improved operating performance, with after tax profit growing from HK$263 million to HK$332 million in 2008. This was mainly due to organic growth in its core voice, SMS and mobile value-added service businesses and the full consolidation of CPCNet on a whole-year basis.

- **Other Investments** Profit from Other Investments increased to HK$1,530 million in 2008, compared with a HK$111 million profit in the previous year, mainly from a profit on the sale of listed investments of HK$1,215 million.

Losses Due to Leveraged Forward Exchange Contracts

The iron ore mining operations utilise USD as its functional currency 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, with smaller capital expenditure exposures in RMB, the Euro, Swedish Krona and JPY. A one-time loss of HK$15,891 million was incurred in 2008, due mainly to losses on leveraged foreign exchange contracts intended to hedge exposures at our Australian mining operations. Leveraged foreign exchange contracts as at 30 June 2008 had a fair value gain of HK$53 million as at that date. Contracts entered into before 30 June 2008 gave rise to losses of HK$389 million for the year ended 31 December 2008. The remaining losses of HK$15,502 million arose on leveraged foreign exchange contracts entered into in the second half of 2008. A deferred taxation credit of HK$1,259 million has been recognised in the iron ore mining operations. Hence, the leveraged foreign exchange loss, net of tax, for the year 2008 was HK$14,632 million.

Leveraged forward exchange contracts with a maximum deliverable amount of A$5.3 billion were novated to CITIC Group in December 2008, being the amount in excess of the AUD required for the project. Eight remaining contracts with a maximum deliverable amount of A$2.9 billion as at 31 December 2008 were retained to manage the future AUD requirements of the iron ore mining operations. Certain of the contracts retained by the Group have been restructured to plain vanilla forward contracts. As at 31 December 2008, the remaining three unstructured contracts had a maximum deliverable amount of A$2.0 billion. One of these contracts was restructured in March 2009, and the remaining contracts will be restructured later in 2009.

In addition, certain leveraged forward exchange contracts for RMB and the Euro were terminated in 2008. As at 31 December 2008, three RMB target redemption forward contracts with maximum notional amount of RMB 5.3 billion are held by the Group to manage the remaining RMB exposures of the iron ore mining operations. Euro exposures are not currently hedged by the Group.

Interest Expense

The Group's interest expense net of amounts capitalised increased from HK$305 million to HK$747 million. Capitalised interest increased from HK$680 million in 2007 to HK$1,086 million in 2008 and is mainly attributed to property projects under development in mainland China and our mining operations in Australia.

The weighted average cost of debt declined from 5.5% in 2007 to 4.7% in 2008. This was due to interest rate cuts in Hong Kong and the United States, and a decline in RMB borrowing rates.

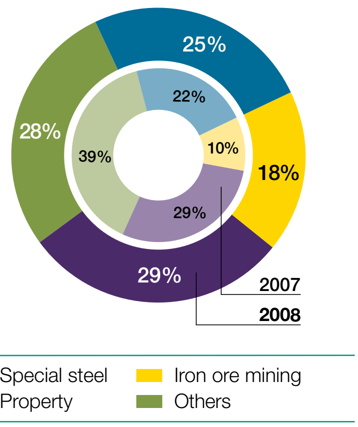
Group Segment Assets[2]

Group segment assets have increased from HK$97,564 million to HK$117,493 million in 2008. Asset growth was mainly driven by our three main lines of business – Special Steel, Iron Ore Mining in Australia and Property. These businesses have increased their share of total assets from 61% in 2007 to 72% in 2008. The share of our Australian business has also increased substantially from 10% in 2007 to 18% in 2008 as the infrastructure build-out intensified in 2008.

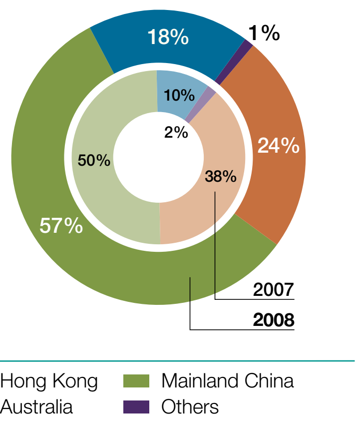
In HK$ million	**2008**	2007
Special steel	**28,848**	21,489
Iron ore mining	**20,976**	9,780
Property		
Mainland China	**22,529**	16,086
Hong Kong	**11,103**	11,992
Power generation	**5,857**	6,409
Aviation	**7,982**	10,689
Civil infrastructure	**2,464**	2,470
Dah Chong Hong	**9,462**	6,831
CITIC 1616	**1,576**	1,047
Others	**6,696**	10,771
Total	**117,493**	97,564

[2] *Group segment assets represent segment assets + investments in jointly controlled entities + investments in associated companies*

Group segment assets



Group segment assets by geographical area



Shareholders' Funds

Shareholders' Funds declined from HK$59,793 million in 2007 to HK$49,971 million as at 31 December 2008. The Shareholders' Funds were reduced by the loss of HK$12,662 million and the 2008 interim and 2007 final dividend payment of HK$2,415 million, but increased by HK$2,470 million with the issue of 1,453,125,000 new shares to the CITIC Group. The new capital structure of the Company is set out in the table below. The other major movements in Shareholders' Funds were due to a reduction of HK$4,095 million on the disposal of financial assets and mark-to-market losses on foreign exchange and interest rate hedges effective for accounting purposes of HK$3,459 million.

	After	Before
Shares outstanding	3,646,274,160	2,193,149,160
Shareholder		
CITIC Group	57.6%	29.4%
Larry Yung	11.5%	19.1%
Management	1.8%	3.2%
Public	29.1%	48.3%
Total	**100%**	**100%**

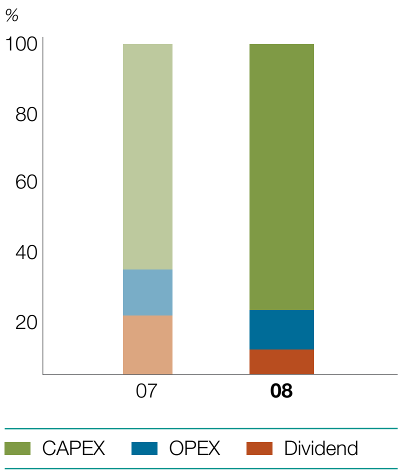
Capital Expenditure

Capital expenditure has continued to grow over the past five years with the Australian mining operations accounting for the largest share of the growth in the past two years. This share will fall as construction nears completion in 2011.

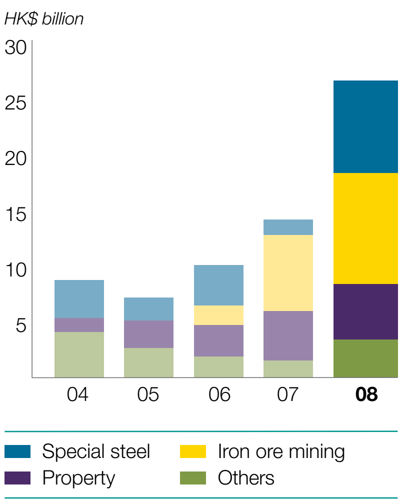
In HK$ million	**2008**	2007
Special steel	**8,381**	1,442
Iron ore mining	**10,010**	6,844
Property		
Mainland China	**5,049**	4,159
Hong Kong	**9**	366
Power generation	**581**	–
Aviation	**–**	–
Civil infrastructure	**16**	5
Dah Chong Hong	**515**	323
CITIC 1616	**116**	62
Other investments	**2,172**	1,108
Total	**26,849**	14,309

The Group has maintained its focus on its core businesses and has continued to invest approximately HK$8.4 billion in the Special Steel division, HK$10.0 billion in the Australian mining project and HK$5.1 billion in its Property division, accounting for 31%, 37% and 19% of the total respectively.

Group cash outflow by nature



Capex by business segments



- The capital expenditure for the steel business in 2008 mainly represented the construction of a new special steel plate production line at the Jiangyin steel plant with a capacity of 1.2 million tonnes. At Xin Yegang two new lines capable of producing 630,000 tonnes of medium to thick wall seamless steel tubes are under construction.
- The capital expenditure for the iron ore mining project has continued with the infrastructure build-out and construction intensified during the year. Major milestones in 2008 include the construction of earthworks for the power plant pad and construction of the first of two excavators. Construction of earthworks for the concentrator pad site have also begun with drilling and blasting in 2008. Included in these costs was a total deposit of HK$1.5 billion for the purchase of specially designed ships to transport the iron ore.
- The property projects currently under construction in mainland China include projects in Shanghai, Qingpu, Ningbo, Yangzhou and Hainan Island. In Hong Kong, the construction of a hotel in Discovery Bay is ongoing.
- Included in the capital expenditure for Other Investments is an outlay for the acquisition of a 30% interest in the Xinjulong Coal Mine in Shandong, as the Group moves to secure the raw materials needed for our steel and power plants.

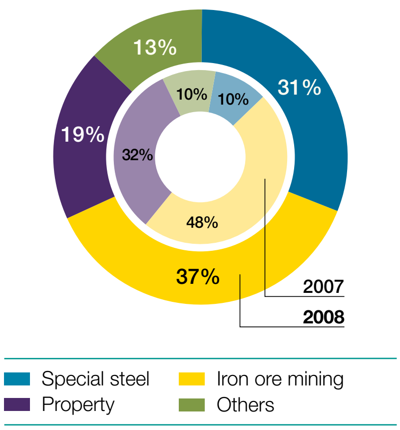
Cash Contributed from All Businesses[3]

Inflows to the Company totalled HK$8,194 million in 2008 compared with HK$13,201 million in 2007.

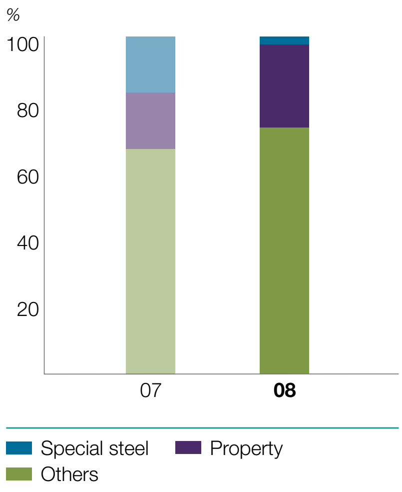
In HK$ million	**2008**	2007
Special steel	**194**	2,196
Iron ore mining	**–**	–
Property		
Mainland China	**925**	1,368
Hong Kong	**1,092**	833
Power generation	**242**	621
Aviation	**1,428**	508
Civil infrastructure	**510**	990
Dah Chong Hong	**88**	4,448
CITIC 1616	**53**	1,919
Others	**3,662**	318
Total	**8,194**	13,201

[3] *See 'Definition of Terms' on page 92.*

Capex by segment



Cash inflow by segment



Treasury Risk Management

General Policies

- Maintain central management of financial exposures while delegating finance raising to individual business units where appropriate, employing limited or non-recourse project finance when available
- Diversify funding sources through utilisation of both banking and the capital markets
- Arrange financing to match each business's characteristics and cash flow to the extent that it is possible

Responsibilities

The Group's overall risk management program seeks to minimise the impact of fluctuations in exchange rates, interest rates and various commodity price fluctuations on the Group's financial performance.

In response to losses arising from the Group's leveraged foreign exchange contracts reported elsewhere, management has taken several concrete steps to strengthen our risk management policies and procedures. An Asset and Liability Management Committee ('ALCO') was set up by the Board in October 2008 to oversee these procedures and monitor the exposures of the Group. PricewaterhouseCoopers ('PwC') was engaged to provide advice on the Group's financial risk management policies and procedures.

The Group Finance Department is responsible for maintaining and implementing the Group's financial risk management policies and procedures endorsed by ALCO within an agreed framework authorised by the Board.

The Group Finance Department monitors funding requirements of the Group along with interest rate, currency, credit and liquidity risks. This portfolio approach to financial risk management enables activities in these areas to be carried out more economically and efficiently, and allows a greater degree of transparency for the Group.

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

The Group's listed subsidiary companies – Dah Chong Hong, CITIC 1616 and Daye Special Steel, manage their financial and treasury affairs themselves, within Group policies.

Derivatives Policy

Derivatives have been 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 as accounting hedges.

The fair value of outstanding derivative transactions is calculated monthly, based on price quotations obtained from major financial institutions. These derivative instruments are monitored periodically to test for the effectiveness of the hedging strategies involved.

Following ALCO's review of the Group's policies and procedures, the use of financial instruments has currently been restricted to borrowings, deposits, interest rates swaps and plain vanilla foreign exchange contracts. The use of structured derivatives and instruments that contain embedded options will require presentation to and the approval of ALCO.

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

Foreign Exchange Risk

The Group has major operations in Hong Kong, mainland China and Australia. Therefore it is subject to market risk in foreign exchange rates involving HK dollars ('HKD'), US dollars ('USD'), Renminbi ('RMB') and Australian dollars ('AUD'). 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 balance sheet 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) its steel and property operations in mainland China denominated in RMB and;

iii) USD denominated debt.

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

US Dollar (USD) The Group seeks to diversify its funding sources and also match funding requirements to subsidiaries whose functional currency and revenues are in USD through USD denominated borrowings. As at 31 December 2008, the Group has HK$8.5 billion equivalent of USD debt exposure which is fully hedged into HKD through the use of forward contracts and cash on hand.

Renminbi (RMB) The Group's businesses in China represented an asset exposure in RMB of approximately HK$67 billion as at 31 December 2008 (2007: HK$50 billion). RMB 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 RMB.

For the Australian mining operations, certain RMB denominated capital expenditures to pay the main contractor have been managed through non deliverable RMB target redemption forward contracts. The maximum notional amount of these contracts is RMB 5.3 billion.

Australian Dollar (AUD) The Australian mining operations utilise USD as its functional currency 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 and leveraged foreign exchange contracts were employed to manage these currency exposures.

The Group entered into multiple leveraged AUD foreign exchange contracts mainly in the second half of 2008. These contracts were intended to minimise the currency exposure of the Group's iron ore mining project. Due to substantial movements in the AUD to USD exchange rate, these contracts gave rise to substantial realised and mark to market losses and due to their leveraged features the amount of AUD to be delivered to the Group increased significantly and exceeded the Group's needs for AUD. Leveraged foreign exchange contracts with a maximum deliverable amount of A$5.3 billion, being contracts delivering AUD in excess of the Group's needs were novated to CITIC Group in December 2008.

The remaining contracts with a maximum deliverable amount of A$2.9 billion as at 31 December 2008 were retained to provide for the Group's further AUD needs. During the year, some of these remaining contracts were restructured into plain vanilla forward contracts that qualify as accounting hedges, as their maturity matches the need of the business. As at 31 December 2008, three unrestructured contracts with a maximum deliverable amount of A$2.0 billion were outstanding. One of the contracts was restructured in March 2009 into plain vanilla contract and the remaining two are intended to be restructured later in 2009.

Japanese Yen (JPY) CITIC Pacific issued a JPY Bond in 2005 to diversify its funding sources. From an economic perspective, this bond's currency exposure is managed through a cross currency swap into HKD floating rate payments which does not qualify as an accounting hedge. In addition to the JPY bond, as at 31 December 2008, JPY 6,434 million of exposure remains at the CITIC Pacific level.

For the Australian mining operations, as at 31 December 2008, there was a net JPY 1,814 million exposure for capital expenditures to purchase machinery. This position is partially hedged using plain vanilla forward contracts.

Swedish Krona (SEK) The Group's SEK exposure amounted to SEK 373 million at 31 December 2008 due to a contract with Siemens to supply a steam turbine generator for the Sino Iron project. This position is currently partially hedged using plain vanilla forward contracts.

Euro (EUR) The Group's EUR exposure amounted to EUR 101 million at 31 December 2008. This exposure is generated by contracts for procurement and design services for the Australian mining project. This position is currently not hedged as the amount is not viewed as material in terms of the operations of the Group.

Subsequent to the losses incurred with respect to the Group's leveraged foreign exchange forward contracts in 2008, the list of approved derivative instruments has been restricted to plain vanilla foreign exchange forwards and interest rate swaps.

Interest Rate Risk

The Group's interest rate risk arises primarily from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rate 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 fixed rate and through the use of interest rate swaps which have the economic effect of converting floating rate borrowings into fixed rates.

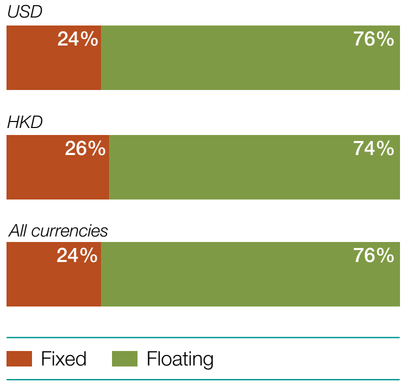
The appropriate ratio of fixed / floating risk for the Group is reviewed periodically. The level of fixed rate debt is decided after taking into consideration the potential impact of higher interest rates on profit, interest cover and cash flow cycles of the Group's business and investments.

As at 31 December 2008, the Group's portfolio of interest rate derivative contracts had a notional amount of HK$13.2 billion. After hedging, 76% of the borrowing for the Group was floating rate.

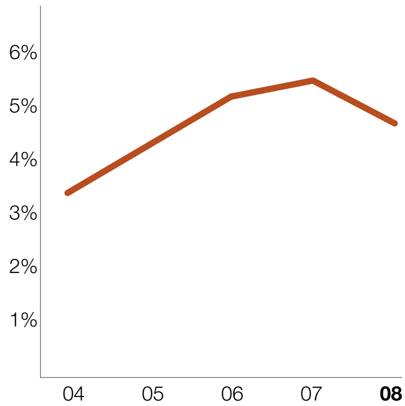
The Group's overall weighted all-in cost of borrowing (including fees and hedging costs) in 2008 was approximately 4.7% compared with 5.5% in 2007.

Interest rate base

As at 31 December 2008



Average borrowing costs



Credit Risk

To manage counterparty risk, the Group deals with international financial institutions with a credit rating of investment grade or above. The recommended credit rating was subsequently raised to A- (S&P) or A2 (Moody's) and above by ALCO in 2009. For mainland Chinese institutions that do not have an international credit rating, 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 from 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 and to prevent substantial refinancing in any one period. In addition, the Company has established co-operative agreements with major PRC banks. These arrangements can shorten the credit approval processes substantially when applying for RMB loans.

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

Group Debt and Liquidity

At the end of December 2008, CITIC Pacific has multiple borrowing relationships with financial institutions in Hong Kong, mainland China and internationally. The Group's policy is to diversify funding sources through bank lending and tapping the capital markets. It seeks to maintain a mix of short and long term borrowing to stagger maturities and minimise refinancing risk.

The financial position of the Group as at 31 December 2008 as compared with 31 December 2007 is as follows:

HK$ million	**2008**	2007
Total debt	**57,234**	28,654
Cash and bank deposits	**18,296**	8,045
Net debt	**38,938**	20,609

Total debt increased significantly due to investments in the Group's steel and property businesses in mainland China, purchases of vessels as well as significant capital expenditure outlays for the Australian mining business, for which construction intensified in the past year.

The Company's cash position was bolstered by the issuance of a convertible bond to CITIC Group which was converted into 1,453,125,000 shares, with the Company receiving a net amount of HK$2.5 billion, HK$3.4 billion from the sale of listed investments and HK$917 million from the sale of Air China Cargo.

Changes in Financing

During the year, bilateral facilities totalling HK$14 billion were established or renewed at the Company and subsidiary level.

For the development of the Australian iron ore mining project, a 20-year US$1.3 billion project finance loan was signed. In addition, a 20-year US$1.1 billion corporate loan was arranged, which is intended to be converted into a project finance loan in due course. As at 31 December 2008, US$792 million of the project finance loan was drawn down.

The Company has also completed a ship financing transaction for US$380 million 12-year term (from delivery of the ships) loan facilities for the purchase of twelve 115,000 DWT capesize dry bulk carriers for iron ore transportation.

Available Sources of Financing

In addition to the cash and deposits balance of HK$18.3 billion as at 31 December 2008, the Group had available loan and trade facilities totalling HK$20.3 billion and HK$3.4 billion respectively. Borrowings by source of financing as at 31 December 2008 are summarised as follows:

HK$ million	Total facilities	Outstanding	Available facilities	Percentage available
Committed facilities				
Short term loan *	4,290	3,198	1,092	25%
Term loans	63,469	46,056	17,413	27%
Global bonds *(USD Bond)*	3,510	3,510	–	0%
Private placement *(JPY Bond)*	529	529	–	0%
Total committed	71,798	53,293	18,505	26%
Uncommitted facilities				
Money market lines and short term facilities	5,645	3,833	1,812	32%
Trade facilities	4,536	1,163	3,373	74%

* *This is a USD short term bridging loan to support the funding requirement of the iron ore mining project Phase II.*

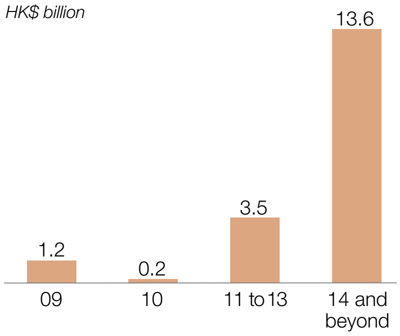
As at 31 December 2008, total committed facilities amounted to HK$71.8 billion, of which HK$18.5 billion (26%) remain undrawn. In addition to the above facilities, the Company has established Cooperative Agreements with major banks in mainland China. Under these Cooperative Agreements, CITIC Pacific's 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 31 December 2008 compared with 26% at the end of 2007.

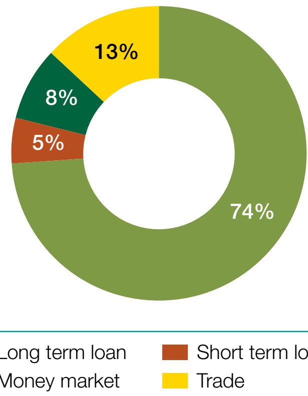
Available committed facilities by maturity (total HK$18.5 billion)

As at 31 December 2008
HK$ billion



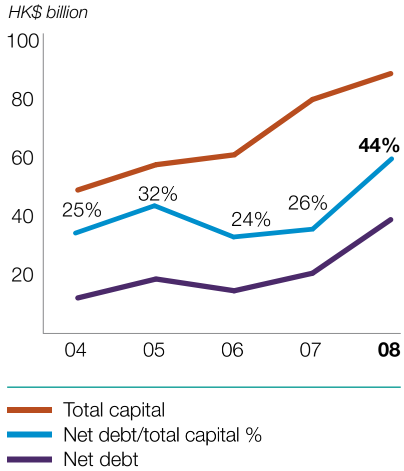
Available facilities by type (total HK$23.7 billion)

As at 31 December 2008



Leverage

HK$ billion



Maturity Profile of Outstanding Debt

The Group prefers 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 31 December 2008, outstanding loans that will mature at the end of 2009 amounted to HK$9.4 billion, against a cash and deposits balance totaling HK$18.3 billion.

The weighted average life of the Group's debt was 5.6 years (2007: 6.0 years).

HK$ million	2009	2010	2011	2012	2013	2014 and beyond	Total	Percentage
Parent company	4,601	2,992	7,690[1]	7,550	4,245	8,799[2]	35,877	63%
Subsidiaries	4,781	2,633	3,896	1,005	991	8,051	21,357	37%
Total maturing debt	9,382	5,625	11,586	8,555	5,236	16,850	57,234	100%

1. *Includes a US$450 million global bond due in 2011 which was issued by a wholly owned special purpose vehicle.*
2. *Includes a JPY 8.1 billion floating rate note due in 2035 which was issued by a wholly owned special purpose vehicle.*

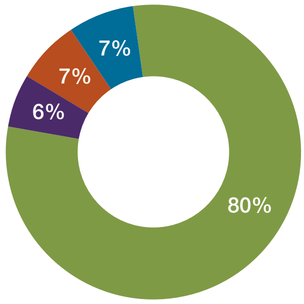
Loan Covenants

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 ratios.

	Covenant limits	Actual 2008
Minimum consolidated net worth Consolidated net worth	≥ HK$25 billion	HK$51.7 billion
Gearing Consolidated borrowing / consolidated net worth	≤ 1.5	1.11
Negative pledge Pledged assets / consolidated total assets	≤ 30%	0.5%

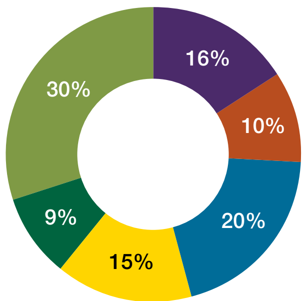
Outstanding debt by type

As at 31 December 2008



Outstanding debt by maturity

As at 31 December 2008



For the purpose of the above covenant limits, as defined in the relevant borrowing agreements:

'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 November 2008 Moody's and Standard & Poor's downgraded their long-term credit ratings for the Company to Ba2 and BB respectively, following losses on the Company's derivative portfolio. Following the issuance and conversion of the convertible bond into shares to CITIC Group, 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 replacement or additional financing to support our funding needs in the future.

Forward Looking Statements

This Annual Report contains certain forward looking statements with respect to the financial condition, results of operations and business 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 instances materially, from those anticipated or implied in any forward looking statement.

Ten Year Statistics

At year end (HK$ million)	1999	2000	2001	2002	2003	2004	2005	2006	As restated 2007	**2008**
Shareholders' funds	37,580	40,650	40,781	41,742	37,848	36,921	39,103	46,510	59,793	**49,971**
per share *(HK$)*	17.67	18.51	18.62	19.07	17.29	16.84	17.83	21.18	27.03	**13.70**
Debt										
Debt	18,563	15,709	14,639	9,267	10,528	14,580	21,218	18,293	28,654	**57,234**
Bank deposits	8,044	5,201	4,631	2,545	5,511	2,417	2,579	3,679	8,045	**18,296**
Net debt / total capital	22%	21%	20%	14%	12%	25%	32%	24%	26%	**44%**
Interest cover	4x	5x	6x	12x	8x	15x	11x	20x	50x	**(13)x**
Capital employed	56,143	56,359	55,420	51,009	48,376	51,501	60,321	64,803	88,447	**107,205**
Property, plant and equipment	3,556	4,983	6,293	4,174	4,335	6,066	8,871	9,491	12,154	**23,028**
Investment properties	5,374	5,531	5,357	8,493	7,923	8,115	8,645	9,604	10,895	**11,230**
Properties under development	240	246	460	586	679	1,672	1,849	2,712	4,288	**9,848**
Leasehold land	1,123	1,102	1,076	1,094	1,194	1,596	1,618	1,712	1,641	**2,320**
Jointly controlled entities	1,396	2,019	2,365	3,582	4,085	7,852	10,413	14,922	17,446	**21,140**
Associated companies	20,859	23,497	22,704	22,183	22,584	21,439	23,239	16,416	17,941	**15,084**
Other financial assets	14,511	9,264	8,070	7,092	1,027	1,121	929	2,819	7,502	**1,063**
Intangible assets	1,601	1,547	1,842	1,697	1,619	1,785	1,795	3,581	4,602	**8,979**
Stock market capitalisation	62,230	60,720	37,993	31,514	43,332	48,444	47,038	58,952	96,338	**30,556**
Number of shareholders	13,506	9,808	11,044	12,260	12,198	11,554	11,262	10,433	8,571	**8,712**
Staff	10,490	11,354	11,733	11,643	12,174	15,915	19,174	23,822	24,319	**28,654**
For the year (HK$ million)										
Net profit / (loss) after tax										
Net profit / (loss) after tax	2,729	3,283	2,084	3,835	1,148	3,534	3,989	8,272	10,843	**(12,662)**
per share *(HK$)*	1.28	1.49	0.95	1.75	0.52	1.61	1.82	3.77	4.91	**(5.68)**
Contribution by major businesses										
Special steel	22	29	95	126	178	438	808	1,333	2,242	**1,617**
Iron ore mining	–	–	–	–	–	–	–	–	–	**(123)**
Property										
Mainland China	–	–	–	103	112	125	154	308	197	**523**
Hong Kong	734	414	625	783	243	434	952	1,727	534	**490**
Power generation	440	314	281	245	229	439	368	268	494	**(1,198)**
Aviation	659	1,475	324	1,263	421	1,398	1,058	3,288	1,263	**(994)**
Civil infrastructure	1,292	1,320	1,362	1,238	635	329	413	469	490	**523**
Dah Chong Hong	230	221	105	234	253	284	233	297	417	**320**
CITIC 1616	–	39	129	252	116	120	122	191	157	**181**
Other investments	831	439	181	530	337	220	(117)	174	128	**1,530**
Net gain from listing of subsidiary companies	–	–	–	–	–	–	–	–	4,552*	**–**
Fair value change of investment properties	–	–	–	–	(587)	181	755	1,077	1,217	**(33)**
EBITDA	4,763	5,238	3,921	5,691	3,126	5,666	6,412	11,882	15,160	**(9,925)**
Dividends per share *(HK$)*										
Regular	0.75	0.85	0.80	1.00	1.00	1.10	1.10	1.10	1.20	**0.30**
Special	2.00	–	–	1.00	–	–	–	0.60	0.20	**–**
Cover	1.7x	1.8x	1.2x	1.8x	0.5x	1.5x	1.7x	3.4x	4.1x	**(18.9)x**

Note:

1. *2007' figures have been restated to reflect the Group's adoption of HK(IFRIC) – Int 12 'Service Concession Arrangement'.*
2. *Prior years' figures have been restated to reflect the Group's adoption of Hong Kong Financial Reporting Standards except the figures have not been adjusted for years 2001 and before following the adoption of revised accounting standard of HKAS 12 'Income Tax' in year 2002.*

* *Include spin-off profit from the listing of subsidiary companies, Dah Chong Hong and CITIC 1616 in 2007.*

Corporate Governance

(This section was adopted at the board meeting of the Company held on 25 March 2009 for approving 2008 final results. Information in this section does not reflect the changes to the board composition which took effect on 8 April 2009.)

Corporate Governance Practices

CITIC Pacific is committed to ensuring high standards of corporate governance. The Board believes that good corporate governance practices are important for maintaining and promoting investor confidence. During the year, the Company faced the issues associated with the leveraged foreign exchange contracts entered into by the Group. Following this incident, the Board took actions to improve the financial risk management function and examine other corporate controls of the Group. The Board will continue to review its corporate governance practices to meet the latest local and international standards.

Throughout the year of 2008, CITIC Pacific has complied with all Code Provisions in the Code of Corporate Governance Practices ('the Code') contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ('the Model Code') contained in Appendix 10 of the Listing Rules. All Directors have fully complied with the required standard set out in the Model Code throughout the year of 2008.

Board of Directors

After the appointment of Messrs Zhang Jijing and Ju Weimin as directors of the Company, the Board comprises ten executive and nine non-executive directors of whom four are independent (the biographies of the directors, together with information about the relationships among them, are set out in the 2008 Annual Report). Non-executive directors are more than 47% of the Board and independent non-executive directors are 21%. The reasons why five non-executive directors are not independent (as defined by the Stock Exchange) are that one is the President of a shareholder having an interest of over 1% stake in the Company, one does professional work for the Company and the other three are directors of CITIC Group.

