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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)

CONNECTED TRANSACTION

RESTRUCTURING OF THE SHAREHOLDING OF THE LIGANG POWER STATION

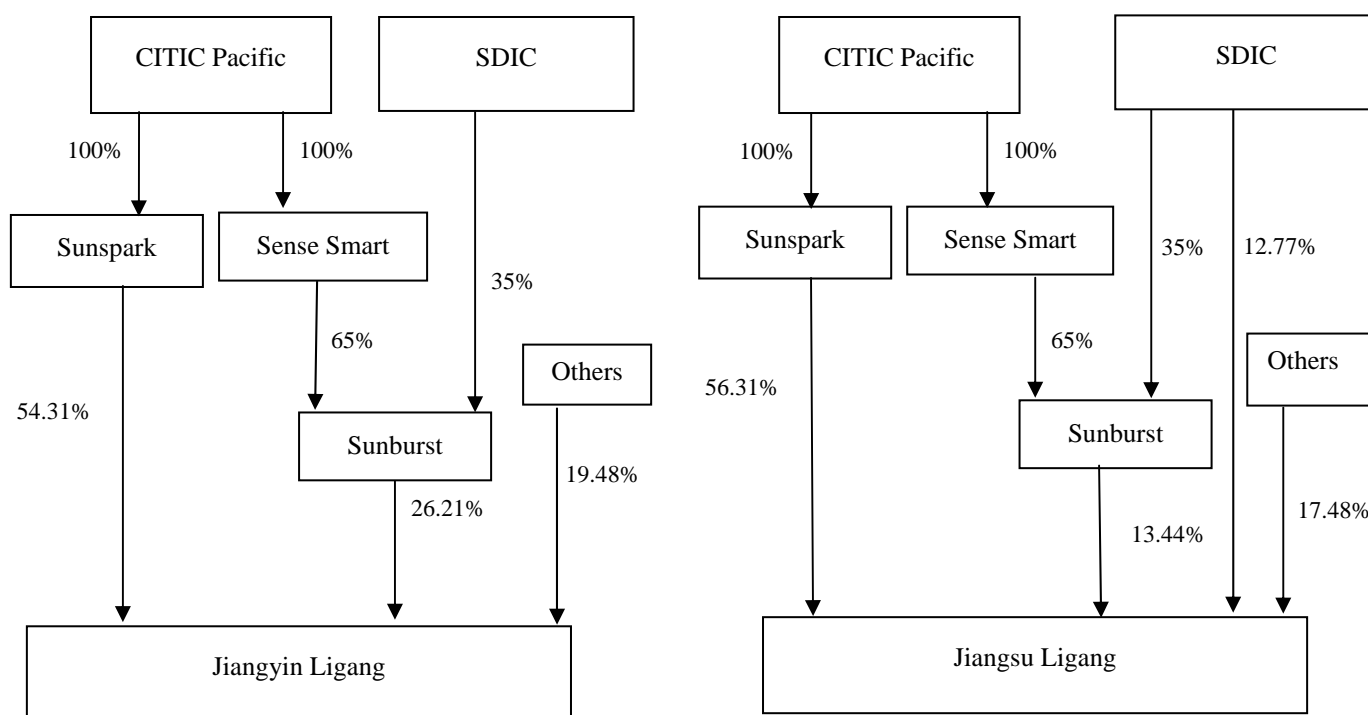
Part of the attributable shareholding interests of CITIC Pacific in Jiangsu Ligang (which operates phases 1 and 2 of Ligang power plants of 1,440 MW) and Jiangyin Ligang (which operates phases 3 and 4 of Ligang power plants of 2,460 MW) are held by Sunburst, a 65:35 joint venture of CITIC Pacific and SDIC. On 21 April 2010, in order to streamline the shareholding structure such that the interests in the Ligang power plants will be held by CITIC Pacific and SDIC directly, CITIC Pacific and SDIC agreed to transfer i) SDIC's 35% shareholding interest in Sunburst to Sunspark, a wholly owned subsidiary of CITIC Pacific, at a consideration of RMB256,309,900 (approximately HK\$292 million); and ii) Sunspark's 4.70% shareholding interest in Jiangsu Ligang and 9.17% shareholding interest in Jiangyin Ligang to SDIC at a consideration of RMB121,147,100 (approximately HK\$138 million) and RMB125,697,400 (approximately HK\$143 million) respectively. Whilst the attributable shareholding interests of CITIC Pacific and SDIC in Jiangsu Ligang and Jiangyin Ligang will not be changed, SDIC will hold its interests in Jiangsu Ligang and Jiangyin Ligang directly and the results of Jiangsu Ligang and Jiangyin Ligang will continue to be accounted for by the Group using the equity method. The net amount payable by the Group under the Agreements for the Rationalisation is RMB9,465,400, which represents the portion of the PRC taxes agreed to be borne by Sunspark.

