

Directors' Report

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

Principal Activities

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

Dividends

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

Reserves

The amounts and particulars of transfer to and from reserves during the year are set out in Note 27 to the financial statements.

Donations

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

Fixed Assets

Movements of fixed assets are set out in the Financial Statements on pages 145 to 149.

Major Customers and Suppliers

The aggregate percentage of purchases from CITIC Pacific Limited and its subsidiary companies' five largest suppliers is less than 30%. The aggregate percentage of sales to CITIC Pacific Limited and its subsidiary companies' five largest customers is less than 30%.

No directors, their associates or shareholders (which to the knowledge of the directors own more than 5% of CITIC Pacific's share capital) were interested at any time in the year in the above suppliers or customers.

Subsidiary Companies

The names of the principal subsidiary companies, their principal places of operation, their countries of incorporation and particulars of their issued share capital are set out in Note 43 to the financial statements.

Issue of Debt Securities

On 1 June 2001, CITIC Pacific Finance (2001) Limited, a wholly-owned subsidiary of CITIC Pacific issued and sold a total of US\$450 million principal amount of 7.625% guaranteed notes due 2011 ('Guaranteed Notes') for refinancing the indebtedness of CITIC Pacific and for general corporate purposes, to investors pursuant to the purchase agreements dated 24 May 2001 and 1 June 2001. All of the Guaranteed Notes remained outstanding at the end of the year.

On 26 October 2005, CITIC Pacific Finance (2005) Limited, a wholly-owned subsidiary of CITIC Pacific, issued and sold JPY8.1 billion in aggregate principal amount of guaranteed floating rate notes due 2035 ('JPY Notes') to investors for general corporate purposes pursuant to a subscription agreement dated 26 October 2005. The coupon and principal of the JPY Notes was swapped into Hong Kong Dollar through cross currency swap, and net proceeds equivalent to

HK\$400 million were received. The JPY Notes holders have a one time right to put the JPY Notes to the issuer at 81.29% of the principal amount together with accrued interest on 28 October 2015. All of the JPY Notes remained outstanding at the end of the year.

Save as aforesaid, neither CITIC Pacific nor its subsidiary companies have issued any debt securities.

Borrowings

Particulars of borrowings of CITIC Pacific Limited and its subsidiary companies are set out in Note 28 to the financial statements.

Directors

Mr Chang Zhenming was appointed as chairman and managing director following the resignation of Messrs Larry Yung Chi Kin and Henry Fan Hung Ling as directors on 8 April 2009. On 18 November 2009, Mr Zhang Jijing was appointed as managing director and simultaneously Mr Chang Zhenming ceased to be managing director of CITIC Pacific. Mr Yin Ke was appointed as a non-executive director of CITIC Pacific with effect from 18 November 2009. Mr Hamilton Ho Hau Hay resigned as independent non-executive director of CITIC Pacific with effect from 1 January 2010 and Mr Peter Lee Chung Hing resigned as executive director and deputy managing director of CITIC Pacific with effect from 1 April 2010. Except for these changes, the directors of CITIC Pacific whose names and biographical details appear on pages 86 to 87 were the directors in office during the whole of the financial year ended 31 December 2009.

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

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

Management Contract

CITIC Pacific entered into a management agreement with CITIC Hong Kong (Holdings) Limited ('CITIC HK') on 11 April 1991 but with retrospective effect from 1 March 1990 in which CITIC HK agreed to provide management services to CITIC Pacific and its subsidiary companies for a management fee calculated on a cost basis to CITIC HK payable quarterly in arrears. The management agreement is terminable by two months' notice by either party. Messrs Chang Zhenming and Liu Jifu had indirect interests in the management agreement as they are directors of CITIC HK. A copy of the management agreement will be available for inspection at the Annual General Meeting of CITIC Pacific to be held on 14 May 2010.

Directors' Interests in Contracts of Significance

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

Competing Interests

Mr Zhang Jijing is a non-executive director of CITIC Resources Holdings Limited, a company listed on the main board of the Hong Kong Stock Exchange. CITIC Resources Holdings Limited is a diversified energy and natural resources investment holding company and through its subsidiaries has interests in aluminium smelting, coal, import and export of commodities, manganese mining and processing and oil exploration, development and production. Further details of its nature, scope and size of its business as well as its management can be found in the latest annual report of CITIC

Resources Holdings Limited. In the event that there are transactions between CITIC Resources Holdings Limited and CITIC Pacific, Mr Zhang will abstain from voting. Save as disclosed above, Mr Zhang is not directly or indirectly interested in any business that constitutes or may constitute a competing business of CITIC Pacific.

Related Party Transactions

CITIC Pacific Limited and its subsidiary companies entered into certain transactions in the ordinary course of business and on normal commercial terms which were 'Related Parties Transactions', the details of which are set out in Note 38 to the financial statements of CITIC Pacific. Some of these transactions also constitute 'Continuing Connected Transactions' and 'Connected Transactions' under the Listing Rules as summarised below.

Connected Transactions

Set out below is information in relation to certain connected transactions involving CITIC Pacific and / or its subsidiaries, particulars of which were previously disclosed in the announcements of CITIC Pacific but are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of CITIC Pacific. The full text of each announcement can be found on http://www.citicpacific.com/eng/inv/announce/announce_index.php.