Under Article 104(A) of the Company's Articles of Association, every director, including the non-executive directors, shall be subject to retirement by rotation at least once every three years.

The Board determines the overall strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group's strategic objectives. Day-to-day management of the Group's businesses is delegated to the executive director or officer in charge of each division. Matters reserved for the Board are those affecting the Group's overall strategic policies, finances and shareholders including financial statements, dividend policy, significant changes in accounting policy, material contracts and major investments. All Board members have separate and independent access to the Group's senior management in order to fulfil their duties. They also have full and timely access to relevant information about the Group and are kept abreast of the conduct, business activities and development of the Group. Independent professional advice can be sought at the Group's expense upon their request.

The Board meets regularly to review the financial and operating performance of the Group and other business units, and approve future strategy. Four regular board meetings were held in 2008. Because of the issues associated with the leveraged foreign exchange contracts entered into by the Group, 5 special board meetings were held during the year. Individual attendance of each director at the Board meetings during 2008 is set out below:

Directors	Attendance / Number of Board Meetings Regular	Special
Executive Directors		
Mr Larry Yung Chi Kin – Chairman	4/4	5/5
Mr Henry Fan Hung Ling – Managing Director	4/4	5/5
Mr Peter Lee Chung Hing	4/4	5/5
Mr Carl Yung Ming Jie	4/4	5/5
Mr Vernon Francis Moore	4/4	5/5
Mr Li Shilin	1/4	0/5
Mr Liu Jifu	4/4	3/5
Mr Milton Law Ming To	4/4	5/5
Mr Wang Ande	4/4	5/5
Mr Kwok Man Leung (appointed on 1 April 2008)	3/3	5/5
Mr Leslie Chang Li Hsien (resigned on 20 October 2008)	3/3	2/2
Mr Chau Chi Yin (resigned on 20 October 2008)	3/3	2/2
Independent Non-executive Directors		
Mr Hamilton Ho Hau Hay	4/4	5/5
Mr Alexander Reid Hamilton	3/4	4/5
Mr Hansen Loh Chung Hon	4/4	5/5
Mr Norman Ho Hau Chong	4/4	4/5
Non-executive Directors		
Mr Willie Chang	4/4	5/5
Mr André Desmarais (Two of the regular meetings and three of the special meetings were attended by his alternate)	4/4	5/5
Mr Chang Zhenming	1/4	1/5

To implement the strategies and plans adopted by the Board effectively, an executive committee of selected executive directors and senior managers meets monthly to review the performance of the businesses of the Group, co-ordinate overall resources and make financial and operational decisions.

There is also a finance committee of selected executive directors to review and establish or renew financial and credit facilities and undertake financial and credit transactions that rank, where they constitute obligations, pari passu with the Company's other unsecured obligations.

Chairman and Chief Executive Officer

The Group has appointed a Chairman, Mr Larry Yung and a Managing Director, Mr Henry Fan, who is the Chief Executive Officer described in Appendix 14 of the Listing Rules. The roles of the Chairman and the Managing Director are segregated. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities. The Managing Director is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing which has been approved and adopted by the Board.

Remuneration Committee

The Remuneration Committee was established by the Board in August 2003. The full terms of reference can be found in the Group's website (http://www.citicpacific.com/eng/about/governance_remun.html).

Responsibility

The principal role of the Remuneration Committee is to exercise the powers of the Board to determine and review the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind and the terms on which they participate in any share option and other plans considering factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the Group and desirability of performance-based remuneration so as to align management incentives with shareholder interests.

Membership and Attendance

Members	Attendance / Number of Meetings
Independent Non-executive Directors	
Mr Norman Ho Hau Chong (Chairman)	2/2
Mr Alexander Reid Hamilton	2/2
Non-executive Director	
Mr Willie Chang	2/2

Work Done

The Remuneration Committee reviewed the remuneration policies applicable to and approved the salaries and bonuses of the executive directors and senior management. No executive director has taken part in any discussion about his own remuneration.

Nomination of Directors

There is no nomination committee of the Board. During 2008, Mr Kwok Man Leung was appointed as a director by the Board. He was re-elected by shareholders at the first annual general meeting after his appointment. Messrs Zhang Jijing and Ju Weimin were appointed as non-executive directors by the Board with effect from 1 April 2009.

Audit Committee

The Board established an Audit Committee in 1995. The Audit Committee's terms of reference can be found in the Group's website (http://www.citicpacific.com/eng/about/governance_audit.html).

Responsibility

The Audit Committee assists the Board in meeting its responsibilities for ensuring an adequate system of internal control and compliance, and in meeting its external financial reporting obligations.

Membership and Attendance

The Audit Committee members possess diversified industry experience and the Chairman has appropriate professional qualifications and experience in accounting matters. The Audit Committee meets regularly four times each year, together with the Group Finance Director, and auditors, both internal and external. Other executive directors do not attend the meeting unless by invitation. Because of the issues associated with the leveraged foreign exchange contracts entered into by the Group, the Audit Committee held five special meetings.

	Attendance / Number of Meetings	
Members	Regular	Special
Independent Non-executive Directors		
Mr Alexander Reid Hamilton (Chairman)	4/4	5/5
Mr Hansen Loh Chung Hon	4/4	5/5
Non-executive Director		
Mr Willie Chang	4/4	5/5

Work Done

The Audit Committee considered the external auditors' projected audit fees; discussed with the external auditors their independence and the nature and scope of the audit; reviewed the interim and annual financial statements, particularly judgmental areas, before submission to the Board; reviewed the internal audit programme, findings and management's response; and reviewed the Group's adherence to the Code Provisions in the Code. The Audit Committee recommended the Board adopt the interim and annual reports for 2008. The Audit Committee undertook an internal investigation of the entering into of the leveraged foreign exchange contracts and reported its findings to the Board. The Audit Committee also commissioned PricewaterhouseCoopers ('PwC') to undertake reviews of the Company's financial risk management and of its entity-level corporate controls and to make recommendations to improve the Group's internal controls.

Pursuant to the revised Code Provisions which became effective on 1 January 2009, the Audit Committee's oversight function in its annual review of the system of internal control will include consideration of the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, including their training programmes and budget. The terms of reference of the Audit Committee are under review and will be revised appropriately.

Asset and Liability Management Committee

In October 2008, the Board established an Asset and Liability Management Committee accountable to the Board to review monthly the financial position of the Company and to be responsible for establishing its financial risk management policy. Its members consist of the Group Finance Director who chairs the Committee and the executives from various departments of the Company. Three formal meetings have been held. The Committee is in its formative stage but has established policies for approved transaction types and counterparty risk and has set up a framework for monitoring interest rate risk, foreign exchange risk and commodity price risk and exposures.

The terms of reference of the Asset and Liability Management Committee are as follows:

a) reviewing regularly the asset and liability balance of the Company in aggregate, and at subsidiary / affiliate level;

b) setting limits on exposure at group, subsidiary or business unit level in relation to:
   i) assets and liability mismatches;
   ii) counter-parties;
   iii) currencies;
   iv) interest rates;
   v) commitments and contingent liabilities;

c) reviewing and approving financing plans;

d) approving the use of new financial products; and

e) establishing hedging policies.

Committee to deal with the Group's Leveraged Foreign Exchange Contracts

The Board established a Committee to deal with the Group's Leveraged Foreign Exchange Contracts in November 2008. The Committee is empowered to receive recommendations from internal and external parties as to how to improve the Group's internal management and risk controls, monitor the Group's ongoing and future leveraged foreign exchange contracts and negotiate terms of the novation contracts with the relevant counterparties. Mr Chang Zhenming, a Non-executive Director of the Company and the Vice Chairman and President of CITIC Group is the chairman of the Committee. Other members include the Group Finance Director, an Executive Director and two Non-executive Directors of the Company.

Auditor's Remuneration

PwC has been CITIC Pacific's independent auditor since 1989. The audit engagement partner is changed every several years to ensure independence and the current audit partner was first appointed for the 2006 accounts. During the year, the fees estimated for PwC's statutory audit amounted to approximately HK$15 million (2007: HK$10 million). In addition, approximately HK$10 million (2007: HK$2 million) was charged for other services, which included mainly special audits, review of treasury internal control, review of internal controls in relation to financial reporting, agreed upon procedures and other reporting in respect of announcements and circulars in relation to the leveraged foreign exchange contracts and issuance of convertible bond in 2008 (approximately HK$3 million), review of the half year financial statements and tax compliance. The cost of recurring audit services to subsidiaries performed by other auditors amounted to approximately HK$22 million (2007: HK$16 million) and the fees for other services were approximately HK$22 million (2007: HK$31 million).

Internal Controls

The Board has overall responsibility for maintaining a sound and effective system of internal control. Internal control is designed to provide reasonable, but not absolute, assurance of the effectiveness and efficiency of operations, safeguarding of assets, maintenance of proper accounting records, reliability of financial information, and compliance with laws and regulations, which is a process to manage rather than eliminate the risk of failure to achieve the business objectives of the Group.

Following the substantial foreign exchange exposures incurred during the year, the Board took action to improve the financial risk management function and examine other corporate controls of the Group. A major on-going objective is restructuring and strengthening the resources of the finance and financial control teams, including recruitment of seasoned professionals with a view to identifying, reporting and managing the Group's treasury activities, foreign exchange, interest rates and other financial risks on a continual and structured basis. Major initiatives taken encompassed the following:

1. Established the Asset and Liability Management Committee to directly oversee financial risk management and related internal control areas, and a separate Committee to specifically address issues in relation to the leveraged foreign exchange contracts;
2. Appointed PwC to undertake reviews of the Group's financial risk management and entity-level corporate controls to which the head of Group Internal Audit was assigned to participate and assist;
3. Engaged a highly experienced financial consultant to supervise various projects on internal control improvements, including implementation of the recommendations made by PwC;
4. Appointed a board member with extensive experience to be the Group Finance Director;
5. Launched a programme (which is continuing) to formalize and enhance the Group's corporate controls, policy and procedures, including treasury and financial risk management policies as part of the internal control improvement project.

Apart from the above special reviews carried out during the year, the Board has also reviewed the effectiveness of the Group's internal control system in accordance with the requirement of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules. Such annual review of internal control system was conducted by considering the work performed by the executive management as well as Group Internal Audit, details of which are set out in the following paragraphs.

The executive management of major subsidiaries and operational business units are required to conduct a self-assessment of their material controls and risk management functions by reference to the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) internal control framework, with results of the self-assessments consolidated and reported to the Audit Committee and the Board on an annual basis. During the year, no material exceptions were required to be brought to the Board's attention as a result of these self-assessments. These businesses have also provided a letter of representation to the Board that their accounts are prepared in accordance with the Group's accounting policies, and their earlier internal control self-assessment remains correct. The process of these self-assessments will be further enhanced and Group Internal Audit will perform regular validations of management's assessments.

Group Internal Audit conducts independent internal control evaluations of selected business units and functions according to its annual work plan. The Audit Committee reviews major findings reported by Group Internal Audit at the Audit Committee meetings and reports to the Board on such reviews where appropriate.

Internal Audit

Reporting to the Audit Committee, Group Internal Audit assists in the Board's oversight function by carrying out independent internal audits designed to provide assurance as to the effectiveness of internal controls of the Group's operations, including its risk management activities. Focusing on major business units at the subsidiary level, the annual internal audit plan for the year was formulated and prioritized using a risk assessment methodology. The Audit Committee reviews and endorses the internal audit plan annually, pursuant to which individual internal audit assignments are carried out. Under the Internal Audit Charter, Group Internal Audit has unrestricted access to information, properties and all levels of management to facilitate the execution of the internal audit work. Group Internal Audit issues detailed reports following completion of each audit visit that requires management's corrective action, and submits summary reports for the Audit Committee's review and discussion at the Audit Committee meetings. Group Internal Audit also initiates a quarterly follow-up review to determine the extent of the completion of the recommended actions taken by management. Major outstanding issues are discussed at the Audit Committee meetings until they have been satisfactorily resolved.

In response to the development of the Group's operations and the recent recommendations made by PwC, the Group Internal Audit function is undergoing a transformation process whereby an enhanced scope of risk-based internal audit services will be provided to the Audit Committee and the Board.

Codes

To ensure the highest standard of integrity in our businesses, the Group adopted a Code of Conduct defining the ethical standards expected of all employees, and the Group's non-discriminatory employment practices. Induction briefing of the Code of Conduct is held for all employees and the Audit Committee receives a report on the operation and compliance of the Code of Conduct every year.

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

Notifiable Transactions, Connected Transactions, Annual Reports and Interim Reports

During 2008, CITIC Pacific has issued press announcements and circulars in respect of a number of notifiable transactions and connected transactions which can be viewed on the Group's website (http://www.citicpacific.com/eng/inv/announce/announce_index.php).

The annual and interim reports of the Company can also be viewed on the Group's website.

Communication with Shareholders

The Company's Annual General Meeting ('AGM') is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions were proposed for each substantially separate issue at the AGM.

The Company's Articles of Association allow voting by poll on resolutions at shareholders' meetings and contain the procedures for the poll voting. Details of demanding poll voting and the poll procedures have been included in all circulars in relation to shareholders' meetings and explained during the proceedings of shareholders' meetings. Poll voting was conducted at all shareholders' meetings during 2008 and the poll results have been posted on the websites of the Stock Exchange and the Company on the same day of the shareholders' meeting.

Fair Disclosure and Investor Relations

CITIC Pacific uses its best endeavours to distribute material information about the Group to all interested parties as widely as possible. When announcements are made through the Hong Kong Stock Exchange the same information will be available on the Company's website.

CITIC Pacific recognises its responsibility to explain its activities to those with a legitimate interest and to respond to their questions. Investors are regularly received and visited to explain the Group's businesses. In addition, questions received from the general public and individual shareholders were answered promptly. In all cases great care has been taken to ensure that no price sensitive information is disclosed selectively.

Information about CITIC Pacific can be found on the Group's website including descriptions of each business and the Annual Reports for last ten years.

Financial Reporting

The Directors acknowledge their responsibility for preparing accounts which give a true and fair view of the Group's affairs and of its results and cash flows for the period in accordance with Hong Kong Financial Reporting Standards. The Directors endeavour to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting. Accordingly, appropriate accounting policies are selected and applied consistently and judgments and estimates made are prudent and reasonable. The adoption of new or amended accounting standards that became effective during the year has not resulted in substantial changes to the Group's accounting policies and has no significant impact on the results reported for the year ended 31 December 2008, the details of which are disclosed on page 84.

The responsibilities of the external auditors with respect to financial reporting are set out in the Independent Auditor's Statement on the Summary Financial Report on page 91.

Directors' Report

The Directors have pleasure in presenting to shareholders their report for the year ended 31 December 2008.

Principal Activities

The principal activity of the Company is to hold the subsidiaries, associates and joint venture through which its business operations are carried out, employing staff and raising finance. Their major areas of operation are set out in the Business Review on pages 6 to 43.

Dividends

No final dividend was recommended for the year ended 31 December 2008. An interim dividend of HK$0.30 per share was paid on 26 September 2008. This represents a total distribution for the year of HK$658 million.

Reserves

The amounts and particulars of transfer to and from reserves during the year are set out in Note 5 to the summary financial statements.

Donations

Donations made by the Group during the year amounted to HK$17 million.

Fixed Assets

Movements of fixed assets are set out in the summary financial statements on pages 86 to 87.

Issue of Debt Securities

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 the purchase agreements dated 24 May 2001 and 1 June 2001. All of the Guaranteed Notes remained outstanding at the end of the year.

On 26 October 2005, CITIC Pacific Finance (2005) Limited, a wholly owned subsidiary of the Company, issued and sold JPY8.1 billion in aggregate principal amount of guaranteed floating rate notes due 2035 ('JPY Notes') to investors for general corporate purposes pursuant to a subscription agreement dated 26 October 2005. The coupon and principal of the JPY Notes was swapped into Hong Kong Dollar through cross currency swap and net proceeds equivalent to HK$400 million was received. The JPY Notes holders have a one time right to put the JPY Notes to the issuer at 81.29% of the principal amount together with accrued interest on 28 October 2015. All of the JPY Notes remained outstanding at the end of the year.

Save as aforesaid, neither the Company nor its subsidiary companies have issued any debt securities.

Issue of Convertible Bond and New Shares

On 12 November 2008, the Company entered into an agreement ('the Agreement') with CITIC Group, the largest shareholder of the Company holding approximately 29% of the issued shares of the Company as at the date of the Agreement, in connection with, inter alia, the issue by the Company of the Convertible Bond to CITIC Group with an aggregate principal amount of HK$11.625 billion convertible into the Shares at an initial conversion price of HK$8.00 per share. An interest coupon of 2% per annum would be payable from the time of issue of the Convertible Bond up to but excluding the date the Convertible Bond was to be converted into shares of the Company.

The Agreement was approved by the shareholders of the Company on 19 December 2008. Completion took place on 24 December 2008 on which the Convertible Bond was issued and automatically fully converted into shares of the Company. An aggregate of 1,453,125,000 shares of the Company at the price of HK$8.00 per share were allotted and issued on conversion to certain subsidiaries of CITIC Group which, as a result, became the controlling shareholder of the Company holding approximately 57.56% interest in the Company. The consideration for 1,453,125,000 shares of the Company (being HK$11.625 billion) was paid as to HK$2.47 billion in cash with the remaining amount being set off against the amount payable by the Company to CITIC Group in respect of the novation of certain AUD target redemption forward contracts entered into by the Group. The cash received was to be used as general working capital for the Group.

Directors

The Directors of the Company in office during the financial year ended 31 December 2008 were:

Mr Larry Yung Chi Kin
Mr Henry Fan Hung Ling
Mr Peter Lee Chung Hing
Mr Carl Yung Ming Jie
Mr Leslie Chang Li Hsien, resigned on 20 October 2008
Mr Vernon Francis Moore
Mr Li Shilin
Mr Liu Jifu
Mr Chau Chi Yin, resigned on 20 October 2008
Mr Milton Law Ming To
Mr Wang Ande
Mr Kwok Man Leung, appointed on 1 April 2008
Mr Willie Chang
Mr Hamilton Ho Hau Hay
Mr Alexander Reid Hamilton
Mr Hansen Loh Chung Hon
Mr Norman Ho Hau Chong
Mr André Desmarais
Mr Chang Zhenming
Mr Peter Kruyt (Alternate Director to Mr André Desmarais)

With effect from 1 April 2009, Mr Zhang Jijing and Mr Ju Weimin were appointed as Non-executive Directors of the Company.

In accordance with Article 95 of the New Articles of Association of the Company, Messrs Zhang Jijing and Ju Weimin will hold office only until the forthcoming Annual General Meeting and are then eligible for re-election. In addition, pursuant to Article 104(A) of the New Articles of Association of the Company, Messrs Larry Yung Chi Kin, Peter Lee Chung Hing, Milton Law Ming To, Wang Ande, Alexander Reid Hamilton and Hansen Loh Chung Hon shall retire by rotation in the forthcoming Annual General Meeting and all, being eligible, offer themselves for re-election.

The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to the independence guidelines under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ('Listing Rules') and that the Company still considers such directors to be independent.

(Note: subsequent to the approval of the directors' report, on 8 April 2009 Mr Larry Yung Chi Kin and Mr Henry Fan Hung Ling resigned from the Board; Mr Chang Zhenming was appointed as Chairman and Managing Director of the Company.)

Management Contract

The Company entered into a management agreement with CITIC Hong Kong (Holdings) Limited ('CITIC HK') on 11 April 1991 but with retrospective effect from 1 March 1990 in which CITIC HK agreed to provide management services to the Company and its subsidiary companies for a management fee calculated on a cost basis to CITIC HK payable quarterly in arrears. The management agreement is terminable by two months' notice by either party. Messrs Larry Yung Chi Kin, Henry Fan Hung Ling and Liu Jifu had indirect interests in the management agreement as they are directors of CITIC HK. A copy of the management agreement will be available for inspection at the Annual General Meeting of the Company to be held on 25 May 2009.

Directors' Interests in Contracts of Significance

None of the directors of the Company has or at any time during the year had, an interest which is or was material, either directly or indirectly, in any contract with the Company, any of its subsidiary companies, its holding company or any of its fellow subsidiary companies, which was significant in relation to the business of the Company, and which was subsisting at the end of the year or which had subsisted at any time during the year.