As a substantial shareholder of Sunburst, SDIC is a connected person of CITIC Pacific. Hence, the Rationalisation constitutes a connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules. Since the applicable percentage ratio calculated with reference to the Rationalisation is more than 0.1% but less than 2.5%, the above connected transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

CITIC Pacific has attributable shareholding interests of 65.05% and 71.35% in Jiangsu Ligang and Jiangyin Ligang respectively. Prior to the Rationalisation, part of the attributable shareholding interests of CITIC Pacific in Jiangsu Ligang and Jiangyin Ligang are held by Sunburst, a joint venture of CITIC Pacific and SDIC on 65:35 basis. The shareholding structure of Jiangsu Ligang and Jiangyin Ligang before the Rationalisation is as follows:

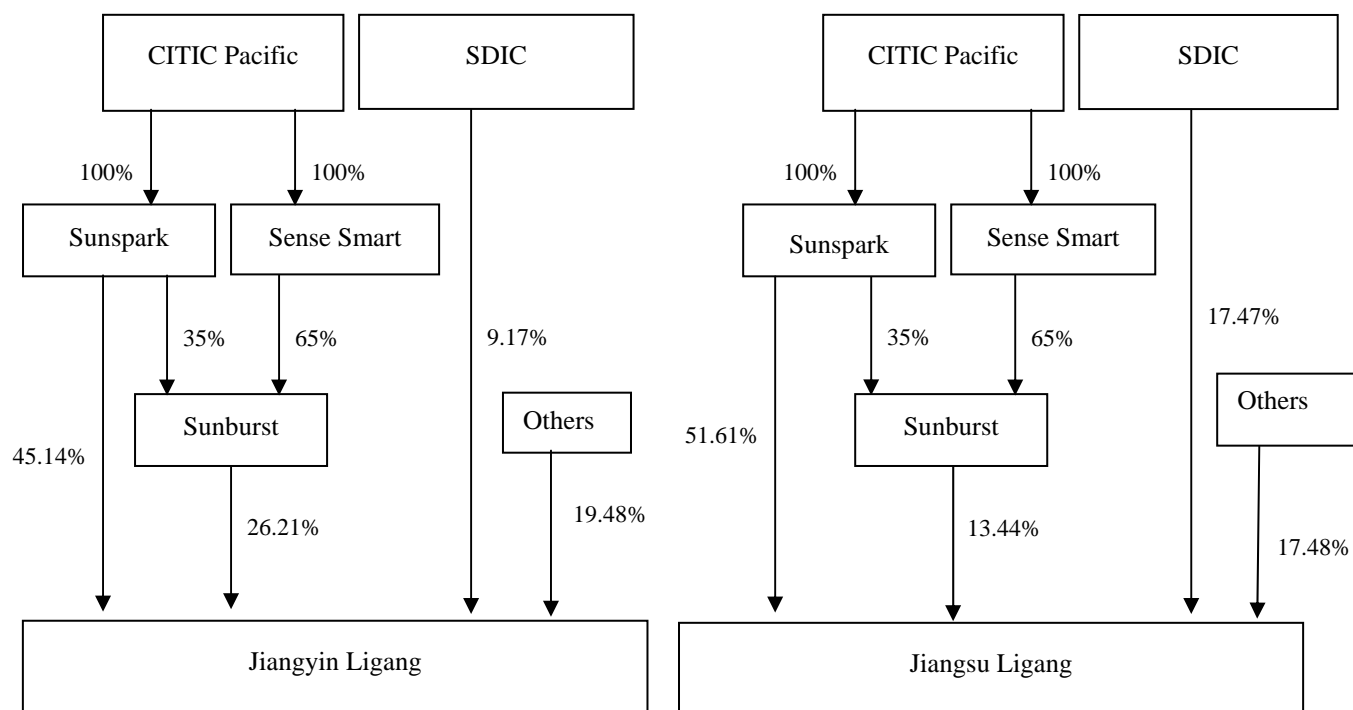
Before the Rationalisation



On 21 April 2010, CITIC Pacific and SDIC agreed to streamline the shareholding structure of their respective interests in Jiangsu Ligang and Jiangyin Ligang. Whilst the Rationalisation will not change the attributable shareholding interests of CITIC Pacific and SDIC in Jiangsu Ligang and Jiangyin Ligang, Sunburst will become a wholly owned subsidiary of CITIC Pacific and SDIC will hold its interests in Jiangsu Ligang and Jiangyin Ligang directly upon completion of the Rationalisation.

The shareholding structure of Jiangsu Ligang and Jiangyin Ligang after the Rationalisation is as follows:

After the Rationalisation



To implement the Rationalisation, SDIC was to sell its 35% interest in Sunburst by way of tender and Sunspark, a wholly owned subsidiary of CITIC Pacific, was awarded the tender. Thus, Sunspark and SDIC entered into the Agreements, principal terms of which are set out below.

THE AGREEMENTS

1. *The Sunburst Agreement*

Date: 21 April 2010

Parties:

- (1) Sunspark, being the purchaser to the Sunburst Agreement; and
- (2) SDIC, being the seller to the Sunburst Agreement.

Asset to be acquired:

The remaining 35% shareholding interest in Sunburst, which holds a 13.44% shareholding interest in Jiangsu Ligang and a 26.21% shareholding interest in Jiangyin Ligang.

As the consideration for the acquisition of interest in Sunburst was determined with reference to Sunburst's net assets as at 31 December 2008 as mentioned below, it is agreed that: (i) the retained profit of Sunburst as at 31 December 2008 which has not been distributed and is attributable to the subject 35% shareholding interest in Sunburst under the Sunburst Agreement shall belong to Sunspark; (ii) profit of Sunburst for the year ended 31 December 2009 shall belong to SDIC; and (iii) profit for the period commencing on 1 January 2010 and ending on the date of completion of the Sunburst Agreement shall belong to Sunspark.

Conditions:

Completion of the Sunburst Agreement is conditional upon: (i) the tendering process required by laws having been completed; (ii) all necessary consents or internal approvals required in respect of the proposed transfer having been obtained by SDIC, Sunspark and Sunburst; and (iii) all relevant consents and approvals in respect of the proposed transfer required under applicable laws and/or regulations and the Listing Rules having been obtained from the relevant authorities in the PRC and other third parties.

Consideration and Completion

The consideration is RMB256,309,900 (approximately HK\$292 million), which will be paid in two portions:

- (i) RMB77,000,000, payable upon the Sunburst Agreement being approved by the relevant approval authority. The deposit of RMB77,000,000 paid by Sunspark under the tendering process prior to the signing of the Sunburst Agreement shall be applied to settle this amount; and
- (ii) RMB179,309,900, payable within 15 business days from the date of the Sunburst Agreement. Alternatively, it is agreed that upon obtaining all necessary approvals from relevant PRC authorities for the transfers under all the Agreements, the considerations under the Agreements be set off in the following manners: (a) subject to the obtaining of all necessary approvals from the PRC State Administration of Foreign Exchange, the aggregate amount of RMB246,844,500 payable by SDIC under the Jiangsu Ligang Agreement and the Jiangyin Ligang Agreement will set off an equivalent amount out of the consideration of RMB256,309,900 payable by Sunspark under the Sunburst Agreement, and the remaining amount of consideration of RMB9,465,400 payable under the Sunburst Agreement will be paid from the said deposit of RMB77,000,000; and (b) the remaining balance of the said RMB77,000,000 deposit will be refunded to Sunspark.

