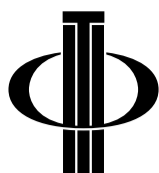


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CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF JIANGSU CP XINGCHENG SPECIAL STEEL CO., LTD. (江蘇泰富興澄特殊鋼股份有限公司) ON THE SHANGHAI STOCK EXCHANGE A SHARE MARKET

The Board announces that on 2 April 2003 Jiangsu CP Xingcheng, a 54.7% owned subsidiary of CITIC Pacific which is engaged in manufacturing, processing and marketing of special steel and their related industrial materials, made an application to the China Securities Regulatory Commission for the listing of the A shares in its capital on the Shanghai Stock Exchange A Share Market.

It is proposed that Jiangsu CP Xingcheng will offer 180,000,000 A shares (or upto a maximum of 200,000,000 A shares) of RMB1.00 each for subscription in the PRC at an issue price to be determined subject to market condition. If 200,000,000 A shares are offered, upon completion of the Share Offer, CITIC Pacific's shareholding interest in Jiangsu CP Xingcheng will be reduced from 54.7% to 36.17% and Jiangsu CP Xingcheng will then cease to be a subsidiary of CITIC Pacific.

The Share Offer may or may not materialise. Shareholders and public investors are reminded to exercise caution in dealings in the securities of CITIC Pacific.

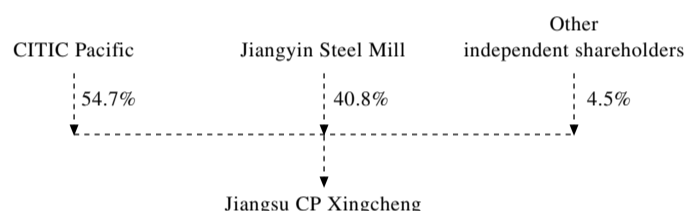
INTRODUCTION

The Board announces that on 2 April 2003, a formal application was submitted to the China Securities Regulatory Commission for the listing of the A shares in Jiangsu CP Xingcheng's capital on the Shanghai Stock Exchange A Share Market by way of a Share Offer.

BACKGROUND

Jiangsu CP Xingcheng is currently a 54.7% owned subsidiary of CITIC Pacific. It is principally engaged in manufacturing, processing and marketing of special steel and their related industrial materials.

Jiangsu CP Xingcheng owns a 20% interest in Special Steel Co. and a 45% interest in Special Materials Co. CITIC Pacific through its wholly owned subsidiary also owns a 44% interest in Special Steel Co. Details on Special Steel Co. and Special Materials Co. can be found in CITIC Pacific's announcement dated 18 December 2002. At present, Jiangsu CP Xingcheng and Special Steel Co. are subsidiaries of CITIC Pacific. The existing shareholding structure of Jiangsu CP Xingcheng is as follows:-

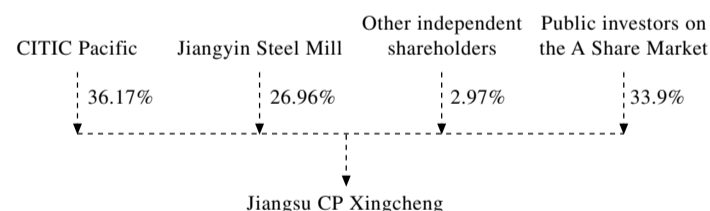


Jiangsu CP Xingcheng's audited net tangible assets as at 31 December 2002 and 31 December 2001 were approximately HK\$520 million and HK\$398 million respectively.

Jiangsu CP Xingcheng's audited profits (before taxation, minority interests and extraordinary items) of HK\$140 million for the year ended 31 December 2002 represented approximately 3% of the audited consolidated pre-tax profit of CITIC Pacific as at 31 December 2002. Its audited profits (before taxation, minority interests and extraordinary items) of HK\$81 million for the year ended 31 December 2001 represented approximately 3% of the audited consolidated pre-tax profit of CITIC Pacific as at 31 December 2001.

INFORMATION ON THE PROPOSED SPIN-OFF

Jiangsu CP Xingcheng proposes to offer 180,000,000 new A shares representing 46.15% and 31.58% respectively of its existing and enlarged share capital (or upto a maximum of 200,000,000 new A shares representing 51.28% and 33.90% respectively of its existing and enlarged share capital) of RMB1.00 each for subscription in the PRC at an issue price to be determined. If 200,000,000 A shares are offered, upon completion of the Share Offer, the shareholding structure of Jiangsu CP Xingcheng will be as follows:-



If the Share Offer in respect of 200,000,000 A shares materialises, CITIC Pacific's shareholding interest in Jiangsu CP Xingcheng will be reduced from 54.7% to 36.17%. Jiangsu CP Xingcheng will cease to be a subsidiary of CITIC Pacific.

The issue price per share under the Share Offer has not been fixed but it is expected that the total value of the A shares to be issued under the Share Offer will not exceed RMB1.4 billion (i.e. approximately HK\$1.3 billion) or 3% of CITIC Pacific's audited consolidated net tangible assets as at 31 December 2002. It is intended that the net proceeds arising from the Share Offer will be applied to acquire new machinery and equipment for improving the production capacity and efficiency of Jiangsu CP Xingcheng and to subscribe for additional capital in Special Steel Co. to increase Jiangsu CP Xingcheng's shareholding from 20% to 45%.

It is expected that the Share Offer will materialise in the fourth quarter of 2003 but no definitive timetable of the Share Offer is available as it would depend on the progress of the approval process in the PRC. Further announcements will be made as and when appropriate in respect of the details and any material development in relation to the Share Offer.

BENEFITS OF THE PROPOSED SPIN-OFF

The Board believes that a separate listing of Jiangsu CP Xingcheng will provide diversified funding sources for Jiangsu CP Xingcheng to finance its existing operations and future expansion. In addition, the separate listing of Jiangsu CP Xingcheng will allow Jiangsu CP Xingcheng to achieve its valuation potential which, in turn will be beneficial to the shareholders of CITIC Pacific. Moreover, Jiangsu CP Xingcheng, upon its listing, can obtain an independent source of funding via debt and equity and can gain greater access to the capital markets.

The Share Offer will be made in the PRC via the Shanghai Stock Exchange A Share Market. According to existing PRC laws, regulations and practices and the relevant policies of China Securities Regulatory Commission, Jiangsu CP Xingcheng is not permitted to allocate any percentage of its shares as an assured

entitlement tranche offered to CITIC Pacific or its shareholders. Accordingly, no assured entitlement to shares in Jiangsu CP Xingcheng can be offered to shareholders of CITIC Pacific. CITIC Pacific has made an application to the Stock Exchange for a waiver from compliance with the requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules to provide assured entitlement of shares in Jiangsu CP Xingcheng to CITIC Pacific's shareholders. The Stock Exchange may or may not grant the waiver and a further announcement will be made by CITIC Pacific as and when necessary.

GENERAL

The Share Offer is subject to the requirements stipulated in Practice Note 15 of the Listing Rules. Under the Listing Rules and Practice Note 15 of the Listing Rules, Jiangsu CP Xingcheng does not constitute a "major subsidiary" of CITIC Pacific and the Share Offer, if it materialises, is not expected to constitute a disclosable transaction of CITIC Pacific or subject to any shareholders approval. Further announcements will be made as and when appropriate in respect of the details and any material development in relation to the Share Offer.

The Share Offer may or may not materialise. Shareholders and public investors are reminded to exercise caution in dealings in the securities of CITIC Pacific.

Term used in this announcement:

“Board”	the board of Directors
“Company” or “CITIC Pacific”	CITIC Pacific Limited
“Directors”	the directors of the Company
“Jiangsu CP Xingcheng”	江蘇泰富興澄特殊鋼股份有限公司 (Jiangsu CP Xingcheng Special Steel Co., Ltd.), a foreign investment stock limited company established under the Companies Law of the PRC
“Jiangyin Steel Mill”	江陰鋼廠, a collectively-owned enterprise established under the relevant laws of the PRC which is a substantial shareholder (as defined in the Listing Rules) of Jiangsu CP Xingcheng and other subsidiaries of CITIC Pacific which are not involved in the Proposed Spin-off and a connected person of CITIC Pacific
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Offer”	the proposed new issue of 180,000,000 A shares (or a maximum of 200,000,000 A shares) of RMB1.00 each in the share capital of Jiangsu CP Xingcheng for subscription in the PRC incidental to the proposed listing of the A shares of Jiangsu CP Xingcheng on the Shanghai Stock Exchange A Share Market
“Special Materials Co.”	江陰泰富興澄特種材料有限公司 (Jiangyin CP Xingcheng Special Materials Co., Ltd.), a limited liability company established under the relevant laws of the PRC and owned as to 30.25% by the Company, 45% by Jiangsu CP Xingcheng and 24.75% by Jiangyin Steel Mill
“Special Steel Co.”	江陰興澄特種鋼鐵有限公司 (Jiangyin Xingcheng Special Steel Works Co., Ltd.), a limited liability company established under the relevant laws of the PRC and owned as to 44% by the Company, 20% by Jiangsu CP Xingcheng and 36% by Jiangyin Steel Mill
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Alice Tso Mun Wai
Secretary

Hong Kong, 2 April 2003

The exchange rate of RMB to Hong Kong dollars quoted in this announcement adopts a rate of RMB1 equivalent to HK\$0.943

“Please also refer to the published version of this announcement in South China Morning Post and Hong Kong Economic Times.”