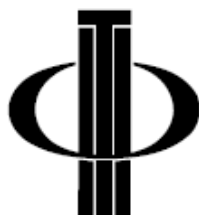


The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an offer or invitation to induce an offer by any person to acquire, subscribe for or purchase any securities nor is it calculated to invite any such offer or invitation. Any prospective investors should read the Prospectus for detailed information about the offer of securities mentioned in this announcement before deciding whether or not to invest in such securities. No application for the securities mentioned in this announcement should be made by any person nor would such application be accepted without completion of a formal application form or other application procedure that will be issued with or in respect of the Prospectus.

In particular, this announcement is not an offer of securities for sale in Hong Kong, the United States or elsewhere. Securities may not be offered or sold in the United States absent registration or an exemption from registration.

In addition, unless otherwise stated, the historical financial information in this announcement is unaudited and may differ from the audited financial information which will be included in the Prospectus. Shareholders of, and prospective investors in, the securities of CITIC Pacific should therefore exercise extreme caution in interpreting this information and when dealing in such securities.



CITIC PACIFIC

CITIC Pacific Limited

中信泰富有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 267)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
DAH CHONG HONG HOLDINGS LIMITED
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
AND
PROPOSED SHARE OPTION SCHEMES FOR
DAH CHONG HONG HOLDINGS LIMITED
AND
CONNECTED TRANSACTION**

The Proposed Spin-off

Reference is made to the announcement of CITIC Pacific dated 31 July 2007 in relation to the Proposed Spin-off. On 7 September 2007, DCH Holdings submitted a formal application (Form C1) to the Stock Exchange for the listing of, and permission to deal in, DCH Shares. The Proposed Spin-off will constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and a material dilution of the CITIC Pacific's interest in DCH Group.

Conditions of the Proposed Spin-off

The Proposed Spin-off will be conditional upon, among other things, the following:

- (i) the Shareholders passing an ordinary resolution at the Extraordinary General Meeting to approve the Proposed Spin-off;
- (ii) publication of the Prospectus;
- (iii) the Listing Committee granting approval for the listing of, and permission to deal in, all the DCH Shares;
- (iv) the Offer Price having been agreed between the Selling Shareholder, DCH Holdings and the Global Coordinator (on behalf of the Underwriters) and the due execution and delivery of the Underwriting Agreements; and
- (v) the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Global Coordinator, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements, on or before the dates and times to be specified therein.

If the above conditions and other applicable conditions are not fulfilled or waived prior to the dates and times to be specified, the Proposed Spin-off will not proceed and the Stock Exchange will be notified immediately and an announcement will be published by CITIC Pacific as soon as practicable thereafter.

Preferential Offer

It has been proposed that, if and when the Proposed Spin-off materialises, Qualifying Shareholders shall be entitled to subscribe on an assured basis at the Offer Price for one Reserved Share for every whole multiple of 25 existing Shares held by them on 3 October 2007 (i.e. the Record Date).

Subject to the Proposed Spin-off becoming unconditional, sufficient number of Reserved Shares will be made available for subscription by Qualifying Shareholders at the Offer Price under the Preferential Offer.

It is currently estimated that the Qualifying Shareholders are entitled to subscribe on an

assured basis at the Offer Price for one Reserved Share for every whole multiple of 25 existing Shares held by them as at 4:30 p.m. on the Record Date. However, the aforesaid is only an estimate and the final Assured Entitlement will depend on the number of Shares held by Qualifying Shareholders on the Record Date.

Connected Transaction

CITIC Securities is expected to be one of the co-lead managers and Underwriters in the Global Offering with an underwriting commitment for not more than 48.1 million to 51.4 million DCH Shares in aggregate. CITIC Securities is an associate of CITIC Group, the holding company of CITIC HK. CITIC HK is a substantial shareholder of CITIC Pacific, and therefore CITIC Securities is an associate of a connected person of CITIC Pacific.

The applicable size tests calculated with reference to CITIC Securities' maximum underwriting commitment as mentioned above and the expected maximum Offer Price are less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, and the Underwriting Agreements in so far as CITIC Securities' commitment is concerned are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Details of CITIC Securities' underwriting commitment will be included in CITIC Pacific's 2007 annual report and accounts.

Closure of Register

The register of members of CITIC Pacific will be closed from 9:00 a.m. to 4:30 p.m. on 3 October 2007 (or such later date(s) as the Board may determine and announce) for the purpose of determining the entitlement of Qualifying Shareholders to the Preferential Offer. No transfer of Shares may be registered during that period. The last day for dealing in the Shares cum-entitlements to the Preferential Offer is expected to be on 27 September 2007. In order to qualify for the Preferential Offer, all transfers must be lodged with the share registrars by no later than 4:30 p.m. on 2 October 2007 (or such later date as the Board may determine and announce).

