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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

CONSTRUCTION CONTRACTS

The Company announces that on 8 January 2010, the Group agreed to engage the Contractor to construct the Residential Project for a sum of RMB115,399,966.41. On 21 October 2009, the Group had also agreed to engage the Contractor to construct the Clubhouse for a sum of RMB32,171,677.64.

The Contractor is a wholly owned subsidiary of CITIC Group, and therefore an associate of the controlling shareholder of the Company. Accordingly, the Contractor is a connected person of the Company and the entering into of the Construction Contracts constitutes connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Clubhouse Contract fall within the de minimis threshold under Rule 14A.31(2) of the Listing Rules, the entering into of the Clubhouse Contract is fully exempt from the reporting, announcement and independent shareholders' approval requirements. Such percentage ratios, when aggregated with those of the Residential Project Contract, however, are more than 0.1% but less than 2.5%. The entering into of the Construction Contracts is hence subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

THE CONSTRUCTION CONTRACTS

1. The Residential Project Contract

Date:

8 January 2010

Parties:

- (1) Wanning Renhe Development Company Limited (萬寧仁和發展有限公司), a non-wholly owned subsidiary of the Company, as the employer
- (2) The Contractor, a wholly owned subsidiary of CITIC Group, being the controlling shareholder of the Company, as the contractor

Subject matter:

Pursuant to the Residential Project Contract, it is agreed and acknowledged that the Contractor is engaged by the Group to carry out the construction works for the Residential Project within a period of 524 days. The principal construction works include the construction of superstructure, electrical and mechanical installations and drainage and sewage systems.

Contract sum:

The contract sum is RMB115,399,966.41 (approximately HK\$131 million), subject to adjustment based on the actual amount of work done as shown in the completed construction work plans approved by the Group and the agreed unit prices. The contract sum was arrived at after arm's length negotiation between the Group and the Contractor with reference to the prices quoted by other independent contractors. The contract sum will be funded by internal resources of the Group.

Payment terms:

The Group will make progress payments to the Contractor based on the progress of the construction works completed by the Contractor in accordance with the agreed payment schedule. Approximately 5% of the contract sum will be retained by the Group as quality assurance money to be paid by the Group to the Contractor 24 months from the date of completion of all construction works.

2. The Clubhouse Contract

Date:

21 October 2009

Parties:

- (1) CITIC Pacific Wanning United Development Company Limited (中信泰富萬寧(聯合)開發有限公司), a non-wholly owned subsidiary of the Company, as the employer
- (2) The Contractor, a wholly owned subsidiary of CITIC Group, being the controlling shareholder of the Company, as the contractor

Subject matter:

Pursuant to the Clubhouse Contract, it is agreed and acknowledged that the Contractor is engaged by the Group to carry out the construction works for the construction of a clubhouse and related facilities within a period of 350 days and 180 days, respectively. The principal construction works include the construction of superstructure, electrical and mechanical installations and drainage and sewage systems.

Contract sum:

The contract sum is RMB32,171,677.64 (approximately HK\$37 million), subject to adjustment based on the actual amount of work done as shown in the completed construction work plans approved by the Group and the agreed unit prices. The contract sum was arrived at after arm's length negotiation between the Group and the Contractor with reference to the prices quoted by other independent contractors. The contract sum will be funded by internal resources of the Group.

Payment terms:

The Group will make progress payments to the Contractor based on the progress of the construction works completed by the Contractor in accordance with the agreed payment schedule. Approximately 5% of the contract sum will be retained by the Group as quality assurance money to be paid by the Group to the Contractor 24 months from the date of completion of all construction works.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The development of Shenzhou Peninsula, Wanning City, Hainan Province is one of the property development projects run by the Group which consists of the construction of the Residential Project and the Clubhouse. The Group believes that given the expertise of the Contractor in similar construction projects, the engagement of the Contractor for the construction of the Residential Project and the Clubhouse on Shenzhou Peninsula is in the best interests of the Group.

The Directors (including the independent non-executive Directors) consider the terms of the Construction Contracts to be on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

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, tunnels and communications) and marketing and distribution.

The Contractor is principally engaged in the provision of construction services.

LISTING RULES IMPLICATIONS

The Contractor is a wholly owned subsidiary of CITIC Group, and therefore an associate of the controlling shareholder of the Company. Accordingly, the Contractor is a connected person of the Company and the entering into of the Construction Contracts constitutes connected transactions for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Clubhouse Contract fall within the de minimis threshold under Rule 14A.31(2) of the Listing Rules, the entering into of the Clubhouse Contract is fully exempt from the reporting, announcement and independent shareholders' approval requirements. Such percentage ratios, when aggregated with those of the Residential Project Contract, however, are more than 0.1% but less than 2.5%. The entering into of the Construction Contracts is hence subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under the Listing Rules. It is expected that the aggregated maximum contract sum of the Construction Contracts after adjustments (if any) would not render any of the applicable percentage ratios in respect of the Construction Contracts to be more than 2.5%. The Company will comply with the applicable requirements under the Listing Rules as and when necessary.

DEFINITIONS

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

“Board”	the board of Directors;
“Clubhouse”	the clubhouse and related facilities to be constructed in Lot D-18, Shenzhou Peninsula, Wanning City, Hainan Province, the PRC;

“Clubhouse Contract”	the contract agreed and acknowledged pursuant to the acknowledgment of contract issued by CITIC Pacific Wanning United Development Company Limited (中信泰富萬寧(聯合)開發有限公司) and countersigned by the Contractor on 21 October 2009 in relation to the construction of the Clubhouse;
“Company”	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 person”	has the meaning ascribed to it by the Listing Rules;
“Construction Contracts”	collectively, the Clubhouse Contract and the Residential Project Contract;
“Contractor”	CITIC International Contracting Co., Ltd. (中信國華國際工程承包有限責任公司);
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“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;
“percentage ratio(s)”	has the meaning ascribed to it by the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Residential Project”	the 11 blocks of residential towers to be constructed in Lot C-22, Shenzhou Peninsula, Wanning City, Hainan Province, the PRC;
“Residential Project Contract”	the contract agreed and acknowledged pursuant to the acknowledgment of contract issued by Wanning Renhe Development Company Limited (萬寧仁和發展有限公司) and countersigned by the Contractor on 8 January 2010 in relation to the construction of the Residential Project;

“**Stock Exchange**” The Stock Exchange of Hong Kong Limited; and
“**subsidiary**” has the meaning ascribed to it by the Listing Rules.

By Order of the Board
CITIC Pacific Limited
Ricky Choy Wing Kay
Company Secretary

Hong Kong, 8 January 2010

In this announcement, the conversions of RMB into Hong Kong dollars have been made at a rate of RMB1.00 to HK\$1.135. Such conversions are for reference only and should not be construed as representations that the RMB amount could be converted into Hong Kong dollars at that or any other rate.

As at the date hereof, the executive directors of the Company are Messrs Chang Zhenming (Chairman), Zhang Jijing, 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 the Company are Messrs Willie Chang, André Desmarais, Ju Weimin, Yin Ke and Peter Kruyt (alternate director to Mr André Desmarais); and the independent non-executive directors of the Company are Messrs Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong.