



PRESS RELEASE

14 May 2014

CITIC Pacific Despatches Circular to Shareholders to Seek Approval to Acquire 100 Percent of CITIC Limited

- **Final acquisition price set at RMB226,996 million (HK\$286,585 million)**
- **Independent board committee and independent financial adviser recommend that shareholders vote in favour of the transaction**
- **15 strategic investors already agreed to subscribe shares with an aggregate amount of HK\$39.5 billion, resulting in a greater than 15% public float**

CITIC Pacific (the "Company") today despatched a circular to shareholders in relation to the proposed acquisition of 100% of CITIC Limited, the primary operating entity of CITIC Group. The acquisition is subject to independent shareholder approval at an Extraordinary General Meeting and approval from relevant regulatory bodies.

Final Acquisition Price

The final acquisition price, as approved by the Ministry of Finance of the PRC, is RMB226,996 million (HK\$286,585 million). This amount has increased by RMB66 million (HK\$83 million) since the announcement of the Share Transfer Agreement on 16 April 2014. The Board of CITIC Pacific believes that the price represents a fair and reasonable value.

Reasons and Benefits for the Acquisition

The acquisition will provide CITIC Pacific shareholders direct exposure to China's largest, most prestigious and pioneering multi-industry conglomerate.

The board considers that the acquisition will:

- Expand CITIC Pacific's breadth and scale and improve its overall competitiveness
- Enhance CITIC Pacific's earnings profile and increase shareholder value
- Strengthen CITIC Pacific's capital base and enhance its financing capabilities and flexibility
- Create further synergies between CITIC Pacific and CITIC Limited's shared business networks, customer base, government relationships and other resources

- Result in effective integration due to a history of shared management and cross-business collaboration, shared corporate values and vision

Financing Mechanics and Strategic Investors

CITIC Pacific will fund the acquisition through the issuance of new shares to CITIC Group and by way of a share placement to institutional investors.

As of 5:30pm today, 15 strategic investors have entered into share subscription agreements which already represent an aggregate subscription amount of HK\$39.5 billion, equivalent to approximately 2,933 million CITIC Pacific shares at HK\$13.48 per share. These commitments will result in a public float of more than 15% upon completion of the transaction and will satisfy the minimum public float requirement of the Hong Kong Stock Exchange and enable the Company to proceed with the acquisition after fulfilling the other conditions.

A list of the investors and subscription amounts are set out below and more information can be found in the announcement dated 14 May 2014 filed with the Hong Kong Stock Exchange.

Institution	Aggregate amount	Number of shares
National Social Security Fund	HK\$16,799,989,200	1,246,290,000
AIA Company	US\$300,000,000	172,510,000
Safe Investment Company	HK\$4,650,000,000	344,955,000
Qatar Holding	US\$200,000,000	115,007,000
China Life Insurance Company	US\$500,000,000	287,518,000
CTBC Life Insurance	HK\$808,800,000	60,000,000
East Global Investments	US\$250,000,000	143,759,000
Tokio Marine & Nichido Fire Insurance	HK\$780,000,000	57,863,000
Harmony Glory Investment	US\$200,000,000	115,007,000
Mizuho Bank	HK\$780,000,000	57,863,000
Giant Wave Investments	US\$150,000,000	86,255,000
Temasek Holdings (Private) Limited	US\$100,000,000	57,503,000
ICBC International Finance	US\$150,000,000	86,255,000
Fubon Life Insurance	US\$100,000,000	57,503,000
Beijing Infrastructure Investment (Hong Kong)	HK\$600,000,000	44,510,000

Independent Board Committee and Independent Financial Adviser Recommendation

CITIC Pacific has formed an independent board committee, all the members of which are the Company's Independent Non-Executive Directors. The independent board committee considered the terms of the Share Transfer Agreement as well as the advice and recommendations of the independent financial adviser. It believes that the terms and conditions of the acquisition are fair and reasonable and in line with the interests of CITIC Pacific and its shareholders as a whole and therefore recommends that the independent shareholders vote in favour of the acquisition.

The independent financial adviser appointed by the Company reviewed the financing structure and valuation methodology utilised by the independent valuer in addition to performing its own valuation analysis. It considers that the acquisition is on normal commercial terms, is fair and reasonable as far as CITIC Pacific's independent shareholders are concerned, and is in the interests

of CITIC Pacific and its shareholders as a whole. They have advised the independent board committee to recommend, as they have themselves recommended, that the independent shareholders vote in favour of the acquisition.

Shareholders' Approval Required

CITIC Pacific will hold an Extraordinary General Meeting on 3 June 2014 during which independent shareholders will be asked to vote on the proposed acquisition.

Chang Zhenming, Chairman of CITIC Pacific, said, "I am delighted at the excitement this transformational acquisition has created both among our shareholders and in the broader community. We are encouraged by the positive response and commitments made by strategic investors and, with the recommendations by the independent board committee and independent financial adviser, invite our independent shareholders to join us at the upcoming EGM."

For further information, please refer to the circular filed on the Hong Kong Stock Exchange and transaction deal site at <http://www.citicopportunity.com>.

About CITIC Pacific:

CITIC Pacific Limited (267.HK), listed in Hong Kong, is a constituent of the Hang Seng Index, and is 58% owned by CITIC Group. It is a diversified company with its main businesses in special steel, iron ore and property development in mainland China. Its businesses embrace world-class technology and strive for international best practices. CITIC Pacific is strongly committed to long-term business success and lasting shareholder value.

About CITIC Limited:

CITIC Group is the largest multi-industry conglomerate in China, with businesses covering financial services, resources and energy, manufacturing, real estate and infrastructure, engineering contracting and a number of other sectors. CITIC Group was ranked 172 in the Fortune Global 500 in 2013. CITIC Limited, which holds substantially all of the assets of CITIC Group, comprises many companies and businesses that are leaders in their fields.

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