1. On 30 March 2009, CITIC Pacific had entered into an equity transfer agreement with, inter alia, 上海申通地鐵資產經營管理有限公司 (Shanghai Shentong Metro Assets Management Company Limited) ('Shentong Metro Assets'), pursuant to which CITIC Pacific agreed to purchase a 10% equity interest in 上海利通置業有限公司 (Shanghai Li Tong Real Property Co. Ltd.) ('Shanghai Li Tong') from Shentong Metro Assets at a consideration of RMB75,003,271 (approximately HK\$85 million). Upon completion, Shanghai Li Tong becomes a wholly-owned subsidiary of CITIC Pacific. Shanghai Li Tong is the developer of the properties at Sichuan Beilu Station of Metro Line No. 10 in Shanghai, China. The acquisition was completed during the year.

Before the acquisition, Shanghai Li Tong was a non wholly-owned subsidiary of CITIC Pacific. As Shentong Metro Assets was a substantial shareholder of Shanghai Li Tong, it was a connected person of CITIC Pacific. Accordingly, the aforesaid acquisition constitutes a connected transaction for CITIC Pacific.

2. DCH Food Industries Limited ('DCH Food', a wholly-owned subsidiary of DCH Holdings) together with Rotary Vortex Limited ('RVL') agreed to rationalise and streamline their respective interests in 上海雙匯大昌泰森有限公司 (Shanghai Shineway DCH Tyson Co., Ltd.) ('Shanghai Shineway'), a company engaged in the production and selling of processed meat and related food products, such that instead of holding a combined 40% interest through Mainstream Holdings Limited ('MHL', a joint venture company held as to approximately 65.09% by DCH Food and 34.91% by RVL upon completion of a restructuring involving RVL (the 'RVL Restructuring')), each of DCH Food and RVL would hold their own shareholding of approximately 26.04% and 13.96% respectively in Shanghai Shineway (which was equivalent to their respective attributable interests).

To give effect to the above reorganisation, the following agreements were entered into on 5 June 2009:

- i) the equity transfer agreement between MHL and RVL whereby MHL agreed to sell to RVL a 13.96% equity interest in the registered capital of Shanghai Shineway for a consideration of RMB28,533,393.25 (the 'Disposal'), which was paid by RVL in HKD in the sum of HK\$32,367,667.09. Such consideration was set off against the outstanding shareholders' loans due and owing by MHL to RVL in the total amount of HK\$32,367,667.09; and
- ii) the share purchase agreement between DCH Food and RVL whereby DCH Food agreed to purchase the remaining 34.91% equity interest in the issued share capital of MHL from RVL for a consideration of HK\$4,500 (the 'Acquisition') (the Acquisition and the Disposal collectively referred to as the 'Reorganisation').

As RVL became a substantial shareholder of MHL upon completion of the RVL Restructuring but before completion of the Disposal and the Acquisition, each of the Disposal and the Acquisition constituted a connected transaction for DCH Holdings and CITIC Pacific under the Listing Rules.

The Reorganisation was completed in August 2009. MHL has become a wholly-owned subsidiary of DCH Holdings and each of DCH Food and RVL has held their own shareholding of 26.04% and 13.96% respectively in Shanghai Shineway.

3. On 10 June 2009, 廣州廣保豐田汽車銷售服務有限公司 (Guangzhou Guangbao Toyota Motors Sale and Service Limited) ('Guangzhou Guangbao', a company accounted for as a non wholly-owned subsidiary of DCH Holdings) entered into an equity transfer agreement (the 'Equity Transfer Agreement') with 廣州市騰創貿易有限公司 (Guangzhou Tengchuang Trade Co., Ltd.) ('TC') and 廣州建元物流有限公司 (Guangzhou Jiangyuan Material Trade & Logistics Co., Ltd.) ('JY'), pursuant to which Guangzhou Guangbao agreed to acquire the remaining 30% equity interest in 廣州龍的豐田汽車銷售服務有限公司 (Guangzhou Longde Toyota Motors Sale and Service Limited) ('Guangzhou Longde') from TC and JY at a total consideration of RMB16,750,375.06. Guangzhou Longde provides vehicles sales, spare parts services and customer survey services for the manufacturer or supplier in respect of the 'FAW Toyota' brand in Guangzhou, the PRC. Since completion, Guangzhou Longde has been accounted for as a wholly-owned subsidiary of Guangzhou Guangbao, which is in turn a company accounted for as a non wholly-owned subsidiary of DCH Holdings.

TC and JY were, on the date of the Equity Transfer Agreement, substantial shareholders of Guangzhou Longde and therefore connected persons of DCH Holdings and CITIC Pacific. The entering into of the Equity Transfer Agreement constituted a connected transaction for CITIC Pacific under the Listing Rules.

4. On 18 August 2009, 無錫太湖苑置業有限公司 ('Taihu Yuan') (a 70% owned subsidiary of CITIC Pacific), CITIC Pacific and 無錫市國聯發展(集團)有限公司 ('Wuxi Guolian') agreed to provide guarantees on a several basis in proportion to their respective ultimate shareholding interests in Taihu Yuan in favour of China Construction Bank ('CCB') in relation to the repayment obligations of Taihu Yuan under the loan agreement entered into between Taihu Yuan and CCB in relation to an RMB150 million loan ('the Loan Agreement').

