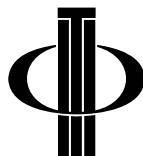


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CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

CONNECTED TRANSACTIONS

PROVISION OF PRO RATA FINANCING TO NON-WHOLLY OWNED SUBSIDIARY

To meet the funding requirements of Taihu Yuan which is involved in the residential and commercial property development of total gross floor area 249,000 square metres in the Binhu District of Wuxi, Jiangsu Province, the PRC:-

(1) CITIC Pacific and Wuxi Guolian have agreed on 18 August 2009 to provide guarantees, on a several basis in proportion to their respective ultimate shareholding interests in Taihu Yuan, in relation to the repayment obligations of Taihu Yuan in favour of (i) China Construction Bank under the CCB Loan Agreement in the principal amount of RMB150 million, and (ii) Bank of Nanjing under the NJ Loan Agreement in the principal amount of RMB50 million;

(2) Right Pole, a wholly owned subsidiary of CITIC Pacific and a 70% shareholder of Taihu Yuan, has also agreed with Wuxi Guolian on 18 August 2009 to provide the Shareholders' Loan to Taihu Yuan. The Shareholders' Loan is in an aggregate sum of not exceeding RMB350 million and is to be made by Right Pole and Wuxi Guolian to Taihu Yuan on a pro rata basis with respect to their respective shareholdings in Taihu Yuan.

Taihu Yuan is held as to 30% by Wuxi Guolian which is a substantial shareholder of several of the Company's subsidiaries. Wuxi Guolian is therefore a connected person of the Company and Taihu Yuan is an associate of Wuxi Guolian. Accordingly, the pro rata guarantee in respect of the Loan Agreements and the pro rata Shareholders' Loan to be provided by the Company or its wholly owned subsidiary to Taihu Yuan constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratio calculated with reference to each of the pro rata portion of the guarantee in respect of the Loan Agreements in the amount of RMB140 million (approximately HK\$160 million) and the pro rata portion of the Shareholders' Loan in the amount of RMB245 million (approximately HK\$280 million), respectively, are over 0.1% but less than 2.5%, the provision of the pro rata guarantee and the pro rata Shareholders' Loan by the Company or its wholly owned subsidiary are both subject to the reporting and announcement requirements, but are both exempted from the independent shareholders' approval requirement under the Listing Rules.

THE LOAN AGREEMENTS AND RELATED GUARANTEES

Taihu Yuan is a non-wholly owned subsidiary of the Company whereby the Company through Right Pole holds a 70% interest in Taihu Yuan with the remaining 30% held by Wuxi Guolian.

Taihu Yuan is principally engaged in the business of property development and in order to meet part of its funding needs, Taihu Yuan will enter into (i) the CCB Loan Agreement with China Construction Bank pursuant to which China Construction Bank shall grant Taihu Yuan a loan in the amount of RMB150 million (approximately HK\$171 million) and (ii) the NJ Loan Agreement with Bank of Nanjing pursuant to which Bank of Nanjing shall grant Taihu Yuan a loan in the amount of RMB50 million (approximately HK\$57 million).

The Company and Wuxi Guolian have agreed on 18 August 2009 to provide guarantees on a several basis in proportion to their respective ultimate shareholding interests in Taihu Yuan in favour of (i) China Construction Bank in relation to the repayment obligations of Taihu Yuan under the CCB Loan Agreement and (ii) Bank of Nanjing in relation to the repayment obligations of Taihu Yuan under the NJ Loan Agreement. Accordingly, the Company shall guarantee the repayment obligations of Taihu Yuan for RMB140 million and the balance of RMB60 million shall be guaranteed by Wuxi Guolian. Such guarantees are determined based on arm's length negotiations and on normal commercial terms.

THE SHAREHOLDERS' LOAN

To meet the funding needs of Taihu Yuan, Right Pole and Wuxi Guolian on 18 August 2009 have also agreed to provide to Taihu Yuan the Shareholders' Loan in an aggregate sum of not exceeding RMB350 million (approximately HK\$399 million). The Shareholders' Loan is to be made by Right Pole and Wuxi Guolian during the period from 18 August 2009 for two years depending on the works progress on a pro rata basis with respect to their respective shareholdings in Taihu Yuan. The pro rata portion of Shareholders' Loan to be provided by Right Pole may be paid by other wholly owned subsidiaries of CITIC Pacific on behalf of Right Pole. The Shareholders' Loan shall be interest bearing at the prevailing market rate, unsecured and repayable on demand. The terms of the Shareholders' Loan are determined based on arm's length negotiations with reference to the current funding requirements of Taihu Yuan and are on normal commercial terms.