Share Option Schemes

It is proposed that DCH Holdings will adopt two share option schemes, namely, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. No options will be offered or granted under the Pre-IPO Share Option Scheme after commencement of dealings in DCH Shares on the Stock Exchange. No options will be offered or granted under the Post-IPO Share Option Scheme prior to the commencement of dealings in DCH Shares on the Stock Exchange.

The Share Option Schemes constitute share option schemes governed by Chapter 17 of the Listing Rules. The adoption of each Share Option Schemes needs to be approved by the Shareholders at the Extraordinary General Meeting.

General

The Board expects that the Prospectus containing, among other matters, details of the Preferential Offer (including the basis of allocation) will be despatched to Qualifying

Shareholders in due course.

Commerzbank has been appointed as the independent financial adviser to opine on the Proposed Spin-off.

A circular containing, among other things, further information on the Proposed Spin-off, the Preferential Offer, the Share Option Schemes, a letter from the Independent Board Committee containing its recommendation and a letter from Commerzbank containing its advice in relation to the Proposed Spin-off, as well as a notice convening the Extraordinary General Meeting will also be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors should note that the Proposed Spin-off, which is subject to a number of conditions, may not proceed. In particular, there is no assurance that approval from the Stock Exchange and/or the Listing Committee will be granted. Accordingly, Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the announcement of CITIC Pacific dated 31 July 2007 in relation to the Proposed Spin-off. On 7 September 2007, DCH Holdings submitted a formal application (Form C1) to the Stock Exchange for the listing of, and permission to deal in, DCH Shares. The Proposed Spin-off will constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and a material dilution of the Company's interest in DCH Group.

The Assured Entitlements required under PN15 will be satisfied by way of the Preferential Offer to be made to the Qualifying Shareholders.

As each of the total assets and revenue of DCH Holdings represents more than 5% of CITIC Pacific's total assets and revenue, respectively, DCH Holdings is a "major subsidiary" of CITIC Pacific as defined under the Listing Rules. In addition, since the applicable ratios calculated with reference to the Proposed Spin-off is expected to be more than 5%, but less than 25%, the Proposed Spin-off constitutes a material dilution of CITIC Pacific's interest in DCH Holdings and a discloseable transaction under Chapter 14 of the Listing Rules.

Accordingly, the Proposed Spin-off is subject to approval from the Shareholders under paragraph 3(e)(1)(ii) of PN15.

DCH Holdings is also seeking to adopt the Share Option Schemes. According to Chapter 17 of the Listing Rules, Shareholders' approval is required for the adoption of the Share Option Schemes.

FURTHER INFORMATION ON THE PROPOSED SPIN-OFF

1. Overview

The final structure (including the price range) of the Proposed Spin-off has not yet been confirmed and will be decided subsequently by the Directors, the directors of DCH Holdings and the Global Coordinator, but is currently expected to be effected by way of the Global Offering which will comprise the Public Offer, the International Placing and the Preferential Offer, and will be accompanied by a separate listing of DCH Shares on the Main Board.

The Global Offering is expected to comprise sale of Sale DCH Shares held by the Selling Shareholder and offer of New DCH Shares to be issued by DCH Holdings. The total number of issued DCH Shares upon completion of the Proposed Spin-off is proposed to be 1,800,000,000 DCH Shares. The number of Sale DCH Shares and New DCH Shares subject to the Global Offering are tentatively proposed to be 601,200,000 DCH Shares and 180,000,000 DCH Shares respectively. These number of shares, the Offer Price, the exact size of the Global Offering, the exact apportionment between the Public Offer and the International Placing and the terms of the Underwriting Agreements are yet to be finally determined.

Upon the successful completion of the Proposed Spin-off, DCH Shares will be listed on the Main Board. Immediately after completion of the Proposed Spin-off, CITIC Pacific is expected to have approximately 56.6% interest (assuming the Over-allotment Option and the options which may be granted under the Share Option Schemes are not exercised) or approximately 50.1% interest (assuming the Over-allotment Option is exercised in full but assuming no options which may be granted under the Share Option Schemes are exercised) in the enlarged issued share capital of DCH Holdings.

The DCH Shares in issue will rank *pari passu* in all respects with all other DCH Shares to be issued in due course pursuant to the Proposed Spin-off.

Subject to Rule 10.07 of the Listing Rules, CITIC Pacific will not:

- (a) in the period commencing on the date by reference to which disclosure of its shareholdings is made in the Prospectus and ending on the date which is 6 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any DCH Shares of which it is the beneficial owner; or
- (b) in the period of 6 months commencing on the date on which the period referred to in (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any DCH Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, CITIC Pacific would cease to be a controlling shareholder.

The Directors are of the view that CITIC Pacific complies with all the spin-off requirements under PN15, subject to the Shareholders passing an ordinary resolution at the Extraordinary General Meeting to approve the Proposed Spin-off.

The Proposed Spin-off is conditional on the conditions set out in the sub-section headed “7. Conditions” below.

2. Separate listing of DCH Shares

The Shares will continue to be listed on the Main Board after the implementation of the Proposed Spin-off. The listing of DCH Shares on the Main Board is conditional upon the fulfilment or waiver of the conditions stated in the sub-section headed “7. Conditions” below. On 7 September 2007, DCH Holdings submitted a formal application (Form C1) to the Stock Exchange for the listing of, and permission to deal in, DCH Shares.

Subject to the granting of the listing of, and permission to deal in, DCH Shares on the Main Board as well as compliance with the stock admission requirements of HKSCC, DCH Shares are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of listing of DCH Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

3. Proceeds and intended use thereof

The total net proceeds of the Global Offering, after deducting underwriting fees and related expenses (assuming the Over-allotment Option is not exercised), are estimated to be in the range of HK\$3.3 billion to HK\$4.3 billion on the basis that DCH Holdings’ market capitalisation will be valued between approximately HK\$8.19 billion and approximately HK\$10.584 billion as advised by the Sponsor. The net proceeds will be payable to CITIC Pacific and DCH Holdings respectively in proportion to the number of Sale DCH Shares and New DCH Shares subject to the Global Offering, which is tentatively decided to be in the ratio of 601,200,000:180,000,000.

In the event that the Over-allotment Option is exercised in full, the net proceeds of the Global Offering will be in the range of approximately HK\$3.8 billion to HK\$5.0 billion (after deducting proportionate underwriting fees and related expenses).

CITIC Pacific currently plans to use such net proceeds for investment in its core business.

DCH Holdings currently plans to use such net proceeds as follows:

- approximately 46% will be spent over the next three years for expansion of DCH Group’s motor vehicle business;
- approximately 23% will be spent over the next three years for expansion of DCH Group’s food and consumer products trading business;

- approximately 30% will be spent over the next three years for expansion of DCH Group's logistics and food supply chain business; and
- the balance in an amount of not more than 10% of the aggregate proceeds as funding for general working capital and general corporate uses.

4. Certain financial information on CITIC Pacific and DCH Holdings

(a) *Net assets*

The audited consolidated net assets after deducting minority interests of the Group was approximately HK\$39,103 million and approximately HK\$46,510 million as at 31 December 2005 and 31 December 2006 respectively. The audited net asset after deducting minority interests of DCH Group as at 31 December 2005 and 31 December 2006 were approximately HK\$3,377 million and approximately HK\$3,656 million respectively.

(b) *Earnings*

The audited consolidated profits attributable to the shareholders of DCH Holdings for the three financial years ended 31 December 2004, 2005 and 2006 were HK\$238 million, HK\$242 million and HK\$322 million respectively. The audited consolidated profits before taxation of DCH Holdings for the three financial years ended 31 December 2004, 2005 and 2006 were HK\$292 million, HK\$334 million and HK\$426 million, respectively.

The audited consolidated profits attributable to the shareholders of CITIC Pacific (excluding the interest of CITIC Pacific in DCH Holdings) for the three financial years ended 31 December 2004, 2005 and 2006 were HK\$3,296 million, HK\$3,747 million and HK\$7,950 million, respectively.

The Board expects that CITIC Pacific will recognise a gain resulting from disposal of Sale DCH Shares and the issuance of New DCH Shares upon completion of the Proposed Spin-off. Based on the audited consolidated net assets (after deducting minority interest) of DCH Group as at 31 December 2006, the estimated market capitalisation of DCH Holdings in the range of approximately HK\$8.19 billion and approximately HK\$10.584 billion, a pre-listing dividend to be declared by DCH Holdings of HK\$0.9 billion, and the current proposed structure of the Global Offering, the amount of gain to CITIC Pacific resulting from the Proposed Spin-off is estimated to be approximately in the range of HK\$1.8 billion and HK\$2.7 billion if the Over-allotment Option is not exercised, or approximately in the range of HK\$2.1 billion and HK\$3.1 billion if the Over-allotment Option is exercised in full. However, it should be noted that the aforesaid gain is estimated based on a number of assumption, including, among other things, the actual pricing, the Global Offering was completed on 31 December 2006 and has not taken into account the financial position of the DCH Group after 31 December 2006. Accordingly, the actual gain to be recognized by the Group, which will be calculated by reference to the financial position of the DCH Group at the time of completion of the Global

offering, may be different from the above estimation. Assuming the Proposed Spin-off is completed by the end of December 2007, such gain will be recognised in the results of CITIC Pacific for the year ended 31 December 2007. The net assets (after deducting minority interest) of the Group are therefore, among other things, expected to be increased by the same amount of such gain.

Upon completion of the Proposed Spin-off, DCH Holdings will remain as a subsidiary of the Company. Accordingly, the financial results of DCH Group will continue to be consolidated into those of the Group.

5. Reasons for and benefits of the Proposed Spin-off

The Board proposes the separate listing of DCH Holdings as it believes that the separate listing of DCH Holdings will be beneficial to the Group for the following reasons:

- the Proposed Spin-off could unlock the value of DCH Holdings and investors would be able to appraise and assess the performance and potential of DCH Holdings separate and distinct from that of CITIC Pacific. CITIC Pacific is expected to remain a major shareholder of DCH Holdings after the listing, and to benefit from any enhanced value of DCH Holdings through the Proposed Spin-off; and
- the Proposed Spin-off is expected to comprise sale of the Sale DCH Shares and subscription of the New DCH Shares. Proceeds from the sale and subscription may also provide funding to the Group and DCH Holdings to make further development in their businesses respectively.

The Board also considers that such listing will also be beneficial to DCH Group for the following reasons:

- It provides flexibility to the DCH Group in raising future funds from the capital markets to support its growth through continuing organic expansion as well as acquisitions.
- It enables the DCH Group to take advantage of the significant global growth potential by attracting new investors who are seeking investment opportunities in a conglomerate engaged in a broad range of businesses.

6. Relationship between the Retained Group and DCH Group

The Shares were listed on the Stock Exchange in 1986. The principal businesses and operations of the Retained Group comprise manufacturing of special steel, iron ore mining, property development and investment, and infrastructure (such as power generation, aviation, civil infrastructure and communications).

DCH Group is a diversified business conglomerate in motor vehicle sales, motor vehicle-related business and services, sales of food and consumer products, as well as logistics services supported by integrated distribution platforms and with a well-established base and network in Mainland China, Hong Kong and Macao.

As at the date of this announcement, CITIC Pacific is beneficially interested in 100% of the issued share capital of DCH Holdings. Immediately following completion of the Proposed Spin-off, CITIC Pacific will own 56.6% of the issued share capital of DCH Holdings (assuming that the Over-allotment Option is not exercised) or approximately 50.1% of the issued share capital of DCH Holdings (assuming that the Over-allotment Option is exercised in full) and DCH Holdings will remain a subsidiary of CITIC Pacific.

The Board is satisfied that DCH Holdings can carry on business independently of the Retained Group and its associates after the Listing. Detailed information on DCH Holdings' management composition and relationship with CITIC Pacific will be set out in the Prospectus.

CITIC Pacific is expected to execute a non-competition undertaking in favour of DCH Holdings to the effect that at any time during which DCH Shares are listed on the Stock Exchange and for so long as CITIC Pacific and its associates together hold, whether individually or taken together, 30% or more of the issued share capital of DCH Holdings or are otherwise regarded as a controlling shareholder of DCH Holdings under the Listing Rules, (i) CITIC Pacific will not engage, and will procure its subsidiaries (excluding DCH Holdings, CITIC 1616 Holdings Limited and their respective subsidiaries) not to engage, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of DCH Holdings, CITIC 1616 Holdings Limited and their respective subsidiaries), partner, agent or otherwise, in the trading and distribution of motor vehicles, food commodities, fast moving consumer goods and consumer products and provision of logistics services as now engaged in by the DCH Holdings and to be disclosed in the Prospectus, or in any other business that may compete, directly or indirectly, with such business ("**Restricted Activity**"); and (ii) in the event that any opportunity is made available to CITIC Pacific to invest in any independent third party business which is engaged in the Restricted Activity (an "**Investment Opportunity**"), CITIC Pacific will use its best efforts to procure that such Investment Opportunity is offered to the DCH Group and the DCH Group shall have a right of first refusal in respect of such Investment Opportunity.

The restrictions which CITIC Pacific agreed to undertake as mentioned above do not apply to the following:

- (a) Restricted Activity conducted by joint ventures between CITIC Pacific and Wal-Mart China from time to time where CITIC Pacific does not have management control and the right to appoint the majority of the board of directors; or
- (b) CITIC Pacific or its associates holding or being interested in shares or other securities in any company which conducts or is engaged in any Restricted Activity (a "**Subject Company**"); provided that (i) such shares or securities are listed on a recognised stock exchange and (ii) the aggregate equity interest or number of shares held by CITIC Pacific and its associates do not exceed 10% of the issued capital or issued shares of the Subject Company, and (iii) CITIC Pacific and its associates do not have board or management control of the Subject Company.

