

CITIC KA WAH BANK LIMITED

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中信嘉華銀行有限公司
CITIC KA WAH BANK LIMITED

(Incorporated in Hong Kong with limited liability)



CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

Acquisition of an interest in CITIC Capital Markets Holdings Limited by CITIC Pacific Limited and Connected Transactions of CITIC Pacific Limited and CITIC Ka Wah Bank Limited

On 14 March 2002, CITIC Beijing, CITIC Ka Wah, CITIC Pacific, Dramatic Year, Forever Glory and CITIC Capital Markets entered into a Share Transfer and Subscription Agreement. Pursuant to the agreement, Forever Glory will subscribe for the New Shares in CITIC Capital Markets and will acquire the Sale Shares from Dramatic Year, a wholly-owned subsidiary of CITIC Ka Wah.

Upon completion of the Share Transfer and Subscription Agreement, CITIC Capital Markets will be owned as to 25 per cent. by Dramatic Year, 25 per cent. by True Worth and 50 per cent. by Forever Glory and the joint venture relationship between the parties in respect of CITIC Capital Markets will be governed by the Shareholders' Agreement. CITIC Capital Markets is the holding company of Cargary and Ka Wah Capital, which are engaged in investment banking, securities and brokerage business in Hong Kong.

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Upon completion of the Share Transfer and Subscription Agreement, CITIC Ka Wah will also enter into the Service Agreement and Agency Agreement pursuant to which CITIC Ka Wah will, inter alia, provide management support services and agency services to CITIC Capital Markets and Cargary, respectively.

Connected Transactions of CITIC Pacific

CITIC Capital Markets and Dramatic Year, being indirect subsidiaries of CITIC Beijing, are connected persons of CITIC Pacific. Accordingly the acquisition of the Sale Shares and the subscription for the New Shares and the entry into the Shareholders' Agreement constitute a connected transaction of CITIC Pacific. The total consideration payable by CITIC Pacific for the New Shares and the Sale Shares is HK\$510,000,000 and there is no additional capital commitment under the Shareholders' Agreement. As such amount represents less than 3 per cent. of the consolidated net tangible assets of CITIC Pacific, no independent shareholders' approval is required for the transaction under Rule 14.25(1) of the Listing Rules. CITIC Pacific will include details of the transaction in its next published annual report and accounts.

Connected Transactions of CITIC Ka Wah

The Issue of the New Shares by CITIC Capital Markets, being an indirect subsidiary of CITIC Ka Wah, to Forever Glory constitutes a deemed disposal or realisation by CITIC Ka Wah of its interest in CITIC Capital Markets. True Worth, being a substantial shareholder of CITIC Capital Markets, is an associate of CITIC Beijing, which in turn is the controlling shareholder of CITIC Ka Wah. Accordingly, the issue of the New Shares by CITIC Capital Markets and the disposal of Sale Shares by Dramatic Year would constitute connected transactions of CITIC Ka Wah under Rule 14.23(1)(b) of the Listing Rules. In accordance with the Listing Rules, the Issue of the New Shares, the Shareholders' Agreement and the Share Transfer and Subscription Agreement will be subject to approval by the independent shareholders of CITIC Ka Wah at the Extraordinary General Meeting.

The boards of directors of CITIC Ka Wah and CITIC Pacific are pleased to announce that on 14 March 2002, CITIC Beijing, CITIC Ka Wah, CITIC Pacific, Dramatic Year, Forever Glory and CITIC Capital Markets entered into a Share Transfer and Subscription Agreement regarding the acquisition of a 50 per cent. interest in CITIC Capital Markets by Forever Glory.

THE SHARE TRANSFER AND SUBSCRIPTION AGREEMENT

Date

14 March 2002

Parties

- (1) CITIC Beijing;
- (2) CITIC Pacific;
- (3) CITIC Ka Wah;
- (4) Forever Glory;
- (5) Dramatic Year; and
- (6) CITIC Capital Markets.

