

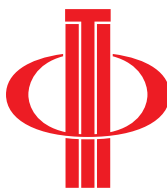
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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CITIC Pacific Limited, you should at once hand this circular to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**DISCLOSEABLE TRANSACTION**

**ACQUISITION OF A TOTAL OF 17 VESSELS  
(TO BE CONSTRUCTED)**

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3 January 2008

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## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context otherwise requires:*

“115000 DWT Vessel”	115000 metric tons deadweight bulk carrier;
“57000 DWT Vessel”	57000 metric tons deadweight bulk carrier;
“Accomac Investment”	Accomac Investment Limited, a corporation organised and existing under the laws of Republic of Liberia and is an independent third party of the Company;
“Acquisitions”	the acquisitions of a total of 17 vessels, including (i) seven 115000 DWT Vessels under the Novation Agreements Nos. 1–7; (ii) five 115000 DWT Vessels under Shipbuilding Contracts Nos. 8–12; and (iii) five 57000 DWT Vessels under Novation Agreements Nos. 13–17, upon and subject to the terms and conditions contained therein;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Bank Refund Guarantee”	a bank guarantee to be issued by the sellers’ bank in the PRC to guarantee the repayment of any consideration paid by the respective buyers;
“Board”	the board of directors of the Company;
“Business Day(s)”	a working day in the PRC, Hong Kong and New York, respectively;
“Buyers A”	Burgeon Investments Ltd., Silver Bliss Enterprises Inc., Winrich Investments Holdings Ltd., Bolein Corp., Cobikin Corp., Tridot Enterprises Inc. and Cosmos Light Holdings Corp., each a wholly-owned subsidiary of CITIC Pacific, and a “Buyer A”;
“Buyers B”	Bright Treasure Assets Holdings Inc., Long Glory Assets Limited, Master Champ Assets Ltd., Palesto Holdings Inc. and Parmigan Corp.; each a wholly-owned subsidiary of CITIC Pacific, and a “Buyer B”;
“CITIC Pacific” or the “Company”	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange;

## DEFINITIONS

“CSSC”	中國船舶工業集團公司 (China State Shipbuilding Corporation), a state-owned enterprise incorporated in the PRC;
“CSSC Refund Guarantee”	a refund guarantee to be provided by CSSC to guarantee the repayment of any consideration paid by JLEPG under Shipbuilding Contracts 13–17;
“CSTC”	中國船舶工業貿易公司 (China Shipbuilding Trading Company, Limited), a state-owned enterprise incorporated in the PRC;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“JLEPG”	Jiangyin Ligang Electric Power Generation Company Limited (江陰利港發電股份有限公司), a limited liability company incorporated in the PRC, which is owned as to 54.31% by a 100%-owned subsidiary of CITIC Pacific, 26.21% by a 65%-owned subsidiary of CITIC Pacific and the remaining 19.48% by three independent third parties. JLEPG is a non-wholly owned subsidiary of CITIC Pacific under the Listing Rules but a jointly controlled entity under accounting principles;
“Latest Practicable Date”	27 December 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Novation Agreements Nos. 1–7”	seven novation agreements, all dated 18 September 2007 and entered into between Accomac Investment (as the original buyer/transferor), Sellers A and the respective Buyer A (as the new buyer/transferee), whereby the rights and obligations of Accomac Investment under the respective Shipbuilding Contracts Nos. 1–7 were transferred to the respective Buyer A;

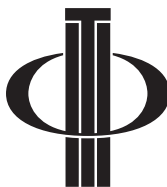
## DEFINITIONS

“Novation Agreements Nos. 13–17”	five novation agreements, all dated 13 December 2007 and entered into between Shanghai Haitang (as the original buyer/transferor), Sellers B and JLEPG (as the new buyer/transferee), whereby the rights and obligations of Shanghai Haitang under the respective Shipbuilding Contracts Nos. 13–17 were transferred to JLEPG;
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Sellers A”	CSTC and SJC;
“Sellers B”	CSSC and Shanghai Shipyard;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Shanghai Haitang”	上海海騰船務有限公司 (Shanghai Haitang Shipping Company Limited), which together with its ultimate beneficial owners, to the best of knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of the Company and any connected persons of the Company;
“Shanghai Shipyard”	Shanghai Shipyard Co., Ltd., formerly known as Shanghai-Chengxi Shipbuilding Co., Ltd., an enterprise incorporated in the PRC;
“Share(s)”	share(s) of HK\$0.40 each in the share capital of the Company;
“Shareholders”	shareholders of the Company;
“Shipbuilding Contracts Nos. 1–7”	seven shipbuilding contracts, all dated 7 December 2006 and entered into between Accomac Investment and Sellers A for the acquisition of one 115000 DWT Vessel under each shipbuilding contract by Accomac Investment, of which the rights and obligations of Accomac Investment were transferred to the respective Buyers A under Novation Agreements Nos. 1–7;

## DEFINITIONS

“Shipbuilding Contracts Nos. 8–12”	five shipbuilding contracts, all dated 13 December 2007 entered into between the respective Buyer B and Sellers A pursuant to which the respective Buyer B agreed to purchase and Sellers A agreed to construct and sell one 115000 DWT Vessel under each shipbuilding contract, upon and subject to the terms and conditions contained therein;
“Shipbuilding Contracts Nos. 13–17”	five shipbuilding contracts, all dated 6 December 2006 and entered into between Shanghai Haitang and Sellers B for the acquisition of one 57000 DWT Vessel under each shipbuilding contract by Shanghai Haitang, of which the rights and obligations of Shanghai Haitang were transferred to JLEPG under the respective Novation Agreements Nos. 13–17;
“SJC”	上海江南長興重工有限責任公司 (Shanghai Jiangnan Changxing Heavy Industry Company Limited), an enterprise incorporated in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vessels”	collectively twelve 115000 DWT Vessels and five 57000 DWT Vessels;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“US\$”	United States dollars, the lawful currency of United States of America; and
“%”	per cent.

