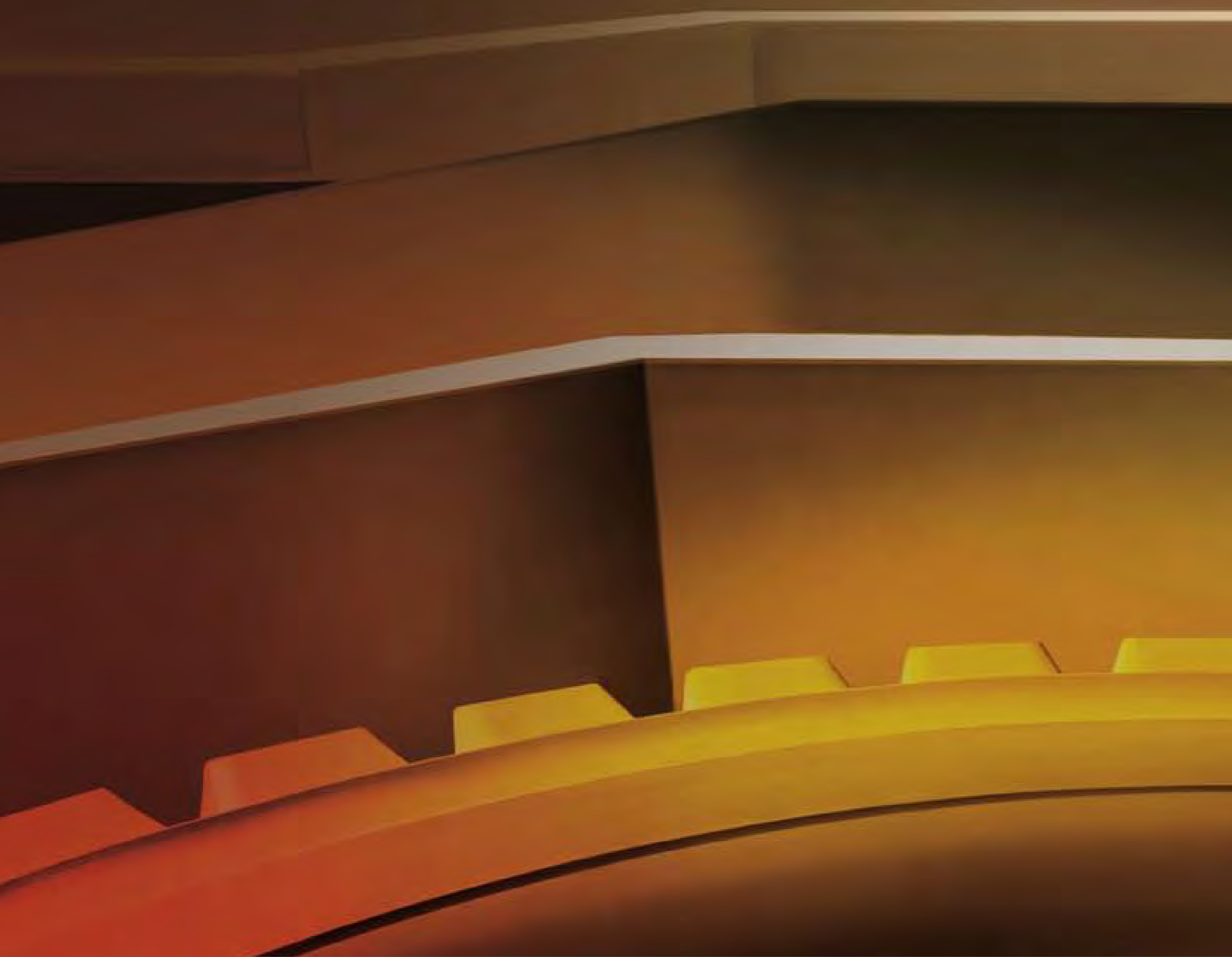
CITIC PACIFIC



This summary financial report 2009 only gives a summary of the information and the particulars of CITIC Pacific Limited's annual report 2009 from which the summary financial report is derived. Shareholders may obtain a printed copy of the 2009 annual report free of charge by writing to the company's share registrars, Tricor Tengis Limited.

Summary Financial Report **2009**

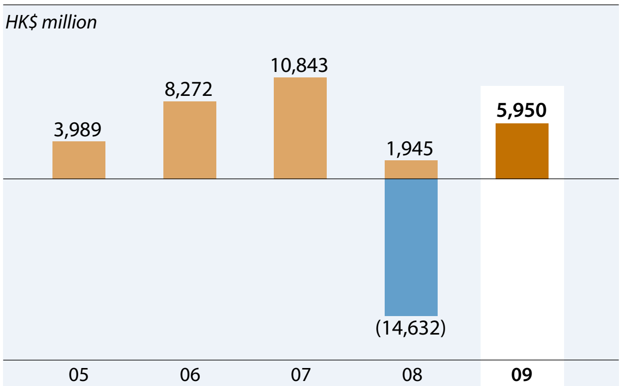
Financial Highlights

In HK$ million	2009	As restated 2008	Increase/ (Decrease) %
Profit/(Loss) attributable to shareholders	**5,950**	(12,687)	N/A
Contribution by:			
Special steel	**1,415**	1,617	(12)
Iron ore mining	**376**	(123)	N/A
Property			
– Mainland China	**524**	523	–
– Hong Kong	**397**	490	(19)
Energy	**886**	(1,090)	N/A
Tunnels	**437**	443	(1)
Dah Chong Hong	**402**	320	26
CITIC 1616	**196**	181	8
Disposal of assets	**1,146**	1,619	(29)
Cash inflows from business operations	**7,227**	6,044	20
Other cash inflows	**11,745**	6,842	72
EBITDA	**10,765**	(9,950)	N/A
Return on equity	**11%**	(23%)	N/A

In HK$ million	As at 31 December 2009	As at 31 December 2008	Increase/ (Decrease) %
Total assets	**155,741**	138,901	12
Net debt	**44,122**	38,938	13
Cash and bank deposits	**21,553**	18,296	18
Available committed banking facilities	**14,570**	18,505	(21)
Shareholders' funds	**60,259**	49,688	21
Net debt to total capital	**42%**	44%	

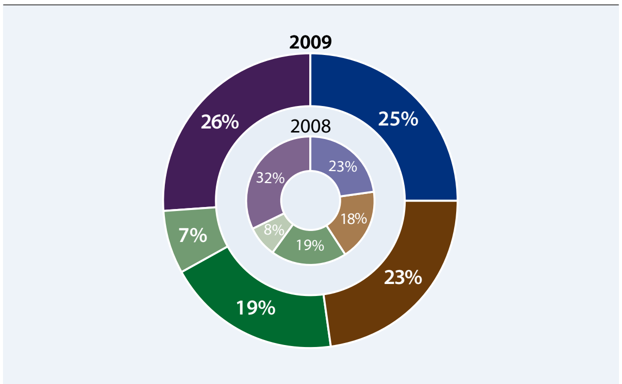
In HK$	2009	2008
Earnings per share	**1.63**	(5.70)
Dividends per share	**0.40**	0.30

Profit attributable to shareholders



Profit
Foreign exchange loss

Assets



Special steel
Iron ore mining
Property – Mainland China
Property – Hong Kong
Others

Who we are and What we do

Based in Hong Kong, CITIC Pacific is 58% owned by the CITIC Group in Beijing and has shareholders around the world.

We have a team of experienced professionals who have deep knowledge of and expertise in developing and operating businesses in China.

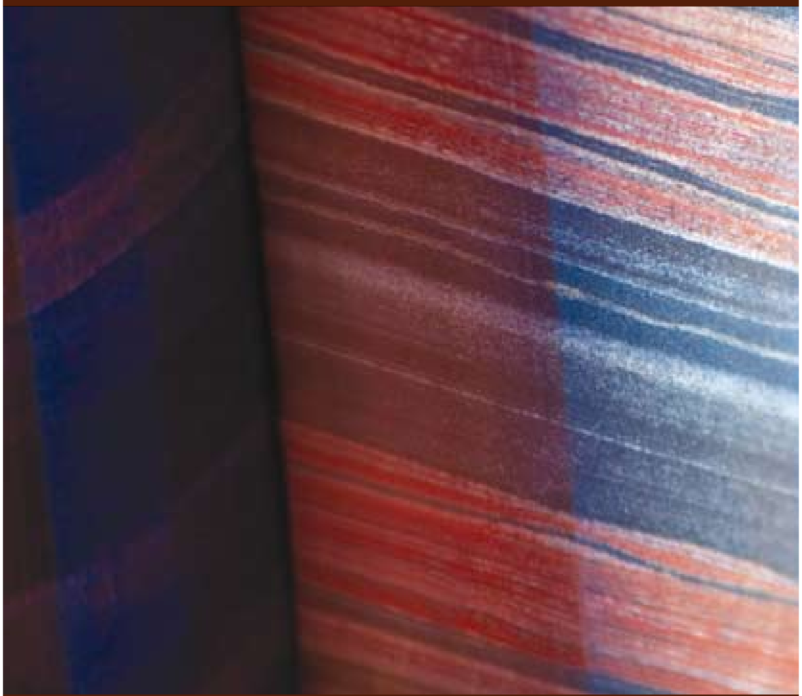
We are a diversified company, with a primary focus on **Special Steel** manufacturing, **Iron Ore Mining** and **Property** development in mainland China. These three business areas together constituted 67% of total assets at the end of 2009.

Special Steel

- **25%** of assets
- **21%** of total contribution
- **3** key production plants in China
- Over **7 million** tonnes of annual production capacity

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

Find out more on page 8



Iron Ore Mining

- **23%** of assets
- **2 billion** tonnes of magnetite ore reserves
- About **28 million** tonnes of concentrate product to be exported annually
- Potential to increase production to more than **70 million** tonnes annually

Once built, CITIC Pacific's iron ore mine will be the largest magnetite mine in Australia. Production is expected to start by the end of 2010, ensuring a stable, quality supply of iron ore to CITIC Pacific's special steel plants, as well as other steel producers in China.

Find out more on page 22

Property
mainland China

- **19%** of assets
- **8%** of total contribution
- Developing **5.1 million** square metres of gross floor area

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

Find out more on page 32

Chairman's Letter to Shareholders

Dear Shareholders,

I am pleased to report that CITIC Pacific recorded a profit attributable to shareholders of HK$5,950 million for the year 2009. This was achieved in a complex and difficult environment.

The conditions under which our businesses operate improved steadily throughout 2009 as major markets in the world began to recover from the economic crisis that began in 2008. Our special steel business was profitable in 2009 despite market challenges. The construction of our iron ore mine in Australia is progressing apace, and our property projects in mainland China were well received by the market when put up for sale.

Our balance sheet remains strong with HK$36 billion of bank deposits and available committed facilities at the end of 2009, which are sufficient to fund our planned investments. Long-term financing is in place in many of our projects, such as the iron ore mine and properties, and at the corporate level. As we invest in expanded special steel manufacturing capacity, build our iron ore mine and develop our properties, I take note that our net debt to total capital ratio of 42% is higher than ideal. However, as more property projects are completed and sold, and once the iron ore mine begins production, a significant amount of cash will be generated which will reduce our leverage naturally.

The return generated on shareholder's equity for 2009 was 11%. My goal is to see the return increase over time.

We fully appreciate that our investors would like to receive steady dividend payments. After taking into consideration factors including our investment needs and our obligation to repay debts as they mature, your board has recommended paying a final dividend of HK$0.25 per share, giving you a full year dividend of HK$0.40 per share.

Our Businesses and Development Strategies

There is no doubt that 2009 was a very challenging year, and so I am very proud of what we have achieved, thanks to the hard work and tireless efforts of our staff in each of our businesses. New products and new markets were developed and businesses were run more efficiently at lower cost. To put it simply, we have people who know their business and who pursue excellence in what they do every day.

Special Steel

In a year in which demand for steel was relatively weak, particularly at the beginning of 2009, our managers focused on rationalising product mix to meet the challenges of a changing marketplace. The result was that sales of our special steel products recorded a slight increase from 2008, and our special steel mills all achieved operating profit. We now have over 2,000 product types, all manufactured to customers' specifications – a characteristic of our special steel production. Product types will be further expanded when our new plate production lines come on stream.

Shareholders will have seen that we are in discussion to sell our 65% interest in Shijiazhuang Special Steel. This steel mill is located in the city centre and for city planning and environmental reasons is required to be relocated outside the city. We believe such a task is best handled by the government rather than a private company. Our intention is to continue to serve our customers by expanding our other facilities. At the same time, we will continue to focus on developing new products and raising their overall quality and technology content. This is essential for our continued success in a competitive environment and maintaining our position as the leading special steel manufacturer in China.

Iron Ore Mining

Our mine will be the largest magnetite iron ore mine in Australia. When I first visited the site, I was struck by its sheer size and scope. As I write to you, the gas pipeline that will fuel the 450MW power station has been laid, and planning is underway for the power station's pre-commissioning, the port is substantially constructed, and the first two grinding mills have been offloaded at the port with preparations underway for their installation. Almost 3,000 workers are now involved in building the project, and at the peak of construction this number will reach 4,500.

We have added experienced personnel to our team. Five senior executives from CITIC Construction have relocated to Perth. They bring with them extensive experience managing large-scale international engineering projects. One of them, Dr Hua Dongyi, has been appointed Chairman of CITIC Pacific Mining and will work closely with CEO Barry Fitzgerald. We now have a strong team focusing not only on the construction of the mine, but also on its future operation.

As with all large projects, we have to face and solve many issues and problems, big and small, every day. The project involves construction of some of the largest mining equipment and infrastructure in the world, built by numerous contractors. It requires the application of sophisticated knowledge, extensive experience and strong technical support, as well as the need to manage our contractors. Whilst we are making good progress towards our goal of beginning production on the first mill line by the end of 2010, there is still much more to be done, and we face many challenges and tough decisions.

Property in mainland China

Our property developments in mainland China are also making progress. One of the two office towers currently being finished in Shanghai Pudong's Lu Jia Zui financial district was sold to a single corporation, which will make its headquarters there. We are optimistic that the other tower will soon be sold, subject to contract, to another major corporation. Our residential developments in Shanghai, Wuxi, Yangzhou and Jiangyin continue to receive strong interest from buyers. The projects we are developing are large scale, and all are in excellent locations. We will be very busy developing them over the next few years, and we expect to see an increased profit contribution from this business.

I am aware of the current concern that the mainland property market could be overheating. We continue to believe that, although there may be short-term volatility, the long-term outlook for high quality offices and housing in China is bright, driven by rising living standards and urbanisation.

Strategies

During the conversations and meetings my colleagues and I have had with many investors and analysts, two questions have been frequently raised: 'What is the business model of CITIC Pacific?' and 'What is the company's strategic direction going forward?' More specifically, will we retain only the main businesses of special steel, iron ore mining and property in mainland China and sell everything else?

I believe CITIC Pacific is, and will continue to be, a company with multiple businesses in a few industries. This is a model that works well for us; however, we are not simply an investment holding company with a portfolio of assets, but rather an operating company. A few years ago, we began to focus on three main businesses, and this exercise has been more pronounced in the past year. When we analyse a business, we look at its market position, competitiveness, future prospects and the extent of our ability to influence its management. Based on these principles, in 2009 we disposed of two power stations, sold a 14.5% interest in Cathay Pacific and restructured CITIC Capital, bringing in CIC as a 40% shareholder.

Most recently, in February 2010, CITIC Pacific agreed to sell our 20% interest in Macau Telecom (CTM) to our telecom subsidiary, CITIC 1616.

As a result of all these actions, we are now the majority owner of almost all our assets. The three main businesses are of course controlled by CITIC Pacific, and they accounted for 67% of the company's total assets at the end of 2009. The balance of our assets – with the exception of the Western Harbour Tunnel in Hong Kong – are also majority owned. They are the Eastern Harbour Tunnel, Ligang power station and our two listed subsidiaries, DCH and CITIC 1616, which will continue to provide stable profits and cash flows to CITIC Pacific.

Our strategy is clear. We will continue to invest capital in special steel, iron ore mining, their related upstream and downstream industries and property in mainland China. Any future businesses we undertake, whether they are the upstream businesses of sourcing raw materials and participating in supporting transportation infrastructure and logistics or developing downstream products, should have synergies with, or supplement and enhance, the value of the main businesses, particularly steel and mining.

Take steel as an example. We are the largest and leading special steel manufacturer in China. The raw materials used, such as iron ore, coal and alloy, are mostly sourced from third parties on the spot market, which can be unreliable and less cost effective than having our own sources. Once our own iron ore mine is in production, it will help meet the demands of our own steel mills and others too. The coal mine in Shandong province we invested in began small-scale production in late 2008. Its high quality coal is ideal for steel making and power generation. Once in full production, its output will reach six million tonnes a year, supplying not just our steel mills but also our power plants. Accessing raw materials, at production cost, will be very important to the future development of the steel business.

To efficiently transport the ore from our mine to our steel mills, we ordered 12 ships for delivery from 2011 onwards. Our port handling facilities at Jiangyin along the Yangtze River have been expanded to receive these ships, which can sail directly there from Australia. Therefore, having access to efficient transportation is also important.

The ore from our mine will not only supply our own steel mills, but also other mills in China. We have already signed letters of intent with steel mills. We believe selling and trading ore and other commodities will help enhance the value of our mining operations.

Our Management and Governance

2009 was difficult for most major economies and for corporations both large and small. CITIC Pacific was not immune. Not only were we operating in a challenging environment, we were also recovering from the effect that the losses of 2008 had on our organisation.

In April, I became Chairman of CITIC Pacific. Many people have asked me what being a subsidiary of the CITIC Group meant to CITIC Pacific. 'How will the company be run in the future?' 'Will the culture and values of the company change?' 'What are our aspirations?' These are clearly fundamental issues that define who we are and how we intend to move forward. I have given them much thought, and I would like to share some of my thinking with you here.

CITIC Pacific has a proud history. We are managed by a team of highly qualified and experienced professionals who strive to achieve the highest standards. As CITIC Group is now the majority shareholder, we have to be even more vigilant about our obligations to minority shareholders, even as we continue to leverage our relationship with the CITIC Group to access resources and opportunities.

Our employees are very hard working and dedicated. As we evolve to a more formalised decision-making structure with a clear set of guidelines and processes, the businesses will be more resilient in dealing with increasingly volatile conditions. Our employees must become more innovative while operating within the risk management framework we have established, and they will learn to become better managers and better communicators. My aspiration is for CITIC Pacific to be recognised as one of the best-run companies in the world, although I realise that much more needs to be done for us to deserve that accolade.

In my letter of August 2009, I communicated to you a number of initiatives and measures put in place since the end of 2008, with the aim of strengthening corporate governance and improving internal controls.

I am glad to report to you that our investment, executive and asset and liability management committees continue to function well and the overall decision-making process at the company is now more formalised and systematic. Of course, these committees form just one element in our overall effort to put ourselves at the forefront of corporate governance. Equally important is our continued commitment and on-going assessment of areas for improvement. Let me tell you some other initiatives and steps we have taken.

In September 2009, we engaged a consulting firm to conduct a thorough study and assessment of CITIC Pacific's finance function. This exercise not only helped us meet the corporate governance requirements of the Hong Kong Stock Exchange, but more importantly provided us with greater clarity on the adequacy of the finance function in our company. A total of 113 senior employees in our finance areas were interviewed in depth, and a very comprehensive report was produced. I am glad to say that the finance functions at CITIC Pacific are adequately and appropriately staffed with people who have the knowledge and skills to perform well in their respective jobs. However, the report did identify certain areas requiring improvement, including the need for enhanced training and better communication between headquarters and subsidiary companies. We are taking these findings very seriously and have begun to formulate programmes to address them.

One of my goals has been and will continue to be disseminating our financial results to you as early as possible. We have made significant improvements to our reporting process and are upgrading our systems to accelerate the delivery of our accounts to you in the future. Regular readers of our annual report will notice that we have published our 2009 full year results two weeks earlier than in the previous year. We are committed to a more timely release of our financial results, bringing us in line with leading corporations in the world.

For us to do well, we must have the best people – they are our most important asset. Attracting high calibre individuals is crucial to our future as they come with new perspectives, fresh thinking and energy. Our new financial controller and treasurer are quickly making their presence felt and have already made a difference in a short period of time. Our mining management team has also been strengthened with the appointment of a number of experienced executives.

We need not only loyal and capable employees but also strong leaders. I told our shareholders at the Annual General Meeting that I would be looking for a managing director. I am happy to report that Mr Zhang Jijing was appointed to this position in November 2009. Mr Zhang has been with the CITIC Group for over 24 years and has broad experience in both China and Australia, where he worked for 16 years. I believe he is the ideal person to implement our business strategy. Mr Zhang will work with me, the board and the management team to take CITIC Pacific forward.

At the board level, I am mindful of the fact that structural changes may be needed to meet today's governance standards, in particular the need for more independent directors. This is an area we will address.

We have accomplished much in one of the most difficult operating environments in recent history. The foundations we have laid so far will enable us to grow in a rational manner. But there is still much to be done, and together with our management team I will continue to drive the process of change. Markets are becoming increasingly competitive, and the macro environment is not always going to be in our favour. Our challenge is to continue to perform to the best of our ability and to generate strong returns for our shareholders. I believe that if we can continue to identify and grasp opportunities, the fundamentals are in place for continued success. We have got off to a good start in 2010, and I would like to invite you to share my cautious optimism for the new year – the year of the Tiger!

In closing, I would like to thank our board and our hard working employees for the results we achieved. To our investors and banks, I thank you for your continued support.

Chang Zhenming
Chairman
Hong Kong, 10 March 2010

Business Review

Special Steel

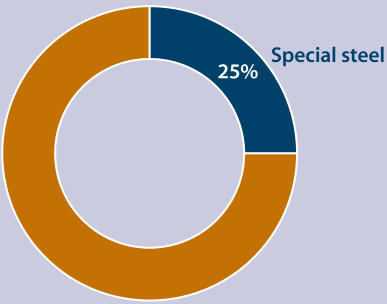



Key operational highlights

- 6.4 million tonnes of special steel produced in 2009
- Achieved profitability in a very challenging market environment
- Organic growth through expansion of existing facilities
- Continued focus on rationalising product mix to meet the challenges of a changing market

HK$ million	**2009**	2008	Change
Turnover	**19,079**	22,758	(16)%
Profit contribution	**1,415**	1,617	(12)%
Assets	**38,710**	32,500	19%
Liabilities	**18,146**	14,572	25%
Cash inflow from operations	**1,370**	3,847	(64)%
Capital expenditure	**7,611**	8,381	(9)%

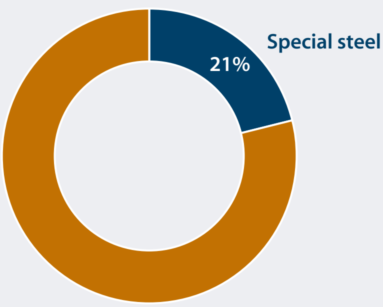
Assets

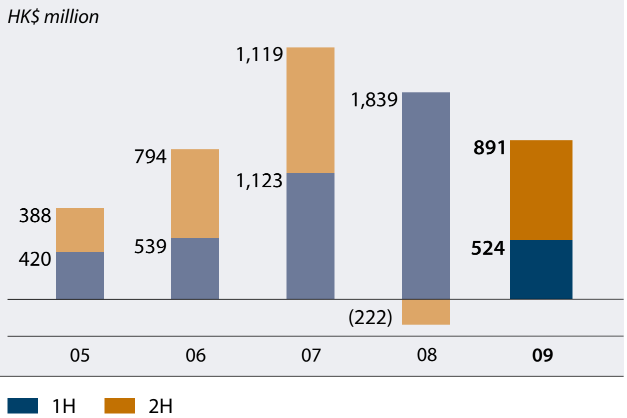


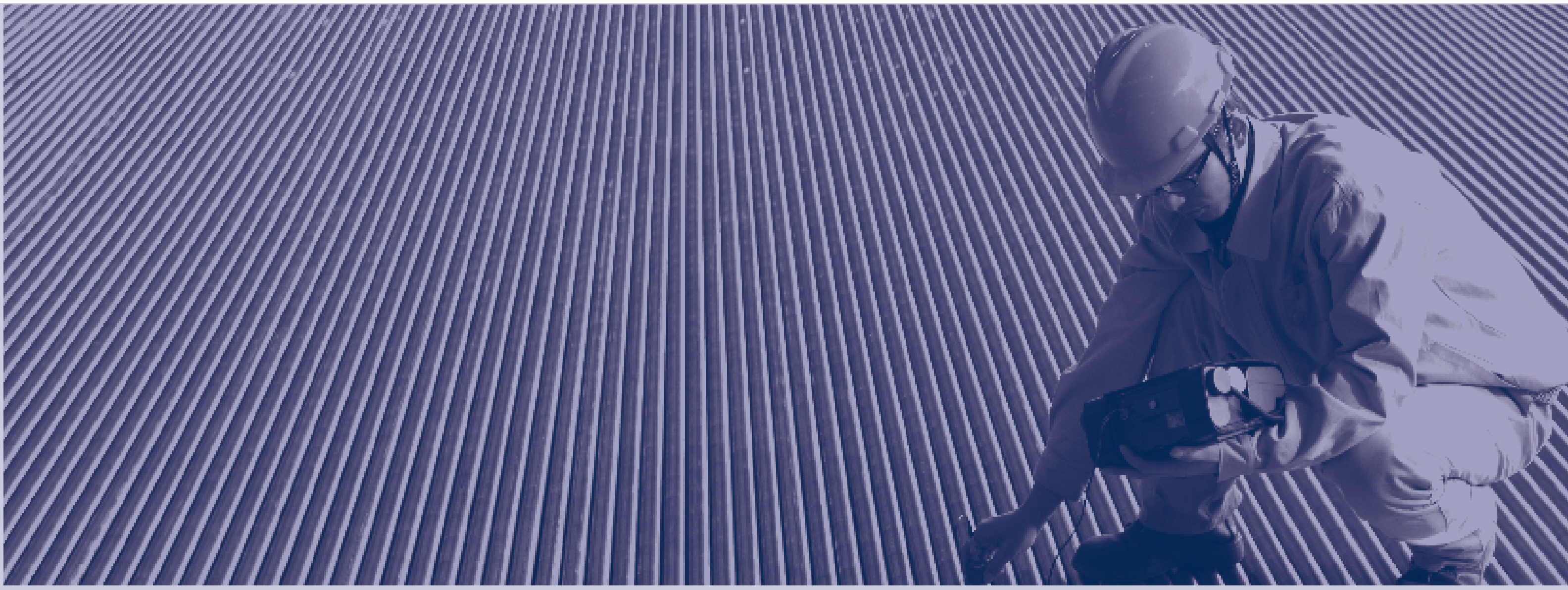
Review of 2009

2009 was a very challenging year for all steel producers in China, particularly in the first half when demand for steel products was especially weak. The second half saw recovery in the sector, as a result of the government's policies of increasing domestic demand. Taking the year as a whole, overall demand for steel was better than originally anticipated. However, overseas markets remained very weak for most of the year, with some pickup beginning in July. Exports from our three steel

Profit contribution

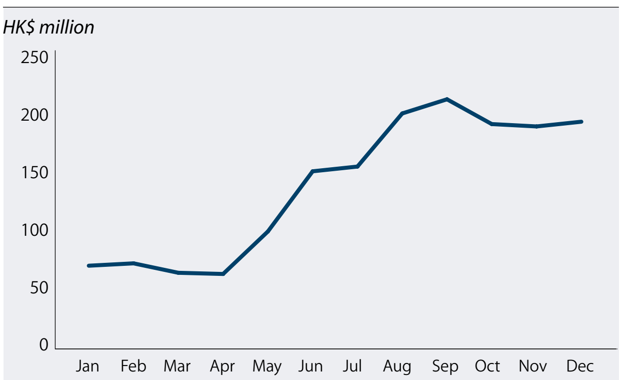






mills for the year were 6% of total sales compared with 16% in 2008. Demand for higher quality special steel declined as well. Although prices of special steel products rose in the second half of 2009, they were still well below the average of 2008.

2009 monthly profit



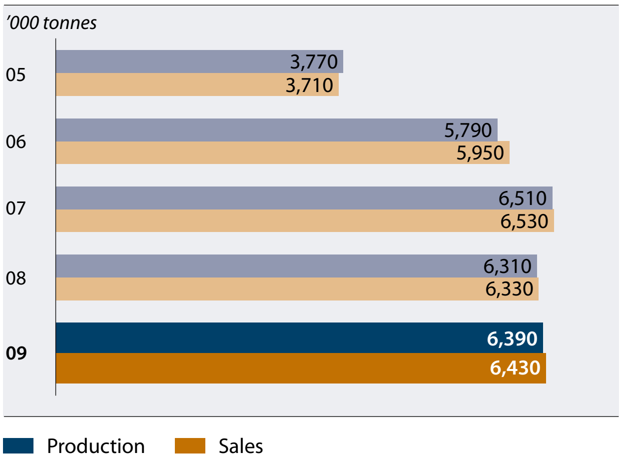
CITIC Pacific Special Steel's profit contribution in 2009 was HK$1,415 million, a decrease of 12% compared with 2008. However, all three of our steel plants generated operating profits, and total profit contribution in the second half of 2009 increased 70% compared with the first half.

Production and Sales

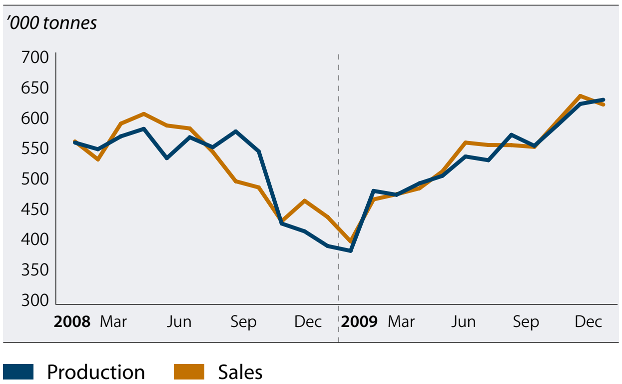
In 2009, total production of special steel was 6.4 million tonnes. The amount sold was about the same, and both production and sales were approximately 2% higher compared with 2008. Demand for special steel products picked up quarter by quarter during the year. This was reflected in the utilisation rates of our steel mills, which were around 75% in the early part of 2009 and close to full capacity at year-end.

Our steel mills operate on the principle of production based on orders and therefore achieved a sales-to-production ratio of 100% for 2009. Inventory of finished products awaiting delivery to customers was 220,000 tonnes at the end of 2009, 20% lower than at the beginning of the year.

Annual production and sales volume



Monthly production and sales volume



Products

Key products of CITIC Pacific Special Steel

Product	2009 Market share	Sales ('000 tonnes) 2009	2008	Change
Gear steel	45%	**893**	863	3%
Bearing steel	42%	**948**	769	23%
Alloy spring steel	36%	**487**	447	9%
Alloy structural steel	23%	**1,589**	1,741	(9)%
Carbon structural steel	22%	**1,221**	1,265	(3)%
Seamless steel tubes	6%	**315**	380	(17)%

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

Of the total production in 2009, high value-added products with higher technology content – which can command better prices than similar products – were 26% of the total steel produced.

Customers

CITIC Pacific's special steel products are sold to approximately 3,500 customers in China, which is our primary market accounting for 94% of total sales in 2009.

In 2009, about 73% of sales were to customers with whom we have long-term relationships. Annual sales volume contracts are generally negotiated at the end of the previous year and are for volume only. Pricing is determined either when firm orders are placed or before products are delivered, thus they reflect changes in the market and our costs.

Products are manufactured and delivered according to customers' requirements. Typically, delivery periods range from one to three months after the order is placed with the majority being less than two months.

Our products are sold to these industries

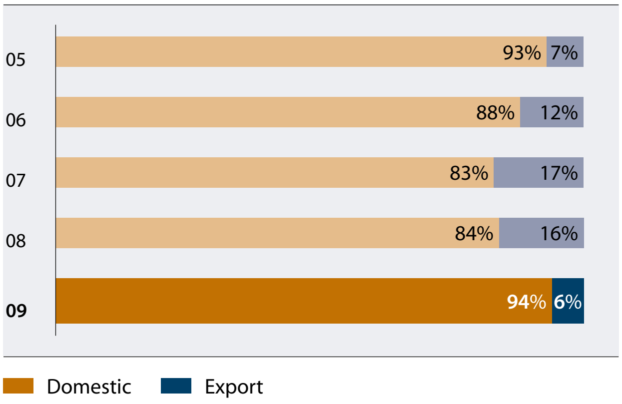
Industry	2009 Sales ('000 tonne)	Percentage of total sales	Percentage change from 2008
Auto components	2,799	44%	5%
Machinery manufacturing	1,401	22%	0%
Metal works	721	11%	(13)%
Power generation	464	7%	12%
Oil and petrochemical	343	5%	(10)%
Railway	177	3%	13%
Shipbuilding	138	2%	38%
Others	389	6%	0%
Total	**6,432**	**100%**	**2%**

Auto component manufacturers remain an important customer segment for our special steel products. Benefiting from the Chinese government's stimulus plan, auto sales increased significantly in 2009, which in turn pushed up demand for special steel. This was reflected in our 5% sales increase in the auto component sector. However, the majority of the increased vehicles sold were small capacity passenger vehicles, which do not use a lot of special steel. Other large capacity vehicles, such as buses and commercial vehicles, use much more special steel but sales increases for these were relatively small.

44% of our products were sold directly to component manufacturers. Many buyers of our products are producers affiliated with or contracted to manufacturers in the auto, machinery manufacturing, oil and petrochemical industries. Our end users include Toyota, General Motors, Honda, Volkswagen, Volvo, Caterpillar and SKF.

Demand for special steel products from overseas customers was very weak in 2009 and, as a result, exports of our special steel products were 6% of total sales compared with 16% in 2008.

Domestic vs. export sales



Monthly export volume

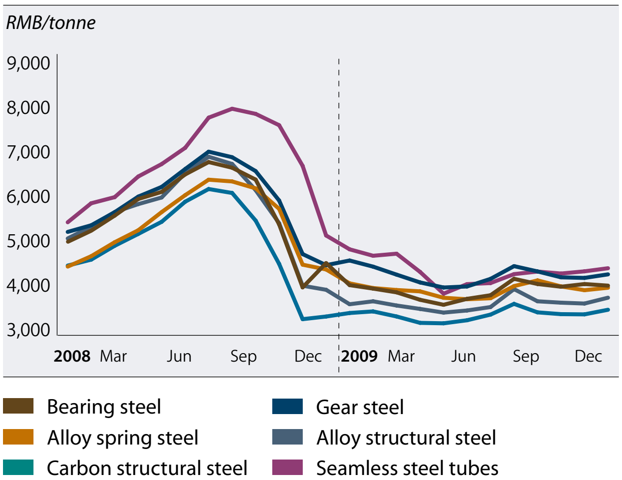
Our products are exported to these regions

Region/ country	Amount ('000 tonne)	Percentage of total export	Percentage change from 2008
Asia	290	72%	(46)%
Korea	*116*	*29%*	*(47)%*
Thailand	*44*	*11%*	*(38)%*
Indonesia	*38*	*9%*	*(38)%*
Others	*92*	*23%*	*(56)%*
Middle East & others	64	16%	(41)%
Americas	31	8%	(83)%
Europe	17	4%	(89)%
Total	**402**	**100%**	**(59)%**

Pricing

Pricing of special steel products is mainly driven by two factors: demand and the cost of raw materials. Product prices remained low in the first half of 2009 mainly due to lower demand, partially as a result of excess inventory held by end users. From the end of April to December, prices rose gradually supported by the general pickup in demand for products as well as the rise in the cost of raw materials.

Price of major products

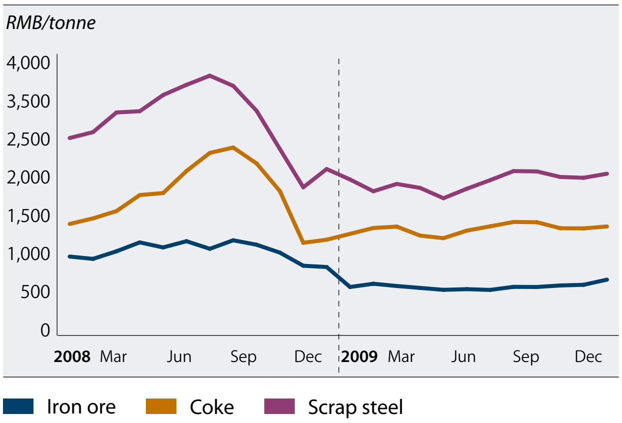


Raw Materials

Major raw materials used

Type	2009 ('000 tonnes)	Percentage of total raw material cost	Percentage of production cost
Iron ore	9,200	29%	26%
Coke	2,640	20%	18%
Scrap steel	1,680	19%	17%
Alloy	240	13%	11%
Coal	2,200	10%	8%
Total	**15,960**	**91%**	**80%**

Price of major raw materials



Iron Ore

Country	Percentage of total	Main supplier
Australia	35%	BHP, Hamersley, Fortescue
China	19%	Small mines in Northeast China and Hebei province
Brazil	18%	Vale
India	12%	Noble, Mineral Enterprises
Others	16%	Asia Energy

Of the total 9.2 million tonnes of iron ore purchased in 2009, approximately 35% was sourced through supply contracts. The rest was purchased on the spot market.

With increased steel production beginning in May, the market spot price of iron ore rebounded from the trough in April.

When CITIC Pacific's iron ore mine in Australia is in full production, it will be able to supply sufficient concentrate to meet the steel mills' requirement for pellet making.

Coking Coal

Currently, we have three coking coal plants with a total capacity approaching three million tonnes per annum. They include the coking plant in Tongling with 900,000 tonnes of annual production capability, which was completed and began operation in September 2009. For 2009, 57% of the coke our steel mills used came from our own coking coal plants and the balance was sourced from other suppliers in China.

Scrap Steel

In 2009, 82% of the scrap steel used was sourced domestically with only 18% from overseas.

Alloy

The main alloys used in special steel production are silicon, manganese and high carbon content chromium, molybdenum and vanadium.

The Environment

Over the years, we have increased our efforts to reduce emissions and save energy, which are not only important for the long-term development of our businesses but are also part of our commitment to social responsibility. Our initiatives in this area have included the following:

- Focusing on the consistent usage of high quality raw materials to control the emission of pollutants at the source. An example of this is the use of low sulphur coal.
- Making the best use of resources and ensuring overall cleanness through a highly efficient, continuous and compact production process.
- Treating pollutants discharged from the production process, such as fumes and dust, and recycling and treatment of waste water, gas and other waste residuals.

Major pollutant	Measures
Industrial fumes and dust	Cloth filter de-dusting and electric de-dusting
Sewage water	Cooling water recycling; small quantity treated in sewage treatment station before discharging
Waste residual	Recovered and recycled
Noise	Sound-proof coverage used for all large noise generating equipment; factories not close to residential areas
Sulfur dioxide (SO_2)	Treated with wet desulphurising device

Health and Safety

One of the top priorities for the management of our steel mills is to create a safe and healthy environment for our workers. We pay a great deal of attention to technology innovation and the employment of modern manufacturing equipment and production lines. Equally important, we strictly observe and follow sound management principles and operating systems.

Each plant enforces systems with clearly defined responsibilities at each level of the management and on the production lines. Operating instructions and manuals regarding health and safety are provided to all staff. They must be studied, and rules and procedures are strictly enforced. Training programmes are provided to all staff to ensure they have a clear understanding of the rules and regulations regarding health and safety at the plants. Management also promotes a culture in which employees are actively involved in safety awareness.
In addition, the company frequently reviews its comprehensive emergency response system. The effectiveness of senior managers in promoting health and safety is one of the most important measures of their performance.

Looking to the Future

With the gradual recovery of the world's major economies, we remain optimistic about the special steel industry in 2010. Continued growth of the Chinese economy, particularly in sectors such as auto and industrial manufacturing, will drive demand for our products.

Overseas markets are expected to recover gradually, and exports from our special steel mills are projected to increase significantly.

Over-supply in certain categories of special steel at the lower end of the product spectrum means that improving product quality and moving the product mix upwards are essential for us to remain competitive.

Looking at 2010, we will continue to develop markets for products where we expect increasing demand. For example, we are co-operating with Bekaert, a world leading company in drawn steel wire products and applications, to develop further the market for steel cord thread, which is mainly used in the auto and machinery industries. 2009 saw sales of this product reaching 100,000 tonnes. Another example is round bloom steel used in wind power generation. We are the only producer in China capable of producing large diameter (800mm) casting round tube billet. With China's increasing need for wind power, sales of this product reached 230,000 tonnes in 2009, a rise of over 56% from 2008.

As the largest special steel producer in China, CITIC Pacific benefits from economies of scale combined with our leadership position in the types of steel produced.

Our Jiangyin Xingcheng Special Steel currently has an annual production capacity of three million tonnes. Another three million tonnes will be added allowing the plant to increase its steel producing capacity to six million tonnes by the end of 2011. The two special steel plate production lines being constructed will be completed in the first half of 2010 and 2011 respectively. As a result, our product range will be further expanded. Products will include shipbuilding plate steel, engineering mechanism steel, petroleum pipeline steel and pressure vessel steel. The products from these lines will also be used in industries that require special steel with characteristics such as resistance to high temperature, corrosion, high strength and hardness.

The market for medium plates has been growing rapidly in China in recent years, with strong demand for high quality, high value-added plates. This market currently relies on imports, in particular pipeline steel, ship plate and those used in marine engineering and machinery manufacturing. Products from the new lines will be able to meet future demand for similar products in China.

In Xin Yegang, two new lines with a total annual production capacity of 630,000 tonnes of medium wall seamless steel tubes were completed in the second half of 2009. Products from the two lines are widely used in the machinery manufacturing, energy, petrochemical, coal and military industries. In the past year, the European Union and the United States imposed anti-dumping duties on all Chinese steel tube manufacturers. As a result, sales of our seamless steel tubes were affected to some extent.

Facts and Statistics

CITIC Pacific Special Steel

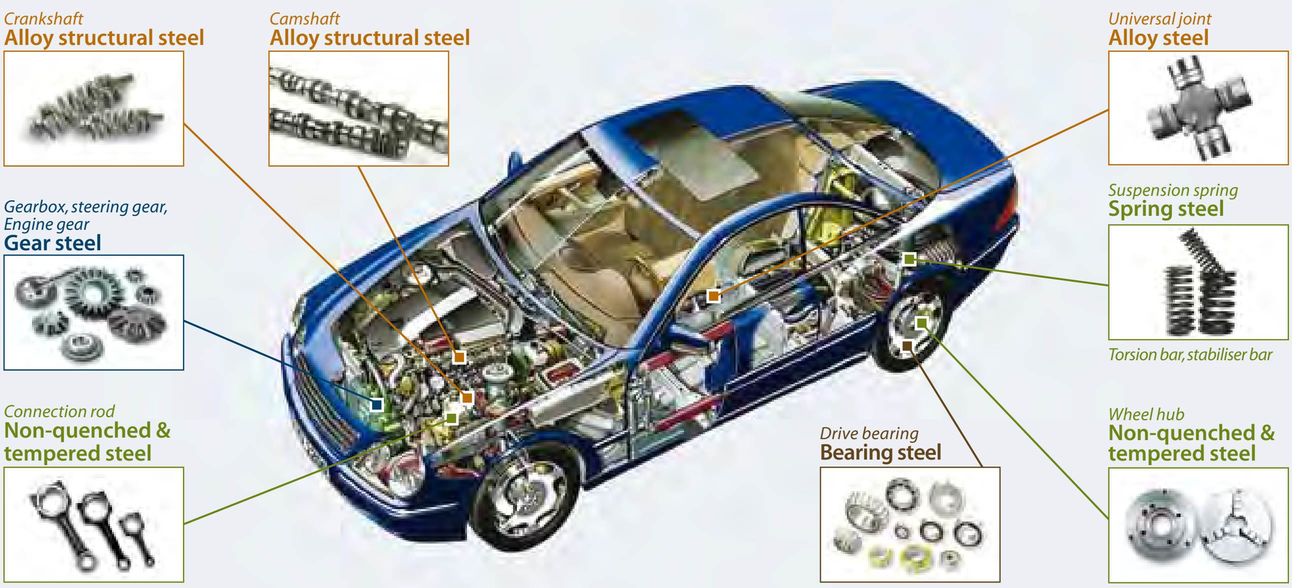
CITIC Pacific Special Steel is the largest special steel manufacturer in China with an annual production capacity of seven million tonnes at the end of 2009. By the end of 2011, total capacity will increase to nine million tonnes per annum.

Our three operating plants, Jiangyin Xingcheng Special Steel, Xin Yegang Steel and Shijiazhuang Steel, are ideally located to cover the main markets for special steel in eastern, central and northern China. The major products manufactured are bearing steel, gear steel, spring steel, seamless steel tubes and special wide and heavy plates. These are widely used in various industries, including auto components, machinery manufacturing, oil, petrochemicals, transportation, energy, railways and shipping.

What is Special Steel?

Special steel refers to steel that has added or extra benefits, such as heat resistance and anti-corrosion and anti-fatigue properties. Categorised by shape, special steel includes bar steel, plate, strip steel, tube steel and wire steel. In 2009, approximately 85% of CITIC Pacific Special Steel's products were bar steel; 5% were seamless steel tubes and spring flat steel; 3% were wire steel; and another 2% were forgings and bright bars. These bars are sold to manufacturers to make products such as gears, bearings and springs. With the completion of two new special steel plate production lines, our product range will be further expanded. An additional 630,000 tonnes capacity was added in 2009 to produce big section medium and thick wall seamless steel tubes.

Products used in a passenger vehicle

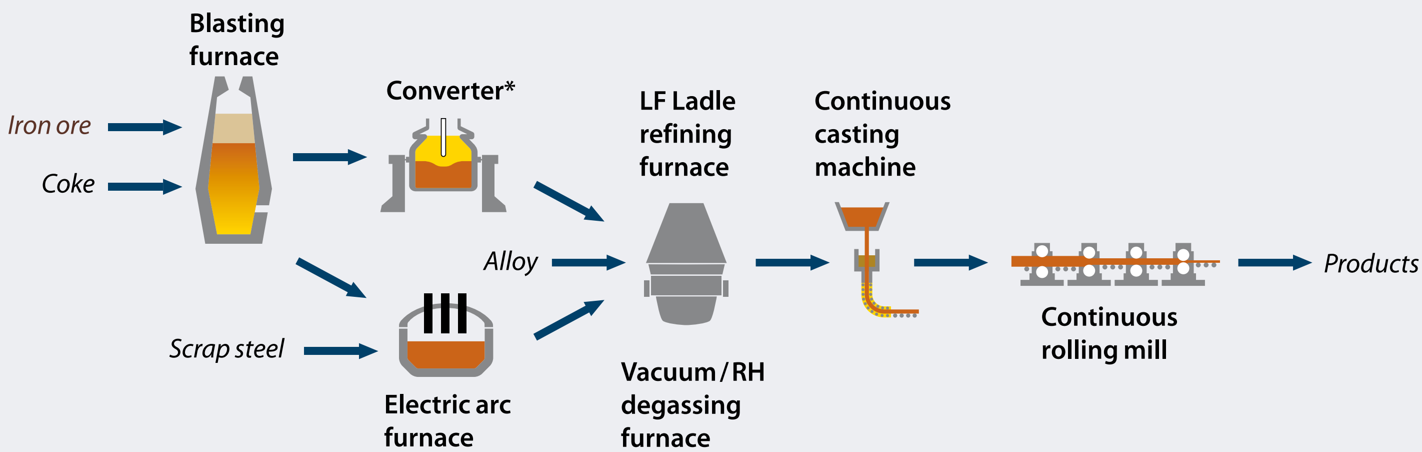


Industries and major products used

Industry	Product	Practical example
Auto components	Gear steel, bearing steel, carbon structural steel	Transmission gears, bearings, crankshaft, connection rod
Machinery manufacturing	Alloy structural steel, carbon structural steel	Oil cylinder pipes for engineering mechanisms, hydraulic props support for coal mining machinery
Power generation	Alloy steel	High pressure boiler tubes
Oil and petrochemical	Seamless steel tubes	Drill collars, casing couplings
Railway	Spring steel, carbon structural steel	Locomotive springs, wheel, axle
Shipbuilding	Anchor chain steel	Anchor chains

Special Steel Production Process

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



* Xin Yegang does not use a converter

Jiangyin Xingcheng Special Steel

www.jyxc.com

Owned by CITIC Pacific since November 1993, Jiangyin Xingcheng Special Steel is located in Jiangsu Province in the eastern part of China and is a leader in special steel manufacturing in the country. With an annual production capacity of three million tonnes at the end of 2009, this plant has a production line that was built in partnership with Sumitomo Metals Kokura of Japan. Completed in 2007, this line produces special steel for high-end auto components sold to customers such as Toyota, Honda, General Motors, Volkswagen and Citroën.

Jiangyin Xingcheng Special Steel is also the first and only plant in China capable of producing casting round tube billet with a diameter of 800mm for use in machinery manufacturing. The plant's other high-grade products are used in the making of bearings, gears, springs and high-pressurised tubes.

In 2009, Jiangyin Xingcheng Special Steel completed the construction of the iron and steel making part of two special plate lines, which have a total annual steel production capacity of three million tonnes. The rolling part of the two lines is now being constructed, with the 3,500mm wide line scheduled for completion in the first half of 2010 and the 4,300mm wide line scheduled for completion in the first half of 2011. Main products from these two lines will include shipbuilding steel plate, engineering mechanism steel, petroleum pipeline steel and pressure vessel steel. The products will also be used in industries that require special steel with characteristics such as resistance to high temperature, corrosion, high strength and hardness. In the next one to two years, total annual steel production capacity of Jiangyin Xingcheng Special Steel will reach six million tonnes.

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

Many of Jiangyin Xingcheng's products are certified by users.

Type of product	Certification
Bearing steel	SKF, FAG, DELPHI, SNR Bearings, KOYO and NSK
Gear steel, non-quenched & tempered steel steel for vehicles	Toyota, Honda, Hyundai, Volkswagen, ZF, Eaton, ArvinMeritor, Peugeot, Volvo
Spring steel	GM, Russini, NHK, FAW, Dongfeng Auto, China Heavy Duty Truck Group, SAIC Group, China Ministry of Railways
Alloy tube steel	American Petroleum Institute
Wire (steel cord thread)	Bekaert

Xin Yegang Steel (Xin Yegang)

www.xinyegang.com

Xin Yegang became a member of CITIC Pacific in September 2004. At the end of 2009, it had an annual production capacity of two million tonnes, including the capacity of Daye Special Steel, an A-share listed company in which CITIC Pacific indirectly holds a 58% interest. Xin Yegang's products include bearing steel, gear steel, spring steel, carbon structural steel and seamless steel tubes that are used in the auto, petrochemical, power and machinery manufacturing sectors. A technological transformation programme is currently under planning, which will increase Xin Yegang's annual production to three million tonnes by the end of 2011.

Two new steel tube production lines totalling 630,000 tonnes have been constructed, raising Xin Yegang's annual seamless steel tubes capacity to one million tonnes. Products from the new lines are of big section medium and thick wall seamless steel tubes, which are primarily used in the machinery manufacturing, energy, petrochemical, coal and military industries.

Xin Yegang is located in the city of Huangshi next to the Yangtze River, with three 5,000 tonne wharfs. In the future, CITIC Pacific's mini-cape sized ships will transport iron ore from various sources to ports on the Yangtze River, where it will be transshipped to Xin Yegang and unloaded at its wharves. As a result, trans-shipment costs should be reduced.

Type of product	Certification
Bearing steel	SKF, FAG
Forgings	FOMAS Group
Seamless steel tubes (gas cylinder & pressure vessel), structural steel tube	EU
Gear steel	Caterpillar worldwide supplier and bronze supplier certificate

Shijiazhuang Steel Mill (Shigang)

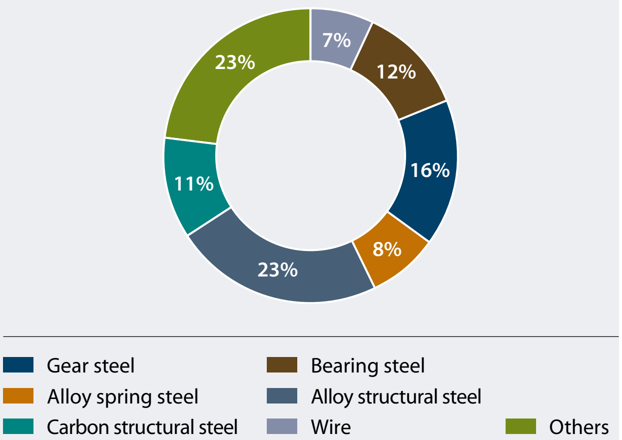
www.csggs.com

Located in the city of Shijiazhuang in Hebei Province, Shigang (www.csggs.com) benefits not only from the efficient transportation networks around Beijing and Tianjin, but also from abundant coal resources in neighbouring Shanxi Province. Established in 1957, Shigang is a manufacturer of special steel with an annual production capacity of over two million tonnes.

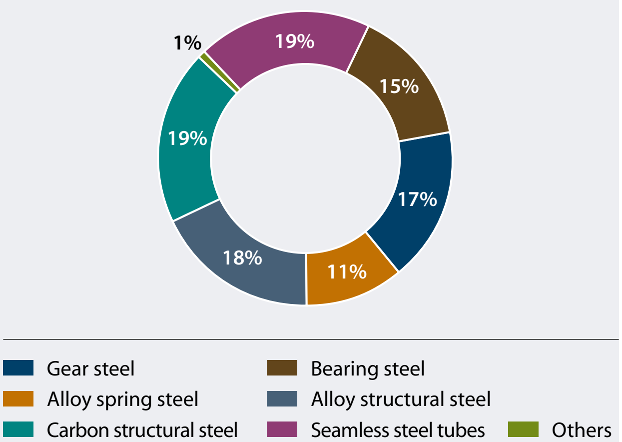
Its main products include bearing steel, gear steel and alloy structural steel, which are supplied mainly to the auto components and machinery manufacturing sectors.

Type of product	Certification
Alloy structural steel	Sinotruck, Dongfeng Auto, Shandong Wendeng Hengrun, YTO Group
Carbon structure steel, gear steel non-quenched & tempered steel,	First Automobile Works, Shanxi Fast Gear
Bearing steel	Wafangdian Bearing

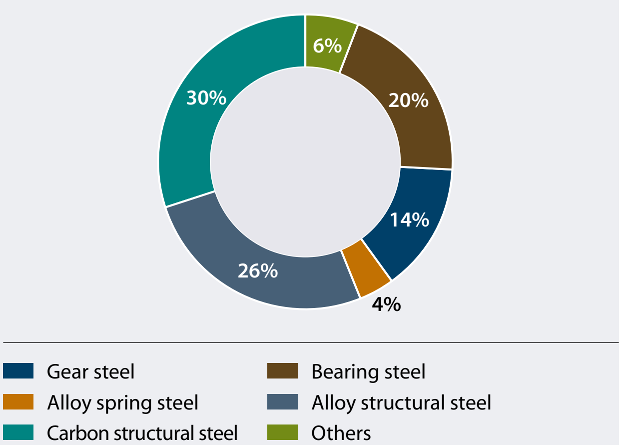
Jiangyin Xingcheng's products



Xin Yegang's products

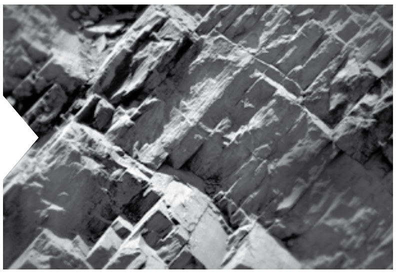


Shigang's products



Business Review

Iron Ore Mining

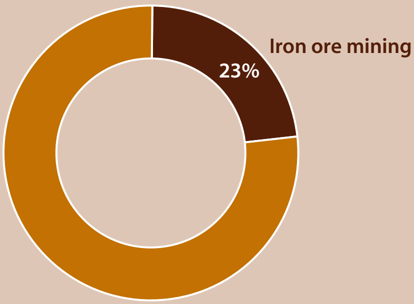



Key operational highlights

- Construction of key infrastructure progressing well
- Close to 3,000 contractor employees on site
- Over 50 million tonnes of material removed from the mine pit
- All key government environmental and heritage approvals in place

HK$ million	**2009**	2008	Change
Assets	**36,026**	24,187	49%
Liabilities	**25,977**	16,112	61%
Capital expenditure			
Iron ore mining	**9,742**	8,479	15%
Ships	**291**	1,531	(81)%

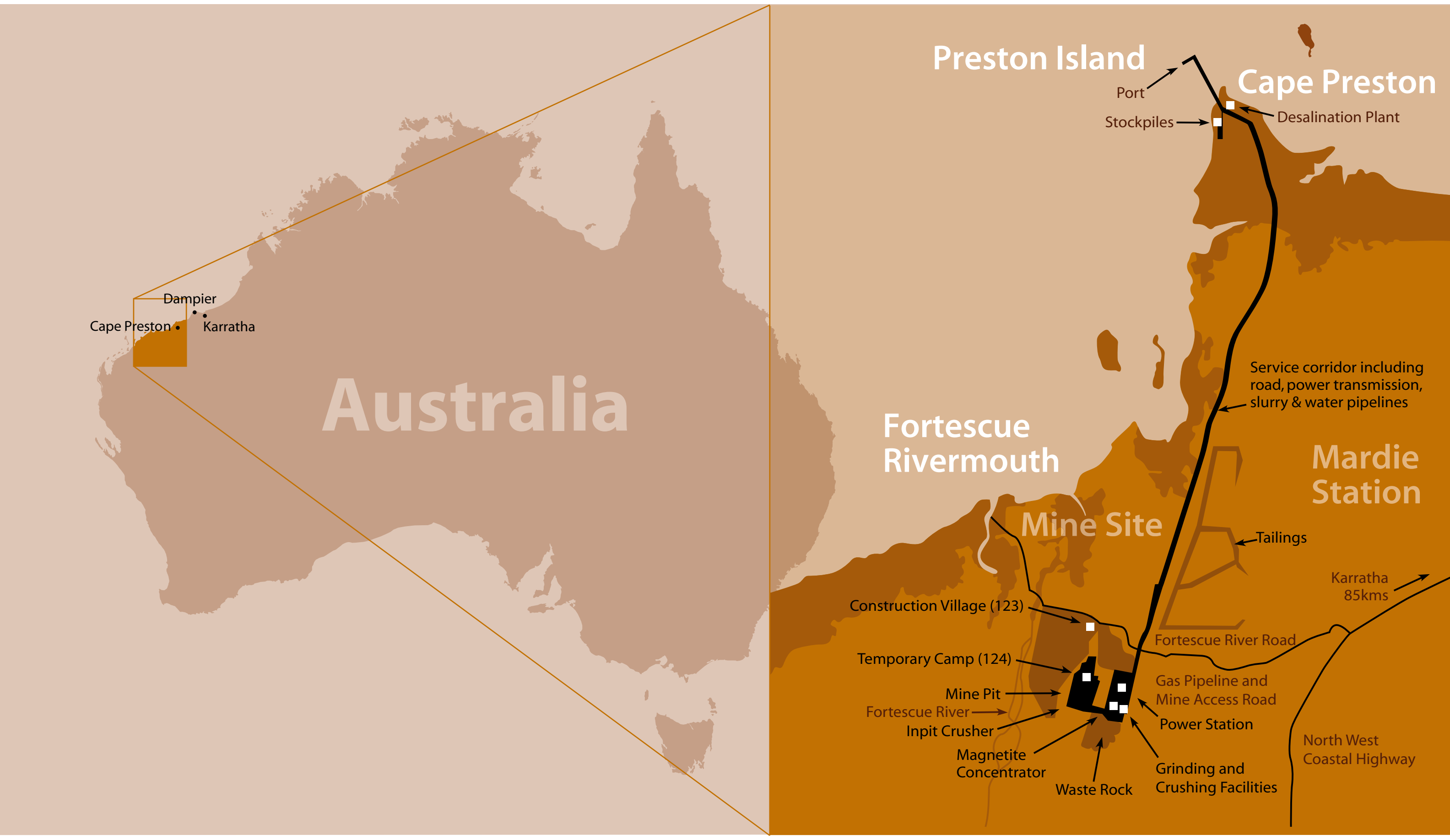
Assets



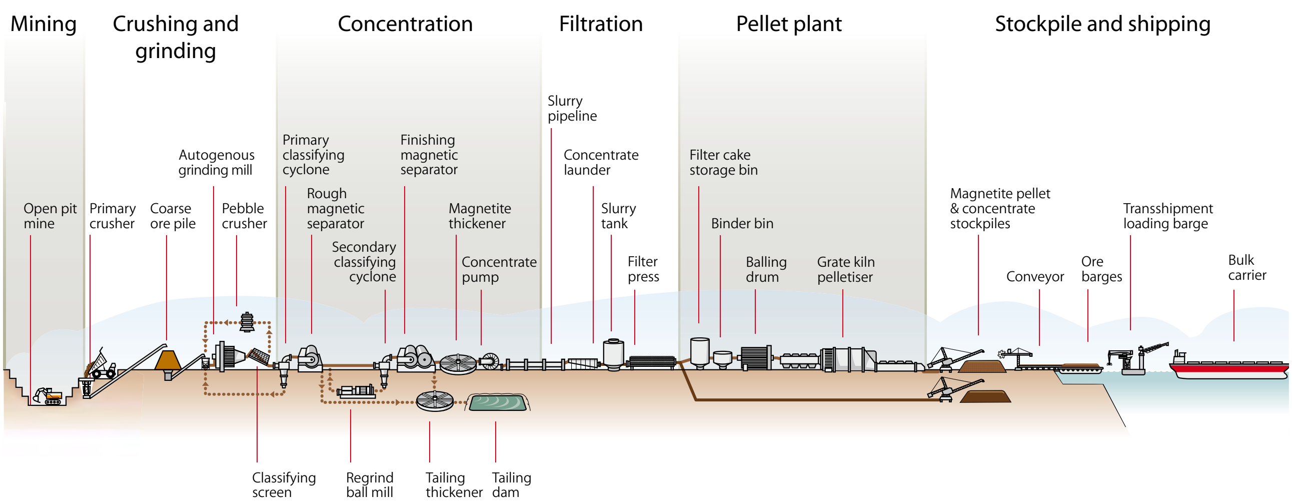
In 2009, construction activity increased substantially in order to meet first mill line production targeted to commence by the end of 2010. All six lines are targeted to be in production during 2011. We made significant progress in building the project in partnership with our lead construction contractor, China Metallurgical Group (MCC), and dozens of other key contractors. Together with our contractors, we continued work in China and other parts of the world to manufacture the equipment needed to build and commission the project on schedule. With the countdown to first production underway, we expect construction progress to benefit from an influx of equipment and workers to the site.

Approvals

All major approvals for the construction and operation of the project have now been received. In 2009, we obtained approval under the Western Australian Government's Environmental Protection Act and Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act to build our port and expand the project to export 28mtpa of concentrate product.



Magnetite mining and processing for export



Progress

Concentrator

Construction of the magnetite concentrator reached a significant milestone in February 2010 with the arrival on site of the first ball mill and first autogenous grinding mill. Developed by Chinese and Australian engineering and design teams, these enormous mills built by CITIC Heavy Industries in Luoyang, China are among the largest and most powerful in the world. The mills, of which there will be 12 in total, will grind millions of tonnes of magnetite iron ore into a fine concentrate. Other equipment for the concentrator is almost ready for delivery from China, including the primary crusher and stacker.

Mine Development

To access the magnetite ore body, we have removed more than 50 million tonnes of waste material from the mine pit. We are using some of the world's biggest machinery for our mining fleet to increase efficiency and lower the operating costs per tonne of ore mined. The entire mining fleet is now on site operating or in various stages of assembly. Excavation is underway in the mine pit of the four crusher pocket slots, which will house mobile in-pit crushers. About 80 million tonnes of material each year will go through the in-pit crushers from a total of 140 million tonnes of material mined each year. The remaining 60 million tonnes is waste material.

Power Station

Our contractors, Austrian Energy and Environment, Siemens and Shin Nippon, made excellent progress on our 450-megawatt power station, and planning is now underway for the start of pre-commissioning works from about September. During the year, the contractors completed the installation of the gas and steam turbine generators, heat recovery steam generators and cooling towers. This highly-efficient power station, which is a combined-cycle plant, will produce 40 percent less greenhouse emissions than an open-cycle plant.

Gas Pipeline

During the year, we completed and pressure tested the gas pipeline that will fuel the project. This 13.5-kilometre pipeline will carry gas from Western Australia's main Dampier-to-Bunbury gas pipeline to the power station, which will generate electricity to run the project's massive grinding circuit. Demand for gas has helped bring about the development of the Reindeer gas field, which will supply our project.

Port

The Cape area has undergone a dramatic transformation, with major progress made on the development of our transshipment port. The area's hilly terrain is now mostly levelled following earthworks, drilling and blasting. More than 7.8 million tonnes of material was removed in 2009, much of it used to build the port breakwater. The 2.6-kilometre port breakwater is reaching its final shape following the placement of 3.6 million cubic metres of rock. In recent months, works were completed to allow the delivery of key infrastructure modules directly to site. These included thousands of special concrete CoreLoc units shipped from Thailand, which will form an armour barrier to protect the breakwater from the ocean. Once the project goes into operation, product ready for export will be moved from land to vessels berthed at sea via transshipment. Transshippers, barges and tugs are now under construction in China.

Desalination Plant

Construction in China is advancing on the 51-gigalitre desalination plant. The plant is being shipped to site in four giant pre-assembled modules. Located near the port, the desalination plant will supply water for a variety of uses, including the transportation of concentrate product along the 25-kilometre slurry pipeline. Civil works are underway at site, including construction of concrete foundations in readiness for the arrival of the plant modules, which are nearing completion in China.

Accommodation

Although accommodating our rapidly-growing workforce has been a challenge, our contractors have successfully completed villages designed to house more than 2,300 people. Construction is now underway on a permanent accommodation village, which will house our long-term operations employees and will accommodate 1,750 people, including some construction personnel. It is on schedule for completion ahead of first production.

Transportation and Service Corridors

All major transportation and service corridors were completed during the year. These include the permanent causeway and causeway bridge over a tidal creek, which will provide the essential link from the mine site to the port, and the north-south and east-west roads connecting the site.

Market Outlook

The iron ore market remains strong as evidenced by bullish iron ore prices in the spot market. This is being driven by the strong demand from China's steel industry and recovering demand from the rest of the world. Chinese domestic iron ore production growth, while impressive, is not sustainable.

People

The past 12 months have seen a considerable increase in the number of construction employees on site. There are now almost 3,000 contractor employees involved in building the project. This is expected to peak at about 4,500 personnel later this year. CITIC Pacific Mining now directly employs approximately 800 people. As the job market in 2010 is expected to be competitive, we have launched a recruitment campaign to attract high quality employees.

Safety

In May, the project suffered a fatality when a Downer EDI Mining contractor tragically died while working on our project. Although not a direct result of the accident, during the year we redoubled our efforts to ensure the health and safety of our employees with the launch of our vision, Incident Free Through the Way We Think and Act. Released in August, this vision aligns the efforts of CITIC Pacific Mining and its contractors, while promoting an understanding of our safety values, priorities and expected safety behaviours on the project. The vision is supported by safety commitments, measurement of success, safe work habits, regular safety leadership meetings and a reward and recognition programme. Our focus on health and safety has seen the continued reduction of the project's Recordable Case Frequency Rate (RCFR), which is the most accurate measure of safety performance in the mining industry.

As the project site is located in a high cyclone risk area, we strengthened our cyclone management procedures in order to protect employees and minimise infrastructure and equipment damage in the event of a cyclone. In addition, we built accommodation units and refuges capable of withstanding a Category 5 cyclone and introduced more comprehensive cyclone communication tools.

Environment and Heritage

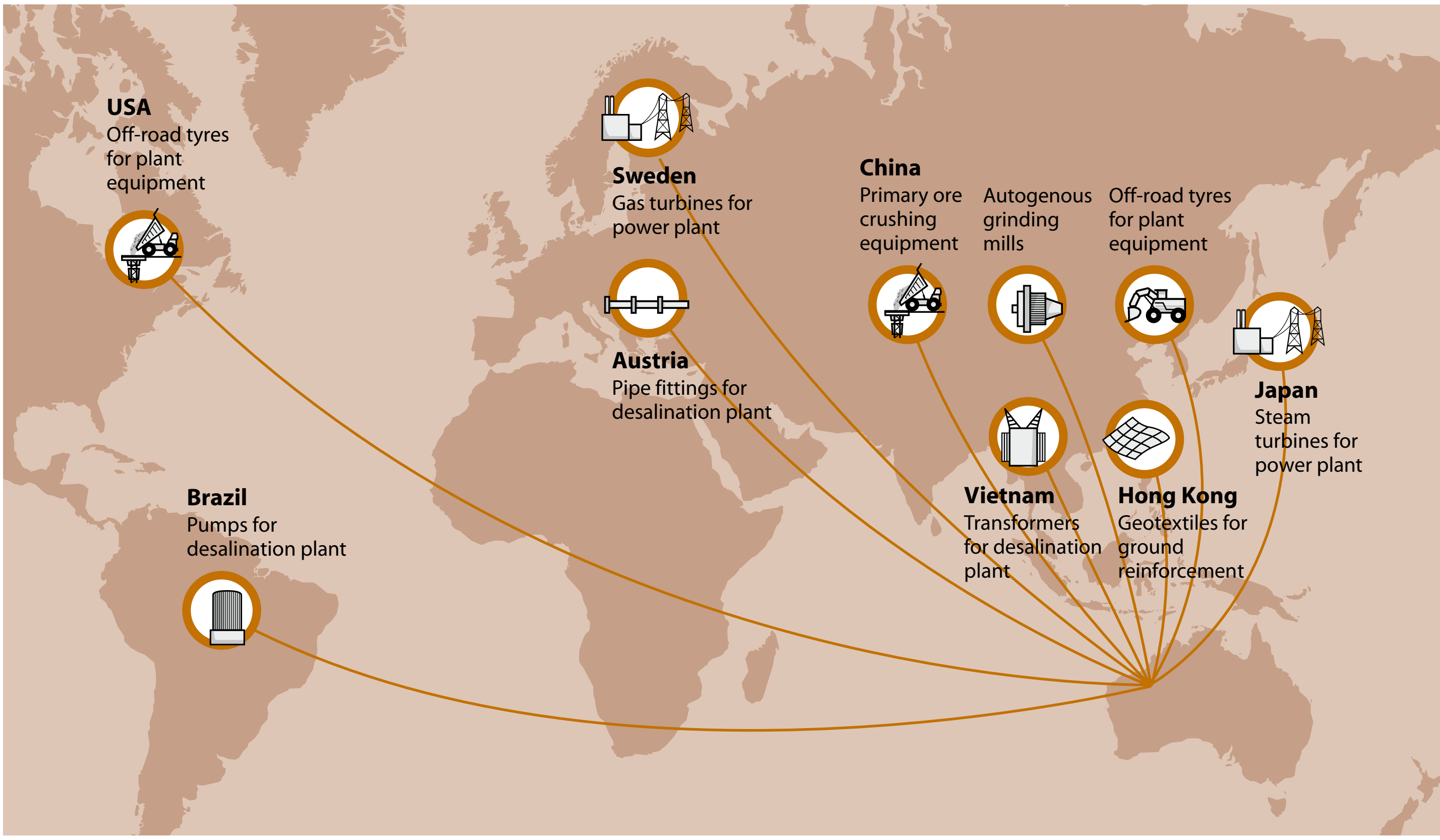
Throughout 2009, our heritage team undertook a series of surveys across the project site and gained the relevant approvals to use and develop the land. This, along with the salvage of heritage material, enabled us to gain access to almost the entire site so that construction could progress unimpeded. The team also fulfilled obligations under our Indigenous Land Use Agreements (ILUA's) to ensure relationships remain strong with the indigenous people where our project operates.

We obtained environmental approvals that are critical to the project's progress as well as its potential future expansion. During the year, we monitored groundwater, subterranean fauna, turtles and shore birds, and audited the environmental performance of our contractors to ensure protection of the natural environment.

Greenhouse Gas Emissions

In the past year, the Australian government proposed a Carbon Pollution Reduction Scheme (CPRS) targeted at reducing carbon emissions. The CPRS has not been passed into legislation, and the targets for emissions reductions, start date of the proposed scheme and detailed regulations under the scheme have not been concluded. Under the currently proposed CPRS, emission activities in Australia will be penalised. As energy and water are key inputs, the Sino Iron project has made a conscious effort to reduce its

Global procurement



environmental footprint. Supplementary to that, we are making a strong effort to explain to the government the environmental benefits of magnetite in the global iron making and steel making process. We are also working on our eligibility for the Emission Intensive Trade Exposed assistance programme with the Australian Government.

Looking Ahead to First Production

The focus is now on commissioning in the lead-up to first mill line production. This includes the power station, gas pipeline and concentrator circuit (first grinding mill line, concentrator thickener, magnetic separators, slurry pipeline and high voltage power supply). The port and breakwater as well as the transshipment fleet are being completed so that we can begin exporting our first shipment of magnetite concentrate.

To meet our significant personnel requirements, we will continue our recruitment efforts throughout the year and build additional accommodation to house the growing construction and operations teams. The international experience of our senior management team, together with the technological achievements made through our Australian-Chinese partnership, will help us stay on schedule for first production and contribute to the ongoing production ramp-up.

There will be challenges this year, however. A number of major resources projects coming on stream in Western Australia are expected to create a competitive job environment. To meet our large labour requirements, we are undertaking a national recruitment campaign to attract and retain employees of the highest calibre. As more and more construction and operations employees start work, accommodating these personnel will remain a challenge. Another potential issue could emerge following changes last year to Australian labour relations laws. These changes increase the role of unions to represent workers and raise the possibility of industrial unrest. There is also the ongoing challenge of meeting tight schedules on a highly complex project being built by a large and diverse number of contractors.

Given the scale of this project and the change seen in the iron ore market, a thorough review of the overall project cost is being conducted with a view that it could go up. Management is vigilant about costs and is working hard to ensure the project is completed in a timely and cost efficient manner.

Facts

Project Overview

The Sino Iron project, which is located at Cape Preston 100 kilometers southwest of Karratha in Western Australia's Pilbara region, is being developed by CITIC Pacific Mining (CPM), an Australian subsidiary of CITIC Pacific. The project will be 80% owned by CITIC Pacific. MCC – China Metallurgical Group Corporation, will have the other 20% interest, subject to approval by relevant Chinese government authorities.

The Sino Iron project was granted major project facilitation status by the Australian federal government in 2006 after entering into agreements with Mineralogy Pty Ltd to acquire rights to one billion tonnes of resource. During 2008 CPM acquired rights to a second billion tonnes of resource, giving the project an expected mine life of about 25 years at a production rate of about 28 million tonnes per year. CPM has rights to acquire an additional four billion tonnes, which would lift production to 70 million tonnes each year.

The project features a significant infrastructure investment for processing ore into magnetite concentrate and pellets. About 28 million tonnes of product will be exported each year. High quality magnetite is a product that is in demand by steel mills, including those of CITIC Pacific in China. CPM is headquartered in Perth, Western Australia and has a representative office in Beijing.

Products

The Sino Iron project will help satisfy demand from China's steelmaking industry by providing a reliable source of high quality iron ore. The products from the Sino Iron project will not only be used in CITIC Pacific's three special steel mills in China, but also in other Chinese steel mills. It is believed the high quality concentrate product will be strongly welcomed by Chinese customers. The magnetite product to be exported from the project will have a higher iron

content with lower impurities than traditional products. Subject to final plant design, the concentrate is expected to have an iron content of about 67 per cent.

Mineral Resource Estimate

CPM currently has rights to mine two billion tonnes of magnetite ore. The latest mineral resource estimation has identified additional resources of 2,190 million tonnes. This would allow the most efficient extraction of the highest quality material. This information would also be used in considering whether options for further mining rights are exercised in the future.

Total Joffre resource

Classification	Million tonnes	Magnetic Fe (%)
Measured	466	22.52
Indicated	1,158	23.04
Inferred	2,881	23.64
Total	**4,504**	**23.37**

Note: 'Mineral Resource' estimates are based on assay data at January 2009. Model released June 2009. A 'Mineral Resource' is a concentration or occurrence of material of economic interest in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. 'Joffre' is a member of the Brockman Iron Formation, the main ore body for the project.

Key Contractors

Apart from the project's lead contractor, MCC, there are numerous other contractors helping build the Sino Iron project. Some of the bigger contractors include:

Lead contractor	China Metallurgical Group Corporation (MCC)
Power plant	Austrian Energy & Environment (Australia)
Port breakwater	NRW Holdings and VDM Group (joint venture)
Desalination plant	IDE Technologies
Accommodation	Wylie & Skene
Crushing/maintenance	Downer EDI Mining
Causeway	Thiess
Mobile equipment	Terex

Business Review

Property

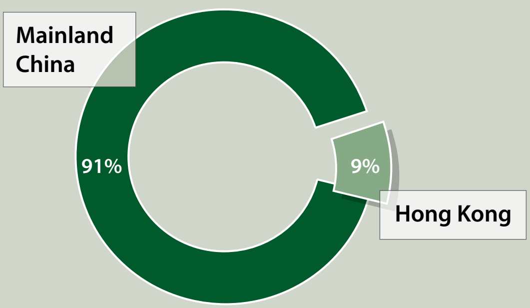
Key operational highlights

- Twin office towers of Shanghai Lu Jia Zui New Financial District Project topped out, one already sold
- Ningbo Pacific Plaza office building completed
- Construction of the infrastructure, two hotels and apartments at Hainan project progressing well
- Strong residential sales in Shanghai, Wuxi, Yangzhou and Jiangyin

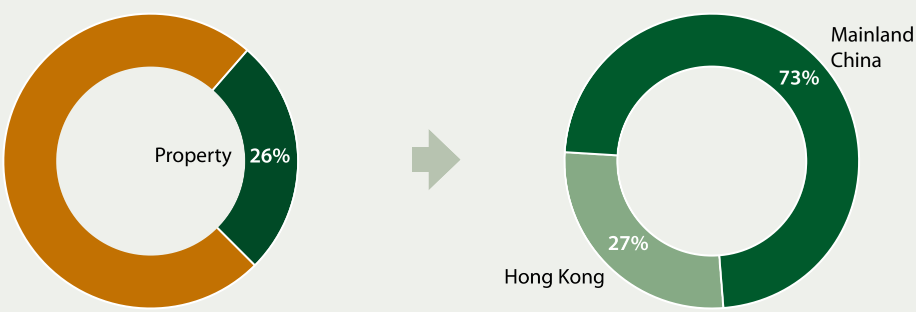
HK$ million	**2009**	2008	Change
Turnover	**1,647**	787	109%
Profit contribution			
Mainland China	**524**	523	0%
Hong Kong	**397**	490	(19)%
Assets			
Mainland China	**29,728**	25,973	14%
Hong Kong	**11,093**	11,121	0%
Liabilities			
Mainland China	**7,158**	4,391	63%
Hong Kong	**473**	492	(4)%
Cash inflow from operations	**3,620**	1,007	259%
Capital expenditure	**3,381**	5,058	(33)%

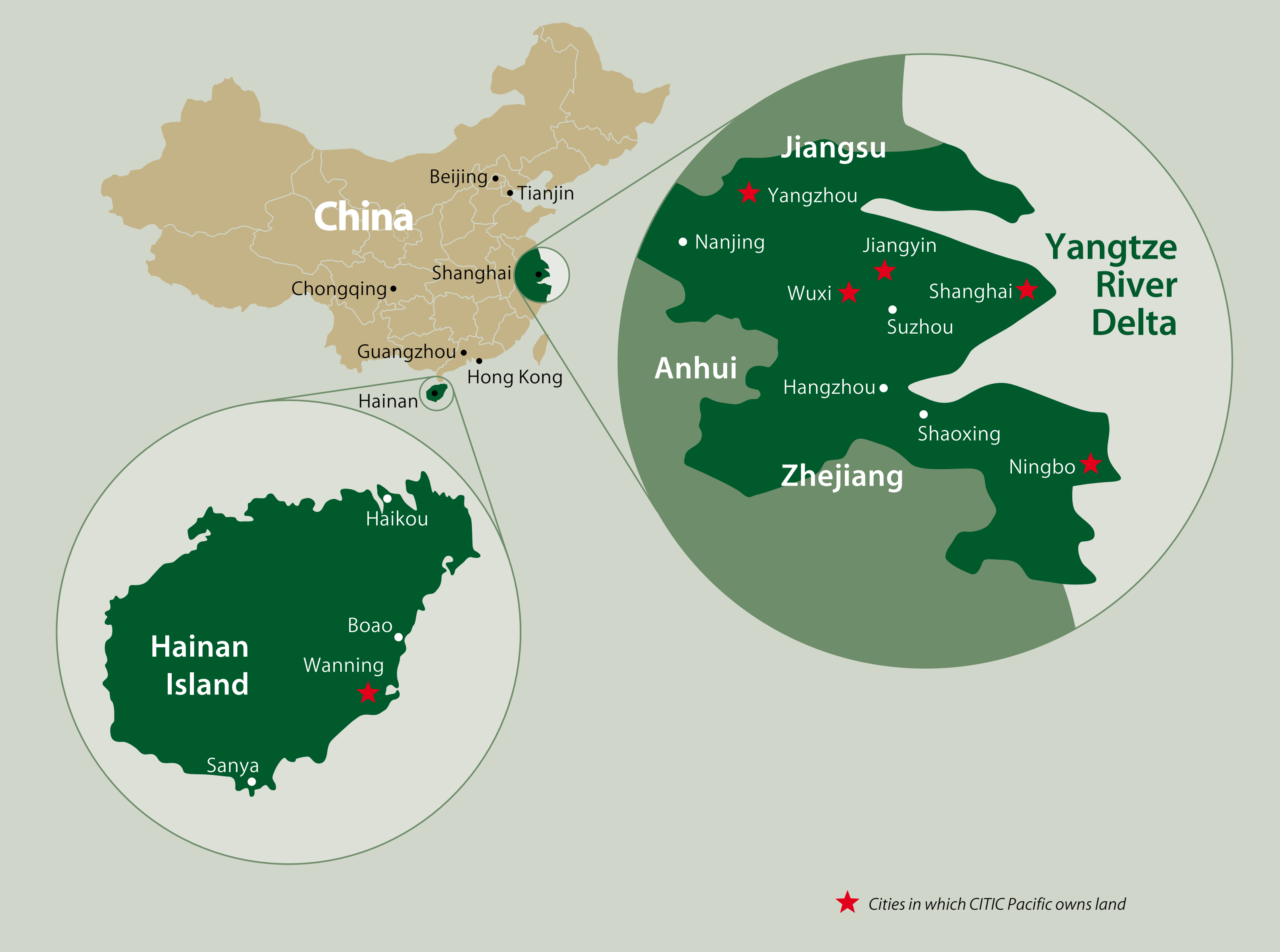
CITIC Pacific properties

Gross floor area

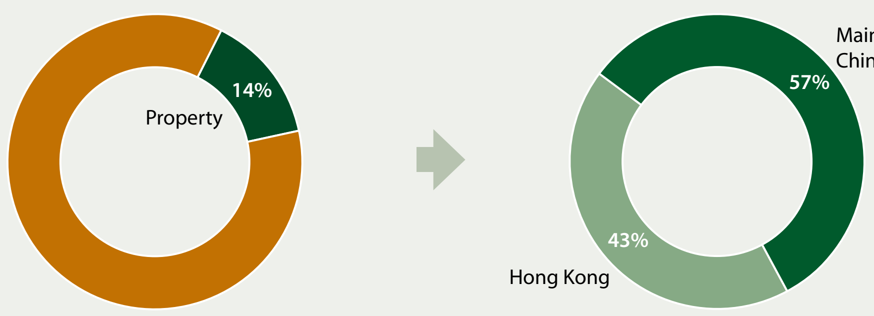


Assets



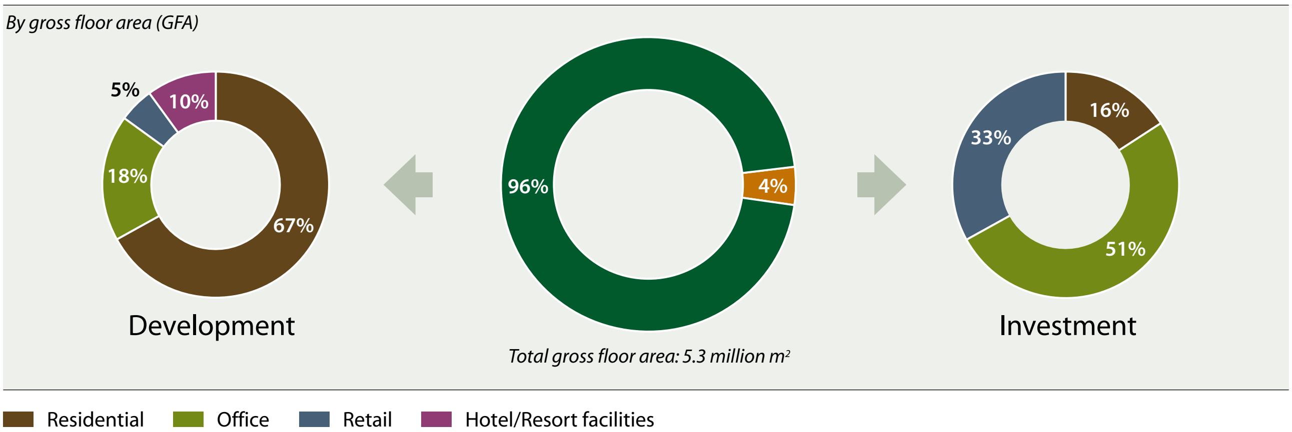


Profit contribution



Mainland China

- The mainland China property market is a key focus and a main business of CITIC Pacific
- Strategic focus on Shanghai and major cities in the Yangtze River Delta area, as well as the Shenzhou Peninsula on Hainan Island
- Co-operation with CITIC Real Estate on future projects. The two companies will share knowledge, market information and other resources



In 2009, the property market in mainland China saw transaction volume rise over 50%. To maintain a healthy property market, the government has been stepping up the pace of land supply and the provision of economic housing.