It is CITIC Pacific's stated strategy to pursue development of its core businesses, which it actively manages to leverage off its expertise, such as special steel manufacturing, iron ore mining, property development and investment, and power generation. The non-competition undertaking proposed to be given by CITIC Pacific as set out above provides a clear delineation between the business of CITIC Pacific and DCH Holdings going forward, and CITIC Pacific does not expect there to be any material adverse impact on CITIC Pacific as a result.

7. Conditions

Pursuant to the Listing Rules, DCH Holdings is regarded as a major subsidiary of CITIC Pacific. The reduction of CITIC Pacific's equity interests in DCH Holdings as a result of the Proposed Spin-off is considered to be material and will constitute a discloseable transaction of CITIC Pacific under the Listing Rules. The Proposed Spin-off will be conditional upon, among other things, the following:

- (i) the Shareholders passing an ordinary resolution at the Extraordinary General Meeting to approve the Proposed Spin-off;
- (ii) publication of the Prospectus;
- (iii) the Listing Committee granting approval for the listing of, and permission to deal in, all the DCH Shares in issue and to be issued pursuant to the Global Offering and any DCH Shares which may be issued pursuant to the exercise of the options granted under the Share Option Schemes;
- (iv) the Offer Price having been agreed between the Selling Shareholder, DCH Holdings and the Global Coordinator (on behalf of the Underwriters) and the due execution and delivery of the Underwriting Agreements; and
- (v) the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Global Coordinator, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements, on or before the dates and times to be specified therein.

If the above conditions and other applicable conditions are not fulfilled or waived prior to the dates and times to be specified, the Proposed Spin-off will not proceed and the Stock Exchange will be notified immediately and an announcement will be published by CITIC Pacific as soon as practicable thereafter.

PREFERENTIAL OFFER

It has been proposed that, if and when the Proposed Spin-off materialises, Qualifying Shareholders shall be entitled to subscribe on an assured basis at the Offer Price for one Reserved Share for every whole multiple of 25 existing Shares held by them on 3 October 2007 (i.e. the Record Date).

Subject to the Proposed Spin-off becoming unconditional, sufficient number of Reserved Shares will be made available for subscription by Qualifying Shareholders at the Offer Price under the Preferential Offer.

It is currently estimated that the Qualifying Shareholders are entitled to subscribe on an assured basis at the Offer Price for one Reserved Share for every whole multiple of 25 existing Shares held by them as at 4:30 p.m. on the Record Date. However, the aforesaid is only an estimate and the final Assured Entitlement will depend on the number of Shares held by Qualifying Shareholders on the Record Date.

With a view to maximising the percentage of DCH Shares in the hands of the public immediately after the Global Offering, CITIC HK, Mr. Yung Chi Kin (Chairman of CITIC Pacific) and Mr. Fan Hung Ling (Managing Director of CITIC Pacific) have indicated that they (together with subsidiaries of CITIC HK) would not take up any Reserved Shares to the extent that they are Qualifying Shareholders and DCH Holdings will not allocate any Reserved Shares to them.

In order to apply for the Reserved Shares under the Preferential Offer, Qualifying Shareholders will be required to complete a blue application form which will be despatched, together with an electronic copy of the Prospectus on CD-ROM, in due course to each Qualifying Shareholder who is entitled to apply for the Reserved Shares.

The Prospectus, if and when despatched to Shareholders, will be in electronic copy on CD-ROM. The Prospectus, if and when published, will also be posted on the Stock Exchange's website at www.hkex.com.hk. No printed copies of the Prospectus will be despatched to Shareholders.

Overseas Shareholders who are excluded in compliance with the requirements set out in Rule 13.36(2) of the Listing Rules will not be entitled to any Reserved Shares. Any Qualifying Shareholder holding less than 25 Shares will not be entitled to apply for the Reserved Shares on an assured basis. Qualifying Shareholders will be permitted to apply for a number of Reserved Shares which is greater than, less than, or equal to, their Assured Entitlements under the Preferential Offer. A valid application in respect of a number of Reserved Shares less than or equal to a Qualifying Shareholder's Assured Entitlement will be accepted in full, subject to the terms and conditions set out in the Prospectus and the blue application forms.

Where a Qualifying Shareholder applies for a number of Reserved Shares which is greater than his or her Assured Entitlement, his or her Assured Entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Shareholders with an Assured Entitlement declining to take up all or some of their Assured Entitlements.

