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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: 00267)

ANNOUNCEMENT

INSIDE INFORMATION AND RESUMPTION OF TRADING FRAMEWORK AGREEMENT ON THE TRANSFER OF 100% OF THE ISSUED SHARES OF CITIC LIMITED

This announcement is made by CITIC Pacific Limited (“**CITIC Pacific**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (the “**SFO**”) (Chapter 571, Laws of Hong Kong).

INSIDE INFORMATION

The board of the directors of CITIC Pacific (the “**Board**”) would like to inform the shareholders of CITIC Pacific and the investors that it is discussing with CITIC Group Corporation (“**CITIC Group**”) and Beijing CITIC Enterprise Management Co., Ltd (“**CITIC Enterprise Management**”, together with CITIC Group, the “**Vendors**”) the acquisition of 100% of the total issued shares of CITIC Limited (the “**Target Shares**”) (the “**Potential Acquisition**”). The Potential Acquisition is subject to further negotiation among relevant parties.

On 26 March 2014, CITIC Pacific entered into a framework agreement (the “**Framework Agreement**”) in relation to the Potential Acquisition with the Vendors. It provides that, subject to the entering into a definitive transfer agreement, the Vendors agree to sell as the legal and beneficial owners, and CITIC Pacific agrees to purchase the Target Shares. The parties agree to negotiate in good faith and make reasonable endeavours to determine the total amount and form of the consideration for the Target Shares. According to the relevant regulations of the People’s Republic of China (“**PRC**”),

the amount of the consideration shall not be less than the value of the Target Shares as of 31 December 2013 as evaluated by an independent valuer and approved by Ministry of Finance. The terms of the Potential Acquisition shall be subject to the definitive transfer agreement and CITIC Pacific will make an announcement in accordance with the Listing Rules if such definitive transfer agreement is entered into. The Framework Agreement does not amount to a definitive transfer agreement of the Target Shares and the parties may or may not reach a definitive transfer agreement for the Target Shares.

According to the Framework Agreement, it is expected that the consideration will consist of both cash and new shares to be issued and allotted by CITIC Pacific (the “**Consideration Shares**”). Subject to entering into a definitive transfer agreement, the Consideration Shares are expected to be issued and allotted at HK\$13.48 per share (“**Issue Price**”). The Issue Price was determined based on arm’s length negotiations between CITIC Pacific and the Vendors by reference to the prevailing market prices of the shares of CITIC Pacific as shown in the following table:

Reference Prices	Issue Price representing
The closing price of HK\$12.66 per Share as quoted on The Stock Exchange of Hong Kong Limited (the “ Stock Exchange ”) on the last trading day prior to the date of this announcement (“ Last Trading Day ”)	A premium of approximately 6.48%
The average closing price of approximately HK\$11.74 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including Last Trading Day	A premium of approximately 14.82%
The average closing price of approximately HK\$11.05 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including Last Trading Day	A premium of approximately 21.99%
The average closing price of approximately HK\$10.71 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including Last Trading Day	A premium of approximately 25.86%

CITIC Limited is the controlling shareholder of CITIC Pacific and is indirectly interested in 2,098,736,285 shares of CITIC Pacific through its non-PRC subsidiaries, representing 57.51% of the total number of issued shares of CITIC Pacific as at the date of this announcement. CITIC Limited is owned by CITIC Group as to 99.9% of its total issued share capital and by CITIC Enterprise Management as to 0.1% of its total issued share capital. CITIC Enterprise Management is a wholly-owned subsidiary of CITIC Group. Prior to the completion of the Potential Acquisition, the subsidiaries of CITIC Limited which hold shares of CITIC Pacific will transfer such shares of CITIC Pacific to one or more overseas wholly-owned subsidiaries of CITIC Group. The Potential Acquisition and such share transfer are subject to consent of the relevant third parties and regulatory authorities.

CITIC LIMITED

CITIC Limited and its subsidiaries (the “**Target Group**”) is the largest multi-industry conglomerate in China. Through an integrated business platform, the Target Group utilizes its comprehensive advantages and the overall synergic effect to provide its customers with a wide range of products and services, mostly in China, but overseas too, in banking, securities, real estate, infrastructure, energy and resources, engineering, trade and other businesses. The Target Group is the main operating arm of CITIC Group. In 2013, CITIC Group was ranked 172nd in the “Top 500 Global Companies” published by *Fortune* magazine in 2013 and 20th in the “Top 500 Enterprises of China” selected by the Chinese Enterprises Confederation and Chinese Enterprises Association in 2013.

As of 31 December 2013, the unaudited combined total equity of the Target Group (excluding CITIC Pacific) attributable to the equity shareholders of CITIC Limited was approximately RMB 225 billion, and the unaudited combined net profit of the Target Group (excluding CITIC Pacific) for the year ended 31 December 2013 attributable to the equity shareholders of CITIC Limited was approximately RMB 34 billion. The audited financial statements of the Target Group under the Hong Kong Financial Reporting Standards are currently under preparation.

REASONS FOR THE POTENTIAL ACQUISITION

The Board considers that if the Potential Acquisition is completed, CITIC Pacific will be a stronger company through a much enlarged shareholders’ equity, broader range of businesses and deeper managerial skills. These will enhance its competitiveness and ability to capture the economic growth opportunities in China. CITIC Pacific’s improved credit profile will give the company increased funding flexibility to finance its business.

IMPLICATION OF LISTING RULES

In the event that the Potential Acquisition materializes, it will constitute a notifiable and connected transaction of CITIC Pacific under Listing Rules and require approval by the CITIC Pacific’s independent shareholders. The terms of the Potential Acquisition will be reviewed by an independent board committee appointed by the CITIC Pacific consisting of CITIC Pacific’s independent non-executive directors (the “**Independent Board Committee**”) who will advise CITIC Pacific’s independent shareholders. CITIC Pacific will also appoint an independent financial advisor to make recommendations to the Independent Board Committee and CITIC Pacific’s independent shareholders. CITIC Pacific will make a further announcement as and when appropriate as required by the Listing Rules and the SFO.

Shareholders of CITIC Pacific and other investors should note that the Potential Acquisition may or may not proceed and are subject to the conclusion of definitive agreements and various regulatory and corporate approvals. Shareholders of CITIC Pacific and other investors are advised to exercise caution when dealing the securities of CITIC Pacific.

RESUMPTION OF TRADING

Trading in the securities of CITIC Pacific was halted at the request of CITIC Pacific with effect from 1:00 p.m. on 24 March 2014 pending the release of this announcement. An application has been made to the Stock Exchange for the trading in the securities to resume from 9:00 a.m. on 27 March 2014.

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

Hong Kong, 26 March 2014

As at the date of this announcement, the executive directors of CITIC Pacific are Messrs Chang Zhenming (Chairman), Zhang Jijing, Vernon Francis Moore and Liu Jifu; the non-executive directors of CITIC Pacific are Messrs André Desmarais, Ju Weimin, Yin Ke, Carl Yung Ming Jie and Peter Kruyt (alternate director to Mr André Desmarais); and the independent non-executive directors of CITIC Pacific are Messrs Alexander Reid Hamilton, Gregory Lynn Curl, Francis Siu Wai Keung and Dr Xu Jinwu.