



CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

CONNECTED TRANSACTIONS PROVISION OF FINANCIAL ASSISTANCE

On 11 May 2007, CITIC Pacific and the Borrowers entered into the Loan Agreements pursuant to which CITIC Pacific will extend loan facilities in the aggregate amount of US\$53,000,000 (approximately HK\$413,400,000) to the Borrowers for a period of thirty-six months.

As each of the Borrowers is an associate of Wuxi Guo Lian, a connected person of the Company by virtue of its holding of 10% or more in certain subsidiaries of the Company, the Borrowers are also regarded as connected persons of the Company pursuant to Rule 14A.11(4) of the Listing Rules. Therefore, the Financial Assistance contemplated under the Loan Agreements constitute connected transactions of the Company under Rule 14A.13(2)(a) of the Listing Rules.

Since each of the applicable percentage ratios for determining disclosure and shareholder approval requirements under the Listing Rules of the Financial Assistance is over 0.1% but less than 2.5%, the Financial Assistance is subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under the Listing Rules.

THE LOAN AGREEMENTS

Date: 11 May 2007

Loan Agreement No.1

Lender: CITIC Pacific

Borrower: Wuxi Taihu Yuan, the equity interest of which is owned as to 70% by the Group and 30% by Wuxi Guo Lian

Facility amount: US\$44,000,000 (approximately HK\$343,200,000)

Loan Agreement No.2

Lender: CITIC Pacific

Borrower: Wuxi Taihu Jing, the equity interest of which is owned as to 70% by the Group and 30% by Wuxi Guo Lian

Facility amount: US\$4,000,000 (approximately HK\$31,200,000)

Loan Agreement No.3

Lender: CITIC Pacific

Borrower: Wuxi Taihu Mei, the equity interest of which is owned as to 70% by the Group and 30% by Wuxi Guo Lian

Facility amount: US\$5,000,000 (approximately HK\$39,000,000)

TERMS OF THE LOAN AGREEMENTS

Facility period: Thirty-six (36) months from the date of the Loan Agreements (from 11 May 2007 to 10 May 2010), or such later date (if any) as the relevant parties may agree in writing

Interest rate: 12-month LIBOR plus 1.5% per annum, subject to variations by the parties in accordance with the terms of the Loan Agreements provided that any future variation thereto will be on normal commercial terms as the relevant parties may agree in writing

Repayment: The principal amount shall be repayable in full by the respective Borrower on or before 10 May 2010, or such later date (if any) as the relevant parties may agree in writing

Condition: The Loan Agreements are conditional upon the respective Borrower obtaining necessary approvals from relevant authorities in the PRC

REASONS FOR ENTERING INTO THE LOAN AGREEMENT

As at the date of this announcement, CITIC Pacific through its wholly-owned subsidiaries hold a 70% equity interest in Wuxi Taihu Yuan, Wuxi Taihu Jing and Wuxi Taihu Mei respectively. The Directors consider that since each of the Borrowers is a subsidiary of the Company, providing the Financial Assistance will facilitate the business developments of the Borrowers and may in turn improve returns to the Company in the long term. The Financial Assistance is intended for the Borrowers' investment purposes.

Terms of the Loan Agreements were determined after arm's-length negotiations between CITIC Pacific and the Borrowers. The Directors (including the independent non-executive Directors) consider that the Loan Agreements are on normal commercial terms which are fair and reasonable, and the Financial Assistance is in the best interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND THE BORROWERS

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

Wuxi Taihu Yuan, Wuxi Taihu Jing and Wuxi Taihu Mei are involved in the development of residential and commercial properties in the Binhu District, Wuxi, the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As each of the Borrowers is an associate of Wuxi Guo Lian, a connected person of the Company by virtue of its holding of 10% or more in certain subsidiaries of the Company, the Borrowers are also regarded as connected persons of the Company pursuant to Rule 14A.11(4) of the Listing Rules. Therefore, the Financial Assistance contemplated under the Loan Agreements constitute connected transactions of the Company under Rule 14A.13(2)(a) of the Listing Rules.

Since each of the applicable percentage ratios for determining disclosure and shareholder approval requirements under the Listing Rules of the Financial Assistance is over 0.1% but less than 2.5%, the Financial Assistance is subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Borrowers"	Wuxi Taihu Jing, Wuxi Taihu Mei and Wuxi Taihu Yuan;
"Company"/ "CITIC Pacific"	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Directors"	the directors of the Company;
"Financial Assistance"	the financial assistance provided by CITIC Pacific to the Borrowers under the Loan Agreements;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange;
"Loan Agreements"	Loan Agreement No.1, Loan Agreement No.2 and Loan Agreement No.3;
"Loan Agreement No.1"	the loan agreement dated 11 May 2007 entered into between the Company and Wuxi Taihu Yuan pursuant to which the Company agreed to provide the loan facility to Wuxi Taihu Yuan upon and subject to the terms and conditions contained therein;
"Loan Agreement No.2"	the loan agreement dated 11 May 2007 entered into between the Company and Wuxi Taihu Jing pursuant to which the Company agreed to provide the loan facility to Wuxi Taihu Jing upon and subject to the terms and conditions contained therein;
"Loan Agreement No.3"	the loan agreement dated 11 May 2007 entered into between the Company and Wuxi Taihu Mei pursuant to which the Company agreed to provide the loan facility to Wuxi Taihu Mei upon and subject to the terms and conditions contained therein;
"PRC"	the People's Republic of China;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Wuxi Guo Lian"	Wuxi Guo Lian Development Group Co., Ltd. (無錫市國聯發展(集團)有限公司), a company established in the PRC, which holds a 30% equity interest in each of the Borrowers;
"Wuxi Taihu Jing"	Wuxi Taihu Jing Development Co., Ltd. (無錫太湖景發展有限公司), a company established in the PRC, the equity interest of which is owned as to 70% by the Group and 30% by Wuxi Guo Lian;
"Wuxi Taihu Mei"	Wuxi Taihu Mei Environmental Co., Ltd. (無錫太湖美生態環保有限公司), a company established in the PRC, the equity interest of which is owned as to 70% by the Group and 30% by Wuxi Guo Lian;
"Wuxi Taihu Yuan"	Wuxi Taihu Yuan Property Co., Ltd. (無錫太湖苑置業有限公司), a company established in the PRC, the equity interest of which is owned as to 70% by the Group and 30% by Wuxi Guo Lian;
"HK\$"	Hong Kong dollars;
"US\$"	United States dollars; and
"%"	per cent.

Unless otherwise specified in this announcement and for the purpose of illustration only, US\$ is translated to HK\$ at the rates of US\$1.00 = HK\$7.80.

By Order of the Board
CITIC Pacific Limited
Stella Chan Chui Sheung
Company Secretary

Hong Kong, 11 May 2007

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, Carl Yung Ming Jie, Leslie Chang Li Hsien, Vernon Francis Moore, Li Shilin, Liu Jifu, 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.