Competing Interests

Mr Zhang Jijing is an executive director of CITIC Resources Holdings Limited, a company listed on the main board of the Hong Kong Stock Exchange. CITIC Resources Holdings Limited is a diversified energy and natural resources investment holding company and through its subsidiaries has interests in aluminium smelting, coal, import and export of commodities, manganese mining and processing and oil exploration, development and production. Further details of its nature, scope and size of its business as well as its management could be found in the latest annual report of CITIC Resources Holdings Limited. In the event that there are transactions between CITIC Resources Holdings Limited and CITIC Pacific Limited, Mr Zhang will abstain from voting. Save as disclosed above, Mr Zhang is not directly or indirectly interested in any business that constitutes or may constitute a competing business of the Company.

Share Option Plan Adopted by the Company

The Company adopted the CITIC Pacific Share Incentive Plan 2000 ('the Plan') on 31 May 2000.

Since the adoption of the Plan, the Company has granted four lots of share options:

Date of grant	Number of Share Options	Exercise price HK$
28 May 2002	11,550,000	18.20
1 November 2004	12,780,000	19.90
20 June 2006	15,930,000	22.10
16 October 2007	18,500,000	47.32

All options granted and accepted under the Plan can be exercised in whole or in part within 5 years from the date of grant. None of such options were cancelled, but options for 50,000 shares have lapsed during the year ended 31 December 2008. A summary of the movements of the share options during the year ended 31 December 2008 is as follows:

A. Directors of the Company

Name of Director	Date of grant	Exercise price HK$	Number of Share Options: Balance as at 01.01.08	Number of Share Options: Exercised during the year ended 31.12.08	Number of Share Options: Balance as at 31.12.08	Percentage to issued share capital
Larry Yung Chi Kin	05.12.05	20.50	100,000,000	–	– *(Note 1)*	
	16.10.07	47.32	2,000,000	–	2,000,000	
					2,000,000	0.055
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
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	500,000	150,000 *(Note 2)*	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 *(Note 3)*	–	600,000	0.016
Chang Zhenming	16.10.07	47.32	500,000	–	500,000	0.014
Leslie Chang Li Hsien	01.11.04	19.90	350,000	–	N/A	N/A
	20.06.06	22.10	800,000	–	*(Note 4)*	*(Note 4)*
	16.10.07	47.32	800,000	–		
Chau Chi Yin	01.11.04	19.90	500,000	–	N/A	N/A
	20.06.06	22.10	800,000	–	*(Note 4)*	*(Note 4)*
	16.10.07	47.32	800,000	–		

Note:

1. These share options were granted by CITIC HK, a substantial shareholder of the Company, and were waived.

2. The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK$35.4.

3. Mr Kwok Man Leung was appointed as director of the Company on 1 April 2008. Thus, this is in respect of the balance as of 1 April 2008.

4. The directors have resigned with effect from 20 October 2008.

B. Employees of the Company working under continuous contracts (as defined in the Employment Ordinance), other than the Directors

		Number of Share Options		
Date of grant	Exercise price HK$	Balance as at 01.01.08	Exercised during the year ended 31.12.08	Balance as at 31.12.08
1 November 2004	19.90	1,030,000	–	1,030,000
20 June 2006	22.10	2,239,000	193,000 *(Note 5)*	2,046,000
16 October 2007	47.32	6,750,000	–	6,750,000

Note:

5. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK$36.62.

C. Others

		Number of Share Options		
Date of grant	Exercise price HK$	Balance as at 01.01.08	Exercised during the year ended 31.12.08	Balance as at 31.12.08
1 November 2004	19.90	1,050,000 *(Note 6)*	–	1,050,000
20 June 2006	22.10	1,600,000 *(Note 6)*	–	1,600,000
16 October 2007	47.32	1,650,000 *(Notes 6 and 7)*	–	1,600,000

Note:

6. These are in respect of options granted to former directors or employee under continuous contract, who have subsequently resigned or retired.

7. Out of 1,650,000 options, 50,000 options have lapsed during the year.

Share Option Plans Adopted by the Subsidiaries of the Company

CITIC 1616 Holdings Limited

CITIC 1616 Holdings Limited ('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. All options granted and accepted can be exercised in whole or in part within 5 years from the date of grant. All were accepted, and none were exercised or cancelled but options for 3,555,000 shares have lapsed during the year ended 31 December 2008. No further options were granted during the year ended 31 December 2008. 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 the Company.

Dah Chong Hong Holdings Limited

Pre-IPO Share Option Scheme

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

On 3 October 2007, options to subscribe for a total of 18,000,000 shares in DCH Holdings at the exercise price of HK$5.88 per share were granted under the Pre-IPO Scheme.

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.

None of the options granted under the Pre-IPO Scheme were exercised or cancelled but options for 600,000 shares have lapsed during the year.

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.

Directors' Interests in Securities

The interests of the directors in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ('SFO')) as at 31 December 2008 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Shares in the Company and Associated Corporations

	Number of shares Personal interests unless otherwise stated	Percentage to issued share capital
CITIC Pacific Limited		
Larry Yung Chi Kin	418,418,000 *(Note 1)*	11.475
Henry Fan Hung Ling	50,640,000 *(Note 2)*	1.389
Peter Lee Chung Hing	1,000,000	0.027
Carl Yung Ming Jie	300,000	0.008
Vernon Francis Moore	4,200,000 *(Note 3)*	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 4)*	0.043
André Desmarais	10,145,000 *(Note 5)*	0.278
Peter Kruyt (alternate director to Mr André Desmarais)	34,100	0.001
CITIC 1616 Holdings Limited		
Vernon Francis Moore	200,000 *(Note 3)*	0.010
Dah Chong Hong Holdings Limited		
Li Shilin	12,000	0.001
Liu Jifu	33,600 *(Note 6)*	0.002
Hansen Loh Chung Hon	62,000 *(Note 7)*	0.003
CITIC Guoan Information Industry Co., Ltd.		
Li Shilin	92,466	0.006

Note:

1. *Corporate interest*
2. *Corporate interest in respect of 5,640,000 shares and trust interest in respect of 45,000,000 shares*
3. *Trust interest*
4. *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*
5. *Corporate interest in respect of 10,000,000 shares and family interest in respect of 145,000 shares*
6. *Family interest*
7. *Corporate interest in respect of 20,000 shares and joint interest in respect of 42,000 shares*

2. Share Options in the Company

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

3. Share Options in an associated corporation, CITIC Capital Holdings Limited

		Number of share options				
Name of Director	Date of grant	Balance as at 01.01.08	Granted during the year ended 31.12.08	Lapsed / cancelled / exercised during the year ended 31.12.08	Balance as at 31.12.08	Percentage to issued share capital
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
Chang Zhenming	11.12.07	125,000	–	–	125,000	0.446

Save as disclosed above, as at 31 December 2008, none of the directors of the Company 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 the Company or its associated corporations or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Save as disclosed above, at no time during the year were there any subsisting agreements enabling the directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other corporate, which at the relevant time, the Company, any of its subsidiary companies, its holding company or any of its fellow subsidiary companies was a party.

Substantial Shareholders

As at 31 December 2008, the interests of the substantial shareholders, other than the directors of the Company or their respective associate(s), in the shares of the Company 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:

1. Interest in the Shares

Name	Number of Shares of the Company	Percentage to issued share capital
CITIC Group	2,098,736,285	57.558
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
Honpville Corporation	310,988,221	8.529

CITIC Group is a substantial shareholder of the Company holding indirect interest in the Company through the following wholly owned subsidiary companies:

Name of subsidiary companies of CITIC Group	Number of Shares of the Company	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 the Company holding indirect interest in the Company through the following wholly owned subsidiary companies:

Name of subsidiary companies of CITIC HK	Number of Shares of the Company	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 the Company duplicate the interests of CITIC HK, Full Chance Investments Limited, Newease Investments Limited and Skyprofit Holdings Limited in the Company;

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

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

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

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

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

vii) the interests of Barnsley Investments Limited in the Company duplicate the interests of Southpoint Enterprises Inc. in the Company.

Share Capital

During the year ended 31 December 2008, the Company made the following repurchases of its own shares on the Stock Exchange for purpose of enhancing its earnings per share:

		Price Per Share		
Month / Year	Number of Shares repurchased	Highest (HK$)	Lowest (HK$)	Aggregate price paid (HK$)
January 2008	15,484,000	37.90	32.25	545,205,150
June 2008	2,837,000	30.40	28.50	83,689,450
September 2008	1,000,000	25.55	24.90	25,236,050

These repurchased shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was charged against retained profit. An amount equivalent to the nominal value of the shares cancelled of approximately HK$7.7 million was transferred from retained profit to capital redemption reserve.

Save as disclosed above, neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31 December 2008 and the Company has not redeemed any of its shares during the year ended 31 December 2008.

During the year ended 31 December 2008, 1,453,125,000 shares were issued upon conversion of the Convertible Bond and 343,000 shares were issued under the Share Option Plan, both of which have been described in the sections above.

Auditors

The accounts for the year have been audited by PricewaterhouseCoopers who shall retire and, being eligible, shall offer themselves for re-appointment.

By Order of the Board,
Larry Yung Chi Kin *Chairman*
Hong Kong, 25 March 2009

Consolidated Profit and Loss Account

for the year ended 31 December 2008

in HK$ million	2008	As restated 2007
Turnover	**46,420**	38,534
Cost of sales	**(38,367)**	(30,880)
Gross profit	**8,053**	7,654
Other income and net gains	**2,131**	4,870
Distribution and selling expenses	**(1,477)**	(1,025)
Other operating expenses	**(3,028)**	(3,733)
Change in fair value of investment properties	**12**	1,002
Profit from consolidated activities before (loss) / gain from leveraged foreign exchange contracts	**5,691**	8,768
(Loss) / gain from leveraged foreign exchange contracts	**(15,891)**	22
(Loss) / profit from consolidated activities	**(10,200)**	8,790
Share of results of		
Jointly controlled entities	**200**	1,344
Associated companies	**(1,736)**	2,257
(Loss) / profit before net finance charges and taxation	**(11,736)**	12,391
Finance charges	**(1,095)**	(280)
Finance income	**499**	226
Net finance charges	**(596)**	(54)
(Loss) / profit before taxation	**(12,332)**	12,337
Taxation	**578**	(770)
(Loss) / profit for the year	**(11,754)**	11,567
Attributable to:		
Shareholders of the company	**(12,662)**	10,843
Minority interests	**908**	724
	(11,754)	11,567
Dividends	**(658)**	(3,097)
(Loss) / earnings per share for (loss) / profit attributable to shareholders of the company during the year (HK$)		
Basic	**(5.68)**	4.91
Diluted	**(5.68)**	4.90

Consolidated Balance Sheet

as at 31 December 2008

in HK$ million	Note	**2008**	As restated 2007
Non-current assets			
Fixed assets	4		
Property, plant and equipment		**23,028**	12,154
Investment properties		**11,230**	10,895
Properties under development		**9,848**	4,288
Leasehold land		**2,320**	1,641
		46,426	28,978
Jointly controlled entities		**21,140**	17,446
Associated companies		**15,084**	17,941
Other financial assets		**1,063**	7,502
Intangible assets		**8,979**	4,602
Deferred tax assets		**1,967**	100
Derivative financial instruments		**235**	150
Non-current deposits		**8,709**	5,723
		103,603	82,442
Current assets			
Properties held for sale		**733**	440
Other assets held for sale		**–**	1,127
Inventories		**5,605**	5,982
Derivative financial instruments		**1,016**	251
Debtors, accounts receivable, deposits and prepayments		**9,931**	8,041
Cash and bank deposits		**18,296**	8,045
		35,581	23,886
Current liabilities			
Bank loans, other loans and overdrafts			
secured		**490**	328
unsecured		**8,892**	3,326
Creditors, accounts payable, deposits and accruals		**13,500**	10,661
Derivative financial instruments		**3,043**	66
Provision for taxation		**274**	590
Liabilities held for sale		**–**	2
		26,199	14,973
Net current assets		**9,382**	8,913
Total assets less current liabilities		**112,985**	91,355
Non-current liabilities			
Long term borrowings		**47,852**	25,000
Deferred tax liabilities		**1,710**	1,587
Derivative financial instruments		**6,682**	69
Provisions		**734**	–
		56,978	26,656
Net assets		**56,007**	64,699
Equity			
Share capital		**1,458**	885
Reserves	5	**48,513**	57,138
Proposed dividend		**–**	1,770
Equity attributable to shareholders of the company		**49,971**	59,793
Minority interests in equity		**6,036**	4,906
Total equity		**56,007**	64,699

Peter Lee Chung Hing
Director

Vernon Francis Moore
Director

Notes to the Summary Financial Statements

1 General Information

These summary financial statements from page 82 to 90 are not the Group's statutory financial statements and they do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group as would be provided by the full Annual Report.

2 Significant Accounting Policies

Basis of Preparation

These summary financial statements have been prepared from the Consolidated Financial Statements of the Group for the year ended 31 December 2008 ('the Accounts').

The accounting policies used in preparation of the accounts are consistent with those adopted in the annual accounts for the year ended 31 December 2007 except for the adoption of certain new standards and amendments of Hong Kong Financial Reporting Standards, which were issued and became effective during the year ended 31 December 2008, and among which the following has an impact on the accounts.

- HK(IFRIC)-Int 12 'Service Concession Arrangements'

In accordance with HK(IFRIC)-Int 12, a vehicular tunnel is regarded as a service concession arrangement. As such, the Group has recognised The Eastern Harbour Tunnel as an intangible asset instead of property, plant and equipment under fixed assets with retrospective effect from 1 January 2007. The carrying amount as at 1 January 2007 of HK$1,102 million, and as at 31 December 2007 and 1 January 2008 of HK$1,004 million have also been restated respectively.

The adoption of the above interpretation did not result in substantial changes to the Group's accounting policies and has no effect on the Group's results reported for the year ended 31 December 2008.

With effect from 1 January 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 year ended 31 December 2007 aggregating HK$6,124 million and HK$1,529 million respectively have been reclassified accordingly.

During the year, the Group revised the estimated useful lives of the property, plant and equipment in its special steel business. As a result of this, the depreciation expenses have decreased by approximately HK$264 million for the year ended 31 December 2008.

The Group has not early adopted the amendments, new standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA') that are not yet effective for the year ended 31 December 2008, and is in the process of assessing their impact on future accounting periods.

3 Directors' Emoluments

The remuneration of each Director for the year ended 31 December 2008 is set out below:

in HK$ million Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits	**2008** Total	2007 Total
Larry Yung Chi Kin#	0.15	3.68	–	0.01	**3.84**	66.99
Henry Fan Hung Ling#	0.15	3.44	–	0.01	**3.60**	56.67
Peter Lee Chung Hing#	0.15	2.10	–	0.10	**2.35**	44.35
Carl Yung Ming Jie#	0.15	1.63	–	0.08	**1.86**	16.57
Vernon Francis Moore#	0.15	2.06	–	0.01	**2.22**	11.93
Li Shilin#	0.15	0.56	–	–	**0.71**	5.55
Liu Jifu#	0.15	0.65	–	0.01	**0.81**	13.21
Milton Law Ming To#	0.15	1.79	–	0.08	**2.02**	16.89
Wang Ande#	0.15	1.56	–	–	**1.71**	16.43
Steve Kwok Man Leung#	0.11	1.35	–	0.06	**1.52**	–
Chang Zhenming	0.20	–	–	–	**0.20**	4.06
Willie Chang	0.45	–	–	–	**0.45**	0.30
Hamilton Ho Hau Hay	0.20	–	–	–	**0.20**	0.15
Alexander Reid Hamilton	0.65	–	–	–	**0.65**	0.30
Hansen Loh Chung Hon	0.40	–	–	–	**0.40**	0.25
Norman Ho Hau Chong	0.25	–	–	–	**0.25**	0.20
André Desmarais	0.20	–	–	–	**0.20**	0.15
Norman Yuen Kee Tong	–	–	–	–	**–**	0.10
Leslie Chang Li Hsien	0.12	1.70	–	0.07	**1.89**	23.01
Chau Chi Yin	0.12	1.53	–	0.06	**1.71**	16.96
	4.05	22.05	–	0.49	**26.59**	294.07

None of the five highest paid individuals of the Group during the year are directors. In 2007, the five highest paid individuals were directors and their emoluments are reflected in the analysis presented above.

During the year, no share options were granted (2007: 11,100,000 share options) to directors of the Company under the CITIC Pacific Share Incentive Plan 2000.

Mr Steve Kwok Man Leung was appointed during the year.

Mr Leslie Chang Li Hsien and Mr Chau Chi Yin resigned during the year.

Mr Norman Yuen Kee Tong resigned during 2007.

The executive directors marked '#' above are considered as key management personnel of the Group.

4 Fixed Assets

Group

in HK$ million	Property, plant and equipment: Self-used properties	Plant and machinery	Construction in progress	Others	Sub-total	Investment properties	Properties under development	Leasehold land	Total
Cost or valuation									
At 1 January 2008, as restated	4,869	7,658	2,484	2,640	17,651	10,895	4,699	1,959	35,204
Exchange adjustments	193	425	49	28	695	364	233	56	1,348
Additions	188	547	10,141	462	11,338	5	5,693	402	17,438
Acquisition of subsidiary companies	422	65	6	220	713	36	–	96	845
Disposals	(301)	(453)	(44)	(185)	(983)	(1)	(15)	(42)	(1,041)
Change in fair value of investment properties	–	–	–	–	–	12	–	–	12
Transfer to properties held for sale	–	–	–	–	–	–	(367)	–	(367)
Reclassification	12	5	(19)	1	(1)	–	(172)	173	–
Transfer to self-used properties / leasehold land	101	–	–	–	101	(143)	–	42	–
Transfer upon completion	74	1,268	(1,358)	16	–	62	(62)	–	–
At 31 December 2008	5,558	9,515	11,259	3,182	29,514	11,230	10,009	2,686	53,439
Accumulated depreciation, amortisation and impairment									
At 1 January 2008, as restated	977	2,647	90	1,783	5,497	–	411	318	6,226
Exchange adjustments	59	167	5	16	247	–	4	4	255
Charge for the year	164	456	–	320	940	–	–	44	984
Depreciation capitalised to construction in progress	–	142	–	14	156	–	–	–	156
Acquisition of subsidiary companies	44	19	–	66	129	–	–	2	131
Written back on disposals	(61)	(245)	(36)	(142)	(484)	–	(1)	(3)	(488)
Impairment loss	1	1	–	–	2	–	–	–	2
Written back of impairment loss	–	–	–	–	–	–	(253)	–	(253)
Reclassification	(10)	46	(36)	(1)	(1)	–	–	1	–
At 31 December 2008	1,174	3,233	23	2,056	6,486	–	161	366	7,013
Net book value									
At 31 December 2008	4,384	6,282	11,236	1,126	23,028	11,230	9,848	2,320	46,426
Represented by									
Cost	5,558	9,515	11,259	3,182	29,514	–	10,009	2,686	42,209
Valuation	–	–	–	–	–	11,230	–	–	11,230
	5,558	9,515	11,259	3,182	29,514	11,230	10,009	2,686	53,439

4 Fixed Assets *continued*

Group *continued*

	Property, plant and equipment									
in HK$ million	Self-used properties	As restated Vehicular tunnel	Plant and machinery	Construction in progress	Others	As restated Sub-total	Investment properties	Properties under development	Leasehold land	As restated Total
Cost or valuation										
At 1 January 2007, as previously reported	4,260	2,000	6,622	890	2,160	15,932	9,604	2,753	1,991	30,280
Adoption of HK(IFRIC)-Int 12	–	(2,000)	–	–	–	(2,000)	–	–	–	(2,000)
At 1 January 2007, as restated	4,260	–	6,622	890	2,160	13,932	9,604	2,753	1,991	28,280
Exchange adjustments	245	–	564	67	2	878	385	141	70	1,474
Additions others	172	–	657	2,528	137	3,494	–	1,851	358	5,703
Disposals through disposal of subsidiary companies	–	–	(15)	–	(231)	(246)	–	–	–	(246)
others	(29)	–	(132)	–	(186)	(347)	(27)	(24)	(238)	(636)
Change in fair value of investment properties	–	–	–	–	–	–	1,002	–	–	1,002
Transfer to assets held for sale	(37)	–	–	–	–	(37)	–	–	(336)	(373)
Transfer upon completion	258	–	(38)	(1,001)	758	(23)	(69)	(22)	114	–
At 31 December 2007	4,869	–	7,658	2,484	2,640	17,651	10,895	4,699	1,959	35,204
Accumulated depreciation, amortisation and impairment										
At 1 January 2007, as previously reported	770	898	1,946	71	1,654	5,339	–	41	279	5,659
Adoption of HK(IFRIC)-Int 12	–	(898)	–	–	–	(898)	–	–	–	(898)
At 1 January 2007, as restated	770	–	1,946	71	1,654	4,441	–	41	279	4,761
Exchange adjustments	56	–	206	6	15	283	–	3	4	290
Charge for the year	170	–	564	–	290	1,024	–	21	42	1,087
Disposal of subsidiary companies	–	–	(7)	–	(116)	(123)	–	–	–	(123)
Written back on disposals	(16)	–	(89)	–	(114)	(219)	–	(7)	–	(226)
Impairment loss	6	–	68	13	16	103	–	353	–	456
Transfer to other assets	(4)	–	(46)	–	38	(12)	–	–	(7)	(19)
Reclassification	(5)	–	5	–	–	–	–	–	–	–
At 31 December 2007	977	–	2,647	90	1,783	5,497	–	411	318	6,226
Net book value At 31 December 2007	3,892	–	5,011	2,394	857	12,154	10,895	4,288	1,641	28,978
Represented by Cost	4,869	–	7,658	2,484	2,640	17,651	–	4,699	1,959	24,309
Valuation	–	–	–	–	–	–	10,895	–	–	10,895
	4,869	–	7,658	2,484	2,640	17,651	10,895	4,699	1,959	35,204

5 Reserves

Group

in HK$ million	Share premium	Capital redemption reserve	Capital reserve	Goodwill (Note)	Investment revaluation reserve	Exchange fluctuation reserve	Hedging reserve	General reserve	Retained profits	Total
At 1 January 2008	**25,415**	**21**	**240**	**(1,738)**	**4,756**	**3,016**	**185**	**765**	**26,248**	**58,908**
Share of reserves of associated companies	–	–	1	–	(75)	71	(181)	–	(26)	(210)
Share of reserves of jointly controlled entities	–	–	78	–	7	86	(23)	1	–	149
Exchange translation differences	–	–	–	–	–	1,701	–	–	–	1,701
Reserves released on disposal of jointly controlled entities	–	–	–	–	–	(93)	–	–	–	(93)
Loss on cash flow hedge of financial instruments	–	–	–	–	–	–	(3,459)	–	–	(3,459)
Fair value gain on other financial assets	–	–	–	–	(453)	–	–	–	–	(453)
Fair value released on disposal of financial assets	–	–	–	–	(4,095)	–	–	–	–	(4,095)
Transfer to profit and loss account on impairment of financial assets	–	–	–	–	98	–	–	–	–	98
Transfer from retained profits	–	–	–	–	–	–	–	220	(220)	–
Issue of shares pursuant to the Plan	8	–	(1)	–	–	–	–	–	–	7
Premium on shares issued	11,044	–	641	–	–	–	–	–	–	11,685
Loss attributable to shareholders of the Company	–	–	–	–	–	–	–	–	(12,662)	(12,662)
Dividends	–	–	–	–	–	–	–	–	(2,415)	(2,415)
Share repurchase	–	8	–	–	–	–	–	–	(656)	(648)
Released upon lapse of share options of a subsidiary	–	–	(1)	–	–	–	–	–	1	–
At 31 December 2008	**36,467**	**29**	**958**	**(1,738)**	**238**	**4,781**	**(3,478)**	**986**	**10,270**	**48,513**
Retained by										
Company and subsidiary companies	36,467	29	823	(1,738)	112	4,782	(3,390)	970	(2,703)	35,352
Jointly controlled entities	–	–	103	–	16	132	(19)	16	3,573	3,821
Associated companies	–	–	32	–	110	(133)	(69)	–	9,400	9,340
	36,467	29	958	(1,738)	238	4,781	(3,478)	986	10,270	48,513

Note: The Goodwill reserve is as a result of goodwill arising on acquisitions prior to year 2001 which under the then prevailing Accounting Standards was reflected in reserves rather than as a separate assets.

5 Reserves *continued*

Group *continued*

in HK$ million	Share premium	Capital redemption reserve	Capital reserve	Goodwill	Investment revaluation reserve	Exchange fluctuation reserve	Hedging reserve	General reserve	Retained profits	Total
At 1 January 2007	24,956	20	73	(2,494)	1,350	806	130	465	20,326	45,632
Share of reserves of associated companies	–	–	30	–	28	24	(5)	–	–	77
Share of reserves of jointly controlled entities	–	–	6	–	9	46	3	1	–	65
Exchange translation differences	–	–	–	–	–	2,168	–	–	–	2,168
Reserves released on disposal of associated companies	–	–	6	–	–	–	–	–	–	6
Disposal of interests in subsidiary companies	–	–	(18)	756	–	(28)	–	–	(756)	(46)
Gain on cash flow hedge of financial instruments	–	–	–	–	–	–	57	–	–	57
Fair value gain on other financial assets	–	–	–	–	3,292	–	–	–	–	3,292
Transfer from profits	–	–	–	–	77	–	–	299	(299)	77
Issue of share pursuant to the Plan	459	–	(36)	–	–	–	–	–	–	423
Profit attributable to the equity holders of the Company	–	–	–	–	–	–	–	–	10,843	10,843
Dividends	–	–	–	–	–	–	–	–	(3,756)	(3,756)
Share repurchase	–	1	–	–	–	–	–	–	(110)	(109)
Share-based payment	–	–	179	–	–	–	–	–	–	179
At 31 December 2007	25,415	21	240	(1,738)	4,756	3,016	185	765	26,248	58,908
Representing										
At 31 December 2007 after proposed final dividend										57,138
2007 Final dividend proposed										1,770
										58,908
Retained by										
Company and subsidiary companies	25,415	21	181	(1,738)	4,561	3,174	69	745	11,713	44,141
Jointly controlled entities	–	–	23	–	9	46	5	17	3,373	3,473
Associated companies	–	–	36	–	186	(204)	111	3	11,162	11,294
	25,415	21	240	(1,738)	4,756	3,016	185	765	26,248	58,908

6 Post Balance Sheet Events

Sino Iron entered into a gas supply agreement on 6 January 2009 with Apache Northwest Pty Ltd and Santos Offshore Pty Limited. Under the contract, Apache and Santos will supply natural gas over seven years commencing in the second half of 2011. The gas will be sourced from the offshore Reindeer gas field being developed by Apache and Santos and delivered onshore close to the project's location. The contract carries an initial price with periodic adjustments for changes in the consumer price index in Australia. Beginning in the fourth year, the price is indexed to international oil prices. Assuming an oil price of US$50 per barrel, the value of the contract is estimated to be US$1.3 billion. The Gas Supply Agreement became unconditional on 5 March 2009.

7 Comparative Figures

Comparative figures have been adjusted to conform with the current presentation.

Independent Auditor's Statement on the Summary Financial Report

Independent auditor's statement on the summary financial report to the shareholders of CITIC Pacific Limited

(incorporated in Hong Kong with limited liability)

We have examined the summary financial report of CITIC Pacific Limited for the year ended 31 December 2008 on pages 1 to 90.

Directors' Responsibility

Under the Hong Kong Companies Ordinance, the directors are responsible for preparing the summary financial report which complies with section 141CF(1) of the Hong Kong Companies Ordinance. In preparing the summary financial report, section 141CF(1) of the Hong Kong Companies Ordinance requires that the summary financial report be derived from the annual financial statements and the independent auditor's report thereon and the directors' report for the year ended 31 December 2008, be in such form and contain such information and particulars as specified in section 5 of the Hong Kong Companies (Summary Financial Reports of Listed Companies) Regulation, and be approved by the board of directors.

Auditor's Responsibility

It is our responsibility to form an independent opinion on the summary financial report, based on our examination, and to report our opinion solely to you, as a body, and we are also required to state whether the independent auditor's report on the annual financial statements for the year ended 31 December 2008 is qualified or otherwise modified, in accordance with section 5 of the Hong Kong Companies (Summary Financial Reports of Listed Companies) Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this statement.

We conducted our engagement in accordance with Hong Kong Standards on Assurance Engagements and with reference to Practice Note 710 "The auditors' statement on the summary financial report" issued by the Hong Kong Institute of Certified Public Accountants. Our examination includes examining evidence supporting the consistency of the summary financial report with the annual financial statements and the independent auditor's report thereon and the directors' report for the year ended 31 December 2008 and the compliance of the summary financial report with the requirements of section 5 of the Hong Kong Companies (Summary Financial Reports of Listed Companies) Regulation, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Opinion

Based on the foregoing, in our opinion the summary financial report on pages 1 to 90:

a) is consistent with the annual financial statements and the independent auditor's report thereon and the directors' report of CITIC Pacific Limited for the year ended 31 December 2008 from which it is derived; and

b) complies with the requirements of section 5 of the Hong Kong Companies (Summary Financial Reports of Listed Companies) Regulation.

We have audited the annual financial statements of CITIC Pacific Limited for the year ended 31 December 2008 and have issued an independent auditor's report thereon dated 25 March 2009 which is unqualified or otherwise unmodified.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2009

Definition of Terms

Terms

Capital employed	Shareholders' funds + total debt
Cash contributed from all businesses	Cash inflow to CITIC Pacific Ltd. from its subsidiary companies, jointly controlled entities, associated companies, other investments, including proceeds from sale of businesses
Total debt	Short term and long term loans, notes and bonds
Net debt	Total debt less cash and bank deposits
Total capital	Shareholders' funds + net debt
EBITDA	Net profit less interest expense, taxation, depreciation and amortisation
Contribution	A business's after tax profit that contributes to unallocated central interest, overhead and goodwill

Ratios

Earnings per share $= \dfrac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares (by days) in issue for the year}}$

Shareholders' funds per share $= \dfrac{\text{Shareholders' funds}}{\text{Total issued and fully paid shares at end of the year}}$

Leverage $= \dfrac{\text{Net debt}}{\text{Total capital}}$

Cashflow per share $= \dfrac{\text{Cash contributed from all businesses}}{\text{Total issued and fully paid shares at end of the year}}$

Interest cover $= \dfrac{\text{EBITDA}}{\text{Interest expense}}$

Corporate Information

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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

Annual General Meeting:	25 May 2009, 10:30 a.m. Island Ballroom, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Hong Kong

Shareholders may choose to receive the Summary Financial Report or the Annual Report in printed form in either English or Chinese or both or by electronic means. They may also choose to receive the Summary Financial Report or the Annual Report in place of the other. Shareholders may at any time change their choice on these matters by writing to the Company's Share Registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

If Shareholders have already chosen to reply on the versions of the Summary Financial Report or the Annual Report posted on the Company's website and have difficulty in gaining access to these documents, they will promptly be sent in printed copies free of charge upon request to the Company Registrars.

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Stock Code: 00267