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

CONNECTED TRANSACTION

REORGANISATION OF A NON-WHOLLY OWNED SUBSIDIARY

DCH Food Industries (a wholly owned subsidiary of DCH Holdings) together with Rotary Vortex Limited ("RVL") have agreed to streamline their respective interests in Shanghai Shineway, a company engaged in the production and selling of processed meat and related food products.

Prior to the Reorganisation, DCH Food Industries holds its investment in Shanghai Shineway through a 65.09%-owned subsidiary, MHL. MHL is the joint venture company which holds 40% interest in Shanghai Shineway. The remaining 34.91% interest in MHL is undergoing restructuring involving RVL such that upon completion of such restructuring, the said interest will be held by RVL. The shareholding structure is shown in the charts below.

After the Reorganisation, DCH Food Industries and RVL will hold their interests in Shanghai Shineway separately. As at the date of this announcement, DCH Food Industries has an attributable interest of approximately 26.04% in Shanghai Shineway and the attributable interests owned by DCH Food Industries and RVL in Shanghai Shineway before and after the streamlining will be maintained at approximately 26.04% and 13.96%, respectively.

To give effect to the above changes, two agreements described below were required and their completion is conditional upon, inter alia, approvals from the relevant PRC governmental and regulatory authorities.

Entering into these agreements are connected transactions for DCH Holdings and CITIC Pacific subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

DCH Food Industries holds its investment in Shanghai Shineway through a 65.09%-owned subsidiary, MHL. MHL holds a 40% interest in Shanghai Shineway. The remaining 34.91% interest in MHL will be held by RVL after the RVL Restructuring is completed.

DCH Food Industries and RVL have agreed to streamline their respective interests in Shanghai Shineway such that instead of holding a combined 40% interest through a jointly owned vehicle, each of DCH Food Industries and RVL will hold their own shareholding of approximately 26.04% and 13.96% respectively in Shanghai Shineway (which is equivalent to their respective attributable interests).

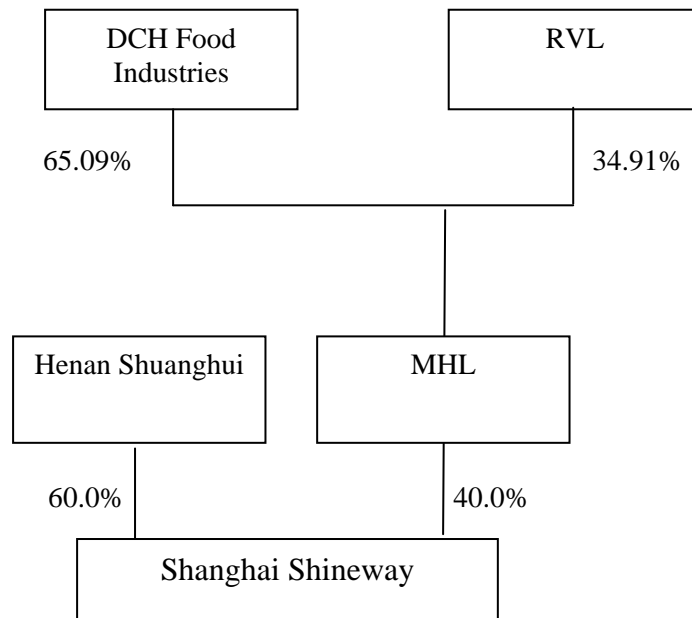
To give effect to the Reorganisation, the following agreements were entered into:

1. the Equity Transfer Agreement between MHL and RVL in respect of the Disposal, in which MHL agreed to sell to RVL a 13.96% equity interest in the registered capital of Shanghai Shineway for a consideration of HK\$32,367,667.09; and
2. the Share Purchase Agreement between DCH Food Industries and RVL in respect of the Acquisition, in which DCH Food Industries agreed to purchase the remaining 34.91% equity interest in the issued share capital of MHL from RVL for a consideration of HK\$4,500.

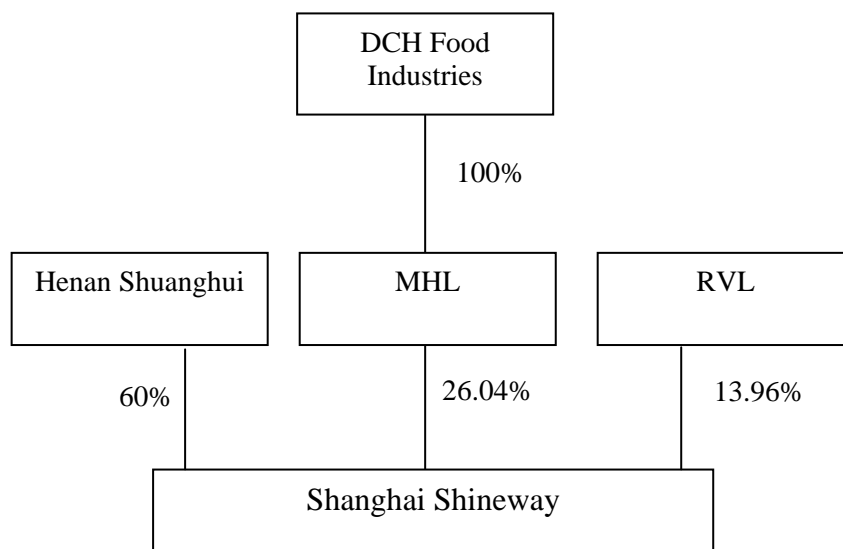
CHANGES IN SHAREHOLDING STRUCTURE

The following charts show the shareholding structure of MHL and Shanghai Shineway before and after completion of the Reorganisation:

Immediately before completion of the Reorganisation



After completion of the Reorganisation



EQUITY TRANSFER AGREEMENT

Date: 5 June 2009

Parties:

- (1) Purchaser : RVL
- (2) Seller : MHL, a 65.09%-owned subsidiary of DCH Food Industries

Assets to be disposed

13.96% equity interest in the registered capital of Shanghai Shineway

Consideration

The consideration for the 13.96% equity interest in the registered capital of Shanghai Shineway is RMB28,533,393.25, which is payable by RVL in HK\$ and amounted to HK\$32,367,667.09 using the exchange rate based on the central price of the buying and selling prices of RMB against the HK\$ as announced by The People's Bank of China on the date of the Equity Transfer Agreement. Such consideration shall be set off against the outstanding shareholders' loans due and owing by MHL to RVL in the total amount of HK\$32,367,667.09.

As at 31 December 2008, the audited net asset value attributable to the 13.96% equity interest in the registered capital of Shanghai Shineway was approximately RMB34,500,000 (approximately HK\$39,330,000). The consideration was determined after arm's length negotiation equivalent to the book value of the outstanding shareholders' loans due and owing by MHL to RVL in the total amount of HK\$32,367,667.09.

Conditions and Completion

Completion of the Disposal is conditional upon, inter alia:

- (a) Shanghai Shineway having passed all necessary board resolutions for the approval of the Disposal;
- (b) Henan Shuanghui, the existing shareholder of Shanghai Shineway, agreeing to the Disposal and waiving its pre-emptive rights in relation to the 13.96% equity interest under the Disposal;
- (c) the board of directors of MHL approving the Disposal and the Equity Transfer Agreement;
- (d) completion of the RVL Restructuring and RVL becoming the registered shareholder of 34.91% interest in MHL; and
- (e) the signing of the Share Purchase Agreement and the related documents, and all necessary consents or approvals required of DCH Holdings and the holding company of DCH Holdings, if any, under the Listing Rules having been obtained.

Unless any of the condition precedents have been waived as mutually agreed by both MHL and RVL in writing, if the condition precedents have not been fulfilled within 10 business days after the date of the Equity Transfer Agreement (or such other date as the parties may agree in writing), any party to the Equity Transfer Agreement shall have the right to terminate the agreement.

Upon satisfaction of all the conditions (or waived as mutually agreed by both MHL and RVL), the parties will proceed to obtain all required approvals from the relevant PRC governmental and regulatory authorities and to be followed by completing all registration and filing procedures for the Equity Transfer Agreement. In the event that the required approvals from the relevant PRC governmental and regulatory authorities are not obtained within 100 days from the date that the condition precedents are satisfied, unless the parties agree to extend such 100 days period, the Equity Transfer Agreement shall lapse and be of no further effect.

After the required approvals from the relevant PRC governmental and regulatory authorities have been obtained but prior to the parties attending to completion of the registration and filing procedures, the parties will first proceed to complete the Share Purchase Agreement for the Acquisition. If completion of the Share Purchase Agreement does not take place within three business days after such approvals having been obtained for reasons not due to DCH Food Industries, MHL shall have the right to terminate the Equity Transfer Agreement and in such event, the parties agreed to take all necessary actions to unwind the transaction under the Equity Transfer Agreement by transferring the 13.96% equity interest from RVL to MHL.

Completion of the Equity Transfer Agreement shall take place after completion of the Share Purchase Agreement and on the day upon which the above registration and filing procedures have been completed, all relevant approvals have been obtained and RVL becomes the registered shareholder of 13.96% equity interest in the registered capital of Shanghai Shineway.

SHARE PURCHASE AGREEMENT

Date: 5 June 2009

Parties:

(1) Purchaser : DCH Food Industries, a wholly owned subsidiary of DCH Holdings

(2) Seller : RVL

As at the date of this announcement, RVL is not yet a registered shareholder of MHL and is currently undergoing the RVL Restructuring, and upon completion of such restructuring, RVL will hold a 34.91% equity interest in the issued share capital of MHL.

Assets to be acquired

34.91% equity interest in the share capital of MHL

Consideration

The consideration for the 34.91% equity interest in the issued share capital of MHL is HK\$4,500, which shall be paid to RVL in cash upon completion.

As at 31 December 2008, the unaudited consolidated net asset value attributable to the 34.91% equity interest in the issued share capital of MHL was approximately HK\$8,400,000. The consideration was determined after arm's length negotiation with reference to the par value of the 34.91% equity interest in the issued share capital of MHL amounting to HK\$4,500, and will be funded from internal resources of DCH Holdings.

The original investment amount of RVL in respect of the 34.91% equity interest in the issued share capital of MHL and the related shareholder's loans were RMB29,910,437.26 (approximately HK\$34,100,000), of which HK\$32,367,667.09 was the purchase price for the said shareholder's loans at book value.

Conditions and Completion

Completion of the Acquisition is conditional upon, inter alia:

- (a) completion of the RVL Restructuring and RVL becoming the registered shareholder of 34.91% interest in MHL;
- (b) all required approvals from the relevant PRC governmental and regulatory authorities for the Disposal having been obtained; and
- (c) all necessary consents or approvals required of DCH Holdings and the holding company of DCH Holdings, if any, under the Listing Rules for approving the terms of the Share Purchase Agreement and the transactions contemplated thereunder having been obtained.

In the event that the condition precedents are not fulfilled within 120 days after the date of the Share Purchase Agreement (or such other date as the parties may agree in writing), the Share Purchase Agreement shall lapse and be of no further effect.

RVL and DCH Food Industries also entered into a shareholder's agreement on 5 June 2009 to regulate their rights in relation to MHL. Pursuant to the said shareholder's agreement, the board of directors of MHL shall have 7 directors. DCH Food Industries will have the right to nominate 4 directors and RVL will have the right to nominate 3 directors. Each of DCH Food Industries and RVL has the pre-emption rights to acquire shares in MHL to be disposed by the other party. The shareholder's agreement will be terminated upon completion of the Acquisition.

Completion of the Share Purchase Agreement shall take place on the first business day after all the conditions have been satisfied or such other later date as mutually agreed by the parties in writing. Upon completion, MHL will be a wholly owned subsidiary of DCH Holdings.

INFORMATION ABOUT MHL AND SHANGHAI SHINEWAY

Shanghai Shineway is engaged in production and selling of processed meat and related food products.

MHL is an investment holding company incorporated in Hong Kong. As at the date of this announcement, the only asset of MHL is its 40% interest in Shanghai Shineway.

For the year ended 31 December 2008, the unaudited consolidated net profits both before and after taxation and extraordinary items of MHL were approximately HK\$27,000,000. For the year ended 31 December 2007, the unaudited consolidated net profits both before and after taxation and extraordinary items of MHL were approximately HK\$6,300,000.

For the year ended 31 December 2008, the audited net profits before and after taxation and extraordinary items of Shanghai Shineway were approximately RMB59,000,000 (approximately HK\$67,260,000) and RMB59,200,000 (approximately HK\$67,488,000) respectively. For the year ended 31 December 2007, the audited net profits both before and after taxation and extraordinary items of Shanghai Shineway were approximately RMB8,200,000 (approximately HK\$9,348,000).

REASONS FOR AND BENEFITS OF THE REORGANISATION

As RVL and the DCH Group have different focus and strategies, the Reorganisation enables the DCH Group to rationalise and streamline its investment in Shanghai Shineway while maintaining the attributable interests of the DCH Group in Shanghai Shineway at approximately 26.04%.

Upon completion of the Reorganisation, MHL will become a wholly owned subsidiary of DCH Food Industries and the attributable interests of the DCH Group in Shanghai Shineway will be maintained at approximately 26.04%. As a result, there is no change for the share of net assets of Shanghai Shineway by the DCH Group and the CITIC Pacific Group before and after the Reorganisation. Based on the audited financial statements of Shanghai Shineway for the year ended 31 December 2008 and the unaudited consolidated net asset value of MHL as at 31 December 2008, it is estimated that a profit of approximately HK\$1.4 million would be dealt with in the income statements of DCH Group and CITIC Pacific Group as a result of the Reorganisation, but the actual amount to be dealt with in the income statements will be ascertained as at completion of the Reorganisation.

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

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

GENERAL

RVL is an investment holding company incorporated in Hong Kong and is the controlling shareholder of Henan Shuanghui.

The RVL Restructuring was effected between RVL and the existing shareholder of MHL, and upon completion of which RVL will hold a 34.91% equity interest in the issued share capital of MHL. As stated above, completion of the Disposal and the Acquisition are conditional upon, inter alia, completion of the RVL Restructuring (i.e. RVL becoming the registered shareholder of 34.91% interest in MHL). DCH Group is not a party to the RVL Restructuring.

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 power, aviation and civil infrastructure. It also holds controlling interests in DCH Holdings and CITIC 1616 Holdings Limited.

LISTING RULES IMPLICATIONS

MHL is a non-wholly owned subsidiary of DCH Holdings. DCH Holdings is a non-wholly owned subsidiary of CITIC Pacific. As RVL will become a substantial shareholder of MHL upon completion of the RVL Restructuring but before completion of the Disposal and the Acquisition, each of the Disposal and the Acquisition constitutes a connected transaction for DCH Holdings and CITIC Pacific under the Listing Rules.

Since the relevant percentage ratios for each of DCH Holdings and CITIC Pacific calculated with reference to each of the Disposal and the Acquisition are more than 0.1% but less than 2.5%, the Disposal and the Acquisition are only subject to the reporting and announcement requirements, but are 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 of 34.91% equity interest in the issued share capital of MHL by DCH Food Industries from RVL pursuant to the terms of the Share Purchase Agreement;

“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;
“CITIC Pacific Group”	CITIC Pacific and its subsidiaries;
“DCH Food Industries”	DCH Food Industries Limited 大昌行食品工業有限公司, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary 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 Stock Exchange of Hong Kong Limited;
“Disposal”	the disposal of 13.96% equity interest in the registered capital of Shanghai Shineway by MHL to RVL pursuant to the terms of the Equity Transfer Agreement;
“Equity Transfer Agreement”	the equity transfer agreement dated 5 June 2009 entered into between RVL and MHL in relation to the Disposal;
“Henan Shuanghui”	河南雙匯投資發展股份有限公司 Henan Shuanghui Investment & Development Co., Ltd., a company established under the laws of the PRC, whose shares are listed on the Shenzhen Stock Exchange;
“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;
“MHL”	Mainstream Holdings Limited, a company incorporated in Hong Kong with limited liability and a 65.09%-owned subsidiary of DCH Holdings;
“Share Purchase Agreement”	the share purchase agreement dated 5 June 2009 entered into between RVL and DCH Food Industries in relation to the Acquisition;
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules;

“ PRC ”	the People’s Republic of China;
“ Reorganisation ”	collectively the Disposal and the Acquisition;
“ RMB ”	Renminbi, the lawful currency of the PRC;
“ RVL ”	Rotary Vortex Limited 羅特克斯有限公司, a company incorporated in Hong Kong with limited liability;
“ RVL Restructuring ”	the restructuring of RVL, whereby upon completion of such restructuring, RVL will hold 34.91% equity interest in the issued share capital of MHL;
“ Shanghai Shineway ”	上海雙匯大昌泰森有限公司 (Shanghai Shineway DCH Tyson Co., Ltd.), an equity joint venture established under the laws of the PRC and owned as to approximately 26.04% by DCH Holdings effectively;
“ subsidiary ”	has the meaning ascribed to it under the Listing Rules;
“ substantial shareholder ”	has the meaning ascribed to it under the Listing Rules; and
“ % ”	per cent.

For illustration purposes in this announcement, the conversion rate of RMB1.00 = HK\$1.14 was adopted. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

To the extent required, the percentage figures are rounded to two decimal places for illustration purposes in this announcement.

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, 5 June 2009

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, 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: Chang Zhenming (Chairman), 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

Non-executive directors: Willie Chang, André Desmarais, Zhang Jijing, Ju Weimin 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