The original investment amount of SDIC in respect of the 35% shareholding interest in Sunburst was approximately RMB160,403,250. As at 31 December 2009, the unaudited net asset value attributable to the 35% shareholding interest in Sunburst was approximately RMB260 million (approximately HK\$296 million). The consideration for acquiring the remaining 35% shareholding interest in Sunburst was arrived at after arm's length negotiation between Sunspark and SDIC with reference to the valuation report in respect of Sunburst's net assets as at 31 December 2008 made by an independent valuer. It is expected that the consideration will be funded by (i) the proceeds from the sale of shareholding interests in Jiangsu Ligang and Jiangyin Ligang by Sunspark; and (ii) internal resources of the Group.

Completion of the transfer of the said 35% interest in Sunburst is deemed to have taken place on the date of receipt of the total consideration in full by SDIC.

2. *The Jiangsu Ligang Agreement*

Date: 21 April 2010

Parties:

- (1) SDIC, being the purchaser to the Jiangsu Ligang Agreement; and
- (2) Sunspark, being the seller to the Jiangsu Ligang Agreement.

Asset to be sold:

4.70% shareholding interest in Jiangsu Ligang.

As the consideration for the transfer of interest in Jiangsu Ligang was determined with reference to Jiangsu Ligang's net assets as at 31 December 2008 as mentioned below, it is agreed that: (i) the retained profit of Jiangsu Ligang as at 31 December 2008 which has not been distributed and is attributable to the subject 4.70% shareholding interest in Jiangsu Ligang under the Jiangsu Ligang Agreement shall belong to SDIC; (ii) profit of Jiangsu Ligang for the year ended 31 December 2009 shall belong to Sunspark; and (iii) profit for the period commencing on 1 January 2010 and ending on the date of completion of the Jiangsu Ligang Agreement shall belong to SDIC.

Conditions:

Completion of the Jiangsu Ligang Agreement is conditional upon: (i) all necessary consents or internal approvals required in respect of the proposed transfer having been obtained by SDIC, Sunspark and Jiangsu Ligang; and (ii) all relevant consents and approvals in respect of the proposed transfer required under applicable laws and/or regulations and the Listing Rules having been obtained from the relevant authorities in the PRC and other third parties.

Consideration and Completion

The consideration of RMB121,147,100 (approximately HK\$138 million) shall be payable within 120 business days after the fulfilment of all the conditions, or such other day as the parties may agree in writing. It is further agreed that subject to the obtaining of all necessary approvals from the PRC State Administration of Foreign Exchange, the said consideration will be set off by an equivalent amount out of the consideration of RMB256,309,900 payable by Sunspark under the Sunburst Agreement. As at 31 December 2009, the audited net asset value attributable to the 4.70% shareholding interest in Jiangsu Ligang was approximately RMB94 million (approximately HK\$107 million). The consideration was arrived at after arm's length negotiation between Sunspark and SDIC with reference to the valuation report in respect of Jiangsu Ligang's net assets as at 31 December 2008 made by an independent valuer.

Completion of the transfer of the said 4.70% interest in Jiangsu Ligang is deemed to have taken place on the date of receipt of the consideration by Sunspark.

3. *The Jiangyin Ligang Agreement*

Date: 21 April 2010

Parties:

- (1) SDIC, being the purchaser to the Jiangyin Ligang Agreement; and
- (2) Sunspark, being the seller to the Jiangyin Ligang Agreement.

Asset to be sold:

9.17% shareholding interest in Jiangyin Ligang.

As the consideration for the transfer of interest in Jiangyin Ligang was determined with reference to Jiangyin Ligang's net assets as at 31 December 2008 as mentioned below, it is agreed that: (i) the retained profit of Jiangyin Ligang as at 31 December 2008 which has not been distributed and is attributable to the subject 9.17% shareholding interest in Jiangyin Ligang under the Jiangyin Ligang Agreement shall belong to SDIC; (ii) profit of Jiangyin Ligang for the year ended 31 December 2009 shall belong to Sunspark; and (iii) profit for the period commencing on 1 January 2010 and ending on the date of completion of the Jiangyin Ligang Agreement shall belong to SDIC.

Conditions:

Completion of the Jiangyin Ligang Agreement is conditional upon: (i) all necessary consents or internal approvals required in respect of the proposed transfer having been obtained by SDIC, Sunspark and Jiangyin Ligang; and (ii) all relevant consents and approvals in respect of the proposed transfer required under applicable laws and/or regulations and the Listing Rules having been obtained from the relevant authorities in the PRC and other third parties.

Consideration and Completion

The consideration of RMB125,697,400 (approximately HK\$143 million) shall be payable within 120 business days after the fulfilment of all the conditions, or such other day as the parties may agree in writing. It is further agreed that subject to the obtaining of all necessary approvals from the PRC State Administration of Foreign Exchange, the said consideration will be set off by an equivalent amount out of the consideration of RMB256,309,900 payable by Sunspark under the Sunburst Agreement. As at 31 December 2009, the audited net asset value attributable to the 9.17% shareholding interest in Jiangyin Ligang was approximately RMB156 million (approximately HK\$178 million). The consideration was arrived at after arm's length negotiation between Sunspark and SDIC with reference to the valuation report in respect of Jiangyin Ligang's net assets as at 31 December 2008 made by an independent valuer.

Completion of the transfer of the said 9.17% interest in Jiangyin Ligang is deemed to have taken place on the date of receipt of the consideration by Sunspark.

INFORMATION ON THE ASSETS AND THE RATIONALISATION

Jiangsu Ligang and Jiangyin Ligang are engaged in the business of power generation, supply and sale of electricity. Jiangsu Ligang and Jiangyin Ligang operate phases 1 and 2 of Ligang power plants of 1,440 MW and phases 3 and 4 of Ligang power plants of 2,460 MW respectively in the PRC. The principal business of Sunburst is investment holding.

For the financial years ended 31 December 2008 and 2009, the net profit (or loss) (both before and after taxation and extraordinary items) of Sunburst, Jiangsu Ligang and Jiangyin Ligang were approximately as follows:

	Net profit/(loss) before taxation and extraordinary items (in RMB)		Net profit/(loss) after taxation and extraordinary items (in RMB)	
	2008	2009	2008	2009
Sunburst	(35) million (unaudited)	207 million (unaudited)	(35) million (unaudited)	206 million (unaudited)
Jiangsu Ligang	4 million (audited)	626 million (audited)	3 million (audited)	501 million (audited)
Jiangyin Ligang	(84) million (audited)	671 million (audited)	(84) million (audited)	613 million (audited)

Sunspark and SDIC have agreed that completion of all the Agreements shall take place on the date on which the parties receive the considerations of all the Agreements, and that until the fulfilment of all the conditions precedents to the Agreements, no party to the Agreements shall have the right to compel the other party thereto to proceed with the completion of any of the Agreements. The parties will execute all such documents and do all such other acts to give effect to the Rationalisation, including the making of all necessary filings with the relevant authorities and amendments to the articles of association and joint venture agreements of the relevant companies.

