CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00267)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholders,

Our company's profit attributable to ordinary shareholders for the first half of 2013 was HK$4,463 million, 19% lower than in the same period of 2012. About half of the profit was from non-recurring items. The sharp decline in profit from continuing business activities was mainly due to our iron ore mine in Australia. As parts of the mine begin to operate, interest expenses associated with them can no longer be capitalised. In addition, we also had to increase the provision for the unused gas supply. Profit from mainland properties also declined as we had fewer finished units to deliver to customers. On the positive side, the special steel business performed steadily in the first six months of 2013 compared with the same period last year. Our energy business did particularly well with strong contribution from the Ligang Power station.

Sino Iron Ore Project Progress

Consistent with my past reports, I would like to devote much of this letter to our iron ore mine in Western Australia, which has been and will remain management's main focus until it achieves full operation.

We have strived to be open and transparent by providing our shareholders with frequent progress reports on the mine. As previously stated, after commissioning production line one in late 2012 we experienced a series of technical problems this spring which led to the decision in May to suspend the operation, so that our equipment could be more easily repaired and adjusted. Encountering such technical issues is not surprising considering the massive scale of this project. The pause in operation was the most efficient and effective way to fully address all outstanding engineering issues.

I am glad to report that we recommenced load commissioning of line one in late July. So far, things are going well, most of the major issues we encountered have been addressed, and we have achieved continuous production. Resumption of load commissioning is an important milestone and an encouraging achievement. What we have learned from this commissioning is that the processing technology employed is viable and capable of producing good quality iron ore concentrate, which has an average iron content of about 66%. Building a greenfield project is complex and has not been smooth sailing for us, but I am pleased that we have proven we have the technical knowledge and management expertise to build and operate the mine. However, the re-commissioning is still very recent, and for a project of this massive scale and complexity, more time and data are required to gain further insight into production parameters, line stability and reliability.

In our progress update on the second production line in late May, we reported that the gearless motor responsible for driving the grinding mill was being repaired. This, unfortunately, is taking longer than anticipated. Load commissioning can only begin when the motor passes the required voltage test. If the test is not successful, we will need to reassess the situation and develop an appropriate action plan. This would be a significant task and further push back the commissioning of line two. All parties are working closely with the manufacturer, Siemens, which made the gearless motor specifically for our project.

Our focus for the next six months will be to ensure the stable running of production line one, ramping it up to full capacity as soon as possible, as well as getting the second production line ready for load commissioning.

For lines three to six, all the grinding mills have already been put on their foundations. A detailed and comprehensive implementation plan has been developed and it will be fine tuned based on information and knowledge gained from commissioning line one. The plan will be further reviewed by a team of technical experts and finalised in the coming month. Infrastructure such as the power station and desalination plant has been running now for some time supporting line one.

Iron ore concentrate produced to date has been stockpiled near the port. The first shipment will be arranged once the relevant authorities grant permission to do so. I am looking forward to seeing iron ore concentrate delivered to our own steel mills, as well as others in China.

Other Operating Businesses

Profit from the special steel business was at about the same level as the first half of last year, a time when the market for steel was quite good. The market began to decline in the second half of 2012 and was particularly depressed in the last quarter of 2012. Looking at the steel market in the first six months of 2013, we see that the overall market is still quite weak, although demand picked up and product prices recovered from their low levels at the end of last year.

In this context, the fact that our special steel operation achieved a similar level of profitability as the first six months of last year was quite encouraging. How did we do it? We intensified our efforts to open new markets, in particular those for our plate products. The product volume increase in the period came primarily from selling more special steel plates. We did this by continuing to improve the quality of our products and by focusing on optimising the procurement of raw materials, thereby effectively lowering the overall input cost. Simply put, we did it through managing the business prudently and making good decisions despite a generally soft market environment. As to how we see the rest of 2013, the fact remains that we will have to operate in an environment with excess capacity and moderate demand. We will leverage our market leading position to capture the opportunities in the growing Chinese economy.

The mainland China residential property market continued to be affected by the purchasing restrictions and other measures implemented by the government. However, sales of residential units at our Shenzhou Peninsula project on Hainan Island were quite good in the last six months. On the other hand, the commercial property market remains buoyant, and our investment properties continue to generate steady rental income. As I have said before, I am confident that the forces driving the market, including urbanisation and the emerging middle class, will create positive momentum in the mainland property market. We are in this business for the long-term and will continue to develop our existing land bank, and market and sell our products.

At the end of June, we had over HK$46 billion in cash and available committed facilities, giving us the flexibility to repay maturing debts, pay a dividend to you and reinvest in the business.

The board resolved to pay an interim dividend of HK$0.10 per share.

We are a company focused on China – our special steel is sold primarily in the domestic market, we develop properties in China and our iron ore will be supplied to and used by Chinese steel mills. So our prosperity is very much dependent on and connected to the economic growth of China. Following a decade of exceptional growth, China is entering a period of more moderate economic development. Albeit slower than before, this growth is still robust compared with the rest of the world. Future economic growth will focus more on quality, efficiency and endurance. The challenge facing our company and most Chinese companies in this transitional time is that we have to operate in an environment with excess capacity in a number of industries. To stay competitive, do well and achieve better profitability, we have to work hard to improve productivity, increase the technology content of our products, enhance efficiency and thereby reduce costs.

We have come a long way in both China and Australia, and we are proud of our progress. However, we still have a lot of work ahead of us. I remind myself and our management team often of the importance of maintaining focus on our core proposition and purpose – creating value for our shareholders. At the same time, we also need to attend to the myriad details and dimensions of our daily tasks and operations.

On behalf of the board, I would like to thank our employees for the work done to date, as well as our investors and lenders for their continued support.

Chang Zhenming
Chairman

Hong Kong, 14 August 2013

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	2013 HK$m	As restated 2012 HK$m
Revenue	2	41,291	48,175
Cost of sales		(36,295)	(42,551)
Gross profit		4,996	5,624
Other income and net gains	3	852	2,729
Distribution and selling expenses		(1,541)	(1,540)
Other operating expenses		(2,313)	(1,948)
Change in fair value of investment properties		599	901
Profit from consolidated activities	2	2,593	5,766
Share of results of			
Joint ventures	2	1,582	1,078
Associated companies	2	145	289
Profit before net finance charges and taxation		4,320	7,133
Finance charges		(1,362)	(644)
Finance income		258	401
Net finance charges	5	(1,104)	(243)
Profit before taxation		3,216	6,890
Taxation	6	(266)	(916)
Profit for the period from continuing operations		2,950	5,974
Profit for the period from discontinued operations	12	2,102	254
Profit for the period		5,052	6,228
Attributable to:			
Ordinary shareholders of the Company	2	4,463	5,482
Holders of perpetual capital securities		304	230
Non-controlling interests		285	516
		5,052	6,228
Profit attributable to ordinary shareholders of the Company arising from:			
Continuing operations		2,380	5,328
Discontinued operations		2,083	154
		4,463	5,482

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED) (continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	2013 HK$m	As restated 2012 HK$m
Dividends			
Proposed dividends	7	365	547
Earnings per share for profit attributable to ordinary shareholders of the Company during the period (HK$)	8		
Basic earnings per share from:			
Continuing operations		0.65	1.46
Discontinued operations		0.57	0.04
		1.22	1.50
Diluted earnings per share from:			
Continuing operations	8	0.65	1.46
Discontinued operations		0.57	0.04
		1.22	1.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	2013 HK$m	As restated 2012 HK$m
Profit for the period	5,052	6,228
Other comprehensive income (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss :		
Surplus on revaluation of properties transferred from self- use properties to investment properties	130	64
Items that have been reclassified or may be reclassified subsequently to profit or loss :		
Cash flow hedging reserves movement from interest rate swap and foreign exchange contracts	1,291	(815)
Fair value changes from other financial assets	(73)	(32)
Share of other comprehensive income of associated companies and joint ventures	36	(23)
Exchange translation differences	1,012	(767)
Transfer to profit and loss account on impairment of other financial assets	-	7
Reserves released on deemed disposal/ disposal of an interest in a joint venture	(206)	(413)
Reserve released on disposal of interest in a subsidiary company	(9)	-
	2,051	(2,043)
Other comprehensive income for the period, net of tax	2,181	(1,979)
Total comprehensive income for the period	7,233	4,249
Total comprehensive income for the period attributable to		
Ordinary shareholders of the Company	6,642	3,563
Holders of perpetual capital securities	304	230
Non-controlling interests	287	456
	7,233	4,249
Total comprehensive income for the period attributable to Ordinary shareholders of the Company arising from:		
Continuing operations	4,559	3,409
Discontinued operations	2,083	154
	6,642	3,563

CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2013

	Note	30 June 2013 HK$m	31 December 2012 HK$m
Non-current assets			
Property, plant and equipment		107,168	100,445
Investment properties		17,166	16,359
Properties under development		10,463	8,712
Leasehold land – operating lease		2,499	2,524
Joint ventures		20,802	20,443
Associated companies		7,625	7,499
Other financial assets		278	351
Intangible assets		19,044	17,253
Deferred tax assets		2,587	2,342
Derivative financial instruments	11	62	121
Non-current deposits and prepayments		2,905	1,908
		190,599	177,957
Current assets			
Properties under development		1,061	1,144
Properties held for sale		4,281	3,830
Other assets held for sale		401	379
Inventories		12,254	11,803
Derivative financial instruments	11	49	255
Debtors, accounts receivable, deposits and prepayments	9	16,071	15,464
Cash and bank deposits		33,685	32,821
		67,802	65,696
Assets of disposal group classified as held for sale	12	-	3,733
		67,802	69,429
Current liabilities			
Bank loans, other loans and overdrafts			
- secured		1,414	1,456
- unsecured		17,271	20,677
Creditors, accounts payable, deposits and accruals	10	23,633	24,402
Derivative financial instruments	11	94	201
Provisions		1,943	1,870
Provision for taxation		936	1,065
		45,291	49,671
Liabilities of disposal group classified as held for sale	12	-	1,260
		45,291	50,931
Net current assets		22,511	18,498
Total assets less current liabilities		213,110	196,455
Non-current liabilities			
Long term borrowings		99,580	94,496
Deferred tax liabilities		3,678	3,343
Derivative financial instruments	11	3,002	4,777
Provisions and deferred income		2,450	1,973
		108,710	104,589
Net assets		104,400	91,866

CONSOLIDATED BALANCE SHEET (UNAUDITED) (continued)
AS AT 30 JUNE 2013

	Note	30 June 2013 HK$m	31 December 2012 HK$m
Equity			
Share capital		1,460	1,460
Perpetual capital securities		13,827	5,953
Reserves		82,369	76,170
Proposed dividend	7	365	1,095
Total ordinary shareholders’ funds and perpetual capital securities		98,021	84,678
Non-controlling interests in equity		6,379	7,188
Total equity		104,400	91,866

NOTES TO THE FINANCIAL STATEMENTS

1 Significant accounting policies

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

The accounting policies used in preparation of the Accounts are consistent with those adopted in the annual accounts for the year ended 31 December 2012 other than the adoption of certain new or revised Hong Kong Financial Reporting Standards ("HKFRS") which are first effective for the current accounting period beginning on 1 January 2013, of which the most significant and relevant to the Group are as set out below.

Standard No.	Title
HKAS 1 (Amendment)	*Presentation of financial statements*
HKFRS 10	*Consolidated financial statements*
HKFRS 11	*Joint arrangements*
HKFRS 12	*Disclosure of interests in other entities*
HKFRS 13	*Fair value measurement*
HK (IFRIC) Int 20	*Stripping costs in the production phase of a surface mine*
HKFRS 7 (Amendment)	*Financial instruments: disclosures – offsetting financial assets and financial liabilities*
Annual Improvements 2009-2011 Cycle	

The more important changes are summarised below:

Amendments to HKAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments to HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in the Accounts has been modified accordingly.

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the presentation of consolidated financial statements and HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

1 Significant accounting policies (continued)

HKFRS 11, *Joint arrangements*

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated accounts.

As a result of the adoption of HKFRS 11, the Group has reclassified the investment in jointly controlled entities to investment in joint ventures. The investment in joint ventures continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

2 Segment information

(a) Revenue and Profit Attributable to Ordinary Shareholders of the Company and Holders of Perpetual Capital Securities

Six months ended 30 June 2013	Revenue	Profit/(loss) from consolidated activities	Share of results of joint ventures	Share of results of associated companies	Net finance income/ (charges)	Group total	Segment allocations*	Segment profit/(loss)	Taxation	Non-controlling interests	Profit/(loss) attributable to ordinary shareholders of the Company
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
Special steel	20,471	1,407	128	38	(444)	1,129	(4)	1,125	(99)	(59)	967
Iron ore mining	130	(869)	-	-	(607)	(1,476)	(1)	(1,477)	423	-	(1,054)
Property											
Mainland China	1,138	300	(9)	-	66	357	5	362	(177)	33	218
Hong Kong	147	122	-	13	-	135	81	216	(17)	-	199
Energy	7	19	903	-	11	933	-	933	(61)	-	872
Tunnels	405	279	131	-	1	411	-	411	(46)	(68)	297
Dah Chong Hong	18,936	706	9	5	(98)	622	(81)	541	(157)	(167)	217
CITIC Telecom (note 12)	-	-	312	-	-	312	-	312	-	-	312
Other investments	57	9	94	6	(1)	108	-	108	12	-	120
Change in fair value of investment properties	-	599	14	83	-	696	-	696	(83)	(5)	608
Corporate											
General and administration expenses	-	(193)	-	-	-	(193)	-	(193)	(12)	-	(205)
Exchange gain	-	214	-	-	-	214	-	214	-	-	214
Net finance charges	-	-	-	-	(32)	(32)	-	(32)	(49)	-	(81)
Continuing operations total	41,291	2,593	1,582	145	(1,104)	3,216	-	3,216	(266)	(266)	2,684
Discontinued operations:											
CITIC Telecom (note 12)								2,104	(2)	(19)	2,083
Total								5,320	(268)	(285)	4,767
										Profit attributable to:	
										Holders of perpetual capital securities	(304)
											4,463

* Segment allocations arising from property leases between segments are based on arms' length rentals.

2 Segment information (Continued)

(a) Revenue and Profit Attributable to Ordinary Shareholders of the Company and Holders of Perpetual Capital Securities (continued)

Six months ended 30 June 2012	Revenue	Profit/(loss) from consolidated activities	Share of results of joint ventures	Share of results of associated companies	Net finance income/ (charges)	Group total	Segment allocations*	Segment profit/(loss)	Taxation	Non-controlling interests	Profit/(loss) attributable to ordinary shareholders of the Company
	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m	HK$m
Special steel	22,254	819	133	25	(252)	725	(3)	722	(101)	(97)	524
Iron ore mining	75	(99)	-	-	(50)	(149)	-	(149)	39	-	(110)
Property											
Mainland China	1,641	633	193	-	49	875	5	880	(347)	16	549
Hong Kong	118	103	-	52	-	155	49	204	(14)	-	190
Energy	8	(50)	563	-	12	525	-	525	(25)	-	500
Tunnels	398	274	111	-	2	387	-	387	(45)	(69)	273
Dah Chong Hong	23,636	978	6	4	(97)	891	(51)	840	(242)	(252)	346
Other investments	45	2,476	72	10	-	2,558	-	2,558	14	-	2,572
Change in fair value of investment properties	-	901	-	198	-	1,099	-	1,099	(176)	(14)	909
Corporate											
General and administration expenses	-	(214)	-	-	-	(214)	-	(214)	(8)	-	(222)
Exchange loss	-	(55)	-	-	-	(55)	-	(55)	-	-	(55)
Net finance charges	-	-	-	-	93	93	-	93	(11)	-	82
Continuing operations total	48,175	5,766	1,078	289	(243)	6,890	-	6,890	(916)	(416)	5,558
Discontinued operations:											
CITIC Telecom (note 12)								288	(34)	(100)	154
Total								7,178	(950)	(516)	5,712
Profit attributable to:											
Holders of perpetual capital securities											(230)
											5,482

* Segment allocations arising from property leases between segments are based on arms' length rentals.

2 Segment information (Continued)

(a) Segment Revenue and Profit Attributable to Ordinary Shareholders of the Company and Holders of Perpetual Capital Securities (Continued)

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

	Six months ended 30 June	
	2013	2012
	HK$m	HK$m
By geographical area		
Mainland China	31,402	39,101
Hong Kong	5,495	4,862
Other countries	4,394	4,212
	41,291	48,175

2 Segment information (Continued)

(b) Assets and liabilities

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

	Segment assets#		Investments in joint ventures		Investments in associated companies		Total assets		Segment liabilities#		Total net assets		Additions of non-current assets* (other than financial instruments and deferred tax assets) Six months ended	
	30 June 2013 HK$m	31 Dec 2012 HK$m	30 June 2013 HK$m	31 Dec 2012 HK$m	30 June 2013 HK$m	31 Dec 2012 HK$m	30 June 2013 HK$m	31 Dec 2012 HK$m	30 June 2013 HK$m	31 Dec 2012 HK$m	30 June 2013 HK$m	31 Dec 2012 HK$m	30 June 2013 HK$m	30 June 2012 HK$m
By principal activities														
Special steel	55,172	52,421	-	2,866	379	335	55,551	55,622	(25,168)	(26,058)	30,383	29,564	1,307	2,083
Iron ore mining	86,127	81,577	-	-	-	-	86,127	81,577	(38,465)	(40,393)	47,662	41,184	5,688	9,427
Property														
Mainland China	37,151	34,459	5,969	6,164	-	-	43,120	40,623	(9,448)	(8,466)	33,672	32,157	1,604	403
Hong Kong	9,187	8,671	-	-	6,956	6,902	16,143	15,573	(312)	(325)	15,831	15,248	-	10
Energy	3,822	2,960	6,238	6,756	-	-	10,060	9,716	(439)	(423)	9,621	9,293	-	-
Tunnels	953	942	1,238	1,266	-	-	2,191	2,208	(158)	(144)	2,033	2,064	-	-
Dah Chong Hong	19,592	19,816	266	254	258	236	20,116	20,306	(10,978)	(11,402)	9,138	8,904	654	397
CITIC Telecom (note 12)	-	-	3,826	-	-	-	3,826	-	-	-	3,826	-	-	-
Other investments	359	411	3,265	3,137	32	26	3,656	3,574	(72)	(66)	3,584	3,508	-	-
Corporate	17,611	14,454	-	-	-	-	17,611	14,454	(68,961)	(66,983)	(51,350)	(52,529)	8	5
Continuing operations total	229,974	215,711	20,802	20,443	7,625	7,499	258,401	243,653	(154,001)	(154,260)	104,400	89,393	9,261	12,325
Discontinued operations														
CITIC Telecom (note 12)	-	3,733	-	-	-	-	-	3,733	-	(1,260)	-	2,473	-	105
Segment assets/ (liabilities)	229,974	219,444	20,802	20,443	7,625	7,499	258,401	247,386	(154,001)	(155,520)	104,400	91,866	9,261	12,430

Corporate segment assets and liabilities mainly represent financial instruments, cash and bank deposits and borrowings which are managed centrally by the group treasury function and are not allocated to individually reportable segments.

* Non-current assets are amounts expected to be recovered more than twelve months after the period end.
# Segment assets and segment liabilities are presented with intercompany balances eliminated.

3 Other income and net gains

	Six months ended 30 June	
		As restated
	2013	2012
	HK$m	HK$m
Other income		
Commission income, subsidy income, rebates and others	431	308
Dividend income from other financial assets		
Listed shares	5	4
	436	312
Net gains		
Net exchange gain/(loss)	38	(140)
Net gain from deemed disposal/disposal of joint ventures	362	2,473
Others	16	84
	416	2,417
	852	2,729

4 Profit from consolidated activities

	Six months ended 30 June	
		As restated
	2013	2012
	HK$m	HK$m
The profit from consolidated activities is arrived at after charging:		
Continuing operations		
Cost of inventories/properties sold	32,282	40,827
Depreciation and amortisation	1,794	1,350
Impairment losses on other financial assets	-	7
Impairment losses on trade and other receivables	2	14
Impairment losses on property, plant and equipment	1	22
Discontinued operations		
Depreciation and amortisation	25	73
Impairment losses on trade and other receivables	-	1

5 Net finance charges

	Six months ended 30 June 2013 HK$m	As restated 2012 HK$m
Finance charges		
Interest expense	2,813	2,369
Amount capitalised	(1,395)	(1,732)
	1,418	637
Other finance charges	76	69
Other financial instruments		
Fair value gain	(2)	(8)
Ineffectiveness on cash flow hedges	(130)	(54)
	1,362	644
Finance income		
Interest income	(258)	(401)
	1,104	243

6 Taxation

Hong Kong profits tax is calculated at the rate of 16.5% (Six months ended 30 June 2012: 16.5%) on the estimated assessable profit for the period. Tax outside Hong Kong is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Tax provisions are reviewed regularly to take into account changes in legislation, practice and status of negotiations. Details are as follows:

	Six months ended 30 June 2013 HK$m	As restated 2012 HK$m
Continuing operations		
Current taxation		
Hong Kong profits tax	115	114
Tax outside Hong Kong	438	709
Deferred taxation		
Changes in fair value of investment properties	85	176
Origination and reversal of other temporary differences	(372)	(83)
	266	916
Discontinued operations		
Current taxation		
Hong Kong profits tax	4	31
Tax outside Hong Kong	-	1
Deferred taxation		
Origination and reversal of other temporary differences	(2)	2
	2	34

7 Dividends

	Six months ended 30 June	
	2013	2012
	HK$m	HK$m
2012 Final dividend paid: HK$0.30 (2011: HK$0.30) per share	1,095	1,095
2013 Interim dividend proposed: HK$0.10 (2012: HK$0.15) per share	365	547

8 Earnings per share

The calculation of earnings per share is based on the consolidated profit attributable to ordinary shareholders of HK$4,463 million (six months ended 30 June 2012: HK$5,482 million). The calculation of diluted earnings per share is based on the consolidated profit attributable to ordinary shareholders of the Company adjusted for the effect of the conversion of dilutive potential ordinary shares of subsidiary companies, which the effect is not material to the Group.

The basic earnings per share is based on the number of 3,649,444,160 shares in issue during the period (six months ended 30 June 2012: 3,649,444,160 shares in issue). The diluted earnings per share for 2013 is the same as the basic earnings per share as it is deemed that no potential additional ordinary shares would be issued at no consideration from the exercise of options because the exercise price was above the average market price of the Company's shares for the period ended 30 June 2013.

9 Debtors, accounts receivable, deposits and prepayments

	30 June 2013	31 December 2012
	HK$m	HK$m
Trade debtors and bills receivable aged:		
- Within 1 year	6,758	6,579
- Over 1 year	53	20
	6,811	6,599
Accounts receivable, deposits and prepayments	9,260	8,865
	16,071	15,464

Notes:

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

(ii) Each business unit has its own defined credit policy that is specific to the respective business environment and market practice.

(iii) The carrying amounts of debtors, accounts receivable, deposits and prepayments approximate their fair values.

(iv) Accounts receivable, deposits and prepayments include amounts due from joint ventures of HK$152 million (31 December 2012: HK$133 million), dividend receivable from joint ventures of HK$3,332 million (31 December 2012: HK$2,120 million), and amounts due from associated companies of HK$136 million (31 December 2012: HK$122 million), which are unsecured, interest free and recoverable on demand.

10 Creditors, accounts payable, deposits and accruals

	30 June 2013 HK$m	31 December 2012 HK$m
Trade creditors and bills payable aged:		
- Within 1 year	8,937	10,666
- Over 1 year	435	308
	9,372	10,974
Accounts payable, deposits and accruals	14,261	13,428
	23,633	24,402

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

11 Derivative financial instruments

	30 June 2013		31 December 2012	
	Assets HK$m	Liabilities HK$m	Assets HK$m	Liabilities HK$m
Qualified for hedge accounting – cash flow hedges				
- Interest-rate instruments	-	2,855	-	4,690
- Forward foreign exchange instruments	-	39	184	-
	-	2,894	184	4,690
Not qualified for hedge accounting				
- Interest-rate instruments	107	196	187	279
- Forward foreign exchange instruments	4	6	5	9
	111	202	192	288
	111	3,096	376	4,978
Less: current portion				
- Interest-rate instruments	46	49	66	192
- Forward foreign exchange instruments	3	45	189	9
	49	94	255	201
Non-current portion	62	3,002	121	4,777

12 Discontinued operations

The Sale and Purchase Agreement made between a wholly-owned subsidiary company of the Company and CITIC Group Corporation, an ultimate holding company, on 18 December 2012 to dispose 18.55% interest in CITIC Telecom was completed on 21 February 2013. Since then, CITIC Telecom has ceased to be a subsidiary of the Company. As a result, the financial results of CITIC Telecom has no longer been consolidated with that of the Group but is accounted for by equity method.

Analysis of the profit of discontinued operations is as follows :

	June 2013	June 2012
	HK$m	HK$m
Revenue	523	1,744
Expenses	(507)	(1,547)
Share of results of joint venture and associated company	33	91
Profit before tax from discontinued operations	49	288
Taxation	(2)	(34)
Profit for the period from discontinued operations	47	254
Net gain on disposal	2,055	-
	2,102	254
Profit for the period from discontinued operations attributable to:		
Ordinary shareholders of the Company	2,083	154
Non-controlling interests	19	100
	2,102	254

13 Comparative figures

As a result of the separate presentation of the discontinued operations, certain comparative figures have been adjusted to conform to current period's presentation.

FINANCIAL REVIEW AND ANALYSIS

Group Debt and Liquidity

The debt of CITIC Pacific as at 30 June 2013 as compared with 31 December 2012 and 30 June 2012 is as follows:

in HK$ million	**30 June 2013**	31 December 2012	30 June 2012
Total debt	**118,697**	116,994	112,730
Cash and bank deposits	**33,685**	32,821	35,607
Net debt	**85,012**	84,173	77,123

Leverage (Net debt to Total capital*)	**46%**	50%	48%

* Total capital = Total ordinary shareholders' funds and perpetual capital securities + Net debt

The denomination of CITIC Pacific's borrowings and cash and bank deposit balances by currency as at 30 June 2013 is summarised as follows:

	Denomination					
in HK$ million equivalent	HK$	US$	RMB	JPY	Other	**Total**
Total debt in original currency	17,836	83,752	15,941	623	545	**118,697**
Total debt after conversion	18,352	83,994	15,941	107	303	**118,697**
Cash and bank deposits	(1,065)	(14,710)	(17,637)	(107)	(166)	**(33,685)**
Net debt / (cash) after conversion	17,287	69,284	(1,696)	0	137	**85,012**

As at 30 June 2013, CITIC Pacific had a total of HK$73.7 billion of assets pledged for various facilities. Iron ore mining assets of HK$67.6 billion were pledged under its financing documents. Twelve completed ships with carrying value of HK$5.3 billion for transporting iron ore from the mine to steel plants in mainland China were pledged as security for the ships' financing. In addition, assets of HK$0.8 billion were pledged to secure banking facilities, which mainly related to Dah Chong Hong's mainland China and overseas business.

<u>Maturity Profile of Outstanding Debt</u>

The maturity profile of the debt outstanding as at 30 June 2013 is as follows:

	Total	Maturing in these years					
in HK$ million	**outstanding debt**	2013	2014	2015	2016	2017	2018 and beyond
CITIC Pacific Limited	**66,785**	400	13,450	17,369*	3,693	59	31,814
Subsidiaries	**51,912**	8,109	7,945	5,613	3,595	3,494	23,156
Total	**118,697**	8,509	21,395	22,982	7,288	3,553	54,970

* *Including outstanding debt of a wholly-owned special purpose vehicle.*

CITIC Pacific actively seeks to diversify its funding sources so as not to be reliant on any one market. Our policy is to diversify the sources of funding as much as possible through the increasing use of the capital market to supplement bank borrowings and to maintain a mix of staggered maturities to minimise refinancing risk.

Available Sources of Finance

As at 30 June 2013, CITIC Pacific had cash and deposits of HK$33.7 billion, and available loan and trade facilities of HK$27.9 billion:

in HK$ million	Total financial facilities	Amount utilised	Available unutilised facilities	Percentage breakdown of unutilised facilities
Committed facilities				
Long-term loans	91,512	78,904	12,608	45%
Global bonds (USD bond)	24,180	24,180	-	-
Private placement (JPY & USD note & RMB bond)	2,941	2,941	-	-
Domestic bonds (RMB note)	1,507	1,507	-	-
Short-term loans	4,300	4,300	-	-
Total committed facilities	124,440	111,832	12,608	45%
Uncommitted facilities				
Money market lines and short-term facilities	15,941	6,746	9,195	33%
Trade facilities	8,140	2,088^	6,052	22%
Total uncommitted facilities	24,081	8,834	15,247	55%
Total facilities	148,521	120,666	27,855	100%

^ HK$119 million was included in total debt.

In addition, CITIC Pacific has established cooperative agreements with major banks in mainland China under which CITIC Pacific can apply for credit facilities for projects in mainland China. The banks’ approval is required on a project-by-project basis.

Capital Commitments and Contingent Liabilities

CITIC Pacific’s contingent liabilities as at 30 June 2013 had not significantly changed from the position as at 31 December 2012.

As at 30 June 2013, the contracted capital commitments of CITIC Pacific Limited and its subsidiary companies were approximately HK$3.9 billion.

Risk Management

Risk Management Framework

Overall risk management starts with the board of directors. At each meeting, the board receives reports of the financial results and the financial positions of the Group, both current and projected. Written reports are provided to directors on all businesses identical to those reviewed by management at executive committee meetings.

The board has established asset and liability management, audit, executive, investment, nomination and remuneration committees whose activities play important roles in the overall control of various risks faced by the Group.

Financial Risk Management

The Asset and Liability Management Committee ("ALCO") was set up by the board in October 2008 to oversee and monitor the financial risk exposures of the Group. ALCO's major functions are Asset and Liability Management ("ALM") and Treasury Risk Management.

Asset and Liability Management

One of the main functions of ALCO is ALM. CITIC Pacific's investments in different businesses are financed by a mixture of long-term debt, short-term debt, common equity and perpetual capital securities. CITIC Pacific manages its capital structure to finance its overall operations and growth by using different sources of funds. The type of funding is targeted to match the characteristics of our underlying business.

Liquidity Management

Liquidity risk is in essence managed alongside ALM. The objective of liquidity risk management is to ensure that CITIC Pacific always has sufficient cash to meet its liabilities and has the flexibility to respond to opportunities by making sure that undrawn committed facilities are available to meet future funding and working capital requirement.

The Group's liquidity management procedures involve regularly projecting cash flows in major currencies and considering the level of liquid assets and new financings necessary to meet these cash flow requirements. Every month, cash flow projections for three years are reviewed and revised by business units and ALCO, and financing actions are taken accordingly.

Treasury Risk Management

Treasury Risk Management essentially covers the following financial risks inherent in CITIC Pacific's businesses:

- Foreign exchange risk
- Interest rate risk
- Commodity risk
- Counterparty risk

Financial derivatives may be used to assist in the management of the above risks. It is CITIC Pacific's policy not to enter into derivative transactions for speculative purposes. The use of derivative instruments is currently restricted by ALCO to interest rate swaps, cross currency swaps and plain vanilla forward 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. None were submitted for approval in the first half of 2013. From a risk management perspective, simple, cost-efficient and HKAS 39 hedge effective instruments are preferred. To the extent possible, gains and losses of the derivatives offset the losses and gains of the assets, liabilities or transactions being hedged both in economic terms and under accounting rules.

CITIC Pacific has engaged Reval Inc. ('Reval'), 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 the latest accounting standards. The valuations of the derivatives portfolio as at 30 June 2013 are in compliance with HKFRS 13, which is effective since 1 January 2013. The software provided by Reval has been upgraded to generate the valuations that were used in the compilation of this report.

Foreign Exchange Risk

CITIC Pacific has major operations in Hong Kong, mainland China and Australia whose functional currency is Hong Kong dollar ("HKD"), Renminbi ("RMB") and United States dollar ("USD"). Entities within the Group are exposed to foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency. CITIC Pacific is subject to the risk of loss or profit due to changes in USD, 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") (from equipment and product purchases) and other currencies.

CITIC Pacific's material currency exposures arise from the following:

(1) USD denominated debt
(2) RMB denominated debt
(3) expenditure relating to its iron ore mining operations in Australia and steel operations in mainland China
(4) purchases of raw materials by steel operations in mainland China
(5) purchases of finished products for sale by DCH, and
(6) investment in mainland China and Australia

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 uses forward contracts and cross currency swaps to manage its foreign exchange risk. Hedging is only considered for firm commitments and highly probable forecast transactions.

The consolidated financial statement is presented in HKD, which is the CITIC Pacific Group's presentation currency and CITIC Pacific Limited's functional and presentation currency. Translation exposures from the consolidation of subsidiaries whose functional currency is not HKD are not hedged using derivative instruments, as this is not a cash exposure.

Our Australian mining operation's 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. To manage the AUD exposure of the business, the Australian mining operation has adopted a policy to stabilise the effective exchange rate over time by entering into plain vanilla forward contracts to hedge part of its forecast future AUD expenditures. As at 30 June 2013, the Australian mining operation had plain vanilla forward contracts with a notional amount of A$66 million outstanding with maturities up to May 2014.

CITIC Pacific's investment in businesses whose functional currency is USD is mainly the iron ore mining business, which had USD gross assets of HK$84 billion. As at 30 June 2013, CITIC Pacific had HK$84 billion equivalent of US dollar debt, of which HK$40 billion equivalent was used to hedge the USD assets by establishing a net investment hedge.

Businesses in mainland China had RMB gross assets of approximately HK$129 billion as at 30 June 2013, offset by debts and other liabilities of HK$42 billion. This gave CITIC Pacific an RMB net asset exposure of HK$87 billion at 30 June 2013.

Interest Rate Risk

CITIC Pacific's interest rate risk arises primarily from borrowings. Borrowings at variable rates expose CITIC Pacific to cash flow interest rate risk, whilst borrowings at fixed rates economically expose CITIC Pacific to fair value interest rate risk. In the current low interest rate environment, CITIC Pacific manages the ratio of fixed/ floating debt to achieve a balance between minimising our interest expense and hedging against large interest rate movements.

This risk is managed by considering the whole 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 interest rate 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 ratio of floating rate to the total borrowings of the portfolio for CITIC Pacific was 58% as at 30 June 2013.

CITIC Pacific's overall weighted all-in cost of borrowing (including capitalised interest, fees and hedging costs) for the first half of 2013 was approximately 4.5% compared with 4.1% for the same period last year.

Commodity Risk

As CITIC Pacific produces and purchases commodities across its various businesses, it has exposure to commodity price and quantity risk. CITIC Pacific has entered into long-term supply contracts for certain inputs, such as gas for the Australian mining operations and coal for its power generation business, to manage some of its raw material exposure. It also hopes to achieve synergies in its businesses such as the manufacture of iron ore for its special steel operations, the ownership of ships to manage freight costs and production of coal as an adjunct to its power generation business.

Due to the delay in the commissioning of the production lines for the Australian mining operations, the projected delivery of natural gas under certain gas supply contracts for the mining operations has, in aggregate, exceeded the current needs of the project. To manage these contracts and to retain the gas for future usage, the mining operation has entered into commercial agreements to swap a portion of the excess gas in the last 20 months to other parties which will be re-delivered back to the project in the future years after year 2015 and after year 2019. Further discussions are underway with various other parties to dispose, swap and/or bank the remainder of the anticipated excess gas in order to minimise any adverse financial implications under these contracts.

CITIC Pacific has considered the use of financial instruments to hedge its commodity exposures. However many commodities cannot be hedged effectively because there is no effective forward market for the product or there is insufficient liquidity in those markets. As at 30 June 2013, CITIC Pacific did not have any exposure to commodity derivatives.

Counterparty Risk

CITIC Pacific keeps a large amount of cash deposits at financial institutions. To mitigate the risk of non-recovery of cash deposits or financial instrument gains, CITIC Pacific deals with international financial institutions with a credit rating of A- (S&P) or A3 (Moody's). Special authorisations are given by ALCO for mainland Chinese institutions, many of which do not have international credit ratings. In great majority of cases, a maximum deposit limit is set that does not exceed the amount borrowed from the same institution.

Deposits are safe, liquid, interest-bearing and consistent with treasury and business purpose needs. Management monitors market developments, reviews the list of approved counterparties and closely monitors their credit quality, and revises deposit limits on an on-going basis.

The Group Treasury 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.

Other Major External Risks and Uncertainties

Economic risks

CITIC Pacific's businesses are all subject to the risks of negative developments in the economies in which they operate, which may be affected by global trends. The results of most of our businesses are closely linked to the success of the economy of mainland China as a whole, as well as the economies of Hong Kong and other cities. The sales of special steel are substantially to customers in China, as are the vehicles and other products of Dah Chong Hong; the iron ore mine is expected to sell its output to steel mills in China, and our electricity is sold exclusively to users in mainland China. Our property developments are primarily in mainland China, and our infrastructure assets such as tunnels are in Hong Kong. Economic policies implemented that affect the whole economy, or sections of it, may adversely affect our business for periods of time.

In addition to its effects on our customers, changes to the global or local economies or regulations may adversely affect our relationship banks, joint venture partners, suppliers of goods (including principals with whom we have agency relationships), raw materials or power, and others on which our business depends.

Competitive markets

Some of our businesses, particularly special steel, property, telecommunications and vehicle and other product sales, operate in highly competitive markets. Failure to compete in terms of product specification, service quality, reliability or price may adversely affect us. The iron ore market price is set primarily by international supply and demand, and if a surplus of supply occurs it could adversely affect the results of our business.

Regulation

CITIC Pacific's business mainly operates under three different systems of law, regulation and business practice: Australia, China and Hong Kong. Each has its own characteristics and may be subject to changes of substance or interpretation that could adversely affect our business. These may include tariffs, trade barriers, licenses, approvals, health and safety and environmental regulations, emission controls, taxation, exchange controls, employment legislation, and other matters. The electric power business is subject to price regulation, and if tariffs are not permitted to rise with cost increases, our results could be adversely affected.

The special steel, iron ore mining and power businesses are inherently likely to pollute the environment and may be subject to stringent licensing terms and regulations. Failure to adhere to these licensing terms and regulations may result in penalties or, in extreme cases, an inability to operate. The licensing terms or regulations may be changed at short notice, and it may be difficult to comply in a timely fashion causing an adverse effect on our business.

Capital expenditure

The nature of CITIC Pacific's business is capital intensive, involving the construction and commissioning of major civil works and mechanical equipment. There may be difficulties in achieving this on time and within budget resulting from inherent performance, disputes with contractors or their failure to perform to specification or contract, adverse weather conditions or other events.

Natural disasters or events, terrorism and disease

Our business could be affected by events such as earthquakes, typhoons, cyclones or adverse weather conditions, or acts or threats of terrorism, or the outbreak of highly contagious disease, and could also be affected either directly or indirectly through reductions in the supply of essential goods or services or reduced economic activity on a local, regional or global scale.

HUMAN RESOURCES

The business success of CITIC Pacific depends on its competent and engaged workforce. As of the end of June 2013, CITIC Pacific employed a total of 34,364 employees at its headquarters in Hong Kong and principal subsidiaries worldwide.

At CITIC Pacific, we are an equal opportunity employer with respect to all human resources-related matters, including recruitment, appointments, career advancement, and training and development. We also maintain fair and consistent human resources policies and standards to achieve internal equality. To attract, motivate and retain talented employees, we offer competitive remuneration and benefits programmes as well as comprehensive learning and development opportunities.

People development continued to be a priority of CITIC Pacific in 2013. To support our human resources development strategies and address the identified development needs of employees, we have implemented a comprehensive training and development plan at the Group level. In the first half of the year, we completed various skills/professional training, management development programmes, and sharing and learning sessions as scheduled. In April and July of this year, we held the third cohort of the CITIC Pacific Leadership Development Programme, a well-recognised leadership development programme in partnership with the Hong Kong University of Science and Technology for grooming senior managers.

As we roll out the training and development plan for the rest of the year, we will focus on the annual conferences for practitioners from the finance and human resources functions across the Group.

Corporate Social Responsibility

CITIC Pacific continued serving the local community through participation in charitable events, including donations and volunteer works for the elderly and disadvantaged groups. In the first half of the year, we took part in annual events such as the Oxfam Rice Sale, the home visit to the elderly at the Tuen Ng Festival, and Community Chest Skip Lunch Day. This year, the Caring People Team, the volunteer group of CITIC Pacific, also gave their time to work for the *Community for the Chest* television show to raise funds. We also showed our care for the victims of the Ya'an earthquake in April 2013 by making a donation of HK$1 million to Oxfam Hong Kong in support of their emergency relief and rehabilitation work.

CORPORATE GOVERNANCE

CITIC Pacific is committed to maintaining high standards of corporate governance. The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. Details of our corporate governance practices can be found in CITIC Pacific's Annual Report 2012 and on CITIC Pacific's website www.citicpacific.com.

In order to ensure a high standard of corporate governance, the board has set up the following committees:

- An executive committee for communicating the direction and priorities of CITIC Pacific and sharing information with and amongst senior executives about CITIC Pacific's key developments and business issues. This committee is chaired by the president (an executive director), and its membership includes the chief financial officer (an executive director), one other executive director, two executive vice presidents, leaders of major businesses in the group and leaders of key head office functions.

- An investment committee to consider the strategy and planning of CITIC Pacific and to review investment proposals. The committee is chaired by the chairman of the board; the other members are the president (an executive director), chief financial officer (an executive director) and two executive vice presidents.

- An asset and liability management committee ("ALCO") to review the financial position and financial risk management of CITIC Pacific. ALCO monitors and sets limits on exposure in relation to the Group's asset and liability structure, counterparties, currencies, interest rates, commitments and contingent liabilities. It also reviews and approves financing plans, approves the use of new financial products and establishes hedging policies. Chaired by the chief financial officer (an executive director), the committee comprises two executive vice presidents, the group treasurer, the group financial controller, and the executives with responsibility for treasury, treasury risk management and financial control.

- An audit committee to assist the board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting obligations. The committee oversees the relationship with the external auditors, reviews and monitors the effectiveness of the internal audit function, and reviews CITIC Pacific's policies and practices on corporate governance. The committee comprises three non-executive directors, two of whom are independent non-executive directors having the relevant professional qualifications and expertise in financial reporting matters.

- A remuneration committee to determine and review the remuneration packages of individual executive directors and senior management, including salaries, bonuses, benefits in kind, share options and other plans. The committee comprises three independent non-executive directors.

- A nomination committee to determine the policy for the nomination of directors and set out the nomination procedures, process and criteria to select and recommend candidates for directorships, which take into consideration all aspects of diversity. It also reviews the size, structure, composition and diversity of the board. The committee is chaired by the chairman of the board; the other two members are independent non-executive directors.

- A special committee to deal with matters relating to the investigations of CITIC Pacific by the Securities and Futures Commission and the Commercial Crime Bureau of the Hong Kong Police Force. The committee comprises the president (an executive director), a non-executive director and an independent non-executive director.

The board adopted a Board Diversity Policy on 14 August 2013.

Save as disclosed below, CITIC Pacific has applied the principles and complied with all the code provisions of the corporate governance code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") during the six months ended 30 June 2013. In respect of code provision A.6.7 of the CG Code, two non-executive directors, Mr Carl Yung Ming Jie and Mr. André Desmarais, were not able to attend the annual general meeting ("AGM") of CITIC Pacific held on 16 May 2013. Mr Carl Yung was ill, while Mr André Desmarais was away from Hong Kong due to other engagements. Mr Peter Kruyt, the alternate director of Mr André Desmarais, attended the AGM.

The audit committee of the board reviewed the Half-Year Report with management and CITIC Pacific's internal and external auditors and recommended its adoption by the board.

The interim financial information is prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. It has been reviewed by CITIC Pacific's independent auditor KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

DIVIDEND AND CLOSURE OF REGISTER

The directors have declared an interim dividend of HK$0.10 per share (2012: HK$0.15 per share) for the year ending 31 December 2013, payable on Monday, 23 September 2013 to shareholders whose names appear on CITIC Pacific's register of members on Friday, 13 September 2013. The register of members of CITIC Pacific will be closed from Tuesday, 10 September 2013 to Friday, 13 September 2013, both days inclusive, during which period no share transfer will be effected. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with CITIC Pacific's Share Registrar, 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 Monday, 9 September 2013.

SHARE CAPITAL

CITIC Pacific has not redeemed any of its shares during the six months ended 30 June 2013. Neither CITIC Pacific nor any of its subsidiary companies has purchased or sold any of CITIC Pacific's shares during the six months ended 30 June 2013.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent CITIC Pacific'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.

HALF-YEAR REPORT AND FURTHER INFORMATION

A copy of the announcement will be found on CITIC Pacific's website (www.citicpacific.com) and the Stock Exchange's website (www.hkex.com.hk). The full Half-Year Report will be made available on the websites of CITIC Pacific and the Stock Exchange around 28 August 2013.

By Order of the Board
Ricky Choy Wing Kay
Company Secretary

Hong Kong, 14 August 2013

As at the date of this announcement, the executive directors of CITIC Pacific are Messrs Chang Zhenming (Chairman), Zhang Jijing, Vernon Francis Moore and Liu Jifu; the non-executive directors of CITIC Pacific are Messrs André Desmarais, Ju Weimin, Yin Ke, Carl Yung Ming Jie and Peter Kruyt (alternate director to Mr André Desmarais); and the independent non-executive directors of CITIC Pacific are Messrs Alexander Reid Hamilton, Gregory Lynn Curl, Francis Siu Wai Keung and Dr Xu Jinwu.