



CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

REALISATION OF INVESTMENTS IN PROJECTS WITH GUARANTEED FIXED RETURNS IN SHANGHAI, PRC DISCLOSEABLE TRANSACTION

The Directors announce that on 10 June 2003, the Group entered into agreements to sell to its joint venture partners all of the Group's investments in infrastructural projects with guaranteed fixed returns in Shanghai, PRC, namely:

Project	CITIC Pacific's Attributable Interest
Yanan East Road tunnel (延安東路隧道)	50%
Da Pu Lu tunnel (打浦路隧道)	45%
Nan Pu bridge (南浦大橋)	45%
Yang Pu bridge (楊浦大橋)	45%
Hu Jia toll road (滬嘉高速公路)	45%
Xu Pu bridge (徐浦大橋)	45%

The aggregate consideration receivable by the Group as a result of the Realisation will be US\$750,960,000 and RMB320,710,000 (approximately HK\$6,160 million in total). The Realisation constitutes a discloseable transaction of CITIC Pacific under Rule 14.12 of the Listing Rules.

Details of the realisation agreements, namely, the SCTD Agreement, the SHPRT&B Agreement, the SJT Agreement and the SXB Agreement, are set out below. Completion of each of these agreements is not inter-conditional.

THE YANAN EAST ROAD TUNNEL

The SCTD Agreement

Date : 10 June 2003

Seller : Crystalime, a wholly-owned subsidiary of CITIC Pacific

Purchaser : JV Partner 1, the beneficial owner of the other existing 50% of the equity interest in the paid-up registered capital of SCTD of RMB600 million

Interest sold under the SCTD Agreement

50% of the equity interest in the paid-up registered capital of SCTD of RMB600 million, being the Group's entire investment in SCTD and the Yanan East Road tunnel in Shanghai, PRC. SCTD owns and operates the Yanan East Road tunnel for 31 years commencing on 7 October 1993. Yanan East Road tunnel is SCTD's only asset.

Information on SCTD and the Yanan East Road tunnel

The Group's carrying value of the Group's investment in SCTD as on 31 December 2002 amounted to approximately HK\$282 million. The audited consolidated net profits before and after taxation and extraordinary items of the Group contributed by the Group's investment in SCTD for the last two financial years are set out below:-

Year ended 31 December	Net profits before taxation and extraordinary items contributed by SCTD (approximately HK\$)	Net profits after taxation and extraordinary items contributed by SCTD (approximately HK\$)
2002	77 million	77 million
2001	110 million	110 million

Consideration

The consideration under the SCTD Agreement comprises US\$36,100,000 and RMB15,417,000 (i.e. a total consideration of approximately HK\$296 million), which will be payable to Crystalime in one lump sum by telegraphic transfer on completion. The consideration was arrived at after arm's length negotiations between the parties with reference to the carrying value of the Group's investment in SCTD. The difference of approximately HK\$14 million as compared to the carrying value of the Group's investment in SCTD will be recognised as a profit to the Group for the year 2003.

Completion of the SCTD Agreement

The sale under the SCTD Agreement will complete as soon as practicable upon the fulfillment of the following conditions:

- the board of directors of SCTD approving the sale; and
- the relevant PRC governmental authority approving the SCTD Agreement.

THE DA PU LU TUNNEL, THE NAN PU BRIDGE AND THE YANG PU BRIDGE

The SHPRT&B Agreement

Date : 10 June 2003

Seller : Yan Wing, a wholly-owned subsidiary of CITIC Pacific

Purchaser : JV Partner 2, the beneficial owner of the other existing 55% of the equity interest in the paid-up registered capital of SHPRT&B of RMB5,500 million

Interest sold under the SHPRT&B Agreement

45% of the equity interest in the paid-up registered capital of SHPRT&B of RMB5,500 million, being the Group's entire investment in SHPRT&B, the Da Pu Lu tunnel, the Nan Pu bridge and the Yang Pu bridge in Shanghai, PRC. SHPRT&B owns and operates the Da Pu Lu tunnel, the Nan Pu bridge and the Yang Pu bridge for 20 years from 1 January 1995. The Da Pu Lu tunnel, the Nan Pu bridge and the Yang Pu bridge are SHPRT&B's only assets.