As at the date hereof, the results of Sunburst, Jiangsu Ligang and Jiangyin Ligang are accounted for by the Group using equity method. Upon completion of the Rationalisation, Sunburst will become a wholly owned subsidiary of CITIC Pacific, while the attributable shareholding interests of CITIC Pacific in Jiangsu Ligang and Jiangyin Ligang will remain to be 65.05% and 71.35% respectively. After the Rationalisation, the results of Sunburst will be consolidated into the results of the Group whereas the results of Jiangsu Ligang and Jiangyin Ligang will remain to be accounted for by the Group using equity method. It is estimated that the transactions under the Agreements will be subject to the payment of PRC taxes in the region of approximately RMB33 million, the final amount of which to be determined by the relevant PRC tax authorities. The net amount payable by the Group under the Agreements for the Rationalisation is RMB9,465,400, which represents the portion of the PRC taxes agreed to be borne by Sunspark. Subject to the actual completion of the Agreements, it is not expected

that the Rationalisation will result in any material gain or loss to CITIC Pacific other than taxation costs. SDIC will hold its interests in Jiangsu Ligang and Jiangyin Ligang directly after the Rationalisation.

REASONS FOR AND BENEFITS OF THE RATIONALISATION

The transactions contemplated under the Agreements enable the Group to streamline the shareholding structure such that the interests in the Ligang power plants will be held by CITIC Pacific and SDIC directly.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements are on normal commercial terms, fair and reasonable and in the interests of the shareholders of CITIC Pacific as a whole.

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 energy and civil infrastructure. CITIC Pacific also holds controlling interests in Dah Chong Hong Holdings Limited and CITIC 1616 Holdings Limited.

The principal business of SDIC is investment holding.

LISTING RULES IMPLICATIONS

As a substantial shareholder of Sunburst, SDIC is a connected person of CITIC Pacific. Hence, the Rationalisation constitutes a connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules. Since the applicable percentage ratio calculated with reference to the Rationalisation is more than 0.1% but less than 2.5%, the above connected transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“Agreements”	the Sunburst Agreement, the Jiangsu Ligang Agreement and the Jiangyin Ligang Agreement;
“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;
“connected person”	has the meaning ascribed to it by the Listing Rules;

“Directors”	the directors of CITIC Pacific;
“Jiangsu Ligang”	Jiangsu Ligang Electric Power Company Limited (江蘇利港電力有限公司), a Sino-foreign equity joint venture established in the PRC;
“Jiangsu Ligang Agreement”	the agreement dated 21 April 2010 between Sunspark and SDIC in relation to the transfer of shareholding interest in Jiangsu Ligang by Sunspark;
“Jiangyin Ligang”	Jiangyin Ligang Electric Power Generation Company Limited (江陰利港發電股份有限公司), a foreign investment stock company established in the PRC;
“Jiangyin Ligang Agreement”	the agreement dated 21 April 2010 between Sunspark and SDIC in relation to the transfer of shareholding interest in Jiangyin Ligang by Sunspark;
“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”	has the meaning ascribed to it by the Listing Rules;
“PRC”	the People’s Republic of China;
“Rationalisation”	the rationalisation of the shareholding structure in Sunburst, Jiangsu Ligang and Jiangyin Ligang;
“RMB”	Renminbi, the lawful currency of the PRC;
“SDIC”	State Development & Investment Corporation (國家開發投資公司), an enterprise established in the PRC;
“Sense Smart”	Sense Smart Group Limited (新碧集團有限公司), a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of CITIC Pacific;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it by the Listing Rules;
“substantial shareholder”	has the meaning ascribed to it by the Listing Rules;

- “**Sunburst**” Sunburst Energy Development Co., Ltd. (新力能源開發有限公司), a Sino-foreign equity joint venture established in the PRC;
- “**Sunburst Agreement**” the agreement dated 21 April 2010 between Sunspark and SDIC in relation to the acquisition of shareholding interest in Sunburst by Sunspark; and
- “**Sunspark**” Sunspark Power Investment Company Limited (新宏電力投資有限公司), a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of CITIC Pacific.

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

Hong Kong, 21 April 2010

In this announcement, the conversions of RMB into Hong Kong dollars have been made at a rate of RMB1.00 to HK\$1.14. 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.