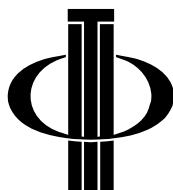


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CITIC PACIFIC

CITIC Pacific Limited **中信泰富有限公司**

(incorporated in Hong Kong with limited liability)

(Stock Code: 267)

CONNECTED TRANSACTIONS

ESTABLISHMENT OF JOINT VENTURE COMPANIES

The Board announces that on 26 November 2007, Ipson (a wholly owned subsidiary of CITIC Pacific) and Perfect Future (a connected person) entered into (i) Jiangyin Gas Articles of Association for the establishment of Jiangyin Gas and (ii) Jiangyin Recycling Articles of Association for the establishment of Jiangyin Recycling. Each of the JV Companies will be owned as to 80% by Ipson and 20% by Perfect Future.

The total investment of each of the JV Companies amounts to US\$49,800,000 (approximately HK\$388,440,000), and the registered capital of each of the JV Companies amounts to US\$49,800,000 (approximately HK\$388,440,000). As the Group will own a 80% interest in each of the JV Companies, the total capital commitment of the Group in each of the JV Companies is US\$39,840,000 (approximately HK\$310,752,000), the aggregate of which represents more than 0.1% but less than 2.5% of the applicable percentage ratios calculated pursuant to Rules 14.07 and 14.15(2) of the Listing Rules.

Perfect Future is a connected person of the Company as Bright Trinity, which wholly owns Perfect Future, is a substantial shareholder of Jiangsu CP Xingcheng Special Steel Co., Ltd., a subsidiary of the Company. Perfect Future is also an associate of a director of various subsidiaries of the Company engaging in steel manufacturing business. The establishment of the JV Companies constitutes connected transactions for the Company under Chapter 14A of the Listing Rules. Details of the joint venture arrangements will be included in the 2007 annual report and accounts of the Company.

JIANGYIN GAS ARTICLES OF ASSOCIATION

- Date: 26 November 2007
- Parties: (1) Ipson, a wholly owned subsidiary of the Company; and
(2) Perfect Future
- Business: To engage in the production and sale of oxygen, liquefied oxygen, nitrogen and argon
- Total Investment: US\$49,800,000 (approximately HK\$388,440,000)
- Registered Capital: US\$49,800,000 (approximately HK\$388,440,000), contributed as to:
- (1) 80% by Ipson (i.e. US\$39,840,000 (approximately HK\$310,752,000)); and
 - (2) 20% by Perfect Future (i.e. US\$9,960,000 (approximately HK\$77,688,000)).

The capital contribution of Ipson and Perfect Future will be made in cash within 2 years from the date of issue of the business licence of Jiangyin Gas. The capital contribution of Ipson will be funded by the internal resources of the Group.

Transfer by Ipson or Perfect Future of its respective interest in Jiangyin Gas is subject to the pre-emptive rights of the other party.

- Term: 20 years from the date of issue of the business licence of Jiangyin Gas. During the 6-month period immediately preceding the expiration of the term, Jiangyin Gas may apply to the relevant PRC authority for an extension of the term of Jiangyin Gas.
- JV Board: The board of directors of Jiangyin Gas will consist of 9 directors, 7 of whom will be appointed by Ipson and 2 of whom will be appointed by Perfect Future. The chairman of the board will be appointed by Ipson.
- Conditions: The Jiangyin Gas Articles of Association is conditional upon all necessary approvals from the relevant PRC authorities having been obtained. No specific date by which such approvals must be obtained is provided.

The terms of the Jiangyin Gas Articles of Association have been arrived at after arm's length negotiations.

JIANGYIN RECYCLING ARTICLES OF ASSOCIATION

- Date: 26 November 2007
- Parties: (1) Ipson, a wholly owned subsidiary of the Company; and
(2) Perfect Future
- Business: To engage in the processing and recycling of metal slag and sale of its related recycled products
- Total Investment: US\$49,800,000 (approximately HK\$388,440,000)
- Registered Capital: US\$49,800,000 (approximately HK\$388,440,000), contributed as to:
- (1) 80% by Ipson (i.e. US\$39,840,000 (approximately HK\$310,752,000)); and
 - (2) 20% by Perfect Future (i.e. US\$9,960,000 (approximately HK\$77,688,000)).

The capital contribution of Ipson and Perfect Future will be made in cash within 2 years from the date of issue of the business licence of Jiangyin Recycling. The capital contribution of Ipson will be funded by the internal resources of the Group.