On the same day, Right Pole Investments Limited ('Right Pole') (a wholly-owned subsidiary of CITIC Pacific and a 70% shareholder of Taihu Yuan) and Wuxi Guolian agreed to provide to Taihu Yuan a shareholders' loan in an aggregate sum not exceeding RMB350 million ('the Shareholders' Loan') for a two-year period from 18 August 2009, depending on the works progress on a pro rata basis with respect to their respective shareholdings in Taihu Yuan. The pro rata portion of the Shareholders' Loan to be provided by Right Pole may be paid by other wholly-owned subsidiaries of CITIC Pacific on behalf of Right Pole. The Shareholders' Loan is interest bearing at the prevailing market rate, unsecured and repayable on demand. As at 31 December 2009, the amount of Shareholders' Loan made by other wholly-owned subsidiaries of CITIC Pacific on behalf of Right Pole was RMB50 million.

Taihu Yuan is engaged in residential and commercial property development in Wuxi, Jiangsu Province, the PRC and the provision of the pro rata guarantee in respect of the Loan Agreement and the pro rata Shareholders' Loan by CITIC Pacific or its wholly-owned subsidiaries are to meet the funding requirements of Taihu Yuan.

Wuxi Guolian is a substantial shareholder of several subsidiaries of CITIC Pacific and therefore a connected person of CITIC Pacific. Taihu Yuan is deemed as a connected person of CITIC Pacific by virtue of its being an associate of Wuxi Guolian.

5. On 24 August 2009, CITIC Pacific through its subsidiaries entered into the following agreements:

i) a sale and purchase agreement executed between Maxy Rich Investments Limited ('HK Purchaser', a wholly-owned subsidiary of CITIC Pacific), Bright Trinity Enterprises Ltd. ('HK Seller') and the shareholders of HK Seller ('Guarantors') pursuant to which HK Purchaser agreed to acquire from HK Seller the 100% interest in each of Approach Well Limited ('Approach Well') and Perfect Future International Limited ('Perfect Future') together with the related shareholder's loans in each of Approach Well and Perfect Future for a total consideration of RMB1,124,724,398; and

ii) an equity transfer agreement executed between Jiangsu CP Xingcheng Special Steel Co., Ltd. ('PRC Purchaser', a subsidiary of CITIC Pacific), 江陰鋼廠有限公司 ('PRC Seller') and the Guarantors pursuant to which PRC Purchaser agreed to acquire from PRC Seller the 100% equity interest in 江陰興業投資有限公司 ('the PRC Company') for a consideration of

RMB184,659,406; and a loan transfer agreement executed between PRC Purchaser, PRC Seller and the PRC Company for acquiring from PRC Seller the outstanding loan of RMB213,416,196 owed by the PRC Company to the PRC Seller for a consideration of RMB213,416,196.

The above acquisitions were completed during the year. Prior to the completion, Approach Well, Perfect Future and the PRC Company directly or indirectly owned interests in the operating companies ('the Operating Companies') of the Jiangyin special steel mill which were non wholly-owned subsidiaries of CITIC Pacific. After completion, each of Approach Well, Perfect Future, the PRC Company and the Operating Companies became wholly-owned subsidiaries of CITIC Pacific and the group gained complete control of the Operating Companies of the Jiangyin special steel mill, giving CITIC Pacific complete control to enhance its return on the investment.

Each of HK Seller and PRC Seller is wholly-owned by the Guarantors. HK Seller, being a substantial shareholder of the Operating Companies, is a connected person of CITIC Pacific. Some of the Guarantors, being directors of the Operating Companies, are connected persons of CITIC Pacific. Hence, PRC Seller is also a connected person of CITIC Pacific.

6. On 8 January 2010, Wanning Renhe Development Company Limited (萬寧仁和發展有限公司) (a 99.90% owned subsidiary of CITIC Pacific) as the employer entered into a residential project contract with CITIC International Contracting Co., Ltd. (中信國華國際工程承包有限責任公司) ('CIC') as the contractor under which CIC was engaged by the group to carry out the construction works for the residential towers to be constructed in Shenzhou Peninsula, Wanning City, Hainan Province, the PRC ('Shenzhou Peninsula') with a contract sum of RMB115,399,966.41.

Apart from the above contract, on 21 October 2009, CITIC Pacific Wanning United Development Company Limited (中信泰富萬寧(聯合)開發有限公司) (a 80% owned subsidiary of CITIC Pacific) as the employer entered into a clubhouse contract with CIC as the contractor under which CIC was engaged by the group to carry out the construction works for the construction of a clubhouse and related facilities for Shenzhou Peninsula with a contract sum of RMB32,171,677.64.

The development of Shenzhou Peninsula is one of the property development projects run by the group.

CIC is a connected person of CITIC Pacific by virtue of its being an associate of CITIC Group, the controlling shareholder of CITIC Pacific.

7. On 28 January 2010, Boton Investments Limited ('Boton', a wholly-owned subsidiary of DCH Holdings), Denker Group Development Limited ('Denker'), DCH Holdings and Mr Mak Hing Lung ('Mr Mak') entered into a financial assistance agreement ('the Shanghai JV Shareholders' Financial Assistance Agreement') for the purpose of providing additional funding to the Shanghai Project. The Shanghai Project is to develop and roll out the business operations of 上海駿佳市場營銷策劃有限公司 (Shanghai Junjia Marketing Company Limited) ('Shanghai Junjia') which provides vehicle sales, spare parts and services and customer surveys for the manufacturer or supplier in respect of the 'Lexus' brand in Shanghai in the PRC through Kamfield International Limited ('Kamfield') and Shanghai Junjia (together, 'the Shanghai JV Group'). Pursuant to the Shanghai JV Shareholders' Financial Assistance Agreement, among other things, Boton and Denker agreed to provide and/or procure financial assistance for the benefit of the Shanghai Project of up to a maximum amount of RMB125,000,000 in the forms as stipulated therein.

