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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)

Investment in Daye

The directors (the "Directors") of CITIC Pacific Limited (the "Company") refer to an announcement dated April 20, 2005 (the "Daye Announcement") issued by Daye Special Steel Co. Ltd. ("Daye") concerning material adjustments to its prior years' results. The Directors consider that since the Company held only a 19% interest in Daye as at 31 December 2004, Daye's prior years' adjustments will not have any significant impact on the Company and its subsidiaries (the "Group").

The Directors refer to the Daye Announcement issued by Daye in the People's Republic of China (the "PRC") concerning material adjustments to its prior years' results.

As disclosed in the Daye Announcement, Daye's auditors reported certain accounting errors in the accounts of 2003, 2002 and the years prior thereto, mainly in respect of under-provision for doubtful debts and over-statement for inventory cost. Daye expects that prior years' adjustments will be made in the accounts resulting in a loss for 2002 and 2003. Daye estimates that after the adjustments, the accumulated net loss of Daye at the beginning of 2004 is approximately RMB700 million. Daye is a joint stock limited company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange. Subject to the accounts being audited by its auditors, Daye will make further disclosures as required by the applicable laws and rules of the Shenzhen Stock Exchange. Daye expects that the aforesaid adjustments will not affect its daily operation.

The Directors would like to point out that:

1. as at 31 December 2004 the Group held only a 19% interest in Daye, therefore the prior years' results adjustments as mentioned in the Daye Announcement will not have significant impact on the Group;
2. as disclosed in the Company's circular dated 13 January 2005, the Group successfully bid for an additional 38.86% interest in Daye at a public auction in December 2004 at RMB2.29 per share, which will not be subject to any adjustment. Based on the unaudited net asset value as disclosed in Daye's quarterly report of September 30, 2004, the estimated net asset value per Daye share as at September 30, 2004 after taking into account of the prior years' adjustments as mentioned in Daye Announcement will be RMB1.95. The bidding price of RMB2.29 per share represented a premium of 17.4% over the said adjusted net asset value per Daye share;
3. completion of acquisition of the 38.86% is still subject to PRC regulatory approval. The Group is in the process of applying to China Securities Regulatory Commission of the PRC for a waiver from making a general offer for all Daye shares not held by the Group. If such waiver is granted, the Group will complete the acquisition of the 38.86% interest in Daye as soon as practicable thereafter;
4. the audited accounts of Daye for 2004 are expected to be available on April 30, 2005 and concrete financial information including the details of the adjustments can then be ascertained. Upon such information becoming available, the Company will make a further announcement if required under the Listing Rules.

By Order of the Board
CITIC Pacific Limited
Alice Tso Mun Wai
Company Secretary

Hong Kong, 21 April 2005

As at the date of this announcement, the executive directors of the Company are Messrs 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, Liu Jifu and Leslie Chang Li Hsien; the non-executive directors of the Company are Messrs Willie Chang, Andre Desmarais and Peter Kruyt (alternate director to Mr. Andre Desmarais); and the independent non-executive directors of the Company are Messrs 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."