Two factors driving the long-term development of mainland China's property market are economic growth and urbanisation. With the construction of new high-speed railway lines and urban transportation interchanges, secondary town centres are emerging with large-scale residential communities supported by well-planned facilities.

CITIC Pacific has properties in excellent locations in mainland China, many of which are substantial in scale. These include Shanghai's Lu Jia Zui New Financial District project, the Sichuan Beilu Station and Jiading New City Station projects, which form part of the city's new railway transport system. Zhujiajiao New Town project in Shanghai and Noble Manor in Yangzhou are large-scale residential developments offering comprehensive community facilities.

The development of our resort project in Shenzhou Peninsula on Hainan Island is well underway and stands to benefit from the government's plan to promote the island as an international tourism destination.

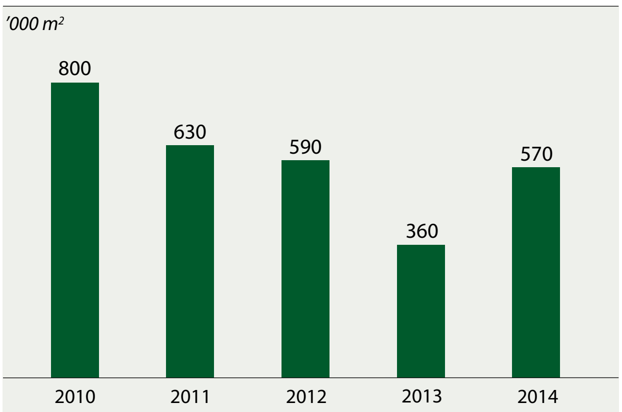
We expect the profit contribution from our property projects in China to increase substantially in the coming years.

Development Properties

Project	Usage	Ownership	Approx. site area (m²)	Approx. GFA (m²)	Expected completion
Shanghai					
New Westgate Garden	Residential, retail	100%			
Phase I			32,900	2,000	Completed
Phase II			35,300	137,000	2015
Qingpu Residential Development	Residential, hotel, retail	100%	796,800	545,000	In phases from 2009 onwards (approx. 31,000 m^2 completed)
Lu Jia Zui New Financial District Project	Office, hotel, residential, retail	50%	249,400	847,000	2010 to 2018
Site at Sichuan Beilu Station of Metro Line No. 10, Hongkou	Office, retail	100%	13,300	53,000	2012
No.10, Hainan Rd., Hongkou	Office, retail	100%	16,400	66,000	After 2012
Site at Jiading New City Station of Metro Line No. 11, Jiading	Office, hotel, residential, retail	100%	156,000	538,000	In phases from 2011 onwards
Zhejiang Province					
Pacific Plaza, *Ningbo*	Office, retail	100%	39,500	18,000	Completed
Jiangsu Province					
Yangzhou	Residential, retail	100%	328,600	359,000	In phases from 2009 onwards (approx. 90,000 m^2 completed
Jiangyin	Residential, retail	70%	91,300	178,000	2010 to 2011
Binhu District, *Wuxi*	Residential, retail	70%	1,479,000	249,000	In phases from 2010 onwards
Hainan Province					
Shenzhou Peninsula *Wanning*	Hotel, retail, residential	80% – 99.9%	7,432,700	2,100,000	In phases from 2010 onwards
Total			**10,671,200**	**5,092,000**	

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

Projected completion in the next five years



Target completion from 2015 to 2018: 2.1 million m²

SHANGHAI Lu Jia Zui New Financial District Project *50% owned*

Site area:	249,400 m^2
Gross floor area:	847,000 m^2
Usage:	Office, retail, hotel and residential
Expected completion:	2010 – 2018

The site of the Lu Jia Zui New Financial District project, previously used as a shipyard by Shanghai Shipyard Co., is the last prime development area on the south shore of the Huangpu River in central Shanghai. Jointly developed by CITIC Pacific and the China State Shipbuilding Corporation, this project will comprise Grade-A office buildings, retail premises, apartments and a hotel.

With riverside views and convenient transport links, it is being developed in phases under a comprehensive master plan. Once completed, the project will become a prominent landmark in the Lu Jia Zui Financial District along the Huangpu River.

Phase I comprises two Grade-A office buildings and a five star hotel with serviced apartments, which will be managed by an internationally renowned hotel operator.

As the financial centre of China, Shanghai (and particularly the Lu Jia Zui Financial District in Pudong) is attracting an increasing number of financial institutions that wish to set up their regional headquarters in the city. The twin office towers were topped out in November 2009 and are expected to be completed in the fourth quarter of 2010. One tower has already been sold to a corporation that will set up its headquarters in the building; the other tower, subject to contract, will soon be sold to another corporation.

Progress

	Approx. GFA (m^2)	Percentage of total GFA	Target completion	Status up to end Jan 2010
Phase I	263,000	31%		
Twin office towers	200,000	24%	4Q 2010	One tower sold to a single corporation The other to be sold soon subject to contract
Hotel & serviced apartments	63,000	7%	4Q 2012	Basement and superstructure works under construction
Other phases	584,000	69%		Under planning
Total	**847,000**	**100%**		

SHANGHAI Qingpu Residential Project – Zhujiajiao New Town *100% owned*

Site area:	796,800 m^2
Gross floor area:	576,000 m^2
Usage:	Low density residential, retail and hotel
Expected completion:	In phases from 2009 onwards

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

Next to scenic Dadian and Dianshan lakes, the Zhujiajiao New Town project will take full advantage of the cultural traditions and history of the area. It will create a unique living environment in the core district of Zhujiajiao, with villas, semi-detached houses, town houses, retail shops and a hotel.

Progress

	Approx. GFA (m^2)	Percentage of total GFA	Target completion	Sales up to end Jan 2010 Pre-sale year	Units sold	GFA(m^2)	Average price RMB/m^2
Phase I Apartments & low-rise houses	31,000	5%	Completed	2007	61	9,800	8,400
				2008	54	7,800	12,000
				2009	85	11,300	10,800
Phase II Apartments & low-rise houses	39,000	7%	2Q 2010	2009	347	35,600	10,300
Phase III Apartments & low-rise houses	74,000	13%	1H 2011	–	–	–	–
Hotel	27,000	5%	In phases from 2011	–	–	–	–
Other phases	405,000	70%	Under planning				
Total	**576,000**	**100%**			**547**	**64,500**	

From the first pre-sale in September 2007 to the end of January 2010, a total of 547 units (64,500 m^2 GFA) were sold, of which 44,000m^2 GFA were apartments and the remainder were low-rise houses with average selling prices of RMB8500/m^2 and RMB14,200/m^2 respectively.

SHANGHAI New Westgate Garden *100% owned*

Phase I	
Site area:	32,900 m^2
Gross floor area:	117,000 m^2
Usage:	Residential
Completed:	June, 2006
Current Status:	99% sold
Phase II	
Site area:	35,300 m^2
Gross floor area:	Approx. 137,000 m^2 (subject to government authority approval)
Usage:	Residential and retail
Expected completion:	2015
Current Status:	Re-settlement in progress

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

SHANGHAI Sichuan Beilu Station of Metro Line No.10 *100% owned*

Site area:	13,300 m^2
Gross floor area:	53,000 m^2
Usage:	Office and retail
Expected completion:	2012
Current status:	Basement construction in progress

The site is situated above the Sichuan Beilu Metro Station of Metro Line No. 10, which is currently under construction and expected to be operational by mid 2010. The project, comprising office buildings and retail outlets, will benefit from the pedestrian flow generated by the metro line and the overall geographical advantages offered by Hongkou.

SHANGHAI No.10, Hainan Road *100% owned*

Site area:	16,400 m^2
Gross floor area:	66,000 m^2
Usage:	Office and retail
Expected completion:	After 2012
Current status:	Design in progress

Acquired in December 2007, the site is situated on the east side of our Sichuan Beilu Station project. It will be designed and developed as a combined landmark project for this thriving district.

SHANGHAI Jiading New City Station of Metro Line No.11 *100% owned*

Site area:	156,000 m^2
Gross floor area:	538,000 m^2
	Phase I – approx. 97,000 m^2
	Other phases – approx. 441,000 m^2
Usage:	Office, retail, hotel and residential
Expected completion:	In phases from 2011 onwards
Current Status:	Construction in progress

Located in northwest Shanghai, Jiading District is the gateway to a number of neighbouring economic regions such as Suzhou, Kunshan and Taicang in Jiangsu Province. As the first satellite city of Shanghai, Jiading is well known as a base for the science and automobile industries. This project is situated at the Jiading New City Station of the new Metro Line No.11, which will run through Jiading, Putuo, Changning, Xuhui and Pudong New District after its completion. The first phase of the Metro Line, which includes the Jiading New City Station, was completed and under trial operation at the end of 2009.

The Jiading New City Station project, also being developed in phases, will include residences, offices, retail shops and a hotel. The development will be integrated with an interchange hub incorporating the city's metro lines and other public transport, under a comprehensive plan of residential districts, business centres, sports and recreational parks and scientific research districts in the surrounding area.

ZHEJIANG PROVINCE Ningbo Pacific Plaza *100% owned*

Site area:	39,500 m^2
Gross floor area:	98,000 m^2
Usage:	Office and retail
Expected completion:	October 2009
Current Status:	Sale and leasing underway

Pacific Plaza is located in Jiangdong District of Ningbo, the economic provincial capital of Zhejiang Province. The site is close to Ningbo Eastern New City, the future political and economic heart of Ningbo. In 2009, CITIC Pacific acquired the remaining 0.7% equity interest of the project company from the local joint venture partner.

Pacific Plaza comprises two Grade-A office towers and a shopping mall. Strata-title sales of one office tower and leasing of another office tower and its retail podium are currently underway.

Progress

By the end of January 2010, the shopping mall (approx. 27,100m^2 GFA) and 17% of the office space (approx. 3,500m^2 GFA) were sold.

JIANGSU PROVINCE Wuxi Binhu District Residential Project *70% owned*

Site area:	1,479,000 m^2
Gross floor area:	249,000 m^2
Usage:	Residential and retail
Expected completion:	In phases from 2010 onwards

CITIC Pacific, together with the Wuxi Guolian Group, is jointly developing this residential and commercial property in the Binhu District of Wuxi. The site is located in front of scenic Tai Lake and is about 15 minutes' driving distance of the city centre. Developed in phases with villas, town houses and low-rise and mid-rise residential buildings, the project will take advantage of picturesque views of the landscape, golf course and Tai Lake.

Progress

				Sales up to end Jan 2010			
	Approx. GFA (m^2)	Percentage of total GFA	Target completion	Pre-sale year	Units sold	GFA(m^2)	Average price RMB/m^2
Phase I Apartments & low-rise houses	157,000	63%	2Q 2010	In phases from 2009	381	69,000	17,300
Phase II Apartments & low-rise houses	92,000	37%	3Q 2011	–	–	–	–
Total	**249,000**	**100%**			**381**	**69,000**	

From the first pre-sale in May 2009 to the end of January 2010, a total of 381 units (69,000 m^2 GFA) were sold, of which 47,300 m^2 GFA were apartments and the remainder were low-rise houses with average selling prices of RMB12,300/m^2 and RMB28,200/m^2 respectively.

JIANGSU PROVINCE **Yangzhou Noble Manor** *100% owned*

Site area:	328,600 m²
Gross floor area:	437,000 m²
Usage:	Residential and retail
Expected completion:	In phases from 2009 onwards

Located in the western part of the city centre, this project has been designed to blend harmoniously with the area's historical culture and neighbouring environment of Yangzhou. A variety of residential units in low-rise, mid-rise and high-rise buildings will be provided.

Progress

	Approx. GFA (m²)	Percentage of total GFA	Target completion	Sales up to end Jan 2010 Pre-sale year	Units sold	GFA(m²)	Average price RMB/m²
Phase I Apartments	90,000	21%	Completed	2007	253	28,000	5,600
				2008	231	27,400	5,900
				2009	174	21,200	5,900
				2010	3	500	6,200
Phase II Apartments	92,000	21%	2010/2011	In phases from 2009	371	45,200	6,100
Other phases	255,000	58%	Under planning		–	–	
Total	**437,000**	**100%**			**1,032**	**122,300**	

From the first pre-sale in September 2007 to the end of January 2010, a total of 1,032 apartment units (122,300 m² GFA) were sold with an average selling price of RMB5,900/m².

JIANGSU PROVINCE **Jiangyin Residential Project** *70% owned*

Site area:	91,300 m²
Gross floor area:	178,000 m²
Usage:	Residential and retail
Expected completion:	2010 – 2011

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

Progress

	Approx. GFA (m²)	Percentage of total GFA	Target completion	Sales up to end Jan 2010 Pre-sale year	Units sold	GFA(m²)	Average price RMB/m²
Apartments	154,000	87%	Mid 2010	2008	56	8,700	7,800
				2009	670	105,900	8,400
				2010	13	2,200	10,400
Retail	24,000	13%	End of 2011	–	–	–	–
Total	**178,000**	**100%**			**739**	**116,800**	

From the first pre-sale in December 2008 to the end of January 2010, a total of 739 apartment units (116,800 m² GFA) were sold with an average selling price of RMB8,400/m².

HAINAN PROVINCE Wanning Shenzhou Peninsula *80%-99.9% owned*

Site area:	7,432,700 m^2
Gross floor area:	2,100,000 m^2
Usage:	Residential, hotel, retail and recreation
Expected completion:	In phases from 2010 onwards
Current Status:	Design and construction of Phase I (approx. 440,000 m^2 GFA) in progress

CITIC Pacific is developing a resort project on the Shenzhou Peninsula of Hainan Island and is responsible for the project's overall planning and infrastructure construction. This project will benefit from the government's recent plan to promote the island as an international tourism destination.

The project will also benefit from a new express railway line being built along the east coast of Hainan Island, which will connect the cities of Haikou and Sanya, and a railway station at Wanning city, which is approximately six kilometres from the Shenzhou Peninsula site.

Constructed by the Hainan provincial government, this new express railway is targeted for completion in 2011. By then, the accessibility of the Shenzhou Peninsula site will be significantly improved from Haikou and Sanya, both of which are regional hubs with international flights.

We recently sold the development rights of several lots (approx. 291,000m^2 GFA) to a local developer.

The construction of roads and bridges is substantially completed, and development of the two hotels and Sunbury apartments of Phase I is in progress. The two hotels, which will be managed and operated by Starwood Hotels Group as a Sheraton hotel and Four Points by Sheraton hotel, are scheduled to open at the end of 2010. Pre-sale and target completion of Sunbury apartments are expected in 2010/2011 and the second half of 2011 respectively.

Investment Properties

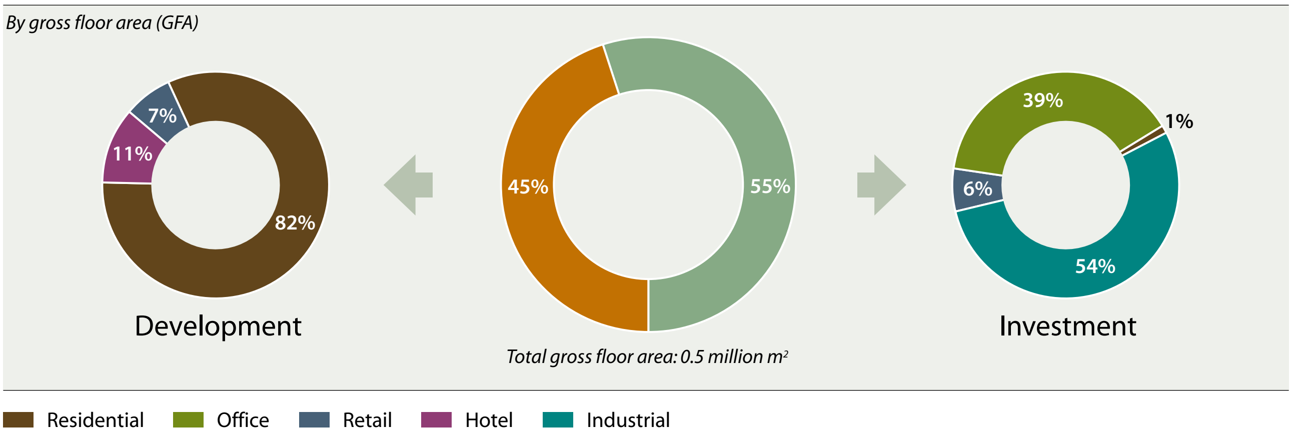
Project	Usage	Ownership	Approx. GFA (m^2)
CITIC Square, *Shanghai*	Office, retail	100%	114,000
Royal Pavilion, *Shanghai*	Serviced apartments	100%	35,000
New Westgate Garden, Retail Portion (phase I), *Shanghai*	Retail	100%	23,000
Pacific Plaza, Ningbo, *Zhejiang Province*	Office, retail	100%	49,000
Total			**221,000**

GFA = gross floor area

CITIC Pacific's investment properties in mainland China continue to enjoy steady rental growth with an overall occupancy of about 93% if the newly completed Pacific Plaza in Ningbo is excluded.

Hong Kong

- **231,000 m² of gross floor area to be developed in Discovery Bay**
- **Major investment properties include CITIC Tower (the Group's headquarters) and DCH Commercial Centre. The portfolio enjoys a stable rental income with an overall occupancy of approximately 84% as of the end of January 2010**



Development Properties

Discovery Bay

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

The current Yi Pak Bay development is located in the northern part of Discovery Bay. It has a gross floor area of approximately 218,000 m^2, of which 91,000 m^2 have been developed as Siena One (Phase 11) and Siena Two (Phase 12). Chianti (Phase 13), which has a gross floor area of 50,000 m^2, was 99% sold as of the end of January 2010.

Superstructure works of Phase 14 (a mid-rise development of approximately 16,000m^2 GFA) is in progress with completion scheduled for the second half of 2010. Construction of Phase 15 (a low-rise development of approximately 18,000m^2 GFA) commenced in December 2009, with scheduled completion in the first half of 2011. Pre-sale of Phase 14 and Phase 15 is planned for 2010 and the second quarter of 2011 respectively.

Investment Properties

Project	Usage	Ownership	Approx. GFA (m^2)
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%	21,000
Yee Lim Industrial Centre, Block C	Industrial	100%	30,000
111 Lee Nam Road	Industrial	100%	60,000
Other	Various	100%	49,000
Total			**285,000**

GFA = gross floor area

Energy

HK$ million	2009	2008	Change
Profit contribution	**886**	(1,090)	n.m.
Proportion of total contribution	**13%**	(38)%	n.m.
Assets	**6,868**	7,765	(12)%
Liabilities	**52**	8	550%

At the end of 2009, CITIC Pacific had a total attributable power generating capacity of 3,630MW, a decrease of 42% compared with 2008. This was due primarily to the disposal of our 20% interest in North United Power and 49% interest in Weihai Power. The total electricity generated in 2009 by all power plants in which CITIC Pacific had an interest was about 35.7billion kwh; heat generated was 12,345kGJ.

Total electricity consumption in China declined significantly in 2009. Our managers focused on reducing costs and better managing the plants, therefore, despite a reduction in generation capacity, our power plants recorded a profit contribution of HK$886 million compared with a loss in 2008.

The five 57,000 tonne DWT vessels ordered by Ligang power plant will be delivered in stages, beginning in May 2010. These vessels will help reduce transportation costs and, at the same time, provide service to CITIC Pacific's special steel mills.

Our Xin Ju Long coalmine in Shangdong Province, in which CITIC Pacific has a 30% interest, produces high quality coking coal and thermal coal. Coking coal is

supplied to our steel mills and thermal coal to our power plants; both forms of coal are also sold on the open market. In 2009, 2.4 million tonnes of coal was produced. Four million tonnes is planned for 2010 and full production of 6 million tonnes will be reached in the years ahead.

For 2010, increases in the price of coal will remain a challenge to our power plants. As the economy continues to recover, we believe that demand for electricity will gradually recover. We will further strengthen our cooperation with large coal producers in China to ensure a stable supply of coal to our power plants. Our management team will remain focused on controlling costs and, at the same time, explore opportunities to vertically integrate our energy business. We expect this business to contribute more to the bottom line of CITIC Pacific in the future.

CITIC Pacific's power plants

						Electricity generated			Heat generated		
Power plant	Location (province)	Installed capacity (MW)	Ownership	Type	Utilisation hours	2009 (m kWh)	2008 (m kWh)	Change	2009 (kGJ)	2008 (kGJ)	Change
Ligang	Jiangsu			Coal fired							
I & II		1,440	65%		5,363	7,723	7,066	9%	NA	NA	NA
III & IV		2,460	71.3%		4,269	10,502	10,757	(2)%	NA	NA	NA
Hanfeng	Hebei	1,320	15%	Coal fired	5,188	6,848	6,974	(2)%	NA	NA	NA
Huaibei	Anhui	640	12.5%	Coal fired	4,786	3,063	3,818	(20)%	NA	NA	NA
Zhengzhou	Henan	1,000	50%	Co-generation	5,327	5,327	5,682	(6)%	6,863	6,236	10%
Hohhot	Inner Mongolia	400	35%	Co-generation	5,218	2,087	2,213	(6)%	2,871	2,896	(1)%
Chenming	Shandong	36	49%	Co-generation	3,365	104	73	42%	2,611	2,716	(4)%
Total		**7,296**				**35,654**	**36,583**		**12,345**	**11,848**	

Business Review

Tunnels

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

	2009	2008	Change
Profit contribution	**437**	443	(1)%
Proportion of total contribution	**7%**	16%	(9)%
Assets	**1,928**	1,883	2%
Liabilities	**194**	192	1%

Eastern Harbour Tunnel

www.easternharbourtunnel.com.hk

The Eastern Harbour Tunnel registered average daily traffic of 62,987 vehicles in 2009, a slight decrease from 63,218 vehicles in 2008. Among the three cross-harbour tunnels in Hong Kong, the Eastern Harbour Tunnel had a 27% market share of total traffic in 2009.

Western Harbour Tunnel

www.westernharbourtunnel.com

The Western Harbour Tunnel is a key section of the Route 3 highway connecting Hong Kong Island with mainland China and Chek Lap Kok Airport. In 2009, average daily traffic was 48,222 vehicles, up 1% from 2008. Among the three cross-harbour tunnels in Hong Kong, the Western Harbour Tunnel had a 21% market share of total traffic in 2009.

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

Dah Chong Hong

www.dch.com.hk

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

HK$ million	2009	2008	Change
Profit contribution	**402**	320	26%
Proportion of total contribution	**6%**	11%	(5)%
Assets	**11,460**	11,163	3%
Liabilities	**5,704**	5,994	(5)%

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

CITIC 1616

www.citic1616.com

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

HK$ million	2009	2008	Change
Profit contribution	**196**	181	8%
Proportion of total contribution	**3%**	6%	(3)%
Assets	**2,532**	2,402	5%
Liabilities	**749**	819	(9)%

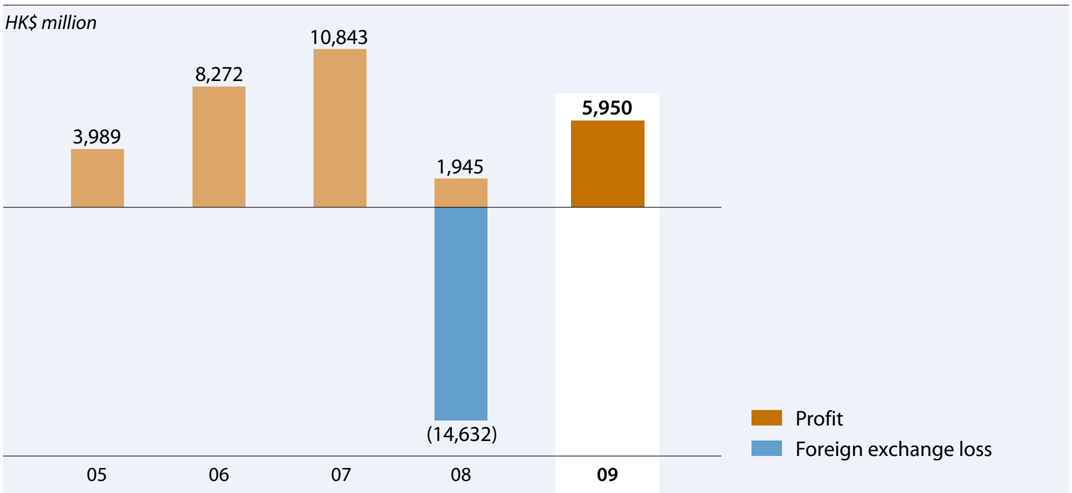
CITIC 1616 is Asia's leading hub-based telecommunications service provider. Its main businesses include voice, SMS, mobile VAS and data services. CITIC 1616's key markets are mainland China and Hong Kong. It is also actively expanding its services to international telecoms operators. Its independent hub connects to over 440 telecoms operators in 62 countries. CITIC 1616 was a wholly-owned subsidiary of CITIC Pacific until its listing in April 2007.

In February 2010, CITIC 1616 agreed to acquire a 20% interest in Companhia de Telecomunicacoes de Macau from CITIC Pacific. The transaction will be paid with cash and the issuance of new shares. As a result, and subject to approvals by independent shareholders of CITIC 1616 and the government of Macau, CITIC Pacific's interest in CITIC 1616 will increase from 52.6% to 60.65%.

Financial Review

A net profit of HK$5,950 million was attributable to shareholders for the fiscal year 2009, showing a strong improvement compared with a net loss of HK$12,687 million for 2008, of which HK$14,632 million was attributable to after tax foreign exchange losses.

Profit attributable to shareholders



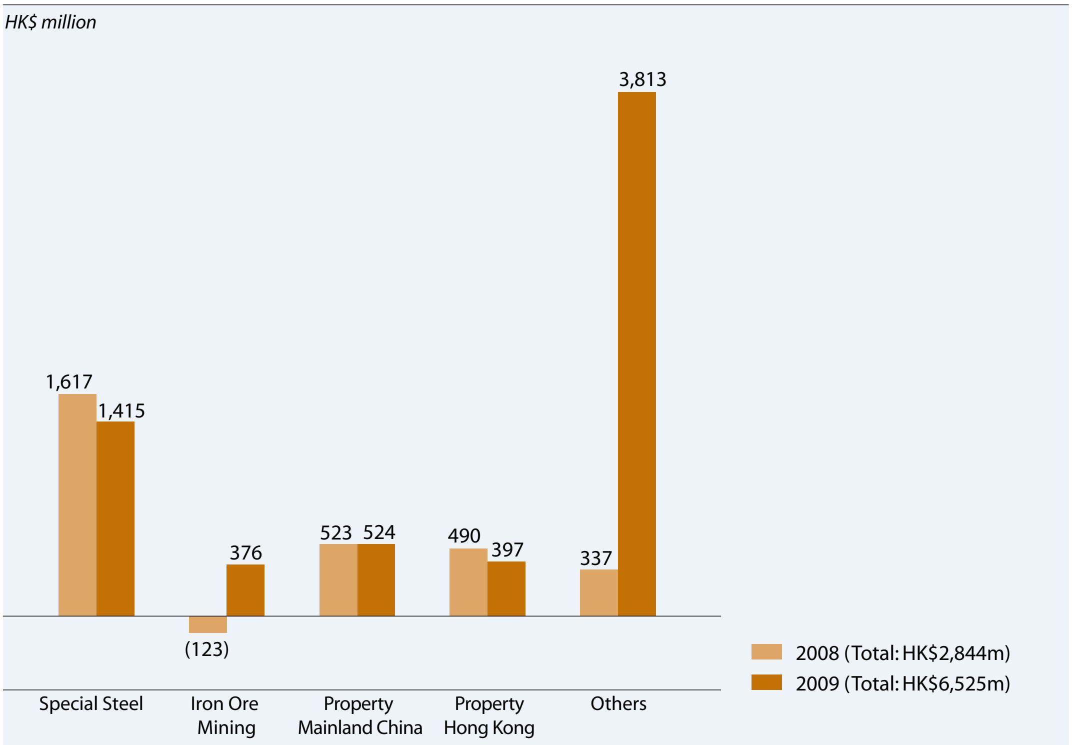
Performance by Business

Contribution by business

	2009			2008		
In HK$ million	Contribution 2009	Assets as at 31 Dec 2009	Return on Assets	Contribution 2008	Assets as at 31 Dec 2008	Return on Assets
Special steel	1,415	38,710*	4%	1,617	32,500	5%
Iron ore mining	376	36,026	1%†	(123)	24,187	(1%)
Property						
Mainland China	524	29,728	2%	523	25,973	2%
Hong Kong	397	11,093	4%	490	11,121	4%
Sub-total	**2,712**	**115,557**	**3%**	**2,507**	**93,781**	**3%**
Energy	886	6,868	12%	(1,090)	7,765	(14%)
Tunnels	437	1,928	23%	443	1,883	24%
Dah Chong Hong	402	11,460	4%	320	11,163	3%
CITIC 1616	196	2,532	8%	181	2,402	8%
Others	746	9,237	7%	(1,136)	13,201	(9%)
Disposal of assets	1,146	–	N/A	1,619	–	N/A
Total	**6,525**	**147,582**	**5%**	**2,844**	**130,195**	**2%**

* Includes assets under construction for the expansion of the steel plants amounting to HK$6,819 million in 2009 (2008: HK$4,670 million) .

† The iron ore mine had not commenced production in 2009. The contribution for the Iron ore mining business was a gain from the sale of excess AUD.



Special Steel The contribution for 2009 was HK$1,415 million compared with HK$1,617 million in 2008. 2009 was characterised by a recovering market for special steel, with a steady upward trend in sales volume resulting from the fiscal stimulus and the recovering economy. Management's continuous focus on achieving a more profitable product mix and reducing raw material costs was beneficial. This emphasis will continue.

Iron Ore Mining The build-out of the Australian mining operations infrastructure continued in 2009, with good progress made on the port, the gas pipeline for the power station and the installation of the first grinding mill. A contribution of HK$376 million was recorded, an increase that was mainly due to the sale of excess AUD, which strengthened during the year.

China Property Net contribution from leasing and sales was stable at HK$524 million in 2009 compared with HK$523 million in 2008. Leasing performed relatively well, with CITIC Square, Royal Pavilion and New Westgate Garden retail and other properties showing a 21% underlying profit increase from the same period last year. This increase was due mainly to higher rental rates for new leases signed during the period and increased income from retail leases due to higher consumer spending in 2009. The average occupancy rate increased to 94% from 92% in 2008. Residential sales were robust and mainly driven by our Shanghai, Wuxi and Yangzhou properties. During the review period, the company also sold a retail asset in Ningbo.

Hong Kong Property Profits from leasing decreased slightly to HK$363 million in 2009 from HK$365 million in 2008, due to the average occupancy rate of our Hong Kong portfolio declining slightly from 88% in 2008 to 86% in 2009 when the commercial leasing market remained soft. HK$34 million of contribution was derived from the sale of properties in Discovery Bay by our associated company, Hong Kong Resorts, in 2009.

Contribution from property

In HK$ million	**2009**	2008
Mainland China		
Sales	**207**	298
Leasing	**334**	277
Property under development	**(17)**	(52)
Hong Kong		
Sales	**34**	125
Leasing	**363**	365

Energy Despite a decline of 2.5% year-on-year in total power generated due to soft economic conditions in the first half of 2009, the energy division showed a HK$886 million profit compared with a HK$1,090 million loss in 2008. This was due to an increase in power tariffs towards the end of 2008 and cheaper coal from suppliers. Our coal mine in Shandong continued to increase production, which contributed strongly to the profitability of this segment.

Tunnels This segment showed a profit contribution of HK$437 million for 2009 compared with HK$443 million in 2008. This was due to the poor economic conditions in the first half of the year, which reduced total traffic volume. However, traffic began to show some increase during the second half of 2009.

Dah Chong Hong CITIC Pacific's share of DCH's net profit was HK$402 million for 2009 compared with HK$320 million for 2008. The 26% increase in contribution was mainly driven by the motor vehicle segment in mainland China, the strong demand for imported vehicles and increased sales through the expanded dealership network in the PRC. Profit from the trading and food segment was the same as 2008, with the growth in fast-moving consumer goods offset by the decline in sales of edible oil and worldwide food commodity prices in 2009. The performance of the logistics segment improved with additional logistics facilities in Hong Kong and mainland China coming into service and the provision of more value-added services to customers.

CITIC 1616 Our share of CITIC 1616's net profit was HK$196 million for 2009 compared with HK$181 million for 2008. CITIC 1616's improved performance was mainly due to new business from China Motion Netcom, which was acquired in November 2008, and ComNet Communications (Singapore) Pte. Ltd. (formerly Macquarie Telecom Pte. Ltd.), which was acquired in July 2009, as well as increased revenue from mobile value-added services and virtual private network (VPN).

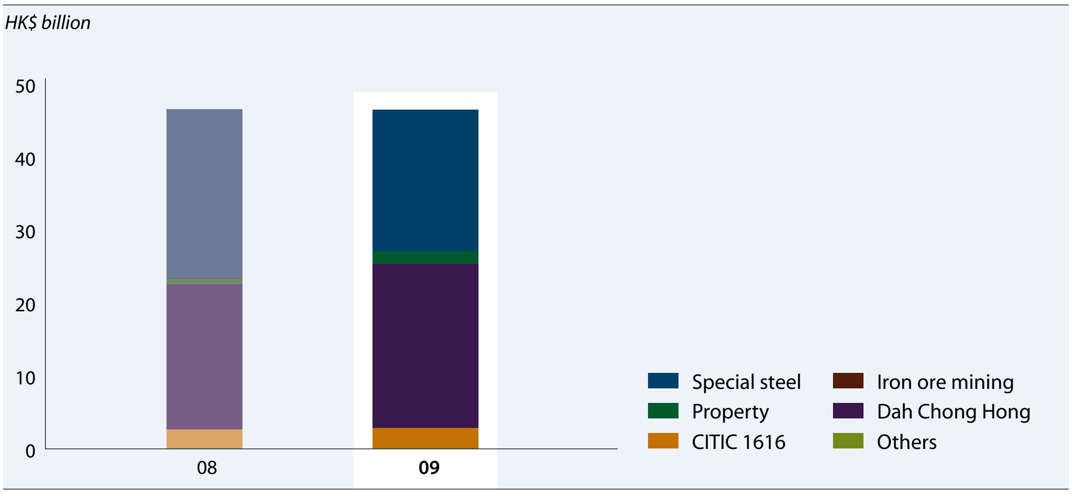
Disposal of Assets The sale of 14.5% of Cathay Pacific was completed in November 2009, resulting in a one-time gain of HK$996 million for CITIC Pacific. Cathay Pacific also contributed HK$168 million of net income for the period. Other net income was derived from the sale of listed shares, which decreased to HK$73 million in 2009 from HK$1,215 million in the previous year.

Turnover

Special Steel and Dah Chong Hong accounted for the majority of the consolidated turnover of CITIC Pacific in 2009.

Turnover at Special Steel decreased 16%, while turnover at Dah Chong Hong increased 14% from the previous year. Economic conditions in mainland China continued to improve due to government stimulus measures.

By business



In HK$ million	**2009**	2008
Special steel	**19,079**	22,758
Iron ore mining	**27**	27
Property		
Mainland China	**1,390**	544
Hong Kong	**257**	243
Sub-total	**20,753**	23,572
Energy	**–**	–
Tunnels	**724**	734
Dah Chong Hong	**22,131**	19,496
CITIC 1616	**2,716**	2,486
Others	**85**	132
Total	**46,409**	46,420

Derivatives Contracts

In 2009, we restructured our portfolio of leveraged foreign exchange contracts outstanding at the end of 2008 to ensure that derivative products are used only for hedging our business risks (The exception was three RMB leveraged foreign exchange contracts maturing in January and July 2010). These hedges were set up as accounting hedges. A one-time pre-tax gain of HK$283 million was reported for 2009, mainly due to gains up to the date of the restructuring of the leveraged foreign exchange derivative contracts, which were intended to hedge exposures at our Australian mining operations.

As at 31 December 2009, CITIC Pacific had gross outstanding derivative instruments of HK$49,148 million, compared with gross outstanding derivative instruments of HK$74,794 million as at 31 December 2008.

	Notional Amount		Fair Value as at	
In HK$ million	**31 Dec 2009**	31 Dec 2008	**31 Dec 2009**	31 Dec 2008
Forward foreign exchange contracts	**18,341**	14,309	**457**	(910)
Leveraged foreign exchange contracts*	**1,186**	20,204	**(108)**	(3,178)
Interest rate swaps	**28,426**	39,008	**(1,581)**	(4,541)
Credit default swap	**–**	78	**–**	–
Cross currency swaps	**1,195**	1,195	**178**	155
	49,148	74,794	**(1,054)**	(8,474)

* Maximum deliverable/notional amount for leveraged foreign exchange contracts.

Interest Expense

CITIC Pacific's interest expense charged to the profit and loss account decreased from HK$747 million to HK$650 million in 2009. Capitalised interest of HK$1,816 million was mainly attributable to special steel and property development projects under construction in mainland China and our mining operations in Australia.

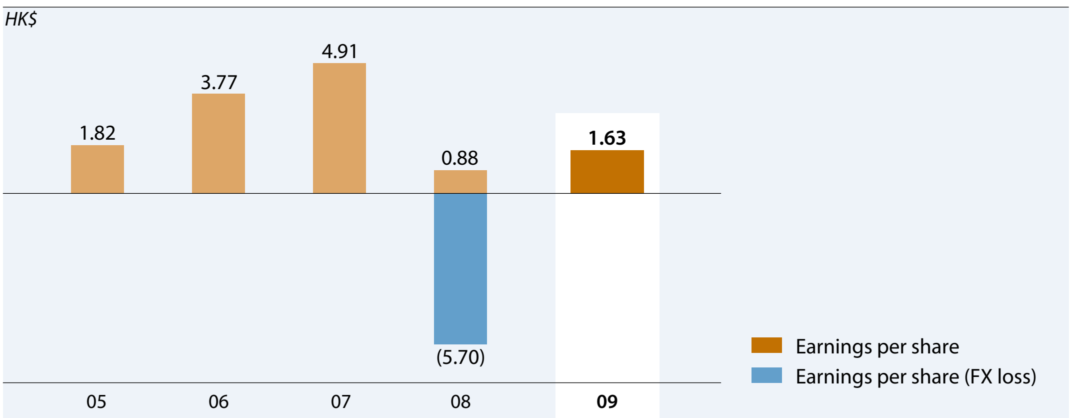
The weighted average cost of debt (including both interest capitalised and expensed) declined from 4.7% for 2008 to 3.7% for 2009. This was due to the continuing low interest rate environment in Hong Kong and the United States.

Taxation

In 2009, current taxation increased from HK$690 million to HK$779 million due to increased profits from operations. In 2008, Sino Iron recognised a significant deferred taxation credit of HK$1.3 billion in respect of losses stemming from leveraged foreign exchange contracts.

Earnings per Share

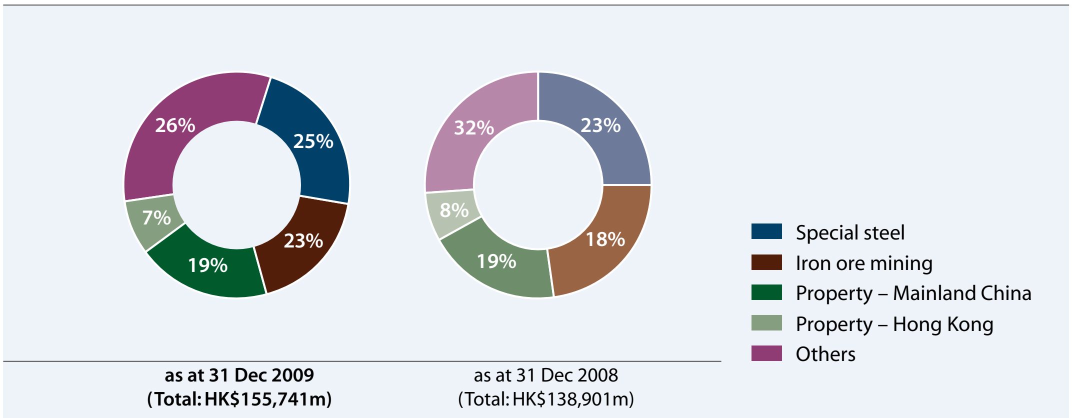
Earnings per share were HK$1.63 in 2009 compared with a loss of HK$5.70 in 2008. Earnings per share grew from 2005 to 2007 but declined sharply in 2008 due to large losses from leveraged foreign exchange derivatives. The performance in 2009 is a reflection of the general economic environment and conditions affecting our businesses, suggesting a return to normal operating conditions after derivative losses in 2008.



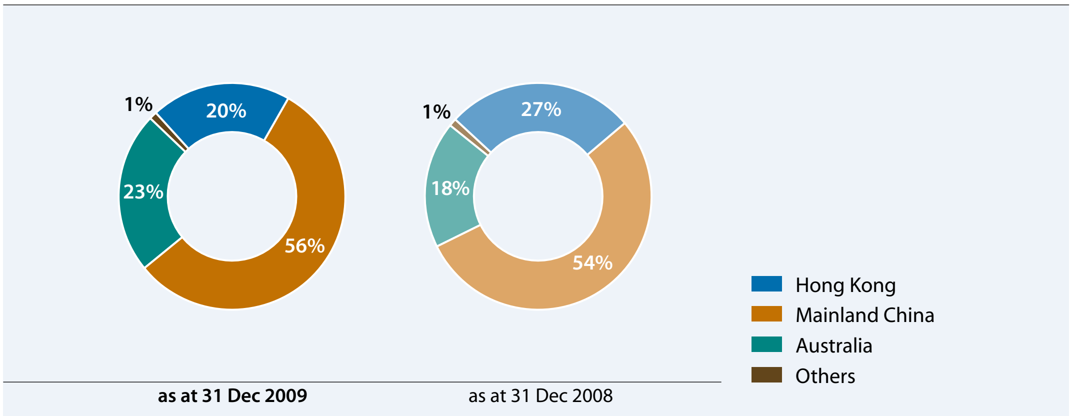
Assets

Total assets increased from HK$138,901 million to HK$155,741 million in 2009. Asset growth was mainly driven by our three main lines of business – iron ore mining in Australia, special steel and mainland property. With the continuing divestment of non-core businesses such as Cathay Pacific, a power plant and the reduction of our stake in CITIC Capital, these core businesses increased their share of total assets from 60% in 2008 to 67% in 2009.

By business

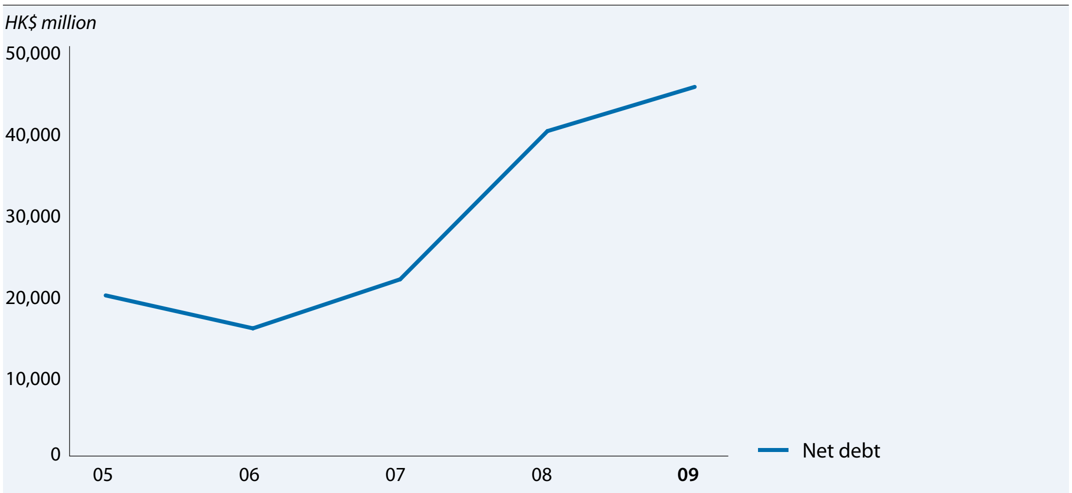


By geographic area



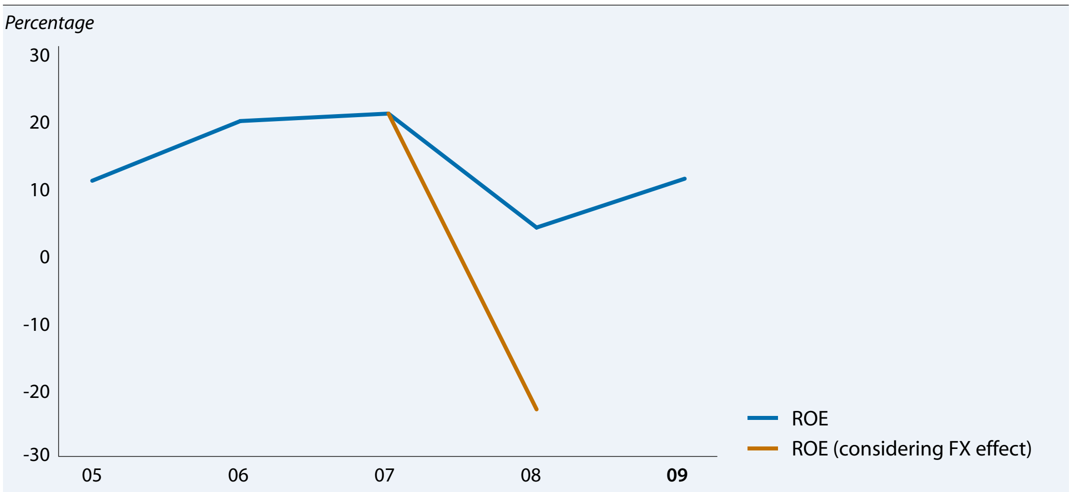
Net Debt

Net debt has grown in line with the planned expansion of our businesses. CITIC Pacific expects net debt to begin declining once the major capital expenditure plans for the steel and mining businesses and major property projects have been completed in 2011.



Return on Equity*

The return on equity for 2009 was 11%, with the return to profitability after the losses arising from leveraged foreign exchange contracts in 2009.



* ROE = Profit Attributable to Shareholders / Average Shareholders' Funds

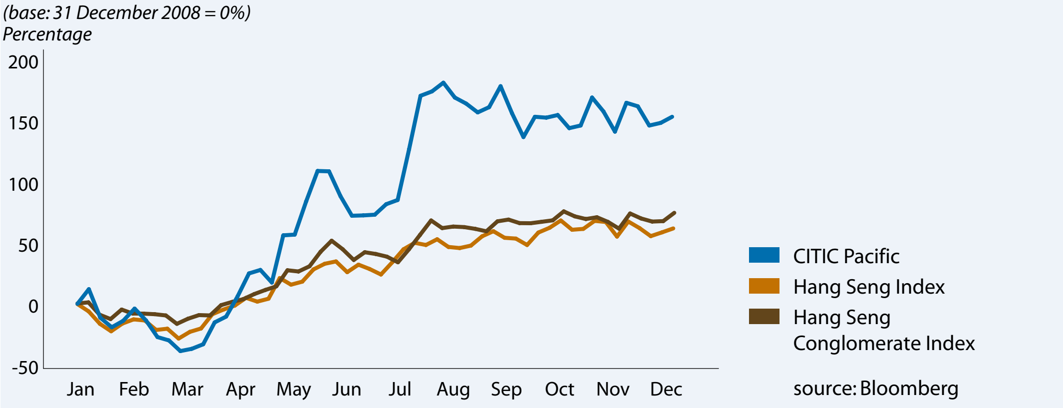
Shareholders' Funds

Shareholders' funds increased from HK$49,688 million at 31 December 2008 to HK$60,259 million at 31 December 2009, due to profit for the year and mark-to-market gains in the derivatives portfolio. These gains were mainly due to a rise in the exchange rate of the AUD against the USD as well as the rise in USD and HKD interest rates, and are mainly reflected in reserves as most of the underlying instruments qualify for hedge accounting.

Share Price Performance

During 2009, the share price of CITIC Pacific rose by 149% as a result of improving economic conditions and shareholder confidence. This was benchmarked against a rise in the Hang Seng Index of 52% and a 66% rise in the Hang Seng Conglomerate Index. In 2009, the share price had a high of HK$23.70 and a low of HK$7.18.

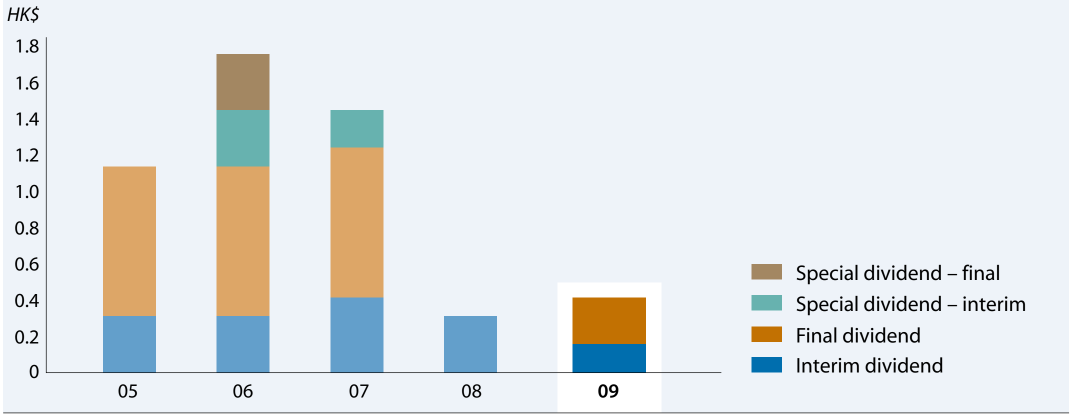
CITIC Pacific vs HSI and HSCI



Dividends

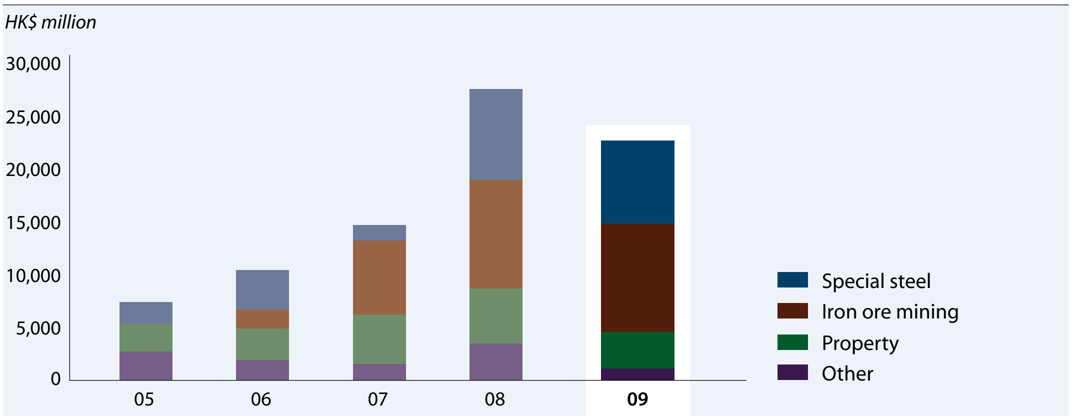
A final dividend of HK$0.25 per share in addition to the interim dividend of HK$0.15 per share has been recommended for 2009, following the return to profitability. This equates to an aggregate cash distribution of HK$1,459 million. In view of the loss in 2008, no final dividend was paid for that year.

Dividend per share



Capital Expenditure

Capital expenditure has continued to grow over the past five years with the Australian mining operations accounting for the largest share in the past three years.



In HK$ million	**2009**	2008
Special steel	**7,611**	8,381
Iron ore mining	**10,033**	10,010
Property		
Mainland China	**3,362**	5,049
Hong Kong	**19**	9
Sub-total	**21,025**	23,449
Others	**1,079**	3,400
Total	**22,104**	26,849

Capital expenditure presented in the above table includes expenditure to acquire or increase fixed assets, properties under development and acquisition of businesses and minority interests, deposits paid on fixed asset purchases, payments for mining rights and related development costs including capitalised interest.

CITIC Pacific has maintained its focus on its major businesses and has invested approximately HK$7.6 billion in the special steel division, HK$10.0 billion in the Australian mining project and HK$3.4 billion in its property projects in China, accounting for 34%, 45% and 15% of the total capital expenditure of CITIC Pacific for 2009 respectively.

- In 2009 new special steel plate production lines were constructed at Jiangyin Special Steel with a capacity over 3 million tonnes. At Xin Yegang, two new lines capable of producing 630,000 tonnes of medium to thick wall seamless steel tubes were completed in 2009.
- The Australian mining project has continued to build out the essential infrastructure. Major achievements in 2009 included progress made on the construction of the main causeway, the gas pipeline and the production of the first grinding mill.
- Property projects currently under construction in mainland China are located in Shanghai, Wuxi, Jiangyin, Yangzhou and Hainan Island. In Hong Kong, our development projects in Discovery Bay are under construction. (See pages 32 to 45.)

Cash Inflows

Consolidated cash inflows totalled HK$18,972 million in 2009 compared with HK$12,886 million for the comparable period in 2008. Cash inflows principally represent cash generated from operating activities after income taxes, dividends from associated companies and jointly controlled entities, proceeds from divestment of businesses, sales of listed investments and sales of fixed assets and investment properties.

In HK$ million	**2009**	2008
Cash Inflows from Business Operations		
Special steel	**1,370**	3,847
Iron ore mining	**55**	(36)
Property		
Mainland China	**3,339**	721
Hong Kong	**281**	286
Energy	**32**	–
Tunnels	**521**	513
Dah Chong Hong	**1,200**	429
CITIC 1616	**402**	400
Others	**27**	(116)
	7,227	6,044
Other Cash Inflows		
Dividends from associated companies & jointly controlled entities	**299**	824
Divestments of business	**9,700**	1,503
Sales of other listed investments & other financial assets	**599**	3,368
Sales of fixed assets & investment properties	**282**	486
Others	**865**	661
	11,745	6,842
Total	**18,972**	12,886

Proceeds from divestments of businesses in 2009 included a HK$2,130 million advance payment from the sale of a 20% interest in the Australian mining operations to China Metallurgical Group Corporation and the receipt of HK$7,347 million from the sale of a 14.5% stake in Cathay Pacific to Air China and Swire Pacific.

Treasury Risk Management

General Policies

- Maintain central management of finance and financial exposures throughout CITIC Pacific while delegating to business units specific responsibilities appropriate to their business for which local management is responsible.
- Diversify funding sources utilising both bank financing and capital markets, and employing limited or non-recourse project finance when available.
- Arrange financing to match each business' characteristics and cash flows to the extent that it is possible.

Responsibilities

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

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

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

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

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

Derivatives Policy

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

In June 2009, CITIC Pacific engaged Reval Inc., a derivative risk management and hedge accounting solutions firm, to provide software and consulting services to better monitor its derivatives portfolio and ensure compliance with accounting standards. Valuations provided by Reval were used in the compilation of the annual report.

The use of financial instruments is currently restricted to loans, deposits, interest rate swaps and plain vanilla foreign exchange contracts. The use of structured derivatives and instruments or contracts that contain embedded options would require presentation to and the specific approval of ALCO. From a risk management perspective, simple, cost-efficient and HKAS 39 hedge effective instruments are preferred.

It is CITIC Pacific's policy not to enter into derivative transactions for speculative purposes.

Foreign Exchange Risk

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

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

CITIC Pacific's material currency exposures arise from:

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

ii) purchase of raw materials by steel and property operations in mainland China;

iii) USD denominated debt; and

iv) purchases of finished products for sale by DCH.

Translation exposures from the consolidation of subsidiaries whose functional currency is not HKD are not hedged, as this is a non-cash exposure.

US Dollar (USD) CITIC Pacific's investment in businesses whose functional currency is USD is mostly attributable to the iron ore mining business, which had USD gross assets of HK$35 billion. The company uses its USD borrowings to hedge these USD assets through a net investment hedge. As at 31 December 2009, CITIC Pacific had HK$41 billion equivalent of US dollar debt, of which HK$5 billion was economically hedged using plain vanilla forwards and cross currency swaps.

Renminbi (RMB) Businesses in mainland China had RMB gross assets of approximately HK$87 billion as at 31 December 2009, offset by debts and other liabilities of HK$29 billion. This gave the company an RMB net asset exposure of HK$58 billion (2008: RMB gross asset exposure of approximately HK$75 billion, offset by debt and other liabilities of HK$23 billion, with RMB net asset exposure of HK$52 billion). The Renminbi is currently not a freely convertible currency and 'registered capital', which usually accounts for no less than 25% of the total investment amount for projects in mainland China, is required to be paid in foreign currency by foreign investors such as CITIC Pacific. As investment in mainland China is expanding, CITIC Pacific has an increasing exposure to the Renminbi.

In 2008, we entered into several RMB non-deliverable leveraged forward contracts for general purpose hedging of RMB exposures, which all expire in 2010. As at 31 December 2009, the maximum notional amount of these contracts was RMB 943 million.

Australian Dollar (AUD) Our Australian mining operations' functional currency is USD as the future revenues from its iron ore business are denominated in USD. However, a substantial portion of its developmental and operating expenditures are denominated in AUD. USD/AUD forward contracts are currently employed to hedge these currency exposures up to 2013 at an average rate of 0.82.

As at 31 December 2009, the Australian mining operation had plain vanilla forward contracts with a notional amount of A$2 billion that qualify as accounting hedges, because their maturity matches the needs of the business over the next three years as well as fulfilling other relevant criteria to be considered accounting hedges.

Japanese Yen (JPY) CITIC Pacific issued a JPY 8 billion bond in 2005. From an economic perspective, this bond was fully hedged through a cross currency swap into Hong Kong dollars floating rate payments. This swap does not qualify as an accounting hedge, therefore changes in its value are reflected in the profit and loss account. In addition to the JPY bond, as at 31 December 2009 there were no other JPY exposures at the corporate level.

For the Australian mining operations, as at 31 December 2009 there was a net JPY 181 million denominated exposure for capital expenditures to purchase machinery.

Swedish Krona (SEK) SEK exposure amounted to SEK 31 million at 31 December 2009 due to a contract with Siemens to supply a steam turbine generator for the Australian mining operations. This position is currently 71% hedged using plain vanilla forward contracts.

Euro (EUR) EUR exposure amounted to EUR 68 million as at 31 December 2009. Most of this exposure is related to contracts for procurement and design services for the Australian mining project and equipment purchases by the special steel business.

Interest Rate Risk

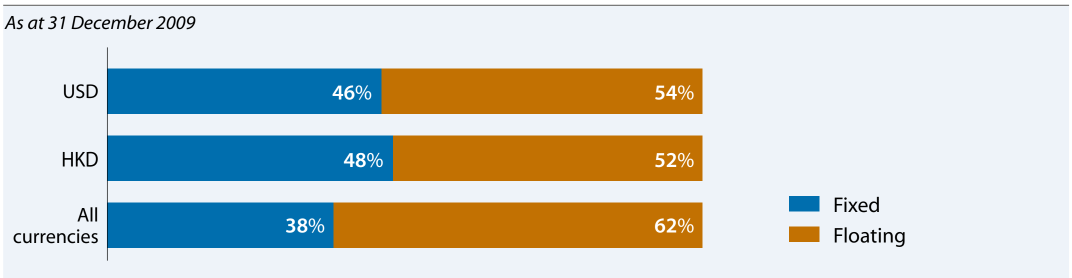
CITIC Pacific's interest rate risk arises primarily from borrowings. Borrowings subject to variable rates expose CITIC Pacific to cash flow interest rate risk. Borrowings subject to fixed rates economically expose CITIC Pacific to fair value interest rate risk.

This risk is managed by considering the portfolio of interest bearing assets and liabilities. The net desired position is then managed by borrowing fixed rate or through the use of interest rate swaps, which have the economic effect of converting floating rate borrowings into fixed rate borrowings.

The appropriate ratio of fixed/floating risk for CITIC Pacific is reviewed periodically. The level of fixed rate debt is decided after taking into consideration the potential impact of higher interest rates on profit, interest cover and cash flow cycles of CITIC Pacific's business and investments. The current ratio of fixed rate to the total borrowings of the portfolio for CITIC Pacific stands at 38%.

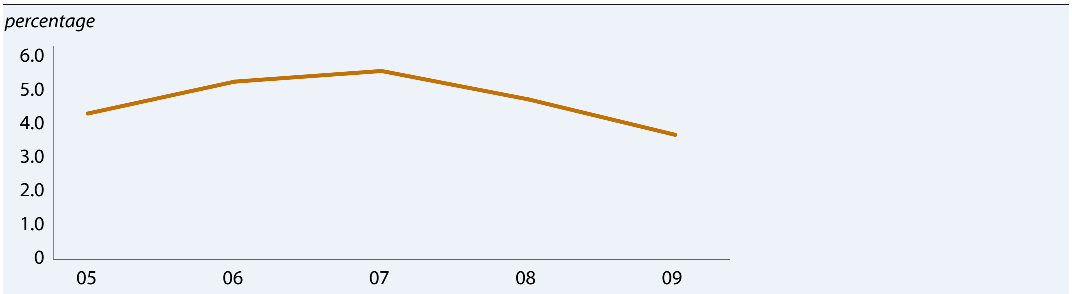
As at 31 December 2009, CITIC Pacific's portfolio of floating to fixed interest rate derivative contracts had a notional amount of HK$21 billion. After hedging, 62% of the borrowings of CITIC Pacific were linked to floating interest rates.

Fixed and floating interest rates



CITIC Pacific's overall weighted all-in cost of borrowing (including capitalised interest, fees and hedging costs) in 2009 was approximately 3.7% compared with 4.7% in 2008.

Average borrowing costs



Counterparty Risk

CITIC Pacific deals with international financial institutions with a credit rating of investment grade A- (S&P) or A3 (Moody's) and above unless special authorisation has been received from ALCO. For unrated mainland Chinese institutions, special authorisation is required from ALCO. A maximum deposit limit is set that does not exceed the amount borrowed from those institutions. Deposits are liquid, interest-bearing and consistent with treasury and business purpose needs.

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

Liquidity Risk

CITIC Pacific takes liquidity risk into consideration when deciding its source of funds and their respective tenors. It manages its liquidity risk by maintaining substantial undrawn committed credit facilities, money market lines and cash deposits so as to avoid over-reliance on any one source of funds and to minimise substantial refinancing in any one period. In addition, CITIC Pacific has established cooperative agreements with major banks in mainland China. Under these cooperative agreements, CITIC Pacific's projects in mainland China can apply for credit facilities, subject to the banks' approval on a project-by-project basis in accordance with banking regulations in the Mainland.

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

Group Debt and Liquidity

At the end of December 2009, CITIC Pacific had around 30 principal borrowing relationships with financial institutions based in Hong Kong, mainland China and other countries. Our policy is to diversify funding sources through bank borrowings and accessing capital markets. We seek to maintain a mix of short and long-term borrowings to stagger maturities and minimise refinancing risk.

The net debt of CITIC Pacific as at 31 December 2009 as compared with 31 December 2008 is as follows:

HK$ million	**2009**	2008
Total debt	**65,675**	57,234
Cash and bank deposits	**21,553**	18,296
Net debt	**44,122**	38,938

In 2009, total debt increased from HK$57 billion at the end of 2008 to HK$66 billion at 31 December 2009 due to the continuing outlays for the Australian mining business as well as the drawing down of additional debt by CITIC Pacific's steel and property businesses in mainland China for additional capital expenditure.

In 2009, the company received a HK$2 billion deposit from the sale of a 20% interest in the Australian mining operations to China Metallurgical Group. This sale is still awaiting regulatory approval and has not been completed. HK$8 billion was realised from the sale of Cathay Pacific and other shares in various listed companies held by CITIC Pacific. The contract for the sale of CITIC Pacific's 20% interest in North United Power has been signed at a consideration of HK$2 billion. This sale is expected to be completed, and the proceeds to be received, in the first quarter of 2010. Cash received from other divestments amounted to HK$280 million.

Changes in Financing

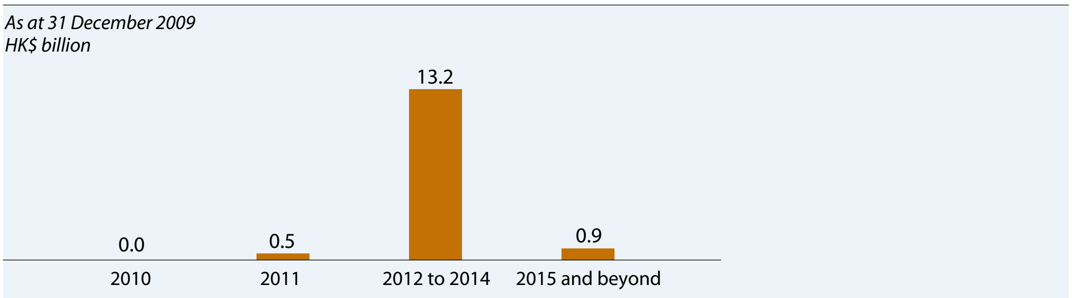
During 2009, facilities totalling HK$17 billion were established or renewed, HK$10 billion by the company and HK$7 billion by subsidiaries. The new facilities included a US$550 million loan to fund the Australian mining operations. In 2009, HK$3 billion of bank loans were prepaid (before contracted maturity dates) in order to improve CITIC Pacific's maturity profile. Subsequent to 31 December 2009, an additional HK$3 billion of facilities have been provided to CITIC Pacific.

Available Sources of Financing

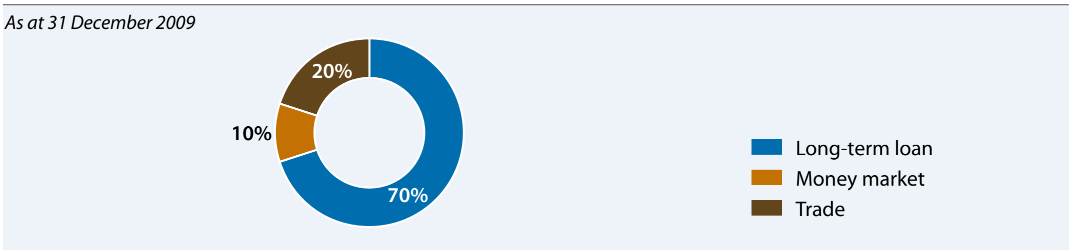
In addition to the cash and deposits balance of HK$22 billion, as at 31 December 2009 CITIC Pacific had available loan and trade facilities totalling HK$17 billion and HK$4 billion respectively. Borrowings by source of financing as at 31 December 2009 are summarised as follows:

HK$ million	Total facilities	Amount utilised	Available unutilised facilities
Committed facilities			
Term loans	73,449	58,879	14,570
Global bonds (USD bond)	3,510	3,510	–
Private placement (JPY bond)	529	529	–
Total committed facilities	77,488	62,918	14,570
Uncommitted facilities			
Money market lines and short-term facilities	4,776	2,718	2,058
Trade facilities	5,767	1,490	4,277
Total uncommitted facilities	10,543	4,208	6,335

Available committed banking facilities by maturity (total HK$14.6 billion)



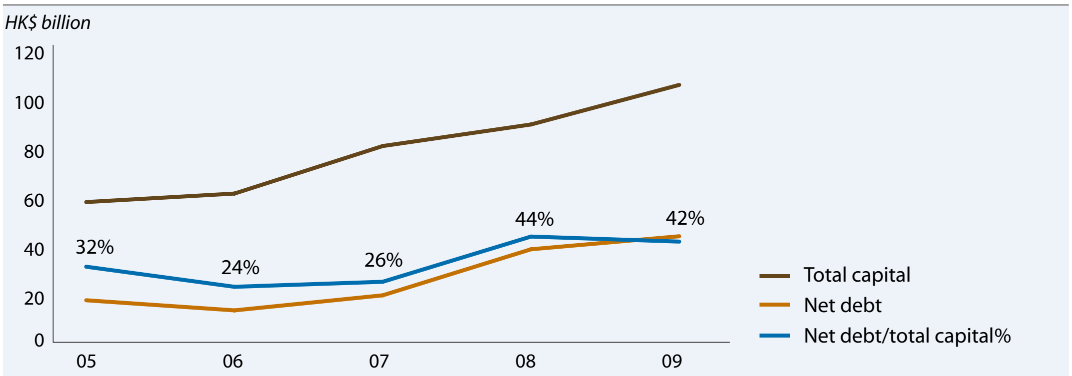
Available total banking facilities by type (HK$21 billion)



As at 31 December 2009, total committed facilities were HK$77 billion, of which HK$15 billion (19%) remain undrawn. In addition to the above facilities, CITIC Pacific has established cooperative agreements with major banks in mainland China. Under these cooperative agreements, CITIC Pacific's projects in mainland China can apply for credit facilities subject to the banks' approval on a project-by-project basis in accordance with banking regulations in mainland China.

Leverage

Net debt divided by total capital was 42% as at 31 December 2009 compared with 44% as at the end of 2008.



Maturity Profile of Outstanding Debt

CITIC Pacific emphasises raising long-term debt over short-term debt and actively manages its debt portfolio to ensure that the debt maturing in each year will not exceed the anticipated cash flow and CITIC Pacific's ability to refinance the debt in that year. As at 31 December 2009, outstanding loans that will mature by the end of 2010 amounted to HK$4 billion, against cash and deposits totalling HK$22 billion.

The weighted average life of CITIC Pacific's debt was 6.4 years (2008: 5.6 years).

HK$ million	2010	2011	2012	2013	2014	2015 and beyond	Total	Percentage
Parent company*	700	9,494*	7,350	4,595	1,285	7,149*	30,573	47%
Subsidiaries	3,657	5,130	3,311	2,693	1,628	18,683	35,102	53%
Total maturing debt	4,357	14,624	10,661	7,288	2,913	25,832	65,675	100%

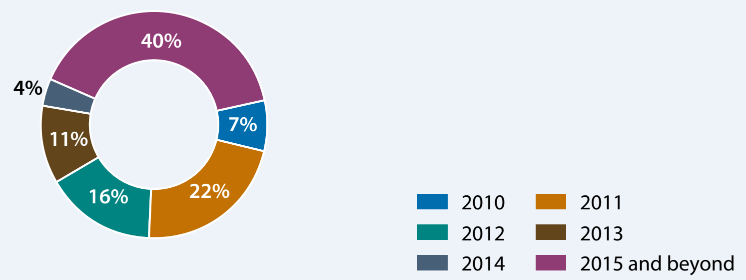
* Including through wholly-owned special purpose vehicles.

Total outstanding debt by type (HK$66 billion)

As at 31 December 2009

Total outstanding debt by maturity (HK$66 billion)

As at 31 December 2009



Loan Covenants

Over the years, CITIC Pacific has developed a set of standard loan documentation including covenants to facilitate the management of its loan portfolio and debt compliance. The financial covenants are generally:

	Covenant limits	Actual 2009
Minimum consolidated net worth		
Consolidated net worth	≥ HK$25 billion	HK$62 billion
Gearing		
Consolidated borrowing/consolidated net worth	≤1.5	1.06
Negative pledge		
Pledged assets/consolidated total assets	≤ 30%	0.58%

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

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

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

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

CITIC Pacific monitors these ratios on a regular basis and has been in compliance with these covenants and any others applicable to a particular facility.

Credit Ratings

History	S&P	Moody's
February 2010		Ba1 (Stable)
31 December 2009	BBB- (Stable)	Ba1 (Negative)
December 2009	BBB- (Stable)	
October 2009	BB+ (Positive)	
February 2009	BB+ (Stable)	Ba1 (Negative)
1 January 2009	BB (Negative)	Ba2 (Negative)

In December 2009, Standard & Poor's upgraded the company's credit rating to BBB- from BB+. In February 2010, Moody's changed the rating outlook to stable from negative on its Ba1 rating. The stable outlook from the ratings agencies reflects the expectation that the company will continue to receive strong support from the CITIC Group, will execute new projects while maintaining its key financial metrics and has the flexibility to sell non-core assets to maintain its liquidity.

One of CITIC Pacific's risk management objectives is to continue to upgrade its credit profile. The ratings agencies will consider an upgrade if funds from operations ('FFO')/ debt is greater than 15-20%, the ratio of debt to total capital is below 45% and FFO interest coverage improves to 4-5x on a sustained basis. The company expects its overall financial and operating profile will improve substantially after the iron ore mine becomes fully operational.

Despite the uncertain economic environment, the stability of our core businesses will ensure that we meet all our commitments to our lenders and allow us to secure additional financing to support our funding needs in the future.

Forward Looking Statements

The Annual Report contains certain forward looking statements with respect to the financial condition, results of operations and businesses of CITIC Pacific. These forward looking statements represent the company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers should be cautioned that a number of factors could cause actual results to differ, in some cases materially, from those implied or anticipated in any forward looking statement.

Ten Year Statistics

At year end (HK$ million)	2000	2001	2002	2003	2004	2005	2006	2007	2008	**2009**
Shareholders' funds	40,650	40,781	41,742	37,848	36,921	39,103	46,510	59,535	49,688	**60,259**
per share *(HK$)*	18.51	18.62	19.07	17.29	16.84	17.83	21.18	26.91	13.63	**16.52**
Debt										
Debt	15,709	14,639	9,267	10,528	14,580	21,218	18,293	28,654	57,234	**65,675**
Bank deposits	5,201	4,631	2,545	5,511	2,417	2,579	3,679	8,045	18,296	**21,553**
Net debt/total capital	21%	20%	14%	12%	25%	32%	24%	26%	44%	**42%**
Interest cover*	5x	6x	12x	8x	15x	11x	20x	50x	(13)x	**17x**
Capital employed	56,359	55,420	51,009	48,376	51,501	60,321	64,803	88,189	106,922	**125,934**
Property, plant and equipment	4,983	6,293	4,174	4,335	6,066	8,871	9,491	12,154	23,028	**39,236**
Investment properties	5,531	5,357	8,493	7,923	8,115	8,645	9,604	10,895	11,230	**11,164**
Properties under development	246	460	586	679	1,672	1,849	2,712	4,288	9,848	**11,237**
Leasehold land	1,102	1,076	1,094	1,194	1,596	1,618	1,712	1,641	2,320	**2,377**
Jointly controlled entities	2,019	2,365	3,582	4,085	7,852	10,413	14,922	17,446	21,140	**22,097**
Associated companies	23,497	22,704	22,183	22,584	21,439	23,239	16,416	17,683	14,801	**5,611**
Other financial assets	9,264	8,070	7,092	1,027	1,121	929	2,819	7,502	1,063	**2,198**
Intangible assets	1,547	1,842	1,697	1,619	1,785	1,795	3,581	4,602	8,979	**10,913**
Stock market capitalisation	60,720	37,993	31,514	43,332	48,444	47,038	58,952	96,338	30,556	**76,258**
Number of shareholders	9,808	11,044	12,260	12,198	11,554	11,262	10,433	8,571	8,712	**8,565**
Staff	11,354	11,733	11,643	12,174	15,915	19,174	23,822	24,319	28,654	**30,329**
For the year (HK$ million)										
Net profit/(loss) after tax										
Net profit/(loss) after tax	3,283	2,084	3,835	1,148	3,534	3,989	8,272	10,843	(12,687)	**5,950**
per share *(HK$)*	1.49	0.95	1.75	0.52	1.61	1.82	3.77	4.91	(5.70)	**1.63**
Contribution by major businesses										
Special steel	29	95	126	178	438	808	1,333	2,242	1,617	**1,415**
Iron ore mining	–	–	–	–	–	–	–	–	(123)	**376**
Property										
Mainland China	–	–	103	112	125	154	308	197	523	**524**
Hong Kong	414	625	783	243	434	952	1,727	534	490	**397**
Energy	314	281	245	229	439	368	268	494	(1,090)	**886**
Roads and tunnels	1,265	1,318	1,174	578	276	362	411	412	443	**437**
Dah Chong Hong	221	105	234	253	284	233	297	417	320	**402**
CITIC 1616	39	129	252	116	120	122	191	157	181	**196**
Other investments	1,969	549	1,857	815	1,671	992	3,520	1,469	483	**1,892**
Net gain from listing of subsidiary companies	–	–	–	–	–	–	–	4,552†	–	**–**
Fair value change of investment properties	–	–	–	(587)	181	755	1,077	1,217	(33)	**120**
EBITDA	5,238	3,921	5,691	3,126	5,666	6,412	11,882	15,160	(9,950)	**10,765**
Dividends per share *(HK$)*										
Regular	0.85	0.80	1.00	1.00	1.10	1.10	1.10	1.20	0.30	**0.40**
Special	–	–	1.00	–	–	–	0.60	0.20	–	**–**
Cover	1.8x	1.2x	1.8x	0.5x	1.5x	1.7x	3.4x	4.1x	(19.0)x	**4.1x**

Note:

1. 2008 figures have been restated to reflect the group's adoption of HK(IFRIC)-Int 13 'Customer Loyalty Programmes'.
2. The adoption of HKFRS 8 'Operating segments' in year 2009 has resulted in a change of presentation in segment information, in particular aviation segment had been included in other investments segment.
3. 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 SSAP 12 'Income Tax' in year 2002.

* Interest cover represents EBITDA ÷ interest expense charged to profit and loss account.

† Includes spin-off profit from the IPO of subsidiary companies, Dah Chong Hong and CITIC 1616 in 2007.

Corporate Governance

Corporate Governance Practices

CITIC Pacific is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to maintain and promote investor confidence, protect the interests of shareholders and enhance shareholder value. A number of initiatives and measures have been taken and put in place since the end of 2008, with the aim of strengthening corporate governance and improving internal controls at CITIC Pacific. Over the past eighteen months, CITIC Pacific has established or redefined the roles of a number of committees to oversee its corporate governance. These include an asset and liability management committee, investment committee and executive committee, all of which have made the overall decision-making process at CITIC Pacific more formalised and systemised. A special committee to deal with matters relating to the investigation of CITIC Pacific by the Securities and Futures Commission and the Commercial Crime Bureau of the Hong Kong Police Force was also established in April 2009. A special committee to deal with CITIC Pacific's leveraged foreign exchange contracts has completed its tasks and was dissolved.

Following the appointment of Mr Zhang Jijing as managing director of CITIC Pacific on 18 November 2009, the roles of chairman and chief executive officer were separated and assumed by Mr Chang Zhenming and Mr Zhang Jijing respectively. Aside from this, CITIC Pacific complied throughout 2009 with all of the provisions in the code on corporate governance practices ('the code') contained in Appendix 14 of the Listing Rules.

Directors' Securities Transactions

CITIC Pacific has adopted the model code for securities transactions by directors of listed companies ('the model code') contained in Appendix 10 of the Listing Rules. All directors complied with the required standard set out in the model code throughout 2009.

Board of Directors

As of 1 April 2010, the board comprises nine executive and seven non-executive directors, of whom three are independent. (The biographies of the directors, together with information about the relationships among them, are set out in the 2009 Annual Report.) Non-executive directors comprise more than 43% of the board, and independent non-executive directors make up more than 18%. Four non-executive directors are not independent (as defined by the Stock Exchange), as one director is the president of a shareholder owning a stake of more than 1% in CITIC Pacific; one does professional work for CITIC Pacific; one is a director of CITIC Group; and one is a director of a company in which CITIC Group is a substantial shareholder.

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

The board determines the overall strategies of CITIC Pacific, monitors and controls operating and financial performance and sets appropriate policies to manage risk in pursuit of the strategic objectives of CITIC Pacific. Day-to-day management of CITIC Pacific's businesses is delegated to the executive director or officer in charge of each division. The strategic direction and planning of

CITIC Pacific, including investment plans and proposed disposals or divestments as well as the annual operating and capital budgets, are reviewed by the investment committee. The asset and liability management committee reviews, on a monthly basis, the asset and liability balance of CITIC Pacific and monitors risk and sets limits on exposure regarding asset and liability mismatches, counterparties, currencies, interest rates, commitments and commodities. Matters reserved for the board are those affecting CITIC Pacific'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 senior management in order to fulfil their duties. They also have full and timely access to relevant information about CITIC Pacific and are kept abreast of the conduct, business activities and development of CITIC Pacific. Independent professional advice can be sought at CITIC Pacific's expense upon their request.

The board meets regularly to review the financial and operating performance of CITIC Pacific and other business units and to discuss future strategy. Four regular board meetings and one special board meeting were held in 2009. Individual attendance of each director at the board meetings during 2009 is set out below:

	Attendance / number of board meetings	
Directors	Regular	Special
Executive Directors		
Mr Chang Zhenming – Chairman (appointed as chairman on 8 April 2009)	4/4	1/1
Mr Zhang Jijing – Managing Director (appointed as director on 1 April 2009 and Managing Director on 18 November 2009)	3/3	1/1
Mr Peter Lee Chung Hing (resigned with effect from 1 April 2010)	4/4	1/1
Mr Carl Yung Ming Jie	4/4	0/1
Mr Vernon Francis Moore	4/4	1/1
Mr Li Shilin	0/4	0/1
Mr Liu Jifu	4/4	1/1
Mr Milton Law Ming To	4/4	1/1
Mr Wang Ande	4/4	1/1
Mr Kwok Man Leung	4/4	1/1
Mr Larry Yung Chi Kin (resigned on 8 April 2009)	1/1	1/1
Mr Henry Fan Hung Ling (resigned on 8 April 2009)	1/1	1/1
Independent Non-executive Directors		
Mr Alexander Reid Hamilton	4/4	1/1
Mr Hansen Loh Chung Hon	4/4	1/1
Mr Norman Ho Hau Chong	4/4	1/1
Mr Hamilton Ho Hau Hay (resigned on 1 January 2010)	4/4	0/1
Non-executive Directors		
Mr Willie Chang	4/4	1/1
Mr André Desmarais (two of the regular meetings were attended by his alternate)	4/4	0/1
Mr Ju Weimin (appointed on 1 April 2009)	2/3	1/1
Mr Yin Ke (appointed on 18 November 2009)	1/1	–

Chairman and Chief Executive Officer

Mr Chang Zhenming was appointed as chairman and managing director following the resignation of Messrs Larry Yung Chi Kin and Henry Fan Hung Ling as directors on 8 April 2009. On 18 November 2009, Mr Zhang Jijing was appointed as managing director, and simultaneously Mr Chang Zhenming ceased to be managing director. Mr Zhang Jijing, as the managing director of CITIC Pacific, is the chief executive officer as 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, to ensure that it works effectively in discharging its responsibilities and to report to the board on the strategy of CITIC Pacific. The managing director is responsible for the day-to-day management of CITIC Pacific's business. Their respective roles and responsibilities are set out in writing, which have been approved and adopted by the board.

Remuneration Committee

The remuneration committee was established by the board in August 2003. The full terms of reference can be found on CITIC Pacific's website (http://www.citicpacific.com/eng/about/governance_remun.html).

Responsibility

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

Membership and Attendance

Member	Attendance/ number of meetings
Independent Non-executive Directors	
Mr Norman Ho Hau Chong (Chairman)	4/4
Mr Alexander Reid Hamilton	3/4
Non-executive Director	
Mr Willie Chang	4/4

Work Done

The remuneration committee reviewed the applicable remuneration policies and approved the salaries and bonuses of the executive directors and senior management. No executive director took part in any discussion about his own remuneration.

Nomination of Directors

There is no nomination committee of the board. Messrs Zhang Jijing and Ju Weimin were appointed as directors by the board with effect from 1 April 2009. They were re-elected by shareholders at the first annual general meeting after their appointment. Mr Yin Ke was appointed as a director by the board with effect from 18 November 2009 and will be subject to re-election at the forthcoming annual general meeting.

Audit Committee

The board established an audit committee in March 1995. The terms of reference of the audit committee were revised following the revisions to the code, which became effective on 1 January 2009. The audit committee's oversight function in its annual review of the system of internal control now includes consideration of the adequacy of resources, qualifications and experience of staff of CITIC Pacific's accounting and financial reporting functions, including their training programme and training budget. The revised terms of reference can be found on CITIC Pacific's website (http://www.citicpacific.com/eng/about/governance_audit.html).

Responsibility

The audit committee assists the board in meeting its responsibilities for ensuring an adequate system of internal control and compliance, and in meeting its external financial reporting obligations. The audit committee oversees the relationship with the external auditors and reviews and monitors the effectiveness of the internal audit function.

Membership and Attendance

The audit committee members have a wide range of experience in different industries and its chairman has appropriate professional qualifications and experience in accounting matters. The audit committee meets at least four times a year together with the group finance director, group financial controller and the external and internal auditors. Other executive directors do not attend the meeting unless by invitation. During 2009, the audit committee held five meetings.

Member	Attendance/ number of meetings
Independent Non-executive Directors	
Mr Alexander Reid Hamilton (Chairman)	5/5
Mr Hansen Loh Chung Hon	5/5
Non-executive Director	
Mr Willie Chang	5/5

Work Done

The audit committee reviewed the half year and annual financial statements and recommended the board adopt the half year and annual reports for 2009. The committee reviewed and approved the internal audit programme for the year and considered the internal audit findings and management's response. The committee endorsed the adjustment of CITIC Pacific's internal audit role to a more risk-based approach and encouraged the enhancement of the internal audit team through the hiring of additional persons with appropriate industry and information systems auditing expertise. The committee considered the external auditors' audit fees and discussed with the external auditors their independence and the nature and scope of the audit . The committee considered the proposed revisions to its terms of reference to take into account the changes in the code and recommended their adoption by the board. The audit committee reviewed the response of management to recommendations made by PricewaterhouseCoopers ('PwC') arising from their reviews of CITIC Pacific's financial risk management and entity-level corporate controls, as well as to recommendations made by PwC pursuant to a specially commissioned review of internal controls across the group and arising from PwC's annual audit and review of the half year accounts. The committee also reviewed a report on compliance with the code of conduct.

Executive Committee

The board has re-defined the executive committee, which serves as a channel for communicating the direction and priorities of CITIC Pacific and for sharing information about key developments and issues affecting the various businesses of CITIC Pacific. This committee, which was reconstituted in May 2009 under revised terms of reference and with an expanded composition, served as an important means of communicating information with and amongst the senior executives of CITIC Pacific to:

- receive guidance from the chairman and managing director on CITIC Pacific's business direction and priorities;
- receive and consider reports from the group finance director on CITIC Pacific's results and forecasts;
- receive and consider reports from leaders of CITIC Pacific's major businesses on the results, activities and outlook for those businesses; and
- receive and consider reports from head office functional leaders when required.

The executive committee is chaired by the managing director and its membership includes the chairman, a deputy managing director, group finance director, other executive directors and the leaders of the major businesses in the group. Leaders of the key head office functional departments also attend meetings. The executive committee meets every month, and in 2009 following its reconstitution in May met eight times.

Investment Committee

The investment committee was set up in May 2009 to provide advice to the chairman, the managing director and the board on:

- investment plans, feasibility studies and proposed disposals or divestments initiated by the businesses in the group or the committee itself;
- the strategy and planning of CITIC Pacific; and
- the annual operating and capital budgets and business plans of CITIC Pacific and businesses in the group, amendments to approved budgets and unbudgeted capital expenditure.

The committee is chaired by the chairman of the board; the other members are the managing director, the group finance director and one other executive director.

The committee meets on an 'as required' basis. The committee met six times in 2009 following its establishment in May.

Asset and Liability Management Committee

The responsibilities of the asset and liability management committee are to:

- review regularly the asset and liability balance of CITIC Pacific in aggregate and at subsidiary/affiliate level;
- set limits on exposure at group, subsidiary or business unit level in relation to
  - asset and liability mismatches
  - counterparties
  - currencies
  - interest rates
  - commitments and contingent liabilities;
- review and approve financing plans;
- approve the use of new financial products; and
- establish hedging policies.

The committee is chaired by the group finance director. Other members include two executive directors and a non-executive director, the group treasurer, group financial controller, the executive with responsibility for financial risk management and other finance team representatives. The chief financial officers of major business units attend and report at the meetings of the asset and liability management committee from time to time. The committee met eleven times during 2009 to consider the matters within its terms of reference. The committee also reviewed and adopted a Treasury and Risk Management Policy manual which designates the responsibility and structure for managing and monitoring financial risks; sets out CITIC Pacific's policies and processes for managing CITIC Pacific's liquidity, foreign exchange exposure, interest rate risk, commodity risk and counterparty credit risk; lists the instruments and arrangements which may be used to manage these risks; and confirms the financial risk reporting requirements. More details on these policies and processes are included in the section on Treasury Risk Management in this report.

Special Committee to Deal with Matters Relating to Investigations of CITIC Pacific

A special committee to deal with matters relating to the investigations of CITIC Pacific was established in April 2009 to:

- approve communications between CITIC Pacific and any relevant authorities or third parties in relation to the investigations by the Securities and Futures Commission and the Commercial Crime Bureau of the Hong Kong Police Force;
- consider the issue of legal professional privilege and to make decisions on behalf of CITIC Pacific in connection therewith; and
- seek legal and professional advice on behalf of CITIC Pacific as well as approve their fees.

The committee comprises two members, namely, Mr Zhang Jijing and Mr Ju Weimin.

Auditor's Remuneration

PwC has been CITIC Pacific's independent auditor since 1989. The audit engagement partner is changed every seven years to ensure independence; the current audit partner was first appointed for the audit of the 2006 accounts. During the year, PwC's fees for its services were approximately as follows:

Statutory audit fee: HK$28 million (2008: HK$15 million)

Fees for other services, including advisory services relating to user requirements for the new financial accounting consolidation system, review of systems of internal control, review of the half year financial statements and tax compliance: HK$16 million (2008: HK$10 million)

Other audit firms provided recurring audit services to subsidiaries at a fee of approximately HK$27 million (2008: HK$22 million) and provided other services for fees of HK$12 million (2008: HK$22 million)

Internal Controls

The board has overall responsibility for maintaining a sound and effective system of internal control.

Internal controls are designed to provide reasonable assurance with respect to the achievement of CITIC Pacific's objectives in the following areas:

- the effectiveness and efficiency of operations, including the achievement of performance and operating targets and the safeguarding of assets;
- the reliability of financial and operating information, including management accounts and statutory and public financial reports; and
- compliance with applicable laws and regulations.

CITIC Pacific has put and continues to place considerable emphasis on enhancing its systems of internal control, including implementation of the recommendations contained in reports on different aspects of internal controls commissioned from PwC. These include a report on entity level corporate controls, a report on financial risk management, a special review of internal controls across the group, and recommendations arising from PwC's audit of the 2008 financial statements and review of the 2009 half year accounts.

The entity level corporate controls report identified the following main areas requiring attention:

Management oversight and internal reporting mechanisms

A number of steps have been taken resulting in a more formal structure for decision making. These steps include

- clarifying the terms of reference of the executive committee and expanding the composition of the executive committee to include leaders of all main businesses and attendance of key functional leaders;
- the establishment of the investment committee as a body to consider corporate strategy, review and adopt budgets and review and approve investments and disposals; and
- the development of the activities of the asset and liability management committee to monitor the financial risks of CITIC Pacific on a regular and structured basis.

The standardisation of control procedures across the group:

A primary initial focus of standardisation has been to enhance control over financial reporting. A formal and detailed accounting package has been deployed across the group, and policies and processes put in place for earlier identification of accounting issues. A major project is under way to accelerate and enhance the reporting process by deploying a financial reporting software system.

Risk management:

CITIC Pacific has taken steps to address key risk factors, notably in respect to financial risk management and the risks associated with making new investments and financial reporting risk and will continue to do so.

The remit and effectiveness of internal audit:

Actions taken to further enhance the effectiveness of internal audit are described in the next section.

Following recommendations arising from PwC's review of financial risk management, CITIC Pacific took steps to enhance controls in a number of areas, including simplification of the underlying exposures; formalising risk management objectives and risk appetite; improving performance management and reporting; better definition of roles and responsibilities; recruitment of individuals with appropriate experience and skill sets; and formalising and improving the governance structure. These matters are more fully addressed in the section on Treasury Risk Management in this report.

CITIC Pacific has taken steps to implement the recommendations made by PwC arising from its special review of internal controls and its statutory audit and half year review. It recognises the importance of continuing to maintain a constant focus on enhancing its systems of control.

On behalf of the board the audit committee has reviewed the effectiveness of CITIC Pacific's internal control system. On behalf of the board the audit committee has also considered the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting functions and their training programme and budget.

In conducting this review, the following were considered:

- the reviews and reports of PwC and ensuing actions taken by CITIC Pacific;
- a self-assessment by the management of major subsidiaries and business units of their material controls and risk management activities undertaken with reference to the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) internal control framework. The process has been made more rigorous this year, and the documentation supporting the self assessment was subjected to review by group internal audit. The results of the self assessment were consolidated and reviewed by the audit committee. Whilst no material deficiencies were identified, the subsidiaries and businesses have indicated a number of areas of internal control which they intend to enhance;
- letters of representation from executive management confirming that their self assessments remain correct and that their accounts are prepared in accordance with the group's accounting policies;
- the reports of group internal audit undertaken in accordance with the annual internal audit plan approved by the audit committee, which reviews the findings at each committee meeting and reports to the board on such reviews where appropriate; and
- a report from a third-party human resources management consulting firm, which was commissioned to review the adequacy of the resources, qualifications and experience of staff of the accounting and financial reporting functions and their training programmes and budget in light of the revision to the code. The main conclusions are that
  - the resources in the finance function are adequate for current needs, but the function could be enhanced if CITIC Pacific were to take steps to clarify roles and responsibilities, improve lines of communication and improve its performance management;
  - the qualifications and experience of the staff of the accounting and finance functions are satisfactory overall; and
  - the training activities and budget require enhancement.

CITIC Pacific has accepted this analysis and is developing a training policy and programmes aimed at providing appropriate tailored training in technical, management and communication skills for different grades of staff, with regard to the varied training needs of different businesses and functions. Whilst much of the training will be outsourced to third party service providers, the programme will be administered by designated staff at head office and in each major business unit. An adequate training budget for 2010 has been approved.

Internal Audit

CITIC Pacific regards the group internal audit as a very important part of the board and audit committee's oversight function. A number of steps have been taken during the year to further enhance the effectiveness of internal audit, including

- the audit plan and audit work for the year were developed having greater regard to a risk assessment methodology;
- the scope of reviews has been expanded and includes greater coverage of head office functions;
- the skill sets of group internal audit have been enhanced, with hiring of additional staff with appropriate industry and information systems auditing expertise;
- an internal audit group has been set up within the Perth office to provide enhanced audit services for the iron ore mining business, in addition to the existing teams in Hong Kong and Shanghai;
- the information technology ('IT') audit function has been strengthened to cope with the increasing IT governance needs among different operations and process automation;
- since May 2009, the head of group internal audit has attended the monthly meetings of the executive committee to ensure that he is aware of all significant developments in the group; and
- a formal training and development plan for group internal audit staff has been prepared.

Group internal audit reports to the audit committee, which reviews and approves the annual internal audit plan. Under the internal audit charter, group internal audit has unrestricted access to information, properties and all levels of management to facilitate the execution of its work. Reports are prepared at the end of each audit visit and summarised for review at each audit committee meeting. A quarterly follow-up review is undertaken by group internal audit to establish the extent of any required remedial action taken by management, and the results of this review are considered by the audit committee. Group internal audit also conducts ad hoc investigations of particular incidents or circumstances when required.

Codes

To ensure the highest standard of integrity in its businesses, the group adopted a code of conduct defining the ethical standards expected of all employees as well as non-discriminatory employment practices. An induction briefing for the code of conduct is held for all employees, and the audit committee receives a report on the operation of the code of conduct and its compliance every year.

CITIC Pacific has followed the guide to good employment practices issued by the Employers' Federation of Hong Kong.

Notifiable Transactions, Connected Transactions, Annual Reports and Half-Year Reports

During 2009, CITIC Pacific issued press announcements in respect of a number of notifiable transactions and connected transactions, which can be viewed on CITIC Pacific's website (http://www.citicpacific.com/eng/inv/announce/announce_index.php).

The annual and half-year reports of CITIC Pacific can also be viewed on the group's website.

Communication with Shareholders

CITIC's annual general meeting ('AGM') is one of the principal channels of communication with its shareholders. Separate resolutions are proposed for each substantially separate issue at the AGM. The group also maintains a website at http://www.citicpacific.com where CITIC Pacific's announcements, business developments and operations, financial information, corporate governance practices and other information are posted.

Pursuant to the Listing Rules, voting by poll is mandatory at all general meetings and the poll results will be posted on the websites of the Stock Exchange and CITIC Pacific respectively on the same day of the shareholders' meeting.

Fair Disclosure and Investor Relations

CITIC Pacific uses its best endeavours to distribute material information about the group to all interested parties as widely as possible. When announcements are made through the Stock Exchange, the same information will be made available on CITIC Pacific'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 are answered promptly. In all cases great care is taken to ensure that no price sensitive information was disclosed selectively.

Information about CITIC Pacific can be found on the group's website, which includes descriptions of each business and the annual reports for the last ten years.

Financial Reporting

The directors acknowledge their responsibility for preparing accounts that give a true and fair view of the group's affairs and of its results and cash flows for the period in accordance with Hong Kong Financial Reporting Standards. The directors endeavour to ensure a balanced, clear and understandable assessment of CITIC Pacific's performance, position and prospects in financial reporting. Accordingly, appropriate accounting policies are selected and applied consistently, and judgments and estimates made are prudent and reasonable. The adoption of new or amended accounting standards that became effective during the year has not had a significant impact on the accounts except for those disclosed in Note 2 on pages 95 to 96.

The responsibilities of the external auditors with respect to the accounts for the year ended 31 December 2009 are set out in the Independent Auditor's Report on page 199 in the 2009 Annual Report.

Directors' Report

The directors have pleasure in presenting to shareholders their report for the year ended 31 December 2009.

Principal Activities

The principal activity of CITIC Pacific is to hold the subsidiaries, associates and joint ventures through which its business operations are carried out, employing staff and raising finance. Their major areas of operation are set out in the Business Review on pages 8 to 49.

Dividends

The directors declared an interim dividend of HK$0.15 per share for the year ended 31 December 2009 which was paid on 24 September 2009. The directors are recommending, to shareholders at the forthcoming Annual General Meeting, the payment of a final divided of HK$0.25 per share in respect of the year ended 31 December 2009 payable on 24 May 2010 to shareholders on the Register of Members at the close of business on 14 May 2010. This represents a total distribution for the year of HK$1,459 million.

Reserves

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

Donations

Donations made by CITIC Pacific Limited and its subsidiary companies during the year amounted to HK$3 million.

Fixed Assets

Movements of fixed assets are set out in the summary financial statements on pages 98 to 99.

Issue of Debt Securities

On 1 June 2001, CITIC Pacific Finance (2001) Limited, a wholly-owned subsidiary of CITIC Pacific 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 CITIC Pacific 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 CITIC Pacific, issued and sold JPY8.1 billion in aggregate principal amount of guaranteed floating rate notes due 2035 ('JPY Notes') to investors for general corporate purposes pursuant to a subscription agreement dated 26 October 2005. The coupon and principal of the JPY Notes was swapped into Hong Kong Dollar through cross currency swap, and net proceeds equivalent to HK$400 million were 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 CITIC Pacific nor its subsidiary companies have issued any debt securities.

Directors

The directors of CITIC Pacific in office during the financial year ended 31 December 2009 were:

Mr Chang Zhenming
Mr Zhang Jijing, appointed on 1 April 2009
Mr Peter Lee Chung Hing
Mr Carl Yung Ming Jie
Mr Vernon Francis Moore
Mr Li Shilin
Mr Liu Jifu
Mr Milton Law Ming To
Mr Wang Ande
Mr Kwok Man Leung
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 Ju Weimin, appointed on 1 April 2009
Mr Yin Ke, appointed on 18 November 2009
Mr Peter Kruyt (alternate director to Mr André Desmarais)
Mr Larry Yung Chi Kin, resigned on 8 April 2009
Mr Henry Fan Hung Ling, resigned on 8 April 2009

Mr Hamilton Ho Hau Hay resigned as independent non-executive director of CITIC Pacific with effect from 1 January 2010 and Mr Peter Lee Chung Hing resigned as executive director and deputy managing director of CITIC Pacific with effect from 1 April 2010.

In accordance with Article 95 of the Articles of Association of CITIC Pacific, Mr Yin Ke will hold office until the forthcoming Annual General Meeting and is then eligible for re-election. In addition, pursuant to Article 104(A) of the Articles of Association of CITIC Pacific, Messrs Chang Zhenming, Vernon Francis Moore, Liu Jifu, Willie Chang and Norman Ho Hau Chong shall retire by rotation in the forthcoming Annual General Meeting and all, being eligible, offer themselves for re-election.

CITIC Pacific has received from each independent non-executive director an annual confirmation of his independence and CITIC Pacific still considers such directors to be independent.

Management Contract

CITIC Pacific 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 CITIC Pacific 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 Chang Zhenming and Liu Jifu had indirect interests in the management agreement as they are directors of CITIC HK. A copy of the management agreement will be available for inspection at the Annual General Meeting of CITIC Pacific to be held on 14 May 2010.

Directors' Interests in Contracts of Significance

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

Competing Interests

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

Share Option Plan Adopted by CITIC Pacific

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

Since the adoption of the Plan and up to the year ended 31 December 2009, CITIC Pacific has granted five 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
19 November 2009	13,890,000	22.00

Subsequent to the year end, CITIC Pacific granted 880,000 share options on 14 January 2010 at the exercise price of HK$20.59 per share.

All options granted and accepted under the Plan can be exercised in whole or in part within 5 years from the date of grant. The closing price of CITIC Pacific's shares immediately before the grant on 19 November 2009 and 14 January 2010 was HK$21.40 and HK$19.98 respectively.

The share options at the exercise price of HK$18.20 and HK$19.90 expired at the close of business on 27 May 2007 and 31 October 2009 respectively.

None of the share options granted under the Plan were cancelled, but options for 7,750,000 shares have lapsed during the year ended 31 December 2009. A summary of the movements of the share options during the year ended 31 December 2009 is as follows:

A. CITIC Pacific Directors

Name of director	Date of grant	Exercise price HK$	Number of share options: Balance as at 01.01.09	Granted during the year ended 31.12.09	Exercised during the year ended 31.12.09	Lapsed during the year ended 31.12.09	Balance as at 31.12.09	Percentage to issued share capital
Chang Zhenming	16.10.07	47.32	500,000	–	–	–	500,000	
	19.11.09	22.00	–	600,000	–	–	600,000	
							1,100,000	0.030
Zhang Jijing	19.11.09	22.00	–	500,000	–	–	500,000	0.014
Peter Lee Chung Hing	01.11.04	19.90	1,000,000	–	1,000,000 *(Note 1)*	–	–	
	20.06.06	22.10	1,200,000	–	–	–	1,200,000	
	16.10.07	47.32	1,200,000	–	–	–	1,200,000	
	19.11.09	22.00	–	500,000	–	–	500,000	
							2,900,000	0.079
Carl Yung Ming Jie	01.11.04	19.90	500,000	–	–	500,000	–	
	20.06.06	22.10	600,000	–	–	–	600,000	
	16.10.07	47.32	800,000	–	–	–	800,000	
	19.11.09	22.00	–	500,000	–	–	500,000	
							1,900,000	0.052
Vernon Francis Moore	01.11.04	19.90	1,000,000	–	–	1,000,000	–	
	20.06.06	22.10	700,000	–	–	–	700,000	
	16.10.07	47.32	600,000	–	–	–	600,000	
	19.11.09	22.00	–	500,000	–	–	500,000	
							1,800,000	0.049
Li Shilin	16.10.07	47.32	500,000	–	–	–	500,000	0.014
Liu Jifu	20.06.06	22.10	700,000	–	–	–	700,000	
	16.10.07	47.32	700,000	–	–	–	700,000	
	19.11.09	22.00	–	500,000	–	–	500,000	
							1,900,000	0.052
Milton Law Ming To	01.11.04	19.90	334,000	–	334,000 *(Note 1)*	–	–	
	20.06.06	22.10	800,000	–	–	–	800,000	
	16.10.07	47.32	800,000	–	–	–	800,000	
	19.11.09	22.00	–	500,000	–	–	500,000	
							2,100,000	0.058
Wang Ande	20.06.06	22.10	350,000	–	–	–	350,000	
	16.10.07	47.32	800,000	–	–	–	800,000	
	19.11.09	22.00	–	500,000	–	–	500,000	
							1,650,000	0.045
Kwok Man Leung	16.10.07	47.32	600,000	–	–	–	600,000	
	19.11.09	22.00	–	500,000	–	–	500,000	
							1,100,000	0.030
Larry Yung Chi Kin	16.10.07	47.32	2,000,000	–	–	2,000,000	N/A *(Note 2)*	N/A *(Note 2)*

Note:
1. The weighted average closing price of the shares of CITIC Pacific immediately before the dates on which the options were exercised was HK$20.55.
2. Mr Larry Yung Chi Kin resigned with effect from 8 April 2009.

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

		Number of share options				
Date of grant	Exercise price HK$	Balance as at 01.01.09	Granted during the year ended 31.12.09	Exercised during the year ended 31.12.09	Lapsed during the year ended 31.12.09	Balance as at 31.12.09
01.11.04	19.90	1,030,000	–	830,000 *(Note 3)*	200,000	–
20.06.06	22.10	1,996,000	–	50,000	–	1,946,000
16.10.07	47.32	6,700,000	–	–	–	6,700,000
19.11.09	22.00	–	9,240,000	–	–	9,240,000

Note:
3. The weighted average closing price of the shares of CITIC Pacific immediately before the dates on which the options were exercised was HK$21.03.

C. Others

		Number of share options				
Date of grant	Exercise price HK$	Balance as at 01.01.09	Granted during the year ended 31.12.09	Exercised during the year ended 31.12.09	Lapsed during the year ended 31.12.09	Balance as at 31.12.09
01.11.04	19.90	1,050,000 *(Note 4)*	–	200,000 *(Note 5)*	850,000	–
20.06.06	22.10	1,650,000 *(Note 4)*	–	–	1,600,000	50,000
16.10.07	47.32	3,650,000 *(Note 4)*	–	–	3,600,000	50,000
19.11.09	22.00	–	50,000 *(Note 4)*	–	–	50,000

Note:
4. These are in respect of options granted to former directors or employees under continuous contract, who have subsequently resigned or retired.

5. The weighted average closing price of the shares of CITIC Pacific immediately before the date on which the options were exercised was HK$20.70.

Share Option Plans Adopted by Subsidiaries of CITIC Pacific

CITIC 1616 Holdings Limited

CITIC 1616 Holdings Limited ('CITIC 1616') adopted a share option plan ('CITIC 1616 Share Option Plan') on 17 May 2007.

Since the adoption of the CITIC 1616 Share Option Plan, CITIC 1616 has granted two lots of share options:

Date of grant	Number of share options	Exercise Period	Exercise price HK$
23 May 2007	18,720,000	23 May 2007 to 22 May 2012	3.26
17 September 2009	17,912,500	17 September 2010 to 16 September 2015	2.10
17 September 2009	17,912,500	17 September 2011 to 16 September 2016	2.10

The closing price of CITIC 1616 Shares immediately before the grant on 17 September 2009 was HK$2.10 per CITIC 1616 Share. All options granted were accepted except for options for 115,000 CITIC 1616 Shares.

None of the share options granted under the CITIC 1616 Share Option Plan were exercised but options for 300,000 CITIC 1616 Shares have lapsed during the year ended 31 December 2009. The grantees were directors or employees of CITIC 1616 working under continuous contracts (as defined in the Employment Ordinance). On 17 September 2009, options for 300,000 CITIC 1616 Shares have been granted to Mr Kwok Man Leung, an executive director of CITIC Pacific, and options for 300,000 CITIC 1616 Shares have been granted to an ex-employee of CITIC Pacific. Such options were not exercised, cancelled or lapsed during the year ended 31 December 2009. Apart from the above, none were granted to the directors, chief executives or substantial shareholders of CITIC Pacific.

Dah Chong Hong Holdings Limited

Pre-IPO Share Option Scheme

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

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

All options are granted and accepted fully vested on the date of grant but have a lock-up period of 6 months from the listing of DCH Holdings and are then exercisable in whole or in part within 5 years from the date of grant.

None of the options granted under the Pre-IPO Scheme were exercised or cancelled but options for 500,000 shares have lapsed during the year.