Subscription and Transfer of Shares

Pursuant to the Share Transfer and Subscription Agreement:

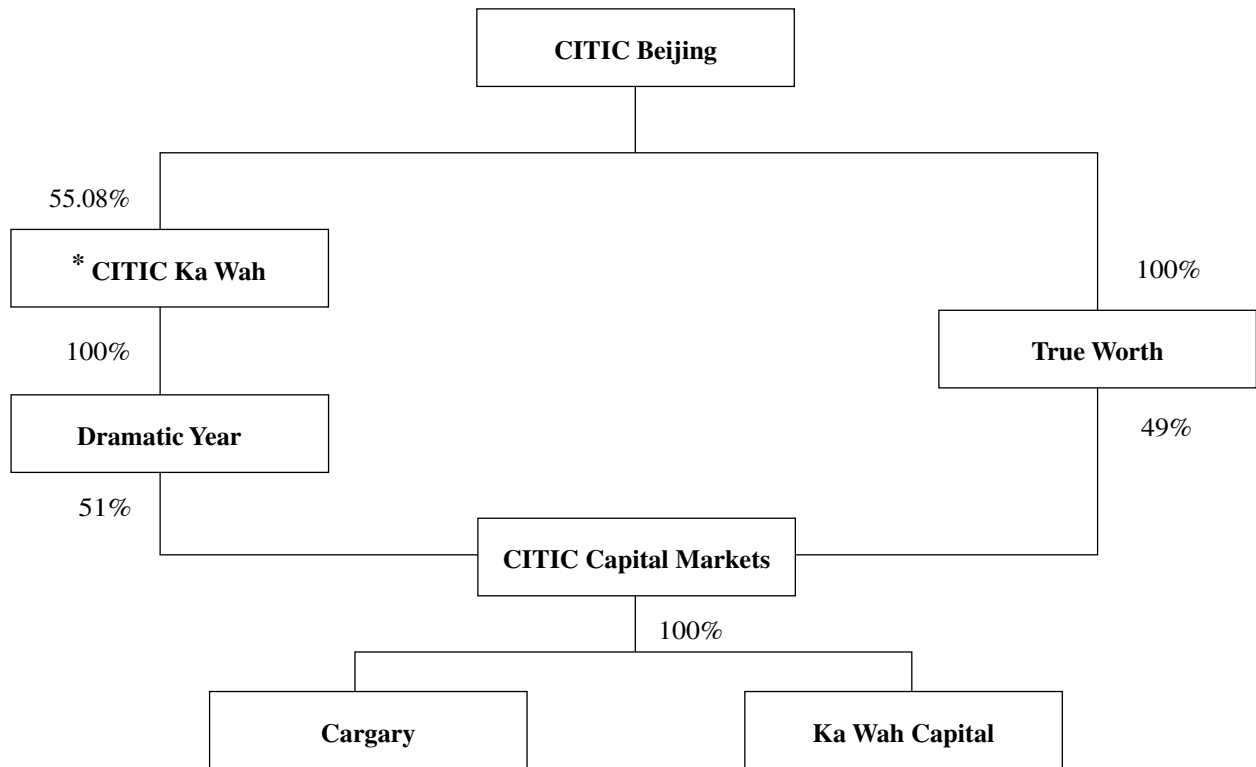
- (i) Forever Glory agrees to subscribe for and CITIC Capital Markets agrees to allot and issue to Forever Glory the New Shares. The total subscription price payable by Forever Glory is HK\$499,591,837, which shall be paid in cash on completion of the Share Transfer and Subscription Agreement; and
- (ii) Dramatic Year agrees to sell and Forever Glory agrees to purchase the Sale Shares. The consideration payable by Forever Glory for the Sale Shares is HK\$10,408,163, which shall be paid in cash on completion of the Share Transfer and Subscription Agreement.

The aggregate consideration of HK\$510,000,000 has been arrived at after arm's length negotiations between the parties taking into account the pro-forma combined net asset value of the Group. The consideration will be funded out of CITIC Pacific's existing internal resources.

The existing shareholding structure of CITIC Capital Markets and the shareholding structure upon completion of the Share Transfer and Subscription Agreement are set out below.

