

CITIC PACIFIC

*summary  
financial report*  
2007

This summary financial report 2007 only gives a summary of the information and the particulars of CITIC Pacific Limited's annual report 2007 from which the summary financial report is derived. Shareholders may obtain a printed copy of the 2007 annual report free of charge by writing to the company's share registrars, Tricor Tengis Limited.

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# Financial Highlights

<i>in HK\$ million</i>	<b>2007</b>	2006
<b>Profit Attributable to Shareholders</b>	<b>10,843</b>	8,272
<b>Major Businesses' Contribution</b>		
Special Steel	<b>2,242</b>	1,333
Property	<b>731</b>	2,035
Infrastructure	<b>2,327</b>	4,201
Listed Subsidiaries		
CITIC 1616	<b>2,085</b>	191
Dah Chong Hong	<b>3,041</b>	297
<i>Fair Value change of Investment Properties</i>	<b>1,217</b>	1,077
<b>Cash Contributed from all Businesses</b>	<b>14,550</b>	15,941
<b>Capital Employed</b>	<b>88,447</b>	64,803
<b>Shareholders' Funds</b>	<b>59,793</b>	46,510
<b>Net Debt</b>	<b>20,609</b>	14,614
<b>Cash &amp; Available Committed Loan Facilities</b>	<b>26,589</b>	18,371
<i>in HK\$</i>		
<b>Earnings per Share</b>	<b>4.91</b>	3.77
<b>Dividends per Share</b>		
Regular	<b>1.20</b>	1.10
Special	<b>0.20</b>	0.60
<b>Staff</b>	<b>24,319</b>	23,822

Please refer to Definition of Terms on page 67

# Major Businesses

*CITIC Pacific has unrivalled experience and expertise in operating businesses in China both on the mainland and in Hong Kong. With the rapid development of the Chinese economy, CITIC Pacific is increasingly focusing its businesses activities on the mainland of China. Our major businesses are special steel manufacturing; iron ore mining which supplies the raw material needed in the making of special steel, and property development in mainland China.*

## Special Steel

CITIC Pacific Special Steel operates through three steel plants in mainland China with total annual production capacity of over seven million tonnes. It is a leader in the manufacturing of special steel used in bearings and gears among others. The three plants are ideally located to cover the main markets for special steel in Eastern, Central and Northern China.

*Jiangyin Xingcheng Special Steel* is a leader in China specializing in the making of high-grade special steel used in bearings, gears, springs and high-pressurized piping steel. Its new line, in cooperation with Sumitomo Metals of Japan, has the most advanced technology in the industry.

*Xin Yegang Steel* is located in Central China, it has a long history dating back to 1908. Its seamless steel tubes, one of its major products, continues to receive strong demand and remains very profitable.

*Shijiazhuang Steel Mill* became a member of CITIC Pacific Special Steel in 2006. Built in 1957, it is now a manufacturer of special steel with 2.2 million tonnes in production capacity. Its products are mainly supplied to the auto component industry.

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## Iron Ore Mining

CITIC Pacific owns the mining rights to two billion tonnes of magnetite iron ore with options to another four billion tonnes in the Pilbara region of Western Australia. The two billion tonnes of ore is capable of producing 27.6 million tonnes of product annually to supply mainland China and CITIC Pacific's steel plants in particular.

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## Property

CITIC Pacific's property team has extensive experience in building and managing medium and large scale residential and commercial projects including Shanghai's CITIC Square and New Westgate Garden, and Hong Kong's CITIC Tower.

In the past few years, the Group has been active in investing in properties in mainland China. Currently CITIC Pacific has a large quality land bank in Shanghai, major secondary cities in the Yangtze Delta area and Hainan Island.

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# Chairman's Letter to Shareholders

I am pleased to report that our group recorded a net profit of HK\$10,843 million for the year 2007, surpassing the HK\$10 billion mark for the first time. This represents a growth of 31% from the historic high of HK\$8,272 million set in 2006. Earnings per share were HK\$4.91. The board has recommended paying a final dividend of HK\$0.80 per share. Including the regular (HK\$0.40) and special (HK\$0.20) dividend per share already paid at the interim, the total dividend per share for the year will be HK\$1.40.

In 2007, we continued to focus on developing our three core businesses – special steel manufacturing, iron ore mining and property development in mainland China – and increased our investments in them. We also continued to divest our non-core businesses. This included the listings of CITIC 1616 and Dah Chong Hong. By listing these companies as separate entities, we are further demonstrating our focus on our core businesses. In addition, this helped to further unlock the true value of our Group as a whole.

Now let me report on our businesses, which all performed well in 2007. Detailed descriptions of them can be found in the 'Business Review' section of our summary financial report.

## Special Steel

CITIC Pacific's special steel business has expanded rapidly in recent years, and has become the main growth driver for our recurring earnings. Profit contribution from this business was HK\$2,242 million in 2007, an increase of 68% from 2006.

Jiangyin Xingcheng Special Steel's new production line was completed and full production began in 2007. The equipment and technology employed by this line are the most advanced of their type in not just China, but globally. Its products are of high quality and will be highly competitive. Profitability is expected to rise as a result.

Xin Yegang and Daye Special Steel continued their solid performance and increased profits. A newly constructed 900,000 tonne coking plant was completed in 2007 and is already profitable. A production line for the manufacturing of steel tubes with a diameter of 460mm is being constructed and is progressing well. Once completed, it will become a new contributor to Xin Yegang's profit growth.

Since becoming a member of CITIC Pacific in the second half of 2006, Shijiazhuang Steel has been integrated into our special steel operation. In 2007, its productivity improved and profit grew significantly. Located in Northern China, Shijiazhuang Steel will cooperate with and complement Jiangyin Xingcheng Special Steel in Eastern China and Xin Yegang / Daye Special Steel in Central China. Together they form an 'iron triangle,' ideally located to cover the primary special steel markets in the major industrial regions of China.

CITIC Pacific Special Steel, through its three production bases, will continue to increase investment, improve its product mix, and expand its production capacity to further solidify its leading position in the production of special steel in China and globally.

We recently acquired a 30% interest in a coal mine located in Shandong Province. Once built, the mine will be capable of producing up to six million tonnes per annum of high quality coal for use in the production of coking coal. Surging demand in recent years for iron ore and coke, which are key raw materials needed in the steel manufacturing process, resulted in a tight supply and a significant increase in their prices. To ensure the supply of these important raw materials, we invested in iron ore mining, coking coal mining and coke production facilities. After the completion of our iron ore mine in Australia in the next two years, we will have a secure supply of iron ore

and coke for our steel business. As such, our overall competitive advantage will be further enhanced. These investments are strategically important to the expansion of our special steel business.

## Iron Ore Mining

Progress is being made at our iron ore mine in the Pilbara region of Western Australia. We obtained the right to mine an additional one billion tonnes of ore after the reserve was proven, increasing our total mining rights to two billion tonnes. This large scale magnetite ore project has world class technologies and is capable of producing 27.6 million tonnes of products per annum. Production is expected to begin in 2009 – 2010.

Our mine, upon completion, will provide a long-term stable supply of iron ore to our steel plants and to other steel manufacturers in China. CITIC Pacific also holds options to purchase the mining rights up to an additional four billion tonnes.

To transport the ore, we purchased twelve 115,000 DWT bulk carriers. These ships are specially designed with wide bodies, and can travel from Australia to the Yangtze River and dock at our own port in Jiangyin Xingcheng Special Steel without the need to transship. This will lower transportation costs and improve efficiency. We are also studying the possibility of building an ore piling facility in the Yangtze River area to establish an iron ore logistics system.

## Property Development

Property development in mainland China is one of our core businesses. The Chinese government recently implemented measures to prevent the overheating of the property market and sharp increases in property prices. We believe that in the long-term, with the continuing development of the Chinese economy,

market demand for quality properties will remain strong. We have confidence in the long-term prospects of the property market in mainland China and we will continue to seek opportunities to increase our land bank.

Phase One (260,000 square metres) of our Shanghai Lu Jia Zui New Financial District Project includes two landmark office towers each with a gross floor area of 100,000 square metres, a top quality hotel and serviced apartments. All buildings will be on top of a large retail podium. The project will also include underground vehicular access, a large car park and other related facilities. Completion of Phase One is targeted for 2010. Preparation for Phase Two and Three are ongoing. Demand for Grade A offices and commercial properties in Shanghai remain strong. This project has attracted the attention of large institutions in China and internationally, and many of them have expressed keen interests in buying or leasing the buildings.

Our large residential and commercial development in the Qingpu District in Shanghai is progressing well. Units with a gross floor area of about 10,000 square metres were launched for pre-sale at the end of 2007 and all units were quickly sold. Located at the junction of Jiangsu Province, Zhejiang Province and Shanghai, Qingpu enjoys convenient transportation and a nice living environment and good potential for value appreciation. The project also includes a five-star hotel which will be managed by a well-known international hotel group.

Progress is also being made at our residential development project in the city center of Yangzhou in Jiangsu Province. Pre-sale of 265 units in Phase One began in the fourth quarter of 2007. As a result of the positive response from the market, most of these units were sold.

In our New Westgate Garden Phase One residential development, with the exception of a few units, most have been sold.

Our large integrated development project in Wanning City in Hainan Province is going well. Phase One will include four hotels and auxiliary facilities. These hotels will be managed by internationally renowned hotel groups. Construction of the hotels has begun. Work has also commenced on a world class golf course, a club house and other related facilities. Our goal is to develop the project into a large integrated community that is suitable for both tourists and residents. As living standards rise, we believe that demand will surely increase for high quality properties that provide an excellent environment and unique design. Our Hainan Island project has tremendous potential and will meet this demand.

Our investment properties in Shanghai and Hong Kong remain well let and have recorded good growth in rental income.

Units in Phase 13 (Chianti) of our Discovery Bay development in Hong Kong are mostly sold. Foundation work for Phase 14 has been completed and superstructure work will begin soon.

### Other Businesses

Our aviation, power generation and cross harbour tunnel businesses all performed well in 2007. Benefiting from an increase in passengers, Cathay Pacific's profit for the full year rose a significant 72% to reach HK\$7,023 million, which is a historic high. Phase IV (2x600MW) at our Ligang Power Station began commercial operation recently. Together with other units that are in operation, Ligang is now one of the largest coal-fired power plants in China with a total installed capacity of 3,800MW. The Eastern and Western Harbour Tunnels in Hong Kong operated smoothly and total tunnel profits as well as cash flow increased compared with last year.

CITIC 1616 and Dah Chong Hong performed well in 2007 and had good profit growth. Following their listings, the ability of both companies to raise capital was enhanced with the establishment of their own capital markets platforms. This should be beneficial to the long-term development of these two companies.

### Looking to the Future

After years of hard work, our three core businesses – special steel manufacturing, iron ore mining and property development in mainland China are becoming more mature. Our market leading position in special steel will continue to improve, and we expect this business to remain a major contributor to our group's recurring earnings in the next two years. Once our iron ore mine in Australia is completed, it will become a new source of earnings growth for us. We are confident that our property projects in the Yangtze River Delta area centered around Shanghai and our land bank in Hainan Island are of high quality and have excellent growth potential. Even though the recent sub-prime problems have resulted in uncertainties in other markets, we believe that the Chinese economy will maintain its growth momentum for the foreseeable future. We will be able to capture opportunities and leverage our expertise to expand and develop our core businesses to achieve higher returns for our shareholders.

On behalf of all the directors, I would like to express my sincere thanks to everyone at CITIC Pacific for their hard work and contribution, and to our investors, bankers and everyone else for their continuing support.

**Larry Yung Chi Kin**

*Chairman*

Hong Kong, 17 March 2008

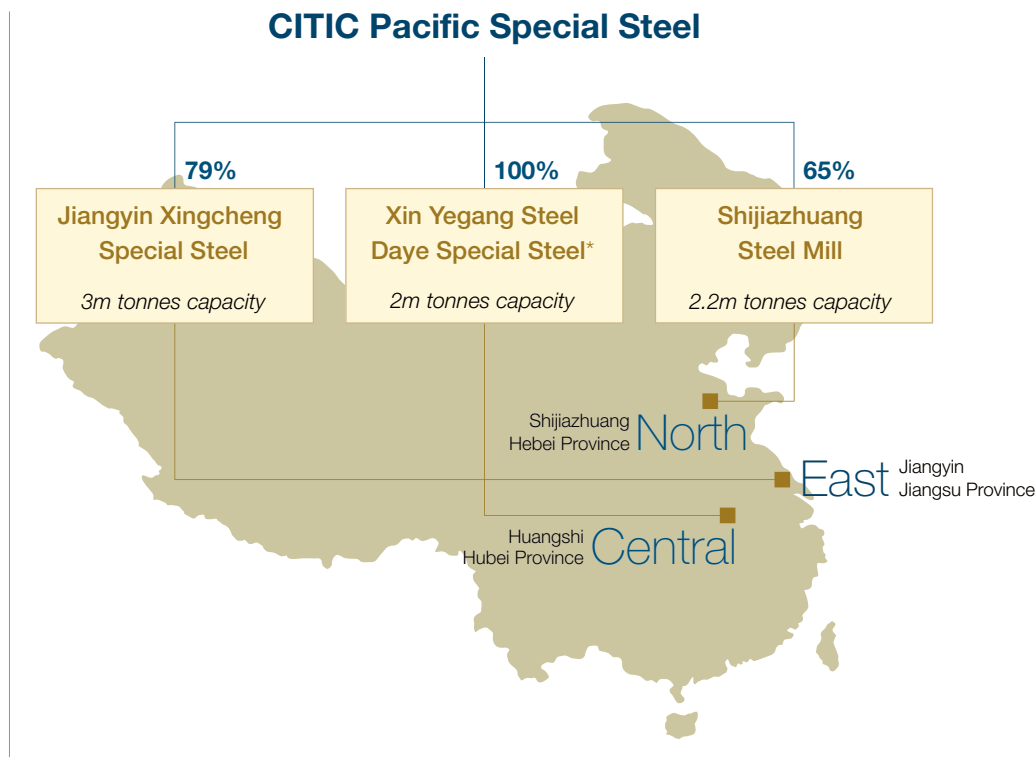
# Special Steel

- *Largest manufacturer of special steel in China*
- *Over 7 million tonnes of annual production capacity*
- *Producing products such as bearing steel, gear steel, spring steel and seamless steel tubes*
- *Supplying to high growth industries such as auto, industrial manufacturing and power generation*

<i>HK\$ million</i>	<b>2007</b>	2006
Turnover	<b>18,501</b>	15,278
Contribution	<b>2,242</b>	1,333
Proportion of total contribution	<b>22%</b>	17%
Net assets	<b>12,617</b>	9,129
Capital expenditure	<b>1,442</b>	3,674







\* CITIC Pacific owns 58% of Daye Special Steel

CITIC Pacific Special Steel is the largest special steel manufacturer in China. Annual production capacity of the Group's three plants, Jiangyin Xingcheng Special Steel, Xin Yegang Steel and Shijiazhuang Steel Mill was over seven million tonnes at the end of 2007. Major products are used in the auto component, industrial manufacturing, oil and petrochemical industries for making products such as bearings, gears, springs and seamless steel tubes. The three plants are ideally located to cover the main markets for special steel located in Eastern, Central and Northern China.

### Solid performance

In 2007, CITIC Pacific Special Steel's three plants produced a total of 6.5 million tonnes of special steel products, a 9% increase compared with 2006. All three plants operated near full capacity. The rise in production was attributed to continued strong demand for the Group's products both domestically in China and overseas, and the new production line in

Jiangyin Xingcheng Special Steel which became fully operational in June 2007.

Exports rose 52% to 1.1 million tonnes. This increase is primarily due to solid demand and higher prices in the overseas markets.

Profit of the special steel business rose 68% compared with 2006 as a result of increased production volume, a larger proportion of higher-end products which commanded higher profit margins, as well as increased exports which had higher prices than products sold domestically. The good performance of Shijiazhuang Steel Mill, which the Group acquired in the second half of 2006, was another significant factor. CITIC Pacific Special Steel's continuing effort in improving the product mix, enhancing coordination in raw material purchasing, and expanding product sales and marketing are all important factors in achieving an excellent bottom line.



## Products

Special steel refers to steel that has properties such as heat resistance, anti corrosion and anti fatigue. Categorized by shape, special steel includes bar steel, plate and strip steel, tube steel and wire steel. Approximately 90% of CITIC Pacific Special Steel's products are bar steel which are manufactured to order based on customers' specific requirements. As a result, there is little inventory. These bars are sold to manufacturers who turn this steel into products such as gears, bearings and springs.

## Key products of CITIC Pacific Special Steel

products	2007 market share	sale ('000 tonnes)	
		2007	2006*
Gear steel	40%	<b>831</b>	746
Bearing steel	35%	<b>789</b>	594
Alloy spring steel	35%	<b>463</b>	397
Other alloy steel	27%	<b>1,835</b>	1,588
Carbon structure	19%	<b>1,471</b>	1,595

\* Includes full year production of Shijiazhuang Steel Mill in which CITIC Pacific had no equity interest until July 2006.

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

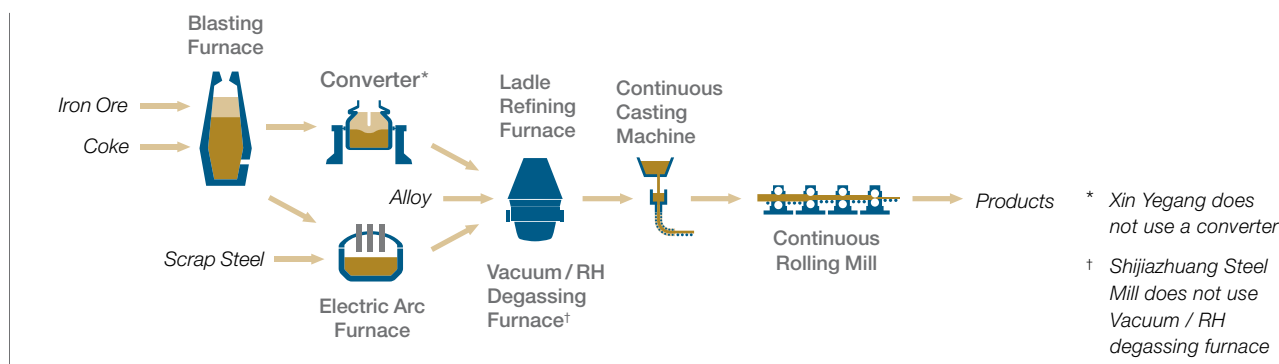
## The Group's products are sold to these industries

industries	2007 sales	
	('000 tonnes)	percentage
Auto components	2,599	40%
Industrial manufacturing	1,319	20%
Metal works	1,076	17%
Power generation	384	6%
Others	555	9%
Oil and petrochemical	350	5%
Railway	140	2%
Shipbuilding	94	1%
Total	6,517	100%

The rapid growth of these industries, in particular the auto industry, continues to support the strong growth in the demand for special steel. The Group's products are used by Toyota, General Motors, Honda, Volkswagen and Volvo.



## Special steel manufacturing process



### Production of special steel

The manufacturing process employed by the Group's three special steel plants includes a blasting furnace, either a converter or an electric arc furnace, a ladle refining furnace and a vacuum / RH degassing furnace. This is then followed by a continuous casting and rolling process.

### Raw materials

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

### Major raw materials

type	2007 ( '000 tonnes)	percentage of total value
Iron ore	9,197	39%
Scrap steel	1,863	21%
Coke	2,218	13%
Coal	2,047	7%
Alloy	200	17%

The price of raw materials increased significantly in 2007, in particular for iron ore, as a result of a sharp rise in its price on the spot market and high shipping costs. In 2007, 55% of CITIC Pacific Special Steel's iron ore was sourced from outside China, with Australia being the largest supplier with 33% of total imports. The remainder was mainly sourced from Brazil, India and Russia. Of the total 9.2 million tonnes of iron ore used in 2007, appropriately 25% was contracted and the rest was purchased on the spot market.

Securing a stable source of iron ore is a top priority for the management of the plants. The requirement for iron ore will be met by the Group's iron ore mine in Australia when the mine reaches full production in 2011.

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

### Pricing of special steel products

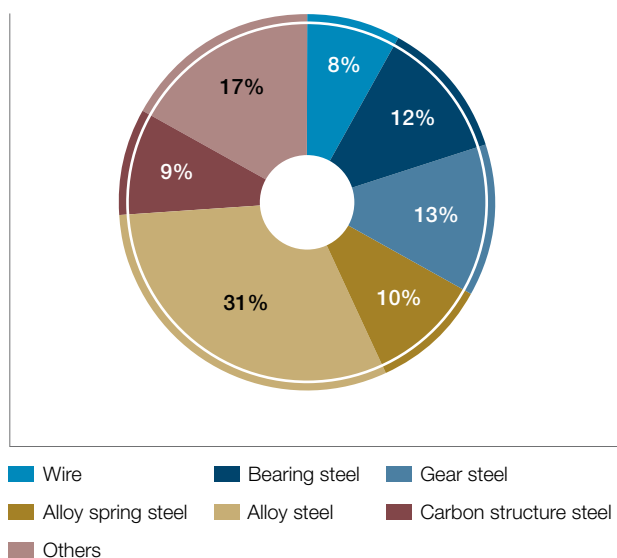
In 2007, the price of special steel products in all three of the Group's plants rose significantly. Average prices of products in 2007 were approximately 17% higher than in 2006. This is due to a combination of the market's strong demand and higher raw material costs, which traditionally tend to push up special steel product prices as manufacturers usually pass the cost increases on to customers. During the year, prices were adjusted periodically to reflect the surge in raw material costs and this trend continued into first two months of 2008.

The challenge for CITIC Pacific Special Steel going forward is to operate more efficiently and to improve the product mix in favor of higher quality steels. For 2007, 36% of the Group's products were high-end. This compared with 25% in 2006.

## Jiangyin Xingcheng Special Steel

Located in Jiangsu Province in the Eastern part of China, Jiangyin Xingcheng Special Steel is a leader in special steel manufacturing in China. With the newly finished production line built in partnership with Sumitomo Metals Kokura of Japan, its annual production capacity is now three million tonnes. This new line 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 600mm for use in industrial manufacturing. The plant's other high-grade products are used in the making of bearings, gears, springs and high-pressurized tube steel. 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 vessels that will be transporting iron ore from the Group's mine in Australia in 2010.

### Jiangyin Xingcheng Special Steel's products



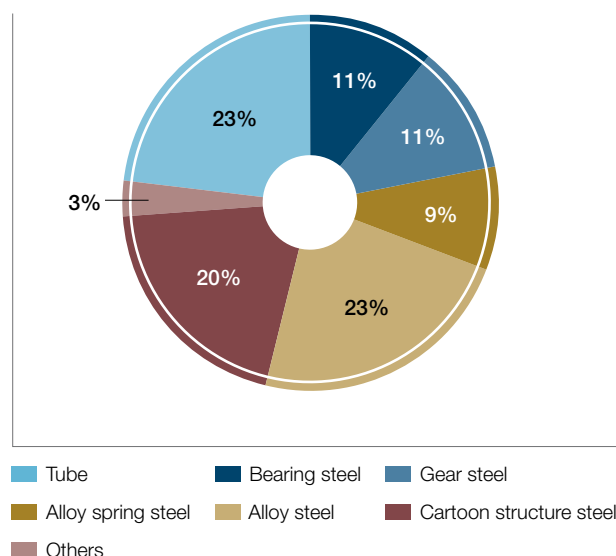
In 2007, Jiangyin Xingcheng Special Steel produced a total of 2.7 million tonnes of steel, up 19% compared to 2006. Exports grew 61% to reach 490,000 tonnes. Many of the products are certified by renowned users worldwide, such as SKF, FAG and Caterpillar.

## Xin Yegang Steel (Xin Yegang)

Annual production capacity at Xin Yegang at the end of 2007 was two million tonnes which includes the capacity of Daye Special Steel, an A-share listed company in which CITIC Pacific holds a 58% interest. Xin Yegang's products include bearing steel, gear steel, spring steel, alloy steel, carbon structure steel and seamless steel tubes that are used in the auto, oil, petrochemical, power and industrial manufacturing sectors.

Located in the city of Huangshi in Hubei Province, Xin Yegang is the oldest steel plant in China, dating back to 1908. It is located 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 115,000 DWT vessels will transport the iron ore from Western Australia to ports on the Yangtze River where it will be loaded onto smaller vessels which can travel to Xin Yegang and dock at its port. As a result, transshipment costs should be reduced. Currently larger vessels dock at the Beilun and Shanghai ports where transshipments are sometimes delayed due to over capacity.

### Xin Yegang Steel's products



In 2007, Xin Yegang produced 1.9 million tonnes of steel, a 9% increase compared with 2006. Exports were 277,000 tonnes which was 15% of total sales and an increase of 52% from the previous year. One of Xin

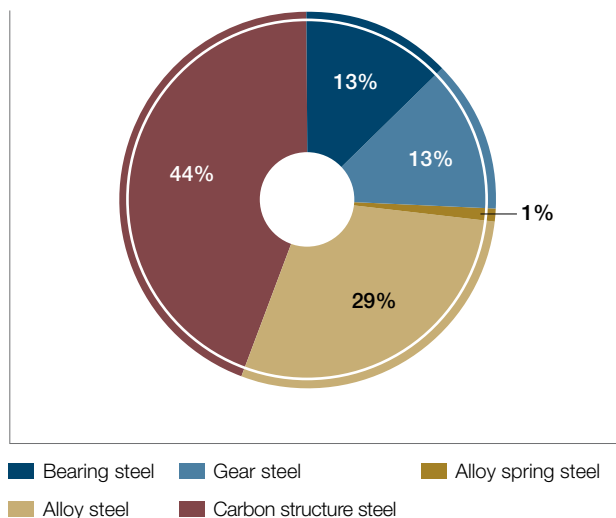
Yegang's main products, seamless steel tube, continued to achieve excellent returns supported by strong demand. Its production is now 23% of Xin Yegang's product portfolio and is expected to expand further.

### Shijiazhuang Steel Mill (Shigang)

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 the neighboring 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, alloy steel and spring steel, and are supplied mainly to the auto components and industrial manufacturing sectors.

### Shijiazhuang Steel Mill's products



Since becoming a member of the CITIC Pacific Special Steel group in the second half of 2006, Shigang's performance has improved significantly, primarily as a result of improved product quality mix.

Total steel produced in 2007 was 2 million tonnes, a 2% growth from 2006. Exports were 17% of total products sold.

### CITIC Pacific Special Steel's success

Jiangyin Xingcheng's bearing steel, high pressurized tube steel and spring steel, Xin Yegang's seamless steel tubes and high alloy content bar steel, together with Shijiazhuang Steel Mill's high quality structure steel for autos, provide CITIC Pacific Special Steel with the widest range of products among special steel makers in China.

The Group's ability to command a leading position in many of the products it makes lies in the management's ability to focus on brand building, product quality improvement, effective cost controls and improved efficiency. Many of the Group's products are certified by worldwide users such as SKF of Sweden, FAG and Schaeffler of Germany, NSK, KOYO and NTN of Japan and Delphi and Caterpillar of the United States. Jiangyin Xingcheng Special Steel, Xin Yegang and Shigang are well recognized and respected brands in China's special steel market.

Strategically located to cover three main markets of special steel in China, the Group's three plants can provide customers with convenient after sales services.

Centralized technology development is essential to continued improvement in product mix and quality.

### Looking ahead

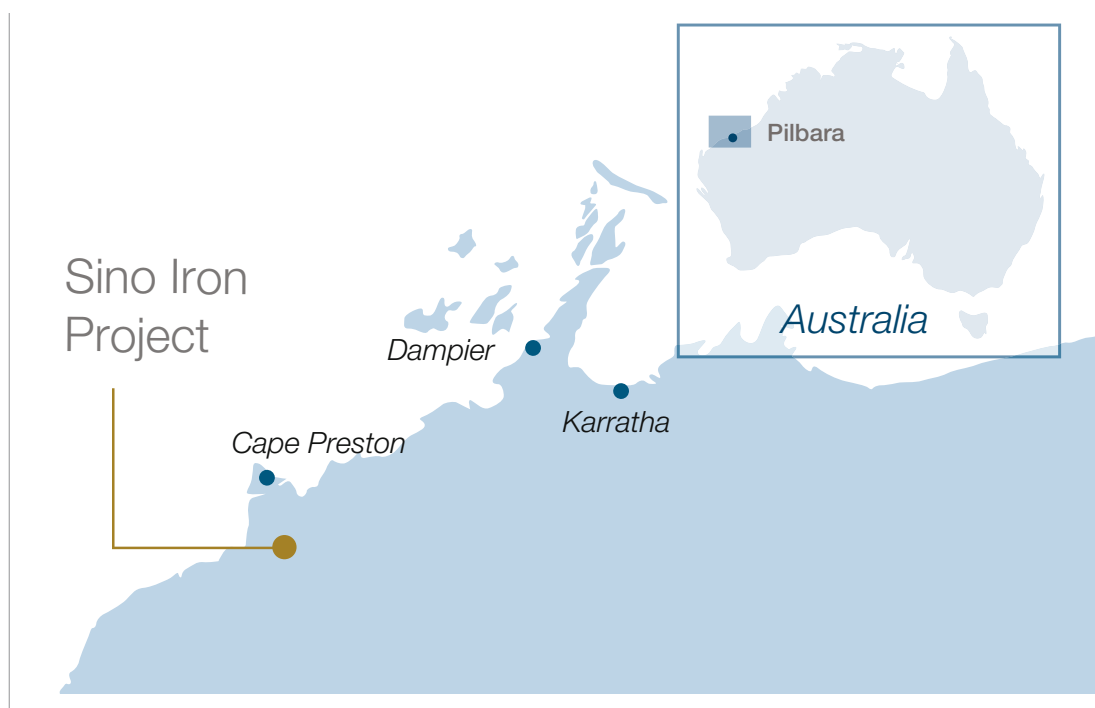
Total production of special steel products in China in 2007 reached 60 million tonnes, a growth of 23% compared with 2006 supported by demand from both the domestic Chinese market and from users in the international markets. As China continues to grow, more special steel will be needed.

CITIC Pacific Special Steel will continue to achieve excellence in products we make. At the same time, the Group is also exploring opportunities to expand into other products that have good market potential.

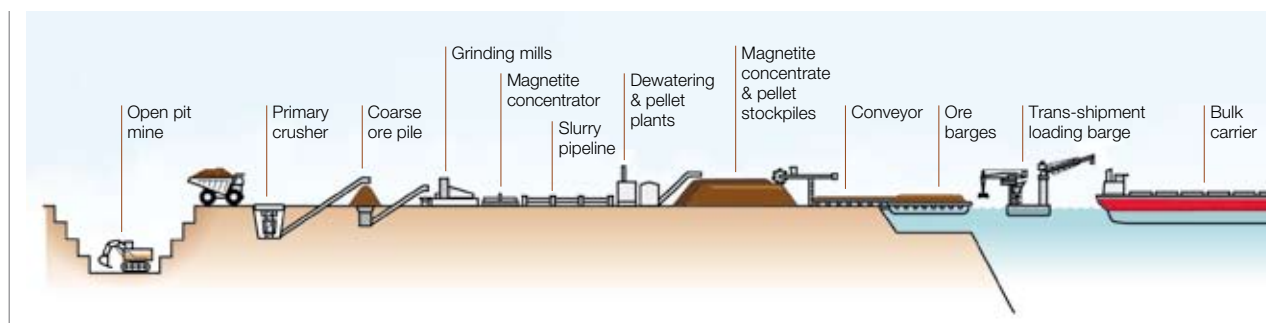
# Iron Ore Mining

- *2 billion tonnes of magnetite ore reserves to produce 27.6 million tonnes annually of concentrate and / or pellets*
- *Largest planned magnetite project in Australia and first to include large scale downstream processing*
- *Scheduled to provide a secure supply of iron ore to CITIC Pacific's special steel plants from 2009 / 2010*
- *Potential to increase production to over 70 million tonnes per annum*

<i>HK\$ million</i>	<b>2007</b>	2006
Net assets	<b>7,067</b>	1,852
Capital expenditure	<b>4,808</b>	1,754



## Sino Iron Project – Magnetite mining and processing for export



### Sino Iron Project

CITIC Pacific's Sino Iron Project will be a world class, large-scale magnetite iron ore mining and processing operation. Located near Cape Preston, 100km southwest of Karratha, in Western Australia's Pilbara region, the project has over two billion tonnes of identified magnetite resources which can produce 27.6 million tonnes of concentrate and / or pellets annually (mtpa) for about 25 years. These products will be exported to CITIC Pacific's three special steel plants in China and to other Chinese steel manufacturers.

In addition to the existing identified resources, CITIC Pacific has options to purchase the mining rights to a further four billion tonnes if the reserve is proven, therefore, taking potential production to over 70mtpa.

### Processing on a new scale

Managed by CITIC Pacific Mining, a wholly owned Australian subsidiary of CITIC Pacific, the US\$4.2 billion Sino Iron Project is the largest magnetite project planned in Australia. It will be a highly technical operation requiring significant processing and supporting infrastructure.

Processing infrastructure will include primary crushers, grinding mills, a concentrator and pellet plant. Supporting infrastructure will include a new port, port facilities, a 25 kilometre slurry pipeline, a product stockyard, a 450 megawatt gas fired power station and a 51 gigalitre desalination plant.

CITIC Pacific Mining will conduct its own mining and has sourced some of the world's largest mining handling equipment including hydraulic excavators and diesel-electric haul trucks.

The new port will include a transshipment facility to load ships with the product for export to China.

The original estimated capital expenditure for the project was US\$2.5 billion. The latest estimated capital expenditure is likely to be approximately US\$3.5 billion. This increase is due to an expanded planned production of concentrate by 15% (production volume was originally anticipated to be 24mtpa and has now been increased to 27.6mtpa); specification modifications as a result of ore body characteristics; industry wide cost pressures and inflation in the global mining industry, especially in Australia; depreciation of the US dollar to the Australian dollar and to the RMB; and cost pressures and inflation in China where certain supplies are sourced. Since the commencement of our project in the second quarter of 2006, the global price of iron ore (fines) has increased from US cents 61.7 per dry metric tonne unit (dmtu) to US cents 132.7 per dmtu, amounting to a 115% increase, which is more than sufficient to cover the escalation in capital costs. Given the current price trend of iron ore, we believe there will be further positive impact on the business model. CITIC Pacific's steel plants would also benefit from the stable supply.

### Timeline

2003	October	Environmental approval given (to previous proponent company)
2006	March	CITIC Pacific purchases initial mining rights
	May	CITIC Pacific Mining formed
	June	Foreign Investment Review Board approval granted
	November	Exploration drilling program commenced
	December	Major Project Status granted by Australian Government
2007	January	Signed construction contract with MCC
	August	MCC acquired 20% equity in project
	December	Bulk sample of ore for production testing commenced
2008 to 2010		Geotechnical drilling continues
		Further environmental management plans approved
		State Agreement Act amendments
		Construction commences
		First shipment of product to China

### Progress in 2007

CITIC Pacific’s mining rights were increased from one to two billion tonnes in a further agreement signed in 2007.

In August 2007, the lead engineering construction contractor for the Sino Iron Project, China Metallurgical Group Corp. (‘MCC’), entered into a sales and purchase agreement to acquire a 20% equity interest in the project (subject to the approval of the Chinese and the Australian governments). The construction contract with MCC was also extended from the initial one billion tonne to the current two billion tonnes.

Key government approvals for mining and environmental components were advanced in consultation with the Western Australian government.

In November 2007, CITIC Pacific Mining and the Sino Iron Project were publicly launched in Australia.

At the Pilbara mine site in December 2007, a bulk sample started that will move seven million tonnes of material. A representative sample will be sourced from this material to confirm earlier test work carried out using drill core samples. These results will be used to confirm the technical specifications for the processing equipment design.

Major design work in both Australia and China on the processing elements of the project is advanced, as well as resource development and mine planning. Construction has commenced on the first of six mill lines and crushers at CITIC Heavy Machinery in Luoyang and the magnetite concentrator at NETC in Anshan.

Long lead items, including gas turbines and gas line pipe, have already been ordered, and key construction contractors have been identified for the gas pipeline, power plant and desalination plant.





Also in 2007, CITIC Pacific Mining purchased the Mardie pastoral station, on which the mine area and processing infrastructure is located. Ownership of the station will improve access to land and also presents opportunities for environmental improvement programs to be implemented.

### Looking ahead

Subject to relevant Western Australian government approvals, construction is scheduled to begin in 2008 to allow production of the first magnetite concentrate from the first mill line in 2009 / 2010. The remaining mill lines will be commissioned progressively from 2010. The desalination plant engineering and procurement is progressing and some of the long lead items have been ordered. First water from the desalination plant is expected to be available in 2009.

Additional geotechnical drilling will also take place to further define the mine's ore body.

2500 jobs are expected to be created during the project's construction phase, and 600 operational jobs over the mine's 25-year life.

In 2008, CITIC Pacific Mining plans to sign a joint venture agreement with Central Mining and Contracting, a Pilbara-based indigenous mining contractor who is currently providing various mine services to the project. This joint venture will ensure local indigenous people benefit through employment, training and business opportunities in the future.

### Strategic value to CITIC Pacific

The Sino Iron project, in conjunction with CITIC Pacific's recent order of 12 ships for its iron ore delivery, will guarantee a secure supply and transportation of raw materials for the Group's steel making operations in China.



Magnetite is one of the principal ores of iron and the most magnetic of all the naturally occurring minerals on earth. Its magnetic properties allow it to be readily refined into an iron ore concentrate for use in steel making. In the conversion process, significantly less carbon dioxide is produced than with other iron ore types, making magnetite increasingly desirable in this era of environmental awareness.

The iron ore products from the Sino Iron project will be suitable for specialty steel making where customers are seeking low levels of phosphorous and alumina.

Building on the expertise that has been developed within the CITIC Pacific Mining team, in the future, CITIC Pacific will look at acquisitions or expansions that will build the company's iron ore / resources portfolio.

# Property

- *Focuses on developing projects in mainland China*
- *Employs a team of experienced professionals in mainland China and Hong Kong working on all aspects of property projects*
- *Specializes in medium and large scale integrated projects*

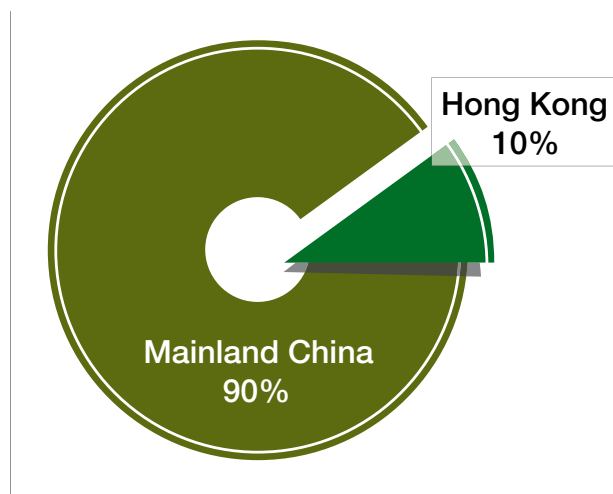
<i>HK\$ million</i>	<b>2007</b>	2006
Turnover	<b>1,321</b>	8,320
Contribution	<b>731</b>	2,035
Proportion of total contribution	<b>7%</b>	25%
Net assets	<b>26,367</b>	20,299
Capital expenditure	<b>4,525</b>	2,873



Headquarters  
CITIC Tower

## CITIC Pacific's Properties

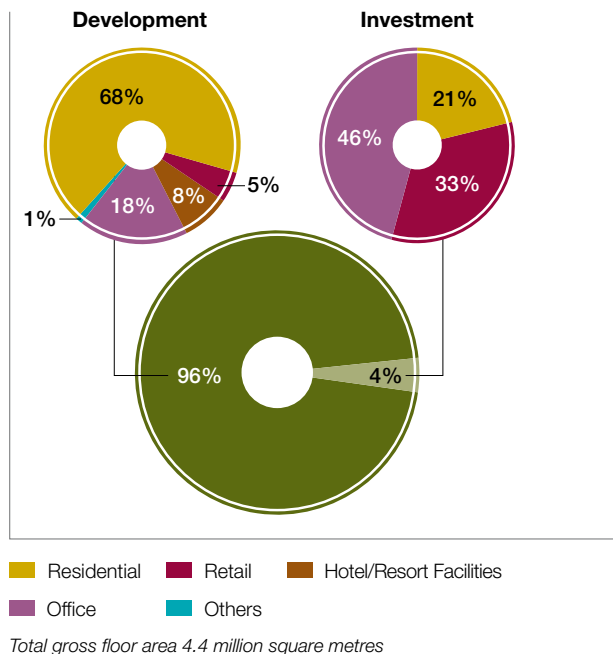
by gross floor area



## Mainland China

- Developing 4.2 million square metres of gross floor area in the coming years
- Strategically focusing on Shanghai, major secondary cities in the Yangtze Delta area as well as in the Shenzhou Peninsula on Hainan Island
- Actively sourcing additions to land bank

### Mainland China Properties



★ Cities in which CITIC Pacific has land bank

## Development Properties

projects	usage	ownership	approx. site area (sq. metre)	approx. GFA (sq. metre)	expected completion date
New Westgate Garden, <i>Shanghai</i>	Residential, retail	100%			
Phase I			32,900	11,000 (on sale)	Completed
Phase II			35,300	137,000	2014
Qingpu Residential Development, <i>Shanghai</i>	Residential, hotel, retail	100%	665,900	485,000	2008 to 2011
Lu Jia Zui New Financial District Project, <i>Shanghai</i>	Office, hotel, residential, retail	50%	251,400	847,000	2010 to 2015
Site at Sichuan Beilu Station of Metro Line No. 10, Hongkou, <i>Shanghai</i>	Office, retail	90%	13,300	53,000	2010 to 2011
Site at No.10, Hainan Rd. Hongkou, <i>Shanghai</i>	Office, retail	100%	16,400	66,000	2010 to 2011
Jiang Dong District <i>Ningbo, Zhejiang Province</i>	Office, retail	99%	39,500	98,000	2008 to 2009
<i>Yangzhou, Jiangsu Province</i>	Residential, retail	100%	328,600	437,000	2008 to 2011
<i>Jiangyin, Jiangsu Province</i>	Residential, retail	56%	91,300	178,000	2009 to 2010
Binhu District <i>Wuxi, Jiangsu Province</i>	Residential, retail	70%	2,110,300	243,000	In phases from 2009 onwards
Shenzhou Peninsula <i>Wanning, Hainan Province</i>	Hotel, retail, residential	80% – 99.9%	6,710,100	1,653,000	In phases from 2009 onwards
Total			10,295,000	4,208,000	

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:	251,400 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
Current status:	Phase I construction in progress

Previously used as a shipyard, this site occupies the last significant prime area in Pudong, 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, residential and hotels. The entire project will be developed in three phases and takes advantage of the river view, convenient transportation and comprehensive master planning. The buildings will become a prominent landmark on the bank of the Huangpu River.

Clearance of the site was completed in January, 2008. The five star hotel in Phase I will be managed by an internationally renowned hotel operator. As the financial centre of China, Shanghai, and in particular the Lu Jia Zui Financial District in Pudong, is attracting an increasing number of financial institutions that intend to set up their regional headquarters in the area. Some large international financial institutions have already expressed interest in taking up space in the office towers in various phases.



### Zhujiajiao New Town – Qingpu Residential Project

100% owned

Site area:	665,900 square metres
Gross floor area:	485,000 square metres
Usage:	Low density residential, retail and hotel
Expected completion:	2008 – 2011
Current status:	approx. 30,000 square metres GFA under construction
	61 units launched in September, 2007; all sold
	455,000 square metres – under planning



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

Adjacent to two scenic lakes, Dadian Lake and Dianshan Lake, this project will take full advantage of the cultural traditions and history of the area to create a unique living environment. The project consists of villas, semi-detached houses, town houses, retail shops and a hotel. The hotel will be managed by a well known international hotel operator. This development will form the new core area of Zhujiajiao.

## New Westgate Garden

100% owned

### Phase I

Site area:	32,900 square metres
Gross floor area:	117,000 square metres (11,000 square metres on sale)
Usage:	Residential
Number of units:	709
Completed:	June, 2006
Current status:	90% of units sold as of early March, 2008

### 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 high-class residential development is within walking distance of the Lao Xi Men subway station of the new Metro Line 8. It includes residential towers, retail shops, and 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:	Design in progress



CITIC Pacific and Shanghai Shentong Metro Assets Management Co. jointly acquired the site in early 2007 located in Hongkou District. Situated above the Sichuan Beilu Metro Station currently under construction, the project is comprised of office buildings and retail outlets that take advantage of the pedestrian flow generated by the metro line.

## 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:	2010 – 2011
Current status:	Design in progress

The site was acquired in December, 2007. On the east side of the Sichuan Beilu Station development, it will be designed and developed into a combined landmark project for this thriving district.

## Zhejiang Province

### CITIC Square, city of Ningbo

99% owned

Site area:	39,500 square metres
Gross floor area:	98,000 square metres
Usage:	Office and retail
Expected completion:	2008 – 2009
Current status:	Superstructure works in progress

This development is in the Jiangdong District of Ningbo, the provincial capital as well as the centre of economic development of Zhejiang Province. The site is very close to 'Ningbo Eastern New City', the future political and economic centre of Ningbo. CITIC Square will be a Grade A office and retail development.



## Jiangsu Province

### Binhu District Residential Project, city of Wuxi

70% owned

Site area:	2,110,300 square metres
Gross floor area:	243,000 square metres
Usage:	Residential and retail
Expected completion:	In phases from 2009 onwards
Current status:	Foundation works in progress

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 from 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 advantage of the extensive landscape and scenic view of the Tai Lake.

### Yangzhou Residential Project, city of Yangzhou

100% owned

Site area:	328,000 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:	2008 – 2011
Current status:	Phase I construction in progress

Located in the western part of the city centre, the site will be developed with the connotation of 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. The project has been well received by the market with over 99% (262 units) of the units launched in Phase I sold as of early March, 2008, during the pre-sale which began in September 2007.



### Jiangyin Project, city of Jiangyin

56% owned

Site area:	91,300 square metres
Gross floor area:	178,000 square metres
Usage:	Residential and retail
Expected completion:	2009 – 2010
Current status:	Foundation works commencing soon



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.

## Hainan Province

### Shenzhou Peninsula Development, city of 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 2009 onwards
Current status:	Construction in progress

CITIC Pacific is developing a resort-type real estate project on the Shenzhou Peninsula. The site has a planning area of 38 square kilometres, with four south facing beaches and 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 cities of Haikou and Sanya, a railway station will be built in Wanning City, which is about five to six kilometres from the Shenzhou Peninsula site. This new express railway line, constructed by the Hainan government with a completion target of 2011, will greatly improve the accessibility of the Shenzhou Peninsula site from Hainan's international airports in Haikou and Sanya.

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

As of early March, CITIC Pacific had acquired 6.71 square kilometres of land. Design and construction of Phase I, which consists of four hotels, retail and resort facilities, is progressing. All four hotels will be managed by well-known international hotel operators.





## Investment Properties

projects	usage	ownership	approx. site area (sq. metre)	approx. GFA (sq. metre)	expected completion date
CITIC Square, <i>Shanghai</i>	Office, retail	100%	14,500	114,000	Completed
Royal Pavilion, <i>Shanghai</i>	Serviced apartment	100%	8,800	35,000	Completed
New Westgate Garden Retail Portion (Phase I), <i>Shanghai</i>	Retail	100%	32,900	18,000	Completed
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 be fully let and experience steady rental increases.

#### 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 luxury serviced apartment with 81% occupancy in early March, 2008 and stable rental income.

#### New Westgate Garden – Retail Portion

100% owned

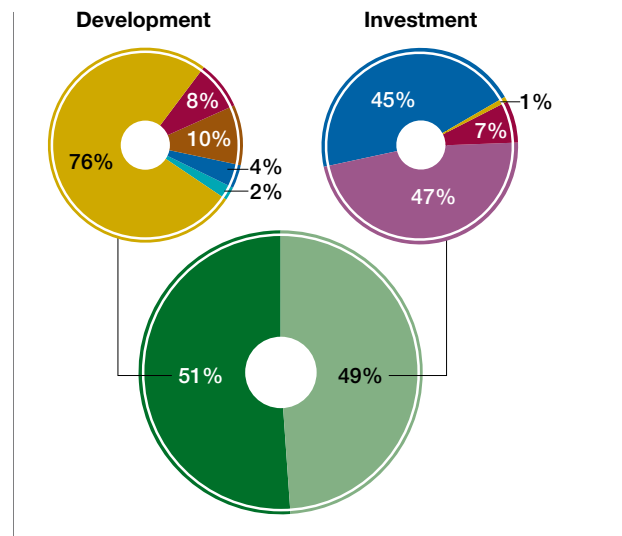
Site area: 32,900 square metres  
 Gross floor area: 18,000 square metres  
 Usage: Retail  
 Completed: 2006

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 the DCH Commercial Centre

### Hong Kong Properties



Residential Retail Hotel Office Industrial Others

Total gross floor area 479,000 square metres

## 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 become a fully integrated, self-contained suburban multinational residential community. Situated on the northeastern shore of Lantau Island, and 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 217,000 square metres, of which 91,000 square metres have been developed as Siena One (Phase 11) and Siena Two (Phase 12). The occupation permit for Chianti (Phase 13), which has a gross floor area of 50,000 square metres, was obtained in April 2006. Sales began in March 2006. As of early March, 2008, 518 units out of 530 had been sold.

A hotel development of 25,000 square metres of gross floor area at the northern part of Discovery Bay is under construction and scheduled to open in the second half of 2009.





## Investment Properties

projects	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

## Aviation

	location	ownership
Cathay Pacific	Hong Kong	17.5%
HACTL	Hong Kong	10%

<i>HK\$ million</i>	<b>2007</b>	2006
Contribution	<b>1,263</b>	3,288
Proportion of total contribution	<b>12%</b>	41%
Net assets	<b>10,616</b>	9,843

### Cathay Pacific

[www.cathaypacific.com](http://www.cathaypacific.com)

An international passenger and freight carrier based in Hong Kong, Cathay Pacific, together with its subsidiary Dragonair and Air Hong Kong, operates a fleet of 163 aircraft providing services to more than 130 destinations in 37 countries around the world as of 5 March 2008.

More than a year after the restructuring of the Hong Kong aviation industry in which Dragonair became a wholly owned subsidiary of Cathay Pacific, the enlarged airline registered a profit increase of 72% in 2007 from its 2006 level. A total of 23 million passengers and 1.6 million tonnes of cargo were carried, an increase of 29% and 26%, respectively, compared with 2006.

### HACTL

[www.hactl.com](http://www.hactl.com)

HACTL operates SuperTerminal 1, the largest air cargo terminal in the world. Total cargo tonnage throughput for 2007 was 2.6 million tonnes, up 2.7% from 2006. This new handling record is due to export growth from the region, in particular to Europe and the United States.

# Power Generation

HK\$ million	2007	2006
Contribution	494	268
Proportion of total contribution	5%	3%
Net assets	6,361	6,244

At the end of 2007, CITIC Pacific owned a total attributable capacity of 5,287MW, an increase of 10% from 2006 due to the commission of Ligang Phase IV (2x600MW) and capacity addition at North United Power.

Total electricity generated in 2007 by all power plants in which CITIC Pacific had an interest was 96 billion kwh, an increase of 15% compared with 2006. This was driven by the market's overall increase in demand for electricity. To satisfy this, generation capacity increased in many parts of China. For CITIC Pacific, new capacity in Ligang, Zhengzhou and North United drove the rise of electricity generation.

The price of coal rose approximately 15% in 2007 from its level in 2006. However, tariffs were not adjusted accordingly by the government and therefore created margin pressure on Chinese power producers. The strong demand for electricity somewhat compensated for the coal price rise, enabling profits from the Group's power business to increase.

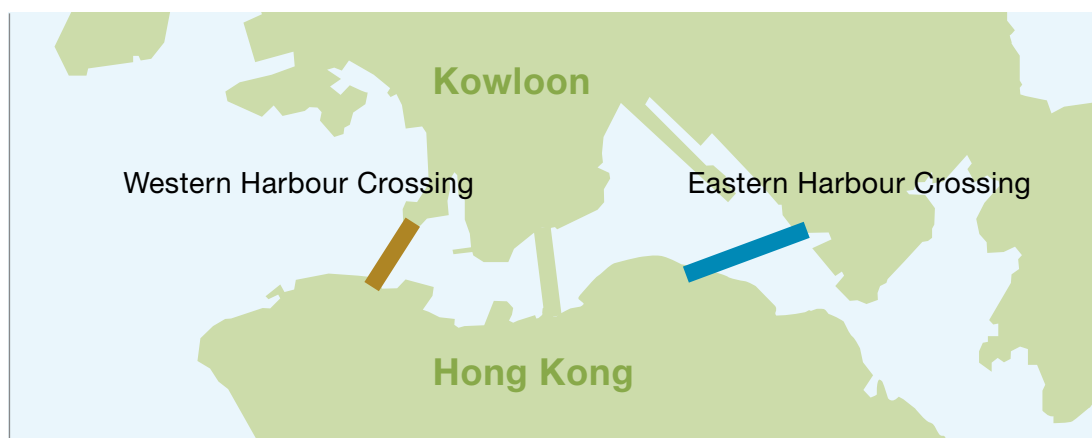
In December 2007, CITIC Pacific purchased five 57,000DWT vessels to be delivered in 2010 and 2011. These vessels will be used to transport coal to Ligang Power Station.

## Operational statistics of CITIC Pacific's power plants

power plant	location (province)	installed capacity (MW)	% ownership	type	utilisation hours	electricity generated			heat generated		
						2007 (m kWh)	2006 (m kWh)	% change	2007 (kGJ)	2006 (kGJ)	% change
Ligang I & II	Jiangsu	1,440	65	Coal fired	6,075	8,748	8,064	8	NA	NA	NA
Ligang III	Jiangsu	1,260	71.4	Coal fired	5,029	6,165	NA	NA	NA	NA	NA
Hanfeng	Hebei	1,320	15	Coal fired	5,626	7,427	7,931	-6	NA	NA	NA
Huaibei	Anhui	620	12.5	Coal fired	5,326	3,302	3,026	9	NA	NA	NA
Kaifeng	Henan	125	50	Coal fired	4,700	588	595	-1	NA	NA	NA
North United	Inner Mongolia	12,533	20	Coal fired	5,549	64,609	57,834	12	29,696	43,268	-31
Zhengzhou	Henan	1,000	50	Co-generation	4,874	4,874	3,328	46	5,545	5,082	9
Hohhot	Inner Mongolia	400	35	Co-generation	6,181	2,472	2,741	-10	2,273	2,078	-9
Weihai	Shandong	36	49	Co-generation	4,558	164	155	6	3,694	3,592	3
Chenming	Shandong	24	49	Co-generation	5,304	154	183	-16	3,158	3,275	-4

## Civil Infrastructure

	location	ownership	franchise till
Eastern Harbour Tunnel	Hong Kong		
Road		71%	2016
Rail		50%	2008
Western Harbour Tunnel	Hong Kong	35%	2023
<i>HK\$ million</i>		<b>2007</b>	2006
Contribution		<b>490</b>	469
Proportion of total contribution		<b>5%</b>	6%
Net assets		<b>2,055</b>	2,533



### Eastern Harbour Tunnel

[www.easternharbourtunnel.com.hk](http://www.easternharbourtunnel.com.hk)

Registered average daily traffic of 64,005 vehicles in 2007, a 5% increase from 2006.

### Western Harbour Tunnel

[www.westernharbourtunnel.com](http://www.westernharbourtunnel.com)

A key section of the Route 3 highway linking Hong Kong Island with mainland China and Chek Lap Kok Airport. In 2007, average daily traffic was 48,816 vehicles, up 10% over 2006. On January 6, 2008 a toll increase was implemented.

CITIC Pacific has a 35% interest in the company that manages the Cross Harbour Tunnel under contract from the government.

## Listed Subsidiaries

# Dah Chong Hong

56.6% owned

Stock code: 1828 (The Stock Exchange of Hong Kong)

HK\$ million	2007	2006
Contribution	3,041	297
Proportion of total contribution	29%	4%
Net assets	2,399	4,004

Dah Chong Hong ([www.dch.com.hk](http://www.dch.com.hk)) is a major distributor of motor vehicles and consumer and food commodity products. It has operations in Hong Kong and mainland China, as well as businesses in Japan, Singapore and Canada.

# CITIC 1616

52.6% owned

Stock code: 1883 (The Stock Exchange of Hong Kong)

HK\$ million	2007	2006
Contribution	2,085	191
Proportion of total contribution	20%	2%
Net assets	740	375

CITIC 1616 ([www.citic1616.com](http://www.citic1616.com)) is a leading telecom hub-based provider in Asia and is interconnected to approximately 260 international telecom operators in more than 50 countries.

# Financial Review

## Introduction

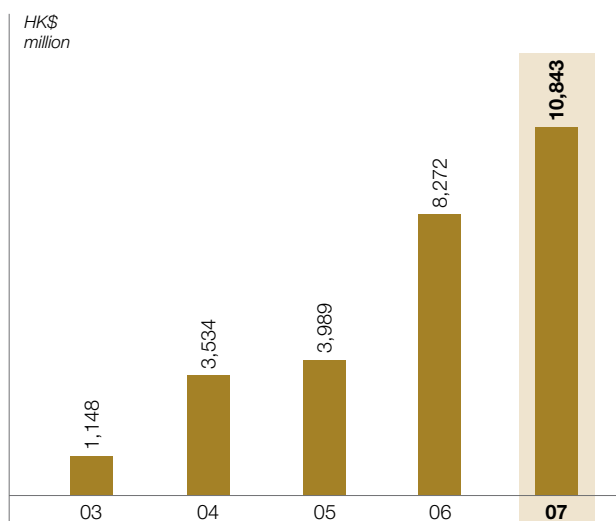
CITIC Pacific's 2007 Annual Report includes a letter from the Chairman to shareholders, the final accounts and other information required by accounting standards, legislation, and the Hong Kong Stock Exchange. This Financial Review is designed to assist the reader in understanding the statutory information by discussing the contribution of each business segment, and the financial position of the company as a whole.

## Basis of Accounting

CITIC Pacific prepares its financial statements in accordance with generally accepted accounting standards issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA') which have been converged with International Financial Reporting Standards.

## Profit Attributable to Shareholders

The net profit attributable to shareholders for the year ended 31 December 2007 was HK\$10,843 million, an increase of 31% compared with HK\$8,272 million in 2006. The reasons for the increase in profit are described below.



## Business Segments Contribution

The Contribution (Note) made by major business segments in 2007, compared with 2006, were:

HK\$ million	2007	actual 2006	change 2007-2006
<b>Special Steel</b>	<b>2,242</b>	1,333	909
<b>Property</b>	<b>731</b>	2,035	(1,304)
<b>Infrastructure</b>	<b>2,327</b>	4,201	(1,874)
<b>Listed Subsidiaries</b>			
CITIC 1616	<b>2,085</b>	191	1,894
Dah Chong Hong	<b>3,041</b>	297	2,744
<b>Fair Value change of Investment Properties</b>	<b>1,217</b>	1,077	140

Note: Please refer to Definition of Terms on page 67.

Compared the contribution for the year 2007 with last year:

- **Special Steel:** Contribution increased by more than 60% due to the continuing good performance of Jiangyin Steel Plant, Xin Yegang Steel and Daye Special Steel. The growth of various industries in the PRC continues to support the demand for special steel. Shijiazhuang Steel Plant which was acquired in the second half of 2006 also made good contribution in 2007.
- **Property:** Contribution decreased by almost 70%. In 2006, the profit included the sale of 50% interest in Festival Walk. Rental income of both CITIC Tower and CITIC Square recorded good growth during the year.
- **Infrastructure:** Cathay Pacific reported an excellent results for the year with 72% increase in net profit. Despite the decrease of the Group's shareholding in Cathay Pacific from 25.4% to 17.5%, contribution from Cathay for the year increased by approximately 30% compared to the combined contribution from Cathay and Dragonair in last year. In 2006, a profit of HK\$2.2 billion was recognized from the restructuring of aviation business.

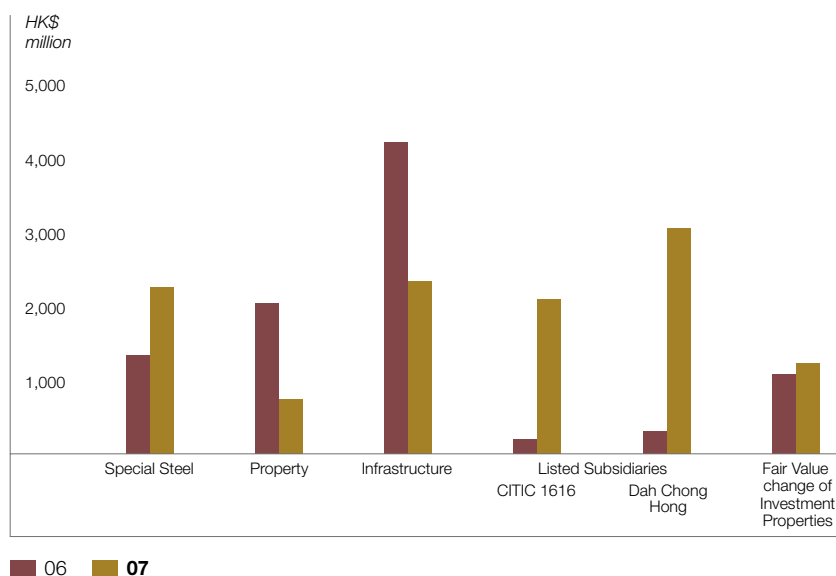


Contribution from Power Generation increased by more than 80% mainly due to the increased contribution from Ligang Power Stations and North United Power. Ligang Phase III had its first full year operation and has made profit contribution for the year. Contribution from tunnels in Hong Kong remained stable in 2007.

- CITIC 1616: A profit of HK\$1.9 billion was realized in connection with the spin off of CITIC 1616 in 2007. The profit of CITIC 1616 increased by 38% compared to 2006.

- Dah Chong Hong: A profit of HK\$2.6 billion was recognized in connection with the spin off of Dah Chong Hong in 2007. The profit of Dah Chong Hong increased by approximately 60% in 2007.
- Fair Value change of Investment Properties: The increase in fair value of investment properties as a result of a revaluation reflected the strong current property market conditions in both Hong Kong and the PRC.

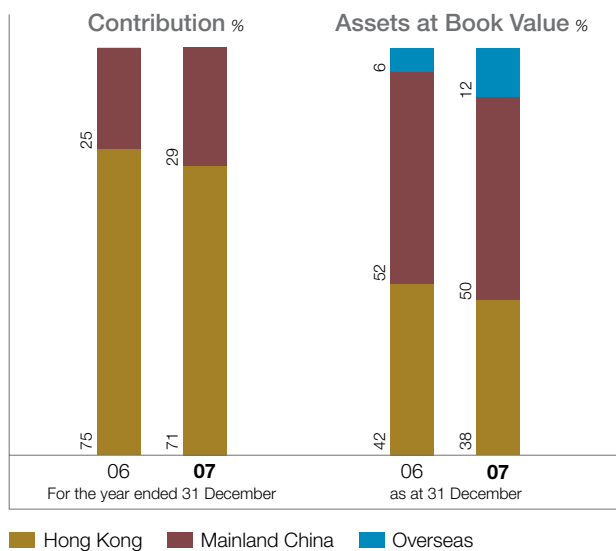
### Contribution



The Annual Report contains business segment information for turnover and profit before net finance charges and taxation for consolidated activities, jointly controlled entities and associated companies.

## Geographical Distribution

The division of contribution and assets between Hong Kong, mainland China and overseas is shown below based on the location of the base of each business's operations.



## Interest Expense

The Group's interest expense net of amount capitalised decreased from HK\$590 million to HK\$305 million. Capitalised interest increased from HK\$323 million to HK\$680 million mainly due to various PRC property projects under development and the iron ore project. The weighted average cost of debt in 2007 was 5.5% compared to 5.2% last year which was mainly due to the increase in RMB borrowing rates.

## Treasury Policy and Risk Management

### General Policies

- Maintain a high degree of financial control and transparency;
- Centralised financing and cash management activities at head office level;
- Enhance risk management, control and the best utilisation of financial resources of the Group;

- Diversify funding sources through utilisation of both banking and capital markets;
- Arrange financing to match business characteristics and cash flow to the extent it is possible; and
- Employ limited or non-recourse project finance when it is available and appropriate.

### Risk Management

The Group employs a combination of financial instruments, including derivative products, to manage its exposure to fluctuations in interest and currency rates. Derivative transactions are only used for interest rate and currency hedging purposes, speculative trading activity is prohibited. Counterparties' credit risks are carefully reviewed and the Group only deals with financial institutions with investment grade credit rating. The amount of counterparties' lending exposure to the Group is also an important consideration as a means to control credit risk.

### Foreign Currency Exposure

CITIC Pacific conducts business mainly in Hong Kong, mainland China and Australia, therefore it is subject to the market risk of foreign exchange rates in HK Dollar, US Dollar, Renminbi and Australia Dollar. To minimise currency exposure, non HK Dollar assets are usually financed in the same currency as the asset or cash flow from it, either by borrowing or using foreign exchange contracts. Achieving this objective is not always possible due to limitations in financial markets and regulatory constraints, particularly on investment into mainland China as the Renminbi is currently not a free 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 US dollars. As the Group's investment in mainland China is expanding, CITIC Pacific has an increasing exposure to the Renminbi. As at 31 December

2007, the Group had net RMB exposure of approximately HK\$46 billion (2006: HK\$30 billion).

The functional currency and future cash flow for the Australian Iron Ore Mining project is denominated in USD. Substantial portion of the project infrastructure / pre-completion operating expenditure is projected to be denominated in non-USD currencies. Foreign exchange forward contracts and structured forward instruments are employed to hedge or minimise the currency exposure. As at 31 December 2007, projected non-USD currencies expenditures amounted to HK\$2,659 million (2006: Nil) was hedged through foreign exchange forward contracts and HK\$882 million (2006: Nil) was hedged by structured forward instruments.

On liability management, CITIC Pacific funded the Iron Ore Mining project and the acquisition of vessels by USD loans to match the future cash flow of these assets. Foreign exchange forward contracts are employed to minimise currency exposure for other USD debts and a Yen Bond. As at 31 December 2007, such contracts outstanding amounted to HK\$5,853 million (2006: HK\$6,116 million).

### Interest Rate Exposure

The Group aims to maintain a suitable mixture of fixed and floating rate borrowings in order to stabilise interest costs despite rate movements. Interest rate hedging ratio is determined after taking into consideration of general market trend, the Group's cash flow pattern, interest coverage ratio and etc.

### Cash Flow

By design, majority of the Group's debt is raised at the holding company level (except for project based financing or arrangement limited by regulation such as RMB borrowings). As such, the actual net amount of cash flow from each business to the Group is an important indicator as to the Group's ability to service

its debts. Following is a summary of cash contributions by each business segment:

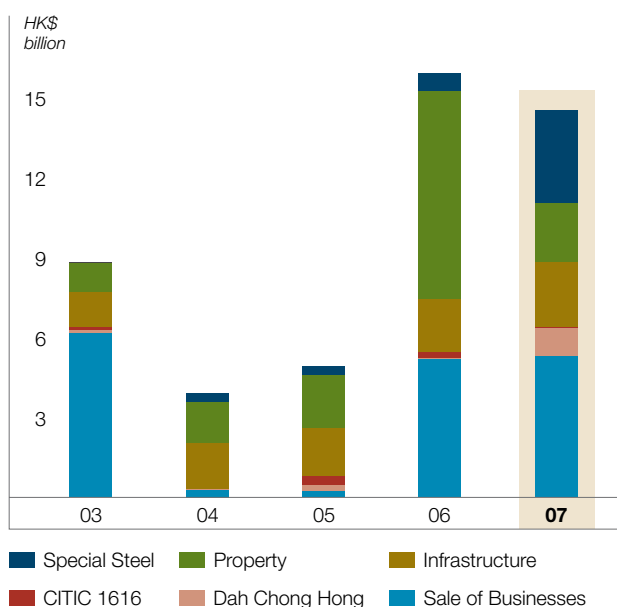
<i>HK\$ million</i>	<b>2007</b>	2006
<b>Special Steel</b>	<b>3,506</b>	687
<b>Property</b>	<b>2,201</b>	7,821
<b>Infrastructure</b>		
Aviation	<b>508</b>	5,975
Power Generation	<b>660</b>	499
Civil Infrastructure	<b>990</b>	476
Others	<b>241</b>	144
<b>CITIC 1616</b>	<b>1,919</b>	222
<b>Dah Chong Hong</b>	<b>4,448</b>	57
<b>Others</b>	<b>77</b>	60
<b>Total</b>	<b>14,550</b>	15,941

For the year ended 31 December 2007, the Group's cash flow was very strong. Special Steel sector declared prior years' retained profits through dividend and most of them were re-invested for expansion of the sector. Property sector continued to generate strong cash flow from both recurring rental income and property sale. The comparative figure in 2006 was higher because of the disposal of Festival Walk and the land in Tung Chau Street during the year. Under Infrastructure sector, Aviation and Power Generation contributed stable cash flow to the Group. The comparative figure in 2006 for Aviation was higher because of cash receipt from aviation restructuring. Contribution from Civil Infrastructure was higher mainly due to Western Harbour Crossing's repayment of HK\$560 million shareholders' loan to the Group as a result of a successful restructure of the project loan during the year. During the period, substantial cash flow was also realised from the separate listing of CITIC 1616. Cash contribution from Dah Chong Hong was higher as a result of its separate listing. Significant cash flow was realised from pre-IPO dividend and IPO proceeds.

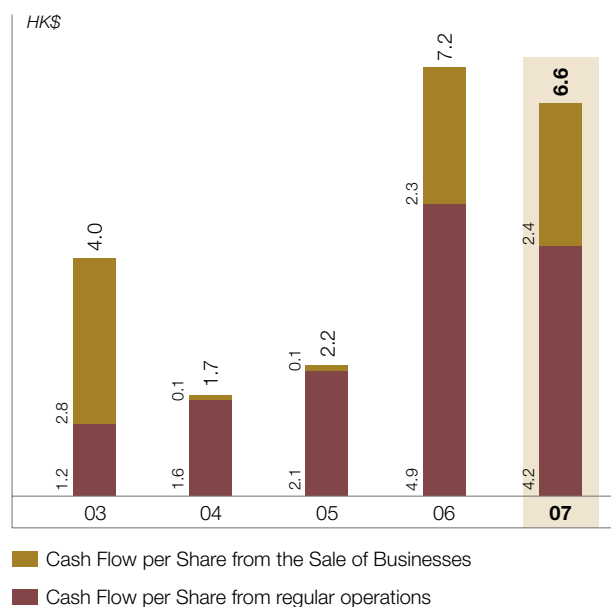
### Summary of Consolidated Cash Flow Statement

HK\$ million	2007	2006
Net Cash generated from / (invested in) consolidated activities	<b>4,803</b>	4,302
jointly controlled entities	<b>1,594</b>	220
associated companies	<b>1,036</b>	1,132
other financial assets	<b>86</b>	11
Sale of business interests and marketable securities	<b>6,807</b>	12,313
Capital expenditure and investment in new businesses	<b>(15,557)</b>	(9,451)
Tax	<b>(459)</b>	(315)
Net interest paid	<b>(797)</b>	(751)
	<b>(2,487)</b>	7,461
Dividends paid	<b>(3,756)</b>	(3,072)
Increase / (Decrease) in borrowings	<b>10,049</b>	(3,376)
Repurchase of shares	<b>(110)</b>	(35)
Share options exercised	<b>430</b>	87
	<b>6,613</b>	(6,396)
Increase in cash and cash equivalents	<b>4,126</b>	1,065

### Cash Flow from Operations



### Cash Flow per Share



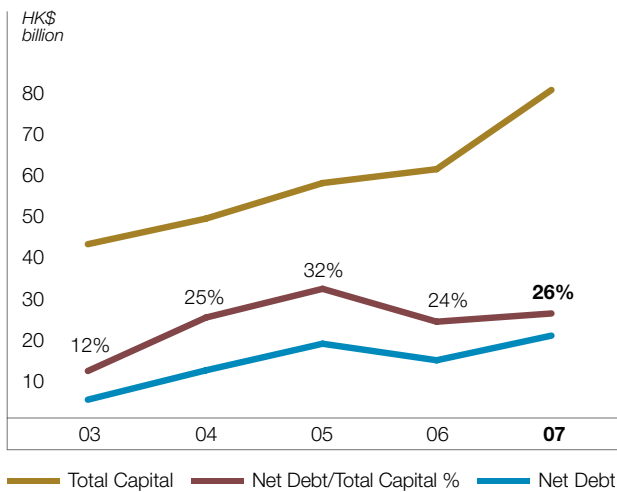
## Group Debt and Liquidity

The financial position of the Group as at 31 December 2007, as compared to 31 December 2006, is summarised as follows:

HK\$ million	2007	2006
Total debt	<b>28,654</b>	18,293
Cash and bank deposits	<b>8,045</b>	3,679
Net debt	<b>20,609</b>	14,614

### Leverage

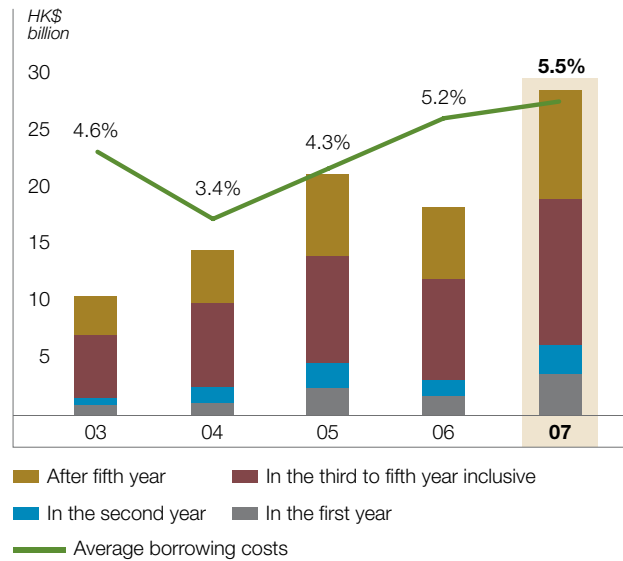
Net debt divided by total capital was 26% at 31 December 2007 compared with 24% at the end of 2006.



### Total Debt

Total debt increased mainly due to capital expenditure and new investments in the Group's core businesses of about HK\$12.8 billion during the year.

For the year ended 31 December 2007, the Group's average borrowing costs was about 5.5% compared with 5.2% for the last year. For the description on the Group's average borrowing costs, please refer to 'Interest Rate Exposure'.



### Maturity Profile of Outstanding Debt

The Group actively manages and extends its debt maturity profile to ensure that the Group's maturing debt 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 2007, outstanding loans that will mature to the end of 2008 amounted to HK\$3.7 billion or 13% of the total debt. On the other hand, the Group had cash and deposits with banks of HK\$8.0 billion on that date.

HK\$ million	2008	2009	2010	2011	2012	2013 and beyond	total	percentage
Parent Company	1,686 <sup>1</sup>	570	2,890	4,461 <sup>2</sup>	2,150	9,668 <sup>3</sup>	21,425	75%
Subsidiaries	1,968	1,957	1,934	1,009	352	9	7,229	25%
Total Maturing Debt	3,654	2,527	4,824	5,470	2,502	9,677	28,654	100%
Percentage	13%	9%	17%	19%	9%	33%	100%	

1. Including a US\$216 million short term bridging loan for the Iron Ore Mining project due in 2008.

2. Including a US\$450 million global bond due in 2011 which was issued by a wholly owned special purposes vehicle.

3. Including a JPY8.1 billion floating rate note due in 2035 which was issued by a wholly owned special purposes vehicle.

### Available Sources of Financing

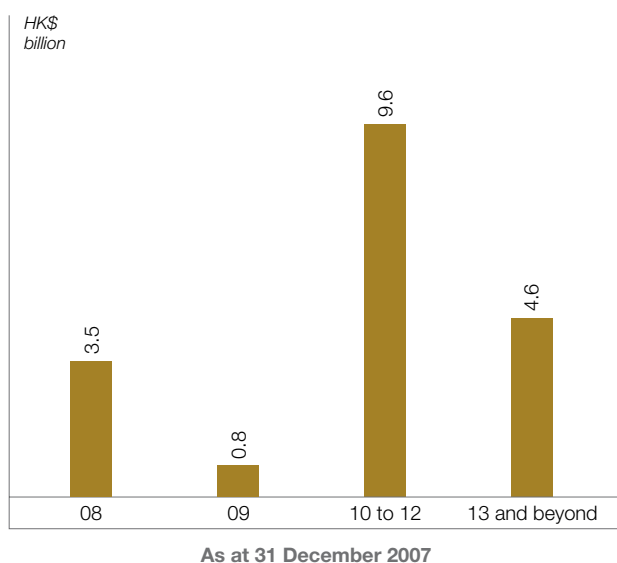
In addition to cash and deposits balance of HK\$8.0 billion as at 31 December 2007, the Group had undrawn available loan facilities totaling HK\$20.5 billion, of which HK\$16.0 billion was committed long term loans, HK\$2.5

billion was committed short term loan and HK\$2.0 billion was money market lines. Besides, trade facilities amounting to HK\$2.4 billion was available. Borrowings by sources of financing as at 31 December 2007 is summarised as follows:

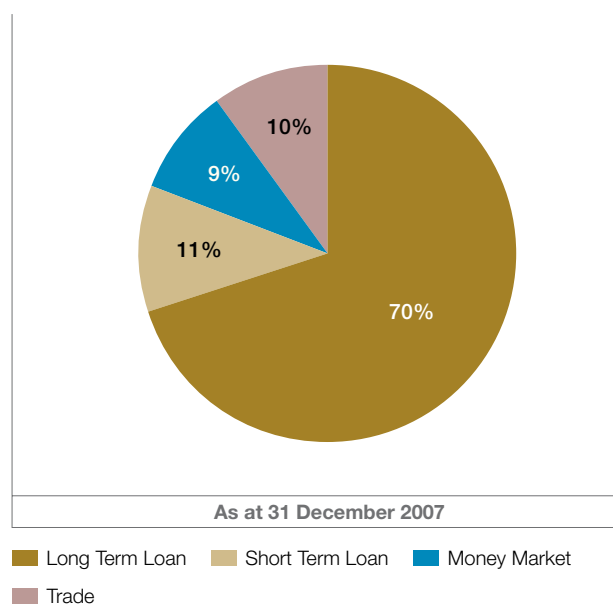
HK\$ million	total facilities	outstandings	available facilities
<b>Committed Facilities</b>			
Short Term Loan*	4,212	1,686	2,526
Term Loans	37,480	21,462	16,018
Global Bonds	3,510	3,510	0
Private Placement	430	430	0
<b>Total Committed</b>	<b>45,632</b>	<b>27,088</b>	<b>18,544</b>
<b>Uncommitted Facilities</b>			
Money Market Lines and Short Term Facilities	3,591	1,545	2,046
Trade Facilities	3,810	1,426	2,384

\* This is a USD short term bridging loan to support the funding requirement of the Iron Ore Mining project.

### Undrawn Available Committed Facilities by Maturity (Total HK\$18.5 billion)



### Undrawn Available Facilities by Type (Total HK\$22.9 billion)



In addition to the above summarised facilities, the Company established Cooperative Agreements with several major PRC banks. Under such agreements, general credit limits were granted to us to support the Group's funding requirements. Utilisation of these facilities will be subject to the banks' approval on a project-by-project basis in accordance with PRC banking regulations. As at 31 December 2007, total credit limit of around RMB64.6 billion under such arrangements remained available, of which RMB30.0 billion have been specifically allocated by the banks to various projects, mainly for Iron Ore Mining, Special Steel and Power

Generation projects. These arrangements will further support the Group's expansion strategy in the mainland.

### 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 has been in compliance with all of its loan covenants.

	covenant limits	actual 2007
<b>Minimum Consolidated Net Worth:</b>		
Consolidated Net Worth	≥ HK\$25 billion	HK\$61.5 billion
<b>Gearing:</b>		
Consolidated Borrowing / Consolidated Net Worth	≤ 1.5	0.47
<b>Negative Pledge:</b>		
Pledged Assets / Consolidated Total Assets	≤ 30%	0.3%

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

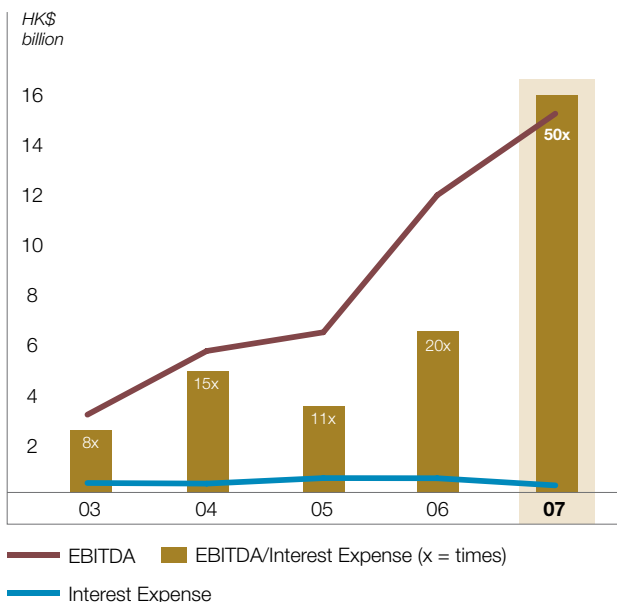
*'Consolidated Net Worth' means the aggregate of shareholders' funds and goodwill from acquisitions and developments having been written off against reserves or profit and loss account.*

*'Consolidated Borrowing' means the aggregate of all consolidated indebtedness for borrowed money and all contingent obligations in respect of indebtedness for borrowed money other than aforesaid consolidated indebtedness for borrowed money.*



### Interest Cover

EBITDA divided by interest expense for the year ended 31 December 2007 was 50 times compared to 20 times in 2006, due to the 27% increase in EBITDA and a 48% decrease of interest expenses.



### Credit Ratings

Moody's and Standard & Poor's have reaffirmed the long-term credit ratings of the Company as Ba1 and BB+ respectively, both with a stable credit outlook. The Group's new investments focus mainly on the areas where CITIC Pacific has greatest expertise, of which the Special Steel plants and PRC properties have already commenced contributing in both profit and cash flow to the Group, while the Iron Ore Mining project are expected to commence making contribution in the coming few years. As a result, the credit profile of the Group is going to improve steadily in due course. The Group's objective is to maintain its financial discipline when expanding its businesses.

### 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

<i>At year end (HK\$ million)</i>	1998	1999	2000	2001	2002	2003	2004	2005	2006	<b>2007</b>
Shareholders' funds	41,426	37,580	40,650	40,781	41,742	37,848	36,921	39,103	46,510	<b>59,793</b>
per share (HK\$)	19.47	17.67	18.51	18.62	19.07	17.29	16.84	17.83	21.18	<b>27.03</b>
Debt										
Debt	22,075	18,563	15,709	14,639	9,267	10,528	14,580	21,218	18,293	<b>28,654</b>
Bank deposits	900	8,044	5,201	4,631	2,545	5,511	2,417	2,579	3,679	<b>8,045</b>
Net debt / total capital	34%	22%	21%	20%	14%	12%	25%	32%	24%	<b>26%</b>
Interest cover (times)	4	4	5	6	12	8	15	11	20	<b>50</b>
Capital employed	63,501	56,143	56,359	55,420	51,009	48,376	51,501	60,321	64,803	<b>88,447</b>
Property, plant and equipment	5,085	5,157	6,530	7,782	5,601	5,696	7,344	10,063	10,593	<b>13,158</b>
Investment properties	5,299	5,374	5,531	5,357	8,493	7,923	8,115	8,645	9,604	<b>10,895</b>
Properties under development	227	240	246	460	586	679	1,672	1,849	2,712	<b>4,288</b>
Leasehold land	1,135	1,123	1,102	1,076	1,094	1,194	1,596	1,618	1,712	<b>1,641</b>
Jointly controlled entities	831	1,396	2,019	2,365	3,582	4,085	7,852	10,413	14,922	<b>17,446</b>
Associated companies	38,732	20,859	23,497	22,704	22,183	22,584	21,439	23,239	16,416	<b>17,941</b>
Other financial assets	11,548	14,511	9,264	8,070	7,092	1,027	1,121	929	2,819	<b>7,502</b>
Stockmarket capitalisation	35,530	62,230	60,720	37,993	31,514	43,332	48,444	47,038	58,952	<b>96,338</b>
Number of shareholders	14,987	13,506	9,808	11,044	12,260	12,198	11,554	11,262	10,433	<b>8,571</b>
Staff	11,871	10,490	11,354	11,733	11,643	12,174	15,915	19,174	23,822	<b>24,319</b>
<i>For the year (HK\$ million)</i>										
Net profit after tax										
Net profit after tax	2,622	2,729	3,283	2,084	3,835	1,148	3,534	3,989	8,272	<b>10,843</b>
per share (HK\$)	1.23	1.28	1.49	0.95	1.75	0.52	1.61	1.82	3.77	<b>4.91</b>
Contribution by major businesses										
Special Steel	18	22	29	95	126	178	438	808	1,333	<b>2,242</b>
Property	264	734	414	625	886	355	559	1,106	2,035	<b>731</b>
Infrastructure	1,666	2,442	3,162	2,115	3,015	1,399	2,179	1,686	4,201	<b>2,327</b>
Listed subsidiaries										
CITIC 1616	–	–	39	129	252	116	120	122	191	<b>2,085</b>
Dah Chong Hong	330	230	221	105	234	253	284	233	297	<b>3,041</b>
Fair value change of investment properties	–	–	–	–	–	(587)	181	755	1,077	<b>1,217</b>
EBITDA	4,739	4,763	5,238	3,921	5,691	3,126	5,666	6,412	11,882	<b>15,135</b>
Dividends per share (HK\$)										
Regular	0.70	0.75	0.85	0.80	1.00	1.00	1.10	1.10	1.10	<b>1.20</b>
Special	–	2.00	–	–	1.00	–	–	–	0.60	<b>0.20</b>
Cover (times)	1.8	1.7	1.8	1.2	1.8	0.5	1.5	1.7	3.4	<b>4.1</b>

*Note:*

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.

## Corporate Governance Practices

CITIC Pacific is committed to ensuring high standards of corporate governance and first class business practices. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices to ensure they meet stakeholders' expectations, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance.

Throughout the year of 2007, 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. CITIC Pacific has also applied all the principles in the Code and the manner in which they are applied are explained in the following parts of the Corporate Governance Report.

## Directors' Securities Transactions

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Companies ('the Model Code') contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Model Code throughout the year of 2007.

## Board of Directors

The Board currently comprises twelve executive and seven non-executive directors of whom four are independent as defined by the Stock Exchange (the biographies of the directors, together with information about the relationship among them, are set out in the 2007 Annual Report). Independent non-executive directors are nearly one-quarter and the non-executive directors are about one-third of the Board.

Under the Company's Articles of Association, every director is subject to retirement by rotation at least once every three years. One-third of the directors must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders.

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. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. 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 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 Board meetings were held in 2007. Individual attendance of each director

at the Board meetings, the Audit Committee meetings and the Remuneration Committee meeting during 2007 is set out below:

Director	Attendance / Number of Meetings		
	Board	Audit Committee	Remuneration Committee
<b>Executive Director</b>			
Mr Larry Yung Chi Kin – Chairman	4/4		
Mr Henry Fan Hung Ling – Managing Director	4/4		
Mr Peter Lee Chung Hing	4/4		
Mr Carl Yung Ming Jie	3/4		
Mr Leslie Chang Li Hsien	4/4		
Mr Vernon Francis Moore	4/4		
Mr Li Shilin	3/4		
Mr Liu Jifu	3/4		
Mr Chau Chi Yin	4/4		
Mr Milton Law Ming To	4/4		
Mr Wang Ande	4/4		
<b>Independent Non-executive Director</b>			
Mr Hamilton Ho Hau Hay	4/4		
Mr Alexander Reid Hamilton (Chairman of the Audit Committee)	3/4	4/4	5/5
Mr Hansen Loh Chung Hon	4/4	4/4	
Mr Norman Ho Hau Chong (Chairman of the Remuneration Committee)	4/4		5/5
<b>Non-executive Director</b>			
Mr Willie Chang	4/4	4/4	5/5
Mr André Desmarais (Two of the meetings were attended by the alternate of Mr André Desmarais)	4/4		
Mr Chang Zhenming	0/4		

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.

### 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 the discharge of 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.

### Non-executive Directors

There are currently seven non-executive directors of whom four are independent. Under Article 104(A) of the Company's Articles of Association, every director, including the non-executive director, shall be subject to retirement by rotation at least once every three years. This means that the specific term of appointment of a director cannot exceed three years.

### Remuneration of Directors

The Remuneration Committee, established in August 2003, has clear terms of reference and is accountable to the Board. The terms of reference can be found in the Group's website ([www.citicpacific.com](http://www.citicpacific.com)). The principal role of the 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.

During 2007, the Remuneration Committee reviewed the remuneration policies and approved the salary and bonus of the executive directors and senior management. No executive director has taken part in any discussion about his own remuneration. Its members comprise:

Mr Norman Ho Hau Chong – Chairman  
Mr Alexander Reid Hamilton  
Mr Willie Chang

Five meetings were held in 2007. All Committee members are non-executive directors and a majority including the Chairman are independent.

### Nomination of Directors

There is no nomination committee in the Group for the time being.

Candidates to be nominated as directors are experienced, high calibre individuals. During the year, there was no appointment of new directors. After the year end, Mr Kwok Man Leung was appointed as an executive director with effect from 1 April 2008 after going to the full board for approval.

## Auditor's Remuneration

PricewaterhouseCoopers has been appointed by the shareholders annually as CITIC Pacific's external auditors since 1989. During the year, the fees charged to the accounts of the Company and its subsidiaries for PricewaterhouseCoopers' statutory audit amounted to approximately HK\$10 million (2006: HK\$9 million). In addition approximately HK\$2 million (2006: HK\$3 million) was charged for other services. The non-statutory audit services mainly consist of special audits, tax compliance and the interim review. The cost of recurring audit services of subsidiaries performed by other auditors amounted to approximately HK\$16 million (2006: HK\$9 million).

## Audit Committee

The Board established an Audit Committee in 1995. The Audit Committee has clear terms of reference and is accountable to the Board. The terms of reference can be found in the Group's website ([www.citicpacific.com](http://www.citicpacific.com)). It assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. All Committee members are non-executive directors and a majority including the Chairman are independent. Its members comprise:

Mr Alexander Reid Hamilton – Chairman  
Mr Hansen Loh Chung Hon  
Mr Willie Chang

The Committee members possess diversified industry experience and the Chairman has appropriate professional qualifications and experience in accounting matters. The Committee meets four times each year, together with senior management and auditors, both internal and external.

During 2007, 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; reviewed the Group's adherence to the Code Provisions in the Code of Corporate Governance Practices. As a result, they recommended the Board to adopt the interim and annual report for 2007.

## Internal Controls

The Board is responsible for maintaining an adequate system of internal control and reviewing its effectiveness.

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorized use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. It provides reasonable, but not absolute, assurance against material mis-statement or loss and management rather than elimination of risks associated with its business activities.

During the year, the Board has reviewed the effectiveness of the Group's internal control system covering all material controls and risk management functions. The review is conducted annually in accordance with the requirement of the Code of Corporate Governance Practices. The responsible management of the various business divisions and subsidiaries are required to assess the risks and the internal controls with reference to the five components of the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) internal control framework. The result of the review has been summarised and reported through the Group Internal Audit Department to the Audit Committee and the Board.

In addition, the Group Internal Audit Department conducts regular and independent reviews of the effectiveness of the Group's internal control system. The Audit Committee reviews the findings and opinion of Group Internal Audit Department on the effectiveness of the Group's internal control system quarterly and reports to the Board on such reviews.

### Internal Audit

The Group Internal Audit Department supports management by carrying out systematic independent reviews of all business units and subsidiaries in the Group on an ongoing basis. The frequency of review of individual business unit or subsidiary is determined after an assessment of the risks involved. The Audit Committee endorses the internal audit programme annually. The Group Internal Audit Department has unrestricted access to all parts of the business, and direct access to any level of management including the Chairman, or the Chairman of the Audit Committee, as it considers necessary. The Group Internal Audit Department submits regular reports for the Audit Committee's review in accordance with the approved internal audit programme. Concerns which have been reported by the Group Internal Audit Department are monitored quarterly by management until appropriate remedial actions have been taken.

### 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. Training courses on the Code of Conduct are held regularly for all employees and the Audit Committee receives a report on the operation, and the need for revision, of the Code of Conduct every year.

Throughout the year of 2007, the Group has complied with the Code Provisions in the Code of Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited.

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

### Notifiable Transactions and Connected Transactions

During the year 2007, CITIC Pacific has issued press announcements in respect of a number of 'notifiable transactions' and 'connected transactions' which can be viewed in the Group's website ([www.citicpacific.com](http://www.citicpacific.com)).

### 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 contain the rights of shareholders to demand and the procedures for a poll voting on resolutions at shareholders' meetings. Details of such rights to demand a poll and the poll procedures are included in all circulars in relation to shareholders' meetings and will be explained during the proceedings of shareholders' meetings. In case poll voting is conducted, the poll results will be posted on the websites of the Stock Exchange and the Company on the 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 sent to journalists and investment analysts where an e-mail address or fax number is known and will be available to shareholders 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.

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

## Financial Reporting

The Directors acknowledge their responsibility for preparing the Company's accounts which give a true and fair view and are in accordance with generally accepted accounting standards published by the Hong Kong Institute of Certified Public Accountants. 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; judgments and estimates made are prudent and reasonable. Hong Kong accounting standards have always broadly followed international accounting standards. 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 2007.

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 66.



# Directors' Report

The Directors have pleasure in presenting to shareholders their report for the year ended 31 December 2007.

## Principal Activities

The principal activity of the Company is holding its subsidiary companies and the principal activities of its subsidiary companies and associated companies and their major areas of operation are set out in the Business Review on pages 6 to 29.

## Dividends

The Directors declared an interim dividend of HK\$0.40 per share and a special dividend of HK\$0.20 per share in respect of the year ended 31 December 2007 which were paid on 18 September 2007. The Directors recommended, subject to the approval of the shareholders at the forthcoming Annual General Meeting, the payment of a final dividend of HK\$0.80 per share in respect of the year ended 31 December 2007 payable on 13 May 2008 to shareholders on the Register of Members at the close of business on 8 May 2008.

## 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\$7 million.

## Fixed Assets

Movements of fixed assets are set out in the summary financial statements on pages 62 to 63.

## 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 JPY 8.1 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.

## Directors

The Directors of the Company in office during the financial year ended 31 December 2007 were:

Mr Larry Yung Chi Kin  
Mr Henry Fan Hung Ling  
Mr Peter Lee Chung Hing  
Mr Norman Yuen Kee Tong, resigned on 8 January 2007  
Mr Carl Yung Ming Jie  
Mr Leslie Chang Li Hsien  
Mr Vernon Francis Moore  
Mr Li Shilin  
Mr Liu Jifu  
Mr Chau Chi Yin  
Mr Milton Law Ming To  
Mr Wang Ande  
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 2008, Mr Kwok Man Leung will be appointed as a director of the Company.

In accordance with Article 95 of the New Articles of Association of the Company, Mr Kwok Man Leung will hold office only until the forthcoming Annual General Meeting and is then eligible for re-election. In addition, pursuant to Article 104(A) of the New Articles of Association of the Company, Messrs Henry Fan Hung Ling, Carl Yung Ming Jie, Leslie Chang Li Hsien, Li Shilin, Hamilton Ho Hau Hay and André Desmarais 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 new 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.

## 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, Leslie Chang Li Hsien, Liu Jifu and Chau Chi Yin 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 8 May 2008.

## 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 or any of its 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.

## 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 can be exercised in whole or in part within 5 years from the date of grant. The closing price of the Company's shares immediately before the grant on 16 October 2007 was HK\$47.65.

None of the share options granted under the Plan were cancelled or lapsed during the year ended 31 December 2007. A summary of the movements during the year ended 31 December 2007 of the share options is as follows:

### A. Directors of the Company

name of director	date of grant	exercise price HK\$	number of share options			percentage of issued share capital %
			balance as at 01.01.07	granted during the year ended 31.12.07	exercised during the year ended 31.12.07 (Note 2)	
Larry Yung Chi Kin	28.05.02	18.20	2,000,000	–	2,000,000	–
	01.11.04	19.90	2,000,000	–	2,000,000	–
	05.12.05	20.50	100,000,000 (Note 1)	–	–	100,000,000
	20.06.06	22.10	2,000,000	–	2,000,000	–
	16.10.07	47.32	–	2,000,000	–	2,000,000
						102,000,000
Henry Fan Hung Ling	16.10.07	47.32	–	1,600,000	1,600,000	–
Peter Lee Chung Hing	28.05.02	18.20	1,000,000	–	1,000,000	–
	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	0.154
Carl Yung Ming Jie	28.05.02	18.20	300,000	–	300,000	–
	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	0.086
Leslie Chang Li Hsien	28.05.02	18.20	300,000	–	300,000	–
	01.11.04	19.90	500,000	–	150,000	350,000
	20.06.06	22.10	800,000	–	–	800,000
	16.10.07	47.32	–	800,000	–	800,000
					1,950,000	0.088
Vernon Francis Moore	28.05.02	18.20	1,000,000	–	1,000,000	–
	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	0.104
Li Shilin	28.05.02	18.20	300,000	–	300,000	–
	16.10.07	47.32	–	500,000	–	500,000
					500,000	0.023
Liu Jifu	01.11.04	19.90	500,000	–	500,000	–
	20.06.06	22.10	700,000	–	–	700,000
	16.10.07	47.32	–	700,000	–	700,000
					1,400,000	0.063
Chau Chi Yin	28.05.02	18.20	300,000	–	300,000	–
	01.11.04	19.90	500,000	–	–	500,000
	20.06.06	22.10	800,000	–	–	800,000
	16.10.07	47.32	–	800,000	–	800,000
					2,100,000	0.095
Milton Law Ming To	28.05.02	18.20	250,000	–	250,000	–
	01.11.04	19.90	500,000	–	166,000	334,000
	20.06.06	22.10	800,000	–	–	800,000
	16.10.07	47.32	–	800,000	–	800,000
					1,934,000	0.087
Wang Ande	01.11.04	19.90	200,000	–	200,000	–
	20.06.06	22.10	500,000	–	–	500,000
	16.10.07	47.32	–	800,000	–	800,000
					1,300,000	0.059
Chang Zhenming	16.10.07	47.32	–	500,000	–	500,000
						0.023

Note:

1. These share options were granted by CITIC HK, a substantial shareholder of the Company, and can be exercised during the period from 5 December 2008 to 4 December 2010.
2. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$32.316.

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

date of grant	exercise price HK\$	number of share options			
		balance as at 01.01.07	granted during the year ended 31.12.07	exercised during the year ended 31.12.07 (Note 3)	balance as at 31.12.07
28 May 2002	18.20	750,000	–	750,000	–
1 November 2004	19.90	1,919,000	–	889,000	1,030,000
20 June 2006	22.10	4,930,000	–	2,691,000	2,239,000
16 October 2007	47.32	–	7,400,000	–	7,400,000

Note:

3. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$33.961.

## C. Others

date of grant	exercise price HK\$	number of share options		
		balance as at 01.01.07 (Note 4)	exercised during the year ended 31.12.07 (Note 5)	balance as at 31.12.07
28 May 2002	18.20	640,000	640,000	–
1 November 2004	19.90	1,200,000	1,000,000	200,000
20 June 2006	22.10	1,300,000	1,300,000	–

Note:

4. These are in respect of options granted to former employees under continuous contracts, who have subsequently retired or transferred to another group company. It also includes options granted to a former director.

5. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$34.997.

## 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. The closing price of CITIC 1616 Share immediately before the date of grant was HK\$3.14. 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, cancelled or lapsed in the period from 3 April 2007 (on which CITIC 1616 was listed on the Main Board of the Stock Exchange) to 31 December 2007. 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

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

Since the adoption of the Pre-IPO Scheme, DCH Holdings has granted one lot of options before the listing of DCH Holdings:

date of grant	number of options	exercise price per share HK\$
3 October 2007	18,000,000	5.88

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, cancelled or lapsed during the year up to 31 December 2007. The grantees were certain directors or employees of the DCH Holdings group working under continuous contracts (as defined in the Employment Ordinance). None were granted to the directors, chief executives or substantial shareholders of the Company.

#### 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 2007 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

name of director	number of shares	
	personal interests unless otherwise stated	percentage to the issued share capital %
<b>CITIC Pacific Limited</b>		
Larry Yung Chi Kin	406,381,000 (Note 1)	18.371
Henry Fan Hung Ling	50,000,000 (Note 2)	2.260
Peter Lee Chung Hing	1,000,000	0.045
Carl Yung Ming Jie	300,000	0.014
Leslie Chang Li Hsien	480,000	0.022
Vernon Francis Moore	4,200,000 (Note 3)	0.190
Li Shilin	300,000	0.014
Liu Jifu	840,000	0.038
Chau Chi Yin	536,000	0.024
Wang Ande	250,000	0.011
Hansen Loh Chung Hon	1,550,000 (Note 4)	0.070
André Desmarais	10,145,000 (Note 5)	0.459
Peter Kruyt (alternate director to Mr André Desmarais)	34,100	0.002
<b>CITIC 1616 Holdings Limited</b>		
Vernon Francis Moore	200,000 (Note 3)	0.010
Chau Chi Yin	26,750	0.001
<b>Dah Chong Hong Holdings Limited</b>		
Li Shilin	12,000	0.001
Liu Jifu	33,600 (Note 6)	0.002
Chau Chi Yin	21,000	0.001
Hansen Loh Chung Hon	62,000 (Note 7)	0.003

*Notes:*

1. Corporate interest

2. Corporate interest in respect of 5,000,000 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 concert party 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

name of director	date of grant	number of share options			percentage of issued share capital %	
		balance as at 01.01.07	granted during the year ended 31.12.07	lapsed / cancelled / exercised during the year ended 31.12.07		balance as at 31.12.07
Peter Lee Chung Hing	02.03.05	15,000	–	–	15,000	0.125
	04.04.06	10,000	–	–	10,000	
	11.12.07	–	10,000	–	10,000	
					35,000	
Leslie Chang Li Hsien	02.03.05	15,000	–	–	15,000	0.125
	04.04.06	10,000	–	–	10,000	
	11.12.07	–	10,000	–	10,000	
					35,000	
Vernon Francis Moore	02.03.05	15,000	–	–	15,000	0.125
	04.04.06	10,000	–	–	10,000	
	11.12.07	–	10,000	–	10,000	
					35,000	
Chang Zhenming	11.12.07	–	125,000	–	125,000	0.446

Save as disclosed above, as at 31 December 2007, 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 was the Company or any of its subsidiary companies a party or parties to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



## Substantial Shareholders

As at 31 December 2007, 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 the issued share capital %
CITIC Group	635,919,285	28.747
CITIC HK	635,919,285	28.747
Heedon Corporation	496,386,285	22.439
Honville Corporation	310,988,221	14.058
Power Corporation of Canada	156,220,000	7.062
Gelco Enterprises Ltd.	156,220,000	7.062
Nordex Inc.	156,220,000	7.062
Paul G. Desmarais	156,220,000	7.062

CITIC HK is a substantial shareholder of the Company indirectly through the following wholly owned subsidiary companies:

name of subsidiary companies of CITIC HK	number of shares of the Company	percentage to the issued share capital %
Affluence Limited	46,089,000	2.083
Winton Corp.	30,718,000	1.389
Westminster Investment Inc.	101,960,000	4.609
Jetway Corp.	20,462,000	0.925
Cordia Corporation	32,258,064	1.458
Honville Corporation	310,988,221	14.058
Hainsworth Limited	83,444,000	3.772
Southpoint Enterprises Inc.	10,000,000	0.452
Raymondford Company Limited	2,823,000	0.128

Each of Affluence Limited, Winton Corp., Westminster Investment Inc., Jetway Corp., Cordia Corporation, Honville Corporation, Hainsworth Limited, Southpoint Enterprises Inc. and Raymondford Company Limited holds the shares of the Company beneficially. Accordingly, Honville Corporation is a substantial shareholder of the Company.

CITIC Group is the direct holding company of CITIC HK. 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 and 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, the interests of CITIC Group in the Company duplicate the interests of CITIC HK in the Company. 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. 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. The interests of Affluence Limited in the Company duplicate the interests in the Company of its direct subsidiary company as described above. The interests of Man Yick Corporation in the Company duplicate the interests in the Company of its direct subsidiary company as described above. The interests of Barnsley Investments Limited in the Company duplicate the interests in the Company of its direct subsidiary company as described above and the interests of Kotron Company Ltd. in the Company duplicate the interests in the Company of its direct subsidiary company as described above.

Power Corporation of Canada is a company 54.18% controlled by Gelco Enterprises Ltd. which in turn is 94.95% controlled by Nordex Inc. and the remainder by Mr Paul G. Desmarais. Nordex Inc. in turn is 68% controlled directly by Mr Paul G. Desmarais and indirectly as to 32% by the latter. Thus, the aforesaid interests of Power Corporation of Canada, Gelco Enterprises Ltd., Nordex Inc. and Mr Paul G. Desmarais in the Company duplicate each other.

## 2. Short Position in the Shares

name	number of shares of the Company	percentage to the issued share capital %
CITIC Group	100,000,000	4.521
CITIC HK	100,000,000	4.521

These are in respect of options granted by CITIC HK to Mr Larry Yung Chi Kin, the Chairman of the Company.

## Share Capital

During the year ended 31 December 2007, the Company made the following repurchases of its own shares on the Stock Exchange for purpose of enhancing its earnings per share:

month / year	number of shares repurchased	price per share		aggregate price paid (HK\$)
		highest (HK\$)	lowest (HK\$)	
November 2007	2,813,000	39.35	38.25	109,397,400

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\$1.1 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 2007 and the Company has not redeemed any of its shares during the year ended 31 December 2007.

During the year, 19,336,000 shares were issued under the Share Option Plan as described 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, 17 March 2008

# Consolidated Profit and Loss Account

for the year ended 31 December 2007

<i>in HK\$ million</i>	<b>2007</b>	2006
Turnover	<b>44,933</b>	47,049
Cost of Sales	<b>(32,409)</b>	(37,019)
Distribution and Selling Expenses	<b>(1,025)</b>	(995)
Other Operating Expenses	<b>(3,733)</b>	(2,845)
Change in Fair Value of Investment Properties	<b>1,002</b>	735
Profit from Consolidated Activities	<b>8,768</b>	6,925
Share of Results of		
Jointly Controlled Entities	<b>1,344</b>	1,033
Associated Companies	<b>2,257</b>	1,882
Profit before Net Finance Charges and Taxation	<b>12,369</b>	9,840
Finance Charges	<b>(258)</b>	(640)
Finance Income	<b>226</b>	159
Net Finance Charges	<b>(32)</b>	(481)
Profit before Taxation	<b>12,337</b>	9,359
Taxation	<b>(770)</b>	(644)
Profit for the Year	<b>11,567</b>	8,715
Attributable to:		
Shareholders of the Company	<b>10,843</b>	8,272
Minority Interests	<b>724</b>	443
	<b>11,567</b>	8,715
Dividends	<b>(3,097)</b>	(3,731)
Earnings per Share for Profit attributable to Shareholders of the Company during the year (HK\$)		
Basic	<b>4.91</b>	3.77
Diluted	<b>4.90</b>	3.77

# Consolidated Balance Sheet

as at 31 December 2007

<i>in HK\$ million</i>	note	2007	2006
<b>Non-Current Assets</b>			
Fixed Assets	4		
Property, plant and equipment		13,158	10,593
Investment properties		10,895	9,604
Properties under development		4,288	2,712
Leasehold land		1,641	1,712
		29,982	24,621
Jointly controlled entities		17,446	14,922
Associated companies		17,941	16,416
Other financial assets		7,502	2,819
Intangible assets		4,105	2,986
Deferred tax assets		100	103
Derivative financial instruments		150	117
Non-current deposits		5,723	–
		82,949	61,984
<b>Current Assets</b>			
Properties held for sale		440	705
Assets held for sale		1,127	–
Inventories		5,982	3,920
Debtors, accounts receivable, deposits and prepayments		8,292	6,377
Cash and bank deposits		8,045	3,679
		23,886	14,681
<b>Current Liabilities</b>			
Bank loans, other loans and overdrafts			
secured		328	285
unsecured		3,326	1,404
Creditors, accounts payable, deposits and accruals		10,727	8,035
Liabilities held for sale		2	–
Provision for taxation		590	319
		14,973	10,043
<b>Net Current Assets</b>		8,913	4,638
<b>Total Assets Less Current Liabilities</b>		91,862	66,622
<b>Non-Current Liabilities</b>			
Long term borrowings		25,000	16,604
Deferred tax liabilities		2,094	1,954
Derivative financial instruments		69	55
		27,163	18,613
<b>Net Assets</b>		64,699	48,009
<b>EQUITY</b>			
Share capital		885	878
Reserves	5	57,138	43,217
Proposed dividend		1,770	2,415
<b>Equity attributable to Shareholders of the Company</b>		59,793	46,510
<b>Minority Interests</b>		4,906	1,499
<b>Total Equity</b>		64,699	48,009

Larry Yung Chi Kin  
Director

Henry Fan Hung Ling  
Director

# Notes to the Summary Financial Statements

## 1 General Information

These summary financial statements from page 58 to 65 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 2007 ('the Accounts').

The Accounts are consistent with those adopted in the annual accounts for the year ended 31 December 2006 except for the adoption of certain new standards and amendments of Hong Kong Financial Reporting Standards issued and became effective during the year ended 31 December 2007, and among which the following have disclosure impacts in the accounts.

- HKFRS 7 'Financial Instrument: Disclosures'; and
- Amendment to HKAS 1 'Presentation of Financial Statements – Capital Disclosures'

The adoption of these accounting standards or amendments does not result in substantial changes to the Group's accounting policies and has no significant effect on the results reported for the year ended 31 December 2007.

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 2007, and is in the process of assessing their impact on future accounting periods.

### 3 Directors' Emoluments

The remuneration of every Director for the year ended 31 December 2007 is set out below:

<i>in HK\$ million</i> name of director	fees	salaries, allowances and benefits in kind	discretionary bonuses	retirement benefits	share-based payment	<b>2007 total</b>	2006 total
Larry Yung Chi Kin <sup>#</sup>	0.15	3.21	48.00	0.01	15.62	<b>66.99</b>	51.21
Henry Fan Hung Ling <sup>#</sup>	0.15	3.01	41.00	0.01	12.50	<b>56.67</b>	43.43
Peter Lee Chung Hing <sup>#</sup>	0.15	1.75	33.00	0.08	9.37	<b>44.35</b>	33.62
Carl Yung Ming Jie <sup>#</sup>	0.15	1.12	9.00	0.05	6.25	<b>16.57</b>	8.38
Leslie Chang Li Hsien <sup>#</sup>	0.15	1.54	15.00	0.07	6.25	<b>23.01</b>	14.73
Vernon Francis Moore <sup>#</sup>	0.15	2.08	5.00	0.01	4.69	<b>11.93</b>	9.90
Li Shilin <sup>#</sup>	0.15	0.49	1.00	–	3.91	<b>5.55</b>	1.64
Liu Jifu <sup>#</sup>	0.15	0.58	7.00	0.01	5.47	<b>13.21</b>	10.51
Chau Chi Yin <sup>#</sup>	0.15	1.49	9.00	0.07	6.25	<b>16.96</b>	10.37
Milton Law Ming To <sup>#</sup>	0.15	1.43	9.00	0.06	6.25	<b>16.89</b>	10.28
Wang Ande <sup>#</sup>	0.15	1.03	9.00	–	6.25	<b>16.43</b>	5.47
Chang Zhenming	0.15	–	–	–	3.91	<b>4.06</b>	1.06
Willie Chang	0.30	–	–	–	–	<b>0.30</b>	0.30
Hamilton Ho Hau Hay	0.15	–	–	–	–	<b>0.15</b>	0.15
Alexander Reid Hamilton	0.30	–	–	–	–	<b>0.30</b>	0.30
Hansen Loh Chung Hon	0.25	–	–	–	–	<b>0.25</b>	0.25
Norman Ho Hau Chong	0.20	–	–	–	–	<b>0.20</b>	0.20
André Desmarais	0.15	–	–	–	–	<b>0.15</b>	0.15
Norman Yuen Kee Tong	–	0.10	–	–	–	<b>0.10</b>	11.56
Yao Jinrong	–	–	–	–	–	<b>–</b>	0.20
	3.15	17.83	186.00	0.37	86.72	<b>294.07</b>	213.71

The five highest paid individuals of the Group during the year were also directors and their emoluments are reflected in the analysis presented above.

During the year, 18,500,000 share options were granted (2006: 10,200,000 share options) to directors of the Company under the CITIC Pacific Share Incentive Plan 2000.

Mr Norman Yuen Kee Tong resigned during the year.

The executive directors marked <sup>#</sup> of the above being considered as key management personnel of the Group.

## 4 Fixed Assets

### Group

in HK\$ million	property, plant and equipment					investment properties	properties under development	leasehold land	total
	self-used properties	vehicular tunnel	plant and machinery	others	sub-total				
<i>Cost or valuation</i>									
At 1 January 2006	3,166	2,000	5,279	3,917	14,362	8,645	1,876	1,858	26,741
Exchange adjustments	81	–	219	68	368	109	37	27	541
Additions									
through acquisition of subsidiary companies	79	–	9	67	155	–	–	50	205
others	323	–	586	774	1,683	18	1,849	61	3,611
Capitalised leasehold land amortisation	–	–	–	–	–	–	21	–	21
Disposals									
through disposal of subsidiary companies	–	–	–	–	–	–	(165)	–	(165)
others	(125)	–	(289)	(216)	(630)	(18)	(313)	–	(961)
Change in fair value of investment properties	–	–	–	–	–	735	–	–	735
Transfer to properties held for sales / inventories	–	–	–	(6)	(6)	–	(442)	–	(448)
Transfer upon completion	736	–	818	(1,554)	–	115	(110)	(5)	–
At 31 December 2006	4,260	2,000	6,622	3,050	15,932	9,604	2,753	1,991	30,280
<i>Accumulated depreciation, amortisation and impairment</i>									
At 1 January 2006	586	808	1,353	1,552	4,299	–	27	240	4,566
Exchange adjustments	22	–	86	9	117	–	1	2	120
Charge for the year	159	90	520	265	1,034	–	28	37	1,099
Acquisition of subsidiary companies	11	–	2	6	19	–	–	–	19
Written back on disposals									
others	(6)	–	(105)	(135)	(246)	–	(15)	–	(261)
Impairment loss	–	–	88	32	120	–	–	–	120
Transfer to other assets	–	–	–	(4)	(4)	–	–	–	(4)
Reclassification	(2)	–	2	–	–	–	–	–	–
At 31 December 2006	770	898	1,946	1,725	5,339	–	41	279	5,659
<i>Net book value</i>									
At 31 December 2006	3,490	1,102	4,676	1,325	10,593	9,604	2,712	1,712	24,621
<i>Represented by</i>									
Cost	4,260	2,000	6,622	3,050	15,932	–	2,753	1,991	20,676
Valuation	–	–	–	–	–	9,604	–	–	9,604
	4,260	2,000	6,622	3,050	15,932	9,604	2,753	1,991	30,280



## 4 Fixed Assets *continued*

### Group *continued*

<i>in HK\$ million</i>	property, plant and equipment					investment properties	properties under development	leasehold land	total
	self-used properties	vehicular tunnel	plant and machinery	others	sub-total				
<i>Cost or valuation</i>									
At 1 January 2007	<b>4,260</b>	<b>2,000</b>	<b>6,622</b>	<b>3,050</b>	<b>15,932</b>	<b>9,604</b>	<b>2,753</b>	<b>1,991</b>	<b>30,280</b>
Exchange adjustments	<b>245</b>	<b>–</b>	<b>564</b>	<b>69</b>	<b>878</b>	<b>385</b>	<b>141</b>	<b>70</b>	<b>1,474</b>
Additions others	<b>172</b>	<b>–</b>	<b>657</b>	<b>2,665</b>	<b>3,494</b>	<b>–</b>	<b>1,851</b>	<b>358</b>	<b>5,703</b>
Capitalised leasehold land amortisation	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>39</b>	<b>–</b>	<b>39</b>
Disposals through disposal of subsidiary companies	<b>–</b>	<b>–</b>	<b>(15)</b>	<b>(231)</b>	<b>(246)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(246)</b>
others	<b>(29)</b>	<b>–</b>	<b>(132)</b>	<b>(186)</b>	<b>(347)</b>	<b>(27)</b>	<b>(24)</b>	<b>(238)</b>	<b>(636)</b>
Change in fair value of investment properties	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,002</b>	<b>–</b>	<b>–</b>	<b>1,002</b>
Transfer to assets held for sale	<b>(37)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(37)</b>	<b>–</b>	<b>–</b>	<b>(336)</b>	<b>(373)</b>
Transfer upon completion	<b>258</b>	<b>–</b>	<b>(38)</b>	<b>(243)</b>	<b>(23)</b>	<b>(69)</b>	<b>(22)</b>	<b>114</b>	<b>–</b>
At 31 December 2007	<b>4,869</b>	<b>2,000</b>	<b>7,658</b>	<b>5,124</b>	<b>19,651</b>	<b>10,895</b>	<b>4,738</b>	<b>1,959</b>	<b>37,243</b>
<i>Accumulated depreciation, amortisation and impairment</i>									
At 1 January 2007	<b>770</b>	<b>898</b>	<b>1,946</b>	<b>1,725</b>	<b>5,339</b>	<b>–</b>	<b>41</b>	<b>279</b>	<b>5,659</b>
Exchange adjustments	<b>56</b>	<b>–</b>	<b>206</b>	<b>21</b>	<b>283</b>	<b>–</b>	<b>3</b>	<b>4</b>	<b>290</b>
Charge for the year	<b>170</b>	<b>98</b>	<b>564</b>	<b>290</b>	<b>1,122</b>	<b>–</b>	<b>60</b>	<b>42</b>	<b>1,224</b>
Disposal of subsidiary companies	<b>–</b>	<b>–</b>	<b>(7)</b>	<b>(116)</b>	<b>(123)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(123)</b>
Written back on disposals others	<b>(16)</b>	<b>–</b>	<b>(89)</b>	<b>(114)</b>	<b>(219)</b>	<b>–</b>	<b>(7)</b>	<b>–</b>	<b>(226)</b>
Impairment loss	<b>6</b>	<b>–</b>	<b>68</b>	<b>29</b>	<b>103</b>	<b>–</b>	<b>353</b>	<b>–</b>	<b>456</b>
Transfer to other assets	<b>(4)</b>	<b>–</b>	<b>(46)</b>	<b>38</b>	<b>(12)</b>	<b>–</b>	<b>–</b>	<b>(7)</b>	<b>(19)</b>
Reclassification	<b>(5)</b>	<b>–</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
At 31 December 2007	<b>977</b>	<b>996</b>	<b>2,647</b>	<b>1,873</b>	<b>6,493</b>	<b>–</b>	<b>450</b>	<b>318</b>	<b>7,261</b>
<i>Net book value</i>									
At 31 December 2007	<b>3,892</b>	<b>1,004</b>	<b>5,011</b>	<b>3,251</b>	<b>13,158</b>	<b>10,895</b>	<b>4,288</b>	<b>1,641</b>	<b>29,982</b>
<i>Represented by</i>									
Cost	<b>4,869</b>	<b>2,000</b>	<b>7,658</b>	<b>5,124</b>	<b>19,651</b>	<b>–</b>	<b>4,738</b>	<b>1,959</b>	<b>26,348</b>
Valuation	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>10,895</b>	<b>–</b>	<b>–</b>	<b>10,895</b>
	<b>4,869</b>	<b>2,000</b>	<b>7,658</b>	<b>5,124</b>	<b>19,651</b>	<b>10,895</b>	<b>4,738</b>	<b>1,959</b>	<b>37,243</b>

## 5 Reserves

### Group

<i>in HK\$ million</i>	share premium	capital redemption reserve	capital reserve	goodwill	investment revaluation reserve	exchange fluctuation reserve	hedging reserve	general reserve	retained profits	total
At 1 January 2006	24,864	19	–	(2,494)	84	(167)	401	301	15,218	38,226
Share of reserves of associated companies	–	–	–	–	183	–	(129)	–	106	160
Share of reserves of jointly controlled entities	–	–	17	–	–	–	(1)	1	–	17
Exchange translation differences	–	–	–	–	–	870	–	–	–	870
Reserves released on disposal of associated companies	–	–	–	–	(84)	103	(91)	–	–	(72)
Loss on cash flow hedge of financial instruments	–	–	–	–	–	–	(50)	–	–	(50)
Fair value gain on other financial assets	–	–	–	–	1,064	–	–	–	–	1,064
Transfer to Profit and Loss account on impairment of other financial assets	–	–	–	–	103	–	–	–	–	103
Transfer from profits	–	–	–	–	–	–	–	163	(163)	–
Issue of share pursuant to the Plan	92	–	(6)	–	–	–	–	–	–	86
Profit attributable to shareholders of the Company	–	–	–	–	–	–	–	–	8,272	8,272
Dividends	–	–	–	–	–	–	–	–	(3,071)	(3,071)
Share repurchase	–	1	–	–	–	–	–	–	(36)	(35)
Share-based payment	–	–	62	–	–	–	–	–	–	62
At 31 December 2006	24,956	20	73	(2,494)	1,350	806	130	465	20,326	45,632
<i>Representing</i>										
At 31 December 2006 after proposed final and special dividend										43,217
2006 Final and special dividend proposed										2,415
										45,632
<i>Retained by</i>										
Company and subsidiary companies	24,956	20	56	(2,494)	1,192	1,034	12	446	9,392	34,614
Jointly controlled entities	–	–	17	–	–	–	2	16	2,029	2,064
Associated companies	–	–	–	–	158	(228)	116	3	8,905	8,954
	24,956	20	73	(2,494)	1,350	806	130	465	20,326	45,632

## 5 Reserves *continued*

### Group *continued*

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

# 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 2007 on pages 1 to 65.

### 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 2007, 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 2007 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 2007 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 65:

- 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 2007 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 2007 and have issued an independent auditor's report thereon dated 17 March 2008 which is unqualified or otherwise unmodified.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 17 March 2008

# Definition of Terms

## Terms

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

## Ratios

<b>Earnings per share</b>	= $\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares (by days) in issue for the year}}$
<b>Shareholders' funds per share</b>	= $\frac{\text{Shareholders' funds}}{\text{Total issued and fully paid shares at end of the year}}$
<b>Leverage</b>	= $\frac{\text{Net debt}}{\text{Total capital}}$
<b>Cashflow per share</b>	= $\frac{\text{Cash contributed from all businesses}}{\text{Total issued and fully paid shares at end of the year}}$
<b>Interest cover</b>	= $\frac{\text{EBITDA}}{\text{Interest expense}}$

# Corporate Information

## Headquarters and Registered Office

32nd Floor, CITIC Tower, 1 Tim Mei Avenue,  
Central, Hong Kong  
Telephone: 2820 2111 Fax: 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: 0267  
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  
2980 1333, or by fax: 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 2820 2004, by fax: 2522 5259 or at  
investor.relations@citicpacific.com.

## Financial Calendar

Closure of Register:	2 May 2008 to 8 May 2008
Annual General Meeting:	8 May 2008, 10:30 a.m. Island Ballroom, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Hong Kong
Dividend payable:	13 May 2008

Shareholders may at any time choose to receive the Summary Financial Report or the Annual Report in printed form or to rely on their versions posted on the Company's website. They may also at any time choose to receive the Summary Financial Report or the Annual Report in place of the other. Shareholders may 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 rely 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 those documents, they will, promptly upon request, be sent those documents in printed form free of charge. Please send the request to the Company's Share Registrars.