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CITIC Pacific Ltd

中信泰富有限公司

Registered Office

32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

註冊辦事處

香港中環添美道一號中信大廈三十二樓

Board of Directors

Larry Yung Chi Kin	<i>Chairman</i>
Henry Fan Hung Ling	<i>Managing Director</i>
Vernon Francis Moore	<i>Deputy Managing Director</i>
Peter Lee Chung Hing	<i>Deputy Managing Director</i>
Norman Yuen Kee Tong	<i>Deputy Managing Director</i>
Yao Jinrong	<i>Executive Director</i>
Chang Zhenming	<i>Executive Director</i>
Li Shilin	<i>Executive Director</i>
Carl Yung Ming Jie	<i>Executive Director</i>
Liu Jifu	<i>Executive Director</i>
Willie Chang*	
Hamilton Ho Hau Hay**	
Alexander Reid Hamilton**	
Hansen Loh Chung Hon**	
Norman Ho Hau Chong**	
André Desmarais*	

* *Non-executive Directors*

** *Independent non-executive Directors*

董事

榮智健	主席
范鴻齡	董事總經理
莫偉龍	副董事總經理
李松興	副董事總經理
阮紀堂	副董事總經理
姚進榮	執行董事
常振明	執行董事
李士林	執行董事
榮明杰	執行董事
劉基輔	執行董事
張偉立*	
何厚浚**	
韓武敦**	
陸鍾漢**	
何厚鏘**	
德馬雷*	

* 非執行董事

** 獨立非執行董事

To the Shareholders

Dear Sir/Madam:

Explanatory Statement and Memorandum in relation to the Buyback Mandate (as hereinafter defined)

This is an explanatory statement and memorandum of the terms of the proposed repurchases given to all the shareholders of the Company relating to a resolution to approve the Company repurchasing its own shares (“Buyback Mandate”) to be proposed at the annual general meeting of the Company to be held on 12 May 2005 (the “AGM”).

This explanatory statement contains the information required under rule 10.06(1)(b) of the Rules governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). Its purpose is to provide shareholders with all the information reasonably necessary for them to make an informed decision as to whether or not to vote in favour of the resolution approving the Buyback Mandate and it also forms the memorandum of the terms of the proposed repurchases given under Section 49BA(3)(b) of the Companies Ordinance.

i. SHARE CAPITAL

As at 15 March 2005, being the latest practicable date prior to the printing of this document (“LPD”), the issued share capital of the Company was 2,192,110,160 shares of HK\$0.40 each (“Shares”).

Subject to the passing of the resolution approving the Buyback Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 219,211,016 Shares, representing 10% of the issued share capital of the Company.

ii. SHAREHOLDER APPROVAL/TRADING RESTRICTIONS

The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction.

iii. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the shareholders to seek a general authority from shareholders to enable the Directors to repurchase the Shares of the Company on the market.

敬啟者：

有關購回授權(定義見本文)之說明函件及備忘錄

此乃關於一項本公司將於二零零五年五月十二日舉行之股東週年大會(「股東週年大會」)上提呈批准本公司購回其本身股份(「購回授權」)之決議案而向所有本公司股東發出之購回建議條款之說明函件及備忘錄。

本說明函件載有香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第10.06(1)(b)條所要求之資料。本函件旨在向股東提供一切必須之資料,使彼等可在瞭解情況後決定是否投票贊成批准購回授權之決議案,同時亦構成根據公司條例第49BA(3)(b)條提出購回建議條款之備忘錄。

i. 股本

於二零零五年三月十五日(本文件付印前之最後實際可行日期(「最後可行日期」)),本公司之已發行股本為每股面值港幣0.40元之股份(「股份」)2,192,110,160股。

倘批准購回授權之決議案獲得通過,同時在股東週年大會前不再發行或購回股份,則本公司根據購回授權將獲准購回最多219,211,016股股份,相當於本公司已發行股本10%。

ii. 股東批准/買賣限制

上市規則規定,於聯交所作第一上市之公司購回證券之一切建議必須事先以普通決議案(以一般授權或特別批准一項特殊交易之方式)批准。

iii. 購回之理由

董事會認為向股東尋求一般授權,使董事會可於市場購回本公司之股份,乃符合本公司及股東之最佳利益。購回股份只在董事會認

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings and/or dividend per share.

iv. FUNDING OF REPURCHASES

Repurchases must be funded out of the funds legally available for the purpose in accordance with Hong Kong law, being profits available for distribution and the proceeds of a fresh issue of shares made for the purpose of the repurchases. It is envisaged that the funds required for any repurchase would be derived from profits available for distribution.

The Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. However, there might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements as at 31 December 2004) in the event that the Buyback Mandate was exercised in full.

v. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the 12 months preceding the LPD, from 1 March 2004 to 28 February 2005, were as follows:

		<i>Shares 股份</i>					
		<i>Highest \$ 最高 (元)</i>	<i>Lowest \$ 最低 (元)</i>				
2004	March	24.35	21.50	二零零四年	三月		
	April	23.65	18.75		四月		
	May	20.00	15.90		五月		
	June	19.85	17.40		六月		
	July	19.30	18.00		七月		
	August	20.10	18.05		八月		
	September	20.70	19.35		九月		
	October	20.55	18.85		十月		
	November	22.30	19.70		十一月		
	December	22.90	21.55		十二月		
	2005	January	22.50		20.50	二零零五年	一月
		February	22.90		21.05		二月

為該項購回有利於本公司及其股東之情況下會進行。該等購回可(視乎當時之市場情況及提供資金之安排)導致每股資產淨值及/或盈利及/或股息之增加。

iv. 提供購回證券所需之資金

購回所需之資金必須根據香港法例從合法作此用途之款項中撥出,即為可供分派之溢利及就購回而新發行股份所得之收益。預期任何購回所需之資金均來自可供分派之溢利。

倘行使購回授權對本公司之營運資金需求或董事會不時認為適合本公司之資本負債水平構成重大不利影響,董事會在此情況下不擬行使購回授權。然而,倘購回授權獲全面行使,則可能對本公司之營運資金或資本負債狀況(與二零零四年十二月三十一日經審核財務報告所披露之狀況比較)構成不利影響。

v. 股價

股份由二零零四年三月一日至二零零五年二月二十八日止之最後可行日期前十二個月內每個月份在聯交所買賣之最高及最低價如下:

vi. GENERAL

None of the Directors, or to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention if the Buyback Mandate is exercised to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Buyback Mandate in accordance with the Listing Rules and the laws of Hong Kong.

If as the result of a repurchase of shares a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for purposes of the Hong Kong Code on Takeovers and Mergers and Share Repurchases ("Takeover Code"). As a result, a shareholder, or group of shareholders acting in concert depending on the level of increase of shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code. As at 15 March 2005, the LPD, CITIC Hong Kong (Holdings) Limited ("CITIC HK") together with its directors as parties acting in concert held approximately 49% of the issued share capital of the Company. In the event of full exercise of the Buyback Mandate and the maintenance by CITIC HK and its concert parties of their present shareholding, the percentage of the issued share capital of the Company held by CITIC HK and parties acting in concert would increase by more than 5%. An obligation to make a general offer to shareholders under Rules 26 and 32 of the Takeover Code may accordingly arise. The Directors have no present intention to exercise the Buyback Mandate to such an extent as would result in such takeover obligation arising. CITIC HK is a wholly owned subsidiary of CITIC Group ("CITIC Beijing") and thus both CITIC HK and CITIC Beijing are substantial shareholders of the Company. Save as disclosed, the Directors are not aware of any shareholder or group of shareholders acting in concert who will become obliged to make a mandatory offer as a result of a repurchase of Shares.

vi. 一般事項

各董事或(在作出一切合理之查詢後就彼等所深知)彼等之聯繫人士現時無意(倘購回授權獲行使)向本公司或其附屬公司出售任何股份。

董事會已向聯交所作出承諾,彼等將根據上市規則及香港法例按照購回授權行使本公司之權力購回股份。

倘購回股份導致股東於本公司擁有之投票權比例增加,就香港公司收購、合併及股份購回守則(「收購守則」)而言,此增加將被視為一項收購。因此,一名股東或一群一致行動之股東(視乎股東權益增加之水平)可取得或合併對本公司之控制,並根據收購守則第26條須提出強制性之收購。截至二零零五年三月十五日止(最後可行日期),中信(香港集團)有限公司(「中信香港」)連同其董事(作為與中信香港一致行動人士)合共持有本公司已發行股本約49%。若全面行使購回授權,及中信香港與其一致行動人士之現有股權維持不變,則中信香港與其一致行動之人士所持之股份佔本公司之已發行股本之比率將增加超過5%,因此可能須根據收購守則第26及32條向股東提出全面收購。董事會現不擬行使該購回授權至產生上述收購責任之程度。中信香港為中國中信集團公司(「中信北京」)之全資附屬公司,故中信香港及中信北京均為本公司之主要股東。除所披露者外,董事並不知悉任何股東或一群一致行動之股東將因購回股份而須提出強制性收購建議。

There have been no repurchases of any securities of the Company made in the previous six months (whether on the Stock Exchange or otherwise).

The Listing Rules prohibit the Company from knowingly repurchasing Shares of the Company on the Stock Exchange from a “connected person” (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his/her Shares to the Company.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorized to make repurchases of Shares.

Yours faithfully

By Order of the Board

Henry Fan Hung Ling *Managing Director*

29 March 2005

過去六個月，本公司概無購回其任何證券（包括在聯交所或以其他形式）。

上市規則禁止本公司故意在聯交所向「關連人士」（定義見上市規則）購回本公司之股份，而關連人士亦禁止故意向本公司出售其股份。

概無本公司之關連人士（定義見上市規則）已知會本公司，表示彼等現時有意在本公司獲授權購回股份之情況下向本公司出售股份或承諾不出售股份。

此致
列位股東

承董事會命

范鴻齡 董事總經理

謹啟

二零零五年三月二十九日