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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)

CONTINUING CONNECTED TRANSACTION

COAL TRANSPORTATION MASTER AGREEMENT

On 19 March 2008, the Power Companies entered into the Coal Transportation Master Agreement with CITIC Shipping, pursuant to which CITIC Shipping has agreed to provide the Power Companies with coal transportation services for the 3 years ending 31 December 2010.

CITIC Shipping is a subsidiary of a substantial shareholder of the Company, namely CITIC Hong Kong (Holdings) Limited, and is thus a connected person of the Company. Hence, the Transaction constitutes a continuing connected transaction for the Company. As each of the applicable Percentage Ratios is less than 2.5%, the Transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. Details of the Transaction are accordingly disclosed in this announcement and will be disclosed in the Company's subsequent published annual report and accounts for the financial year ended 31 December 2008.

On 30 April 2007, the Company announced that the Power Companies and a jointly controlled entity of the Company had entered into coal transportation master agreements with CITIC Shipping for the provision by CITIC Shipping of coal transportation services to them. As the said coal transportation master agreements with the Power Companies have expired, the Power Companies have entered into the Coal Transportation Master Agreement with CITIC Shipping based on the principal terms set out below.

COAL TRANSPORTATION MASTER AGREEMENT

Date and Parties

On 19 March 2008, the Coal Transportation Master Agreement was entered into by:-

1. CITIC Shipping as service provider;
2. Jiangsu Ligang as client; and
3. Jiangyin Ligang as client.

Services to be provided

Coal transportation services from the northern and eastern ports of the PRC to the pier(s) near the power station(s) of the Power Companies during the term commenced from 1 January 2008 and ending on 31 December 2010.

Service fee

The service fee payable under the Coal Transportation Master Agreement was negotiated on an arm's length basis and shall be equal to the prevailing market rate of transportation fee per ton as confirmed by the Power Companies and CITIC Shipping from time to time.

For the years ended 31 December 2006 and 2007, the service fees (nett of demurrage fee) incurred for the coal transportation services provided by CITIC Shipping to the Power Companies were approximately RMB98 million (approximately HK\$107.8 million) and RMB197 million (approximately HK\$216.7 million). For the compliance with the Listing Rules, the Company decides that the annual caps for the service fees (nett of demurrage fee) to be incurred for the Transaction shall be RMB500 million (approximately HK\$550 million) for each of the 3 years ending 31 December 2010.

The annual limit is determined with reference to (i) the historical amount of coal transported by CITIC Shipping for the Power Companies, (ii) the additional amount of coal that the Power Companies need due to the commissioning of Ligang Power Station Phase IV, (iii) the substantial increase in the transportation capacity of CITIC Shipping, and (iv) the anticipated increase in the transportation fee due to the accelerating oil price.

REASONS AND BENEFITS FOR THE TRANSACTION

The Directors considers that the Transaction will allow the Power Companies to obtain coal transportation services at market rate from a steady service provider. The Directors (including the independent non-executive Directors) consider that the terms of the Coal Transportation Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable so far as the shareholders of the Company are concerned and are in the interest of the shareholders of the Company as a whole.

INFORMATION ON THE PARTIES

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 .

Jiangsu Ligang and Jiangyin Ligang are principally engaged in the construction and operation of the power station(s) in Ligang, the PRC. CITIC Shipping is principally engaged in providing transportation services by carriers.

GENERAL

CITIC Shipping is a subsidiary of a substantial shareholder of the Company, namely CITIC Hong Kong (Holdings) Limited, and is thus a connected person of the Company. Hence, the Transaction constitutes a continuing connected transaction for the Company. As each of the applicable Percentage Ratios is less than 2.5%, the Transaction is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. Details of the Transaction are accordingly disclosed in this announcement and will be disclosed in the Company's subsequent published annual report and accounts for the financial year ended 31 December 2008.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“connected person(s)”,
“Percentage Ratio(s)” and
“substantial shareholder(s)”

have the meanings ascribed to them under the Listing Rules;

“Board”

the board of Directors;

“CITIC Shipping”

Shanghai CITIC Shipping Corporation Limited (上海中信輪船有限公司);

“Coal Transportation Master Agreement”	the master agreement entered into on 19 March 2008 by the Power Companies and CITIC Shipping, the principal terms of which are set out in this announcement;
“Company”	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Jiangsu Ligang”	Jiangsu Ligang Electric Power Company Limited (江蘇利港電力有限公司), a joint venture company in which the Company has an attributable interest of approximately 65%;
“Jiangyin Ligang”	Jiangyin Ligang Electric Power Generation Company Limited (江陰利港發電股份有限公司), a company in which the Company has an attributable interest of approximately 71%;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Power Companies”	Jiangsu Ligang and Jiangyin Ligang;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Transaction”	the transaction contemplated under the Coal Transportation Master Agreement.

(For the purpose of illustration only, the exchange rate of RMB1.00 to HK\$1.10 is adopted.)

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

Hong Kong, 19 March 2008

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.