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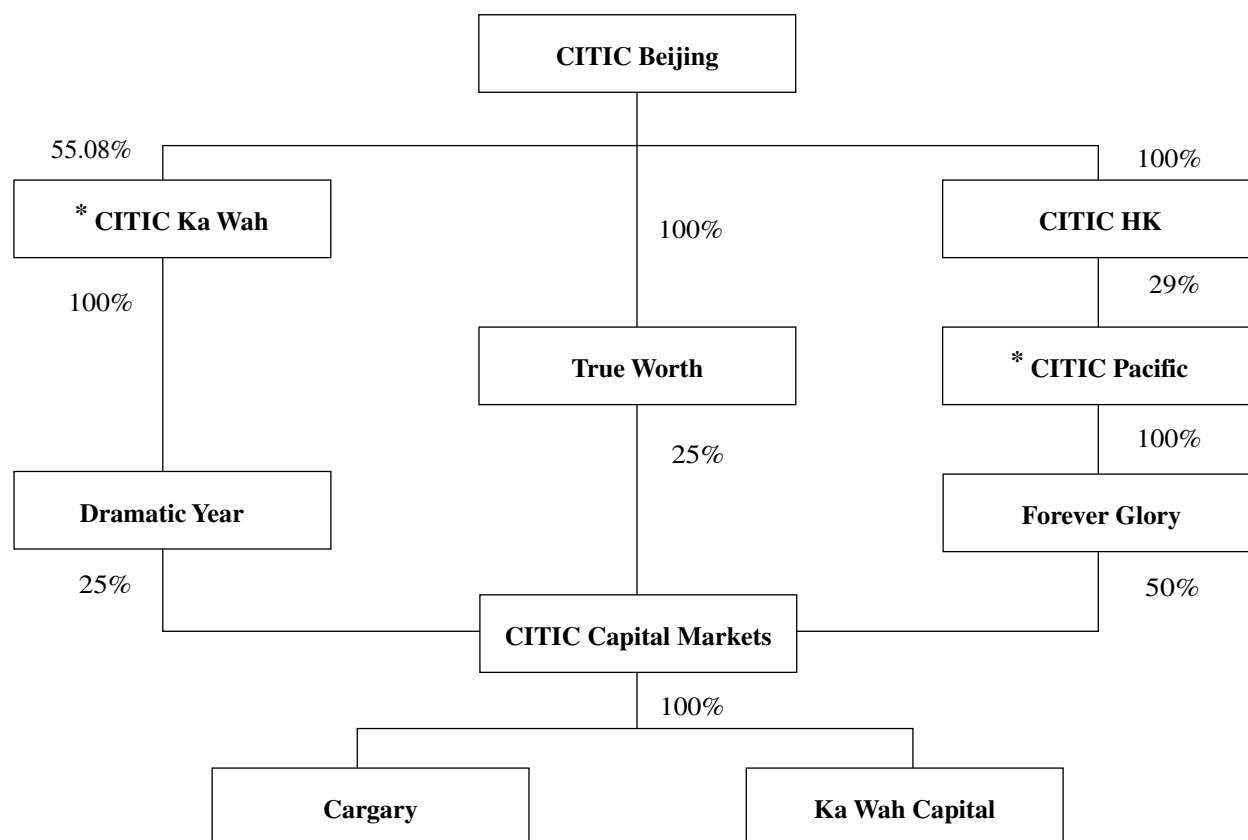
Existing shareholding structure:-



* Listed on the Stock Exchange

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Shareholding structure upon completion of the Share Transfer and Subscription Agreement:-



* Listed on the Stock Exchange

Conditions Precedent

Completion of the Share Transfer and Subscription Agreement is conditional upon, inter alia, the obtaining of all necessary approvals and consents required for the transactions contemplated under the Share Transfer and Subscription Agreement, including but not limited to:

- (i) the passing of all necessary resolutions by independent shareholders of CITIC Ka Wah at a general meeting to be held approving the entry into the Share Transfer and Subscription Agreement and the Shareholders' Agreement and the transactions contemplated by the Share Transfer and Subscription Agreement and/or the Shareholders' Agreement;
- (ii) the approval of the SFC for the change in substantial shareholder of Ka Wah Capital and Cargary under section 26A of the SFC Ordinance, and such approval remaining in full force and effect;

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- (iii) the approval of the board of the Stock Exchange for the change in substantial shareholder of Cargary under Rule 317 of the Rules of Stock Exchange, and such approval remaining in full force and effect; and
- (iv) the appointments of such persons as Forever Glory may nominate as new directors of CITIC Capital Markets being approved by the SFC and the Stock Exchange.

