

Business Review

Property





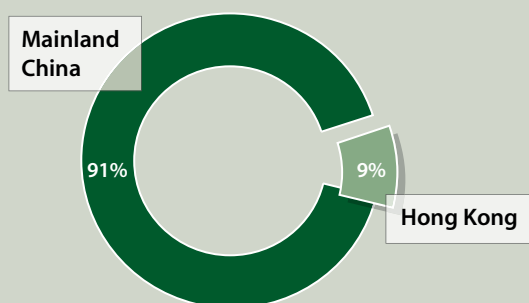
Key operational highlights

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

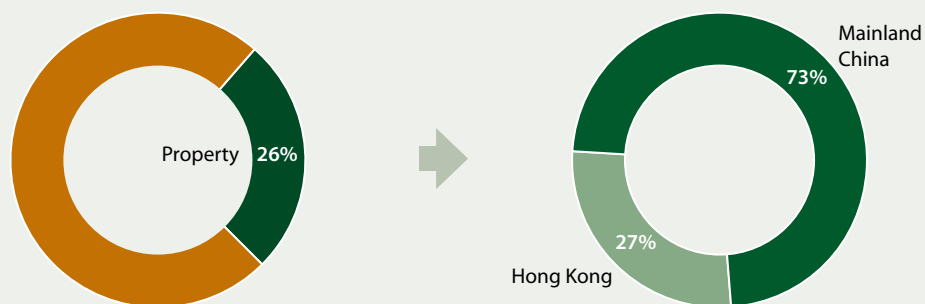
| <i>HK\$ million</i> | 2009 | 2008 | Change |
|-----------------------------|---------------|--------|--------|
| Turnover | 1,647 | 787 | 109% |
| Profit contribution | | | |
| Mainland China | 524 | 523 | 0% |
| Hong Kong | 397 | 490 | (19)% |
| Assets | | | |
| Mainland China | 29,728 | 25,973 |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

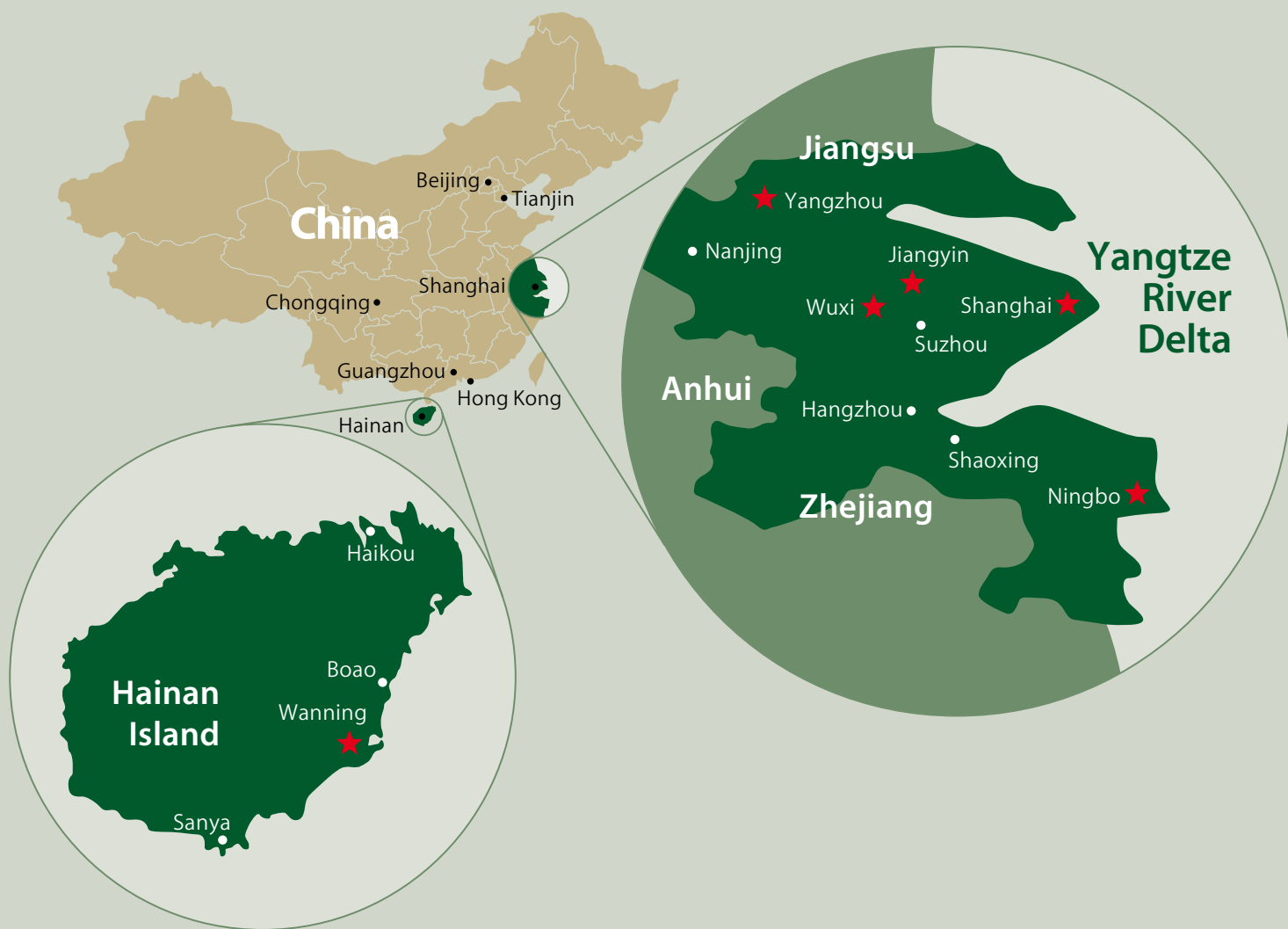
CITIC Pacific properties

Gross floor area



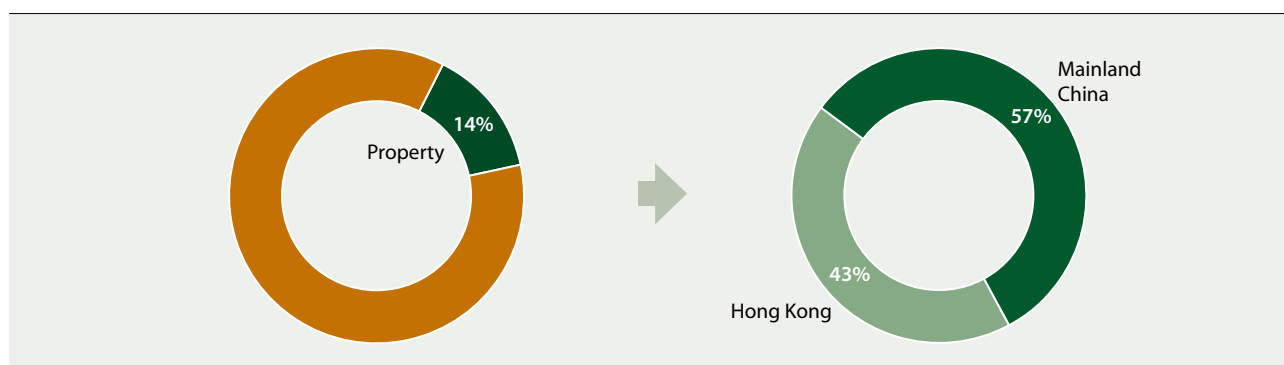
Assets





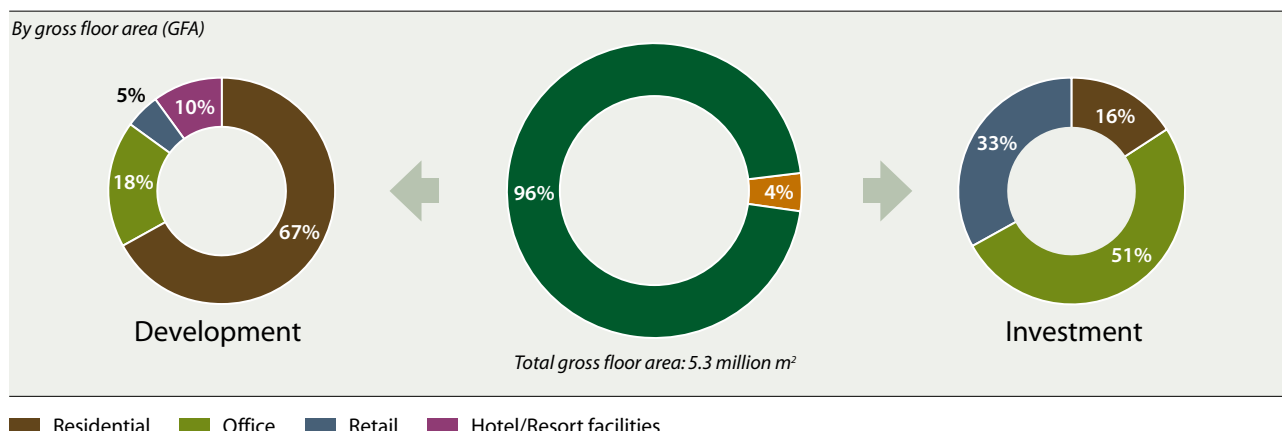
★ Cities in which CITIC Pacific owns land

Profit contribution



Mainland China

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



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

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

CITIC Pacific has properties in excellent locations in mainland China, many of which are substantial in scale.