Transfer by Ipson or Perfect Future of its respective interest in Jiangyin Recycling is subject to the pre-emptive rights of the other party.

- Term: 20 years from the date of issue of the business licence of Jiangyin Recycling. During the 6-month period immediately preceding the expiration of the term, Jiangyin Recycling may apply to the relevant PRC authority for an extension of the term of Jiangyin Recycling.
- JV Board: The board of directors of Jiangyin Recycling will consist of 9 directors, 7 of whom will be appointed by Ipson and 2 of whom will be appointed by Perfect Future. The chairman of the board will be appointed by Ipson.
- Conditions: The Jiangyin Recycling Articles of Association is conditional upon all necessary approvals from the relevant PRC authorities having been obtained. No specific date by which such approvals must be obtained is provided.

The terms of the Jiangyin Recycling Articles of Association have been arrived at after arm's length negotiations.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Steel manufacturing is one of the core businesses of the Group. The establishment of the JV Companies provides an opportunity for the Group to invest in and further expand its steel manufacturing business in the PRC.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Jiangyin Gas Articles of Association and the Jiangyin Recycling Articles of Association are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

The Group is engaged in a diversified range of business, including manufacturing of special steel, iron ore mining, property development and investment, basic infrastructure (such as power generation, aviation, tunnels and communications) and marketing and distribution. Perfect Future is an investment holding company.

Perfect Future is a connected person of the Company as Bright Trinity, which wholly owns Perfect Future, is a substantial shareholder of Jiangsu CP Xingcheng Special Steel Co., Ltd., a subsidiary of the Company. Perfect Future is also an associate of a director of various subsidiaries of the Company engaging in steel manufacturing business. The establishment of the JV Companies constitutes connected transactions for the Company under Chapter 14A of the Listing Rules. The total capital commitment of the Group for the JV Companies in aggregate represents more than 0.1% but less than 2.5% of the applicable percentage ratios calculated pursuant to Rules 14.07 and 14.15(2) of the Listing Rules. Therefore, such transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements pursuant to Rule 14A.32 of the Listing Rules. Details of the joint venture arrangements will be included in the 2007 annual report and accounts of the Company.

DEFINITIONS

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

"associate", "connected person" and "substantial shareholder"	have the meaning given to them by the Listing Rules
"Board"	the board of Directors
"Bright Trinity"	天水投資有限公司 (Bright Trinity Enterprises Ltd.), a company incorporated under the laws of British Virgin Islands
"Company" or "CITIC Pacific"	CITIC Pacific Limited 中信泰富有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange

"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries (as defined under the Listing Rules)
"HK\$"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Ipson"	長越投資有限公司 (Ipson Investments Limited), a company incorporated in Hong Kong with limited liability, which is wholly owned by the Company
"Jiangyin Gas"	江陰泰富興澄工業氣體有限公司 (Jiangyin CP Xingcheng Industry Gas Co., Ltd.), a joint venture company to be established in Jiangsu in the PRC, which will be owned as to 80% by Ipson and 20% by Perfect Future
"Jiangyin Gas Articles of Association"	the articles of association of Jiangyin Gas entered into on 26 November 2007 between Ipson and Perfect Future in relation to the establishment of Jiangyin Gas
"Jiangyin Recycling"	江陰泰富興澄資源循環環保有限公司 (Jiangyin CP Xingcheng By-products Recycling Co., Ltd.), a joint venture company to be established in Jiangsu in the PRC, which will be owned as to 80% by Ipson and 20% by Perfect Future
"Jiangyin Recycling Articles of Association"	the articles of association of Jiangyin Recycling entered into on 26 November 2007 between Ipson and Perfect Future in relation to the establishment of Jiangyin Recycling
"JV Board"	the board of directors of Jiangyin Gas or Jiangyin Recycling, as the context may require
"JV Companies"	Jiangyin Gas and Jiangyin Recycling
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Perfect Future"	尙康國際有限公司 (Perfect Future International Limited), a company incorporated in Hong Kong with limited liability, which is wholly owned by Bright Trinity
"PRC"	People's Republic of China
"Shareholders"	the shareholders of the Company from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"US\$" the lawful currency of the United States of America

"%" per cent.

By order of the directors of
CITIC Pacific Limited
Stella Chan Chui Sheung
Company Secretary

Hong Kong, 26 November 2007

Unless otherwise stated and for reference only, the exchange rates of US\$ to HK\$ quoted in this announcement adopt the rate of US\$1 to HK\$7.8.

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.