If the above conditions are not satisfied on or before 30 September 2002 (or such later date as the parties may agree), the Share Transfer and Subscription Agreement will lapse.

Completion

The subscription of the New Shares and the sale of the Sale Shares are inter-conditional and will be completed simultaneously on the fifth business day after the satisfaction of all the conditions precedent, or on such later date as the parties may agree. Upon completion of the Share Transfer and Subscription Agreement, Dramatic Year, True Worth and Forever Glory will hold 25 per cent., 25 per cent. and 50 per cent. of the issued share capital of CITIC Capital Markets respectively. CITIC Capital Markets will become an associated company of CITIC Pacific after completion.

SHAREHOLDERS' AGREEMENT

Upon completion of the Share Transfer and Subscription Agreement, CITIC Beijing, CITIC Ka Wah, CITIC Pacific, True Worth, Dramatic Year, Forever Glory and CITIC Capital Markets will enter into a Shareholders' Agreement with respect to the management and their rights as shareholders of CITIC Capital Markets. Pursuant to the Shareholders' Agreement, the board of directors of CITIC Capital Markets shall comprise 8 directors. Forever Glory shall be entitled to appoint 4 directors, Dramatic Year shall be entitled to appoint 2 directors and True Worth shall be entitled to appoint 2 directors.

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It is the intention of CITIC Beijing, CITIC Pacific and CITIC Ka Wah to co-operate and develop the business of the CITIC Capital Markets and its subsidiaries. Pursuant to the Shareholders' Agreement, each of CITIC Beijing, CITIC Ka Wah and CITIC Pacific undertakes to each other and to CITIC Capital Markets that in the event that it or any of its subsidiaries receives a request from any of its customers or potential customers for the provision of securities brokerage services and investment banking services, CITIC Beijing, CITIC Ka Wah or CITIC Pacific will notify such interested customers to contact the designated representative of CITIC Capital Markets and shall notify CITIC Capital Markets of such interested customers' request. It is the intention of CITIC Beijing, CITIC Pacific and CITIC Ka Wah to support the business of the Group and, insofar as the terms offered by the Group are no worse than those offered by third parties, to consider using the Group in relation to its own activities. In addition, CITIC Beijing will also assist the Group in developing its business in the PRC and give priority to the Group when searching for business partners in investment banking business, such as, China Depository Receipt, initial public offerings of PRC enterprise in Hong Kong and fund and asset management.

Pursuant to the Shareholders' Agreement, each of CITIC Beijing, CITIC Pacific and CITIC Ka Wah agrees that it will not, and will procure its respective subsidiaries not to, engage in any businesses in Hong Kong that compete with the existing business of the Group. Each of CITIC Beijing, CITIC Pacific and CITIC Ka Wah will cease to be bound by the non-competition undertaking on the date it ceases to be a party to the Shareholders' Agreement.

SERVICE AGREEMENT

Upon completion of the Share Transfer and Subscription Agreement, CITIC Ka Wah and CITIC Capital Markets will have to enter into a Service Agreement pursuant to which CITIC Ka Wah will provide various management support services to the Group. These management support services include accounting support services, management support/administrative services, credit support services, operational support services, internal audit support services, legal and company secretarial services, IT support services, compliance support services, human resources services, treasury management services and corporate communications services.

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Term

The Service Agreement shall be effective for a period of two (2) years from the date of signing, unless terminated by CITIC Capital Markets by giving to CITIC Ka Wah three (3) months prior written notice.

Service Fees

In relation to the management support services, CITIC Capital Markets shall pay CITIC Ka Wah service fees for services rendered on a time cost basis at the rates set out in the Service Agreement or such rate as mutually agreed between the parties from time to time. The aggregate service fees payable by CITIC Capital Markets to CITIC Ka Wah shall not be less than HK\$1,000,000 and shall not exceed HK\$3,000,000 per annum.

The directors (including an independent non-executive Director) of CITIC Ka Wah are of the view that the Service Agreement is arrived at following arm's length negotiations between CITIC Ka Wah and CITIC Capital Markets, is on normal commercial terms and is fair and reasonable to CITIC Ka Wah and its shareholders taken as a whole.

