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**大昌行集團有限公司**  
**DAH CHONG HONG HOLDINGS LIMITED**  
(incorporated in Hong Kong with limited liability)  
(Stock Code: 01828)



CITIC PACIFIC

**CITIC Pacific Limited**  
**中信泰富有限公司**  
(incorporated in Hong Kong with limited liability)  
(Stock Code: 00267)

**CONTINUING CONNECTED  
TRANSACTION**

**LONG-TERM MAINTENANCE SERVICES ON ULD  
BY DAS NORDISK TO CX**

**REVISION OF ANNUAL CAPS  
OF CONTINUING CONNECTED  
TRANSACTIONS**

**(1) OUTSOURCING OF ULD MAINTENANCE  
SERVICES BY DAS NORDISK TO DAS**

**(2) PURCHASES OF ULD SPARE PARTS  
FROM NORDISK ASIA PACIFIC LIMITED  
BY DAS NORDISK**

**CONTINUING CONNECTED  
TRANSACTIONS**

**(1) LONG-TERM MAINTENANCE SERVICES ON ULD  
BY DAS NORDISK TO CX**

**(2) OUTSOURCING OF ULD MAINTENANCE  
SERVICES BY DAS NORDISK TO DAS**

The directors of DCH Holdings and CITIC Pacific jointly announce that on 17 September 2008, CX and DAS Nordisk entered into the ULD Maintenance Services Agreement to appoint DAS Nordisk to provide ULD maintenance and repair services for a term of three years from 1 July 2008 to 30 June 2011. The annual cap for each of the financial years ending 31 December 2008, 2009, 2010 and 2011 is expected not to exceed HK\$60.0 million.

The directors of DCH Holdings and CITIC Pacific also jointly announce that on 17 September 2008, DAS Nordisk and DAS entered into the Supplemental Outsourcing Master Agreement for the purpose of setting the expected annual caps for the financial years ending 31 December 2008 and 2009 to be HK\$41.0 million and HK\$58.0 million respectively.

Further, the directors of DCH Holdings announce that on 17 September 2008, Nordisk Asia Pacific Limited and DAS Nordisk entered into the Supplemental Sale and Purchase Master Agreement for the purpose of revising the expected annual caps for the financial years ending 31 December 2008 and 2009 to be HK\$16.0 million and HK\$21.0 million respectively.

The transactions contemplated under (i) the ULD Maintenance Services Agreement; (ii) the Original Outsourcing Master Agreement and the Supplemental Outsourcing Master Agreement; and (iii) the Original Sale and Purchase Master Agreement and the Supplemental Sale and Purchase Master Agreement, constitute continuing connected transactions for DCH Holdings and CITIC Pacific under Chapter 14A of the Listing Rules.

In respect of DCH Holdings, since the applicable percentage ratios calculated with reference to the above continuing connected transactions and the annual caps are on an annual basis less than 2.5%, the above continuing connected transactions are only subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirements under the Listing Rules.

In respect of CITIC Pacific, since the applicable percentage ratios calculated with reference to the continuing connected transactions and the annual caps in relation to (i) the ULD Maintenance Services Agreement; and (ii) the Original Outsourcing Master Agreement and the Supplemental Outsourcing Master Agreement, are on an annual basis less than 2.5%, the above continuing connected transactions are only subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirements under the Listing Rules. In respect of CITIC Pacific, since the applicable percentage ratios calculated with reference to the continuing connected transaction and the annual caps in relation to the Original Sale and Purchase Master Agreement and the Supplemental Sale and Purchase Master Agreement are on an annual basis less than 0.1%, the above continuing connected transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

## **1. INTRODUCTION**

The directors of DCH Holdings and CITIC Pacific jointly announce that on 17 September 2008, (i) CX and DAS Nordisk entered into the ULD Maintenance Services Agreement to appoint DAS Nordisk to provide ULD maintenance and repair services; and (ii) DAS Nordisk and DAS entered into the Supplemental Outsourcing Master Agreement for the purpose of setting the expected annual caps for the financial years ending 31 December 2008 and 2009.

Further, the directors of DCH Holdings announce that on 17 September 2008, Nordisk Asia Pacific Limited and DAS Nordisk entered into the Supplemental Sale and Purchase Master Agreement, for the purpose of revising the expected annual caps for the financial years ending 31 December 2008 and 2009.

## **2. LONG-TERM MAINTENANCE SERVICES ON ULD BY DAS NORDISK TO CX**

### ***The ULD Maintenance Services Agreement***

Date: 17 September 2008

Parties:

- (1) CX
- (2) DAS Nordisk (a non-wholly owned subsidiary of both DCH Holdings and CITIC Pacific)

### ***Background and general terms***

DAS Nordisk and CX entered into the contracts for ULD maintenance and repair dated 1 July 2002 (with a term expired on 30 June 2005) and 1 July 2005 (with a term expired on 30 June 2008) respectively, under which DAS Nordisk agreed to carry out maintenance and repair services at a service fee payable to DAS Nordisk. The details of the above contracts are particularly set out in the section headed “Connected Transactions – A. Non-exempt continuing connected transactions – 3. Long-term maintenance services on ULD by DAS Nordisk to CX” in the DCH Prospectus.

For the purpose of renewing the arrangements contemplated under the above contract, on 17 September 2008, CX and DAS Nordisk entered into the ULD Maintenance Services Agreement, under which CX agreed to appoint DAS Nordisk to provide ULD maintenance and repair services for a term of three years from 1 July 2008 to 30 June 2011.

### ***Pricing principles and annual caps***

The pricing for such maintenance services is determined with reference to the relevant costs associated with the estimated maintenance hours and the frequency of visit of the relevant type of ULD. The total amount of maintenance fees paid by CX to DAS Nordisk under the above contracts for the financial years ended 31 December 2005, 2006 and 2007 were approximately HK\$18.8 million, HK\$19.0 million and HK\$21.3 million respectively. The amount of maintenance fees for the financial year ending 31 December 2008 was originally subject to an expected annual cap of HK\$24.7 million. Pursuant to the ULD Maintenance Services Agreement, the amount of maintenance fees payable by CX to DAS Nordisk is now expected to be subject to an annual cap of HK\$60.0 million for each of the financial years ending 31 December 2008, 2009, 2010 and 2011.

The above annual caps, being the expected maximum annual transaction amount, have been determined on normal commercial terms, at rates no less favourable than the rates charged to independent third party customers of DAS Nordisk, and on the basis of estimated volume of services rendered by DAS Nordisk with reference to historical transaction volumes with CX, the shift of the ULD maintenance services previously requested by KA which will be taken up by CX, the estimated potential cargo growth, and the expected price increase, particularly due to the expected appreciation in Norway against Hong Kong currency exchange rate that partly leads to increase in material costs.

### ***Reasons for the transactions***

DAS Nordisk has entered into the transactions contemplated under the ULD Maintenance Services Agreement as CX is one of DAS Nordisk's customers in their ordinary course of business who is willing to offer competitive market price for the services rendered by DAS Nordisk.

The directors of DCH Holdings (including the independent non-executive directors of DCH Holdings) consider that the above transactions and annual caps are on normal commercial terms, fair and reasonable and in the interests of the shareholders of DCH Holdings as a whole.

The directors of CITIC Pacific (including the independent non-executive directors of CITIC Pacific) consider that the above transactions and annual caps are on normal commercial terms, fair and reasonable and in the interests of the shareholders of CITIC Pacific as a whole.

## **3. OUTSOURCING OF ULD MAINTENANCE SERVICES BY DAS NORDISK TO DAS**

### ***Background and general terms***

On 17 September 2008, DAS Nordisk and DAS entered into the Supplemental Outsourcing Master Agreement to supplement and amend certain provisions of the Original Outsourcing Master Agreement for the purpose of setting the annual caps for the financial years ending 31 December 2008 and 2009.

### ***Revision of annual caps of the transaction***

The total amounts of outsourcing fees payable by DAS Nordisk to DAS for the financial years ended 31 December 2005, 2006 and 2007 were approximately HK\$20.0 million, HK\$21.0 million and HK\$20.6 million respectively. Under the Original Outsourcing Master Agreement, the amounts of outsourcing fees payable for the financial years ending 31 December 2008 and 2009 were originally subject to annual caps of HK\$25.4 million and HK\$27.9 million respectively.

Pursuant to the Supplemental Outsourcing Master Agreement, the annual caps for the financial years ending 31 December 2008 and 2009 are now expected to be HK\$41.0 million and HK\$58.0 million respectively.

The above annual caps, being the expected maximum annual transaction amount, have been determined on the basis of estimated volume of services required by DAS Nordisk with reference to historical transaction values with DAS at market price, the estimated potential cargo growth, the expected increase in business volume, particularly in view of the renewal of the transactions pursuant to the ULD Maintenance Services Agreement, and the expected increase in labour cost.

The directors of DCH Holdings (including the independent non-executive directors of DCH Holdings) consider that the above transactions and the revised annual caps are on normal commercial terms, fair and reasonable and in the interests of the shareholders of DCH Holdings as a whole.

The directors of CITIC Pacific (including the independent non-executive directors of CITIC Pacific) consider that the above transactions and annual caps are on normal commercial terms, fair and reasonable and in the interests of the shareholders of CITIC Pacific as a whole.

#### **4. PURCHASE OF ULD SPARE PARTS FROM NORDISK ASIA PACIFIC LIMITED BY DAS NORDISK**

##### ***Background and general terms***

On 17 September 2008, Nordisk Asia Pacific Limited and DAS Nordisk entered into the Supplemental Sale and Purchase Master Agreement to supplement and amend certain provisions of the Original Sale and Purchase Master Agreement for the purpose of revising the annual caps for the financial years ending 31 December 2008 and 2009.

##### ***Revision of annual caps of the transaction***

The total amounts payable by DAS Nordisk to the Nordisk Asia Pacific Group for ULD spare parts for the financial years ended 31 December 2005, 2006 and 2007 were approximately HK\$4.5 million, HK\$5.4 million and HK\$5.8 million respectively. Under the Original Sale and Purchase Master Agreement, the amounts payable by DAS Nordisk to the Nordisk Asia Pacific Group for the financial years ending 31 December 2008 and 2009 were originally subject to annual caps of HK\$6.3 million and HK\$6.5 million respectively.

Pursuant to the Supplemental Sale and Purchase Master Agreement, the annual caps for the financial years ending 31 December 2008 and 2009 are now expected to be HK\$16.0 million and HK\$21.0 million respectively.

The above annual caps, being the expected maximum transaction amount, have been determined with reference to historical transaction values with the Nordisk Asia Pacific Group at market price, the expected increase in ULD maintenance volume, particularly in view of the renewal of the transactions pursuant to the ULD Maintenance Services Agreement, and the expected appreciation in Norway against Hong Kong currency exchange rate that partly leads to increase in material costs.

The directors of DCH Holdings (including the independent non-executive directors of DCH Holdings) consider that the above transactions and the revised annual caps are on normal commercial terms, fair and reasonable and in the interests of the shareholders of DCH Holdings as a whole.

## **5. GENERAL**

Based on the information from the HKExnews website, the principal business activity of CX is the operation of scheduled airline services, airline catering, aircraft handling and engineering.

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

The CITIC Pacific 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.

## **6. LISTING RULES IMPLICATIONS FOR DCH HOLDINGS AND CITIC PACIFIC**

### ***General***

As DAS, DSL and DAS Nordisk are subsidiaries of DCH Holdings, and DCH Holdings is a subsidiary of CITIC Pacific, which holds approximately 56.67% in the issued share capital of DCH Holdings, DAS, DSL and DAS Nordisk are also subsidiaries of CITIC Pacific.

### ***Long-term maintenance services on ULD by DAS Nordisk to CX***

KA is a substantial shareholder of certain subsidiaries of DCH Holdings and CITIC Pacific, namely DAS and DSL. KA is therefore a connected person of DCH Holdings and CITIC Pacific. As CX is the holding company of KA, CX is a connected person of DCH Holdings and CITIC Pacific. Accordingly, the transactions contemplated under the ULD Maintenance Services Agreement constitute a continuing connected transaction for DCH Holdings and CITIC Pacific under Chapter 14A of the Listing Rules.

In respect of each of DCH Holdings and CITIC Pacific, since the applicable percentage ratios calculated with reference to the above continuing connected transaction and the annual caps are on an annual basis less than 2.5%, the above continuing connected transaction is only subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules.

### ***Outsourcing of ULD maintenance services by DAS Nordisk to DAS***

As mentioned above, KA is a connected person of DCH Holdings and CITIC Pacific. As DAS is owned as to 30% by KA, it is an associate of KA and therefore a connected person of DCH Holdings and CITIC Pacific. Accordingly, the transactions contemplated under the Original Outsourcing Master Agreement and the Supplemental Outsourcing Master Agreement constitute a continuing connected transaction for DCH Holdings and CITIC Pacific under Chapter 14A of the Listing Rules.

In respect of each of DCH Holdings and CITIC Pacific, since the applicable percentage ratios calculated with reference to the above continuing connected transaction and the annual caps are on an annual basis less than 2.5%, the above continuing connected transaction is only subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules.

### ***Purchases of ULD spare parts from Nordisk Asia Pacific Limited by DAS Nordisk***

NAP is a substantial shareholder of DAS Nordisk, which is a non-wholly owned subsidiary of DCH Holdings and CITIC Pacific. As Nordisk Asia Pacific Limited is a fellow subsidiary of NAP, it is a connected person of DCH Holdings and CITIC Pacific. Accordingly, the transactions contemplated under the Original Sale and Purchase Master Agreement and the Supplemental Sale and Purchase Master Agreement constitute a continuing connected transaction for DCH Holdings and CITIC Pacific under Chapter 14A of the Listing Rules.

In respect of DCH Holdings, since the applicable percentage ratios calculated with reference to the above continuing connected transaction and the revised annual caps are on an annual basis less than 2.5%, the above continuing connected transaction is only subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules. In respect of CITIC Pacific, since the applicable percentage ratios calculated with reference to the above continuing connected transaction and the annual caps are on an annual basis less than 0.1%, the above continuing connected transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

## **7. DEFINITIONS**

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

- |                              |   |
|------------------------------|---|
| <b>“CITIC Pacific”</b>       | 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; |
| <b>“CITIC Pacific Group”</b> | CITIC Pacific and its subsidiaries (including DCH Holdings), or, where the context so requires, any of them (as defined under the Listing Rules);   |

|                                     |   |
|-------------------------------------|---|
| <b>“connected person”</b>           | has the meaning given to it by the Listing Rules;   |
| <b>“CX”</b>                         | Cathay Pacific Airways Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange;   |
| <b>“DAS”</b>                        | Dah Chong Hong – Dragonair Airport GSE Service Limited 大昌 – 港龍機場地勤設備服務有限公司, a company incorporated in Hong Kong with limited liability and is a non-wholly owned subsidiary of both DCH Holdings and CITIC Pacific; |
| <b>“DAS Nordisk”</b>                | DAS Nordisk Limited 大昌 – 港龍空運設備有限公司, a company incorporated in Hong Kong with limited liability and is a non-wholly owned subsidiary of both DCH Holdings and CITIC Pacific;  |
| <b>“DCH Group”</b>                  | DCH Holdings and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules);   |
| <b>“DCH Holdings”</b>               | Dah Chong Hong Holdings Limited 大昌行集團有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange, and is a non-wholly owned subsidiary of CITIC Pacific; |
| <b>“DCH Prospectus”</b>             | the prospectus of DCH Holdings dated 4 October 2007;  |
| <b>“DSL”</b>                        | DAS Aviation Support Limited 大昌 – 港龍航材支援有限公司, a company incorporated in Hong Kong with limited liability and is a non-wholly subsidiary of both DCH Holdings and CITIC Pacific;                                     |
| <b>“HK\$”</b>                       | Hong Kong dollars, the lawful currency of Hong Kong;  |
| <b>“Hong Kong”</b>                  | the Hong Kong Special Administrative Region of the PRC;   |
| <b>“KA”</b>                         | Hong Kong Dragon Airlines Limited 港龍航空有限公司, a company incorporated in Hong Kong with limited liability;   |
| <b>“Listing Rules”</b>              | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| <b>“NAP”</b>                        | Nordisk Asia Pacific Pte. Ltd., a company incorporated in Singapore with limited liability;   |
| <b>“Nordisk Asia Pacific Group”</b> | Nordisk Asia Pacific Limited, its subsidiaries, associates and holding companies (including NAP);   |

|  |  |
|--|--|
| <b>“Original Outsourcing Master Agreement”</b>           | the outsourcing master agreement dated 28 September 2007 entered into between DAS Nordisk and DAS, the details of which are particularly set out in the section headed “Connected Transactions – A. Non-exempt continuing connected transactions – 4. Outsourcing of ULD maintenance services by DAS Nordisk to DAS” in the DCH Prospectus;  |
| <b>“Original Sale and Purchase Master Agreement”</b>     | the sale and purchase master agreement dated 24 September 2007 entered into between Nordisk Asia Pacific Limited and DAS Nordisk, the details of which are particularly set out in the section headed “Connected Transactions – A. Non-exempt continuing connected transactions – 5. Purchase of ULD spare parts from Nordisk Asia Pacific Ltd. by DAS Nordisk” in the DCH Prospectus; |
| <b>“percentage ratio(s)”</b>                             | has the meaning given to it by the Listing Rules;  |
| <b>“PRC”</b>   | the People’s Republic of China;  |
| <b>“Stock Exchange”</b>                                  | The Stock Exchange of Hong Kong Limited;   |
| <b>“substantial shareholder”</b>                         | has the meaning given to it by the Listing Rules;  |
| <b>“Supplemental Outsourcing Master Agreement”</b>       | the supplemental agreement to the Original Outsourcing Master Agreement dated 17 September 2008 entered into between DAS Nordisk and DAS;  |
| <b>“Supplemental Sale and Purchase Master Agreement”</b> | the supplemental agreement to the Original Sale and Purchase Master Agreement dated 17 September 2008 entered into between Nordisk Asia Pacific Limited and DAS Nordisk;   |
| <b>“ULD”</b>   | unit load device, which includes all unit load device types currently being operated by CX;  |
| <b>“ULD Maintenance Services Agreement”</b>              | the ULD maintenance and repair services agreement dated 17 September 2008 entered into between CX and DAS Nordisk under which, among other things, CX agreed to appoint DAS Nordisk to provide ULD maintenance and repair services; and  |
| <b>“%”</b>   | per cent.  |

By order of the board  
**Dah Chong Hong Holdings Limited**  
**Tso Mun Wai**  
*Company Secretary*

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

Hong Kong, 17 September 2008

*As at the date of this announcement, the directors of DCH Holdings are:*

*Executive directors: Hui Ying Bun (Chairman), Chu Hon Fai, Yip Moon Tong, Mak Kwing Tim, Lau Sei Keung, Tsoi Tai Kwan, Arthur and Glenn Robert Sturrock Smith*

*Non-executive directors: Ho Hau Hay, Hamilton, Chau Chi Yin, Chan Chui Sheung, Stella and Kwok Man Leung*

*Independent non-executive directors: Cheung Kin Piu, Valiant, Hsu Hsung, Adolf and Yeung Yue Man*

*As at the date of this announcement, the directors of CITIC Pacific are:*

*Executive directors: 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*

*Non-executive directors: Willie Chang, André Desmarais, Chang Zhenming and Peter Kruyt (alternate director to André Desmarais)*

*Independent non-executive directors: Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong*