

Human Resources

The success of CITIC Pacific has been built on our committed and talented workforce who possess the variety of skills and experience required to support the operations and sustainable development of CITIC Pacific.

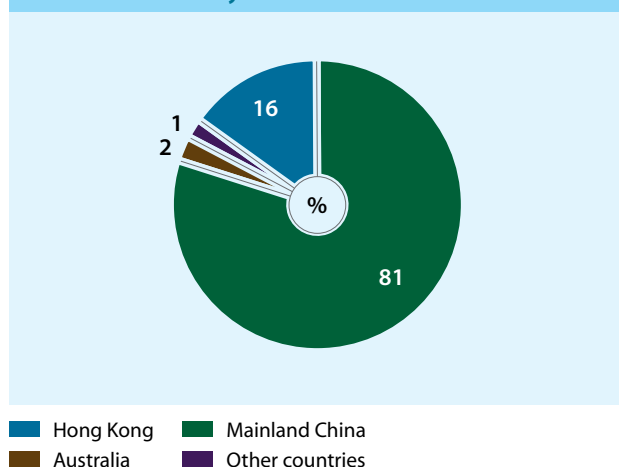
We strive to attract, motivate and retain talent by providing an environment that promotes fairness, respect and a high standard of business ethics. We also offer equal opportunities and competitive rewards that recognise and motivate outstanding performance. Moreover, we support professional and personal development by providing learning and development opportunities as well as financial sponsorship for self-learning.

Staff Strength

CITIC Pacific has a widespread and diverse workforce. With Hong Kong as the base, we have our businesses serving the fast-growing China market and employees largely originating from mainland China, Hong Kong and Western Australia. As of December 2010, CITIC Pacific, including our principal subsidiaries worldwide, employed a total of 29,886 employees (2009: 30,329). Of these, 81% were based in mainland China; 16% in Hong Kong; 2% in Australia; and the rest of them were based in other countries like Japan, Taiwan and Canada, etc.

Due to the restructuring of capital investment during the year, there was a slight decrease of 443 in headcount in our workforce in 2010 which represented a decrease of 1.5% as compared with 2009.

2010 Headcount by location



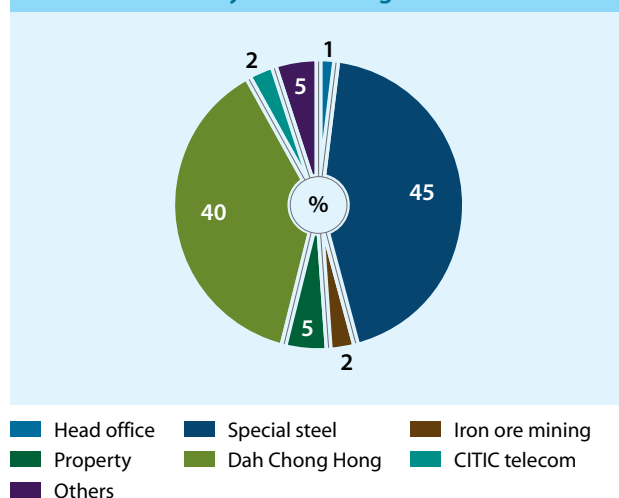
Remuneration

CITIC Pacific offers competitive remuneration packages designed to attract, motivate and retain talented people, and reviews remuneration packages annually with reference to the pay level of comparable positions in the market to ensure internal equity and market competitiveness.

In addition to guaranteed base pay and comprehensive benefits programmes, CITIC Pacific has implemented a variable bonus policy that links pay with individual and business performance. The total amounts of variable bonuses paid to employees are determined according to the business performance for which factors like net profit, business and market development plans as well as its financial conditions are taken into consideration. Whilst observing the approved guidelines, the bonuses are allocated by respective functional heads and differentiated based on the performance rating of each employee under their responsible areas. Over the years, this variable pay policy has proven to be effective in motivating performance of our employees.

For senior management, on top of the variable bonus awards, share options are granted under the CITIC Pacific Share Incentive Plan 2000 ('the Plan') as part of the performance-based incentive award which aims to align management incentives with shareholder interests. Details of the Plan and the granting of options are reported on pages 96 to 99.

2010 Headcount by business segment



To support our performance-based remuneration principles, a performance management and development process is in place to facilitate the setting of performance objectives, reviewing and managing performance as well as identifying training and development opportunities for personal growth.

Remuneration Committee

The Remuneration Committee, established in August 2003, comprises three non-executive directors, two of whom are independent non-executive directors. The committee meets at least once a year to review and approve the remuneration of executive directors and other key executives based on the following principles:

- No individual should be involved in decisions relating to his/her own remuneration;
- Remuneration should reasonably reflect performance, responsibilities and complexity as well as the time commitment in order to attract, motivate and retain high calibre personal;
- Remuneration should be determined with reference to the market pay levels of comparable listed companies as agreed by the Remuneration Committee and the top management.

In 2010, the total remuneration paid to the directors is HK\$85 million. (2009: HK\$117 million). Further

information on individual director's emoluments can be found on page 143.

Remuneration Review for Year 2011

Subsequent to a review of the remuneration packages for directors in January 2011, the following recommendations were made to the Board after the approval of the Remuneration Committee:

1. Raising the directors' fee for Non-executive Directors from HK\$200,000 to HK\$350,000.
2. Removing the directors' fee for Executive Directors serving on the board of CITIC Pacific Limited.
3. Neither directors' fee nor share options from subsidiaries should be granted to Executive Directors or employees from the head office of CITIC Pacific who are assigned to serve on the boards of the subsidiaries as non-executive directors.
4. In view of the expiry of the CITIC Pacific Share Incentive Plan 2000 ('the Plan') in May 2010, the Remuneration Committee has agreed to put forward a new share option scheme which is proposed based on the principles of the previous plan whilst complying with the changes in the Listing Rules.

For item 1, the recommendation is made with reference to the market pay level of directors' fee of a number of prominent public listed companies in Hong Kong and



serves to bring the directors' fee that has remained unchanged since 2008 closer to the market.

For items 2 and 3, taking into consideration that the Executive Directors and employees of CITIC Pacific have been receiving remunerations that are reasonably commensurate with their duties, accountabilities as well as time commitment, the recommendations serve to align internal remuneration principles within the Group.

The Board endorsed the recommendations and agreed to put forward items 1, 2 and 4 for Shareholders' approval at the 2011 AGM.

People Development

CITIC Pacific is committed to providing an environment that is conducive to the development of its staff. To this end, we organise a wide range of internal and external training programmes to expand the business expertise, competencies and skill sets of staff to meet the ever-changing challenges of the marketplace.

In addition to management and leadership training programmes, we organise seminars and presentations conducted by professional institutions on specific topics, such as legislative changes, workplace safety and new technology, to maintain the industry and technical knowledge of staff members. We also support and encourage self-initiated personal development through financial sponsorship.

This year, with an aim to enhance functional alignment and further improve the functional effectiveness and efficiency within the Group, the headquarter of CITIC Pacific organised group conferences for finance and human resources functions. Participants benefited from knowledge and best practices sharing among internal business units as well as from external professionals.

CITIC Pacific supports the nurturing and education of the younger generation, which in return enables the company to build its bench strength for meeting the future needs of the business. Following the successful implementation of the Management Trainee Programme in 2006, CITIC Pacific once again held this programme during the year. The programme is designed to groom a pool of highly trained graduates in support of business growth as well as to prepare for future management succession. CITIC Pacific's Management Trainee Programme provides comprehensive training and development to equip graduates with required skills and competencies.

Employee Relations

To enhance the sense of engagement, pride and community, CITIC Pacific and its subsidiaries have organised numerous activities and interest classes for employees and their families for fun, education, wellness and charity throughout the year of 2010.