AGENCY AGREEMENT

Upon completion of the Share Transfer and Subscription Agreement, CITIC Ka Wah, HKCB and Cargary will enter into an Agency Agreement pursuant to which, inter alia, Cargary appoints each of CITIC Ka Wah and HKCB as its agent bank to act on its behalf to open securities accounts for its customers and to receive Orders from Cargary Customers through CITIC Ka Wah and/or HKCB.

Term

The Agency Agreement shall be effective for two (2) years from the date of signing and shall be renewable by further periods of two years at the option of CITIC Capital Markets.

Agency Fee and Sharing of Commission Payment

For each successfully executed Order (whether such Order was placed by a Cargary Customer directly or through CITIC Ka Wah or HKCB), the relevant agent bank (through which the securities account of the Cargary Customer was opened) is entitled to receive from Cargary an agency fee as follows:

- (a) if the relevant agent bank is CITIC Ka Wah, 30 per cent. of the brokerage commission payable by the Cargary Customer on such Order; or
- (b) if the relevant agent bank is HKCB, 50 per cent. of the brokerage commission payable by the Cargary Customer on such Order for the period prior to the Merger Date and 30 per cent. of the brokerage commission payable by the Cargary Customer commencing from the Merger Date,

or such amount as mutually agreed by Cargary and the relevant agent bank from time to time.

In addition, HKCB shall exclusively engage Cargary for the execution of all orders for trading securities placed by a customer of HKCB with HKCB. For each successfully executed order placed by a customer of HKCB with HKCB, Cargary is entitled to receive from HKCB a commission equal to: (a) for the period prior to the Merger Date, 50 per cent. of the brokerage commission payable by the HKCB Customer on such order and (b) on or after the Merger Date, 70 per cent. of the brokerage commission payable by the HKCB Customer on such order.

The directors (including an independent non-executive Director) of CITIC Ka Wah are of the view that the Service Agreement is arrived at following arm's length negotiations between CITIC Ka Wah, HKCB and Cargary, is on normal commercial terms and is fair and reasonable to CITIC Ka Wah and its shareholders taken as a whole.

INFORMATION RELATING TO CITIC CAPITAL MARKETS

CITIC Capital Markets is the holding company of Cargary and Ka Wah Capital, which engage in investment banking, securities and brokerage business in Hong Kong. Cargary is a dealer registered with the SFC under the Securities Ordinance, a corporate exchange participant of the Stock Exchange and a broker participant of Hong Kong Securities Clearing Company Limited. Ka Wah Capital is a dealer and an investment adviser registered with the SFC under the Securities Ordinance. The pro-forma combined net profit of the Group for the year ended 31 December 2001 before and after taxation were HK\$35,138,616 and HK\$33,650,871 respectively. The pro-forma combined net profits of the Group for the year ended 31 December 2000 before and after taxation were HK\$118,430,672 and HK\$108,673,372 respectively. As at 31 December 2001, the pro-forma combined net tangible assets of the Group was approximately HK\$411,803,052.

REASONS FOR THE TRANSACTION

The overall objective of the joint venture in CITIC Capital Markets is to create a leading China-focused investment bank by combining the strategic resources of CITIC group with the know-how and expertise of world-class financial professionals.

The board of directors of CITIC Ka Wah is of the view that the investment by CITIC Pacific in CITIC Capital Markets will strengthen the capital base of CITIC Capital Markets and enable Cargary and Ka Wah Capital to expand and further develop their investment banking, securities and brokerage business. The joint venture with CITIC Pacific will also enable Cargary and Ka Wah Capital to leverage on the business network of CITIC Pacific, enlarge their client base and potentially explore other areas of business opportunities.

The board of directors of CITIC Pacific is of the view that after WTO accession, the financial services industry will become a focus of foreign investment due to its enormous potential. By investing in CITIC Capital Markets with other members of CITIC group, the directors of CITIC Pacific believe that the CITIC group can rapidly develop its investment banking capabilities through CITIC Capital Markets to build an unparalleled financial services network in Greater China. In addition to the traditional business lines of brokerage, corporate finance, and capital markets, it is the intention of CITIC Beijing, CITIC Ka Wah and CITIC Pacific for CITIC Capital Markets to focus on building a leading brand name for China-related fund management. The board of directors of CITIC Pacific (including independent non-executive Directors) consider that the transaction is in the interest of shareholders of CITIC Pacific as a whole.

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The subscription proceeds of HK\$499,591,837 is currently intended for use as general working capital of the Group and to expand and further develop the investment banking, securities and brokerage business of Ka Wah Capital and Cargary. The sales proceeds of HK\$10,408,163 for the Sale Shares is currently intended for use as general working capital of CITIC Ka Wah.

CONNECTED TRANSACTIONS OF CITIC PACIFIC

CITIC Beijing, through CITIC HK, is a substantial shareholder of CITIC Pacific holding a 29 per cent. interest in CITIC Pacific. CITIC Capital Markets and Dramatic Year, being indirect subsidiaries of CITIC Beijing, are connected persons of CITIC Pacific under the Listing Rules. Accordingly, the acquisition of the Sale Shares, the subscription for the New Shares and the entry into the Shareholders' Agreement would constitute connected transactions of CITIC Pacific. The total consideration payable by CITIC Pacific for the New Shares and the Sale Shares is HK\$510,000,000 and there is no further capital commitment under the Shareholders' Agreement. As such amount represents less than 3 per cent. of the consolidated net tangible assets of CITIC Pacific, no independent shareholders' approval is required for the transactions under Rule 14.25(1) of the Listing Rules. CITIC Pacific will include details of the transaction in its next published annual report and accounts.

CONNECTED TRANSACTIONS OF CITIC KA WAH

The Issue of the New Shares by CITIC Capital Markets, being an indirect subsidiary of CITIC Ka Wah, to Forever Glory constitutes a deemed disposal or realisation by CITIC Ka Wah of its interest in CITIC Capital Markets. True Worth, being a substantial shareholder of CITIC Capital Markets, is an associate of CITIC Beijing, which in turn is the controlling shareholder of CITIC Ka Wah. Accordingly, the issue of the New Shares by CITIC Capital Markets and the disposal of Sale Shares by Dramatic Year would constitute connected transactions of CITIC Ka Wah under Rule 14.23(1)(b) of the Listing Rules. In accordance with the Listing Rules, the Issue of the New Shares, the Shareholders' Agreement and the Share Transfer and Subscription Agreement will be subject to approval by the independent shareholders of CITIC Ka Wah at the Extraordinary General Meeting.

CONTINUING CONNECTED TRANSACTIONS OF CITIC KA WAH

Upon completion of the Share Transfer and Subscription Agreement, CITIC Capital Markets will be owned as to 25 per cent. by Dramatic Year, a wholly-owned subsidiary of CITIC Ka Wah and as to 25 per cent. by True Worth, a wholly-owned subsidiary of CITIC Beijing. CITIC Beijing currently holds approximately 55.08 per cent. of the entire issued share capital of CITIC Ka Wah. As a result, upon completion of the Share Transfer and Subscription Agreement, CITIC Beijing will remain entitled to control the voting rights of more than 30 per cent. of CITIC Capital Markets. Accordingly, each of CITIC Capital Markets and Cargary is an associate of CITIC Beijing and the entry into the Service Agreement and Agency Agreement will constitute connected transactions of CITIC Ka Wah.

Since it is currently expected that the annual fees receivable by CITIC Ka Wah (including HKCB in the case of the Agency Agreement) and the annual commission payment by HKCB to Cargary (in the case of the Agency Agreement) pursuant to each of the Agreements will not exceed 3 per cent. of the value of the consolidated net tangible assets of CITIC Ka Wah as disclosed in its then latest published audited accounts, CITIC Ka Wah intends to rely upon the exemption under Rule 14.25(1) of the Listing Rules for each of the Service Agreement and the Agency Agreement and the transactions thereunder (the "**Relevant Transactions**").

However, as the Relevant Transactions are expected to occur on a regular and continuous basis in the future, it would be impractical for CITIC Ka Wah to make ongoing disclosure regarding the same. Therefore, in relation to each of the Service Agreement and the Agency Agreement, CITIC Ka Wah has made an application to the Stock Exchange for a waiver from the disclosure requirements under Rule 14.25(1) of the Listing Rules. The Stock Exchange has indicated that such waiver will be granted on conditions that:

- (i) the Relevant Transactions shall be:-
 - (a) entered into in the ordinary and usual course of business of CITIC Ka Wah;
 - (b) on normal commercial terms or on terms that are fair and reasonable so far as CITIC Ka Wah as a whole is concerned; and

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- (c) entered into in accordance with the terms of the Service Agreement or the Agency Agreement (as the case may be).
- (ii) the aggregate annual service fees payable by CITIC Capital Markets to CITIC Ka Wah under the Service Agreement in any financial year of CITIC Ka Wah will not exceed 3 per cent. of the audited book value of the then published net tangible assets of CITIC Ka Wah;
- (iii) the aggregate annual agency fees payable by Cargary to CITIC Ka Wah (including HKCB) and the aggregate annual commission payment by HKCB to Cargary under the Agency Agreement in any financial year of CITIC Ka Wah will not exceed 3 per cent. of the audited book value of the then published net tangible assets of CITIC Ka Wah;
- (iv) brief details of the Relevant Transactions as set out in Rule 14.25(1)(A) to (D) of the Listing Rules will be disclosed in the annual report of CITIC Ka Wah for the financial year during which any of the Relevant Transactions occur;
- (v) the independent non-executive Directors of CITIC Ka Wah will review annually the Relevant Transactions for the compliance of (i), (ii) and (iii) above and confirm such in the annual report of CITIC Ka Wah for the relevant year; and
- (vi) CITIC Ka Wah will engage its auditors to review the Relevant Transactions and to provide the board of directors of CITIC Ka Wah with a letter (the "**Auditors Letter**") in respect of the Relevant Transactions with a copy to be provided to the Stock Exchange stating that:
 - (a) the Relevant Transactions have received the approval of the board of directors of CITIC Ka Wah;
 - (b) the Relevant Transactions have been entered into in accordance with the terms of the Service Agreement or the Agency Agreement (as the case may be); and
 - (c) the Relevant Transactions under each of the Service Agreement and the Agency Agreement will not exceed the limits set out in (ii) or (iii) (as the case may be) above.

INFORMATION TO SHAREHOLDERS OF CITIC KA WAH

An Independent Board Committee of CITIC Ka Wah comprising independent non-executive directors of CITIC Ka Wah will be formed to consider the terms of the Issue of New Shares, the Shareholders' Agreement and the Share Transfer and Subscription Agreement and to advise the shareholders of CITIC Ka Wah as to whether the terms of such transactions are fair and reasonable. An independent financial adviser will be appointed to advise the Independent Board Committee.

EXTRAORDINARY GENERAL MEETING OF CITIC KA WAH AND CIRCULAR

An Extraordinary General Meeting will be convened on or about 17 May 2002 at which ordinary resolutions to approve the Issue of New Shares, the Shareholders' Agreement and the Share Transfer and Subscription Agreement will be proposed. CITIC Beijing and its associates (as defined in the Listing Rules) shall abstain from voting at the Extraordinary General Meeting.

A circular to shareholders setting out, inter alia, details of the Issue of New Shares, the Shareholders' Agreement and the Share Transfer and Subscription Agreement, the advice from the independent financial adviser to the Independent Board Committee, the recommendation of the Independent Board Committee and a notice of the Extraordinary General Meeting will be despatched to the shareholders of CITIC Ka Wah as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

"Agency Agreement"	the agency agreement to be entered into between CITIC Ka Wah, HKCB and Cargary;
"Cargary"	Cargary Securities Limited, a wholly-owned subsidiary of CITIC Capital Markets incorporated in Hong Kong;

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"Cargary Customer"	any of Cargary's customers whose securities trading account with Cargary is opened through CITIC Ka Wah or HKCB, as the case may be;
"CITIC Beijing"	China International Trust & Investment Corporation, a company established under the laws of the PRC;
"CITIC Capital Markets"	CITIC Capital Markets Holdings Limited, a company incorporated in Hong Kong;
"CITIC Ka Wah"	CITIC Ka Wah Bank Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange;
"CITIC HK"	China International Trust & Investment Corporation Hong Kong (Holdings) Limited, a wholly-owned subsidiary of CITIC Beijing incorporated in Hong Kong;
"CITIC Pacific"	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange;
"Dramatic Year"	Dramatic Year Limited, a wholly-owned subsidiary of CITIC Ka Wah incorporated in the British Virgin Islands;
"Extraordinary General Meeting"	the extraordinary general meeting of CITIC Ka Wah to be held on or about 17 May 2002;
"Forever Glory"	Forever Glory Holdings Ltd, a wholly-owned subsidiary of CITIC Pacific incorporated in the British Virgin Islands;
"Group"	CITIC Capital Markets, Cargary and Ka Wah Capital;
"HKCB"	The Hongkong Chinese Bank, Limited, a wholly-owned subsidiary of CITIC Ka Wah;
"HKCB Customer"	any customer of HKCB who has opened a securities trading account with HKCB;

