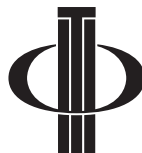


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CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 267)

CONNECTED TRANSACTION

ESTABLISHMENT OF A PRC JOINT VENTURE IN WUXI

The Board announces that on 24 June 2004, Noble Full (a wholly owned subsidiary of CITIC Pacific), Jiangyin Steel Mill and Bright Trinity entered into the JV Contract and Articles of Association for the establishment of New JV, a new joint venture company. Upon its establishment, New JV will be owned as to approximately 80% by Noble Full, 11.7% by Jiangyin Steel Mill and approximately 8.3% by Bright Trinity.

The total investment and the registered capital of New JV amount to US\$29,800,000 (approximately HK\$232,440,000) and US\$11,920,000 (approximately HK\$92,976,000) respectively. The total commitment of the Group in New JV is approximately US\$23,840,000 (approximately HK\$185,952,000) which represents more than 0.1% but less than 2.5% of the consideration ratio calculated pursuant to Rule 14.07(4) of the Listing Rules.

Jiangyin Steel Mill is a substantial shareholder of various subsidiaries of the Company engaging in steel manufacturing business. A director of the said subsidiaries holds a 42.8% interest in Bright Trinity and together with 2 other directors of the said subsidiaries collectively hold a 82% interest in Bright Trinity. As such, the establishment of New JV constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Details of the joint venture arrangement will be included in the 2004 annual report and accounts of the Company.

JV CONTRACT AND ARTICLES OF ASSOCIATION OF NEW JV

Date: 24 June 2004

Parties: (1) Noble Full, a wholly-owned subsidiary of the Company
(2) Jiangyin Steel Mill, a substantial shareholder of Steel Subsidiaries (as defined below) and thus, a connected person (as defined in the Listing Rules) of the Company
(3) Bright Trinity, an associate of a director of Steel Subsidiaries and thus, a connected person (as defined in the Listing Rules) of the Company

Business: To engage in the production and sale of ferrous metal materials.

Total Investment: US\$29,800,000 (approximately HK\$232,440,000)

Registered Capital: US\$11,920,000 (approximately HK\$92,976,000), contributed as to:

(1) approximately 80% by Noble Full;
(2) 11.7% by Jiangyin Steel Mill; and
(3) approximately 8.3% by Bright Trinity.

The capital contribution of Noble Full, Jiangyin Steel Mill and Bright Trinity will be made in cash in accordance with their respective shareholding interest in New JV as soon as practicable upon the formation of New JV. The capital contribution of the Parties will be funded by their own internal resources. As at the date of this announcement, the Parties do not have any plan to make capital contribution to New JV beyond the registered capital.

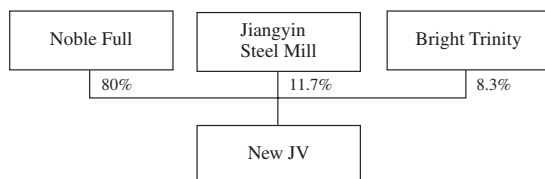
Transfer by one Party of its interest in New JV is subject to the preemptive rights of the other Parties.

Term: 50 years from the date of issue of the business licence of New JV. During the 6 month period before the expiration of the term, with the unanimous consent of the directors at the board meeting of New JV, New JV may apply to the relevant PRC authority for an extension of the term of New JV. New JV will apply for a business licence after the JV Contract and the Articles of Association have been entered into.

JV Board: The board of directors of New JV will consist of 9 directors. Noble Full will nominate 7 directors to JV Board and each of Jiangyin Steel Mill and Bright Trinity, 1 director. The chairman of the board will be appointed by Noble Full.

Conditions: The JV Contract and the Articles of Association are conditional upon all necessary approvals from the relevant PRC authorities having been obtained. The JV Contract does not specify any date by which such approvals must be obtained.

The shareholding structure upon the establishment of New JV is as follows:-



The terms of the JV Contract and Articles of Association have been arrived at after arm's length negotiations. Pursuant to the JV Contract and Articles of Association, the profit-sharing arrangement will be in proportion of the respective contribution in the registered capital of New JV by each Party.

INFORMATION ON THE PARTIES

The principal businesses of the Group comprise the provision of basic infrastructure in Hong Kong and Mainland China including aviation, civil infrastructure, communications, power generation, distribution of motor vehicles and consumer products, property and industrial manufacturing.

Jiangyin Steel Mill and Bright Trinity are investment holding companies.

REASONS FOR AND BENEFITS OF THE TRANSACTION

CITIC Pacific's long term objective remains to develop a large diversified business focusing on infrastructure. Steel manufacturing is a key element of CITIC Pacific's industrial portfolio. The formation of New JV provides an opportunity for the Group to invest in and further expand its steel manufacturing business in the PRC.

The Directors (including the independent non-executive directors) consider that the terms of the JV Contract and Articles of Association are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL

Jiangyin Steel Mill is a substantial shareholder of various subsidiaries of the Company engaging in steel manufacturing business ("Steel Subsidiaries"). A director of the Steel Subsidiaries holds a 42.8% interest in Bright Trinity and together with 2 other directors of the Steel Subsidiaries collectively hold a 82% interest in Bright Trinity. To the best of the Directors' knowledge, information and belief, other than the respective shareholding interests in Bright Trinity and directorship in the Steel Subsidiaries, the said directors of the Steel Subsidiaries are not interested in any business which competes or likely to compete with the Company's steel manufacturing business.

The establishment of New JV constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Details of the joint venture arrangement will be included in the 2004 annual report and accounts of the Company.

DEFINITIONS

"Articles of Association"	the articles of association of New JV entered into on 24 June 2004 among the Parties
"Board"	the board of directors of the Company
"Bright Trinity"	Bright Trinity Enterprises Ltd. (天水投資有限公司), a company incorporated under the laws of British Virgin Islands
"Company" or "CITIC Pacific"	CITIC Pacific Limited
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Jiangyin Steel Mill"	江陰鋼廠, a municipal collectively-owned enterprise (市屬集體所有制企業) established under the relevant laws of the PRC
"JV Board"	the board of directors of New JV
"JV Contract"	the joint venture contract entered into on 24 June 2004 among the Parties in relation to the establishment of New JV
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"New JV"	the joint venture company to be established in Wuxi in the PRC, which will be owned as to approximately 80% by Noble Full, 11.7% by Jiangyin Steel Mill and approximately 8.3% by Bright Trinity
"Noble Full"	Noble Full Company Limited (樂暉有限公司), a company incorporated under the laws of British Virgin Islands and a wholly-owned subsidiary of the Company
"Parties"	collectively, Noble Full, Jiangyin Steel Mill and Bright Trinity, being parties to the JV Contract, and "Party" means any one of them
"PRC"	the People's Republic of China
"Shareholders"	the shareholders of the Company from time to time
"US\$"	United States dollars, the lawful currency of the United States of America

By Order of the Board
Alice Tso Mun Wai
Company Secretary

Hong Kong, 24 June 2004

Unless otherwise stated, the exchange rates of US\$ to HK\$ quoted in this announcement adopt the rate of US\$1 equivalent to HK\$7.8.

As at the date hereof, the executive directors of the Company are Larry Yung Chi Kin (Chairman), Henry Fan Hung Ling, Vernon Francis Moore, Peter Lee Chung Hing, Norman Yuen Kee Tong, Yao Jinrong, Chang Zhenming, Li Shilin, Carl Yung Ming Jie and Liu Jifu. The non-executive directors are Willie Chang, André Desmarais and Peter Kruyt (alternate director to André Desmarais). The independent non-executive directors are Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong.

"Please also refer to the published version of this announcement in The Standard and Hong Kong Economic Times".