On 28 January 2010, Brilliant Way International Limited ('Brilliant Way', a wholly-owned subsidiary of DCH Holdings), Denker Group Limited ('DGL'), DCH Holdings and Mr Mak entered into a financial assistance agreement ('the Ningbo JV Shareholders' Financial Assistance Agreement') for the purpose of providing additional funding to the Ningbo Project. The Ningbo Project is to develop and roll out the business operations of 寧波慈溪駿佳雷克薩斯汽車銷售服務有限公司 (Ningbo Cixi Junjia Lexus Motors Sale and Service Limited) ('Cixi Junjia') which provides vehicle sales, spare parts and services and customer surveys for the manufacturer or supplier in respect of the 'Lexus' brand in Ningbo in the PRC through Powerful Maker Limited ('Powerful Maker') and Cixi Junjia (together, 'the Ningbo JV Group'). Pursuant to the Ningbo JV Shareholders' Financial Assistance Agreement, among other things, Brilliant Way and DGL agreed to provide and / or procure financial assistance for the benefit of the Ningbo Project of up to a maximum amount of RMB120,000,000 in the forms as stipulated therein.

Denker and DGL are wholly-owned by Mr Mak who is a director and substantial shareholder of various subsidiaries of DCH Holdings. Therefore, Denker and DGL are associates of Mr Mak and thus connected persons of DCH Holdings and CITIC Pacific. Kamfield and Powerful Maker, non wholly-owned subsidiaries of DCH Holdings, are owned equally by DCH Holdings and Mr Mak. Shanghai Junjia and Cixi Junjia are wholly-owned by Kamfield and Powerful Maker, respectively. Therefore, the Shanghai JV Group and the Ningbo JV Group are associates of Mr Mak and thus connected persons of DCH Holdings and CITIC Pacific. Thus, the entering into of the Shanghai JV Shareholders' Financial Assistance Agreement and the Ningbo JV Shareholders' Financial Assistance Agreement constitute connected transactions for CITIC Pacific under the Listing Rules.

8. CITIC Pacific entered into the following agreements with 河北鋼鐵集團有限公司 (Hebei Iron & Steel Group Co. Ltd.) ('the Purchaser') on 19 March 2010:

i) a framework agreement ('Framework Agreement') to dispose of its entire 65% equity interest in 石家莊鋼鐵有限責任公司 (Shijiazhuang Iron & Steel Co., Ltd.) ('Shijiazhuang Steel') (together with all ancillary rights, declared but unpaid dividends and other rights to undistributed profit receivable from Shijiazhuang Steel). Under the Framework Agreement, CITIC Pacific also acted as agent for 河北眾富投資有限責任公司 (Hebei Zhongfu Investment Limited) ('Zhongfu Investment'), a company owned by certain management members and employees of Shijiazhuang Steel, for the sale of Zhongfu Investment's 15% equity interest in Shijiazhuang Steel. The total consideration for the 80% interest is RMB1,900 million and the portion of the consideration receivable by CITIC Pacific for its 65% equity interest is RMB1,577,245,000. CITIC Pacific also agreed to sell to the Purchaser five wholly-owned subsidiaries which were incorporated for the purpose of acquiring some reclaimed land in Cangzhou, Huanghua (滄州黃驊), PRC for US\$6.75 million representing the capital injected by CITIC Pacific into these wholly-owned subsidiaries;

ii) a management agreement ('Management Agreement') pursuant to which the day-to-day operation and management of Shijiazhuang Steel would be entrusted to the Purchaser from the date of the Management Agreement until the completion of the transfer of the sale interest pursuant to the sale and purchase agreement or the termination of the Framework Agreement, as the case may be.

河北省國有資產控股運營有限公司 (Hebei Province State-owned Assets Hold & Operation Co., Ltd.) ('HPSA') is the current owner of 20% interest in Shijiazhuang Steel and is therefore a substantial shareholder of Shijiazhuang Steel which is a subsidiary of CITIC Pacific under the Listing Rules (but accounted for as a jointly controlled entity). As the Purchaser and HPSA are both under the ultimate control of 中國河北省人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Government of Hebei Province, PRC), the Purchaser is a connected person of CITIC Pacific. The entering into of the Framework Agreement and the Management Agreement constitute a connected transaction for CITIC Pacific.

Non-Exempt Continuing Connected Transactions

Set out below is information in relation to certain non-exempt continuing connected transactions involving CITIC Pacific and/or its subsidiaries, particulars of which were previously disclosed in the announcements of CITIC Pacific and are required under the Listing Rules to be disclosed in the Annual Report and Financial Statements of CITIC Pacific. The full text of each announcement can be found on http://www.citicpacific.com/eng/inv/announce/announce_index.php.

1. On 19 March 2008, Jiangsu Ligang Electric Power Company Limited and Jiangyin Ligang Electric Power Generation Company Limited (collectively the 'Power Companies'), principally engaged in the construction and operation of the power station(s) in Ligang, the PRC, entered into an agreement ('Coal Transportation Agreement') with Shanghai CITIC Shipping Corporation Limited ('CITIC Shipping'), pursuant to which CITIC Shipping agreed to provide the Power Companies with coal transportation services for the 3 years ending 31 December 2010. The service fee payable under the Coal Transportation Agreement was negotiated on an arm's length basis and shall be equal to the prevailing market rate of transportation fee per ton as confirmed by the parties from time to time. The annual caps for the service fees (nett of demurrage fee) to be incurred for the transaction was estimated to be RMB500 million (approximately HK\$550 million) for each of the 3 years ending 31 December 2010.

CITIC Shipping is a subsidiary of CITIC HK, a substantial shareholder of CITIC Pacific, and thus a connected person of CITIC Pacific.

The actual amount paid by the Power Companies to CITIC Shipping for the year ended 31 December 2009 under the Coal Transportation Agreement was approximately RMB168.38 million.

2. Pursuant to a contract for unit load device ('ULD') maintenance and repair entered into between DAS Nordisk Limited ('DAS Nordisk'), a non wholly-owned subsidiary of DCH Holdings, and Cathay Pacific Airways Limited ('CX') dated 1 July 2005 (with a term which expired on 30 June 2008) ('the Old ULD Maintenance Services Agreement'), DAS Nordisk agreed to carry out maintenance and repair services on CX's ULD equipment. CX is the holding company of Hong Kong Dragon Airlines Limited ('KA'), which is a substantial shareholder of certain subsidiaries of DCH Holdings, and therefore a connected person of CITIC Pacific. DAS Nordisk is engaged in the provision of maintenance services for air cargo containers, sale of related spare parts and letting of air cargo equipment. CX is engaged in the operation of scheduled airline services, airline catering, aircraft handling and engineering.

The arrangements under the Old ULD Maintenance Services Agreement were renewed under a contract entered into between DAS Nordisk and CX dated 17 September 2008, pursuant to which CX agreed to appoint DAS Nordisk to provide ULD maintenance and repair services for a term of three years from 1 July 2008 to 30 June 2011 ('the New ULD Maintenance Services Agreement').

The pricing for such maintenance services was determined with reference to the relevant costs associated with the estimated maintenance hours and the frequency of visit of the relevant type of ULD. The amount of maintenance fees payable by CX to DAS Nordisk was expected to be subject to an annual cap of HK\$60 million for the financial year ended 31 December 2008 and for each of the financial years ending 31 December 2009, 2010 and 2011. An aggregate amount of approximately HK\$32.6 million was payable by CX to DAS Nordisk during the year.

3. Pursuant to an outsourcing master agreement entered into between DAS Nordisk and Dah Chong Hong – Dragonair Airport GSE Service Limited ('DAS') dated 28 September 2007 (with a term expiring on 31 December 2009) ('the Original Outsourcing Master Agreement'), DAS Nordisk agreed to outsource part of its maintenance services on ULD to DAS. DAS is an associate of KA and therefore a connected person of CITIC Pacific. DAS is engaged in the provision of airport ground support equipment maintenance services.

On 17 September 2008, DAS Nordisk entered into a supplemental agreement with DAS to supplement and amend certain provisions of the Original Outsourcing Master Agreement for the purpose of revising the annual caps for the financial year ended 31 December 2008 and for the financial year ending 31 December 2009 to HK\$41 million and HK\$58 million respectively. The above annual caps were determined with reference to historical transaction values with DAS at market price, the estimated potential cargo growth, the expected increase in business volume, particularly in view of the renewal of the transactions pursuant to the New ULD Maintenance Services Agreement, and the expected increase in labour cost.

An aggregate amount of approximately HK\$25.1 million was payable by DAS Nordisk to DAS during the year.

The above outsourcing master agreement (as supplemented) was renewed on 26 January 2010 for a term of three years from 1 January 2010 to 31 December 2012 with the annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 to be HK\$30.0 million, HK\$37.5 million and HK\$46.8 million respectively.

4. CITIC Pacific as tenant has leased its Hong Kong headquarters at 29th to 33rd Floors, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong pursuant to a lease agreement dated 30 April 2008 ('the Lease Agreement') entered into with Goldon Investment Limited ('Goldon'). The term of the Lease Agreement is three years from 1 May 2008 to 30 April 2011 (both days inclusive).

The rental for the premises is HK\$5,072,203.80 per month (exclusive of rates, service charge and government rent) and a service charge of HK\$359,383.20 was also payable each month. Accordingly, the aggregate rentals and service charge to be paid by CITIC Pacific to Goldon for each of the two years ending 31 December 2010 and the four months ending 30 April 2011 are expected not to exceed HK\$66 million, HK\$66 million and HK\$22 million respectively.

Goldon is owned as to 40% by CITIC Pacific and 25% by CITIC Group. Goldon is a connected person of CITIC Pacific when it became an associate of CITIC Group after CITIC Group became the controlling shareholder of CITIC Pacific in December 2008.

The actual amount paid by CITIC Pacific to Goldon for the year ended 31 December 2009 under the Lease Agreement was approximately HK\$65.20 million.

The independent non-executive directors of CITIC Pacific have reviewed the above continuing connected transactions (the 'Transactions') and confirm that the Transactions have been entered into:

- a) in the ordinary and usual course of business of CITIC Pacific;
- b) on normal commercial terms or on terms no less favourable to CITIC Pacific than terms available to or from (as appropriate) independent third parties; and
- c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of CITIC Pacific as a whole.

The auditors of CITIC Pacific have confirmed that:

- a) the Transactions have been approved by the board of directors of CITIC Pacific;
- b) the Transactions have been entered into in accordance with the relevant terms of the relevant agreement governing the Transactions; and
- c) the total amounts of the Transactions have not exceeded the relevant caps as disclosed in the relevant announcements.

Transactions numbered 2 and 3 were entered into by subsidiaries of DCH Holdings. The auditors of CITIC Pacific further found that the Transactions numbered 2 and 3 have been entered into in accordance with the pricing policy of DCH Holdings for these Transactions.