Information on SHPRT&B and the Da Pu Lu tunnel, the Nan Pu bridge and the Yang Pu bridge

The Group's carrying value of the Group's investment in SHPRT&B as on 31 December 2002 amounted to approximately HK\$2,677 million. The audited consolidated net profits before and after taxation and extraordinary items of the Group contributed by the Group's investment in SHPRT&B for the last two financial years are set out below:-

Year ended 31 December	Net profits before taxation and extraordinary items contributed by SHPRT&B (approximately HK\$)	Net profits after taxation and extraordinary items contributed by SHPRT&B (approximately HK\$)
2002	388 million	388 million
2001	398 million	398 million

Consideration

The consideration under the SHPRT&B Agreement comprises US\$343,190,000 and RMB146,565,000 (i.e. a total consideration of approximately HK\$2,815 million), which will be payable to Yan Wing in one lump sum by telegraphic transfer on completion. The consideration was arrived at after arm's length negotiations between the parties with reference to the carrying value of the Group's investment in SHPRT&B. The difference of approximately HK\$138 million as compared to the carrying value of the Group's investment in SHPRT&B will be recognised as a profit to the Group for the year 2003.

Completion of the SHPRT&B Agreement

The sale under the SHPRT&B Agreement will complete as soon as practicable upon the fulfillment of the following conditions:

- the board of directors of SHPRT&B approving the sale; and
- the relevant PRC governmental authority approving the SHPRT&B Agreement.

THE HU JIA TOLL ROAD

The SJT Agreement

Date : 10 June 2003

Seller : Rich Creation, a wholly-owned subsidiary of CITIC Pacific

Purchaser : JV Partner 3, the beneficial owner of the other existing 30.14% of the equity interest in the paid-up registered capital of SJT of RMB1,850 million.

Interest sold under the SJT Agreement

45% of the equity interest in the paid-up registered capital of SJT of RMB1,850 million, being the Group's entire investment in SJT and the Hu Jia toll road in Shanghai, PRC. SJT owns and operates the Hu Jia toll road for 20 years from 1 January 1996. The Hu Jia toll road is SJT's only asset.

Information on SJT and the Hu Jia toll road

The Group's carrying value of the Group's investment in SJT as on 31 December 2002 amounted to approximately HK\$921 million. The audited consolidated net profits before and after taxation and extraordinary items of the Group contributed by the Group's investment in SJT for the last two financial years are set out below:-

Year ended 31 December	Net profits before taxation and extraordinary items contributed by SJT (approximately HK\$)	Net profits after taxation and extraordinary items contributed by SJT (approximately HK\$)
2002	133 million	133 million
2001	136 million	136 million

Consideration

The consideration under the SJT Agreement comprises US\$118,100,000 and RMB50,437,000 (i.e. a total consideration of approximately HK\$969 million), which will be payable to Rich Creation in one lump sum by telegraphic transfer on completion. The consideration was arrived at after arm's length negotiations between the parties with reference to the carrying value of the Group's investment in SJT. The difference of approximately HK\$48 million as compared to the carrying value of the Group's investment in SJT will be recognised as a profit to the Group for the year 2003.

Completion of the SJT Agreement

The sale under the SJT Agreement will complete as soon as practicable upon the fulfillment of the following conditions:

- the board of directors of SJT approving the sale; and
- the relevant PRC governmental authority approving the SJT Agreement.

THE XU PU BRIDGE

The SXB Agreement

Date : 10 June 2003

Seller : Express Link, a wholly-owned subsidiary of CITIC Pacific

Purchasers : (1) JV Partner 4, the beneficial owner of the existing 28.05% of the equity interest in the paid-up registered capital of SXB of RMB3,700 million

(2) JV Partner 5, the beneficial owner of the existing 26.95% of the equity interest in the paid-up registered capital of SXB of RMB3,700 million

Interest sold under the SXB Agreement

45% of the equity interest in the paid-up registered capital of SXB of RMB3,700 million, being the Group's entire investment in SXB and the Xu Pu bridge in Shanghai, PRC. SXB owns and operates the Xu Pu bridge for 20 years from 1 July 1996. The Xu Pu bridge is SXB's only asset.

Information on SXB and the Xu Pu Bridge

The Group's carrying value of the Group's investment in SXB as on 31 December 2002 amounted to approximately HK\$1,978 million. The audited consolidated net profits before and after taxation and extraordinary items of the Group contributed by the Group's investment in SXB for the last two financial years are set out below:-

Year ended 31 December	Net profits before taxation and extraordinary items contributed by SXB (approximately HK\$)	Net profits after taxation and extraordinary items contributed by SXB (approximately HK\$)
2002	285 million	285 million
2001	291 million	291 million

Consideration

The consideration under the SXB Agreement comprises US\$253,570,000 and RMB108,291,000 (i.e. a total consideration of approximately HK\$2,080 million), which will be payable to Express Link in one lump sum by telegraphic transfer on completion. The consideration was arrived at after arm's length negotiations between the parties with reference to the carrying value of the Group's investment in SXB. The difference of approximately HK\$102 million as compared to the carrying value of the Group's investment in SXB will be recognised as a profit to the Group for the year 2003.

Completion of the SXB Agreement

The sale under the SXB Agreement will complete as soon as practicable upon the fulfillment of the following conditions:

- the board of directors of SXB approving the sale; and
- the relevant PRC governmental authority approving the SXB Agreement.

REASONS FOR THE REALISATION

The directive issued by the State Council of the PRC in September 2002 required regional governments in the PRC to settle properly with foreign investors in relation to projects with guaranteed fixed returns by 31 December 2002. The Group has been meeting with relevant authorities since late 2002 to resolve this issue and the resolution was to sell to the Group's PRC partners under the Realisation.

The aggregate carrying value of all such cooperative joint ventures with guaranteed fixed return projects in Shanghai affected by the directive amounted to approximately HK\$5,858 million as at 31 December 2002. The contribution to the Group for the year ending 31 December 2003 from the investment in these projects would have been approximately HK\$820 million. All guaranteed returns agreed with the Group under these projects have been paid up to the year ended 31 December 2002. Fixed returns under these projects ceased to accrue to the Group after 31 December 2002.

The aggregate consideration receivable by the Group as a result of the Realisation will comprise US\$750,960,000 and RMB320,710,000 (i.e. approximately HK\$6,160 million in total). The consideration was arrived at after arm's length negotiations between the parties. The difference between the total consideration receivable by the Group as a result of the Realisation as compared to the carrying value of the Group's investment in these projects in the amount of approximately HK\$302 million, will be recognised as a profit to the Group for the year 2003.

The proceeds of the Realisation will be used by the Group as general working capital and to take up new investment opportunities as and when they develop.

A circular containing further particulars of the Realisation as required by the Listing Rules will be dispatched to shareholders of CITIC Pacific as soon as practicable.

DEFINITIONS

Expressions	Meanings
"CITIC Pacific"	CITIC Pacific Limited (中信泰富有限公司)
"Crystalime"	Crystalime Company Limited
"Directors"	directors of CITIC Pacific
"Express Link"	Express Link Holdings Ltd.
"Group"	CITIC Pacific and its subsidiaries or, where the context so requires, any of them
"HK\$"	Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"JV Partner 1"	Shanghai Huangpu River Tunnel Construction Company (上海市黃浦江隧道建設公司), a company established under the laws of the PRC
"JV Partner 2"	Shanghai Jian Si Co., Ltd. (上海建事有限公司), a company established under the laws of the PRC
"JV Partner 3"	Shanghai Highway Construction Corporation (上海公路建設總公司), a company established under the laws of the PRC
"JV Partner 4"	Shanghai Urban Construction Investment & Development General Corporation (上海市城市建設投資開發總公司), a company established under the laws of the PRC
"JV Partner 5"	Shanghai Jiushi Corporation (上海久事公司), a company established under the laws of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"Realisation"	the realisation of the Group's investments in infrastructural projects in Shanghai, PRC as effected by the SCTD Agreement, the SHPRT&B Agreement, the SJT Agreement and the SXB Agreement
"Rich Creation"	Rich Creation Investments Ltd.
"RMB"	Renminbi
"SCTD"	Shanghai Citic Tunnel Development Co., Ltd. (上海中信隧道發展有限公司), a sino-foreign co-operative joint venture company established under the laws of the PRC
"SCTD Agreement"	the sale agreement in relation to SCTD, details of which are set out above
"SHPRT&B"	Shanghai Huang Pu River Tunnel and Bridges Development Co., Ltd. (上海浦江隧橋發展有限公司), a sino-foreign co-operative joint venture company established under the laws of the PRC
"SHPRT&B Agreement"	the sale agreement in relation to SHPRT&B, details of which are set out above
"SJT"	Shanghai Jian Tai Co., Ltd. (上海建泰有限公司), a sino-foreign co-operative joint venture company established under the laws of the PRC
"SJT Agreement"	the sale agreement in relation to SJT, details of which are set out above
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SXB"	Shanghai Xupu Bridge Development Co., Ltd. (上海徐浦大橋發展有限公司), a sino-foreign co-operative joint venture company established under the laws of the PRC
"SXB Agreement"	the sale agreement in relation to SXB, details of which are set out above
"US\$"	US dollars
"Yan Wing"	Yan Wing Investments Limited

(The exchange rate of Renminbi to Hong Kong dollars quoted in this announcement adopts a rate of RMB1 equivalent to HK\$0.9425. The exchange rate of US dollars to Hong Kong dollars quoted in this announcement adopts a rate of US\$1 equivalent to HK\$7.8)

By Order of the Board
Alice Tso Mun Wai
Secretary

Hong Kong, 10 June 2003

"Please also refer to the published version of this announcement in The Standard and Hong Kong Economic Times."