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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)

CONNECTED TRANSACTION

SUPPLEMENTAL AGREEMENT TO THE CLUBHOUSE CONTRACT

Reference is made to the Previous Announcement of CITIC Pacific dated 8 January 2010. CITIC Pacific announces that on 23 June 2010, the Group entered into the Supplemental Agreement to the Clubhouse Contract with the Contractor to increase the scope of works to include the execution of the interior fitting-out works for the Clubhouse for an additional sum of RMB23,400,000.00. The total contract sum of the Clubhouse Contract as supplemented by the Supplemental Agreement is RMB55,571,677.64. The Contractor was also engaged to construct the Residential Project for a sum of RMB115,399,966.41, further details of which are set out in the Previous Announcement.

The Contractor is a wholly owned subsidiary of CITIC Group, and therefore an associate of the controlling shareholder of CITIC Pacific. Accordingly, the Contractor is a connected person of CITIC Pacific and the entering into of the Supplemental Agreement to increase the contract sum of the Clubhouse Contract constitutes a connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules. The applicable percentage ratios in respect of the increased contract sum under the Supplemental Agreement when aggregated with the contract sum under the Clubhouse Contract and the Residential Project Contract are more than 0.1% but less than 5%. The entering into of the Supplemental Agreement is hence subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules.

THE SUPPLEMENTAL AGREEMENT

Date:

23 June 2010

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 CITIC Pacific, as the employer
- (2) The Contractor, a wholly owned subsidiary of CITIC Group, being the controlling shareholder of CITIC Pacific, as the contractor

Subject matter:

Pursuant to the Supplemental Agreement, it is agreed and acknowledged that the scope of works be increased to include the execution of the interior fitting-out works of the clubhouse and related facilities within the period as set out in the Clubhouse Contract. The principal fitting-out works include the finishing, decoration and fitting.

Contract sum:

Pursuant to the Supplemental Agreement, the contract sum shall be increased by a further RMB23,400,000.00 (approximately HK\$26.8 million) and the total contract sum of the Clubhouse Contract and the Supplemental Agreement is RMB55,571,677.64 (approximately HK\$63.5 million). The increase in 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 and 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 fitting-out works completed by the Contractor in accordance with the agreed payment schedule. Approximately 5% of the total 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 of the Clubhouse.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group believes that given the expertise of the Contractor in similar interior fitting-out works and better interfacing co-ordination between builder's works and interior fitting-out works in a single contract, the inclusion of the execution of the interior fitting-out works in the Clubhouse Contract is in the best interests of the Group in terms of quality and programme requirements.

The Directors (including the independent non-executive Directors) consider the terms of the Supplemental Agreement to be on normal commercial terms, fair and reasonable and in the interests of CITIC Pacific 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 CITIC Pacific. Accordingly, the Contractor is a connected person of CITIC Pacific and the entering into of the Supplemental Agreement to increase the contract sum of the Clubhouse Contract constitutes a connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules. The applicable percentage ratios in respect of the increased contract sum under the Supplemental Agreement when aggregated with the contract sum under the Clubhouse Contract and the Residential Project Contract are more than 0.1% but less than 5%. The entering into of the Supplemental Agreement is hence subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules. It is expected that the aggregated maximum contract sum of the Construction Contracts and the Supplemental Agreement after adjustments (if any) would not render any of the applicable percentage ratios in respect of the Construction Contracts and the Supplemental Agreement to be more than 5%. CITIC Pacific 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;
“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;
“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, details of which are set out in the Previous Announcement and supplemented by the Supplemental Agreement;
“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 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;
“percentage ratio(s)”	has the meaning ascribed to it by the Listing Rules;
“Previous Announcement”	the announcement of CITIC Pacific date 8 January 2010 in relation to “Construction Contracts”;
“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, details of which are set out in the Previous Announcement;

- “Stock Exchange”** The Stock Exchange of Hong Kong Limited;
- “subsidiary”** has the meaning ascribed to it by the Listing Rules; and
- “Supplemental Agreement”** the agreement supplement to the Clubhouse Contract agreed and acknowledged pursuant to the acknowledgment of the agreement 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 23 June 2010 in relation to the fitting-out works of the Clubhouse.

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

Hong Kong, 23 June 2010

In this announcement, the conversions of RMB into Hong Kong dollars have been made at a rate of RMB1.00 to HK\$1.144. 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 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.