5. On 20 August 2007, Catak Enterprises Corp. (a wholly-owned subsidiary of CITIC Pacific) entered into a sale and purchase agreement with China Metallurgical Group Corp. ('MCC') for the disposal of a 20% interest in Sino Iron Pty Ltd ('Sino Iron', a wholly-owned subsidiary of CITIC Pacific) ('Disposal') at cost, i.e. for a consideration equivalent to 20% of all the funds provided to Sino Iron Holdings Pty Ltd ('Sino Iron Holdings') by the group up to the date of completion of the Disposal together with interest. The group's shareholding in Sino Iron will be reduced to 80% as a result of the Disposal.

Upon completion of the Disposal, MCC will be a substantial shareholder of Sino Iron Holdings and will become a connected person of CITIC Pacific. The construction contract and the supplemental agreement thereto previously entered into between Sino Iron and MCC and the transactions contemplated thereunder will constitute a continuing connected transaction for CITIC Pacific.

As at 31 December 2009, the Disposal had not yet been completed. Accordingly, the construction contract as supplemented and the transactions contemplated thereunder did not constitute a continuing connected transaction for CITIC Pacific during the year.

6. 廣東偉德利電器製造有限公司 (Guangdong Victory Electrical Appliances Manufacturing Co., Ltd.) ('GDVTR') was previously a 20% associate of DCH Holdings and became a wholly-owned subsidiary of DCH Holdings in August 2008. Before DCH Holdings' acquisition of all the interests in GDVTR, an agency agreement (the 'Agency Agreement') was entered into between GDVTR and its then intermediate holding company, Anping Holdings Inc. ('Anping'), on 1 August 2008 for a term of six months expiring on 31 January 2009, under which Anping agreed to act as the selling agent for GDVTR. Anping is an associate of a director of GDVTR and therefore is a connected person of DCH Holdings and CITIC Pacific. During the year, GDVTR and Anping had not carried out any sales transactions contemplated under the Agency Agreement.

Share Option Plan Adopted by CITIC Pacific

CITIC Pacific adopted the CITIC Pacific Share Incentive Plan 2000 ('the Plan') on 31 May 2000. The major terms of the Plan are as follows:

1. The purpose of the Plan is to promote the interests of CITIC Pacific and its shareholders by (i) providing the participants with additional incentives to continue and increase their efforts in achieving success in the business of CITIC Pacific, and (ii) attracting and retaining the best available personnel to participate in the on-going business operation of CITIC Pacific.
2. The participants of the Plan are any director, executive or employee of CITIC Pacific or its subsidiaries as invited by the board.
3. 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 CITIC Pacific from time to time or (ii) the issued share capital of CITIC Pacific as at the date of adopting the Plan, whichever is the lower. As at 10 March 2010, the maximum number of shares available for issue under the Plan is 148,987,616, representing approximately 4.08% of the issued share capital.
4. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares of CITIC Pacific in issue.
5. The exercise period of any option granted under the Plan must not be more than ten years commencing on the date of grant.
6. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.
7. The exercise price determined by the board will be at least the higher of (i) the closing price of CITIC Pacific's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited ('Stock Exchange') on the date of grant; (ii) the average closing price of CITIC Pacific's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of CITIC Pacific's shares.
8. The Plan shall be valid and effective till 30 May 2010.

Since the adoption of the Plan and up to the year ended 31 December 2009, CITIC Pacific has granted five lots of share options:

Date of grant	Number of share options	Exercise price HK\$
28 May 2002	11,550,000	18.20
1 November 2004	12,780,000	19.90
20 June 2006	15,930,000	22.10
16 October 2007	18,500,000	47.32
19 November 2009	13,890,000	22.00

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

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

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

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

A. CITIC Pacific Directors

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

Note:

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

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

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

Note:

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

C. Others

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

Note:

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

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

The fair value of an option on one CITIC Pacific share granted in the year ended 31 December 2009 measured as at the date of grant of 19 November 2009 was HK\$5.33 based on the following data and assumptions using the Binomial Lattice Model:

- The share price at the grant date is HK\$21.55
- The exercise price is HK\$22.00
- The option's contractual life is 5 years
- Taking into account the probability of early exercise behaviour, the average expected term of the grant was determined to be 2.75 years
- Expected volatility of CITIC Pacific's share price at 50% per annum (based on historical movements of share prices and the trend of the volatility rate in recent years)
- Expected annual dividend yield of 4% (based on historical dividend payments)
- Rate of eligible grantees leaving service assumed at 7% per annum
- Early exercise assumption for option holders to exercise their options when the share price is at least 150% of the exercise price
- Risk-free interest rate of 0.65% per annum (based on linearly interpolated yields of the Hong Kong Exchange Fund Notes as at the grant date)

The result of the valuation can be materially affected by changes in these assumptions so an option's actual value may differ from the estimated fair value of the options due to the Model and assumptions adopted.

All the options forfeited before expiry of the Plan will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Plan.

The total expense recognised in CITIC Pacific's profit and loss account for the year ended 31 December 2009 in respect of the grant of the aforesaid 13,890,000 options is HK\$74,033,700.