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

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

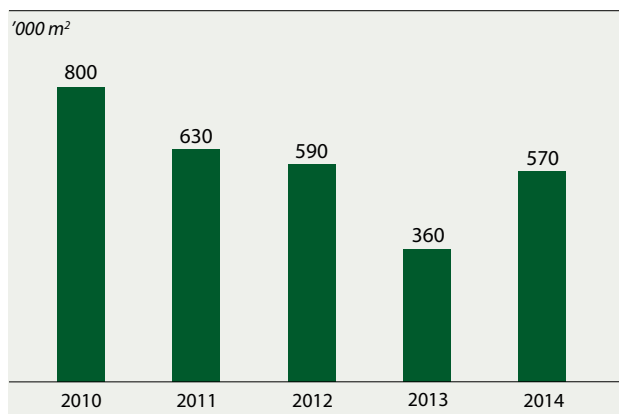
We expect the profit contribution from our property projects in China to increase substantially in the coming years.

Development Properties

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

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

Projected completion in the next five years



Target completion from 2015 to 2018: 2.1 million m²

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

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

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

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

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

As the financial centre of China, Shanghai (and particularly the Lu Jia Zui Financial District in Pudong) is attracting an increasing number of financial institutions



that wish to set up their regional headquarters in the city. The twin office towers were topped out in November 2009 and are expected to be completed in the fourth quarter of 2010. One tower has already been sold to a corporation that will set up its headquarters in the building; the other tower, subject to contract, will soon be sold to another corporation.

Progress

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

SHANGHAI Qingpu Residential Project – Zhujiajiao New Town 100% owned

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

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

Next to scenic Dadian and Dianshan lakes, the Zhujiajiao New Town project will take full advantage of the cultural traditions and history of the area. It will create a unique



living environment in the core district of Zhujiajiao, with villas, semi-detached houses, town houses, retail shops and a hotel.

Progress

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

From the first pre-sale in September 2007 to the end of January 2010, a total of 547 units (64,500 m² GFA) were sold, of which 44,000m² GFA were apartments and the remainder were low-rise houses with average selling prices of RMB8500/m² and RMB14,200/m² respectively.

SHANGHAI New Westgate Garden 100% owned

Phase I

| | |
|-------------------|------------------------|
| Site area: | 32,900 m ² |
| Gross floor area: | 117,000 m ² |
| Usage: | Residential |
| Completed: | June, 2006 |
| Current Status: | 99% sold |

Phase II

| | |
|----------------------|---|
| Site area: | 35,300 m ² |
| Gross floor area: | Approx. 137,000 m ² (subject to government authority approval) |
| Usage: | Residential and retail |
| Expected completion: | 2015 |
| Current Status: | Re-settlement in progress |

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



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

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

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

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

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

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

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

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

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

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



ZHEJIANG PROVINCE **Ningbo Pacific Plaza** 100% owned

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



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

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

Progress

By the end of January 2010, the shopping mall (approx. 27,100m² GFA) and 17% of the office space (approx. 3,500m² GFA) were sold.

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

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

CITIC Pacific, together with the Wuxi Guolian Group, is jointly developing this residential and commercial

Progress

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

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

From the first pre-sale in May 2009 to the end of January 2010, a total of 381 units (69,000 m² GFA) were sold, of which 47,300 m² GFA were apartments and the remainder were low-rise houses with average selling prices of RMB12,300/m² and RMB28,200/m² respectively.

