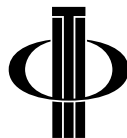


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CITIC PACIFIC

CITIC Pacific Limited 中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

ANNOUNCEMENT PROPOSED SPIN-OFF AND SEPARATE LISTING OF CITIC 1616 HOLDINGS LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

This announcement is made pursuant to Rule 13.09 of the Listing Rules. The Board is pleased to announce that on 22 January 2007, CITIC 1616 submitted an advance booking form for an application for the listing of, and permission to deal in, the Shares on the main board of the Stock Exchange.

CITIC 1616 is currently a wholly owned subsidiary of CITIC Pacific. CITIC 1616 Group is principally engaged in the provision of value added services to telecoms operators with a focus on China and Hong Kong telecoms market through the operation of a neutral and independent telecoms hub. Through its telecoms hub, CITIC 1616 Group handles both traditional international voice calls, roaming voice and advanced Mobile VAS, including SMS and roaming-enhanced services.

It is intended that assured entitlement to certain Shares will be provided to the Qualifying Shareholders, subject to certain conditions. The details of such assured entitlement have not yet been finalised and will be announced in due course.

As announced on 10 January 2007, CITIC Pacific has put forward to the Stock Exchange a proposal for the separate listing of CITIC 1616, pursuant to Practice Note 15 of the Listing Rules.

Pursuant to the Listing Rules and Practice Note 15 of the Listing Rules, the Proposed Spin-off will not require the approval of the Shareholders because (i) although CITIC 1616 is a major subsidiary of CITIC Pacific within the meaning of Rule 13.25(2) of the Listing Rules (a) the interest of CITIC Pacific in CITIC 1616 will not be materially diluted as CITIC 1616 will continue to be consolidated into the accounts of CITIC Pacific after the completion of the Proposed Spin-off; (b) none of the percentage ratios under Rule 14.04(9) is 5% or more; and (ii) the percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Proposed Spin-off will be below 25%.

The size tests will be recalculated when the audited results of CITIC 1616 for the year ended 31 December 2006 are finalised. In the event the revised size tests show that shareholders' approval would be required for the purpose of Practice Note 15 (paragraph 3(e)) of the Listing Rules, CITIC Pacific will then seek shareholders' approval.

Further announcement will be made by CITIC Pacific in compliance with the requirements of the Listing Rules as and when necessary.

Investors are reminded that no final decision has been made by CITIC Pacific yet as to whether and when the Proposed Spin-off will be effected. There is also no assurance that the approval of the Stock Exchange and/or the Listing Committee for the Proposed Spin-off and/or the listing of, and permission to deal in, the Shares on the main board of the Stock Exchange will be granted. Further announcement in relation to the Proposed Spin-off will be made by CITIC Pacific if and when appropriate.

As the listing of the Shares pursuant to the Proposed Spin-off is subject to, among others, the approval of the Stock Exchange and/or the Listing Committee, the final decision of the Board and the board of directors of CITIC 1616, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of CITIC Pacific.

This announcement is made pursuant to Rule 13.09 of the Listing Rules. The Board is pleased to announce that on 22 January 2007, CITIC 1616 submitted an advance booking form for an application for the listing of, and permission to deal in, the Shares on the main board of the Stock Exchange.

INFORMATION ON CITIC 1616

CITIC 1616 is currently a wholly owned subsidiary of CITIC Pacific. CITIC 1616 Group is principally engaged in the provision of value added services to telecoms operators with a focus on China and Hong Kong telecoms market through the operation of a neutral and independent telecoms hub. Through its telecoms hub, CITIC 1616 Group handles both traditional international voice calls, roaming voice and advanced Mobile VAS, including SMS and roaming-enhanced services.

INFORMATION ON THE PROPOSED SPIN-OFF

It is currently proposed that, pursuant to the Share Offer, Shares will be offered for sale to the public in Hong Kong, for placing with certain professional, institutional and other investors and may include a potential offer of the Shares to the Qualifying Shareholders.

The Group's percentage interest in the share capital of CITIC 1616 will be reduced but CITIC 1616 will continue to be consolidated in the accounts of CITIC Pacific.

RATIONALE AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board proposes the separate listing of CITIC 1616 as it believes that the separate listing of CITIC 1616 will be beneficial to the Group for the following reasons:

- the Proposed Spin-off could unlock the value of CITIC 1616 as investors will be able to appraise and assess the performance and potential of CITIC 1616 separate and distinct from that of CITIC Pacific. CITIC Pacific is expected to remain a major shareholder of CITIC 1616 after the listing, and to benefit from any enhanced value of CITIC 1616 through the Proposed Spin-off; and
- the Proposed Spin-off is expected to comprise sale of existing shares and subscription of new shares. Proceeds from the sale and subscription may also provide funding to the Group and CITIC 1616 to make further development in their businesses respectively.