*Unless otherwise specified in this circular and for the purpose of illustration only, US\$ is translated to HK\$ at the rate of US\$1.00 = HK\$7.80, and RMB is translated to HK\$ at the rate of RMB1 = HK\$1.03.*



CITIC PACIFIC

**CITIC Pacific Limited**  
**中信泰富有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 267)**

*Directors:*

Larry Yung Chi Kin (*Chairman*)  
Henry Fan Hung Ling (*Managing Director*)  
Peter Lee Chung Hing (*Deputy Managing Director*)  
Carl Yung Ming Jie (*Deputy Managing Director*)  
Leslie Chang Li Hsien (*Deputy Managing Director*)  
Vernon Francis Moore (*Executive Director*)  
Li Shilin (*Executive Director*)  
Liu Jifu (*Executive Director*)  
Chau Chi Yin (*Executive Director*)  
Milton Law Ming To (*Executive Director*)  
Wang Ande (*Executive Director*)  
Willie Chang\*  
Hamilton Ho Hau Hay\*\*  
Alexander Reid Hamilton\*\*  
Hansen Loh Chung Hon\*\*  
Norman Ho Hau Chong\*\*  
André Desmarais\*  
Chang Zhenming\*  
Peter Kruyt#

*Registered Office:*

32nd Floor  
CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

\* *Non-executive Director*

\*\* *Independent non-executive Director*

# *Alternate Director to André Desmarais*

3 January 2008

*To the Shareholders,*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF A TOTAL OF 17 VESSELS (TO BE CONSTRUCTED)**

**INTRODUCTION**

On 13 December 2007, the Board announced that on 18 September 2007, seven wholly-owned subsidiaries of CITIC Pacific (as new buyers/transferees) entered into seven novation agreements (Novation Agreements Nos. 1-7) with Accomac Investment (as original

## LETTER FROM THE BOARD

buyer/transferor) and, Sellers A, whereby the rights and obligations of the original buyer/transferor under Shipbuilding Contracts Nos. 1–7 in relation to the acquisition of seven 115000 DWT Vessels for a consideration of US\$53,280,000 (approximately HK\$415.58 million) per 115000 DWT Vessel, were transferred to the new buyers/transferees (for a transfer fee of US\$10 for each Novation Agreement). The total consideration for the acquisition of the seven 115000 DWT Vessels is US\$372,960,070 (approximately HK\$2,909.09 million).

On 13 December 2007, five other wholly-owned subsidiaries of CITIC Pacific entered into five shipbuilding contracts (Shipbuilding Contracts Nos. 8–12) with Sellers A to purchase five additional 115000 DWT Vessels at US\$56,070,000 (approximately HK\$437.35 million) per 115000 DWT Vessel. The total consideration for the acquisition of the five 115000 DWT Vessels is US\$280,350,000 (approximately HK\$2,186.73 million).

On 13 December 2007, JLEPG (a non-wholly owned subsidiary of CITIC Pacific accounted for as a jointly controlled entity) (as new buyer/transferee) entered into five novation agreements (Novation Agreements Nos. 13–17) with Shanghai Haitang (as original buyer/transferor) and Sellers B, whereby the rights and obligations of the original buyer/transferor under Shipbuilding Contracts Nos. 13–17 in relation to the acquisition of five 57000 DWT Vessels for a consideration of RMB355,800,000 per 57000 DWT Vessel, were transferred to JLEPG. The total consideration for the acquisition of the five 57000 DWT Vessels is approximately RMB1,779.0 million (approximately HK\$1,832.37 million).

The total consideration of approximately HK\$6,928.19 million for the Acquisitions under (i) Novation Agreements Nos. 1–7 (being approximately HK\$2,909.09 million); (ii) Shipbuilding Contracts Nos. 8–12 (being approximately HK\$2,186.73 million); and (iii) Novation Agreements Nos. 13–17 (being approximately HK\$1,832.37 million), result in the Acquisitions constituting a discloseable transaction for CITIC Pacific under Chapter 14 of the Listing Rules. The entering into the Novation Agreements Nos. 1–7 constitute a discloseable transaction for CITIC Pacific only when aggregated with Shipbuilding Contracts Nos. 8–12 and Novation Agreements Nos. 13–17.

The purpose of this circular is to provide you with details of the Acquisitions.