Share Option Plans Adopted by Subsidiaries of CITIC Pacific

CITIC 1616 Holdings Limited

CITIC 1616 Holdings Limited ('CITIC 1616') adopted a share option plan ('CITIC 1616 Share Option Plan') on 17 May 2007. The major terms of the CITIC 1616 Share Option Plan are as follows:

1. The purpose of the CITIC 1616 Share Option Plan is to attract and retain the best quality personnel for the development of CITIC 1616's businesses; to provide additional incentives to Employees (as defined herebelow); and to promote the long term financial success of CITIC 1616 by aligning the interests of grantees to shareholders of CITIC 1616.
2. The grantees of the CITIC 1616 Share Option Plan are any person employed by CITIC 1616 or any subsidiary and any person who is an officer or director (whether executive or non-executive) of CITIC 1616 or any subsidiary ('Employee') as the board of CITIC 1616 may in its absolute discretion select.
3. The maximum number of shares of CITIC 1616 ('CITIC 1616 Shares') over which options may be granted under the CITIC 1616 Share Option Plan must not exceed 10% of (i) the CITIC 1616 Shares in issue from time to time; or (ii) the CITIC 1616 Shares in issue as at the date of adopting the CITIC 1616 Share Option Plan, whichever is the lower. As at 10 March 2010, the maximum number of shares available for issue under the CITIC 1616 Share Option Plan is 133,455,000, representing approximately 6.75% of the issued share capital of CITIC 1616.
4. The total number of CITIC 1616 Shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the CITIC 1616 Shares in issue. Where any further grant of options to a grantee would result in the CITIC 1616 Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the CITIC 1616 Shares in issue, such further grant shall be subject to separate approval by the shareholders of CITIC 1616 in its general meeting.
5. The exercise period of any option granted under the CITIC 1616 Share Option Plan must not be more than ten years commencing on the date of grant.
6. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a non-refundable payment of HK\$1.00 from the grantee.
7. The subscription price determined by the board of CITIC 1616 will not be less than the higher of (i) the closing price of CITIC 1616 Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of CITIC 1616 Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of CITIC 1616 Shares.

8. The CITIC 1616 Share Option Plan shall be valid and effective till 16 May 2017.

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

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

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

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

The average fair value of an option on one CITIC 1616 Share granted during the year ended 31 December 2009 measured as at the date of grant of 17 September 2009 was HK\$0.733 based on the following assumptions using the Binomial Model:

- Taking into account the probability of early exercise behaviour, the average expected term of the grant was determined to be 4.3 years;
- Expected volatility of CITIC 1616's share price at 50% per annum (based on historical movements of CITIC 1616's and its comparators' share prices);
- Expected annual dividend yield of 2.5%;
- Rate of eligible grantees leaving service assumed at 10% per annum;
- Early exercise assumption for option holders to exercise their options when the share price is at least 175% of the exercise price; and
- Risk-free interest rate of 1.55% per annum (based on linearly interpolated yields of the Hong Kong Exchange Fund Notes as at the grant date).

The result of the Binomial Model can be materially affected by changes in these assumptions so an option's actual value may differ from the estimated fair value of the options due to limitations of the Binomial Model.

The total expense recognised in the CITIC 1616 group's income statement for the year ended 31 December 2009 in respect of the grant of the aforesaid 35,825,000 options for CITIC 1616 Shares is HK\$4,872,000.

All the options forfeited before expiry of the CITIC 1616 Share Option Plan will be treated as lapsed options which will not be added back to the number of shares available to be issued under the CITIC 1616 Share Option Plan.

Dah Chong Hong Holdings Limited

Pre-IPO Share Option Scheme

DCH Holdings adopted the Pre-IPO Share Option Scheme ('Pre-IPO Scheme') on 28 September 2007. The major terms of the Pre-IPO Scheme are as follows:

1. The purpose of the Pre-IPO Scheme is to attract and retain the best quality personnel for the development of DCH Holdings' businesses; to provide additional incentives to the employees of the DCH Holdings group and to promote the long-term success of DCH Holdings.
2. The participants of the Pre-IPO Scheme are any employee of DCH Holdings group as the board of DCH Holdings may in its absolute discretion select.
3. The maximum number of shares over which options may be granted under the Pre-IPO Scheme shall not exceed 18,000,000 shares, being 1% of the total number of issued shares immediately following the commencement of dealings of DCH Holdings' shares on the Stock Exchange.
4. The grantee shall not, within 6 months from the listing of DCH Holdings, exercise any of the options granted under the Pre-IPO Scheme.
5. The exercise period of any option granted under the Pre-IPO Scheme must not be more than five years commencing on the date of grant.
6. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a nonrefundable payment of HK\$1 from the grantee.
7. The subscription price shall be HK\$5.88 per share which is equal to the initial public offer price of DCH Holdings' shares upon listing.
8. No options will be offered or granted under the Pre-IPO Scheme upon the commencement of dealings in DCH Holdings' shares on the Stock Exchange.

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

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

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

Post-IPO Share Option Scheme

DCH Holdings adopted the Post-IPO Share Option Scheme ('Post-IPO Scheme') on 28 September 2007. The major terms of the Post-IPO Scheme are as follows:

1. The purpose of the Post-IPO Scheme is to attract and retain the best quality personnel for the development of DCH Holdings' businesses; to provide additional incentives to the employees and to promote the long-term success of DCH Holdings.
2. The participants of the Post-IPO Scheme are any employee of DCH Holdings group as the board of DCH Holdings may in its absolute discretion select.