The business of CITIC 1616 has grown to a size sufficient to command a separate listing and the Board considers that such listing will also be beneficial to CITIC 1616 Group for the following reasons:

- It provides flexibility to the CITIC 1616 Group to raise future funds from the capital markets to support its growth through continuing organic expansion as well as acquisitions.
- It enables the CITIC 1616 Group to take advantage of the significant growth potential globally by attracting new investors who are seeking investments in a pure-play international telecommunications hubbing services provider.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

The Board will give due regard to the interests of the Shareholders by providing the Qualifying Shareholders with assured entitlement to a certain number of Shares (subject to certain conditions) by way of preferred application, if the Board decides to proceed with the Proposed Spin-off and the Share Offer and the Stock Exchange and/or the Listing Committee has given its approval of the Proposed Spin-off and/or the Share Offer. The details of such assured entitlement have not yet been finalised. Further announcement will be made by CITIC Pacific in due course setting out the details of the assured entitlement to be made to the Qualifying Shareholders.

NO APPROVAL REQUIRED FROM THE SHAREHOLDERS

As announced on 10 January 2007, CITIC Pacific has put forward to the Stock Exchange a proposal for the separate listing of CITIC 1616, pursuant to Practice Note 15 of the Listing Rules.

Pursuant to the Listing Rules and Practice Note 15 of the Listing Rules, the Proposed Spin-off will not require the approval of the Shareholders because (i) although CITIC 1616 is a major subsidiary of CITIC Pacific within the meaning of Rule 13.25(2) of the Listing Rules (a) the interest of CITIC Pacific in CITIC 1616 will not be materially diluted as CITIC 1616 will continue to be consolidated into the accounts of CITIC Pacific after the completion of the Proposed Spin-off; (b) none of the percentage ratios under Rule 14.04(9) is 5% or more; and (ii) the percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Proposed Spin-off will be below 25%.

The size tests will be recalculated when the audited results of CITIC 1616 for the year ended 31 December 2006 are finalised. In the event the revised size tests show that shareholders' approval would be required for the purpose of Practice Note 15 (paragraph 3(e)) of the Listing Rules, CITIC Pacific will then seek shareholders' approval.

GENERAL

The Group's business includes manufacturing of special steel, property development and investment, infrastructure (such as power generation, aviation, civil infrastructure and communications), marketing and distribution.

Investors are reminded that no final decision has been made by CITIC Pacific yet as to whether and when the Proposed Spin-off will be effected. There is also no assurance that the approval of the Stock Exchange and/or the Listing Committee for the Proposed Spin-off and/or the listing of, and permission to deal in, the Shares on the main board of the Stock Exchange will be granted.

Further announcement in relation to the Proposed Spin-off will be made by CITIC Pacific if and when appropriate in compliance with the Listing Rules.

As the listing of the Shares pursuant to the Proposed Spin-off is subject to, among others, the approval of the Stock Exchange and/or the Listing Committee, the final decision of the Board and the board of directors of CITIC 1616, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of CITIC Pacific.

DEFINITIONS

"Board"	the board of directors of CITIC Pacific;
"CITIC Pacific" or "the Company"	CITIC Pacific Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange;
"CITIC 1616"	CITIC 1616 Holdings Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company as at the date of this announcement;
"CITIC 1616 Group"	CITIC 1616 and its subsidiaries;
"Group"	CITIC Pacific and its subsidiaries;
"Listing Committee"	the Listing Committee of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Mobile VAS"	mobile value added services;
"Proposed Spin-off"	the proposed spin-off of the interests in CITIC 1616 currently held by the Group for the separate listing on the main board of the Stock Exchange;
"Qualifying Shareholders"	Shareholders whose names appear on the register of members of CITIC Pacific on a record date to be determined (excluding certain overseas Shareholders, if any, subject to compliance with Rule 13.36(2) of the Listing Rules);
"SMS"	Short Message Service;
"Share Offer"	the offer of the Shares to the public in Hong Kong for sale, the placing of the Shares with certain professional, institutional and other investors and a potential offer of the Shares to the Qualifying Shareholders, pursuant to the listing of the Shares on the main board of the Stock Exchange;
"Shareholders"	the shareholders of CITIC Pacific;
"Shares"	ordinary shares in the capital of CITIC 1616; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 22 January 2007

As at the date of this announcement, the executive directors of CITIC Pacific 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 CITIC Pacific are Messrs Willie Chang, André Desmarais, Chang Zhenming and Peter Kruyt (alternate director to Mr. André Desmarais); and the independent non-executive directors of CITIC Pacific are Messrs Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong.