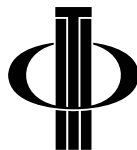


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CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

CONTINUING CONNECTED TRANSACTION

The Directors announce that DAS Nordisk and DAS entered into the DNL Outsourcing Master Agreement to outsource part of the ULD maintenance services by DAS Nordisk to DAS for a term of three years from 1 January 2010 to 31 December 2012. The annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$30.0 million, HK\$37.5 million and HK\$46.8 million respectively.

DAS Nordisk is a 49% owned subsidiary of DCH which in turn is a non wholly-owned subsidiary of CITIC Pacific. DAS is held as to 70% by DCH and 30% by KA and is therefore an associate of KA. As KA is a substantial shareholder of another subsidiary of DCH, DAS is a connected person of DCH and CITIC Pacific. The transaction contemplated under the DNL Outsourcing Master Agreement constitutes a continuing connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules.

Since the applicable percentage ratio calculated with reference to the above continuing connected transaction and the annual caps exceed 0.1% but are below 2.5% on an annual basis, the above continuing connected transaction is only subject to the announcement and reporting requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules.

OUTSOURCING OF ULD MAINTENANCE SERVICES BY DAS NORDISK TO DAS

The DNL Outsourcing Master Agreement

Parties:

- (1) DAS Nordisk
- (2) DAS

Background and general terms

Reference is made to the announcement of DCH dated 28 January 2010. An outsourcing master agreement dated 28 September 2007 between DAS Nordisk and DAS to outsource part of the ULD maintenance services by DAS Nordisk to DAS (the “**Old DNL Outsourcing Master Agreement**”) has expired on 31 December 2009.

For the purpose of renewing the arrangements contemplated under the Old DNL Outsourcing Master Agreement, on 26 January 2010, DAS Nordisk and DAS entered into the DNL Outsourcing Master Agreement, under which DAS Nordisk agreed to outsource part of the ULD maintenance services to DAS for a term of three years from 1 January 2010 to 31 December 2012.

Pricing principles and annual caps

The pricing for the outsourcing services is determined with reference to labour time and volume of services as estimated with reference to previous years’ level. The total amount of outsourcing fees paid by DAS Nordisk to DAS under the Old DNL Outsourcing Master Agreement for the financial years ended 31 December 2007, 2008 and 2009 were approximately HK\$20.6 million, HK\$26.3 million and HK\$25.1 million respectively. Pursuant to the DNL Outsourcing Master Agreement, the annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$30.0 million, HK\$37.5 million and HK\$46.8 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 expected increase in business volume, in particular with reference to the ULD Maintenance Services Agreement, and the expected increase in labour cost.

REASONS FOR AND BENEFITS OF THE TRANSACTION

DAS is one of the only two ULD repairers who possess the appropriate airworthiness approvals at the Hong Kong International Airport. DAS, being a 70% owned subsidiary of DCH, is regarded by DAS Nordisk as a reliable ULD maintenance service provider at competitive market terms.

The Directors (including the independent non-executive directors of CITIC Pacific) consider that the transaction contemplated and annual caps under the DNL Outsourcing Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the shareholders of CITIC Pacific as a whole.

GENERAL

DAS Nordisk, engaging in the provision of maintenance services for air cargo containers, sale of related spare parts and letting of air cargo equipment, is a 49% owned subsidiary of DCH which in turn is a non wholly-owned subsidiary of CITIC Pacific.

CITIC Pacific's operational focus is on China, both the mainland and Hong Kong. Its major businesses are special steel manufacturing, iron ore mining and property development in mainland China. Other businesses include power and civil infrastructure. It also holds controlling interests in DCH and CITIC 1616 Holdings Limited.

DAS, engaging in the provision of airport ground support equipment maintenance services, is held as to 70% by DCH and 30% by KA and is therefore an associate of KA. As KA is a substantial shareholder of another subsidiary of DCH, DAS is a connected person of DCH and CITIC Pacific. The transaction contemplated under the DNL Outsourcing Master Agreement constitutes a continuing connected transaction for CITIC Pacific under Chapter 14A of the Listing Rules.

Since the applicable percentage ratio calculated with reference to the above continuing connected transaction and the annual caps exceed 0.1% but are below 2.5% on an annual basis, the above continuing connected transaction is subject to the announcement and reporting requirements, but is exempt 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:

“associate”	has the meaning given to it by the Listing Rules;
“CITIC Pacific”	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 of Hong Kong Limited;
“connected person”	has the meaning given to it by the Listing Rules;
“DAS”	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 a non wholly-owned subsidiary of DCH;
“DAS Nordisk”	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 a non wholly-owned subsidiary of DCH;
“DCH”	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 of Hong Kong Limited and a non wholly-owned subsidiary of CITIC Pacific;
“Directors” or “Board”	the directors of CITIC Pacific;
“DNL Outsourcing Master Agreement”	the outsourcing master agreement dated 26 January 2010 entered into between DAS Nordisk and DAS;

“Group”	CITIC Pacific 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 People’s Republic of China;
“KA”	Hong Kong Dragon Airlines Limited 港龍航空有限公司, a company incorporated in Hong Kong with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“percentage ratio”	has the meaning given to it by the Listing Rules;
“subsidiary”	has the meaning given to it by the Listing Rules;
“substantial shareholder”	has the meaning given to it by the Listing Rules;
“ULD”	unit load device, which includes all unit load device types currently being operated by Cathay Pacific Airways Limited, the holding company of KA;
“ULD Maintenance Services Agreement”	the ULD maintenance and repair services agreement dated 17 September 2008 entered into between Cathay Pacific Airways Limited and DAS Nordisk under which, among other things, Cathay Pacific Airways Limited 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; and
“%”	per cent.

By order of the Board
CITIC Pacific Limited
Ricky Choy Wing Kay
Company Secretary

Hong Kong, 29 January 2010

As at the date hereof, the executive directors of CITIC Pacific are Messrs Chang Zhenming (Chairman), Zhang Jijing, Peter Lee Chung Hing, Carl Yung Ming Jie, Vernon Francis Moore, Li Shilin, Liu Jifu, Milton Law Ming To, Wang Ande and Kwok Man Leung; the non-executive directors of CITIC Pacific are Messrs Willie Chang, André Desmarais, Ju Weimin, Yin Ke and Peter Kruyt (alternate director to Mr André Desmarais); and the independent non-executive directors of CITIC Pacific are Messrs Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong.