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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 TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE

On 10 May 2010, CITIC Pacific and the Borrower, a non-wholly owned subsidiary of CITIC Pacific, entered into the Loan Extension Agreement, pursuant to which the repayment deadline be extended from 10 May 2010 to 10 May 2011 for the outstanding principal amount of US\$22,000,000 (approximately HK\$171,600,000) owed by the Borrower to CITIC Pacific.

The Borrower is engaged in the development of residential and commercial properties in the Binhu District, Wuxi, the PRC. CITIC Pacific indirectly holds a 70% equity interest in the Borrower and the remaining 30% is held by Wuxi Guo Lian. The extension of the Financial Assistance to the Borrower would facilitate the business development of the Borrower.

As the Borrower is an associate of Wuxi Guo Lian, a connected person of CITIC Pacific by virtue of its holding of 10% or more in certain subsidiaries of CITIC Pacific, the Borrower is a connected person of CITIC Pacific under the Listing Rules. Therefore, the Financial Assistance constitutes a connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the Financial Assistance are more than 0.1% but less than 2.5%, the Financial Assistance is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules.

BACKGROUND

Reference is made to the announcement issued by CITIC Pacific on 11 May 2007 regarding the Loan Agreement between CITIC Pacific and the Borrower, pursuant to which CITIC Pacific agreed to extend loan facility in the amount of US\$44,000,000 (approximately HK\$343,200,000) to the Borrower repayable in full on or before 10 May 2010.

On 10 May 2010, CITIC Pacific and the Borrower entered into the Loan Extension Agreement, pursuant to which the repayment deadline be extended from 10 May 2010 to 10 May 2011 for the outstanding principal amount of US\$22,000,000 (approximately HK\$171,600,000).

THE LOAN EXTENSION AGREEMENT

Date: 10 May 2010

Parties: (i) CITIC Pacific (as lender); and
(ii) Wuxi Taihu Yuan Property Co., Ltd. (as borrower)

Extension of repayment date:

Under the Loan Extension Agreement, the Borrower shall repay an amount of US\$22,000,000 (approximately HK\$171,600,000) to CITIC Pacific on or before 10 May 2010, and the repayment deadline for the remaining balance of the outstanding principal amount of US\$22,000,000 (approximately HK\$171,600,000) shall be extended from 10 May 2010 to 10 May 2011.

Interest rate:

The annual interest rate for the extended period shall be the same as that under the Loan Agreement, i.e. 12-month LIBOR plus 1.5%.

REASONS FOR ENTERING INTO THE LOAN EXTENSION AGREEMENT

As at the date of this announcement, CITIC Pacific indirectly holds a 70% equity interest in the Borrower. The extension of the Financial Assistance to the Borrower would facilitate the business development of the Borrower.

The terms of the Loan Extension Agreement were determined after arm's length negotiations between CITIC Pacific and the Borrower with reference to the prevailing market rates. The Directors (including the independent non-executive Directors) consider that the terms of the Loan Extension Agreement (including the amount of the Financial Assistance) are on normal commercial terms, fair and reasonable and in the best interests of CITIC Pacific and its shareholders as a whole.

GENERAL INFORMATION

CITIC Pacific's operational focus is on China, both the mainland and Hong Kong. Its major businesses are special steel manufacturing, iron ore mining and property development in mainland China. Other businesses include energy and civil infrastructure. CITIC Pacific also holds controlling interests in Dah Chong Hong Holdings Limited and CITIC 1616 Holdings Limited.

The Borrower is engaged in the development of residential and commercial properties in the Binhu District, Wuxi, the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As the Borrower is an associate of Wuxi Guo Lian, a connected person of CITIC Pacific by virtue of its holding of 10% or more in certain subsidiaries of CITIC Pacific, the Borrower is a connected person of CITIC Pacific under the Listing Rules. Therefore, the Financial Assistance constitutes a connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios in respect of the Financial Assistance are more than 0.1% but less than 2.5%, the Financial Assistance is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Borrower”	Wuxi Taihu Yuan Property Co., Ltd. (無錫太湖苑置業有限公司), a non-wholly owned subsidiary of CITIC Pacific, which is a company established in the PRC and is owned as to 70% by the Group and as to 30% by Wuxi Guo Lian;
“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 person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of CITIC Pacific;
“Financial Assistance”	the extension of the repayment deadline from 10 May 2010 to 10 May 2011 for the outstanding principal amount of US\$22,000,000 (approximately HK\$171,600,000) owed by the Borrower to CITIC Pacific;
“Group”	CITIC Pacific 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;

“Loan Agreement”	the loan agreement dated 11 May 2007 between CITIC Pacific and the Borrower, pursuant to which CITIC Pacific agreed to provide loan facility of an amount of US\$44,000,000 to the Borrower;
“Loan Extension Agreement”	the loan extension agreement dated 10 May 2010 between CITIC Pacific and the Borrower for the granting of the Financial Assistance to the Borrower;
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States;
“Wuxi Guo Lian”	Wuxi Guo Lian Development Group Co., Ltd. (無錫市國聯發展(集團)有限公司), a company established in the PRC; and
“%”	per cent.

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

Hong Kong, 10 May 2010

For illustration purposes only, the conversions of US\$ into HK\$ have been made at a rate of US\$1.00 to HK\$7.80.

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