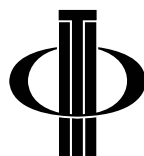


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CITIC PACIFIC

**CITIC Pacific Limited**  
**中信泰富有限公司**

*(incorporated in Hong Kong with limited liability)*  
(Stock Code: 267)

**DISCLOSEABLE TRANSACTION**

**DISPOSAL OF 20% EQUITY INTEREST IN  
NORTH UNITED POWER**

On 21 April 2009, CITIC Pacific agreed to sell its entire 20% equity interest in North United Power at a consideration of RMB1,980 million (approximately HK\$2,245 million).

The Disposal constitutes a discloseable transaction for CITIC Pacific under the Listing Rules.

**THE AGREEMENT**

**Date** 21 April 2009

**Parties**

(i) Seller : CITIC Pacific

(ii) Purchaser : 廣東省粵電集團有限公司 (Guangdong Yudean Group Co., Ltd.), a major regional supplier of electric power, gas (LNG) in China (website: <http://www.gdyd.com>)

**ASSETS TO BE DISPOSED OF**

CITIC Pacific and the Purchaser have agreed to the transfer of the entire 20% equity interest in North United Power held by CITIC Pacific to the Purchaser for a consideration of RMB1,980 million (approximately HK\$2,245 million).

North United Power, a 20% associated company of CITIC Pacific, is a major supplier of electric and thermal power in Inner Mongolia, China.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

CITIC Pacific does not play an active management role in North United Power, and in recent years, North United Power has incurred operating losses. The sale of this asset allows CITIC Pacific to divert resources to other projects.

## **FINANCIAL EFFECT OF THE DISPOSAL**

CITIC Pacific's original investment in 20% equity in North United Power was RMB2,000 million. Thus, the consideration for the Disposal is approximately the same as the original cost of investment in RMB terms. Due to CITIC Pacific's share of the accumulated operating loss of North United Power in the past years, the book value of CITIC Pacific's investment in North United Power has been reduced below the original cost. As at 31 December 2008, the unaudited book value in CITIC Pacific's books of the 20% equity interest in North United Power was RMB1,568 million (approximately HK\$1,778 million). Based on the estimated book value in RMB as at the end of March 2009, it is expected that the consideration of RMB1,980 million (approximately HK\$2,245 million) would give rise to a gain in the books of CITIC Pacific of approximately HK\$510 million. In addition, it is expected that an exchange gain due to the appreciation of the RMB in relation to the HKD of HK\$370 million would be recorded in the profit and loss accounts. These numbers are all subject to the exact completion date. The proceeds from the Disposal will be used as general working capital of the Group.

The Directors are of the view that the terms of the Agreement are fair and reasonable and in the interests of the shareholders of CITIC Pacific as a whole.

## **THE DISPOSAL**

### **Consideration**

The consideration of RMB1,980 million (approximately HK\$2,245 million) for the Disposal was arrived at after arm's length negotiation between CITIC Pacific and the Purchaser with reference to the unaudited asset value of North United Power and the original investment cost of the Sale Interest in the books of CITIC Pacific.

Within 5 business days after (i) signing the Agreement; and (ii) obtaining the approval by the relevant government authorities of the Agreement, the Purchaser shall deposit an amount equivalent to the consideration for the Disposal, i.e. RMB1,980 million (approximately HK\$2,245 million), into the Escrow Account.

The payment of the consideration for the Disposal shall be subject to the fulfilment of the following conditions:

- (i) obtaining the approval to the Agreement by the relevant government authorities; and
- (ii) completion of the amendments to the commerce and industry registration in relation to the transfer of the Sale Interest from CITIC Pacific to the Purchaser.

After fulfilment of the above conditions, CITIC Pacific and the Purchaser shall, within 5 business days after receipt of notice by the Purchaser from CITIC Pacific in relation to CITIC Pacific's bank account details, arrange for the transfer of the amount deposited in the Escrow Account (including the interests accrued thereon) to CITIC Pacific.

In case any of the above conditions cannot be fulfilled on or before 31 December 2009 (or such later date as the parties may otherwise agree in writing), either CITIC Pacific or the Purchaser may terminate the Agreement.

### **Completion**

All the rights and obligations in respect of the Sale Interest shall be transferred to the Purchaser on the day on which the authority responsible for company registration completes the registration of the transfer of the Sale Interest to the Purchaser. CITIC Pacific shall, or shall procure North United Power to, apply for amendments to the industry and commerce registration in relation to the transfer of the Sale Interest.

### **NORTH UNITED POWER**

For the year ended 31 December 2007, the audited net profits of North United Power were RMB653 million (approximately HK\$741 million) before tax and RMB574 million (approximately HK\$651 million) after tax. For the year ended 31 December 2008, the unaudited net loss of North United Power was RMB2,199 million (approximately HK\$2,493 million) before tax and RMB2,258 million (approximately HK\$2,561 million) after tax. There was no extraordinary item in either year.

### **GENERAL**

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 power, aviation, civil infrastructure and controlling interests in Dah Chong Hong Holdings Limited and CITIC 1616 Holdings Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Purchaser and its ultimate beneficial owners is a third party independent of CITIC Pacific and its connected persons.

The Disposal constitutes a discloseable transaction for CITIC Pacific under the Listing Rules.

## DEFINITIONS

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

“ <b>Agreement</b> ”	the agreement dated 21 April 2009 entered into between CITIC Pacific and the Purchaser in relation to the Disposal;
“ <b>CITIC Pacific</b> ”	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 of Hong Kong Limited;
“ <b>connected person(s)</b> ”	has the meaning ascribed to it under the Listing Rules;
“ <b>Directors</b> ” or “ <b>Board</b> ”	the directors of CITIC Pacific;
“ <b>Disposal</b> ”	the disposal of 20% equity interest in North United Power by CITIC Pacific to the Purchaser pursuant to the Agreement;
“ <b>Escrow Account</b> ”	a bank account to be opened by the Purchaser and jointly controlled by CITIC Pacific and the Purchaser;
“ <b>Group</b> ”	CITIC Pacific and its subsidiaries, or, where the context so requires, any of them;
“ <b>HK\$</b> ”	Hong Kong dollars, the lawful currency of Hong Kong;
“ <b>Hong Kong</b> ”	the Hong Kong Special Administrative Region of the PRC;
“ <b>Listing Rules</b> ”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“ <b>North United Power</b> ”	North United Power Corporation (北方聯合電力有限責任公司), a sino-foreign equity joint venture established in the PRC of which CITIC Pacific holds 20% equity interest ;
“ <b>PRC</b> ”	the People’s Republic of China;
“ <b>Purchaser</b> ”	廣東省粵電集團有限公司 (Guangdong Yudean Group Co., Ltd.);
“ <b>RMB</b> ”	Renminbi, the lawful currency of the PRC; and

**"Sale Interest"**

20% equity interest in North United Power held by CITIC Pacific.

*For illustration purposes only, the amounts in RMB are translated to HK\$ at the rate of RMB1.00 = HK\$1.134. No representation is made that any amount in RMB has been or could be converted at the above rates or at any other rates or at all.*

By order of the Board  
**CITIC Pacific Limited**  
**Stella Chan Chui Sheung**  
*Company Secretary*

Hong Kong, 21 April 2009

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