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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)

GUOAN SHARE REFORM PLAN

A proposal has been made by CITIC Guoan, a jointly controlled entity of CITIC Pacific, for the conversion of the non-freely transferable shares of Guoan Information into shares freely transferable on the Shenzhen Stock Exchange. For such conversion, CITIC Guoan has proposed transferring 3.2 non-freely transferable shares of Guoan Information to each holder of freely transferable shares of Guoan Information for every ten freely transferable shares held by such holders.

If such conversion takes place (on the basis of 3.2 shares for every 10 shares), based on the net asset value of Guoan Information as at 30 September 2005, the share of net assets in Guoan Information that CITIC Pacific will forgo is approximately HK\$175 million. This represents approximately 5% of CITIC Pacific's audited profit attributable to shareholders for the year ended 31 December 2004 and approximately 0.5% of CITIC Pacific's unaudited net asset value as at 30 June 2005 as disclosed in its 2005 interim report.

The Directors announce that the Guoan Share Reform Plan has been prepared by CITIC Guoan for the conversion of non-freely transferable shares of Guoan Information into shares freely transferable on the Shenzhen Stock Exchange.

Guoan Information is a joint stock limited company incorporated in the PRC. The shares of Guoan Information in issue as at the date hereof consist of 411,627,900 non-freely transferable shares (representing 62.37% of the total issued shares of Guoan Information), all of which are held by CITIC Guoan, which is a jointly controlled entity of CITIC Pacific (having a 50% interest in CITIC Guoan through a wholly owned subsidiary). The balance of the 248,372,089 shares (representing 37.63% of the total issued shares of Guoan Information) are freely transferable on the Shenzhen Stock Exchange.

Guoan Share Reform Plan

Under the Guoan Share Reform Plan, CITIC Guoan proposes to transfer an aggregate of 79,479,068 non-freely transferable shares of Guoan Information to the holders of the freely transferable shares of Guoan Information on the basis of 3.2 shares for every ten freely transferable shares held by such holders (subject to the conditions set out below, consultation with holders of the freely transferable shares of Guoan Information and any adjustment for scrip dividend distributions by Guoan Information and conversion of Guoan Information's common reserve fund to equity). Upon completion of the Guoan Share Reform Plan, CITIC Guoan's interest in Guoan Information will drop to 50.33%.

The Guoan Information non-freely transferable shares will be converted into freely transferable shares on the first trading day following the implementation of the Guoan Share Reform Plan but subject to the restrictions during the lock-up period as mentioned below.

Conditions

The Guoan Share Reform Plan is conditional upon (a) approval of more than two-thirds of (i) all the shareholders of Guoan Information who have cast their votes in respect of the Guoan Share Reform Plan and (ii) the holders of all the freely transferable shares of Guoan Information who have cast their votes in respect of the Guoan Share Reform Plan; and (b) completion of all necessary formalities for the purpose of enabling trading on the Shenzhen Stock Exchange of those freely transferable shares of Guoan Information converted from non-freely transferable shares. The votes of the shareholders of Guoan Information in respect of the Guoan Share Reform Plan may be cast at a physical meeting to be held on 20 January 2006 or on the internet from 18 January 2006 to 20 January 2006. If any of such approvals cannot be obtained, the Guoan Share Reform Plan will not be implemented.

CITIC Guoan proposes to give undertakings as follows:-

- (i) the non-freely transferable shares of Guoan Information held by CITIC Guoan will be subject to a lock-up period of 12 months ("Lock-up Period") upon such shares becoming freely transferable shares;
- (ii) for 12 months after the Lock-up Period, the number of shares in Guoan Information that CITIC Guoan may sell on the Shenzhen Stock Exchange (excluding those applicable under the Employee Incentive Share Scheme as detailed below) shall not exceed 5% of the entire issued share capital of Guoan Information; and
- (iii) for 24 months after the Lock-up Period, the number of shares in Guoan Information that CITIC Guoan may sell on the Shenzhen Stock Exchange (excluding those applicable under the Employee Incentive Share Scheme as detailed below) shall not exceed 10% of the entire issued share capital of Guoan Information.

Employee Incentive Share Scheme

CITIC Guoan may also after the completion of the Guoan Share Reform Plan, grant to certain members of the management and key employees of Guoan Information a total of 16,500,000 shares of Guoan Information, representing 2.5% of the total issued shares of Guoan Information, at a consideration of not less than the net asset value per share of Guoan Information as recorded in the latest audited financial statements of Guoan Information. Implementation of the scheme is subject to approval by the directors and shareholders of CITIC Guoan.

Financial Impact on CITIC Pacific

The Guoan Share Reform Plan may or may not proceed. If the Guoan Share Reform Plan proceeds (on the basis of 3.2 shares for every 10 shares), based on the net asset value of Guoan Information as at 30 September 2005, the share of net assets in Guoan Information that CITIC Pacific will forgo is approximately HK\$175 million. This represents approximately 5% of CITIC Pacific's audited profit attributable to shareholders for the year ended 31 December 2004 and approximately 0.5% of CITIC Pacific's unaudited net asset value as at 30 June 2005 as disclosed in its 2005 interim report. CITIC Pacific's accounting treatment for the Guoan Share Reform Plan is under study and has not yet been finalised.

Definitions

"CITIC Guoan"	中信國安有限公司 (CITIC Guoan Co., Ltd.), a limited liability company incorporated in the PRC
"CITIC Pacific"	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
"Directors"	directors of CITIC Pacific
"Guoan Information"	中信國安信息產業股份有限公司 (CITIC Guoan Information Industry Co., Ltd.), a joint stock limited company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange
"Guoan Share Reform Plan"	the proposal for the conversion of the non-freely transferable shares of Guoan Information into freely transferable shares
"PRC"	the People's Republic of China

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

Hong Kong, 20 December 2005

As at the date of this announcement, the executive Directors are Messrs Larry Yung Chi Kin (Chairman), Henry Fan Hung Ling, Peter Lee Chung Hing, Norman Yuen Kee Tong, Vernon Francis Moore, Yao Jinrong, Li Shilin, Carl Yung Ming Jie, Liu Jifu and Leslie Chang Li Hsien; the non-executive Directors are Messrs Willie Chang, André Desmarais and Peter Kruyt (alternate director to Mr. André Desmarais); and the independent non-executive Directors are Messrs Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong.

“Please also refer to the published version of this announcement in The Standard and Hong Kong Economic Times.”