REASONS FOR AND BENEFITS OF THE GUARANTEE AND THE SHAREHOLDERS' LOAN

The provision of the pro rata Shareholders' Loan and the pro rata guarantee in respect of the Loan Agreements by the Company or its wholly owned subsidiary to Taihu Yuan will provide the current funding requirements for Taihu Yuan to develop the residential and commercial property of total gross floor area 249,000 square metres in the Binhu District of Wuxi, Jiangsu Province, the PRC. Such financing is on a pro rata basis according to the respective shareholding in Taihu Yuan. Accordingly, the Directors (including the independent non-executive directors of the Company) consider that the provision of the pro rata guarantee in respect of the Loan Agreements and the pro rata Shareholders' Loan by the Company or its wholly owned subsidiary to Taihu Yuan are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

Taihu Yuan is held as to 30% by Wuxi Guolian which is a substantial shareholder of several of the Company's subsidiaries. Wuxi Guolian is therefore a connected person of the Company and Taihu Yuan is an associate of Wuxi Guolian. Accordingly, the pro rata guarantee in respect of the Loan Agreements and the pro rata Shareholders' Loan to be provided by the Company or its wholly owned subsidiary to Taihu Yuan constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratio calculated with reference to each of the pro rata portion of the guarantee in respect of the Loan Agreements in the amount of RMB140 million (approximately HK\$160 million) and the pro rata portion of the Shareholders' Loan in the amount of RMB245 million (approximately HK\$280 million) are over 0.1% but less than 2.5%, respectively, the provision of such pro rata portion of the guarantee and the pro rata portion of Shareholders' Loan by the Company or its wholly owned subsidiary are both subject to the reporting and announcement requirements, but are both exempted from the independent shareholders' approval requirement under the Listing Rules.

GENERAL

The Group is engaged in a diversified range of businesses in Hong Kong and the PRC, including the 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.

China Construction Bank and Bank of Nanjing are engaged in a range of banking services and related financial services and, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are third parties independent of the Company and any connected persons of the Company.

DEFINITIONS

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

“associate”	has the meaning ascribed to it by the Listing Rules;
“CCB Loan Agreement”	the loan agreement to be entered into between Taihu Yuan and China Construction Bank in relation to a RMB150 million (approximately HK\$171 million) loan;
“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;
“connected persons”	has the meaning ascribed to it by the Listing Rules;
“Directors” or “Board”	the directors of the Company;
“Group”	the Company and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Loan Agreements”	collectively the CCB Loan Agreement and the NJ Loan Agreement;
“NJ Loan Agreement”	the loan agreement to be entered into between Taihu Yuan and Bank of Nanjing in relation to a RMB50 million (approximately HK\$57 million) loan;
“percentage ratio”	has the meaning given to it by the Listing Rules;
“PRC”	the People’s Republic of China;
“Right Pole”	Right Pole Investments Limited, a wholly owned subsidiary of CITIC Pacific incorporated in Hong Kong with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders’ Loan”	the shareholders’ loan in an aggregate sum of RMB350 million to be made to Taihu Yuan by Right Pole and Wuxi Guolian on a pro rata basis with respect to their respective shareholdings in Taihu Yuan;
“substantial shareholder”	has the meaning given to it by the Listing Rules;

“subsidiary(ies)”	has the meaning given to it by the Listing Rules;
“Taihu Yuan”	無錫太湖苑置業有限公司, a company incorporated in the PRC and is a non-wholly owned subsidiary of the Company;
“Wuxi Guolian ”	無錫市國聯發展(集團)有限公司, a state owned enterprise established in the PRC and is the 30% shareholder of Taihu Yuan; and
“%”	per cent.

For illustration purpose in this announcement, the conversion rate of RMB1.00 = HK\$1.14 was adopted.

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

Hong Kong, 18 August 2009

As at the date of this announcement, the executive directors of CITIC Pacific are Messrs Chang Zhenming (Chairman), Peter Lee Chung Hing, Carl Yung Ming Jie, Vernon Francis Moore, Li Shilin, Liu Jifu, Milton Law Ming To, Wang Ande and Kwok Man Leung; the non-executive directors of CITIC Pacific are Messrs Willie Chang, André Desmarais, Zhang Jijing, Ju Weimin and Peter Kruyt (alternate director to Mr André Desmarais); and the independent non-executive directors of CITIC Pacific are Messrs Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong.