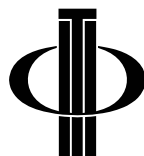


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CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

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

CONNECTED TRANSACTION

**ACQUISITION OF 80% EQUITY INTEREST IN
YUNNAN LIANZHI AND
THE BENEFIT OF YUNNAN LIANZHI'S PAYABLE**

Reference is made to the announcement of Dah Chong Hong Holdings Limited dated 2 July 2008.

The Directors announce that on 2 July 2008, Zhanjiang Junkai (a non-wholly owned subsidiary of the Company) as purchaser has entered into an enterprise purchase agreement with Yunnan Zhongkai as seller, Ms. Qu Guijing and Yunnan Lianzhi, whereby Zhanjiang Junkai has agreed to purchase, and Yunnan Zhongkai has agreed to sell, (i) the 80% equity interest in the registered capital of Yunnan Lianzhi held by Yunnan Zhongkai at the consideration of RMB5,477,374.37 (approximately HK\$6,189,000) subject to adjustment when the financial statements of Yunnan Lianzhi as at 30 June 2008 are finalized and agreed by the parties; and (ii) the benefit of the Yunnan Lianzhi's Payable as at 30 June 2008 at book value. As a reference, the Yunnan Lianzhi's Payable as at 30 April 2008 was RMB9,476,548.07 (approximately HK\$10,708,000).

Upon the Acquisition, Yunnan Lianzhi will be accounted for as a subsidiary of the Company.

Yunnan Zhongkai is a connected person of the Company as it is (i) a substantial shareholder of certain subsidiaries of DCH; and (ii) an associate of a director of various subsidiaries of DCH engaged in motor vehicle dealing, and DCH is in turn a non-wholly owned subsidiary of the Company. Ms. Qu Guijing is an associate of the said director. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios calculated with reference to the Acquisition are less than 2.5%, the above connected transaction is only subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

Reference is made to the announcement of DCH dated 2 July 2008.

THE AGREEMENT

Date: 2 July 2008

Parties:

- (1) Purchaser: Zhanjiang Junkai (a non-wholly owned subsidiary of the Company)
- (2) Seller: Yunnan Zhongkai
- (3) Other parties: Ms. Qu Guijing and Yunnan Lianzhi

Before the Acquisition, Yunnan Zhongkai and Ms. Qu Guijing owned 99% and 1% equity interest in the registered capital of Yunnan Lianzhi respectively.

Assets

(i) the 80% equity interest in the registered capital of Yunnan Lianzhi; and (ii) the benefit of the amount payable by Yunnan Lianzhi to Yunnan Zhongkai as a result of the advances made by Yunnan Zhongkai for Yunnan Lianzhi (“**Yunnan Lianzhi’s Payable**”) as at 30 June 2008. Yunnan Lianzhi is engaged in motor vehicle dealing.

Conditions and completion

The Agreement is to take effect conditional upon the consent from the relevant automobile manufacturer of the Acquisition. The condition had been fulfilled when the Agreement was signed.

Completion in respect of the acquisition of the 80% equity interest in Yunnan Lianzhi took place on 2 July 2008.

Completion in respect of the acquisition of the benefit of the Yunnan Lianzhi’s Payable shall take place within three business days from the date when the financial statements of Yunnan Lianzhi as at 30 June 2008 are finalized and agreed by the parties. The expected completion date is on or before 30 September 2008.

Consideration

The consideration for acquiring the 80% equity interest in the registered capital of Yunnan Lianzhi is RMB5,477,374.37 (approximately HK\$6,189,000) which is calculated with reference to the net assets of Yunnan Lianzhi as at 30 April 2008 subject to adjustment as mentioned in point (ii) below and is payable as follows:

- (i) an amount of RMB4,108,030.77 (approximately HK\$4,642,000) shall be paid within three business days from the date the Agreement takes effect; and

- (ii) the consideration will then be adjusted with reference to the net assets of Yunnan Lianzhi as at 30 June 2008 and the adjusted outstanding balance of the consideration shall be paid within three business days from the date of such adjustment.

Completion in respect of the acquisition of 80% equity interest in Yunnan Lianzhi took place simultaneously when the Agreement was signed. The amount of RMB4,108,030.77 (approximately HK\$4,642,000) was paid on 2 July 2008.

The consideration was determined after arm's length negotiation with reference to the net assets of Yunnan Lianzhi as at 30 April 2008 subject to adjustment as abovementioned and will be funded from internal resources of DCH.

The amount for acquiring the benefit of the Yunnan Lianzhi's Payable as at 30 June 2008 at book value shall be paid within three business days from the date when the financial statements of Yunnan Lianzhi as at 30 June 2008 are finalized and agreed by the parties and will be funded from internal resources of DCH. As a reference, the Yunnan Lianzhi's Payable as at 30 April 2008 was RMB9,476,548.07 (approximately HK\$10,708,000).

Pursuant to the Agreement, the parties agreed that the final consideration for acquiring (a) the 80% equity interest in the registered capital of Yunnan Lianzhi after making the adjustment as mentioned in point (ii) above; and (b) the benefit of the Yunnan Lianzhi's Payable as at 30 June 2008 will, in any event, not exceed maximum amounts of RMB6,000,000 (approximately HK\$6,780,000) and RMB9,476,548.07 (approximately HK\$10,708,000) (that is, the Yunnan Lianzhi's Payable as at 30 April 2008) respectively.

Upon completion of the Acquisition, Zhanjiang Junkai, Yunnan Zhongkai and Ms. Qu Guijing will hold 80%, 19% and 1% equity interest in the registered capital of Yunnan Lianzhi respectively.

Other information

Upon the Acquisition, Yunnan Lianzhi will be accounted for as a subsidiary of the Company.

As at 30 April 2008, (i) the net asset value attributable to the 80% equity interest in the registered capital of Yunnan Lianzhi was RMB5,477,374.37 (approximately HK\$6,189,000); and (ii) the benefit of the Yunnan Lianzhi's Payable was RMB9,476,548.07 (approximately HK\$10,708,000).

For the financial years ended 31 December 2006 and 2007, the audited net losses before and after taxation and extraordinary items of Yunnan Lianzhi were RMB809,561.31 (approximately HK\$915,000) and RMB1,754,979.97 (approximately HK\$1,983,000) respectively.

The original investment amount of Yunnan Zhongkai in respect of the 80% equity interest in the registered capital of Yunnan Lianzhi was RMB8,000,000 (approximately HK\$9,040,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition enables further development of motor vehicle dealing business of DCH and its subsidiaries in Yunnan Province, the PRC.

The Directors (including the independent non-executive Directors) consider that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Group is engaged in a diversified range of business, including manufacturing of special steel, iron ore mining, property development and investment, basic infrastructure (such as power generation, aviation, tunnels and communications) and marketing and distribution.

Yunnan Zhongkai is a connected person of the Company as it is (i) a substantial shareholder of certain subsidiaries of DCH; and (ii) an associate of a director of various subsidiaries of DCH engaged in motor vehicle dealing, and DCH is in turn a non-wholly owned subsidiary of the Company. Ms. Qu Guijing is an associate of the said director. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the applicable percentage ratios calculated with reference to the Acquisition are less than 2.5%, the above connected transaction is only subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“ Acquisition ”	the acquisition by Zhanjiang Junkai from Yunnan Zhongkai of (i) the 80% equity interest in the registered capital of Yunnan Lianzhi; and (ii) the benefit of the Yunnan Lianzhi's Payable as at 30 June 2008;
“ Agreement ”	the enterprise purchase agreement dated 2 July 2008 entered into between Yunnan Zhongkai, Ms. Qu Guijing, Zhanjiang Junkai and Yunnan Lianzhi in relation to the Acquisition;
“ associate ”	has the meaning given to it by the Listing Rules;
“ Board ”	the board of Directors;
“ Company ”	CITIC Pacific Limited 中信泰富有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;
“ connected person ”	has the meaning given to it by the Listing Rules;

“DCH”	Dah Chong Hong Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange, and a non-wholly owned subsidiary of the Company;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“percentage ratio”	has the meaning given to it by the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning given to it by the Listing Rules;
“Yunnan Lianzhi”	雲南聯致汽車服務有限公司(Yunnan Lianzhi Motors Service Limited), a company established in the PRC with limited liability;
“Yunnan Lianzhi’s Payable”	the amount payable by Yunnan Lianzhi to Yunnan Zhongkai as a result of the advances made by Yunnan Zhongkai for Yunnan Lianzhi;
“Yunnan Zhongkai”	雲南中凱集團有限公司(Yunnan Zhongkai Holdings Limited), a company established in the PRC with limited liability;
“Zhanjiang Junkai”	湛江市駿凱汽車技術服務有限公司(Zhanjiang Junkai Motors Technology and Service Limited), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company; and
“%”	per cent.

For illustration purpose in this announcement, the conversion rate of RMB1.00 = HK\$1.13 was adopted.

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

Hong Kong, 3 July 2008

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, Wang Ande and Kwok Man Leung; 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.