Qualifying Shareholders may, in addition to applying for Reserved Shares, also make one application for DCH Shares under either the International Placing or the Public Offer. The Global Coordinator, on behalf of the Underwriters, will allocate any Reserved Shares not taken up by Qualifying Shareholders first to satisfy the excess applications for the Reserved Shares from Qualifying Shareholders by way of balloting on a fair and reasonable basis (which would mean that some applicants may be allotted more DCH Shares than others who have made excess application in respect of the same number of DCH Shares and that applicants who are not successful in the ballot may not receive any DCH Shares beyond the Assured Entitlement), and thereafter, at the discretion of the Global Coordinator, to the Public Offer. Save for the above, the

Preferential Offer will not be subject to the clawback arrangement between the International Placing and the Public Offer.

Shareholders should note that Assured Entitlements to Reserved Shares may not represent a multiple of a full board lot, which is currently proposed to be 1,000 DCH Shares, and will be rounded down to the closest whole number if required, and that dealings in odd lots of DCH Shares may be at a price below the prevailing market price for full board lots. Assured Entitlements to the Reserved Shares will not be transferable and there will be no trading in nil paid entitlements on the Stock Exchange. Any DCH Shares issued pursuant to the Preferential Offer will be deemed fully paid and ranked *pari passu* in all respects with other DCH Shares then in issue.

UNDERWRITING ARRANGEMENTS

Underwriting Agreements

CITIC Pacific, DCH Holdings and the Global Coordinator (for itself and on behalf of other Underwriters) are expected to enter into underwriting agreements in respect of the Global Offering in due course, pursuant to which the Underwriters will severally agree to subscribe or procure subscribers for, on the terms and conditions of the Prospectus and the application forms, their respective applicable proportions of DCH Shares under the Global Offering.

The obligations of the Underwriters are subject to: (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the DCH Shares concerned and such listing and permission not subsequently being revoked on or before 8:00 a.m. on the Listing Date; (b) certain other conditions set out in the Underwriting Agreements (including but not limited to the Offer Price being agreed between CITIC Pacific, DCH Holdings and the Global Coordinator (on behalf of the Underwriters)); and (c) the Underwriting Agreements in respect of the Public Offer and the International Placing (as the case may be) having been duly executed and delivered and having become unconditional in accordance with its terms and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date.

The Underwriting Agreements may also be terminated by notice in writing from BNP Paribas if, at any time prior to 8:00 a.m. on the Listing Date, there occur certain force majeure events as more particularly set out in the Underwriting Agreements.

The Underwriters will receive a commission of not more than 2.5% of the aggregate Offer Price in respect of DCH Shares underwritten by them.

Connected Transactions

CITIC Securities is expected to be one of the co-lead managers and Underwriters in the Global Offering with an underwriting commitment for not more than 48.1 million to 51.4 million DCH Shares in aggregate. CITIC Securities is an associate of CITIC Group, the holding company of CITIC HK. CITIC HK is a substantial shareholder of CITIC Pacific, and therefore CITIC Securities is an associate of a connected person of CITIC Pacific.

The Underwriting Agreements in so far as CITIC Securities' commitment is concerned are, and will constitute, connected transactions of CITIC Pacific. Based on the estimated market

capitalisation of DCH Holdings in the range of HK\$8.19 billion and HK\$10.584 billion and subject to the terms and conditions of the Underwriting Agreements, CITIC Securities may receive not more than HK\$6.3 million to HK\$8.8 million in commission for the expected maximum underwriting commitment.

The Directors (including the independent non-executive Directors) consider that the Underwriting Agreements (including CITIC Securities' commitment) are, and will be entered into, on normal commercial terms and fair and reasonable and in the interests of the shareholders of CITIC Pacific.

The applicable size tests calculated with reference to CITIC Securities' maximum underwriting commitment as mentioned above and the expected maximum Offer Price are less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, and the Underwriting Agreements in so far as CITIC Securities' commitment is concerned are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Details of CITIC Securities' underwriting commitment will be included in CITIC Pacific's 2007 annual report and accounts.

CLOSURE OF REGISTER

The register of members of CITIC Pacific will be closed from 9:00 a.m. to 4:30 p.m. on 3 October 2007 (or such later date(s) as the Board may determine and announce) for the purpose of determining the entitlement of Qualifying Shareholders to the Preferential Offer. No transfer of Shares may be registered during that period. The last day for dealing in the Shares cum-entitlements to the Preferential Offer is expected to be on 27 September 2007. In order to qualify for the Preferential Offer, all transfers must be lodged with the share registrars by no later than 4:30 p.m. on 2 October 2007 (or such later date as the Board may determine and announce).