### THE ACQUISITIONS

#### A. Acquisitions under Novation Agreements Nos. 1–7

(a) *Date:*

Novation Agreements Nos. 1–7: 18 September 2007

(b) *Parties and Assets to be Acquired:*

Buyers: seven wholly-owned subsidiaries of CITIC Pacific (collectively “**Buyers A**”)

Sellers: CSTC and SJC (collectively “**Sellers A**”)

## LETTER FROM THE BOARD

Pursuant to Shipbuilding Contracts Nos. 1–7 and Novation Agreements Nos. 1–7, the respective Buyer A has agreed to purchase and Sellers A have agreed to construct and sell a total of seven 115000 DWT Vessels.

(c) *Consideration and Delivery Date:*

<b>Shipbuilding Contract No.</b>	<b>No. of 115000 DWT Vessels acquired</b>	<b>Consideration (US\$)</b>	<b>Delivery Date (on or before)</b>
1.	1	53,280,000	31 December 2010
2.	1	53,280,000	30 June 2011
3.	1	53,280,000	30 September 2011
4.	1	53,280,000	31 October 2011
5.	1	53,280,000	31 December 2011
6.	1	53,280,000	31 December 2011
7.	1	53,280,000	31 December 2011
Total:		372,960,000	

The total consideration of US\$372,960,000 (approximately HK\$2,909.09 million) for the acquisition of seven 115000 DWT Vessels under the Shipbuilding Contracts Nos. 1–7 is subject to upward and downward adjustments. If the delivery of the respective 115000 DWT Vessel is made earlier than the specified delivery dates, the respective consideration will be adjusted upwards by a maximum of US\$315,000. The respective consideration will be adjusted downwards in the event of, amongst others, delay in delivery of the respective 115000 DWT Vessel, specified speed and deadweight not being reached and specified fuel consumption being exceeded. The upward and downward adjustments to the consideration will be made to the second instalment of the consideration.

(d) *Payment Terms:*

The total consideration of US\$372,960,000 under the Shipbuilding Contracts Nos. 1–7 is payable in the following manner:

- the first instalment representing 70% of the total consideration will be payable to Sellers A within seven Business Days after the respective Buyer A has received the Bank Refund Guarantee from Sellers A; and
- the second instalment representing the remaining 30% of the total consideration (subject to adjustments, if any) will be payable by the respective Buyer A to Sellers A upon delivery of the respective 115000 DWT Vessel.

As at the date of this circular, an amount of US\$261,072,000, representing 70% of the total consideration under Shipbuilding Contracts Nos. 1–7 have been made by the respective Buyer A to Sellers A.

<b>LETTER FROM THE BOARD</b>
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(e) *Bank Refund Guarantee:*

Buyer A may also rescind or cancel the relevant shipbuilding contracts if certain minimum specifications for delivery, speed, fuel consumption or deadweight are not met. Sellers A shall deliver to the respective Buyer A the Bank Refund Guarantee to guarantee the repayment of any consideration paid by the respective Buyer A.

Buyer A may enforce the Bank Refund Guarantee in the event that any of the Shipbuilding Contracts Nos. 1–7 is rescinded or cancelled by the respective Buyer A and Sellers A fail to make the required repayment.

(f) *Completion*

Subject to any extensions that may be agreed between the respective Buyer A and Sellers A, completion will take place upon delivery of 115000 DWT Vessel with the relevant documentation.

**B. Acquisitions under Shipbuilding Contracts Nos. 8–12**

(a) *Date:*

Shipbuilding Contracts Nos. 8–12: 13 December 2007

(b) *Parties and Assets to be Acquired:*

Buyers: five wholly-owned subsidiaries of CITIC Pacific (collectively, “**Buyers B**”)

Sellers: Sellers A

Pursuant to Shipbuilding Contracts Nos. 8–12, the respective Buyer B has agreed to purchase and Sellers A have agreed to construct and sell a total of five 115000 DWT Vessels.

(c) *Consideration and Delivery Date:*

Shipbuilding Contract No.	No. of 115000 DWT Vessels acquired	Consideration (US\$)	Delivery Date (on or before)
8	1	56,070,000	31 August 2012
9.	1	56,070,000	30 September 2012
10.	1	56,070,000	30 November 2012
11.	1	56,070,000	31 December 2012
12.	1	56,070,000	31 December 2012
	Total:	<u><u>280,350,000</u></u>	

## LETTER FROM THE BOARD

The total consideration of US\$280,350,000 (approximately HK\$2,186.73 million) for the acquisition of five 115000 DWT Vessels under the Shipbuilding Contracts Nos. 8–12 is subject to upward and downward adjustments. If the delivery of the respective 115000 DWT Vessel is made earlier than the specified delivery dates, the respective consideration will be adjusted upwards by a maximum of US\$315,000. The respective consideration will be adjusted downwards in the event of, amongst others, delay in delivery of the respective 115000 DWT Vessel, specified speed and deadweight not being reached and specified fuel consumption being exceeded. The upward and downward adjustments to the consideration will be made to the second instalment of the consideration.

*(d) Payment Terms:*

The total consideration of US\$280,350,000 under the Shipbuilding Contracts Nos. 8–12 is payable in the following manner:

- the first instalment representing 70% of the total consideration will be payable to Sellers A within seven Business Days after the respective Buyer B has received the Bank Refund Guarantee from Sellers A or 7 January 2008 (whichever is the later); and
- the second instalment representing the remaining 30% of the total consideration (subject to adjustments, if any) will be payable by the respective Buyer B to Sellers A upon delivery of the respective 115000 DWT Vessel.

*(e) Bank Refund Guarantee:*

Buyer B may also rescind or cancel the relevant shipbuilding contracts if certain minimum specifications for delivery, speed, fuel consumption or deadweight are not met. Sellers A shall deliver to the respective Buyer B the Bank Refund Guarantee to guarantee the repayment of any consideration paid by the respective Buyer B.

Buyer B may enforce the Bank Refund Guarantee in the event that any of the Shipbuilding Contracts Nos. 8–12 is rescinded or cancelled by the respective Buyer B and Sellers A fail to make the required repayment.

*(f) Completion*

Subject to any extensions that may be agreed between the respective Buyer B and Sellers A, completion will take place upon delivery of 115000 DWT Vessel with the relevant documentation.

## LETTER FROM THE BOARD

### C. Acquisitions under Novation Agreements Nos. 13–17

(a) *Date:*

Novation Agreements Nos. 13–17: 13 December 2007

(b) *Parties and Assets to be Acquired:*

Buyer: JLEPG

Sellers: CSSC and Shanghai Shipyard (collectively, “**Sellers B**”)

Pursuant to Shipbuilding Contracts Nos. 13–17 and Novation Agreements Nos. 13–17, JLEPG has agreed to purchase and Sellers B have agreed to construct and sell a total of five 57000 DWT Vessels.

(c) *Consideration and Delivery Date:*

<b>Shipbuilding Contract No.</b>	<b>No. of 57000 DWT Vessels acquired</b>	<b>Consideration  (RMB)</b>	<b>Delivery Date (on or before)</b>
13.	1	355,800,000	30 September 2010
14.	1	355,800,000	31 December 2010
15.	1	355,800,000	31 March 2011
16.	1	355,800,000	30 June 2011
17.	1	355,800,000	30 September 2011
	<b>Total:</b>	<u><u>1,779,000,000</u></u>	

The total consideration for five 57000 DWT Vessels under Shipbuilding Contracts Nos. 13–17 is RMB1,779.0 million (approximately HK\$1,832.37 million).

Such consideration is subject to upward and downward adjustments. If the delivery of the respective 57000 DWT Vessel is made earlier than the specified dates, the respective consideration will be adjusted upwards by a maximum of RMB2,220,000. The respective consideration will be adjusted downwards in the event of, amongst others, delay in delivery of the respective 57000 DWT Vessel, specified speed and deadweight not being reached and specified fuel consumption being exceeded. The upward and downward adjustments to the consideration will be made to the 5th instalment of the consideration.

## LETTER FROM THE BOARD

*(d) Payment Terms:*

The total consideration of RMB1,779.0 million under Shipbuilding Contracts Nos. 13–17 is payable in 5 instalments:

- 1st instalment (representing 30% of the total consideration) is payable to Sellers B within seven Business Days after JLEPG has received the CSSC Refund Guarantee from Sellers B or 7 January 2008 (whichever is the later);
- 2nd to 4th instalments (representing 10% of the total consideration each) payable upon the different stages of construction of the relevant 57000 DWT Vessel; and
- the 5th instalment (representing 40% of the total consideration) payable upon delivery of the relevant 57000 DWT Vessel.

*(e) CSSC Refund Guarantee:*

JLEPG may also rescind or cancel the relevant shipbuilding contracts if certain minimum specifications for delivery, speed, fuel consumption or deadweight are not met. CSSC shall deliver to JLEPG the CSSC Refund Guarantee to guarantee the repayment of any consideration paid by JLEPG.

JLEPG may enforce the CSSC Refund Guarantee in the event that any of the Shipbuilding Contracts Nos. 13–17 is rescinded or cancelled by JLEPG and Sellers B fail to make the required repayment.

*(f) Completion*

Subject to any extensions that may be agreed between JLEPG and Sellers B, completion will take place upon delivery of 57000 DWT Vessel with the relevant documentation.

### GENERAL

The Novation Agreements Nos. 1–7, the Shipbuilding Contracts Nos. 8–12 and Novation Agreements Nos. 13–17 were negotiated and entered into on an arm's length basis and on normal commercial terms. The total consideration aggregating approximately HK\$6,928,190,000 which will be funded from the respective internal resources of CITIC Pacific and JLEPG (as the case may be) was determined by reference to the market intelligence the Company had gathered from shipbrokers and its own analysis of recently concluded sale and purchase transactions of vessels of comparable size and year of delivery in the market. No third party valuation has been performed on the Vessels. It is intended that payment of the total consideration will be satisfied entirely in cash by CITIC Pacific and JLEPG (as the case may be).

## LETTER FROM THE BOARD

### INFORMATION RELATING TO THE SELLERS

#### **Sellers A:**

CSTC, a subsidiary of CSSC, is engaged in selling of vessels manufactured by the ship-building factories under CSSC.

SJC, a subsidiary of CSSC, is engaged in manufacturing of various large-sized vessels, including large-sized bulk carrier.

#### **Seller B:**

CSSC is the major ship-building group in the PRC, and is the joint venture partner of CITIC Pacific in the Shanghai Shipyard Land Development Project, holding 50% in each of three joint venture companies, namely 上海瑞明置業有限公司 (Shanghai Rui Ming Real Property Co., Ltd.), 中船置業有限公司 (CSSC Complex Property Co., Ltd.) and 上海瑞博置業有限公司 (Shanghai Rui Bo Real Property Co., Ltd.).

Shanghai Shipyard, previously known as Shanghai-Chengxi Shipbuilding Co., Ltd., a subsidiary of CSSC, is engaged in manufacturing of various large-sized vessels, including bulk carrier.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Sellers A, Sellers B and their ultimate beneficial owners are third parties independent of the Company and any connected persons of the Company.

### FINANCIAL EFFECTS OF THE ACQUISITIONS

The Directors expect that the Acquisitions would not have any adverse effect on the earnings, assets and liabilities of CITIC Pacific.

### REASONS FOR THE ACQUISITIONS

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 marketing and distribution.

The purchase of the twelve 115000 DWT Vessels will enable the Group to secure vessels to ensure transportation from abroad to the Group's special steel businesses in the PRC for supply of iron ore and are also suitable for the transportation of the Group's iron ore products from Western Australia.

The purchase of the five 57000 DWT Vessels by JLEPG will enable JLEPG to secure vessels to ensure transportation of coal for its power plant.

The Directors consider that the terms of the Acquisitions are fair and reasonable, in the interests of CITIC Pacific and the Shareholders as a whole.

## LETTER FROM THE BOARD

### IMPLICATIONS UNDER THE LISTING RULES

The total consideration of approximately HK\$6,928.19 million for the Acquisitions under (i) Novation Agreements Nos. 1–7 (being approximately HK\$2,909.09 million); (ii) Shipbuilding Contracts Nos. 8–12 (being approximately HK\$2,186.73 million); and (iii) Novation Agreements Nos. 13–17 (being approximately HK\$1,832.37 million), result in the Acquisitions constituting a discloseable transaction for CITIC Pacific under Chapter 14 of the Listing Rules. The entering into the Novation Agreements Nos. 1–7 constitute a discloseable transaction for CITIC Pacific only when aggregated with Shipbuilding Contracts Nos. 8–12 and Novation Agreements Nos. 13–17.

### ADDITIONAL INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

Yours faithfully,  
By Order of the Board  
**CITIC Pacific Limited**  
**Larry Yung Chi Kin**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive in securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which he was taken or deemed to have under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Companies set out in the Listing Rules:

#### (i) Shares in the Company:

Name of Director	Number of shares	
	Personal interests unless otherwise stated	Percentage to the issued share capital (%)
Larry Yung Chi Kin	406,381,000 ( <i>Note 1</i> )	18.371
Henry Fan Hung Ling	50,000,000 ( <i>Note 2</i> )	2.260
Peter Lee Chung Hing	1,000,000	0.045
Carl Yung Ming Jie	300,000	0.014
Leslie Chang Li Hsien	480,000	0.022
Vernon Francis Moore	4,200,000 ( <i>Note 3</i> )	0.190
Li Shilin	300,000	0.014
Liu Jifu	840,000	0.038
Chau Chi Yin	536,000	0.024
Wang Ande	250,000	0.011
Hansen Loh Chung Hon	1,550,000 ( <i>Note 4</i> )	0.070
André Desmarais	10,145,000 ( <i>Note 5</i> )	0.459
Peter Kruyt ( <i>alternate Director to André Desmarais</i> )	34,100	0.002

*Notes:*

1. Corporate interest
2. Corporate interest in respect of 5,000,000 shares and trust interest in respect of 45,000,000 shares
3. Trust interest
4. Personal interest in respect of 1,050,000 shares; corporate interest in respect of 500,000 shares and family interest in respect of 500,000 shares which duplicate each other
5. Corporate interest in respect of 10,000,000 shares and family interest in respect of 145,000 shares

*(ii) Share options in the Company:*

Name of Director	Date of Grant	Exercise price per share HK\$	Exercisable Period	Number of	Percentage of issued share capital (%)
				Share options outstanding as at the Latest Practicable Date	
Larry Yung Chi Kin	05.12.2005	20.5	05.12.2008 – 04.12.2010	100,000,000 (Note)	
	16.10.2007	47.32	16.10.2007 – 15.10.2012	2,000,000	
				102,000,000	4.611
Peter Lee Chung Hing	01.11.2004	19.9	01.11.2004 – 31.10.2009	1,000,000	
	20.06.2006	22.1	20.06.2006 – 19.06.2011	1,200,000	
	16.10.2007	47.32	16.10.2007 – 15.10.2012	1,200,000	
				3,400,000	0.154
Carl Yung Ming Jie	01.11.2004	19.9	01.11.2004 – 31.10.2009	500,000	
	20.06.2006	22.1	20.06.2006 – 19.06.2011	600,000	
	16.10.2007	47.32	16.10.2007 – 15.10.2012	800,000	
				1,900,000	0.086
Leslie Chang Li Hsien	01.11.2004	19.9	01.11.2004 – 31.10.2009	350,000	
	20.06.2006	22.1	20.06.2006 – 19.06.2011	800,000	
	16.10.2007	47.32	16.10.2007 – 15.10.2012	800,000	
				1,950,000	0.088

