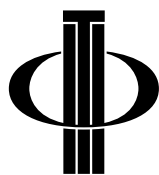


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CITIC PACIFIC

# CITIC Pacific Limited

## 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

### CONTINUING CONNECTED TRANSACTIONS

On 21 December 2001, CITIC Pacific announced the acquisition of an 79.998% interest in CITIC Square through acquiring Eldwin from CITIC HK. Details of the Acquisition can be found in the circular to shareholders dated 2 January 2002 and the Company's website ([www.citicpacific.com](http://www.citicpacific.com)).

Upon completion of the Acquisition which took place on 22 January 2002, Swire Properties, Swire Pacific and Cathay Pacific became connected persons of CITIC Pacific. Prior to Completion, some of the subsidiaries of CITIC Pacific had business transactions with Swire Pacific and its associate (as defined in the Listing Rules) including Cathay. These transactions became connected transactions of CITIC Pacific after Completion.

The Directors expect that the annual transactions amount for the Continuing Connected Transactions may exceed 0.03 % but below 3% of the Group's consolidated net tangible assets. The Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Chapter 14 of the Listing Rules. Details of the Continuing Connected Transactions will be included in CITIC Pacific's published annual reports and accounts.

#### Background

On 21 December 2001, CITIC Pacific announced the acquisition of an 79.998% interest in CITIC Square through acquiring Eldwin from CITIC HK. Details of the Acquisition can be found in the circular to shareholders dated 2 January 2002 and the Company's website ([www.citicpacific.com](http://www.citicpacific.com)).

Swire Properties holds 16.67% of the issued share capital of a subsidiary of Eldwin. Swire Properties is a 100% subsidiary of Swire Pacific. Cathay is an associate of Swire Pacific, being a company which is controlled as to over 30% by Swire Pacific.

Accordingly, Swire Properties, Swire Pacific and Cathay became connected persons of CITIC Pacific after Completion, which took place on 22 January 2002.

Prior to Completion, some of the subsidiaries of CITIC Pacific had business transactions with Swire Pacific and its associate (as defined in the Listing Rules) including Cathay. Main categories were as follows:

1. sale and purchase of different kinds of merchandise e.g. foodstuffs, motor vehicles;
2. repair and maintenance of motor vehicles; and
3. repair and maintenance of ground support equipment and airport vehicles.

For the year ended 31 December 2001, business transactions with Swire Pacific or its associate with annual amounts exceeding 0.03% of the Group's consolidated net tangible assets as disclosed in the Company's 2000 annual report were as follows:

- (1) a subsidiary of CITIC Pacific provided repair services of airport vehicles and ground support equipment amounting to approximately HK\$42 million to an associate of Swire Pacific;
- (2) a subsidiary of CITIC Pacific provided repair services of containers amounting to approximately HK\$20 million to Cathay; and
- (3) a subsidiary of CITIC Pacific purchased foodstuffs amounting to approximately HK\$7 million from a subsidiary of Swire Pacific and sold foodstuffs amounting to approximately HK\$6 million to that company.

(the "Continuing Connected Transactions").

The Directors (including the independent non-executive directors of CITIC Pacific) consider that the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group on normal commercial terms and are fair and reasonable so far as the shareholders of CITIC Pacific are concerned.

#### Application for Waiver

The Continuing Connected Transactions will constitute connected transactions of CITIC Pacific for the purpose of the Listing Rules after Completion. The exact annual transactions amount of the Continuing Connected Transactions cannot be ascertained as they are entered into from time to time but the Directors expect that they may exceed 0.03 % of the Group's consolidated net tangible assets but below 3% of the Group's consolidated net tangible assets.

The Directors believe that strict compliance with the disclosure requirement in respect of the Continuing Connected Transactions would be impractical and unduly onerous on the part of CITIC Pacific as they are of a regular and continuing nature. The Company has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Chapter 14 of the Listing Rules on the following basis:-

- (A) the Continuing Connected Transactions are of a total value in each financial year not exceeding 3% of the value of the audited net tangible assets of the Group as disclosed in the preceding year's annual report (the "Waiver Limit");
- (B) details of the Continuing Connected Transactions will be disclosed in CITIC Pacific's annual report ("Annual Report") as described in Rule 14.25(1)(A) to (D) of the Listing Rules;
- (C) an independent committee of the Board (comprising only of independent non-executive Directors) shall review the Continuing

Connected Transactions each year and confirm in the Annual Report that the Continuing Connected Transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
  - (iii) on terms that are fair and reasonable so far as the shareholders of CITIC Pacific are concerned;
- (D) the auditors of CITIC Pacific shall review the Continuing Connected Transactions each year and confirm by way of a letter addressed to the Board and copied to the Stock Exchange stating that the Continuing Connected Transactions:-
- (i) have received the approval of the Board of CITIC Pacific;
  - (ii) have been entered into on normal commercial terms or, with the terms of the agreement(s) relating to the transactions or, if there is no such agreement, on terms no less favourable to or from independent third parties; and
  - (iii) have not exceeded the Waiver Limit.

#### DEFINITIONS

"Acquisition"	the acquisition of Eldwin by CITIC Pacific pursuant to a sale and purchase agreement dated 21 December 2001
"associate"	has the meaning as given to it in the Listing Rules
"Board"	board of Directors
"Cathay"	Cathay Pacific Airways Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
"CITIC HK"	China International Trust & Investment Corporation Hong Kong (Holdings) Limited, a substantial shareholder of CITIC Pacific
"CITIC Pacific" or the "Company"	CITIC Pacific Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange
"CITIC Square"	中信泰富廣場 CITIC Square, situated at 1168 Nanjing Xi Lu, Jingan District, Shanghai, PRC
"Completion"	completion of the Acquisition, which took place on 22 January 2002
"connected person"	as defined in the Listing Rules
"Directors"	directors of CITIC Pacific
"Eldwin"	Eldwin Corporation, a subsidiary of CITIC Pacific
"Group"	CITIC Pacific and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Swire Pacific"	Swire Pacific Limited, a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange
"Swire Properties"	Swire Properties Limited, a company incorporated in Hong Kong

On behalf of the Board  
**Alice Tso Mun Wai**  
Company Secretary

Hong Kong, 22 March 2002