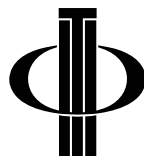


*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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**

**CAPITAL INCREASE IN TONGLING XIN YAXING**

The Directors announce that, on 27 August 2008, Joy Talent (a wholly owned subsidiary of the Company) entered into the Capital Increase Agreement with Tongling Industrial, pursuant to which (i) the registered capital of Tongling Xin Yaxing will be increased from US\$50.0 million (HK\$390 million) to US\$99.8 million (approximately HK\$778.4 million); and (ii) the total investment amount of Tongling Xin Yaxing will be increased from US\$99.8 million (approximately HK\$778.4 million) to US\$199.6 million (approximately HK\$1,556.9 million). Tongling Industrial and Joy Talent also entered into amendment agreements to the joint venture contract and company articles of Tongling Xin Yaxing to reflect the Capital Increase. Joy Talent will solely contribute the full amount of the said increase in registered capital, being US\$49.8 million (approximately HK\$388.4 million), in stages.

Upon completion of the Capital Increase, Tongling Industrial's equity interest in Tongling Xin Yaxing will be diluted from 15% to approximately 7.515%, and Joy Talent's equity interest in Tongling Xin Yaxing will increase from 85% to approximately 92.485%.

Tongling Xin Yaxing is a non-wholly owned subsidiary of the Company. As Tongling Industrial is a substantial shareholder of Tongling Xin Yaxing before completion of the Capital Increase, it is a connected person of the Company. Accordingly, the Capital Increase constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios calculated with reference to the Capital Increase are more than 0.1% but less than 2.5%, the Capital Increase is only subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE CAPITAL INCREASE AGREEMENT**

Date: 27 August 2008

Parties:

- (1) Tongling Industrial
- (2) Joy Talent (a wholly owned subsidiary of the Company)

Before the Capital Increase, Tongling Industrial and Joy Talent hold 15% and 85% of equity interests in Tongling Xin Yaxing respectively.

### ***Subject matter***

Pursuant to the Capital Increase Agreement, (i) the registered capital of Tongling Xin Yaxing will be increased from US\$50.0 million (HK\$390 million) to US\$99.8 million (approximately HK\$778.4 million); and (ii) the total investment amount of Tongling Xin Yaxing will be increased from US\$99.8 million (approximately HK\$778.4 million) to US\$199.6 million (approximately HK\$1,556.9 million). Tongling Industrial and Joy Talent also entered into amendment agreements to the joint venture contract and company articles of Tongling Xin Yaxing to reflect the Capital Increase.

Joy Talent will solely contribute the full amount of the said increase in registered capital, being US\$49.8 million (approximately HK\$388.4 million) in cash, of which 20% will be injected within one month after the relevant governmental approval is obtained with the balance to be injected within two years after the said governmental approval is obtained. The funding will be injected in stages according to the project fund demand, and the Company's interim equity interest will be determined by its actual capital contribution. The amount of the Capital Increase was determined by the additional fund demand of Tongling Xin Yaxing to meet the investment of new facilities. Such contribution will be funded by internal resources of the Company.

Upon completion of the Capital Increase, Tongling Industrial's equity interest in Tongling Xin Yaxing will be diluted from 15% to approximately 7.515%, and Joy Talent's equity interest in Tongling Xin Yaxing will increase from 85% to approximately 92.485%.

### ***Information on Tongling Xin Yaxing***

Tongling Xin Yaxing is a sino-foreign equity joint venture company established in the PRC on 7 April 2008, which is constructing and will operate a coking project to provide coking coal and chemical by-products.

As at 30 June 2008, the unaudited net asset value of Tongling Xin Yaxing was RMB349.4 million (approximately HK\$384.3 million).

## **REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE**

The Capital Increase reflects the additional funds required to finance the construction of new facilities and it will help Tongling Xin Yaxing to improve product quality and enhance profitability, energy efficiency and environmental protection standard of the project.

The Directors (including the independent non-executive Directors) consider that the Capital Increase is on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **INFORMATION ON THE GROUP AND TONGLING INDUSTRIAL**

Tongling Industrial is an investment holding company wholly owned by Tongling municipal government.

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.

## **LISTING RULES IMPLICATIONS**

Tongling Xin Yaxing is a non-wholly owned subsidiary of the Company. As Tongling Industrial is a substantial shareholder of Tongling Xin Yaxing before completion of the Capital Increase, it is a connected person of the Company. Accordingly, the Capital Increase constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios calculated with reference to the Capital Increase are more than 0.1% but less than 2.5%, the Capital Increase is only subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

<b>“Board”</b>	the board of Directors
<b>“Capital Increase”</b>	(i) the increase in the registered capital of Tongling Xin Yaxing from US\$50.0 million (HK\$390 million) to US\$99.8 million (approximately HK\$778.4 million); and (ii) the increase in the total investment amount of Tongling Xin Yaxing from US\$99.8 million (approximately HK\$778.4 million) to US\$199.6 million (approximately HK\$1,556.9 million), as contemplated under the Capital Increase Agreement and the amendment agreements to the joint venture contract and company articles of Tongling Xin Yaxing

<b>“Capital Increase Agreement”</b>	the capital increase agreement in relation to Tongling Xin Yaxing dated 27 August 2008 entered into between Tongling Industrial and Joy Talent
<b>“Company”</b>	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
<b>“connected person(s)”</b>	has the meaning given to it by the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules)
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Joy Talent”</b>	Joy Talent Holdings Limited (晉至控股有限公司), a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of the Company
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“percentage ratio(s)”</b>	has the meaning given to it by the Listing Rules
<b>“PRC”</b>	the People’s Republic of China
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“substantial shareholder”</b>	has the meaning given to it by the Listing Rules;
<b>“Tongling Industrial”</b>	銅陵市工業國有資產經營有限公司 (Tongling Industrial Stated-owned Assets Operation Co., Ltd.), a company established in the PRC with limited liability
<b>“Tongling Xin Yaxing”</b>	銅陵新亞星焦化有限公司 (Tongling Xin Yaxing Coking & Chemical Co., Ltd.), a sino-foreign equity joint venture company established in the PRC with limited liability and is a non-wholly owned subsidiary of the Company

“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*For the purpose of illustration only, the amounts in US\$ are translated to HK\$ at the rate of US\$1.00 = HK\$7.8 and the amounts in RMB are translated to HK\$ at the rate of RMB1.00 = HK\$1.1. No representation is made that any amount in US\$ and RMB have been or could be converted at the above rates or at any other rates or at all.*

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

Hong Kong, 27 August 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, Wang Ande and Kwok Man Leung; 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.*