Post-IPO Share Option Scheme

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

Directors' Interests in Securities

The interests of the directors in shares of CITIC Pacific or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ('SFO')) as at 31 December 2009 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Shares in CITIC Pacific and associated corporations

Name of director	Number of shares Personal interests unless otherwise stated	Percentage to issued share capital
CITIC Pacific Limited		
Peter Lee Chung Hing	1,000,000	0.027
Carl Yung Ming Jie	300,000	0.008
Vernon Francis Moore	4,200,000 *(Note 1)*	0.115
Li Shilin	300,000	0.008
Liu Jifu	840,000	0.023
Milton Law Ming To	167,000	0.005
Wang Ande	400,000	0.011
Hansen Loh Chung Hon	1,550,000 *(Note 2)*	0.042
André Desmarais	8,145,000 *(Note 3)*	0.223
Peter Kruyt (alternate director to Mr André Desmarais)	34,100	0.001
CITIC 1616 Holdings Limited		
Vernon Francis Moore	200,000 *(Note 1)*	0.010
Dah Chong Hong Holdings Limited		
Li Shilin	12,000	0.001
Liu Jifu	33,600 *(Note 4)*	0.002
Hansen Loh Chung Hon	62,000 *(Note 5)*	0.003
CITIC Guoan Information Industry Co., Ltd.		
Li Shilin	92,466	0.006
CITIC Resources Holdings Limited		
Zhang Jijing	28,000 *(Note 4)*	0.001

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

2. Share Options in CITIC Pacific

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

3. Share Options in associated corporations

CITIC 1616

The interests of the directors in the share options (being regarded as unlisted physically settled equity derivatives) of CITIC 1616 are stated in the preceding section 'Share Option Plans adopted by subsidiaries of CITIC Pacific'.

CITIC Capital Holdings Limited

		Number of share options					
Name of director	Date of grant	Balance as at 01.01.09	Granted during the year ended 31.12.09	Lapsed/ exercised during the year ended 31.12.09	Cancelled during the year ended 31.12.09	Balance as at 31.12.09	Percentage to issued share capital
Chang Zhenming	11.12.07	125,000	–	–	125,000	–	–
Peter Lee Chung Hing	02.03.05	15,000	–	–	15,000	–	
	04.04.06	10,000	–	–	10,000	–	
	11.12.07	10,000	–	–	10,000	–	–
Vernon Francis Moore	02.03.05	15,000	–	–	15,000	–	
	04.04.06	10,000	–	–	10,000	–	
	11.12.07	10,000	–	–	10,000	–	–
Ju Weimin	11.12.07	15,000 *(Note 6)*	–	–	15,000	–	–

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

CITIC Resources Holdings Limited

		Number of share options				
Name of director	Date of grant	Balance as at 01.01.09	Granted during the year ended 31.12.09	Lapsed/cancelled/ exercised during the year ended 31.12.09	Balance as at 31.12.09	Percentage to issued share capital
Zhang Jijing	02.06.05	10,000,000 *(Note 7)*	–	–	10,000,000	0.165

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

Save as disclosed above, as at 31 December 2009, none of the directors of CITIC Pacific had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of CITIC Pacific or its associated corporations or any interests which are required to be entered into the register kept by CITIC Pacific pursuant to section 352 of the SFO or any interests which are required to be notified to CITIC Pacific and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

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

Substantial Shareholders

As at 31 December 2009, the interests of the substantial shareholders, other than the directors of CITIC Pacific or their respective associate(s), in the shares of CITIC Pacific as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows:

Interest in the shares

Name	Number of shares of CITIC Pacific	Percentage to issued share capital
CITIC Group	2,098,736,285	57.520
CITIC HK	747,486,203	20.486
Heedon Corporation	598,261,203	16.397
Full Chance Investments Limited	450,416,694	12.345
Newease Investments Limited	450,416,694	12.345
Skyprofit Holdings Limited	450,416,694	12.345
Larry Yung Chi Kin	358,418,000	9.823
Honpville Corporation	310,988,221	8.523
Earnplex Corporation	255,237,000	6.995

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

Name of subsidiary company of CITIC Group	Number of shares of CITIC Pacific	Percentage to issued share capital
CITIC HK	747,486,203	20.486
Full Chance Investments Limited	450,416,694	12.345
Newease Investments Limited	450,416,694	12.345
Skyprofit Holdings Limited	450,416,694	12.345

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

Name of subsidiary company of CITIC HK	Number of shares of CITIC Pacific	Percentage to issued share capital
Affluence Limited	46,089,000	1.263
Winton Corp.	30,718,000	0.842
Westminster Investment Inc.	101,960,000	2.794
Jetway Corp.	122,336,918	3.353
Cordia Corporation	32,258,064	0.884
Honpville Corporation	310,988,221	8.523
Hainsworth Limited	93,136,000	2.553
Southpoint Enterprises Inc.	10,000,000	0.274
Raymondford Company Limited	2,823,000	0.077

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

Accordingly,

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

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

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

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

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

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

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

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

Share Capital

CITIC Pacific has not redeemed any of its shares during the year ended 31 December 2009. Neither CITIC Pacific nor any of its subsidiary companies has purchased or sold any of CITIC Pacific's shares during the year ended 31 December 2009.

During the year ended 31 December 2009, 2,414,000 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,
Chang Zhenming *Chairman*
Hong Kong, 10 March 2010

Consolidated Profit and Loss Account

for the year ended 31 December 2009

in HK$ million	**2009**	As restated 2008
Turnover	**46,409**	46,420
Cost of sales	**(38,248)**	(38,367)
Gross profit	**8,161**	8,053
Other income/(loss) and net gains/(losses)	**2,632**	(13,568)
Distribution and selling expenses	**(1,470)**	(1,477)
Other operating expenses	**(3,523)**	(3,028)
Change in fair value of investment properties	**90**	12
Profit/(loss) from consolidated activities	**5,890**	(10,008)
Share of results of		
Jointly controlled entities	**2,018**	200
Associated companies	**642**	(1,761)
Profit/(loss) before net finance charges and taxation	**8,550**	(11,569)
Finance charges	**(937)**	(1,287)
Finance income	**313**	499
Net finance charges	**(624)**	(788)
Profit/(loss) before taxation	**7,926**	(12,357)
Taxation	**(1,097)**	578
Profit/(loss) for the year	**6,829**	(11,779)
Attributable to:		
Shareholders of the Company	**5,950**	(12,687)
Minority interests	**879**	908
	6,829	(11,779)
Dividends	**(1,459)**	(658)
Earnings/(loss) per share for profit/(loss) attributable to shareholders of the Company during the year (HK$)		
Basic	**1.63**	(5.70)
Diluted	**1.63**	(5.70)

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2009

in HK$ million	**2009**	2008
Profit/(loss) for the year	**6,829**	(11,779)
Other comprehensive income, net of tax		
Cash flow hedging reserves movement from interest rate swap and foreign exchange contracts	**4,312**	(3,459)
Transfer from investment revaluation reserve to profit and loss account on disposal of other financial assets	**(80)**	(4,095)
Fair value changes from other financial assets	**509**	(453)
Transfer to profit and loss account on impairment of other financial assets	**–**	98
Share of other comprehensive income of associated companies and jointly controlled entities	**51**	(35)
Exchange translation differences	**246**	1,979
Reserve released on disposal/dilution of interest in jointly controlled entities	**(27)**	(93)
Reserve released on disposal of interest in associated companies	**50**	–
Total comprehensive income for the year	**11,890**	(17,837)
Total comprehensive income for the year attributable to		
Shareholders of the Company	**11,000**	(19,023)
Minority interests	**890**	1,186
	11,890	(17,837)

Consolidated Balance Sheet

as at 31 December 2009

in HK$ million	Note	**2009**	As restated 31 December 2008	As restated 1 January 2008
Non-current assets				
Property, plant and equipment	4	**39,236**	23,028	12,154
Investment properties	4	**11,164**	11,230	10,895
Properties under development	4	**9,065**	8,630	4,245
Leasehold land	4	**2,377**	2,320	1,641
		61,842	45,208	28,935
Jointly controlled entities		**22,097**	21,140	17,446
Associated companies		**5,611**	14,801	17,683
Other financial assets		**2,198**	1,063	7,502
Intangible assets		**10,913**	8,979	4,602
Deferred tax assets		**554**	1,967	100
Derivative financial instruments		**748**	235	150
Non-current deposits		**6,480**	8,709	5,723
		110,443	102,102	82,141
Current assets				
Properties under development		**2,172**	1,218	43
Properties held for sale		**1,651**	733	440
Other assets held for sale		**1,765**	–	1,127
Inventories		**6,983**	5,605	5,982
Derivative financial instruments		**92**	1,016	251
Debtors, accounts receivable, deposits and prepayments		**11,082**	9,931	8,041
Cash and bank deposits		**21,553**	18,296	8,045
		45,298	36,799	23,929
Current liabilities				
Bank loans, other loans and overdrafts				
secured		**105**	490	328
unsecured		**4,252**	8,892	3,326
Creditors, accounts payable, deposits and accruals		**19,992**	13,500	10,661
Derivative financial instruments		**167**	3,043	66
Provision for taxation		**243**	274	590
Liabilities held for sale		**–**	–	2
		24,759	26,199	14,973
Net current assets		**20,539**	10,600	8,956
Total assets less current liabilities		**130,982**	112,702	91,097
Non-current liabilities				
Long term borrowings		**61,318**	47,852	25,000
Deferred tax liabilities		**1,891**	1,710	1,587
Derivative financial instruments		**1,727**	6,682	69
Provisions		**807**	734	–
		65,743	56,978	26,656
Net assets		**65,239**	55,724	64,441
Equity				
Share capital		**1,459**	1,458	885
Reserves	5	**57,888**	48,230	56,880
Proposed dividend	5	**912**	–	1,770
Equity attributable to shareholders of the Company		**60,259**	49,688	59,535
Minority interests in equity		**4,980**	6,036	4,906
Total equity		**65,239**	55,724	64,441

Chang Zhenming
Chairman

Zhang Jijing
Managing Director

Vernon F. Moore
Group Finance Director

Notes to the Summary Financial Statements

1 General Information

These summary financial statements from page 92 to 102 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 2009 ('the Accounts').

The principal accounting policies applied in the preparation of the Accounts of CITIC Pacific Limited (the 'Company') and its subsidiary companies (together the 'Group') are set out below. These policies have been consistently applied to each of the years presented, other than the adoption of new or revised Hong Kong Financial Reporting Standards ('HKFRS') in 2009 as set out below. The Accounts have been prepared in accordance with HKFRS, and under the historical cost convention, except as disclosed in the accounting policies in Note 1(h) and Note 1(w) of the Accounts in the Annual Report. The applicable HKFRS include all applicable Hong Kong Accounting Standards ('HKAS') and Hong Kong International Financial Reporting Interpretations ('HK(IFRIC)') issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA'). The following standards, amendments or interpretations became effective in 2009 and are relevant to the Group.

Standard No.	Title	Effect
HKAS 1 (Revised)	Presentation of financial statements	Note (a)
HKAS 16 (Amendment)	Property, plant and equipment	Insignificant
HKAS 23 (Revised)	Borrowing costs	Insignificant
HKAS 28 (Amendment)	Investments in associates	Insignificant
HKAS 32 (Amendment)	Financial instruments: Presentation	Insignificant
HKAS 36 (Amendment)	Impairment of assets	Insignificant
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement	Insignificant
HKAS 40 (Amendment)	Investment property	Note (b)
HKFRS 7 (Amendment)	Financial instruments: Disclosures	Note (c)
HKFRS 8	Operating segments	Note (d)
HK(IFRIC) Interpretation 13	Customer loyalty programmes	Note (e)

Adoption of the above standards has not had a significant impact on these Accounts except as stated below.

(a) Under HKAS 1(Revised), entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the profit and loss account and statement of comprehensive income). The Group has elected to present two performance statements.

(b) As a result of amendments to HKAS 40, 'Investment property', investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group does not currently have any investment property under construction, this change in policy has no impact on net assets or profit or loss for any of the years presented.

2 Significant Accounting Policies *continued*

Basis of Preparation *continued*

(c) As a result of the adoption of the amendments to HKFRS 7 'Financial instruments: Disclosures', the Accounts include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable marketable data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

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

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

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

(e) HK(IFRIC) Interpretation 13 'Customer loyalty programmes'. The part of revenue from initial sales transactions equal to the fair value of customer loyalty awards granted is deferred until the awards are redeemed and the related service is provided. This change in accounting treatment has had a material impact on Cathay Pacific Airways Limited, an associated company up until August 2009 and reduced the Group's share of the retained profits of that company by HK$258 million and HK$283 million as at 1 January 2008 and 2009 respectively. There is no material impact to the Group's results for the year.

HKAS 24 'Related party disclosure' (Revised) reduces the related party disclosure requirements for transactions with the government and other government related entities as well as clarifies and simplifies the definition of a related party. The Group has adopted the partial exemption in the disclosure requirements for government-related entities as permitted under HKAS 24 (Revised), which has no effect on the financial statements other than more simplified disclosures on transactions with government-related entities.

The following new standards, amendments and interpretations which have been issued by the Hong Kong Institute of Certified Public Accountants ('HKICPA') as of 31 December 2009 may impact the Group in future years but are not yet effective for the year ended 31 December 2009:

Standard No.	Title	Applicable accounting period to the Group
HKFRS 3 (revised)	Business combinations	2010
Amendment to HKAS 27	Consolidated and separate financial statements	2010
Amendment to HKAS 39	Financial instruments: Recognition and measurement – Eligible hedged items	2010
HK(IFRIC) 17	Distribution of non-cash assets to owners	2010
Improvement to HKFRS 2009		2010
HKAS 24	Related party disclosure (revised)	2011
HKFRS 9	Financial instruments	2013

The adoption of the above standards, amendments or interpretations in the years listed and the Group is in the process of assessing their impact on future accounting periods.

3 Directors' Emoluments

The remuneration of each Director for the year ended 31 December 2009 is set out below:

in HK$ million Name of Director	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Share based payment	Retirement benefits	**2009** **Total**	2008 Total
Chang Zhenming#	0.16	–	5.00	3.198	–	**8.358**	0.20
Zhang Jijing#	0.14	–	–	2.665	–	**2.805**	–
Peter Lee Chung Hing#	0.15	2.08	18.00	2.665	0.10	**22.995**	2.35
Carl Yung Ming Jie#	0.15	1.63	8.00	2.665	0.08	**12.525**	1.86
Vernon Francis Moore#	0.15	2.05	10.00	2.665	0.01	**14.875**	2.22
Li Shilin#	0.15	0.56	–	–	–	**0.71**	0.71
Liu Jifu#	0.15	0.65	8.00	2.665	0.01	**11.475**	0.81
Milton Law Ming To#	0.15	1.76	7.50	2.665	0.08	**12.155**	2.02
Wang Ande#	0.15	1.56	8.00	2.665	–	**12.375**	1.71
Kwok Man Leung#*	0.42	1.39	10.00	2.715	0.06	**14.585**	1.52
Willie Chang	0.35	–	–	–	–	**0.35**	0.45
Hamilton Ho Hau Hay	0.20	–	–	–	–	**0.20**	0.20
Alexander Reid Hamilton	0.35	–	–	–	–	**0.35**	0.65
Hansen Loh Chung Hon	0.30	–	–	–	–	**0.30**	0.40
Norman Ho Hau Chong	0.25	–	–	–	–	**0.25**	0.25
André Desmarais	0.20	–	–	–	–	**0.20**	0.20
Ju Weimin	0.15	–	–	–	–	**0.15**	–
Yin Ke	0.02	–	–	–	–	**0.02**	–
Larry Yung Chi Kin	0.04	1.05	–	–	–	**1.09**	3.84
Henry Fan Hung Ling	0.04	1.26	–	–	–	**1.30**	3.60
Leslie Chang Li Hsien	–	–	–	–	–	**–**	1.89
Chau Chi Yin	–	–	–	–	–	**–**	1.71
	3.67	13.99	74.50	24.57	0.34	**117.07**	26.59

During the year, 4,600,000 share options were granted (2008: Nil) to directors of the Company.

Mr Chang Zhenming was appointed as executive director and chairman on 8 April 2009. He was a non-executive director before the change.

Mr Zhang Jijing was appointed as a non-executive director on 1 April 2009 and re-designated as executive director and appointed as managing director on 18 November 2009.

Mr Ju Weimin was appointed as non-executive director on 1 April 2009.

Mr Yin Ke was appointed as non-executive director on 18 November 2009.

Mr Larry Yung Chi Kin and Henry Fan Hung Ling resigned during the year.

Mr Leslie Chang Li Hsien and Mr Chau Chi Yin resigned during 2008.

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

* Included fees of HK$0.27 million and share based payment of HK$0.05 million from listed subsidiary companies of the Group.

4 Fixed Assets and Properties under Development

Group

in HK$ million	Fixed assets – Property, plant and equipment – Self-used properties	Plant and machinery	Construction in progress	Others	Sub-total	Investment properties	Leasehold land	Properties under development	Total
Cost or valuation									
At 1 January 2009	5,558	9,515	11,259	3,182	29,514	11,230	2,686	8,791	52,221
Exchange adjustments	33	38	19	35	125	14	6	31	176
Additions	73	73	16,541	361	17,048	–	73	3,134	20,255
Acquisition of subsidiary companies	9	–	198	24	231	–	6	–	237
Disposals	(73)	(92)	(21)	(345)	(531)	(85)	(4)	(270)	(890)
Change in fair value of investment properties	–	–	–	–	–	90	–	–	90
Transfer to current assets	–	–	–	–	–	–	–	(2,172)	(2,172)
Transfer upon completion	2,058	4,295	(6,336)	185	202	–	(1)	(201)	–
Reclassification	110	(5)	78	(58)	125	(85)	37	(77)	–
At 31 December 2009	7,768	13,824	21,738	3,384	46,714	11,164	2,803	9,236	69,917
Accumulated depreciation, amortisation and impairment									
At 1 January 2009	1,174	3,233	23	2,056	6,486	–	366	161	7,013
Exchange adjustments	5	13	–	11	29	–	–	1	30
Charge for the year	181	475	1	335	992	–	61	9	1,062
Depreciation capitalised to construction in progress	3	288	–	28	319	–	4	–	323
Written back on disposals	(27)	(69)	–	(265)	(361)	–	(5)	–	(366)
Impairment loss	6	2	–	5	13	–	–	–	13
Reclassification	–	(1)	–	1	–	–	–	–	–
At 31 December 2009	1,342	3,941	24	2,171	7,478	–	426	171	8,075
Net book value At 31 December 2009	6,426	9,883	21,714	1,213	39,236	11,164	2,377	9,065	61,842
Represented by Cost	7,768	13,824	21,738	3,384	46,714	–	2,803	9,236	58,753
Valuation	–	–	–	–	–	11,164	–	–	11,164
	7,768	13,824	21,738	3,384	46,714	11,164	2,803	9,236	69,917

4 Fixed Assets and Properties under Development *continued*

Group *continued*

in HK$ million	Fixed assets: Property, plant and equipment: Self-used properties	Plant and machinery	Construction in progress	Others	Sub-total	Investment properties	Leasehold land	Properties under development	Total
Cost or valuation									
At 1 January 2008	4,869	7,658	2,484	2,640	17,651	10,895	1,959	4,656	35,161
Exchange adjustments	193	425	49	28	695	364	56	233	1,348
Additions	188	547	10,141	462	11,338	5	402	5,369	17,114
Acquisition of subsidiary companies	422	65	6	220	713	36	96	–	845
Disposals	(301)	(453)	(44)	(185)	(983)	(1)	(42)	(15)	(1,041)
Change in fair value of investment properties	–	–	–	–	–	12	–	–	12
Reclassification	12	5	(19)	1	(1)	–	173	(172)	–
Transfer to self-used properties/ leasehold land	101	–	–	–	101	(143)	42	–	–
Transfer to current assets	–	–	–	–	–	–	–	(1,218)	(1,218)
Transfer upon completion	74	1,268	(1,358)	16	–	62	–	(62)	–
At 31 December 2008	5,558	9,515	11,259	3,182	29,514	11,230	2,686	8,791	52,221
Accumulated depreciation, amortisation and impairment									
At 1 January 2008	977	2,647	90	1,783	5,497	–	318	411	6,226
Exchange adjustments	59	167	5	16	247	–	4	4	255
Charge for the year	164	456	–	320	940	–	44	–	984
Depreciation capitalised to construction in progress	–	142	–	14	156	–	–	–	156
Acquisition of subsidiary companies	44	19	–	66	129	–	2	–	131
Written back on disposals	(61)	(245)	(36)	(142)	(484)	–	(3)	(1)	(488)
Impairment loss	1	1	–	–	2	–	–	–	2
Written back impairment loss	–	–	–	–	–	–	–	(253)	(253)
Reclassification	(10)	46	(36)	(1)	(1)	–	1	–	–
At 31 December 2008	1,174	3,233	23	2,056	6,486	–	366	161	7,013
Net book value									
At 31 December 2008	4,384	6,282	11,236	1,126	23,028	11,230	2,320	8,630	45,208
Represented by									
Cost	5,558	9,515	11,259	3,182	29,514	–	2,686	8,791	40,991
Valuation	–	–	–	–	–	11,230	–	–	11,230
	5,558	9,515	11,259	3,182	29,514	11,230	2,686	8,791	52,221

5 Reserves

Group

in HK$ million	Share premium	Capital redemption reserve	Capital reserve	Goodwill	Investment revaluation reserve	Exchange fluctuation reserve	Hedging reserve	General reserve	Retained profits	Total
At 1 January 2009, as previously reported	36,467	29	958	(1,738)	238	4,781	(3,478)	986	10,270	48,513
Share of retained earnings of an associated company on the adoption of HK(IFRIC)-13	–	–	–	–	–	–	–	–	(283)	(283)
At 1 January 2009, as restated	36,467	29	958	(1,738)	238	4,781	(3,478)	986	9,987	48,230
Share of reserves of associated companies	–	–	10	–	2	–	31	–	(6)	37
Share of reserves of jointly controlled entities	–	–	8	–	6	(16)	9	1	–	8
Exchange translation differences	–	–	–	–	–	235	–	–	–	235
Reserves released on deemed disposal of jointly controlled entities	–	–	(19)	–	–	(8)	–	–	–	(27)
Reserves released on disposal of associated companies	–	–	(10)	–	(112)	133	39	–	–	50
Cash flow hedges										
Fair value gain in the year	–	–	–	–	–	–	5,676	–	–	5,676
Transfer to construction in progress	–	–	–	–	–	–	(501)	–	–	(501)
Transfer to net finance charges	–	–	–	–	–	–	380	–	–	380
Tax effect	–	–	–	–	–	–	(1,243)	–	–	(1,243)
	–	–	–	–	–	–	4,312	–	–	4,312
Fair value gain on other financial assets	–	–	–	–	509	–	–	–	–	509
Fair value released on disposal of financial assets	–	–	–	–	(80)	–	–	–	–	(80)
Transfer from profits	–	–	–	–	–	–	–	160	(160)	–
Issue of shares pursuant to the Plan	48	–	–	–	–	–	–	–	–	48
Profit attributable to shareholders of the Company	–	–	–	–	–	–	–	–	5,950	5,950
Dividends	–	–	–	–	–	–	–	–	(547)	(547)
Share-based payment	–	–	75	–	–	–	–	–	–	75
At 31 December 2009	36,515	29	1,022	(1,738)	563	5,125	913	1,147	15,224	58,800
Representing										
At 31 December 2009 after proposed final dividend										57,888
2009 Final dividend proposed										912
										58,800
Retained by										
Company and subsidiary companies	36,515	29	898	(1,738)	541	4,634	923	1,130	9,836	52,768
Jointly controlled entities	–	–	93	–	22	108	(10)	17	4,088	4,318
Associated companies	–	–	3	–	–	–	–	–	1,300	1,303
Non-current assets held for sale	–	–	28	–	–	383	–	–	–	411
	36,515	29	1,022	(1,738)	563	5,125	913	1,147	15,224	58,800

5 Reserves *continued*

Group *continued*

in HK$ million	Share premium	Capital redemption reserve	Capital reserve	Goodwill	Investment revaluation reserve	Exchange fluctuation reserve	Hedging reserve	General reserve	Retained profits	Total
At 1 January 2008, as previously reported	25,415	21	240	(1,738)	4,756	3,016	185	765	26,248	58,908
Share of retained earnings of an associated company on the adoption of HK(IFRIC)-13	–	–	–	–	–	–	–	–	(258)	(258)
At 1 January 2008, as restated	25,415	21	240	(1,738)	4,756	3,016	185	765	25,990	58,650
Share of reserves of associated companies	–	–	1	–	(75)	71	(181)	–	(26)	(210)
Share of reserves of jointly controlled entities	–	–	78	–	7	86	(23)	1	–	149
Exchange translation differences	–	–	–	–	–	1,701	–	–	–	1,701
Reserves released on disposal of jointly controlled entities	–	–	–	–	–	(93)	–	–	–	(93)
Cash flow hedges										
Fair value loss in the year	–	–	–	–	–	–	(4,069)	–	–	(4,069)
Transfer to net finance charges	–	–	–	–	–	–	92	–	–	92
Tax effect	–	–	–	–	–	–	518	–	–	518
	–	–	–	–	–	–	(3,459)	–	–	(3,459)
Fair value loss on other financial assets	–	–	–	–	(453)	–	–	–	–	(453)
Fair value released on disposal of financial assets	–	–	–	–	(4,095)	–	–	–	–	(4,095)
Transfer to the profit and loss account on impairment of financial assets	–	–	–	–	98	–	–	–	–	98
Transfer from retained profits	–	–	–	–	–	–	–	220	(220)	–
Issue of shares pursuant to the Plan	8	–	(1)	–	–	–	–	–	–	7
Premium on shares issued	11,044	–	641	–	–	–	–	–	–	11,685
Loss attributable to shareholders of the Company	–	–	–	–	–	–	–	–	(12,687)	(12,687)
Dividends	–	–	–	–	–	–	–	–	(2,415)	(2,415)
Share repurchase	–	8	–	–	–	–	–	–	(656)	(648)
Released upon lapse of share options of a subsidiary	–	–	(1)	–	–	–	–	–	1	–
At 31 December 2008	36,467	29	958	(1,738)	238	4,781	(3,478)	986	9,987	48,230
Retained by										
Company and subsidiary companies	36,467	29	823	(1,738)	112	4,782	(3,390)	970	6,139	44,194
Jointly controlled entities	–	–	103	–	16	132	(19)	16	2,160	2,408
Associated companies	–	–	32	–	110	(133)	(69)	–	1,688	1,628
	36,467	29	958	(1,738)	238	4,781	(3,478)	986	9,987	48,230

6 Post Balance Sheet Events

On 11 February 2010 the Company entered into a Sale and Purchase Agreement with its 52.57% held Hong Kong listed subsidiary, CITIC 1616 Holdings Limited ('CITIC 1616'), in which the Company conditionally agreed to sell its entire 20% in Companhia de Telecommunicacoes de Macau ('CTM') to CITIC 1616 for a consideration of approximately HK$1.4 billion made up of HK$467 million in cash and the remainder by approximately 406 million new shares in CITIC 1616. The sale is subject to the reporting, announcement and approval requirements of CITIC 1616 under the Listing Rules and the relevant governmental authorities in Macau. The sale is expected to complete within 2010.

Upon Completion of the sale, the Group's effective interests in CITIC 1616 will be increased to 60.65% while its holding in CTM via the 60.65% held CITIC 1616 will continue to be accounted for as an associated company.

7 Comparative Figures

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

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 2009 on pages 1 to 102.

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 2009, 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 2009 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 2009 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 102:

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 2009 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 2009 and have issued an independent auditor's report thereon dated 10 March 2010 which is unqualified or otherwise unmodified.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 March 2010

Definition of Terms

Terms

Total debt	Short-term and long-term loans, notes and bonds
Net debt	Total debt less cash less bank deposits
Total capital	Shareholders' funds plus net debt
Cash inflows	Cash inflows represent *cash generated from business operations after income taxes paid*, and *other cash inflows* which principally include dividends from associated companies and jointly controlled entities, proceeds from divestments of businesses, sales of listed investments and sales of fixed assets and investment properties
EBITDA	Earnings before interest expense, taxation, depreciation and amortisation
Contribution by business	Segment profit/(loss) attributable to shareholders

Ratios

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

Corporate Information

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Fax +852 2877 2771

Website

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

Stock Codes

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

Share Registrars

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

Investor Relations

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

Financial Calendar

Closure of Register:	10 May 2010 to 14 May 2010
Annual General Meeting:	14 May 2010, 10:30 a.m. Island Ballroom, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Hong Kong
Dividend payment:	24 May 2010

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

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

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Stock Code: 00267