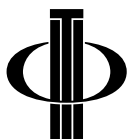


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CITIC PACIFIC

## CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

### ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcement issued by CITIC Pacific Limited (the “**Company**”) on 31 March 2006 (the “**March 2006 Announcement**”) regarding, inter alia, the Acquisition of Mining Rights in Western Australia which constituted a major transaction for the Company. Terms defined in the March 2006 Announcement have the same meanings when used in this announcement. The Acquisition of Mining Rights was approved by a written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules.

The board of directors (the “**Board**”) of the Company announces that on 24 January 2007, Sino Iron Pty Ltd (a wholly owned subsidiary of the Company, “**Sino Iron**”) entered into a general construction contract (the “**Contract**”) with China Metallurgical Group Corp. (“**MCC**”) pursuant to which MCC shall be responsible for, amongst other things, the design, construction, installation and testing of certain infrastructure at the Mining Area. The contract sum for the work to be conducted by MCC is estimated to be US\$1,106.15 million (approximately HK\$8,630 million, the “**Contract Sum**”).

#### INTRODUCTION

**This announcement is made pursuant to Rule 13.09 of the Listing Rules.**

Reference is made to the March 2006 Announcement regarding, inter alia, the Acquisition of Mining Rights in Western Australia which constituted a major transaction for the Company. The Acquisition of Mining Rights was approved by a written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules.

#### THE CONTRACT

Following the Acquisition of Mining Rights, the Company has been looking for appropriate professional companies to which Sino Iron will contract out the design, construction, installation and testing of the infrastructure at the Mining Area, including primary crusher, concentrator, pellet plant, material handling system, power plant, desalination plant, camp, workshops, offices, services and facilities and port materials handling facilities including the shiploader (the “**Works**”).

On 24 January 2007, Sino Iron has entered into the Contract with MCC. Pursuant to the Contract, MCC shall be responsible for the procurement of mining equipment, design, construction and installation of primary crushing plant, concentrator, pellet plant, material handling system, camp and other auxiliary infrastructure facilities (the “**Works to be conducted by MCC**”) at an amount not exceeding US\$1,106.15 million (approximately HK\$8,630 million). Sino Iron and MCC also agreed that the remaining Works (other than the Works to be conducted by MCC) shall be contracted out to third parties directly by Sino Iron (the “**Third Party Contract(s)**”) and such Works shall be managed by MCC.

#### CONSIDERATION

The price for the Works to be conducted by MCC under the Contract is estimated to be US\$1,106.15 million (approximately HK\$8,630 million), which amount is capped and no increase to the Contract Sum can be made unless otherwise agreed by both parties. Sino Iron also agreed to pay 1% of the relevant price in respect of the Third Party Contract(s) (excluding any fee for training, interest, transportation, insurance and tax expenses) to MCC as management fee(s) (the “**Management Fee(s)**”).

The Contract Sum and the Management Fee(s) have been arrived at after negotiations on an arm’s length basis, taking into consideration the experience of MCC, the complexity of the Works and the terms of the Contract. The Contract Sum shall be payable in accordance with the progress of the Works settled on a monthly basis.

The Contract Sum forms part of the capital expenditure of the Project, which has been disclosed in the Company’s circular dated 8 May 2006 and has been approved by shareholders of the Company as mentioned above.

#### COMPLETION DATE

The expected time required for the completion of all the Works to be conducted by MCC is approximately 3 years from the execution of the Contract. Based on the schedule set out in the Contract, the Project will be completed in stages and the first shipment of the products will be in early 2009.

#### REASONS FOR ENTERING INTO THE CONTRACT

The Board (including the non-executive directors of the Company) is of the view that the Contract is on normal commercial, fair and reasonable terms. It is essential that the Project shall have all the geological exploration, mining, processing, transportation, and infrastructure and auxiliary facilities as necessary for producing the products of required quantity and quality. The Board considers that the entering into of the Contract as being in the best interests of the Company and its shareholders as a whole.

#### INFORMATION ON MCC

MCC is an international construction company which has undertaken similar construction works for large scale iron ore projects in various countries including China, Brazil, Iran and Venezuela. MCC is chosen for this Project for their ability to (i) undertake, complete and manage the Works up to world-class standards in terms of construction and safety management, and (ii) comply with the relevant legal and technical requirements in Australia and the applicable industry standards for similar types of construction works in Australia.

#### GENERAL

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, MCC is a third party independent of the Company and none of MCC and its ultimate beneficial owners is a connected person (as defined in the Listing Rules) of the Company.

The Company is making this announcement to keep shareholders of the Company informed of the progress of the Project.

*For illustration purpose, conversion of US\$ to HK\$ is based on the exchange rate of US\$1 = HK\$7.8.*

By Order of the Board  
**CITIC Pacific Limited**  
Alice Tso Mun Wai  
Company Secretary

Hong Kong, 24 January 2007

*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 and Wang Ande; 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.*