



CITIC PACIFIC



interim report 2008

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financial highlights

<i>in HK\$ million</i>	2008	2007
	six months ended 30 June	
Profit Attributable to Shareholders	4,377	4,968
Major Businesses' Contribution		
Special Steel	1,839	1,123
Property	453	446
Infrastructure	689	844
Listed Subsidiaries		
CITIC 1616	83	2,020
Dah Chong Hong	151	187
<i>Fair Value change of Investment Properties</i>	490	416
Net Gain from Sale of Listed Shares	843	–
Cash Contributed from all Businesses	5,295	4,316
	as at	as at
	30 June	31 December
Capital Employed	102,966	88,447
Shareholders' Funds	61,060	59,793
Net Debt	31,211	20,609
Cash & Available Committed Loan Facilities	30,181	26,589
	six months ended 30 June	
Earnings per Share	1.99	2.25
Dividends per Share		
Regular	0.30	0.40
Special	–	0.20
Staff	25,177	23,989

Please refer to Definition of Terms on page 41

major businesses

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

Special Steel

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

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

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

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

Iron Ore Mining

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

Property

CITIC Pacific's property team has extensive experience in building and managing medium and large scale residential and commercial projects including Shanghai's CITIC Square and New Westgate Garden, and Hong Kong's CITIC Tower. In the past few years, the Group has been active in investing in properties in mainland China. Currently CITIC Pacific has a large quality land bank in Shanghai, major secondary cities in the Yangtze Delta area and Hainan Island.

chairman's letter to shareholders

Whilst net profit for the first six months of 2008 was HK\$4,377 million, a decrease of 12% compared with the same period last year, recurrent earnings grew 8% from a year ago nevertheless. The board has recommended paying an interim dividend of HK\$0.30 per share.

During the first half of 2008, we continued the strategy of developing our three core businesses: special steel manufacturing, iron ore mining and property development. In the next two to three years, with the completion of new projects, we expect the benefits from these investments to be realized, with recurrent profit growing significantly.

Special Steel Manufacturing

CITIC Pacific's special steel business maintained its solid momentum and has become a main driver of growth in recurrent earnings. Profit contribution reached HK\$1,839 million for the first half of this year, an increase of 64% from a record a year ago.

During the period, despite the challenges of macro economic control in mainland China, weakness in the economies of major industrialized countries, and a significant rise in price of raw materials such as iron ore and coke, CITIC Pacific Special Steel overcame difficulties to achieve excellent results. Our three manufacturing bases: Jiangyin Xingcheng Special Steel, Hubei Xin Yegang and Shijiazhuang Steel increased their production and sold an expanded range of products. At the same time, the three plants continue to implement synergies, resulting in improved efficiency in purchasing, transportation, production and sales.

CITIC Pacific recently acquired a coking coal project in Tongling, Anhui Province. When our iron ore mine in Australia begins production, the business will have secure, stable and long-term supplies of both major raw materials. These strategically important investments will greatly enhance our competitive edge and overall profitability.

The strategy for CITIC Pacific Special Steel going forward is to further enhance its leading position in the domestic and international markets for special steel bars. It is actively expanding its special tube production capability to increase market share in tube products. At the same time, we are also developing medium and heavy special steel plates with the goal of building CITIC Pacific Special Steel into a world class special steel company of the highest standard, with a wide range of products and excellent management.

Iron Ore Mining

During the first half of the year, progress was made at our iron ore mine in Western Australia which has a production capacity of 27.6 million tonnes per annum. Construction of infrastructure such as power, desalination plants, land transportation as well as port and transshipment facilities are well underway. In recent years the price of iron ore has risen significantly due to tight supply in the international market. The strategic importance of this project is therefore clear. CITIC Pacific still holds options to mine another four billion tonnes of iron ore on the same mine site, which if exercised, will further expand our mining capacity.

chairman's letter to shareholders

Property Development

Property development in mainland China is one of our core businesses. Our development properties are centered around Shanghai and its neighbouring cities, as well as Hainan Island, a holiday destination. With the rapid development of the Chinese economy and the improvement of living standards, market demand for quality properties will remain strong.

Construction of Phase One of our Shanghai Lu Jia Zui New Financial District Project is progressing well. Foundation work has been completed and basement construction will finish by the end of the year as planned. Phase One completion is expected in 2010. Preparation work for Phase Two and Three is ongoing.

Our large residential and commercial developments in the Qingpu, Jiading and Hongkou districts in Shanghai and in the cities of Wuxi, Jiangyin, Yangzhou in Jiangsu Province are being built in phases as planned. Units pre-sold in the first half of this year achieved a higher unit sale price compared with those sold last year.

The superstructure of CITIC Square, located in the city of Ningbo in Zhejiang Province, has been completed, and work on sale and leasing is taking place. Preparation work for our development project above the Sichuan Beilu Metro Station in the Hongkou District of Shanghai is progressing. Construction is expected to commence at the end of the year.

Our development project on the Shenzhou Peninsula in Wanning City in Hainan Province is progressing well. Work on the four hotels in Phase One has begun, and they are expected to be open in 2010 and thereafter. Shenzhou Peninsula project will, in the near future, become a quality community.

Our investment properties in Shanghai and Hong Kong continue to maintain high occupancy and their profit contribution increased more than 30% compared to the same period last year.

Other Businesses

Faced with significant increases in the price of oil and coal, our aviation and power generation businesses incurred losses. The operating environment for these two businesses remains challenging in the second half of the year. CITIC 1616 and Dah Chong Hong, the two companies listed last year, performed well with double digit profit growth for the first six months of the year. Hong Kong's Eastern and Western harbour tunnels operated smoothly with increased profit compared to last year.

Looking to the Future

Even though there are macro economic uncertainties, I am confident in the future prospects of CITIC Pacific. With hard work in the past few years, our special steel business is becoming strong and our iron ore mining and property businesses are gradually becoming more mature, establishing these three as our core businesses. Going forward, we will continue to seek investment opportunities in these areas to further increase our recurrent earnings, and to achieve higher returns for our shareholders.

On behalf of all the directors, I would like to express my sincere thanks to everyone at CITIC Pacific for their hard work and dedication.

Larry Yung Chi Kin

Chairman

Hong Kong, 28 August 2008

financial review

Introduction

CITIC Pacific's 2008 Interim Report includes a letter from the Chairman to shareholders, the interim accounts and other information required by accounting standards, legislation, and the Hong Kong Stock Exchange. This Financial Review is designed to assist the reader in understanding the statutory information by discussing the contribution of each business segment, and the financial position of the company as a whole.

Pages 20 to 24 of the Interim Report contain the Consolidated Profit and Loss Account, Balance Sheet, Cash Flow Statement and Statement of Changes in Equity. Following these financial statements, on pages 25 to 29 of the Interim Report, are Notes that further explain certain figures presented in the statements.

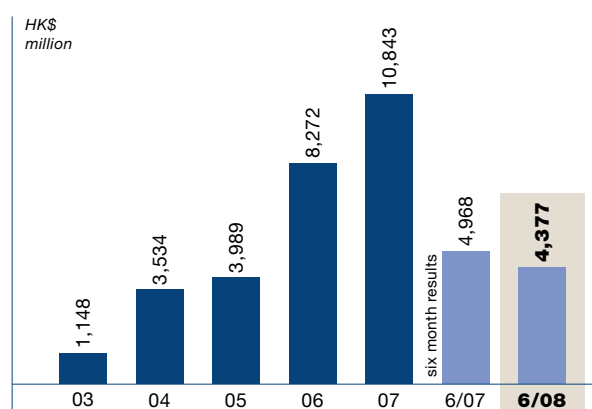
On page 30 is the report of CITIC Pacific's auditor – PricewaterhouseCoopers – of their independent review of CITIC Pacific's interim accounts.

Basis of Accounting

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

Profit Attributable to Shareholders

The net profit attributable to shareholders for the six months ended 30 June 2008 was HK\$4,377 million, a decrease of 12% compared with HK\$4,968 million for the same period in 2007. The reasons for the decrease in profit are described in Business Segment Contribution. However, taking into account the non-recurring items as set out below, the Group's profit after adjustment increased by 8%.



HK\$ million	actual 1-6/2008	1-6/2007	change 2008-2007
Profit Attributable to Shareholders	4,377	4,968	-12%
Adjusted items:			
– Fair Value change of Investment Properties	(490)	(416)	
– Air China Cargo Disposal	(403)	–	
– Sale of Listed Shares	(843)	–	
– Unification of PRC Corporate Income Tax Rate	–	(177)	
– Spin off Profit of CITIC 1616	–	(1,928)	
Profit after Adjustment	2,641	2,447	+8%

Business Segment Contribution

The contributions made by major business segments in the first six months of 2008, compared with the same period of 2007, were:

HK\$ million	actual 1-6/2008	1-6/2007	change 2008-2007
Special Steel	1,839	1,123	716
Property	453	446	7
Infrastructure	689	844	(155)
Listed Subsidiaries			
CITIC 1616	83	2,020	(1,937)
Dah Chong Hong	151	187	(36)
Fair Value change of Investment Properties	490	416	74
Net Gain from Sale of Listed Shares	843	-	843

Comparing the contribution for the six months ended 30 June 2007:

- **Special Steel:** Contribution increased by more than 60% due to the continuing good performance of the steel plants resulting from strong demand.
- **Property:** Property leasing recorded good growth during the period but this was partly offset by the operating expenses of the development projects.
- **Infrastructure:** Both Cathay Pacific and Power Generation suffered from the continuing high energy prices and incurred losses for the period. The decreased contribution from the aviation business was partially compensated by the profit on disposal of an interest in Air China Cargo. Contribution from tunnels in Hong Kong recorded a 15% growth.

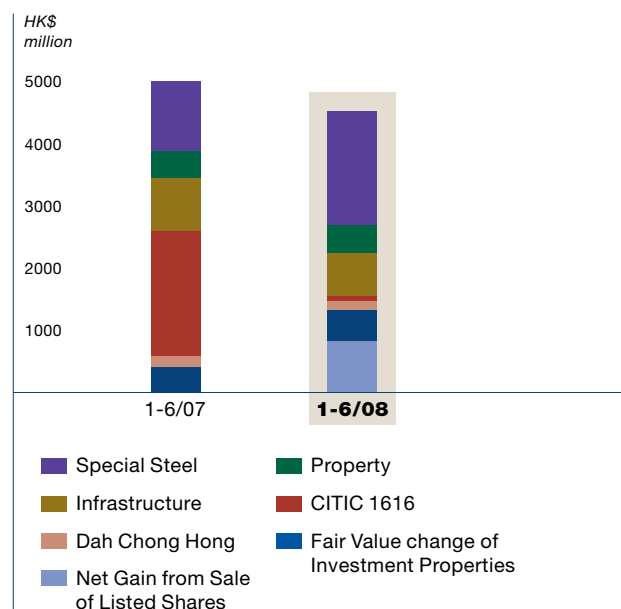
- **CITIC 1616:** Excluding the HK\$1.9 billion profit in connection with the spin off of CITIC 1616 in 2007, contribution decreased by 10% due to the decreased shareholding following its separate listing. The profit of CITIC 1616 increased by 11% compared to the same period in 2007.

- **Dah Chong Hong:** The profit of Dah Chong Hong increased by 37% compared to the same period in 2007. Contribution decreased by 19% due to the 43% reduction in shareholding upon the spin off of Dah Chong Hong in the second half of 2007.

- **Fair Value change of Investment Properties:** The increase in fair value of investment properties as a result of a revaluation reflecting the current market conditions in both Hong Kong and mainland China.

- **Net Gain from Sale of Listed Shares:** The amount represents the net gain from the disposal of listed shares in 2008.

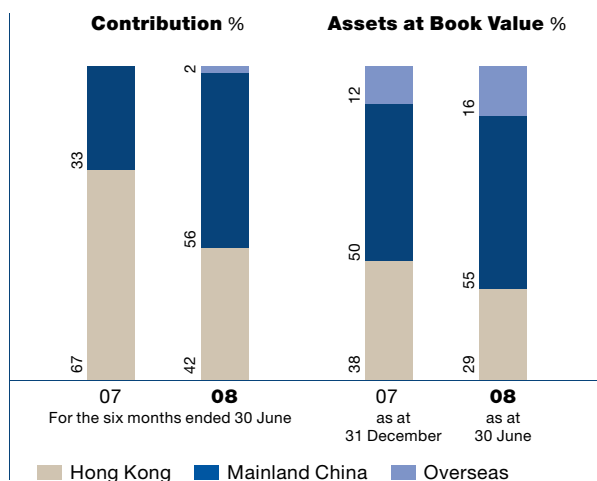
Contribution



Pages 25 and 26 of the Interim Report contain business segment information relating to turnover and profit before net finance charges and taxation for consolidated activities, jointly controlled entities and associated companies.

Geographical Distribution

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



Interest Expense

The Group's interest expense net of amounts capitalised increased from HK\$159 million to HK\$321 million. Capitalised interest increased from HK\$262 million to HK\$388 million mainly due to various property projects under development in mainland China and the iron ore project. The weighted average cost of debt for the first half of 2008 was 4.8% compared to 5.4% at the same period last year which was mainly due to the decrease in HKD and USD borrowing costs, partly offset by the increase in RMB borrowing rates.

Taxation

Following the reduction of the income tax rate for mainland China property companies, the deferred taxation liabilities brought forward from the year 2006 were adjusted downwards by HK\$177 million in the first half of 2007.

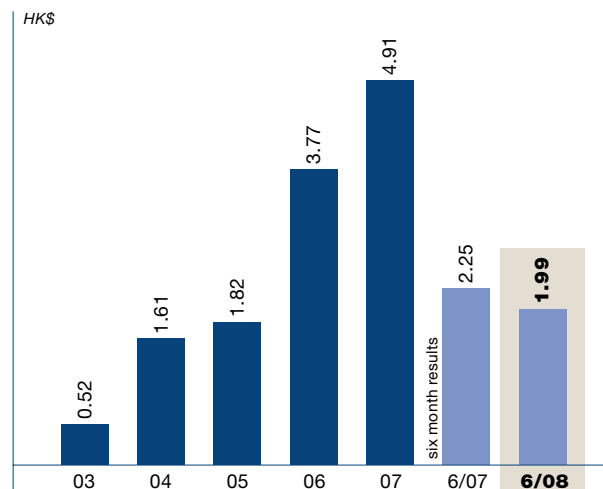
Current tax increased from HK\$311 million to HK\$481 million due to increased profit from operations.

Shareholders' Returns

CITIC Pacific's primary objective is to increase shareholder value, for which it has used earnings per share as a proxy. The Company expects its businesses to provide returns on investment over their lives that will provide shareholders with an adequate return on equity.

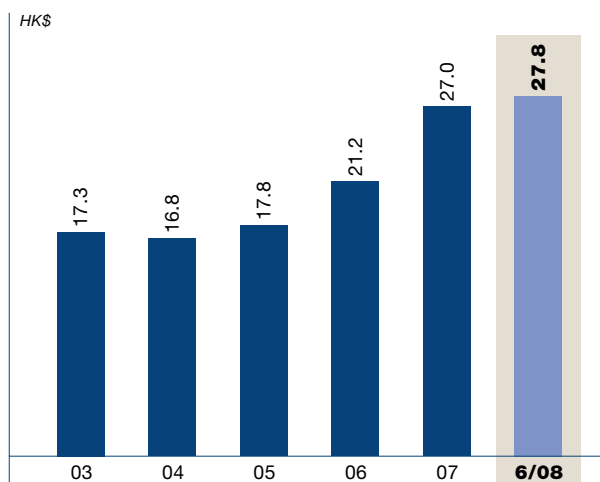
Earnings per Share

Earnings per Share were HK\$1.99 for the first half of 2008, a decrease of 12% compared with HK\$2.25 for the same period in 2007. The decrease in Earnings per Share was mainly attributable to the decrease in profit as the number of shares outstanding in the two periods was substantially the same.



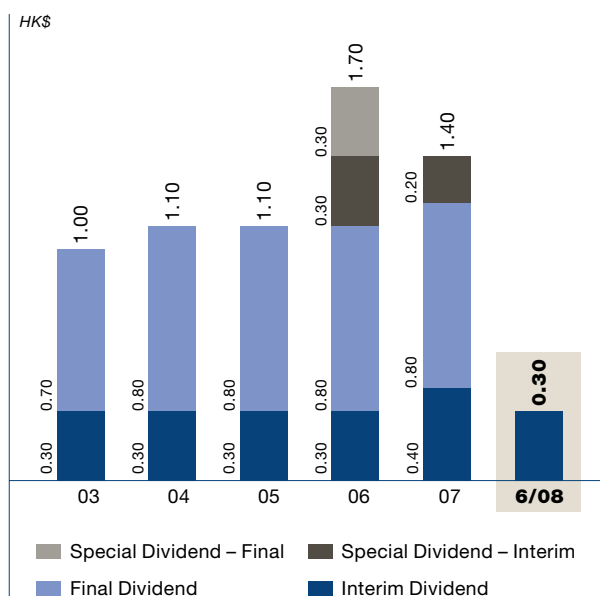
Shareholders' Funds per Share

Shareholders' Funds per share at 30 June 2008 were HK\$27.8. The increase was due to the profit for the period less the dividend paid.



Dividend per Share

An interim dividend of HK\$0.3 per share is proposed for the first half of 2008.

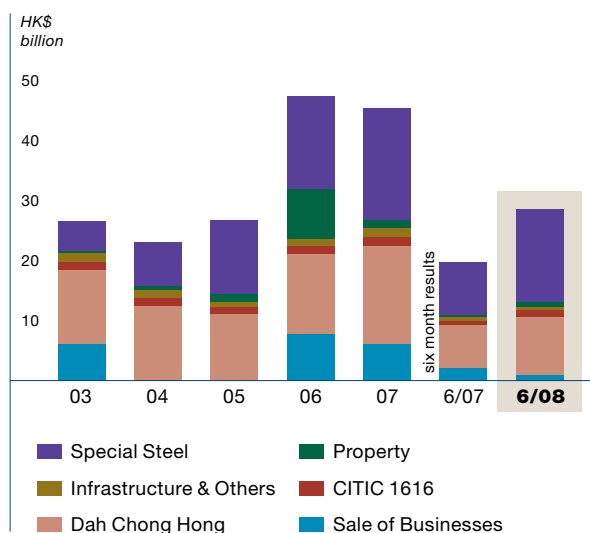


Turnover

Special Steel's turnover increased by 74%. Sales at all steel plants recorded good growth.

Turnover at Dah Chong Hong increased by 36% mainly due to increased sales in mainland China particularly for the motor business.

The 2007 figure included approximately HK\$2 billion of proceeds from the disposal of approximately 50% interest in CITIC 1616 in connection with the spin-off transaction.



Capital Expenditure

In the first half of 2008, a total deposit of HK\$1.5 billion was paid for the purchase of five vessels. The construction of the infrastructure for the Iron Ore Mining project in Australia is continuing. The latest estimated capital expenditure for the first two phases is US\$3.5 billion, of which approximately 75% has been committed. An additional amount of capital expenditure of approximately US\$0.35 billion will be incurred in anticipation of the third phase of our project (for another one billion tonnes of magnetite resources). The Company is optimistic about the preliminary drilling results for the third phase. Exercise of options for the third to sixth phases of the project (each for one billion tonnes of magnetite resources totalling another four billion tonnes of iron ore on the same mine site) is dependent upon the reserves being proven.

The capital expenditure of special steel in the first half of 2008 mainly represented enhancement and construction of the production facilities at the Jiangyin Steel Plant.

The property development projects in mainland China, including the Shanghai Lu Jia Zui New Financial District Project, the Sichuanbeilu Station Project, Qingpu, Ningbo, Yangzhou, and Hainan Island are continuing.

Included in Infrastructure is the acquisition of a 30% interest in the Shangdong coal mine investment for HK\$1.7 billion in the first half of 2008.

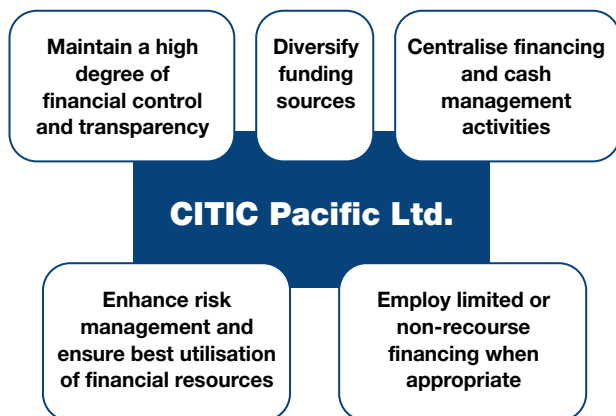
'Others' in 2008 includes investment in the listed shares of China Railway Construction. The Group also invested in the listed shares of Country Garden and China Molybdenum in 2007.

As at 30 June 2008, the Group's contracted capital commitments were approximately HK\$27 billion, related mainly to Iron Ore Mining, PRC Property and Special Steel.

<i>HK\$ million</i>	1-6/2008	1-6/2007	1-12/2007
Iron Ore Mining	3,858	329	6,844
Property	2,779	2,660	4,525
Special Steel	3,800	184	1,442
Infrastructure	2,346	31	71
Listed Subsidiaries			
CITIC 1616	57	29	62
Dah Chong Hong	189	96	323
Others	465	665	1,042

Treasury Policy and Risk Management

General Policies



Risk Management

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

Foreign Currency Exposure

CITIC Pacific conducts business mainly in Hong Kong, mainland China and Australia, therefore it is subject to the market risk of foreign exchange rates in HK Dollar, US Dollar, Renminbi and Australian Dollar. To minimise currency exposure, non HK Dollar assets are usually financed in the same currency as the asset or cash flow from it, either by borrowing or using foreign exchange

contracts. Due to limitations in financial markets and regulatory constraints in mainland China, CITIC Pacific has an increasing exposure to the Renminbi. As at 30 June 2008, the Group had net RMB exposure of approximately HK\$59 billion (31 December 2007: HK\$46 billion) as investments in mainland China expand.

The functional currency for the Australian Iron Ore Mining project is deemed to be USD as future revenue and cash flow will be denominated in USD. As such, CITIC Pacific funded the Iron Ore Mining project development costs and the acquisition of vessels related to the mining operations by USD loans to match the future USD cash flows derived from these assets. A portion of the Iron Ore Mining project development costs as well as certain pre-completion expenditures required paying in non-USD currencies. Foreign exchange forward contracts and structured forward instruments are employed to hedge or minimise these currency exposures. As at 30 June 2008, outstanding foreign exchange forward contracts and structured forward instruments amounted to HK\$3.9 billion (31 December 2007: HK\$3.5 billion).

In addition, foreign exchange forward contracts are employed to minimise currency exposure for the outstanding USD debts and a Yen bond. As at 30 June 2008, such contracts outstanding amounted to HK\$7,913 million (31 December 2007: HK\$5,853 million).

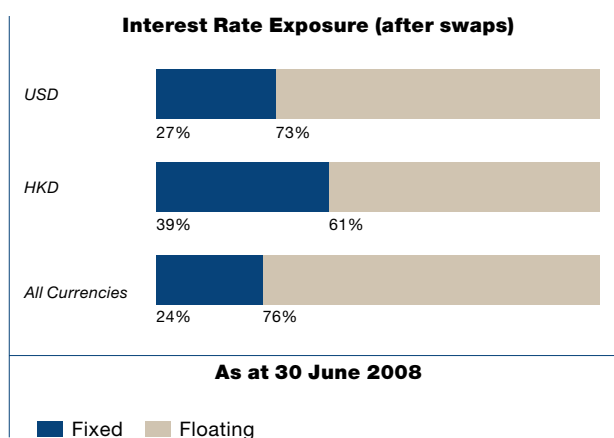
Foreign exchange forward contracts and structured forward instruments were also employed by the Group's trading subsidiary to hedge currency fluctuations. As at 30 June 2008, such contracts outstanding amounted to HK\$804 million (31 December 2007: HK\$968 million).

Interest Rate Exposure

The Group aims to maintain a suitable mixture of fixed and floating rate borrowing in order to stabilise interest costs against rate fluctuations. The interest rate hedging ratio is determined after taking consideration of factors including general market trends, the Group's cash flow pattern and interest coverage ratio.

The Group uses interest rate swaps, forward rate agreements, interest rate option contracts and other instruments to hedge exposures or to modify the interest rate characteristics of its borrowings. As at 30 June 2008, CITIC Pacific had interest rate swap or swaption contracts with a notional amount of HK\$29.1 billion, of which forward starting IRS contracts amounted to HK\$16.7 billion.

The weighted average all-in cost of borrowing for the Group (including fees and hedging costs) for the six months ended 30 June 2008 was about 4.8%, compared with 5.4% for the same period last year.



Cash Flow

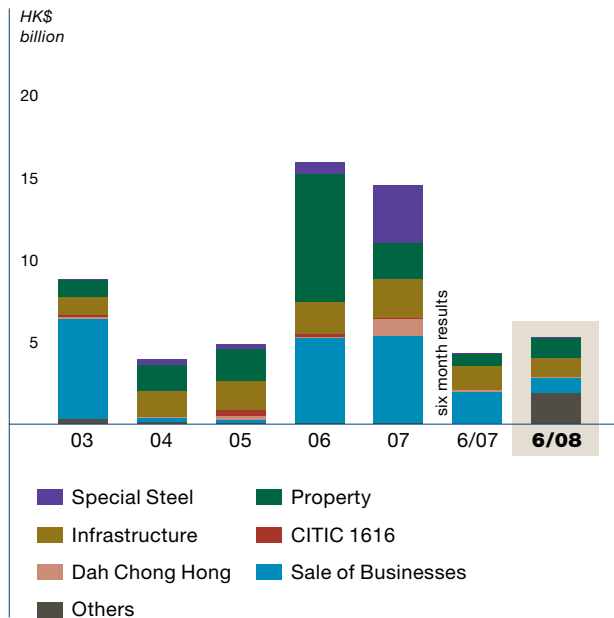
By design, the majority of the Group's debt is raised at the holding company (the 'Company') level except for project-based financing or arrangements limited by regulation such as RMB borrowings. As such, the actual net amount of cash flow from each business to the Company is an important indicator as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

a summary of cash contributions by each business segment:

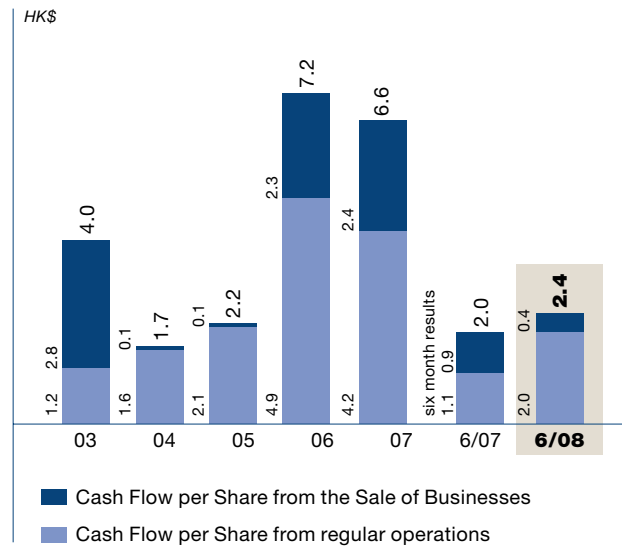
HK\$ million	for the six months ended 30 June	
	2008	2007
Special Steel	29	19
Property	1,260	774
Infrastructure		
Aviation	1,369	268
Power Generation	375	301
Civil Infrastructure	237	801
Others	73	62
CITIC 1616	32	1,906
Dah Chong Hong	22	163
Others	1,898	22
Total	5,295	4,316

For the six months ended 30 June 2008, the Group's cash flow remained stable. Cash contribution to the Company from Special Steel was low because most of the cash flow from operations was reinvested for expansion. The Property segment continued to generate strong cash flow from both recurring rental income and property sales. During the period, a parcel of land in Po Yip Street in Hong Kong was disposed. Under Aviation, the dividend received from Cathay Pacific increased compared to the same period last year and the contribution also included a cash receipt of HK\$916 million from the sale of Air China Cargo. Cash flow from Power Generation mainly reflected contributions related to the prior year's income. Under Civil Infrastructure, the comparative figure for the same period in 2007 was higher because Western Harbour Crossing repaid a HK\$560 million shareholders' loan to the Company. The contribution from CITIC 1616 in 2007 included HK\$1.9 billion one-off proceeds from its separate listing. Contribution under 'Others' was mainly related to sales of listed shares, which realised approximately HK\$1.8 billion during the period.

Cash Contribution to Company by Business



Cash Contribution per Share



Summary of Consolidated Cash Flow Statement

HK\$ million	for the six months ended 30 June	
	2008	2007
Net Cash generated from / (invested in) consolidated activities	1,799	(305)
jointly controlled entities	(558)	602
associated companies	878	700
other financial assets	79	29
Sale of business interests and listed shares	3,228	2,345
Capital expenditure and investment in new businesses	(12,608)	(3,591)
Tax	(332)	(202)
Net interest paid	(496)	(326)
	(8,010)	(748)
Dividends paid	(1,757)	(2,429)
Increase in borrowings	12,749	3,315
Repurchase of shares	(631)	-
Share options exercised	8	258
	10,369	1,144
Increase in cash and cash equivalents	2,359	396

Group Debt and Liquidity

The financial position of the Group as at 30 June 2008, as compared to 31 December 2007 and 30 June 2007, is summarised as follows:

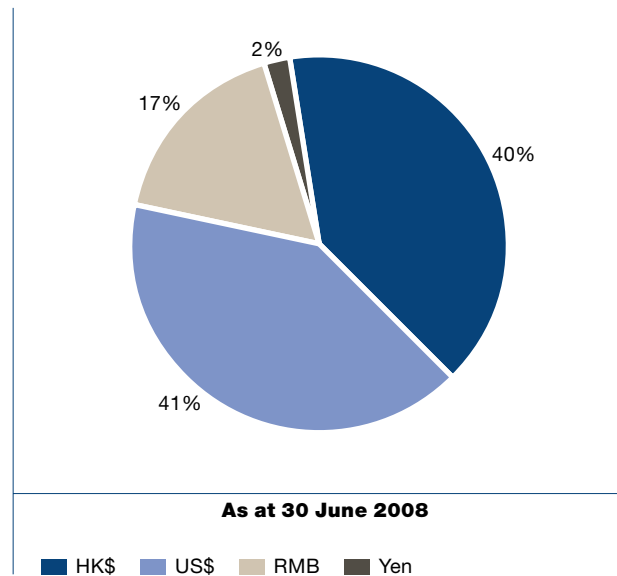
<i>HK\$ million</i>	30 June 2008	31 December 2007	30 June 2007
Total debt	41,906	28,654	21,975
Cash and bank deposits	10,695	8,045	4,135
Net debt	31,211	20,609	17,840

Total debt increased mainly due to capital expenditures and new investments relating to the Group's core businesses in the first half of 2008.

The denomination of the Group's borrowings as well as cash and deposit balances by currency as at 30 June 2008 is summarised as follows:

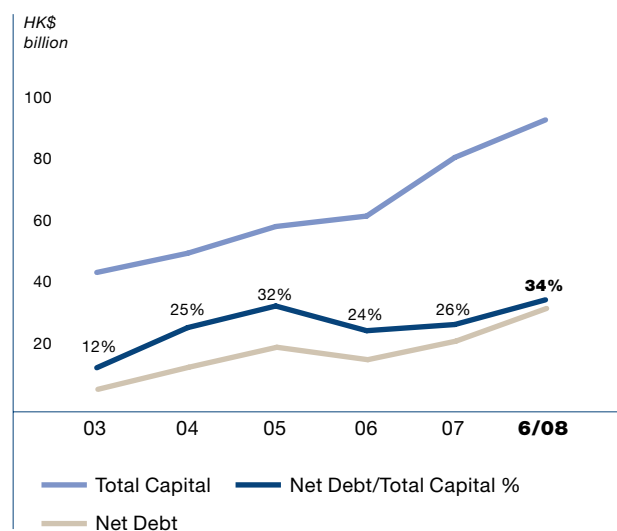
<i>HK\$ million equivalent</i>	denomination					total
	HK\$	US\$	RMB	Yen	other	
Total debt in original currency	9,411	23,955	7,198	1,231	111	41,906
Total debt after hedging	16,806	16,982	7,198	809	111	41,906
Cash and bank deposits	1,357	3,042	5,539	135	622	10,695
Net debt / (cash) after hedging	15,449	13,940	1,659	674	(511)	31,211

Total Debt after Hedging



Leverage

Net debt divided by total capital was 34% as at 30 June 2008 compared with 26% at the end of 2007.



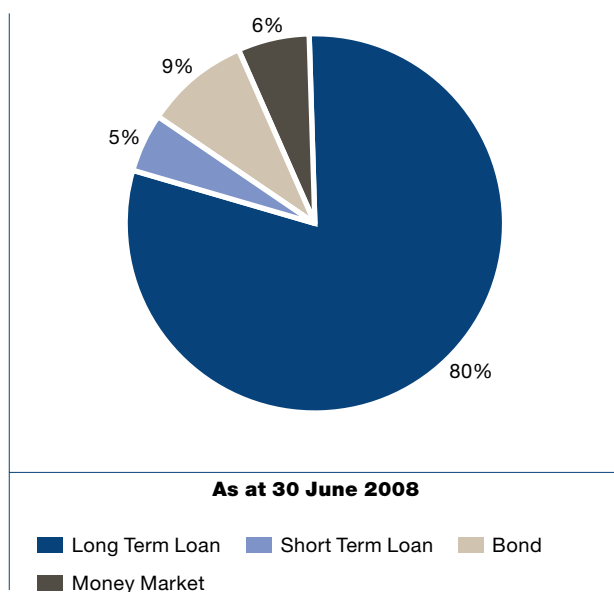
Maturity Profile of Outstanding Debt

The Group actively manages its debt portfolio and aims to extend the debt maturity profile such that the maturing debt each year will not exceed the anticipated cash flow and the Group's ability to refinance the debt in that year. As at 30 June 2008, outstanding loans that will mature as at the end of 2008 amounted to HK\$2.0 billion, against a cash and deposits balance totalling HK\$10.7 billion. Weighted average life of the Group's debt was 5.8 years (31 December 2007: 6.0 years).

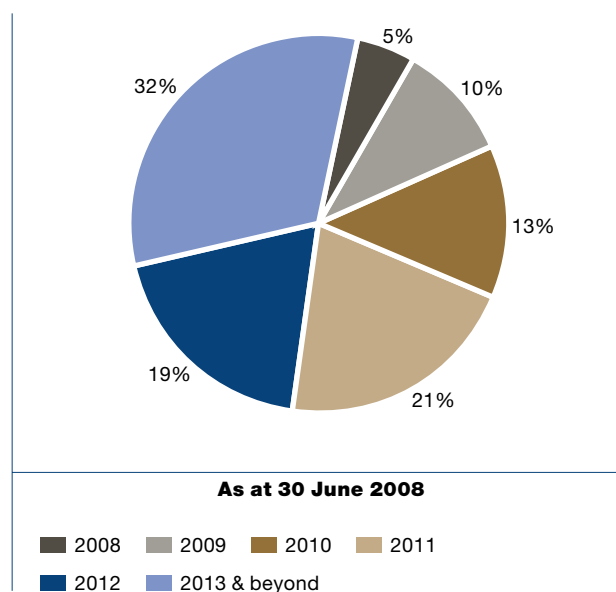
HK\$ million	2008	2009	2010	2011	2012	2013 and beyond	total	percentage
Parent Company	3	2,966 ¹	2,917	5,174 ²	7,550	11,596 ³	30,206	72%
Subsidiaries	2,044	1,314	2,393	3,592	543	1,814	11,700	28%
Total Maturing Debt	2,047	4,280	5,310	8,766	8,093	13,410	41,906	100%

1. Includes a US\$270 million short term bridging loan in connection with the Iron Ore Mining project which will be replaced by long term project loan.
2. Includes a US\$450 million global bond due in 2011 which was issued by a wholly owned special purposes vehicle.
3. Includes a JPY8.1 billion floating rate note due in 2035 which was issued by a wholly owned special purposes vehicle.

Outstanding Debt by Type



Outstanding Debt by Maturity



Debt / Cash in Jointly Controlled Entities and Associated Companies

For accounting purposes, some of the Group's businesses are classified as jointly controlled entities and associated companies. The following table shows the debt / cash position of jointly controlled entities and associated companies by business sector as at 30 June 2008 which, under Hong Kong generally accepted accounting standards, are not consolidated into the Group's accounts.

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

Business Sector <i>HK\$ million</i>	total net debt / (cash)	proportion of net debt / (cash) attributable to CITIC Pacific
Special Steel	1,812	1,176
Property	(256)	(120)
Infrastructure		
Aviation	18,858	3,291
Power Generation	53,171	13,621
Civil Infrastructure	2,786	951
Others	3,696	1,511
Listed Subsidiary		
Dah Chong Hong	(14)	(3)
Others	1,408	725
Total	81,461	21,152

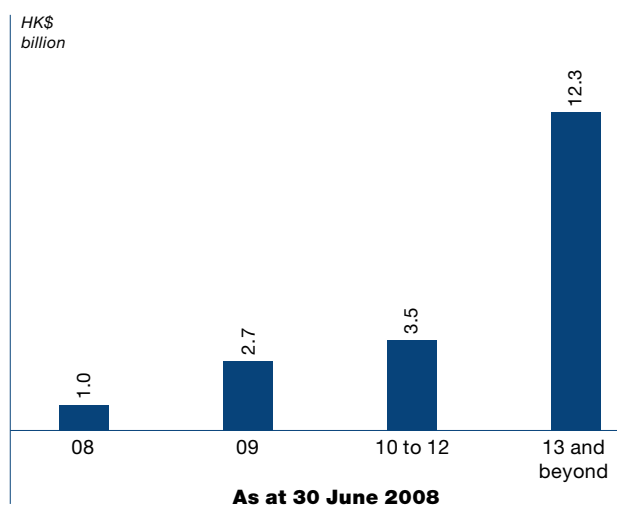
Available Sources of Financing

In addition to the cash and deposits balance of HK\$10.7 billion as at 30 June 2008, the Group had available loan and trade facilities totalling HK\$21.8 billion and HK\$2.9 billion respectively. Borrowings by source of financing as at 30 June 2008 are summarised as follows:

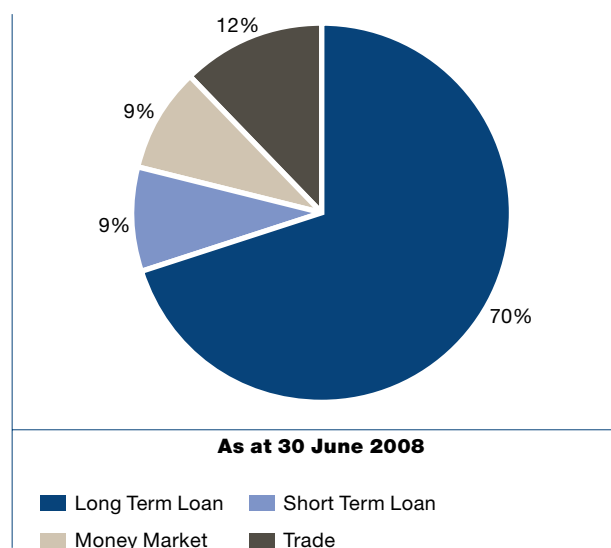
HK\$ million	total facilities	outstandings	available facilities
Committed Facilities			
Short Term Loan*	4,290	2,106	2,184
Term Loans	51,015	33,713	17,302
Global Bonds	3,510	3,510	0
Private Placement	422	422	0
Total Committed	59,237	39,751	19,486
Uncommitted Facilities			
Money Market Lines and Short Term Facilities	4,457	2,136	2,321
Trade Facilities	4,414	1,523	2,891

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

Available Committed Facilities by Maturity (Total HK\$19.5 billion)



Available Facilities by Type (Total HK\$24.7 billion)



In addition to the above facilities, the Company has established Cooperative Agreements with major banks in mainland China. Under these Cooperative Agreements, CITIC Pacific's projects in mainland China can apply for credit facilities subject to the banks' approval on a project-by-project basis in accordance with banking regulations in the Mainland.

Financing Activities

During the period, bilateral facilities totalling HK\$4.0 billion were established or renewed at the Company and subsidiary level. A 20-year US\$1,343 million project finance loan was signed. In addition, a US\$550 million bridge loan facility was established, which will be replaced by a long term project finance loan currently being arranged.

Pledged Assets

As at 30 June 2008, assets of HK\$525 million (31 December 2007: HK\$423 million) were pledged to

secure banking facilities, mainly related to Dah Chong Hong's overseas business and to a property subsidiary in mainland China. In addition, assets of the Iron Ore Mining project were pledged under the project finance arrangement.

Contingent Liabilities

As at 30 June 2008, the Group's contingent liabilities had not changed significantly from the last year end.

Loan Covenants

Over the years, CITIC Pacific has developed a set of standard loan covenants to facilitate the management of its loan portfolio and debt compliance. The financial covenants are generally limited to three major categories, namely, a minimum net worth undertaking, a maximum ratio of total borrowings to net worth and a limit on the amount of pledged assets as a percentage of the Group's total assets. CITIC Pacific has been in compliance with all of its loan covenants.

	covenant limits	for the six months ended 30 June 2008
Minimum Consolidated Net Worth:		
Consolidated Net Worth	≥ HK\$25 billion	HK\$62.8 billion
Gearing:		
Consolidated Borrowing / Consolidated Net Worth	≤ 1.5	0.67
Negative Pledge:		
Pledged Assets / Consolidated Total Assets	≤ 30%	0.4%

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

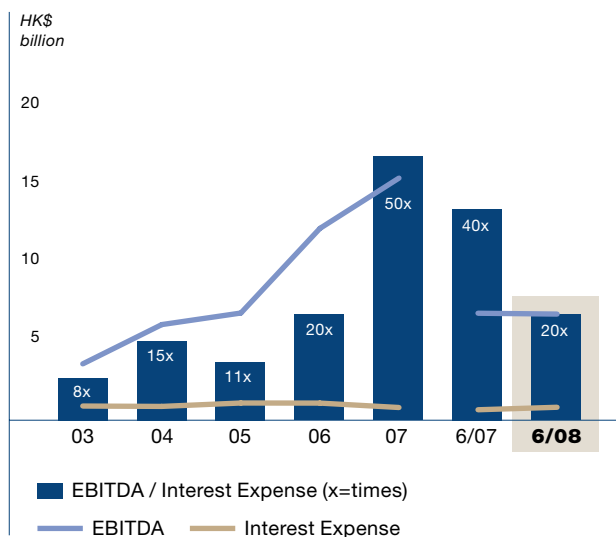
'Consolidated Net Worth' means the aggregate of shareholders' funds and goodwill from acquisitions and developments having been written off against reserves or the profit and loss account.

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

'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.

Interest Cover

EBITDA divided by interest expense for the six months ended 30 June 2008 was 20 times compared to 40 times for the same period last year, due to the increase in interest expense.



Credit Ratings

Moody's and Standard & Poor's have assigned long-term credit ratings for the Company at Ba1 and BB+ respectively, both with a stable credit outlook. The Group's objective is to maintain a stable credit profile. The Group's recurrent income from Special Steel and Properties continue to increase. The Iron Ore Mining project will begin to contribute significant recurrent income and cash flow once it is in operation, which is anticipated to be in 2009/2010.

Forward Looking Statements

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

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

human resources

As at the end of June 2008, the total number of employees at CITIC Pacific reached another new high of 25,177 (2007: 23,989) as the Group continued its development and investment in mainland China and Australia. Employees working in Hong Kong increased to 4,135 (2007: 3,932). Mainland China has the largest number of employees and it has increased steadily to 20,491 (2007: 19,720). The other 551 (2007: 337) are employed in subsidiaries in Japan, Singapore, Canada and Australia.

To ensure that overall remuneration policy is externally competitive and internally equitable to attract, retain, motivate and reward a competent work force, the Group continuously conducts reviews of cash compensation and benefit programs. As the Group remains largely compatible with other similar large companies in the market, no major changes to the human resources management policy have been made in the last six months. In line with established policy, some interim salary adjustments were awarded on a selective basis to recognize performance and catch up with market changes.

CITIC Pacific actively promotes a culture of open communication in which staff can report concerns and share ideas with management. The Group is also committed to providing a healthy organizational environment that is conducive to each individual's development. Employees are encouraged to improve themselves through further studies and are supported with financial sponsorship from the Group. In-house training for different levels of employees is organized on a regular basis to provide product knowledge and skill development. Moreover, with growing cross-territory business activities, across Hong Kong, mainland China and Australia, the Group continues to strengthen business integration, knowledge sharing and skill transfer among staff at these locations.

CITIC Pacific fully supports investing in the training and development of our younger generation. The Group has implemented various management trainee and apprentice training programs. It also provides training opportunities to young school leavers and college students by participating in the Youth Pre-employment Training Programme held by the Labour Department and internship programmes of universities.

CITIC Pacific and its employees continue to support charitable works and the promotion of education, environmental protection, sports, culture and the arts by sponsorship and participation in related activities. In addition, to provide financial assistance to the victims of Sichuan Earthquake, the Group and its employees also donated generously to the relief fund.

consolidated profit and loss account

for the six months ended 30 June – unaudited

<i>in HK\$ million</i>	Note	2008	2007
Turnover	2	28,318	19,618
Cost of Sales		(22,942)	(13,973)
Distribution and Selling Expenses		(512)	(438)
Other Operating Expenses		(1,441)	(1,433)
Net Gain from Sale of Other Financial Assets		843	–
Change in Fair Value of Investment Properties		410	355
Profit from Consolidated Activities	3	4,676	4,129
Share of Results of			
Jointly Controlled Entities		641	652
Associated Companies		43	708
Finance Charges		(189)	(126)
Finance Income		272	119
Net Finance Income / (Charges)	4	83	(7)
Profit before Taxation		5,443	5,482
Taxation	5	(496)	(174)
Profit for the Period		4,947	5,308
Attributable to:			
Shareholders of the Company		4,377	4,968
Minority Interests		570	340
		4,947	5,308
Dividends			
Dividend Proposed	6	(658)	(1,325)
Earnings per Share for Profit attributable to Shareholders of the Company during the Period (HK\$)	7		
Basic		1.99	2.25
Diluted		1.99	2.25
Dividend per Share (HK\$)			
Interim		0.30	0.40
Special		–	0.20

consolidated balance sheet

<i>in HK\$ million</i>	Note	Unaudited 30 June 2008	As Restated 31 December 2007
Non-Current Assets			
Fixed Assets			
Property, plant and equipment		17,125	12,154
Investment properties		11,670	10,895
Properties under development		6,925	4,288
Leasehold land		1,718	1,641
		37,438	28,978
Jointly controlled entities		21,338	17,446
Associated companies		17,515	17,941
Other financial assets		4,045	7,502
Intangible assets		5,871	5,109
Deferred tax assets		91	100
Derivative financial instruments		225	150
Non-current deposits		7,641	5,723
		94,164	82,949
Current Assets			
Properties held for sale		430	440
Assets held for sale		192	1,127
Inventories		6,843	5,982
Debtors, accounts receivable, deposits and prepayments	8	11,895	8,292
Cash and bank deposits		10,695	8,045
		30,055	23,886
Current Liabilities			
Bank loans, other loans and overdrafts			
Secured		395	328
Unsecured		4,467	3,326
Creditors, accounts payable, deposits and accruals	8	12,376	10,727
Liabilities held for sale		-	2
Provision for taxation		674	590
		17,912	14,973
Net Current Assets		12,143	8,913
Total Assets Less Current Liabilities		106,307	91,862
Non-Current Liabilities			
Long term borrowings		37,044	25,000
Deferred tax liabilities		2,216	2,094
Derivative financial instruments		310	69
		39,570	27,163
Net Assets		66,737	64,699
EQUITY			
Share capital		878	885
Reserves		59,524	57,138
Proposed dividend		658	1,770
Equity attributable to Shareholders of the Company		61,060	59,793
Minority Interests		5,677	4,906
Total Equity		66,737	64,699

consolidated cash flow statement

for the six months ended 30 June – unaudited

<i>in HK\$ million</i>	2008	2007
Cash Flows from Consolidated Activities		
<i>Profit from Consolidated Activities after Net Finance</i>		
<i>Income / (Charges)</i>	4,759	4,122
Net finance charges	49	40
Income from other financial assets	(93)	(29)
Depreciation and amortisation	508	576
Impairment losses	35	79
Net gain from sale of other financial assets	(843)	–
Provision for loan to associated companies	–	2
Loss on disposal of property, plant and equipment	6	55
Change in fair value of investment properties	(410)	(355)
Fair value gains on derivative financial instruments	(130)	(66)
Profit on disposal of interests in subsidiary companies	(170)	(1,928)
(Profit) / loss on disposal of jointly controlled entities and associated companies	(403)	135
<i>Operating Profit before Working Capital Changes</i>	3,308	2,631
Increase in inventories	(557)	(510)
Increase in debtors, accounts receivable, deposits and prepayments	(2,567)	(2,337)
Increase / (decrease) in creditors, accounts payable, deposits and accruals	1,507	(61)
Effect of foreign exchange rate changes	108	(28)
<i>Cash from / (used in) Consolidated Activities</i>	1,799	(305)
Interest received	202	119
Interest paid	(698)	(445)
Income taxes paid	(332)	(202)
Net Cash from / (used in) Consolidated Activities	971	(833)

in HK\$ million

	2008	2007
Cash Flows from Investing Activities		
Purchase of subsidiary companies	(38)	(2)
Purchase of additional interests in a subsidiary company	(2)	(244)
Purchase of property, plant and equipment	(5,036)	(348)
Purchase of properties under development	(1,743)	(369)
Purchase of leasehold land	(33)	(344)
Purchase of intangible assets	(597)	(386)
Investment in jointly controlled entities and associated companies	(2,507)	(1,281)
Increase in other financial assets	(393)	(663)
Increase in non-current deposits	(2,348)	–
Proceeds on disposal of property, plant and equipment	89	46
Proceeds on sale of other financial assets	1,786	–
Proceeds on disposal of jointly controlled entities	916	–
Proceeds on disposal of interests in subsidiary companies	526	1,884
Issue of a subsidiary's shares	–	461
(Increase) / decrease in loans to jointly controlled entities	(583)	540
Decrease in loans to associated companies	356	215
Dividend income from jointly controlled entities and associated companies	547	547
Income from other financial assets	79	29
Net Cash (used in) / from Investing Activities	(8,981)	85
Cash Flows from Financing Activities		
Repurchases of shares	(631)	–
Issues of shares pursuant to the Plan	8	258
New borrowings	16,829	5,438
Repayment of loans	(3,983)	(1,914)
Decrease in minority interests	(97)	(209)
Dividends paid	(1,757)	(2,429)
Net Cash from Financing Activities	10,369	1,144
Net Increase in Cash and Cash Equivalents	2,359	396
Cash and Cash Equivalents at 1 January	8,017	3,634
Effect of Foreign Exchange Rate Changes	264	45
Cash and Cash Equivalents at 30 June	10,640	4,075
Analysis of the Balances of Cash and Cash Equivalents		
Cash and bank deposits	10,695	4,135
Bank overdrafts	(55)	(60)
	10,640	4,075

consolidated statement of changes in equity

for the six months ended 30 June – unaudited

<i>in HK\$ million</i>	2008	2007
At 1 January		
Attributable to:		
Equity shareholders of the Company	59,793	46,510
Minority interests	4,906	1,499
Share of Reserves of Associated Companies		
Fair value gain on other financial assets	38	10
Loss on cash flow hedge of financial instruments	(17)	(3)
Retained profits	(26)	(22)
Share of capital redemption reserve	-	(11)
Share of capital reserve	10	36
Share of exchange translation differences	77	-
Share of Reserves of Jointly Controlled Entities		
Fair value gain on other financial assets	7	-
(Loss) / gain on cash flow hedge of financial instruments	(7)	2
Share of capital reserve	64	5
Share of exchange translation differences	50	15
Reserve Released on Disposal of Jointly Controlled Entities	(72)	-
Gain on Cash Flow Hedge of Financial Instruments	20	54
Fair Value (Loss) / Gain on Other Financial Assets	(1,444)	951
Transfer to Profit and Loss Account on Disposal of Other Financial Assets	(1,453)	-
Exchange Translation Differences	2,211	841
Net (Loss) / Income Recognised in Equity	(542)	1,878
Profit for the Period		
Attributable to:		
Equity shareholders of the Company	4,377	4,968
Minority interests	570	340
Total Recognised Income for the Period	4,405	7,186
Attributable to:		
Equity Shareholders of the Company	3,647	6,802
Minority Interests	758	384
	4,405	7,186
Dividend to Shareholders of the Company	(1,757)	(2,429)
Minority Interests	13	796
Repurchase of Shares	(631)	-
Share Options Exercised		
Premium received	8	252
Share capital issued	-	6
At 30 June	66,737	53,820

notes to the accounts

1 | Significant Accounting Policies

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

The accounting policies used in preparation of the Accounts are consistent with those adopted in the annual accounts for the year ended 31 December 2007 and with the adoption of certain new or revised Hong Kong Financial Reporting Standards, ('HKFRS') and HKAS in 2008 among which the following will have below impact to the Group:

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

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

The adoption of the above accounting standard has no effect on the Group's results reported for the period ended 30 June 2008.

2 | Turnover and Segment Information

An analysis of the Group's turnover and profit from consolidated activities and share of results of jointly controlled entities and associated companies by business is as follows:

six months ended 30 June 2008 in HK\$ million	turnover	profit from consolidated activities	share of results of jointly controlled entities	share of results of associated companies	group total	segment allocations	segment profit
<i>By principal activities</i>							
Special Steel	15,212	1,846	405	-	2,251	-	2,251
Property	901	477	(9)	(5)	463	46	509
Infrastructure	1,289	680	141	(65)	756	-	756
Listed Subsidiary Companies							
CITIC 1616	1,128	178	-	-	178	-	178
Dah Chong Hong	9,631	449	29	(29)	449	(46)	403
Others	157	919	75	(18)	976	-	976
Change in Fair Value of Investment Properties	-	410	-	160	570	-	570
Less: General and Administration Expenses	-	(283)	-	-	(283)	-	(283)
	28,318	4,676	641	43	5,360	-	5,360
Net Finance Income							83
Taxation							(496)
Profit for the Period							4,947

notes to the accounts

2 | Turnover and Segment Information *continued*

six months ended 30 June 2007 <i>in HK\$ million</i>	turnover	profit from consolidated activities	share of results of jointly controlled entities	share of results of associated companies	group total	segment allocations	segment profit
<i>By principal activities</i>							
Special Steel	8,737	1,274	227	–	1,501	–	1,501
Property	371	293	(11)	46	328	42	370
Infrastructure	595	113	260	569	942	–	942
Listed Subsidiary Companies							
CITIC 1616	2,831	2,039	–	–	2,039	–	2,039
Dah Chong Hong	7,062	272	22	2	296	(42)	254
Others	22	21	154	(25)	150	–	150
Change in Fair Value of Investment Properties	–	355	–	116	471	–	471
Less: General and Administration Expenses	–	(238)	–	–	(238)	–	(238)
	19,618	4,129	652	708	5,489	–	5,489
Net Finance Charges							(7)
Taxation							(174)
Profit for the Period							5,308

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

<i>in HK\$ million</i>	six months ended 30 June	
	2008	2007
<i>By geographical area</i>		
Hong Kong	6,052	6,326
Mainland China	21,177	12,410
Overseas	1,089	882
	28,318	19,618

3 | Profit from Consolidated Activities

The profit from consolidated activities is arrived at after crediting and charging:

<i>in HK\$ million</i>	six months ended 30 June	
	2008	As restated 2007
<i>Crediting</i>		
Dividend income from other financial assets	93	29
Profit on disposal of subsidiary company	170	1,928
Profit on disposal of jointly controlled entity	403	–
<i>Charging</i>		
Cost of inventories sold	20,738	12,803
Depreciation of property, plant and equipment	432	500
Amortisation of intangible assets	51	49
Amortisation of leasehold land	25	24
Impairment losses on other financial assets	21	1
Impairment losses on fixed assets	14	72

4 | Net Finance (Income) / Charges

<i>in HK\$ million</i>	six months ended 30 June	
	2008	2007
<i>Finance charges</i>		
Interest expenses	709	421
Amount capitalised	(388)	(262)
Fair value gains on derivative financial instruments	(130)	(66)
Exchange (gain) / loss	(30)	10
Other finance charges	28	23
	189	126
<i>Finance income</i>		
Interest income	(272)	(119)
	(83)	7

notes to the accounts

5 | Taxation

Hong Kong profits tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profit for the period. Overseas taxation is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Tax provisions are reviewed regularly to take into account changes in legislation, practice and status of negotiations. Details as follows:

<i>in HK\$ million</i>	six months ended 30 June	
	2008	2007
<i>Current taxation</i>		
Hong Kong profits tax	114	104
Overseas taxation	367	207
<i>Deferred taxation</i>		
Changes in fair value of investment properties	76	55
Origination and reversal of other temporary differences	(29)	(15)
Effect on tax rate change	(32)	(177)
	496	174

6 | Dividends

<i>in HK\$ million</i>	six months ended 30 June	
	2008	2007
2007 Final dividend paid: HK\$0.80 (2006: HK\$0.80) per share	1,757	1,767
2007 Special dividend paid: Nil (2006: HK\$0.30) per share	-	662
	1,757	2,429
2008 Interim dividend proposed: HK\$0.30 (2007: HK\$0.40) per share	658	883
2008 Special dividend proposed: Nil (2007: HK\$0.20) per share	-	442
	658	1,325

7 | Earnings per Share

The calculation of earnings per share is based on profit attributable to shareholders of HK\$4,377 million (2007: HK\$4,968 million).

The basic earnings per share is based on the weighted average number of 2,198,430,092 shares in issue during the period (2007: 2,203,437,210 shares in issue). The diluted earnings per share is based on 2,203,728,977 shares (2007: 2,208,527,391 shares) which is the weighted average number of shares in issue during the period plus the weighted average number of 5,298,885 shares (2007: 5,090,181 shares) deemed to be issued at no consideration if all outstanding options had been exercised.

8.1 | Debtors, Accounts Receivable, Deposits and Prepayments

<i>in HK\$ million</i>	30 June 2008	31 December 2007
<i>Trade debtors and bills receivable</i>		
Within 1 year	5,811	4,248
Over 1 year	54	42
	5,865	4,290
Accounts receivable, deposits and prepayments	6,030	4,002
	11,895	8,292

Note:

- i) Trade debtors are net of provision and the ageing is classified based on invoice date.*
- ii) Each business unit has a defined credit policy appropriate to its circumstances.*
- iii) The carrying amounts of debtors, accounts receivable, deposits and prepayments approximate their fair value.*
- iv) Accounts receivable, deposits and prepayments include derivative financial assets of HK\$580 million (2007: HK\$251 million), amounts due from jointly controlled entities of HK\$143 million (2007: HK\$138 million), which are unsecured, interest free and recoverable on demand, except for an amount of HK\$5 million (2007: HK\$1 million) which is interest bearing, and amounts due from associated companies of HK\$200 million (2007: HK\$90 million) which are unsecured, interest free and recoverable on demand.*

8.2 | Creditors, Accounts Payable, Deposits and Accruals

<i>in HK\$ million</i>	30 June 2008	31 December 2007
<i>Trade creditors and bills payable</i>		
Within 1 year	4,803	4,532
Over 1 year	587	329
	5,390	4,861
Accounts payable, deposits and accruals	6,986	5,866
	12,376	10,727

Note:

- i) Accounts payable, deposits and accruals included derivative financial liabilities of HK\$29 million (2007: HK\$66 million).*
- ii) The carrying amounts of creditors, accounts payable, deposits and accruals approximate their fair value.*

report on review of interim financial report

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

Introduction

We have reviewed the interim financial report set out on pages 20 to 29, which comprises the consolidated balance sheet of CITIC Pacific Limited (the 'Company') and its subsidiaries (together, the 'Group') as at 30 June 2008 and the related consolidated profit and loss account, statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants ('HKAS 34'). The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

*PricewaterhouseCoopers
Certified Public Accountants*

Hong Kong, 28 August 2008

statutory disclosure

Dividend and Closure of Register

The Directors have declared an interim dividend of HK\$0.30 per share (2007: interim dividend of HK\$0.40 per share and a special dividend of HK\$0.20 per share) for the year ending 31 December 2008 payable on Friday, 26 September 2008 to shareholders whose names appear on the Register of Members of the Company on Monday, 22 September 2008. The Register of Members of the Company will be closed from Tuesday, 16 September 2008 to Monday, 22 September 2008, both days inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 September 2008.

Share Option Plan

Share Option Plan adopted by the Company

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

All options granted and accepted under the Plan can be exercised in whole or in part within 5 years from the date of grant. During the six months ended 30 June 2008, no options were granted, cancelled or lapsed. A summary of the movements of the share options during the six months ended 30 June 2008 is as follows:

A. Directors of the Company

name of director	date of grant	exercise price HK\$	number of share options			percentage of issued share capital %
			balance as at 01.01.08	exercised during the 6 months ended 30.06.08	balance as at 30.06.08	
Larry Yung Chi Kin	05.12.05	20.50	100,000,000	–	100,000,000	4.649
	16.10.07	47.32	2,000,000 <i>(Note 1)</i>	–	2,000,000	
					102,000,000	
Peter Lee Chung Hing	01.11.04	19.90	1,000,000	–	1,000,000	0.155
	20.06.06	22.10	1,200,000	–	1,200,000	
	16.10.07	47.32	1,200,000	–	1,200,000	
					3,400,000	

statutory disclosure

name of director	date of grant	exercise price HK\$	number of share options			percentage of issued share capital %
			balance as at 01.01.08	exercised during the 6 months ended 30.06.08	balance as at 30.06.08	
Carl Yung Ming Jie	01.11.04	19.90	500,000	–	500,000	0.087
	20.06.06	22.10	600,000	–	600,000	
	16.10.07	47.32	800,000	–	800,000	
					1,900,000	
Leslie Chang Li Hsien	01.11.04	19.90	350,000	–	350,000	0.089
	20.06.06	22.10	800,000	–	800,000	
	16.10.07	47.32	800,000	–	800,000	
					1,950,000	
Vernon Francis Moore	01.11.04	19.90	1,000,000	–	1,000,000	0.105
	20.06.06	22.10	700,000	–	700,000	
	16.10.07	47.32	600,000	–	600,000	
					2,300,000	
Li Shilin	16.10.07	47.32	500,000	–	500,000	0.023
Liu Jifu	20.06.06	22.10	700,000	–	700,000	0.064
	16.10.07	47.32	700,000	–	700,000	
					1,400,000	
Chau Chi Yin	01.11.04	19.90	500,000	–	500,000	0.096
	20.06.06	22.10	800,000	–	800,000	
	16.10.07	47.32	800,000	–	800,000	
					2,100,000	
Milton Law Ming To	01.11.04	19.90	334,000	–	334,000	0.088
	20.06.06	22.10	800,000	–	800,000	
	16.10.07	47.32	800,000	–	800,000	
					1,934,000	
Wang Ande	20.06.06	22.10	500,000	150,000 (Note 2)	350,000	0.052
	16.10.07	47.32	800,000	–	800,000	
					1,150,000	
Kwok Man Leung	16.10.07	47.32	600,000 (Note 3)	–	600,000	0.027
Chang Zhenming	16.10.07	47.32	500,000	–	500,000	0.023

Note:

1. These share options were granted by CITIC Hong Kong (Holdings) Limited, a substantial shareholder of the Company, and can be exercised during the period from 5 December 2008 to 4 December 2010.
2. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$35.40.
3. Mr Kwok Man Leung was appointed as director of the Company on 1 April 2008. Thus, this is in respect of the balance as of 1 April 2008.

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

date of grant	exercise price HK\$	number of share options		
		balance as at 01.01.08	exercised during the 6 months ended 30.06.08	balance as at 30.06.08
1 November 2004	19.90	1,030,000	–	1,030,000
20 June 2006	22.10	2,239,000	193,000 (Note 4)	2,046,000
16 October 2007	47.32	6,750,000	–	6,750,000

Note :

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

C. Others

date of grant	exercise price HK\$	number of share options		
		balance as at 01.01.08	exercised during the 6 months ended 30.06.08	balance as at 30.06.08
1 November 2004	19.90	200,000 (Note 5)	–	200,000
16 October 2007	47.32	50,000 (Note 5)	–	50,000

Note:

5. These are in respect of options granted to former employees under continuous contracts, who have subsequently retired or resigned.

statutory disclosure

Share Option Plans adopted by Subsidiaries of the Company

CITIC 1616 Holdings Limited ('CITIC 1616')

CITIC 1616 adopted a share option plan ('CITIC 1616 Share Option Plan') on 17 May 2007. On 23 May 2007, options to subscribe for a total of 18,720,000 shares in CITIC 1616, representing approximately 1% of the issued share capital, at the exercise price of HK\$3.26 per share, were granted under the CITIC 1616 Share Option Plan and all were accepted. All options granted can be exercised in whole or in part within 5 years from the date of grant. None of the above options were exercised or cancelled but options for 2,445,000 shares of CITIC 1616 have lapsed during the six months ended 30 June 2008. No further options were granted during the six months ended 30 June 2008. The grantees were certain directors or employees of CITIC 1616 working under continuous contracts (as defined in the Employment Ordinance). None were granted to the directors, chief executives or substantial shareholders of the Company.

Dah Chong Hong Holdings Limited ('DCH Holdings')

Pre-IPO Share Option Scheme

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

DCH Holdings has granted 18,000,000 options under the Pre-IPO Scheme before the listing of DCH Holdings at the exercise price of HK\$5.88 per share. No options will be offered or granted under the Pre-IPO Scheme after DCH Holdings' listing. All options granted and accepted fully vested on the date of grant but have a lock-up period of 6 months from the listing of DCH Holdings and are then exercisable in whole or in part within 5 years from the date of grant.

None of the options granted under the Pre-IPO Scheme were exercised, cancelled or lapsed during the six months ended 30 June 2008. The grantees were certain directors or employees of the DCH Holdings group working under continuous contracts (as defined in the Employment Ordinance). None were granted to the directors, chief executives or substantial shareholders of the Company.

Post-IPO Share Option Scheme

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

DCH Holdings has not granted any options under the Post-IPO Scheme since its adoption.

Directors' Interests in Securities

The interests of the Directors in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ('SFO')) as at 30 June 2008 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Shares in the Company and associated corporations

name of director	number of shares personal interests unless otherwise stated	percentage to the issued share capital %
CITIC Pacific Limited		
Larry Yung Chi Kin	416,495,000 <i>(Note 1)</i>	18.982
Henry Fan Hung Ling	50,640,000 <i>(Note 2)</i>	2.308
Peter Lee Chung Hing	1,000,000	0.046
Carl Yung Ming Jie	300,000	0.014
Leslie Chang Li Hsien	480,000	0.022
Vernon Francis Moore	4,200,000 <i>(Note 3)</i>	0.191
Li Shilin	300,000	0.014
Liu Jifu	840,000	0.038
Chau Chi Yin	536,000	0.024
Wang Ande	400,000	0.018
Hansen Loh Chung Hon	1,550,000 <i>(Note 4)</i>	0.071
André Desmarais	10,145,000 <i>(Note 5)</i>	0.462
Peter Kruyt (alternate director to Mr André Desmarais)	34,100	0.002
CITIC 1616 Holdings Limited		
Vernon Francis Moore	200,000 <i>(Note 3)</i>	0.010
Chau Chi Yin	26,750	0.001
Dah Chong Hong Holdings Limited		
Li Shilin	12,000	0.001
Liu Jifu	33,600 <i>(Note 6)</i>	0.002
Chau Chi Yin	21,000	0.001
Hansen Loh Chung Hon	62,000 <i>(Note 7)</i>	0.003

Note:

1. Corporate interest
2. Corporate interest in respect of 5,640,000 shares and trust interest in respect of 45,000,000 shares
3. Trust interest
4. Personal interest in respect of 1,050,000 shares; corporate interest in respect of 500,000 shares and family interest in respect of 500,000 shares which duplicate each other
5. Corporate interest in respect of 10,000,000 shares and family interest in respect of 145,000 shares
6. Family interest
7. Corporate interest in respect of 20,000 shares and concert party interest in respect of 42,000 shares

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2. Share Options in the Company

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

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

name of director	date of grant	number of share options			balance as at 30.06.08	percentage of issued share capital %
		balance as at 01.01.08	granted during the 6 months ended 30.06.08	lapsed / cancelled / exercised during the 6 months ended 30.06.08		
Peter Lee Chung Hing	02.03.05	15,000	–	–	15,000	0.125
	04.04.06	10,000	–	–	10,000	
	11.12.07	10,000	–	–	10,000	
					35,000	
Leslie Chang Li Hsien	02.03.05	15,000	–	–	15,000	0.125
	04.04.06	10,000	–	–	10,000	
	11.12.07	10,000	–	–	10,000	
					35,000	
Vernon Francis Moore	02.03.05	15,000	–	–	15,000	0.125
	04.04.06	10,000	–	–	10,000	
	11.12.07	10,000	–	–	10,000	
					35,000	
Chang Zhenming	11.12.07	125,000	–	–	125,000	0.446

Save as disclosed above, as at 30 June 2008, none of the Directors of the Company had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Substantial Shareholders

As at 30 June 2008, the interests of the substantial shareholders, other than the Directors of the Company or their respective associate(s), in the shares of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows:

1. Interest in the Shares

name	number of shares of the Company	percentage to the issued share capital %
CITIC Group	643,611,285	29.333
CITIC Hong Kong (Holdings) Limited ('CITIC HK')	643,611,285	29.333
Heedon Corporation	496,386,285	22.623
Honville Corporation	310,988,221	14.174
Power Corporation of Canada	156,220,000	7.120
Gelco Enterprises Ltee	156,220,000	7.120
Nordex Inc.	156,220,000	7.120
Paul G. Desmarais	156,220,000	7.120

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

name of subsidiary companies of CITIC HK	number of shares of the Company	percentage to the issued share capital %
Affluence Limited	46,089,000	2.101
Winton Corp.	30,718,000	1.400
Westminster Investment Inc.	101,960,000	4.647
Jetway Corp.	20,462,000	0.933
Cordia Corporation	32,258,064	1.470
Honville Corporation	310,988,221	14.174
Hainsworth Limited	91,136,000	4.154
Southpoint Enterprises Inc.	10,000,000	0.456
Raymondford Company Limited	2,823,000	0.129

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

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CITIC Group is the direct holding company of CITIC HK. CITIC HK is the direct holding company of Heedon Corporation, Hainsworth Limited, Affluence Limited and Barnsley Investments Limited. Heedon Corporation is the direct holding company of Winton Corp., Westminster Investment Inc., Jetway Corp., Kotron Company Ltd. and Honpville Corporation and Kotron Company Ltd. is the direct holding company of Cordia Corporation. Affluence Limited is the direct holding company of Man Yick Corporation which is the direct holding company of Raymondford Company Limited. Barnsley Investments Limited is the direct holding company of Southpoint Enterprises Inc. Accordingly, the interests of CITIC Group in the Company duplicate the interests of CITIC HK in the Company. The interests of CITIC HK in the Company duplicate the interests in the Company of all its direct and indirect subsidiary companies as described above. The interests of Heedon Corporation in the Company duplicate the interests in the Company of all its direct and indirect subsidiary companies as described above. The interests of Affluence Limited in the Company duplicate the interests in the Company of its direct subsidiary company as described above. The interests of Man Yick Corporation in the Company duplicate the interests in the Company of its direct subsidiary company as described above. The interests of Barnsley Investments Limited in the Company duplicate the interests in the Company of its direct subsidiary company as described above and the interests of Kotron Company Ltd. in the Company duplicate the interests in the Company of its direct subsidiary company as described above.

Power Corporation of Canada is a company 53.83% controlled by Gelco Enterprises Ltee which in turn is 94.95% controlled by Nordex Inc. and the remainder by Mr Paul G. Desmarais. Nordex Inc. in turn is 68% controlled directly by Mr Paul G. Desmarais and indirectly as to 32% by the latter. Thus, the aforesaid interests of Power Corporation of Canada, Gelco Enterprises Ltee, Nordex Inc. and Mr Paul G. Desmarais in the Company duplicate each other.

2. Short Position in the Shares

name	number of shares of the Company	percentage to the issued share capital %
CITIC Group	100,000,000	4.558
CITIC HK	100,000,000	4.558

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

Share Capital

During the six months ended 30 June 2008, the Company made the following repurchases of its own shares on the Hong Kong Stock Exchange for purpose of enhancing its earnings per share:

month / year	number of shares repurchased	price per share		aggregate price paid (HK\$)
		highest (HK\$)	lowest (HK\$)	
January 2008	15,484,000	37.90	32.25	545,205,150
June 2008	2,837,000	30.40	28.50	83,689,450

These repurchased shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was charged against retained profit. An amount equivalent to the nominal value of the shares cancelled of approximately HK\$7.3 million was transferred from retained profit to capital redemption reserve.

Save as disclosed above, neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the six months ended 30 June 2008 and the Company has not redeemed any of its shares during the six months ended 30 June 2008.

Continuing Disclosure Requirements under Rule 13.22 of the Listing Rules

The Company has included a proforma combined balance sheet of the relevant affiliated companies as required therein under Rule 13.22 of the Listing Rules. Affiliated companies include associated companies and jointly controlled entities.

Proforma combined balance sheet of affiliated companies

<i>in HK\$ million</i>	Group's attributable interest as at 30 June 2008
Fixed Assets	7,559
Jointly Controlled Entities	422
Intangible Assets	1,826
Pension Assets	29
Other Non Current Assets	1,950
Net Current Assets	1,806
Total Assets Less Current Liabilities	13,592
Long Term Borrowings	(3,281)
Deferred Tax Liabilities	(173)
Derivative Financial Instruments	(1,151)
Loan from Shareholders	(5,224)
	3,763

Corporate Governance

CITIC Pacific is committed to ensuring high standards of corporate governance and first class business practices. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Details of our corporate governance practices can be found on page 49 of the 2007 annual report and the Company's website www.citicpacific.com.

Throughout the six months ended 30 June 2008, CITIC Pacific has complied with all code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Audit Committee of the Board, consisting of three non-executive directors of whom two are independent, has reviewed the Interim Report with management and the Company's internal and external auditors and recommended its adoption by the Board.

The Interim Accounts, which are prepared in accordance with HKAS 34 'Interim Financial Reporting', have been reviewed by the Company's independent auditors PricewaterhouseCoopers in accordance with the Hong Kong Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ('Model Code') contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2008.

definition of terms

Terms

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

Ratios

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

corporate information

Headquarters and Registered Office

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Telephone: +852 2820 2111 Fax: +852 2877 2771

Website

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

Stock Codes

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

Share Registrars

Shareholders should contact our Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong at +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.

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

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

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

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

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:	16 September 2008 to 22 September 2008
Interim Dividend payable:	26 September 2008



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