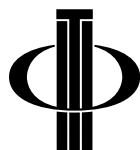


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CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

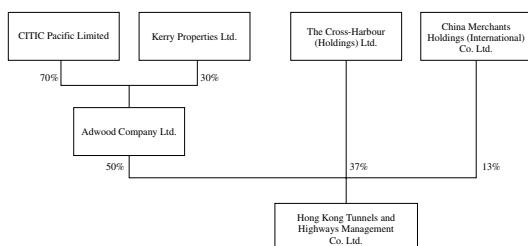
CONNECTED TRANSACTION

The Directors of CITIC Pacific announce that on 28 June 2002, CITIC Pacific, together with Kerry and the Other JV Parties, entered into the New Performance Guarantee in favour of the Hong Kong Government.

The Hong Kong Government will enter into the New Management Contract with the JV Company before 1 September 2002. CITIC Pacific, Kerry and the Other JV Parties have confirmed that they will account to and indemnify each other in respect of their portion of liability under the New Performance Guarantee in proportion to their ultimate beneficial interests in the share capital of the JV Company.

Kerry owns 30% of Adwood, a subsidiary of CITIC Pacific and therefore is a connected person of the Company. The maximum exposure of the Company under the New Performance Guarantee and the related indemnity under the JV Agreement is estimated to represent more than 0.03% but less than 3% of the Net Tangible Assets. Details of the New Performance Guarantee and the related indemnity under JV Agreement will be disclosed in the 2002 annual report of the Company.

Shareholding structure of Adwood and the JV Company:



Parties:

The Company, Kerry and the Other JV Parties as guarantors under the New Performance Guarantee and as a party to the related indemnity under the JV Agreement.

Background and the terms of the New Performance Guarantee and confirmation of the related indemnity under the JV Agreement:

On 9 April 1999, the Company, Kerry, The Cross-Harbour (Holdings) Limited, China Merchants Holdings (Hong Kong) Company Limited and Adwood entered into the JV Agreement in relation to the setting up and the operation of the JV Company to tender for the Old Management Contract. China Merchants Holdings (International) Company Limited together with its wholly owned subsidiary subsequently replaced China Merchants Holdings (Hong Kong) Company Limited as a party to the JV Agreement. The Old Management Contract will expire and the Old Performance Guarantee is due to be released on 31 August 2002. Details of the Old Management Contract, the Old Performance Guarantee and the related indemnity can be found in the Company's announcement dated 12 July 1999.

As JV Company has been successful in the tender, the Hong Kong Government will enter into the New Management Contract with the JV Company before 1 September 2002. The New Management Contract is for a term of two years renewable at the option of the Hong Kong Government for a further term of up to two years.

On 28 June 2002, the Company, Kerry and the Other JV Parties entered into the New Performance Guarantee in favour of the Hong Kong Government. Under the New Performance Guarantee, each of the Company, Kerry and the Other JV Parties jointly and severally guarantee to the Hong Kong Government the due and punctual performance by the JV Company of its obligations under the New Management Contract.

The Company, Kerry and the Other JV Parties have confirmed that in relation to any claim to be asserted or made under the New Performance Guarantee, as between themselves, the total liability in respect of such claim and all costs and expenses suffered or incurred by any one of them shall be shared by them in proportion to their ultimate beneficial ownership in the share capital of the JV Company as previously set out in the JV Agreement. Accordingly, each of the Company, Kerry and the Other JV Parties will account to and indemnify each other in respect of their portion of liability under the New Performance Guarantee in proportion to their respective ultimate beneficial interests in the share capital of the JV Company.

The Directors (including independent non-executive Directors) consider that the New Performance Guarantee and the related indemnity under the JV Agreement are on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Exposure of the Company:

The maximum exposure of the Company under the New Performance Guarantee and the related indemnity under the JV Agreement is estimated to represent more than 0.03% but less than 3% of Net Tangible Assets.

Connection between the parties:

Kerry owns 30% of Adwood, a subsidiary of the Company and therefore is a connected person of the Company. Neither of the Other JV Parties is connected with the directors or substantial shareholders of the Company or any of its subsidiaries, or an associate of any of them (as defined in the Listing Rules).

Information for shareholders:

The exposure of the Company under the New Performance Guarantee and the related indemnity under the JV Agreement fall within the de minimis provisions of the Listing Rules. Details of the New Performance Guarantee and the related indemnity will be disclosed in the 2002 annual report of the Company.

Term used in this announcement:

"Adwood"	Adwood Company Limited
"CITIC Pacific" or "Company"	CITIC Pacific Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"JV Agreement"	the agreement dated 9 April 1999 between the Company, Kerry, The Cross-Harbour (Holdings) Limited, China Merchants Holdings (Hong Kong) Company Limited and Adwood relating to the operation of JV Company as revised by subsequent supplements
"JV Company"	Hong Kong Tunnels and Highways Management Company Limited
"Kerry"	Kerry Properties Limited, a company whose shares are listed on the Stock Exchange of Hong Kong Limited
"Net Tangible Assets"	the book value of the net tangible assets of the Group as at 31 December 2001 as disclosed in the Group's 2001 audited consolidated accounts
"New Management Contract"	the agreement for the management, operation and maintenance of the Cross Harbour Tunnel to be entered into by the JV Company and the Hong Kong Government before 1 September 2002
"New Performance Guarantee"	the performance guarantee in respect of the obligations of the JV Company under the New Management Contract entered into by the Company, Kerry and the Other JV Parties in favour of the Hong Kong Government on 28 June 2002
"Old Management Contract"	the agreement for the management, operation and maintenance of the Cross Harbour Tunnel entered into by the JV Company and the Hong Kong Government on 15 July 1999 which will expire on 31 August 2002
"Old Performance Guarantee"	the performance guarantee in respect of the obligations of the JV Company under the Old Management Contract entered into by the Hong Kong Government on 12 July 1999 which is due to be released on 31 August 2002
"Other JV Parties"	The Cross-Harbour (Holdings) Limited (formerly known as The Cross-Harbour Tunnel Company Limited), a company whose shares are listed on the Stock Exchange of Hong Kong Limited, and China Merchants Holdings (International) Company Limited, a company whose shares are listed on the Stock Exchange of Hong Kong Limited

By Order of the Board
Alice Tso Mun Wai
Secretary

Hong Kong, 28 June 2002

"Please also refer to the published version of this announcement in The Standard".