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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: 267)

CONTINUING CONNECTED TRANSACTIONS

The DCH Directors announce that on 18 May 2010, GZ Junjia, Cixi Junjia, SH Junjia (companies accounted for as non-wholly owned subsidiaries of DCH Holdings) and FS Junling, all being vehicle dealers of Lexus, entered into inventory cross-sales agreements with one another to facilitate the on-sale of vehicles to one another's customers from time to time during the respective term of the Agreements.

The Dealers are associates of a common connected person, namely Mr. Mak. Mr. Mak is a substantial shareholder and director of various non-wholly owned subsidiaries of DCH Holdings. FS Junling is also an associate of Xiong Feng which is a substantial shareholder of GZ Junjia.

As such, the Dealers are connected persons of each of DCH Holdings and CITIC Pacific, and each of the Purchase Transactions and the Sale Transactions constitutes a continuing connected transaction for each of DCH Holdings and CITIC Pacific. As FS Junling is not a subsidiary of DCH Holdings, the applicable percentage ratios for the FS Purchase Transactions and the FS Sale Transactions respectively will be aggregated in accordance with Rule 14A.25 of the Listing Rules. The applicable percentage ratios for DCH Holdings and CITIC Pacific respectively in relation to each of the FS Purchase Transactions and the FS Sale Transactions are more than 0.1% but less than 2.5%. The applicable percentage ratios for DCH Holdings and CITIC Pacific respectively in relation to each of the purchase transactions and the sale transactions contemplated under each of SPA1, SPA2 and SPA4 are more than 0.1% but less than 2.5%. Therefore, the FS Purchase Transactions, the FS Sale Transactions, each of the purchase transactions and the sale transactions contemplated under each of SPA1, SPA2 and SPA4 are subject to the reporting and announcement requirements, but are exempt from the DCH independent shareholders' and the CITIC Pacific independent shareholders' approval requirement respectively under the Listing Rules.

INTRODUCTION

The DCH Directors announce that on 18 May 2010, GZ Junjia, Cixi Junjia, SH Junjia (companies accounted for as non-wholly owned subsidiaries of DCH Holdings) and FS Junling, all being vehicle dealers of a common motor vehicle manufacturer ("**Lexus**"), entered into inventory cross-sales agreements with one another to facilitate the on-sale of vehicles to one another's customers from time to time during the respective term of the Agreements.

GZ Junjia, Cixi Junjia, SH Junjia and FS Junling are 4S dealerships which provide vehicle sales, spare parts, services and conduct customer survey for the manufacturer or supplier in respect of the "Lexus" brand in Guangzhou, Ningbo, Shanghai and Foshan of the PRC respectively.

THE AGREEMENTS

The table below summarises the terms of the Agreements:

Agreement	Parties to the Agreement	Term	Annual cap for sales of vehicles by (a) to (b)	Annual cap for purchases of vehicles by (a) from (b)
SPA 1	(a) GZ Junjia and (b) Cixi Junjia	from 1 May 2010 to 31 December 2012	RMB100,000,000 (approximately HK\$114,000,000)*	RMB100,000,000 (approximately HK\$114,000,000)*
SPA 2	(a) GZ Junjia and (b) SH Junjia	from 1 May 2010 to 31 December 2012	RMB100,000,000 (approximately HK\$114,000,000)*	RMB100,000,000 (approximately HK\$114,000,000)*
SPA 3[#]	(a) GZ Junjia and (b) FS Junling	from 1 January 2010 to 31 December 2012	RMB50,000,000 (approximately HK\$57,000,000) [@]	RMB50,000,000 (approximately HK\$57,000,000) [@]
SPA 4	(a) Cixi Junjia and (b) SH Junjia	from 1 May 2010 to 31 December 2012	RMB100,000,000 (approximately HK\$114,000,000)*	RMB100,000,000 (approximately HK\$114,000,000)*
SPA 5	(a) Cixi Junjia and (b) FS Junling	from 1 April 2010 to 31 December 2012	RMB50,000,000 (approximately HK\$57,000,000) ⁺	RMB50,000,000 (approximately HK\$57,000,000) ⁺
SPA 6	(a) SH Junjia and (b) FS Junling	from 1 May 2010 to 31 December 2012	RMB50,000,000 (approximately HK\$57,000,000)*	RMB50,000,000 (approximately HK\$57,000,000)*

Notes:

* For the eight-month period ending 31 December 2010, and each of the financial years ending 31 December 2011 and 2012.

[#] SPA 3 shall supersede the inventory cross-sales agreement dated 29 June 2009 entered into between GZ Junjia and FS Junling (which ceased and determined with effect from 18 May 2010) and disclosed in DCH Holdings' announcement dated 29 June 2009.

[@] For each of the financial years ending 31 December 2010, 2011 and 2012.

⁺ For the nine-month period ending 31 December 2010, and each of the financial years ending 31 December 2011 and 2012.

PRICING PRINCIPLES AND ANNUAL CAPS

The pricing for the sale and purchase of vehicles between the respective parties of each Agreement will be determined at the prevailing market prices of the relevant vehicles at the relevant geographical location.

The annual caps under each Agreement are determined with reference to the historical (if any) and estimated transaction volumes, the estimated change in the unit price of the vehicles and the production volume of the manufacturer under the prevailing market conditions.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

According to the stock management policy of Lexus, the Dealers are allowed to source vehicles from other Lexus dealers. In doing so, a Lexus dealer may purchase vehicles from other Lexus dealers when certain vehicles are short of stock and thereby shortening the waiting time for ultimate customers. The Dealers understand that this is a common practice for Lexus dealerships in the PRC and such arrangement is beneficial for each dealer as it allows dealers to source short of stock vehicles from other dealers.

The DCH Directors (including the independent non-executive directors of DCH Holdings) consider that the Transactions are on normal commercial terms and in the ordinary and normal course of business of the DCH Group, fair and reasonable and in the interests of DCH Holdings and the DCH Shareholders as a whole.

The CITIC Pacific Directors (including the independent non-executive directors of CITIC Pacific) consider that the Transactions are on normal commercial terms and in the ordinary and normal course of business of the CITIC Pacific Group, fair and reasonable and in the interests of CITIC Pacific and the CITIC Pacific Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Dealers are associates of a common connected person, namely Mr. Mak. Mr. Mak is a substantial shareholder and director of various non-wholly owned subsidiaries of DCH Holdings. FS Junling is also an associate of Xiong Feng which is a substantial shareholder of GZ Junjia.

As such, the Dealers are connected persons of each of DCH Holdings and CITIC Pacific, and each of the Purchase Transactions and the Sale Transactions constitutes a continuing connected transaction for each of DCH Holdings and CITIC Pacific. As FS Junling is not a subsidiary of DCH Holdings, the applicable percentage ratios for the FS Purchase Transactions and the FS Sale Transactions respectively will be aggregated in accordance with Rule 14A.25 of the Listing Rules. The applicable percentage ratios for DCH Holdings and CITIC Pacific respectively in relation to each of the FS Purchase Transactions and the FS Sale Transactions are more than 0.1% but less than 2.5%. The applicable percentage ratios for DCH Holdings and CITIC Pacific respectively in relation to each of the purchase transactions and the sale transactions contemplated under each of SPA1, SPA2 and SPA4 are more than 0.1% but less than 2.5%. Therefore, the FS Purchase Transactions, the FS Sale Transactions, each of the purchase transactions and the sale transactions contemplated under each of SPA1, SPA2 and SPA4 are subject to the reporting and announcement requirements, but are exempt from the DCH independent shareholders' and the CITIC Pacific independent shareholders' approval requirement respectively under the Listing Rules.

GENERAL

The 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 a well-established base and network in the PRC, Hong Kong and Macao.

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 energy and civil infrastructure. It also holds controlling interests in DCH Holdings and CITIC 1616 Holdings Limited.

DEFINITIONS

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

"Agreements"	collectively, SPA 1, SPA 2, SPA 3, SPA 4, SPA 5 and SPA 6, and each an Agreement;
"associate"	has the meaning ascribed 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 Main Board of The Stock Exchange of Hong Kong Limited;
"CITIC Pacific Directors"	the directors of CITIC Pacific;
"CITIC Pacific Group"	CITIC Pacific and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules);
"CITIC Pacific Shareholders"	the shareholders of CITIC Pacific;
"connected person"	has the meaning ascribed to it by the Listing Rules;
"continuing connected transaction"	has the meaning ascribed to it by the Listing Rules;
"Cixi Junjia"	寧波慈溪駿佳雷克薩斯汽車銷售服務有限公司 (Ningbo Cixi Junjia Lexus Motors Sale and Service Limited), a wholly foreign owned enterprise incorporated in the PRC with limited liability and a non-wholly owned subsidiary of DCH Holdings;
"DCH Directors"	the directors of DCH Holdings;
"DCH Group"	DCH Holdings and its subsidiaries;

"DCH Holdings"	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 Main Board of The Stock Exchange of Hong Kong Limited;
"DCH Shareholders"	the shareholders of DCH Holdings;
"Dealers"	collectively, GZ Junjia, Cixi Junjia, SH Junjia and FS Junling;
"FS Junling"	佛山市駿領雷克薩斯汽車有限公司 (Foshan Junling Lexus Motors Limited), a company incorporated in the PRC with limited liability and an associate of each of Mr. Mak and Xiong Feng;
"FS Purchase Transactions"	collectively, the purchase transactions contemplated under SPA 3, SPA 5 and SPA 6;
"FS Sale Transactions"	collectively, the sale transactions contemplated under SPA 3, SPA 5 and SPA 6;
"GZ Junjia"	廣州駿佳凌志汽車銷售服務有限公司 (Guangzhou Junjia Lexus Motors Sale and Service Limited), a company incorporated in the PRC with limited liability and accounted for as a non-wholly owned subsidiary of DCH Holdings;
"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 of Hong Kong Limited;
"Macao"	the Macao Special Administrative Region of the PRC;
"Mr. Mak"	Mr. Mak Hing Lung;
"PRC"	the People's Republic of China;
"Purchase Transactions"	the purchase transactions contemplated under the Agreements;
"RMB"	Reminbi, the lawful currency of the PRC;
"Sale Transactions"	the sale transactions contemplated under the Agreements;
"SH Junjia"	上海駿佳雷克薩斯汽車銷售服務有限公司 (Shanghai Junjia Lexus Motors Sale and Service Limited), a wholly foreign owned enterprise incorporated in the PRC with limited liability and a non-wholly owned subsidiary of DCH Holdings;

"SPA 1"	the sale and purchase agreement dated 18 May 2010 entered into between GZ Junjia and Cixi Junjia for the cross-sale of vehicles to each other;
"SPA 2"	the sale and purchase agreement dated 18 May 2010 entered into between GZ Junjia and SH Junjia for the cross-sale of vehicles to each other;
"SPA 3"	the sale and purchase agreement dated 18 May 2010 entered into between GZ Junjia and FS Junling for the cross-sale of vehicles to each other;
"SPA 4"	the sale and purchase agreement dated 18 May 2010 entered into between Cixi Junjia and SH Junjia for the cross-sale of vehicles to each other;
"SPA 5"	the sale and purchase agreement dated 18 May 2010 entered into between Cixi Junjia and FS Junling for the cross-sale of vehicles to each other;
"SPA 6"	the sale and purchase agreement dated 18 May 2010 entered into between SH Junjia and FS Junling for the cross-sale of vehicles to each other;
"subsidiary"	has the meaning ascribed to it by the Listing Rules;
"substantial shareholder"	has the meaning ascribed to it by the Listing Rules;
" Xiong Feng"	佛山市南海雄峰汽車有限公司 (Foshan Nanhai Xiongfeng Motors Limited), a company incorporated in the PRC with limited liability and a substantial shareholder of GZ Junjia; and
"%"	per cent.

For illustration purpose in this announcement, the conversion rate of RMB1 = HK\$1.14 was adopted.

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

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

Hong Kong, 18 May 2010

As at the date of this announcement, the DCH Directors are:

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

Non-executive directors: Kwok Man Leung, Yin Ke and Fei Yiping

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

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

Executive directors: Chang Zhenming (Chairman), Zhang Jijing, Carl Yung Ming Jie, Vernon Francis Moore, Li Shilin, Liu Jifu, Milton Law Ming To, Wang Ande and Kwok Man Leung

Non-executive directors: Willie Chang, André Desmarais, Ju Weimin, Yin Ke and Peter Kruyt (alternate director to André Desmarais)

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