SHARE OPTION SCHEMES

It is proposed that DCH Holdings will adopt two share option schemes, namely, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. No options will be offered or granted under the Pre-IPO Share Option Scheme after commencement of dealings in DCH Shares on the Stock Exchange. No options will be granted under the Post-IPO Share Option Scheme prior to the commencement of dealings in DCH Shares on the Stock Exchange.

The Share Option Schemes constitute share option schemes governed by Chapter 17 of the Listing Rules. The adoption of each Share Option Schemes needs to be approved by the Shareholders passing an ordinary resolution at the Extraordinary General Meeting to approve the relevant Share Option Schemes. Details of the Share Option Schemes will be set out in the circular of CITIC Pacific to be despatched to Shareholders.

EXTRAORDINARY GENERAL MEETING

As the interests of all Shareholders (including the controlling shareholder of CITIC Pacific) in relation to the Proposed Spin-off are not different, all Shareholders are entitled to vote on the

Proposed Spin-off. All Shareholders are also entitled to vote on the adoption of the Share Option Schemes.

GENERAL

The Board expects that the Prospectus containing, among other matters, details of the Preferential Offer (including the basis of allocation) will be despatched to Qualifying Shareholders in due course.

Commerzbank has been appointed as the independent financial adviser to opine on the Proposed Spin-off.

A circular containing, among other things, further information on the Proposed Spin-off, the Preferential Offer, the Share Option Schemes, a letter from the Independent Board Committee containing its recommendation and a letter from Commerzbank containing its advice in relation to the Proposed Spin-off, as well as a notice convening the Extraordinary General Meeting will also be despatched to the Shareholders as soon as practicable.

In connection with the Global Offering, the price of DCH Shares may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the SFO will be contained in the Prospectus.

DEFINITIONS

“ associate(s) ”	has the meaning ascribed to it under the Listing Rules
“ Assured Entitlement(s) ”	the entitlement of Qualifying Shareholders to apply for Reserved Shares under the Preferential Offer on the basis of an assured entitlement of one Reserved Share for every whole multiple of 25 Shares held by each Qualifying Shareholder at the close of business on the Record Date
“ BNP Paribas ” or “ Global Coordinator ” or “ Sponsor ”	BNP Paribas Capital (Asia Pacific) Limited, the global coordinator in the Global Offering and the sponsor in the application for Listing
“ Board ”	the board of Directors
“ business day ”	any day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business
“ CCASS ”	the Central Clearing and Settlement System established and operated by HKSCC
“ CITIC Group ”	中國中信集團公司 (CITIC Group), the holding company of CITIC HK

“CITIC HK”	CITIC Hong Kong (Holdings) Limited, a substantial shareholder holding approximately 29% interest in CITIC Pacific
“CITIC Securities”	CITIC Securities Corporate Finance (HK) Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “CITIC Pacific”	CITIC Pacific Limited
“DCH Group”	DCH Holdings and its subsidiaries
“DCH Holdings”	Dah Chong Hong Holdings Limited, a wholly owned subsidiary of CITIC Pacific as at the date of this announcement
“DCH Share(s)”	the ordinary share(s) as will, after a reorganisation of the capital of DCH Holdings, comprise in the share capital of DCH Holdings (including those to be issued under the Pre-IPO Share Option Scheme), for which application has been made for the listing and permission to deal on the Main Board
“Director(s)”	the director(s) of CITIC Pacific
“Extraordinary General Meeting”	the extraordinary general meeting of CITIC Pacific to be held for the purpose of approving the Proposed Spin-off
“Global Offering”	the Public Offer (including the Preferential Offer) and the International Placing
“Group”	CITIC Pacific and its subsidiaries (including DCH Group)
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IFA” or “Commerzbank”	Commerzbank AG, acting through its Hong Kong branch, a licensed bank under the Banking Ordinance and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4

(advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Shareholders of the Company in relation to the Proposed Spin-off

“Independent Board Committee”	an independent committee of the Board comprising Mr. Alexander Reid Hamilton and Mr. Hansen Loh Chung Hon
“International Placing”	the conditional placing of the Offer Shares proposed to be made outside the United States in reliance on Regulation S under the US Securities Act and in the United States to QIBs under Rule 144A at the Offer Price under the Global Offering, on and subject to the terms to be set out in the Prospectus
“IPO”	initial public offering
“Listing”	the listing of DCH Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which DCH Shares will be listed and from which dealings therein will be permitted to take place on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board of the Stock Exchange
“New DCH Share(s)”	such number of new DCH Shares proposed to be issued and offered by DCH Holdings at the Offer Price under the Global Offering, out of which the Reserved Shares and the DCH Shares proposed to be initially made available for subscription using pink application forms will be allocated
“Offer Price”	the final offer price per Offer Share fixed at a HK\$ amount (exclusive of brokerage fee, SFC transaction levy and Stock Exchange trading fee) at which the DCH Shares are to be purchased or subscribed for pursuant to the Global Offering, as to be described in the Prospectus
“Offer Share(s)”	not more than 50% of all the issued DCH Shares immediately upon completion of the Global Offering,

	comprising the New DCH Shares and the Sale DCH Shares
“Over-allotment Option”	the option proposed to be granted by the Selling Shareholder to the Global Coordinator pursuant to which the Selling Shareholder may be required to sell an additional of up to 15% of the Offer Shares proposed to be initially offered under the Global Offering to cover over-allocations in the International Placing, details of which will be set out in the Prospectus
“Overseas Shareholders”	registered holders of Shares whose addresses on the register of members of CITIC Pacific are outside Hong Kong on the Record Date
“PN15”	practice note 15 of the Listing Rules
“Post-IPO Share Option Scheme”	the post-IPO share option scheme proposed to be conditionally adopted by DCH Holdings
“PRC” or “China” or “Mainland China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macao and Taiwan
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme proposed to be adopted by DCH Holdings
“Pre-IPO Share Options”	the share options proposed to be granted under the Pre-IPO Share Option Scheme
“Preferential Offer”	the proposed preferential offer to the Qualifying Shareholders in respect of the Reserved Shares at the Offer Price, on and subject to the terms and conditions to be set out in the Prospectus
“Proposed Spin-off”	the proposed spin-off of DCH Holdings to be effected by way of the Global Offering and followed by a separate listing of DCH Shares on the Main Board
“Prospectus”	the prospectus proposed to be issued by DCH Holdings in relation to the Global Offering
“Public Offer”	the offer of the Offer Shares for purchase or subscription by the public in Hong Kong at the Offer Price proposed to be made under the Global Offering, on and subject to the terms and conditions to be set out in the Prospectus

“QIBs”	qualified institutional buyers as defined in Rule 144A
“Qualifying Shareholders”	holders of not less than 25 Shares, whose names as will appear on the register of members of CITIC Pacific on the Record Date, other than Overseas Shareholders subject to compliance with Rule 13.36(2) of the Listing Rules
“Record Date”	3 October 2007, being the date for ascertaining the Assured Entitlements
“Regulation S”	Regulation S under the US Securities Act, as amended, supplemented or otherwise modified from time to time
“Reserved Shares”	such number of DCH Shares proposed to be offered pursuant to the Preferential Offer (tentatively being 44,900,000 New DCH Shares subject to finalisation to be set out in the Prospectus)
“Retained Group”	CITIC Pacific and its subsidiaries (excluding DCH Group)
“Rule 144A”	Rule 144A under the US Securities Act, as amended, supplemented or otherwise modified from time to time
“Sale DCH Shares”	such number of DCH Shares as beneficially owned by the Selling Shareholder which are to be offered for sale by the Selling Shareholder at the Offer Price under the Global Offering, and to the extent the Over-allotment Option is exercised, together with such number of additional Sale DCH Shares to be offered for sale by the Selling Shareholder pursuant to the exercise of the Over-allotment Option
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Selling Shareholder”	CITIC Pacific (acting through its wholly-owned subsidiary Colton Pacific Limited)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Option Schemes”	the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme

“Share(s)”	ordinary share(s) of HK\$0.40 each in the share capital of CITIC Pacific
“Shareholder(s)”	the shareholder(s) of CITIC Pacific
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“Underwriters”	the underwriters of the International Placing and the Public Offer
“Underwriting Agreements”	the underwriting agreements to be entered into by, amongst others, DCH Holdings, the Selling Shareholder and the relevant underwriters relating to the Public Offer and the International Placing
“United States”	the United States of America
“US Securities Act”	United States Securities Act of 1933, as amended
“Wal-Mart China”	沃爾瑪（中國）投資有限公司 Wal-Mart (China) Investment Co., Ltd
“%”	percent

By Order of the Board
CITIC Pacific Limited
Stella Chan Chui Sheung
Company Secretary

Hong Kong, 14 September 2007

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, Carl Yung Ming Jie, Leslie Chang Li Hsien, Vernon Francis Moore, Li Shilin, Liu Jifu, Chau Chi Yin, Milton Law Ming To and Wang Ande; the non-executive directors of the Company are Messrs Willie Chang, André Desmarais, Chang Zhenming 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.