Name of Director	Date of Grant	Exercise price per share HK\$	Exercisable Period	Number of Share options outstanding as at the Latest Practicable Date	Percentage of issued share capital (%)
Vernon Francis Moore	01.11.2004	19.9	01.11.2004 – 31.10.2009	1,000,000	0.104
	20.06.2006	22.1	20.06.2006 – 19.06.2011	700,000	
	16.10.2007	47.32	16.10.2007 – 15.10.2012	600,000	
				2,300,000	
Li Shilin	16.10.2007	47.32	16.10.2007 – 15.10.2012	500,000	0.023
Liu Jifu	20.06.2006	22.1	20.06.2006 – 19.06.2011	700,000	0.063
	16.10.2007	47.32	16.10.2007 – 15.10.2012	700,000	
				1,400,000	
Chau Chi Yin	01.11.2004	19.9	01.11.2004 – 31.10.2009	500,000	0.095
	20.06.2006	22.1	20.06.2006 – 19.06.2011	800,000	
	16.10.2007	47.32	16.10.2007 – 15.10.2012	800,000	
				2,100,000	
Milton Law Ming To	01.11.2004	19.9	01.11.2004 – 31.10.2009	334,000	0.087
	20.06.2006	22.1	20.06.2006 – 19.06.2011	800,000	
	16.10.2007	47.32	16.10.2007 – 15.10.2012	800,000	
				1,934,000	
Wang Ande	20.06.2006	22.1	20.06.2006 – 19.06.2011	500,000	0.059
	16.10.2007	47.32	16.10.2007 – 15.10.2012	800,000	
				1,300,000	
Chang Zhenming	16.10.2007	47.32	16.10.2007 – 15.10.2012	500,000	0.023

*Note:* These share options were granted by CITIC Hong Kong (Holdings) Limited (“CITIC HK”), a substantial shareholder of the Company.

(iii) Shares in the associated corporations:

Name of Director	Number of ordinary shares in CITIC 1616 Holdings Limited	
	Personal interests unless otherwise stated	Percentage to the issued share capital (%)
Vernon Francis Moore	200,000 (Note 1)	0.010
Chau Chi Yin	26,750	0.001

Note:

1. Trust interest

Name of Director	Number of ordinary shares in Dah Chong Hong Holdings Limited	
	Personal interests unless otherwise stated	Percentage to the issued share capital (%)
Li Shilin	12,000	0.001
Liu Jifu	33,600 (Note 1)	0.002
Chau Chi Yin	21,000	0.001
Hansen Loh Chung Hon	62,000 (Note 2)	0.003

Notes:

1. Family interest
2. Corporate interest in respect of 20,000 shares and concert party interest in respect of 42,000 shares

(iv) *Share options in the associated corporation:*

Name of Director	Date of Grant	Exercise price per share HK\$	Exercisable Period	Share options in CITIC Capital Holdings Limited	
				Number of Share options outstanding at the Latest Practicable Date	Percentage of issued share capital (%)
Peter Lee Chung Hing	02.03.2005	66.54	02.03.2007 – 01.03.2010	15,000	0.125
	04.04.2006	70.97	04.04.2008 – 03.04.2011	10,000	
	11.12.2007	80.03	11.12.2009 – 10.12.2012	10,000	
				35,000	
Leslie Chang Li Hsien	02.03.2005	66.54	02.03.2007 – 01.03.2010	15,000	0.125
	04.04.2006	70.97	04.04.2008 – 03.04.2011	10,000	
	11.12.2007	80.03	11.12.2009 – 10.12.2012	10,000	
				35,000	
Vernon Francis Moore	02.03.2005	66.54	02.03.2007 – 01.03.2010	15,000	0.125
	04.04.2006	70.97	04.04.2008 – 03.04.2011	10,000	
	11.12.2007	80.03	11.12.2009 – 10.12.2012	10,000	
				35,000	

**(b) Substantial shareholders of the Company**

As at the Latest Practicable Date, save as disclosed herein, so far as was known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company or their respective associates) had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

*(i) Shares in the Company:*

<b>Name</b>	<b>Number of Shares</b>	<b>Percentage to the issued share capital (%)</b>
CITIC Group	635,919,285	28.747
CITIC HK	635,919,285	28.747
Heedon Corporation	496,386,285	22.439
Honpville Corporation	310,988,221	14.058
Power Corporation of Canada	156,220,000	7.062
Gelco Enterprises Ltd.	156,220,000	7.062
Nordex Inc.	156,220,000	7.062
Paul G. Desmarais	156,220,000	7.062

CITIC HK is a substantial shareholder of the Company (within the meaning of the Listing Rules) indirectly through the following wholly owned subsidiary companies:

<b>Name of subsidiary companies of CITIC HK</b>	<b>Number of Shares</b>	<b>Percentage to the issued share capital (%)</b>
Affluence Limited	46,089,000	2.083
Winton Corp.	30,718,000	1.389
Westminster Investment Inc.	101,960,000	4.609
Jetway Corp.	20,462,000	0.925
Cordia Corporation	32,258,064	1.458
Honpville Corporation	310,988,221	14.058
Hainsworth Limited	83,444,000	3.772
Southpoint Enterprises Inc.	10,000,000	0.452
Raymondford Company Limited	2,823,000	0.128

Each of Affluence Limited, Winton Corp., Westminster Investment Inc., Jetway Corp., Cordia Corporation, Honpville Corporation, Hainsworth Limited, Southpoint Enterprises Inc. and Raymondford Company Limited holds the shares of the Company beneficially. Accordingly, Honpville Corporation is a substantial shareholder of the Company (within the meaning of the Listing Rules).

CITIC Group is the direct holding company of CITIC HK. CITIC HK is the direct holding company of Heedon Corporation, Hainsworth Limited, Affluence Limited and Barnsley Investments Limited. Heedon Corporation is the direct holding company of Winton Corp., Westminster Investment Inc., Jetway Corp., Kotron Company Ltd. and Honpville Corporation and Kotron Company Ltd. is the direct holding company of Cordia Corporation. Affluence Limited is the direct holding company of Man Yick Corporation which is the direct holding company of Raymondford Company Limited. Barnsley Investments Limited is the direct holding company of Southpoint Enterprises Inc. Accordingly, the interests of CITIC Group in the Company duplicate the interests of CITIC HK in the Company. The interests of CITIC HK in the Company duplicate the interests in the Company of all its direct and indirect subsidiary companies as described above. The interests of Heedon Corporation in the Company duplicate the interests in the Company of all its direct and indirect subsidiary companies as described above. The interests of Affluence Limited in the Company duplicate the interests in the Company of its direct subsidiary company as described above. The interests of Man Yick Corporation in the Company duplicate the interests in the Company of its direct subsidiary company as described above. The interests of Barnsley Investments Limited in the Company duplicate the interests in the Company of its direct subsidiary company as described above and the interests of Kotron Company Ltd. in the Company duplicate the interests in the Company of its direct subsidiary company as described above.

Power Corporation of Canada is a company 54.18% controlled by Gelco Enterprises Ltd. which in turn is 94.95% controlled by Nordex Inc. and the remainder by Mr. Paul G. Desmarais. Nordex Inc. in turn is 68% controlled directly by Mr. Paul G. Desmarais and indirectly as to 32% by the latter. Thus, the aforesaid interests of Power Corporation of Canada, Gelco Enterprises Ltd., Nordex Inc. and Mr. Paul G. Desmarais in the Company duplicate each other.

(ii) *Short position in the Shares in the Company:*

Name	Number of Shares	Percentage to the issued share capital (%)
CITIC Group	100,000,000	4.521
CITIC HK	100,000,000	4.521

These are in respect of options granted by CITIC HK, a substantial shareholder of the Company (within the meaning of the Listing Rules), to Mr. Larry Yung Chi Kin.

As at the Latest Practicable Date, save as disclosed below, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Larry Yung Chi Kin	CITIC Group	Director
	CITIC HK	Director
	Heedon Corporation	Director
	Honpville Corporation	Director
	Earnplex Corporation	Director & Shareholder
	Bloomfield Enterprises Corp.	Director & Shareholder
	Rockhampton Investments Limited	Director & Shareholder
Henry Fan Hung Ling	CITIC HK	Director
Carl Yung Ming Jie	Earnplex Corporation	Director
Leslie Chang Li Hsien	CITIC HK	Director
	Honpville Corporation	Director
Vernon Francis Moore	Heedon Corporation	Director
	Honpville Corporation	Director
Li Shilin	CITIC Group	Director
Liu Jifu	CITIC HK	Director
Chau Chi Yin	CITIC HK	Director
André Desmarais	Power Corporation of Canada	President & Co-Chief Executive Officer
Chang Zhenming	CITIC Group	Director

*(iii) Substantial shareholding in other members of the Group:*

As at the Latest Practicable Date, save as disclosed herein, so far as was known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company or their respective associates or a member of the Group) was, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of member of the Group	Name of shareholder	Percentage to the issued share capital as at the Latest Practicable Date (%)
Adwood Company Limited	Silverstone Assets Limited	30
New Hong Kong Tunnel Company Limited	Kumagai International Limited	13.875
Dah Chong Hong-Dragonair Airport GSE Service Limited	Hong Kong Dragon Airlines Limited	30
CITIC Interlocal Pte. Ltd.	Kauri Woods Pte. Ltd.	30
DAS Nordisk Limited	Nordisk Asia Pacific Pte. Ltd.	30
DAS Aviation Support Limited	Hong Kong Dragon Airlines Limited	30
Bright Billion Limited	Jungle Investment Limited	10
Alixon Co. Ltd.	RFC Management Limited	10
Dah Chong Hong Macau Consulting Company Limited	CBA Investments Company Limited	35
Dah Chong Hong Macau General Supply Company Limited	CBA Investments Company Limited	35
Dah Chong Hong Macau Total Supply Chain Management Company Limited	CBA Investments Company Limited	35
Dah Chong Hong Macau Food Supply Company Limited	CBA Investments Company Limited	35
Dah Chong Hong Macau Logistics Warehouse Company Limited	CBA Investments Company Limited	35
DCH Supply Chain Management Company Limited	Excel Epoch International Limited	20
Mainstream Holdings Limited	IBP Caribbean Inc.	34.91
Regal Heights Limited	Perdue Farms Incorporated	40
Hang Shun Fat Company, Limited	Honorway Investments Limited	11.8
	Wideland Investors Limited	11.8
	Mr. Leung Kau Kui, deceased	11.8

<b>Name of member of the Group</b>	<b>Name of shareholder</b>	<b>Percentage to the issued share capital as at the Latest Practicable Date (%)</b>
Wah Luen Fung Company, Limited	Marvel Sweet Management Ltd.	15
	Wideland Investors Limited	15
Asia Pacific Internet Exchange Limited	HKIX Hong Kong Ltd.	25
Ko Lok Investment Company, Limited	Marvel Sweet Management Ltd.	40
Goldenburg Properties Limited	Gorich Traders Limited	30
Winway Investments Holdings Corp.	Rising Sun Investments Holdings Ltd.	38
Silver Wings Enterprises Inc.	Sumitomo Metals (Kokura), Ltd.	25

<b>Name of subsidiary being a joint venture company established in the PRC without the concept of general meetings<sup>(4)</sup></b>	<b>Name of shareholder</b>	<b>Percentage of registered capital as at the Latest Practicable Date (%)</b>
無錫太湖景發展有限公司 (Wuxi Taihu Jing Development Co., Ltd.)	無錫市國聯發展(集團)有限公司 (Wuxi Guo Lian Development Group Co., Ltd.)	30
無錫太湖苑置業有限公司 (Wuxi Taihu Yuan Property Co., Ltd.)	無錫市國聯發展(集團)有限公司 (Wuxi Guo Lian Development Group Co., Ltd.)	30
無錫太湖美生態環保有限公司 (Wuxi Taihu Mei Environmental Co., Ltd.)	無錫市國聯發展(集團)有限公司 (Wuxi Guo Lian Development Group Co., Ltd.)	30
Jiangsu CP Xingcheng Special Steel Co., Ltd.	Bright Trinity Enterprises Ltd.	22.22
Jiangyin Xingcheng Steel Products Co., Ltd.	Approach Well Limited	20
Jiangyin Xingcheng Storage and Transportation Co., Ltd.	Perfect Future International Limited	20
江陰泰富興澄特種材料有限公司 (Jiangyin CP Xingcheng Special Material Co., Ltd.)	Perfect Future International Limited	11
Wuxi Xingcheng Steel Products Co., Ltd.	Bright Trinity Enterprises Ltd.	20

Name of subsidiary being a joint venture company established in the PRC without the concept of general meetings <sup>(#)</sup>	Name of shareholder	Percentage of registered capital as at the Latest Practicable Date (%)
江陰興澄置業有限公司 (Jiangyin Xingcheng Properties Co., Ltd.)	中聯投資有限公司 (Sino Explorer Investments Limited)	30
Kunming Dah Chong Motor Service Co., Ltd.	雲南客車廠 (Yunnan Coach Factory)	30
Guangdong Dah Chong Foodstuffs Co., Ltd.	廣東國際貿易旅遊公司 (Guangdong International Trade Travel Service Co.)	30
Shanghai DCH Jiangnanfeng Co., Ltd.	上海市農業投資總公司 (Shanghai Agriculture Investment Holding Co., Ltd.)	12.67
	上海浦東匯侖實業總公司 (Shanghai Pudong Huilun Enterprise Holding Co., Ltd.)	10.56
上海利通置業有限公司	上海申通地鐵資產經營管理有限公司	10
Shenzhen Zhongliangdachang Foodstuffs Co., Ltd.	中糧集團(深圳)有限公司 (COFCO (Shenzhen) Co., Ltd.)	30
中信泰富萬寧(聯合)開發有限公司 (CITIC Pacific Wanning United Development Company Limited)	萬寧市土地開發整理儲備中心 (Wanning Municipality Land Reserve Bureau)	20
江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited)	江門市華天實業投資有限公司 (Jiangmen Huatian Investment Limited)	10
雲南聯迪汽車服務有限公司 (Yunnan Liandi Motors Service Limited)	雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited)	20
雲南寶泰隆汽車服務有限公司 (Yunnan Bao Tailong Motors Service Limited)	雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited)	20

Name of subsidiary being a joint venture company established in the PRC without the concept of general meetings <sup>(#)</sup>	Name of shareholder	Percentage of registered capital as at the Latest Practicable Date (%)
江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited)	譚德華先生 (Mr. Tan Dehua)	20
昆明合澤企業管理有限公司 (Kunming Heze Corporate Management Limited)	雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited)	20
上海網富電子商貿有限公司 (Shanghai Wangfu Electrical Trading Limited)	中國國際經濟諮詢公司 (China International Economics Consulting Company)	10

# *Although the information relating to these joint venture companies have been set out under this section, such joint venture companies established in the PRC under the relevant laws thereof have a different capital structure from, and do not have the same concept of shareholders' general meetings as, subsidiaries of the Company established in other jurisdictions.*

### 3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

### 4. SERVICE CONTRACTS

There is no existing or proposed service contracts between any of the Directors and the Company or any of its subsidiaries, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

### 5. COMPETING INTEREST

In so far as the Directors are aware, none of the Directors or their respective associates have any interest in a business which competes or is likely to compete with the business of the Group.

**6. GENERAL**

- (a) The secretary of the Company is Ms. Stella Chan Chui Sheung, ACIS, MA and the qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Leslie Chang Li Hsien, HKICPA, AICPA, NYSSCPA.
- (b) The registered office of the Company is at 32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong.
- (c) The share registrars of the Company is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.