



CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

CONNECTED TRANSACTION

ACQUISITION OF THE REMAINING INTEREST IN CITIC SQUARE CO, SHANGHAI

The Directors announce that on 22 December 2006, Eldwin (a wholly owned subsidiary of CITIC Pacific) agreed to purchase the remaining 16.67% interest in Join Resources (in which Eldwin currently owns 83.33%) from Swire Properties for approximately HK\$280 million. At present, Join Resources together with Eldwin and JingAn hold 100% interest of 上海中信泰富廣場有限公司 (CITIC Square Co) (which in turn holds 100% of 上海中信泰富廣場 (CITIC Square)). Upon completion, Join Resources will become a wholly-owned subsidiary of Eldwin, and further, upon completion of the acquisition of the 10% equity interest in CITIC Square Co from JingAn as disclosed in the announcement of the Company dated 5 October 2006, the Group will have a 100% equity interest in CITIC Square Co.

Swire Properties is a substantial shareholder of Join Resources, a subsidiary of the Company. Accordingly, Swire Properties is a connected person of the Company and the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

1. DETAILS OF THE AGREEMENT

Date

22 December 2006

Parties

- (1) Eldwin, a wholly owned subsidiary of the Company, as purchaser
- (2) Swire Properties, a substantial shareholder of Join Resources, as seller
- (3) The Company, as the purchaser's guarantor

Assets

1,667 ordinary shares of HK\$1.00 each in the share capital of Join Resources, being 16.67% of its issued share capital, and all related shareholder's loan in the amount of approximately HK\$66 million.

Consideration and Completion

The consideration for the 1,667 ordinary shares in, and the related shareholder's loan to, Join Resources is approximately HK\$214 million and approximately HK\$66 million respectively, to be paid in cash at completion. Eldwin and Swire Properties will equally share the stamp duty, associated with the transaction.

Completion is unconditional and shall take place on 29 December 2006 (or such other date as Eldwin and Swire Properties may agree in writing).

As at 31 December 2005, the audited net asset value before deducting deferred taxation attributable to the 16.67% interest in Join Resources was approximately HK\$193 million. The consideration was determined after arm's length negotiation with reference to the aforesaid audited net asset value before deducting deferred taxation.

The original investment amount of Swire Properties in respect of the 16.67% interest in Join Resources was approximately HK\$59 million.

The consideration will be funded from internal resources of the Company.

Pursuant to the Agreement, Eldwin shall (i) as soon as practicable after Completion and in any event not later than 30 business days after completion, procure the full and unconditional release of Swire Properties from certain guarantees provided by Swire Properties in respect of bank loans provided to CITIC Square Co; and (ii) with effect from completion, indemnify Swire Properties against each loss, liability and cost which Swire Properties may incur arising out of or in connection with such guarantees. To facilitate the release of such guarantees, the Company will provide guarantee for such bank loans to the extent of approximately HK\$46 million.

Other information

At present, Join Resources is held as to 83.33% by Eldwin and 16.67% by Swire Properties. Join Resources, Eldwin and JingAn currently hold 60%, 30% and 10% equity interests in CITIC Square Co (which in turn holds 100% of CITIC Square) respectively. CITIC Square is situated at 1168 Nanjing Xi Lu, Jingan District, Shanghai (上海市靜安區南京西路1168號).

In respect of the equity interest in CITIC Square Co, 16.67% interest in the issued share capital of Join Resources represents a 10.002% equity interest in CITIC Square Co. Currently, the Group holds 79.998% equity interest in CITIC Square Co and JingAn holds the remaining 10%. Upon completion of the acquisition of such 16.67% interest in the issued share capital of Join Resources and completion of the acquisition of the 10% equity interest in CITIC Square Co from JingAn as disclosed in the announcement of the Company dated 5 October 2006, the Group will have a 100% equity interest in CITIC Square Co (which in turn holds 100% of CITIC Square).

For the year ended 31 December 2004, the audited net profits before and after taxation and extraordinary items of Join Resources were approximately HK\$159 million and approximately HK\$123 million respectively.

For the year ended 31 December 2005, the audited net profits before and after taxation and extraordinary items of Join Resources were approximately HK\$253 million and approximately HK\$212 million respectively.

2. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company has the view that the PRC property market will maintain a strong growth in the medium and long term. CITIC Square is situated at Nanjing Xi Lu which is the prime location of commercial and business hub in Shanghai and the acquisition can enhance the value of the Company as a whole. Moreover, upon completion of the acquisition of the 16.67% interest in the issued share capital of Join Resources and completion of the acquisition of the 10% equity interest in CITIC Square Co from JingAn as disclosed in the announcement of the Company dated 5 October 2006, the Group will have complete control of CITIC Square Co which can maximize our autonomy to manage and enhance the return of this investment.

The Directors (including the independent non-executive Directors) consider that the Agreement is on normal commercial terms and fair and reasonable and in the interests of the shareholders of the Company.

3. GENERAL

The Group is engaged in a diversified range of businesses, including manufacturing of special steel, property development and investment, basic infrastructure (such as power generation, aviation, tunnels and communications) and distribution of motor vehicles and consumer products.

Swire Properties, whose principal activities are property development and property investment, is a substantial shareholder of Join Resources, a subsidiary of the Company. Accordingly, Swire Properties is a connected person of the Company and the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

4. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

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| "Agreement" | the sale and purchase agreement dated 22 December 2006 entered into between Eldwin, Swire Properties and the Company for the sale and purchase of the 1,667 ordinary shares in, and the related shareholder's loan to, Join Resources; |
| "CITIC Pacific" or the "Company" | CITIC Pacific Limited; |
| "CITIC Square" | 上海中信泰富廣場 CITIC Square, situated at 1168 Nanjing Xi Lu, Jingan District, Shanghai, PRC; |
| "CITIC Square Co" | 上海中信泰富廣場有限公司 (Shanghai CITIC Square Co., Ltd.), a subsidiary of the Company; |
| "connected person" | has the meaning given to it by the Listing Rules; |
| "Directors" | the directors of the Company; |
| "Eldwin" | Eldwin Corporation, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company; |
| "Group" | CITIC Pacific and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules); |
| "HK\$" | Hong Kong dollars; |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China; |
| "JingAn" | 上海靜安城商貿有限公司 (Shanghai Jingan City Trading Co., Ltd.), a holder of a 10% equity interest in CITIC Square Co and a connected person of CITIC Pacific; |
| "Join Resources" | Join Resources Limited, a company incorporated in Hong Kong; |
| "Listing Rules" | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; |
| "PRC" | the People's Republic of China; |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited; |
| "Swire Properties" | Swire Properties Limited, a company incorporated in Hong Kong. |

By Order of the Board
CITIC PACIFIC LIMITED
Alice Tso Mun Wai
Company Secretary

Hong Kong, 22 December 2006

As at the date of this announcement, the executive directors of the Company are Messrs Larry Yung Chi Kin (Chairman), Henry Fan Hung Ling, Peter Lee Chung Hing, Norman Yuen Kee Tong, Vernon Francis Moore, Li Shilin, Carl Yung Ming Jie, Liu Jifu, Leslie Chang Li Hsien, Chau Chi Yin, Milton Law Ming To and Wang Ande; the non-executive directors of the Company are Messrs Willie Chang, André Desmarais, Chang Zhenming and Peter Kruyt (alternate director to Mr. André Desmarais); and the independent non-executive directors of the Company are Messrs Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong.

“Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.”