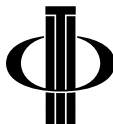


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CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

ACQUISITION OF INTEREST IN DAYE

The directors (the "Directors") of CITIC Pacific Limited (the "Company") announce that on 29 August 2005, Hubei Xin Yegang Co., Ltd. ("Xin Yegang"), a 95%-owned subsidiary of the Company, submitted a general offer summary report to Shenzhen Stock Exchange for its proposed acquisition of the remaining 41.87% interest in Daye Special Steel Co., Ltd. ("Daye") by way of general offer (the "General Offer"). The total acquisition price for such 41.87% interest in Daye is expected to be around RMB479 million (approximately HK\$460 million) if all remaining shareholders of Daye accept the General Offer.

As disclosed in the circular of the Company dated 13 January 2005 (the "Circular"), the completion of the acquisition by Xin Yegang and a wholly-owned subsidiary of the Company of an aggregate 38.86% interest in Daye (the "Acquisition") would require the Company and/or its subsidiaries (collectively the "Group") to make the General Offer. The Circular stated that the Company will seek a waiver from China Securities Regulatory Commission ("CSRC") of the requirement for the General Offer. To date, CSRC has not granted such waiver. The Directors consider that to expedite the Acquisition, it would be in the interests of the Company and its shareholders to make the General Offer based on the offer prices mentioned below and to complete the Acquisition. The General Offer does not constitute any notifiable transaction for the Company within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 29 August 2005, Xin Yegang, a 95%-owned subsidiary of the Company, submitted a general offer summary report to the Shenzhen Stock Exchange for a proposed General Offer in respect of the remaining 41.87% interest in Daye (represented by 167,040,000 freely transferable shares and 21,130,000 non-freely transferable shares). The offer price per freely transferable share of Daye will be RMB2.62, which is based on 90% of the 30-day weighted average closing price of such shares quoted by the Shenzhen Stock Exchange for the 30 trading days immediately preceding 29 August 2005. The offer price per non-freely transferable share of Daye will be RMB1.953, which is determined with reference to the audited net asset value per share of Daye as at 31 December 2004. Accordingly, if all the remaining shareholders of Daye accept the General Offer, the total acquisition price for such 41.87% interest in Daye is expected to be around RMB479 million (approximately HK\$460 million), which is expected to be financed from the Group's internal resources. The making of the General Offer is subject to the approval of CSRC. After obtaining such approval, Xin Yegang will publish the general offer report in the PRC and the General Offer will become unconditional. The offer period for the General Offer will be 30 days commencing after the date of publication of the general offer report.

Daye is a joint stock limited company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange. Daye is primarily engaged in special steel manufacturing. For the year ended 31 December 2004, the audited net profit of Daye was approximately RMB27 million (approximately HK\$26 million). As at 31 December 2004, the audited net assets of Daye were approximately RMB877 million (approximately HK\$842 million). The closing price of Daye as at 25 August 2005 quoted by the Shenzhen Stock Exchange was RMB3.25. The said offer prices of RMB2.62 per freely transferable share and of RMB1.953 per non-freely transferable share represent a 19.4% and 39.9% discount respectively to such closing price.

As at the date hereof, neither the Acquisition nor the General Offer have been completed, and the Group has a 19.27% interest in Daye. After completion of the Acquisition but before the completion of the General Offer, the Group will have a 58.13% interest in Daye. The acquisition of additional interests in Daye through the General Offer should provide an opportunity for the Group to further consolidate its steel manufacturing business in the PRC, and for Daye to develop its business in the international market. The Company's present intention is to maintain the listing status of Daye after completion of the General Offer.

(For reference only, the exchange rate of RMB to HK\$ used in this announcement is RMB1 = HK\$0.96)

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

Hong Kong, 29 August 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, Peter Lee Chung Hing, Norman Yuen Kee Tong, Vernon Francis Moore, Yao Jinrong, Li Shilin, Carl Yung Ming Jie, Liu Jifu and Leslie Chang Li Hsien; the non-executive directors of the Company are Messrs Willie Chang, André Desmarais and Peter Kruyt (alternate director to Mr. André 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."