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"Independent Board Committee"	the independent board committee comprising the independent non-executive directors of CITIC Ka Wah for the purpose of considering and advising the shareholders of CITIC Ka Wah in connection with the Issue of New Shares;
"Issue of New Shares"	the issue of New Shares by CITIC Capital Markets to CITIC Pacific pursuant to the Share Transfer and Subscription Agreement;
"Ka Wah Capital"	Ka Wah Capital Limited, a wholly-owned subsidiary of CITIC Capital Markets incorporated in Hong Kong;
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Merger Date"	the date on which the vesting in HKCB of the undertaking of Citic Ka Wah takes effect pursuant to the relevant ordinance to be enacted;
"New Shares"	960 new ordinary shares of par value HK\$1.00 each in the share capital of CITIC Capital Markets;
"Order"	any order for trading of securities placed by a Cargary Customer;
"Sale Shares"	20 issued ordinary shares of par value HK\$1.00 each in the share capital of CITIC Capital Markets which are currently held by Dramatic Year;
"Share Transfer"	the transfer of the Sale Shares from Dramatic Year to CITIC Pacific pursuant to the Share Transfer and Subscription Agreement;
"Service Agreement"	the service agreement to be entered into between CITIC Capital Markets and CITIC Ka Wah;

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"Share Transfer and Subscription Agreement"	the share transfer and subscription agreement entered into between CITIC Beijing, CITIC Pacific, Forever Glory, CITIC Ka Wah, Dramatic Year and CITIC Capital Markets on 14 March 2002;
"Shareholders' Agreement"	the shareholders' agreement to be entered into between CITIC Beijing, CITIC Pacific, CITIC Ka Wah, Dramatic Year, True Worth, Forever Glory and CITIC Capital Markets;
"SFC"	Securities and Futures Commission;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Subscription"	the subscription by Forever Glory of the New Shares pursuant to the Share Transfer and Subscription Agreement;
"True Worth"	True Worth Investments Limited, a wholly owned subsidiary of CITIC Beijing incorporated in the British Virgin Islands.

By Order of the Board
CITIC Ka Wah Bank Limited
Kyna Y. C. Wong
Company Secretary

By Order of the Board
CITIC Pacific Limited
Alice Tso Mun Wai
Company Secretary

Hong Kong, 14 March 2002

The directors of CITIC Ka Wah jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that relating to CITIC Pacific, Forever Glory, CITIC Beijing and CITIC HK and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement, other than those relating to CITIC Pacific, Forever Glory, CITIC Beijing and CITIC HK, have been arrived at after due and careful consideration and there are no other facts (other than those relating to CITIC Pacific, Forever Glory, CITIC Beijing and CITIC HK) not contained in this announcement, the omission of which would make any statement contained herein misleading.

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The directors of CITIC Pacific jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that relating to CITIC Ka Wah, HKCB, True Worth, Dramatic Year, Cargary, Ka Wah Capital, CITIC Beijing and CITIC HK and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement, other than those relating to CITIC Ka Wah, HKCB, True Worth, Dramatic Year, Cargary, Ka Wah Capital, CITIC Beijing and CITIC HK have been arrived at after due and careful consideration and there are no other facts (other than those relating to CITIC Ka Wah, HKCB, True Worth, Dramatic Year, Cargary, Ka Wah Capital, CITIC Beijing and CITIC HK) not contained in this announcement, the omission of which would make any statement contained herein misleading.

"Please also refer to the published version of this announcement in the Hong Kong i-mail, Ta Kung Pao, Hong Kong Economic Times and Wen Wei Po."