Property

JIANGSU PROVINCE Yangzhou Noble Manor 100% owned

| | |
|----------------------|-----------------------------|
| Site area: | 328,600 m ² |
| Gross floor area: | 437,000 m ² |
| Usage: | Residential and retail |
| Expected completion: | In phases from 2009 onwards |

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

**Progress**

| | Approx. GFA (m ²) | Percentage of total GFA | Target completion | Sales up to end Jan 2010 | | | |
|---------------------|----------------------------------|----------------------------|----------------------|--------------------------|---------------|----------------------|-------------------------------------|
| | | | | Pre-sale year | Units sold | GFA(m ²) | Average price RMB/m ² |
| Phase I | 90,000 | 21% | Completed | 2007 | 253 | 28,000 | 5,600 |
| Apartments | | | | 2008 | 231 | 27,400 | 5,900 |
| | | | | 2009 | 174 | 21,200 | 5,900 |
| | | | | 2010 | 3 | 500 | 6,200 |
| Phase II | 92,000 | 21% | 2010/2011 | In phases from 2009 | 371 | 45,200 | 6,100 |
| Apartments | | | | | | | |
| Other phases | 255,000 | 58% | Under planning | | – | – | |
| Total | 437,000 | 100% | | | 1,032 | 122,300 | |

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

JIANGSU PROVINCE Jiangyin Residential Project 70% owned

| | |
|----------------------|------------------------|
| Site area: | 91,300 m ² |
| Gross floor area: | 178,000 m ² |
| Usage: | Residential and retail |
| Expected completion: | 2010 – 2011 |

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

**Progress**

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

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

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

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

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

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



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

We recently sold the development rights of several lots (approx. 291,000m² GFA) to a local developer.

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

Investment Properties

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

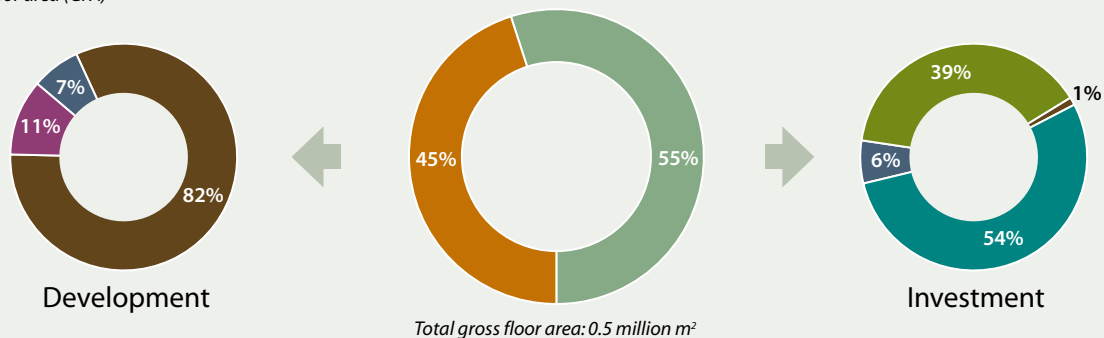
GFA = gross floor area

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

Hong Kong

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

By gross floor area (GFA)



■ Residential ■ Office ■ Retail ■ Hotel ■ Industrial

Development Properties

Discovery Bay

Discovery Bay, which is 50% owned by CITIC Pacific, is a large residential development jointly developed with HKR International Ltd. Since its launch in 1973, Discovery Bay has evolved into a fully integrated

suburban multinational residential community. Situated on the coast of northeast Lantau Island next to the Disney Theme Park, Discovery Bay is endowed with open space and recreational and leisure facilities such as a private beach, central park, scenic promenade, golf course and marina.



The current Yi Pak Bay development is located in the northern part of Discovery Bay. It has a gross floor area of approximately 218,000 m², of which 91,000 m² have been developed as Siena One (Phase 11) and Siena Two (Phase 12). Chianti (Phase 13), which has a gross floor area of 50,000 m², was 99% sold as of the end of January 2010.

Superstructure works of Phase 14 (a mid-rise development of approximately 16,000m² GFA) is in progress with completion scheduled for the second half of 2010. Construction of Phase 15 (a low-rise development of approximately 18,000m² GFA) commenced in December 2009, with scheduled completion in the first half of 2011. Pre-sale of Phase 14 and Phase 15 is planned for 2010 and the second quarter of 2011 respectively.

Investment Properties

| Project | Usage | Ownership | Approx. GFA (m ²) |
|------------------------------------|----------------|-----------|-------------------------------|
| CITIC Tower | Office, retail | 40% | 52,000 |
| DCH Commercial Centre | Office, retail | 100% | 36,000 |
| Wylar Centre I | Industrial | 100% | 37,000 |
| Broadway Centre | Industrial | 100% | 21,000 |
| Yee Lim Industrial Centre, Block C | Industrial | 100% | 30,000 |
| 111 Lee Nam Road | Industrial | 100% | 60,000 |
| Other | Various | 100% | 49,000 |
| Total | | | 285,000 |

GFA = gross floor area

