



CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 267)

DAYE SPECIAL STEEL CO., LTD. ANNOUNCEMENT OF EXPECTED PROFIT INCREASE FOR THE SIX MONTHS ENDED 30 JUNE 2006

Reference is made to the announcement issued today by the board of directors of Daye (a non-wholly owned subsidiary of CITIC Pacific Limited), which expected that there would be an increase of around 500% in its accumulated net profit for the six months ended 30 June 2006, compared to its accumulated net profit of about RMB33 million for the same period in 2005.

Investors should however note that an amount of about RMB91.7 million out of Daye's profit for the six months ended 30 June 2006 will not be recognized as current period profit of CITIC Pacific Group but a pre-acquisition adjustment.

Reference is made to the announcement issued today by the board of directors of 大冶特殊鋼股份有限公司 (Daye Special Steel Co., Ltd.) ("Daye"), which expected that there would be an increase of around 500% in its accumulated net profit for the six months ended 30 June 2006, compared to its accumulated net profit of about RMB33 million for the same period in 2005. Daye is a company incorporated in the People's Republic of China whose shares are listed on the Shenzhen Stock Exchange and is principally engaged in the business of special steel manufacturing. CITIC Pacific Limited ("the Company") has an approximately 56.63% attributable interest in Daye.

According to Daye's announcement, the board of directors of Daye considered that the expected increase in profits of Daye for the six months ended 30 June 2006 was attributable to Daye's raising of the product quality, increase in the production of high technology, high value-added and new products, lowering of the production costs and receipt of the entire sum of the non-operating fund due from its previous controlling shareholder and related parties, out of which an amount of approximately RMB91.7 million had been fully set aside as provision for bad debts in the past years. However, investors should note that such amount of approximately RMB91.7 million will not be recognized as current period profit of CITIC Pacific Group but a pre-acquisition adjustment.

Daye's announcement relating to its expected profit increase for the six months ended 30 June 2006 can be found on the Shenzhen Stock Exchange's website (<http://www.szse.cn>).

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

Hong Kong, 14 July 2006

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, Norman Yuen Kee Tong, Vernon Francis Moore, Li Shilin, Carl Yung Ming Jie, Liu Jifu, Leslie Chang Li Hsien, Chau Chi Yin, Milton Law Ming To and Wang Ande; the non-executive directors of the Company are Messrs Willie Chang, André Desmarais 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.

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