3. The maximum number of shares over which options may be granted under the Post-IPO Scheme and any other schemes of DCH Holdings shall not in aggregate exceed 10% of (i) the shares of DCH Holdings in issue immediately following the commencement of dealings in DCH Holdings' shares on the Stock Exchange or (ii) the shares of DCH Holdings in issue from time to time, whichever is the lower. As at 10 March 2010, the maximum number of shares available for issue under the Post-IPO Scheme is 161,783,300, representing approximately 9% of the issued share capital of DCH Holdings. Options lapsed in accordance with the terms of the Post-IPO Scheme or any other schemes of DCH Holdings will not be counted for the purpose of calculating the 10% limit.
4. The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the shares of DCH Holdings in issue.
5. The exercise period of any option granted under the Post-IPO Scheme must not be more than ten years commencing on the date of grant.
6. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant with a nonrefundable payment of HK\$1 from the grantee.
7. The subscription price determined by the board of DCH Holdings will not be less than whichever is the higher of (i) the closing price of DCH Holdings' shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of DCH Holdings' shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of DCH Holdings.
8. The Post-IPO Scheme shall be valid and effective till 27 September 2017, after which no further options will be granted.

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

Disclosure Pursuant to Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, set out below are the changes in monthly salaries and allowance for the following directors with effect from 1 January 2010:

Director	Previous monthly salary/allowance	Monthly salary/allowance (with effect from 1 January 2010)
Chang Zhenming	HK\$0	HK\$100,000
Zhang Jijing	HK\$0	HK\$100,000
Carl Yung Ming Jie	HK\$130,000	HK\$140,000
Vernon Francis Moore	HK\$160,000	HK\$175,000
Liu Jifu	HK\$46,580	HK\$53,850
Milton Law Ming To	HK\$130,000	HK\$140,000
Wang Ande	RMB100,000	RMB130,000
Kwok Man Leung	HK\$103,500	HK\$140,000

Note: for information in relation to the 2009 full year emoluments of the directors, please refer to Note 12 to the financial statements.

In addition, following the re-designation as an executive director, the director's fee of each of Mr Chang Zhenming and Mr Zhang Jijing is changed from HK\$200,000 per annum to HK\$150,000 per annum.

Directors' Interests in Securities

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

1. Shares in CITIC Pacific and associated corporations

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

Note:

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

2. Share Options in CITIC Pacific

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

3. Share Options in associated corporations

CITIC 1616

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

CITIC Capital Holdings Limited

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

Note:

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

CITIC Resources Holdings Limited

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

Note:

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

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

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

Substantial Shareholders

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

Interest in the shares

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

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

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

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

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

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

Accordingly,

- i) the interests of CITIC Group in CITIC Pacific duplicate the interests of CITIC HK, Full Chance Investments Limited, Newease Investments Limited and Skyprofit Holdings Limited in CITIC Pacific;
- ii) the interests of CITIC HK in CITIC Pacific duplicate the interests in CITIC Pacific of all its direct and indirect subsidiary companies as described above;
- iii) the interests of Heedon Corporation in CITIC Pacific duplicate the interests in CITIC Pacific of all its direct and indirect subsidiary companies as described above;
- iv) the interests of Kotron Company Ltd. in CITIC Pacific duplicate the interests of Cordia Corporation in CITIC Pacific;
- v) the interests of Affluence Limited in CITIC Pacific duplicate the interests in CITIC Pacific of its direct and indirect subsidiary companies as described above;
- vi) the interests of Man Yick Corporation in CITIC Pacific duplicate the interests of Raymondford Company Limited in CITIC Pacific; and
- vii) the interests of Barnsley Investments Limited in CITIC Pacific duplicate the interests of Southpoint Enterprises Inc. in CITIC Pacific.

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

Shareholding Statistics

Based on the share register records of CITIC Pacific, set out below is a shareholding statistic chart of the shareholders of CITIC Pacific as at 31 December 2009:

Number of shares held	Number of shareholders	Percentage
1 to 1,000	4,304	50.25
1,001 to 10,000	3,416	39.88
10,001 to 100,000	767	8.96
100,001 to 1,000,000	71	0.83
1,000,001 above	7	0.08
Total	8,565	100

As at 31 December 2009, the total number of issued shares of CITIC Pacific was 3,648,688,160 and based on the share register records of CITIC Pacific, HKSCC Nominees Limited held 1,572,457,699 shares representing 43.10% of the issued share capital of CITIC Pacific.

Share Capital

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

During the year ended 31 December 2009, 2,414,000 shares were issued under the Share Option Plan as described above.

Service Contracts

As at 31 December 2009, there were no service contracts which were not determinable by the employer within one year without payment of compensation (other than statutory compensation) between any company in the group and any director proposed for re-election at the forthcoming Annual General Meeting.

Continuing Disclosure Requirements under Rule 13.22 of the Listing Rules in Relation to Financial Assistance to Affiliated Companies

CITIC Pacific 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>	CITIC Pacific Limited and its subsidiary companies' attributable interest as at 31 Dec 2009
Fixed assets	11,849
Jointly controlled entities	271
Associated companies	46
Other financial assets	21
Deferred tax assets	7
Intangible assets	1,692
Other non current assets	1,805
Net current assets	1,159
Total assets less current liabilities	16,850
Long term borrowings	(7,374)
Deferred tax liabilities	(296)
Derivative financial instruments	(14)
Loan from shareholders	(2,301)
	6,865

Auditors

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

Sufficiency of Public Float

Based on information that is publicly available to CITIC Pacific and within the knowledge of the directors, the directors confirm that CITIC Pacific has maintained the amount of public float as required under the Listing Rules during the year ended 31 December 2009.

By Order of the Board,
Chang Zhenming *Chairman*
 Hong Kong, 10 March 2010