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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)

CONTINUING CONNECTED TRANSACTION RELATING TO THE CONSTRUCTION OF INFRASTRUCTURE AT THE MINING AREA

AND

DISPOSAL OF 20% INTEREST IN THE MINING PROJECTS

INTRODUCTION

References are made to the circular of the Company dated 8 May 2006, in relation to the acquisition of certain mining rights in Western Australia, which constituted a major transaction for the Company, and the announcement of the Company dated 24 January 2007 in relation to the entering into of the Original General Construction Contract with MCC. The acquisition of mining rights was approved by a written shareholders' approval pursuant to Rule 14.44 of the Listing Rules.

The Directors announce that on 20 August 2007, Sino-Iron entered into the Supplemental Agreements with MCC in relation to, amongst other things, the adjustment to the scope of the Works as set out in the Original General Construction Contract and the revision of the Contract Sum to US\$1,750 million.

The Directors further announce that on 20 August 2007, Catak, a wholly-owned subsidiary of the Company, and MCC entered into the Sale and Purchase Agreement for the disposal of the Group's 20% interest in Sino-Iron for a consideration equivalent to 20% of all the funds provided to Sino-Iron Holdings by the Group for the development of the Sino-Iron Project up to the date of Completion (including equity share capital and shareholders' loans) together with interest (subject to adjustment based on the completion audit on Sino-Iron Holdings). The Group's shareholding in Sino-Iron will be reduced to 80% as a result of the Disposal. On the same date, the Group also entered into the Side Letter with MCC

in relation to, amongst other things, the proposed transfer of the Group's 20% interest in Balmoral Holdings to MCC.

As at 31 July, 2007, the funds provided to Sino-Iron Holdings by the Group amounted to approximately US\$498 million and the outstanding contractual commitment of Sino-Iron Holdings and/or Sino-Iron as at 31 July 2007 (after adjusting the incremental contract sum of US\$644 million under the Supplemental Agreements) amounted to approximately US\$1,739 million. The relevant amounts attributable to MCC, which equal to 20% of the aforesaid funds provided (together with interest) and 20% of the aforesaid contractual commitment, will amount to approximately US\$100 million and US\$348 million respectively.

The applicable percentage ratios computed pursuant to Rule 14.04(9) of the Listing Rules for the Disposal do not exceed 5%. Although the Disposal is not subject to the disclosure requirements of Chapter 14 of the Listing Rules, the Directors wish to disclose relevant details of the Disposal in order to keep shareholders of the Company informed of the progress of the Projects.

Upon Completion, MCC will become a substantial shareholder of a subsidiary of the Company and will therefore become a connected person of the Company as defined under Chapter 14A of the Listing Rules. As the Contract Sum is payable in accordance with the progress of the Works and settled on a monthly basis over an estimated period of five years, the Supplemented General Construction Contract and the transactions contemplated thereunder therefore constitute a non-exempt continuing connected transaction for the Company under Rule 14A.35 of the Listing Rules and, together with the relevant annual caps, are subject to reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 48 of the Listing Rules.

Shareholders of the Company holding in aggregate over 50% of the issued shares of the Company have indicated that they approve the Supplemented General Construction Contract and the transactions contemplated thereunder. The Company will procure the signing of a written shareholders' approval in accordance with Rule 14A.43 of the Listing Rules and will make an application to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Supplemented General Construction Contract, failing which a shareholders' meeting will be convened for approving the Supplemented General Construction Contract.

A circular containing details of the Supplemented General Construction Contract, a letter from the independent board committee in relation to the Supplemented General Construction Contract, and a letter from the independent financial adviser in relation to the Supplemented General Construction Contract, will be despatched to the Shareholders as soon as practicable.

INTRODUCTION

References are made to the circular of the Company dated 8 May 2006, in relation to the acquisition of mining rights in Western Australia, which constituted a major transaction for the Company, and the announcement of the Company dated 24 January 2007 in relation to the

entering into of the General Construction Contract with MCC. The acquisition of mining rights was approved by a written shareholders' approval pursuant to Rule 14.44 of the Listing Rules.

Once an additional 1 billion tonnes of magnetite ore are identified by the Company, the Company will be under an obligation to complete the Balmoral Acquisition subject to obtaining the relevant consent from the Treasurer of Australia. Based on preliminary drilling results, subject to final confirmation, the additional 1 billion tonnes of magnetite ore would be available. Following completion of the Balmoral Acquisition, Balmoral will commence mining operations at the Mining Area, which will be carried out concurrently with, the mining operations of the Sino-Iron Project. The development of the Sino-Iron Project and the Balmoral Project will require the construction and installation of similar infrastructure and it would be more cost effective and expedient for the design, construction and installation of such infrastructure to be considered as a whole.

The Company has also been looking for appropriate partners with expertise in mining to participate in the Projects.

In view of the foregoing, the Group has entered into the Supplemented General Construction Contract, the Sale and Purchase Agreement and the Side Letter with MCC in order to facilitate strategic cooperation and to further develop the Projects.

SUPPLEMENTED GENERAL CONSTRUCTION CONTRACT

The Supplemental Agreements

Date: 20 August 2007

Parties: (1) Sino-Iron
(2) MCC

Subject matter:

The Supplemental Agreements set out the terms upon which the Original General Construction Contract is revised and additional terms in relation to the Works. Certain construction specifications for the Projects, including the installation of self-grinder and ball grinder production lines and pellet produce production lines, are also stipulated therein. Relevant details on the Original General Construction Contract have been disclosed by the Company in its announcement dated 24 January 2007.

Changes to the scope of the Works

Pursuant to the Supplemental Agreements, the terms of the Original General Construction Contract are revised to reflect, amongst other things, changes to the scope of the Works to be performed by MCC in order to satisfy the additional requirements of the Balmoral Project. Accordingly, the Works shall cater for the production capacity of 24,000,000 tonne iron ore concentrate per annum and 6,000,000 tonne pellet per annum, with the capability to expand production capacity to 36,000,000 tonne of products per annum. Such products would comprise of a mixture of iron ore concentrate, pellets and/or other value added products such as hot briquette iron. Ultimately, the products mix shall be determined by

Sino-Iron (and, following completion of the Balmoral Acquisition, by Balmoral, respectively) depending on market demand.

Contract Sum

Pursuant to the Original General Construction Contract, the price for the Works to be conducted by MCC under the Contract was estimated to be US\$1,106 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 as Management Fee(s) in consideration of MCC managing relevant third party contractors. As at the date of the Original General Construction Contract, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, MCC and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company. Accordingly, the Original General Construction Contract did not constitute continuing connected transaction for the Company.

Pursuant to the Supplemental Agreements, the Contract Sum is revised to US\$1,750 million.

The revised Contract Sum has been arrived at after negotiations on an arm's length basis, taking into consideration the experience of MCC, the complexity and the increased scope of the Works and the terms of the Supplemental General Construction Contract. The revised Contract Sum shall be payable in accordance with the progress of the Works settled on a monthly basis.

The revised Contract Sum takes into account the changes to the scope of the Works and the construction requirement of both the Sino-Iron Project and the Balmoral Project. It forms part of the aggregate estimated capital expenditure of the Sino-Iron Project and the Balmoral Project (being US\$1,370 million and US\$1,100 million respectively), 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.

PARTIAL DISPOSAL OF 20% INTEREST IN SINO-IRON

The Sale and Purchase Agreement

Date: 20 August 2007

Parties: (1) Catak, as seller of the Sale Interest
(2) MCC, as purchaser of the Sale Interest

Assets involved

Pursuant to the Sale and Purchase Agreement, Catak will dispose 20% of the Group's interest in Sino-Iron Holdings to MCC, which is represented by 20% of the ordinary shares in the issued share capital of Sino-Iron Holdings and an interest-bearing shareholder's loan together with interest thereon accrued up to the date of Completion. For reference purpose, the number of ordinary shares in the issued capital of Sino-Iron Holdings as at the date of this announcement is 82,140,404 and the principal amount of an interest bearing shareholder's loan due by Sino-Iron Holdings as at 31 July 2007 was

approximately US\$392 million. Prior to the Disposal, Catak holds 50% interest in Sino-Iron Holdings, which, together with the 50% interest in Sino-Iron Holdings held by Fortune Wave, also an indirect wholly-owned subsidiary of the Company, represents the Group's entire interest in Sino-Iron Holdings. Sino-Iron Holdings is directly interested in 100% in the share capital of Sino-Iron. Upon completion of the Sale and Purchase Agreement, the Group will retain an 80% interest in Sino-Iron Holdings and Sino-Iron. Sino-Iron Holdings and Sino-Iron will therefore continue to be accounted for as subsidiaries of the Company.

Consideration for the Disposal

The consideration for the Disposal is equivalent to 20% of all the funds provided to Sino-Iron Holdings by the Group for the development of the Sino-Iron Project (including equity share capital and shareholders' loans) up to the date of Completion together with interest accrued thereon (subject to adjustment based on the completion audit on Sino-Iron Holdings). As at 31 July 2007, the funds provided to Sino-Iron Holdings by the Group amounted to approximately US\$498 million (comprising of share capital in the amount of approximately US\$82 million, an interest bearing shareholder's loan in the amount of approximately US\$392 million and interest in the amount of approximately US\$24 million). The consideration shall be payable by MCC in cash on the date of Completion. Any adjustment to the consideration will be made by reference to a final audit on Sino-Iron Holdings in respect of the funds provided by Catak up to the date of Completion. Such audit will be jointly conducted by Catak and MCC within 30 days after the date of Completion.

The consideration was determined after arm's length negotiation between the parties, taking into account the historical contribution by the Group to Sino-Iron and the synergy opportunity presented by MCC's participation in the Projects.

Proceeds from the Disposal will be used by the Group as its working capital and for financing the Group's investment in the Projects.

Completion

Completion is conditional upon, amongst other things:

- (a) the Company obtaining all the necessary approvals required under the Listing Rules;
- (b) MCC obtaining all the necessary approvals required for matters relating to the Disposal from PRC government authorities (including, without limitation, approval for remittance of funds offshore);
- (c) the parties obtaining all the necessary approvals from the relevant Australian government authorities in respect of the Disposal;
- (d) Sino-Iron Holdings, MCC and Fortune Wave having entered into the Shareholders' Agreement, the main terms of which are as follows:
 - (i) *Scope of business of Sino-Iron Holdings*

To engage in mining and related operations under the Sino-Iron Project.

(ii) *Capital Structure*

Upon Completion, Fortune Wave, Catak and MCC will hold 50%, 30% and 20% of the issued share capital of Sino-Iron Holdings respectively.

(iii) *Funding Commitment*

On a pro rata basis in accordance with the parties' shareholdings in Sino-Iron Holdings with reference to the budget to be worked out and agreed by the parties.

(iv) *Composition of the board*

A total of ten directors, of which two are appointed by MCC and four are appointed by each of Fortune Wave and Catak; and

- (e) issuance of a letter of undertaking by MCC in favour of the Company pursuant to which (i) if Sino-Iron Holdings and/or Sino-Iron fail to perform their obligations and responsibilities under any legally binding documents in relation to the Sino-Iron Project to which they are parties, MCC shall assume 20% of such obligations and liabilities and (ii) MCC shall assume 20% of the liabilities under any guarantees provided by the Company for the Sino-Iron Project.

Completion shall take place within seven business days after the above conditions have been satisfied (or such later date as the parties may agree).

The Side Letter

Date: 20 August 2007

Parties: (1) the Company
(2) MCC

Subject matter:

Pursuant to the Side Letter, the parties agreed on, amongst others, the following matters in relation to the development of the Projects:

(a) *Transfer of 20% interest in Balmoral Holdings*

Subject to completion of the Balmoral Acquisition, the Group shall transfer to its 20% interest in Balmoral Holdings to MCC on substantially the same terms as the Disposal. A formal agreement will be entered into between the Company or its wholly owned subsidiary and MCC in respect of such transfer, and the Company will comply with any applicable Listing Rules requirements upon such transfer being made.

(b) *Determination of significant matters*

Subject to the requirements stipulated under the Sale and Purchase Agreement and the Shareholders' Agreement, any significant matters concerning the Sino-Iron Project shall be determined by the board of directors of Sino-Iron Holdings in accordance with the terms of the Shareholders' Agreement. MCC acknowledges that the Company has the right to appoint more than half of the total number of representatives on the board of directors and management committee of Sino-Iron Holdings. In the event that there is equal number of votes for and against certain matter, the chairman of the Sino-Iron Holdings board shall have a casting vote. The chairman of the Sino-Iron Holdings board shall be elected among the members of such board, a majority of which is controlled by the Company. The aforesaid stipulation is also applicable to Balmoral Holdings after the transfer of the Group's 20% interest in Balmoral Holdings to MCC.

COMPLIANCE WITH THE LISTING RULES

As at 31 July, 2007, the funds provided to Sino-Iron Holdings by the Group amounted to approximately US\$498 million and the outstanding contractual commitment of Sino-Iron Holdings and/or Sino-Iron as at 31 July 2007 (after adjusting for increase in the Contract Sum of US\$644 million under the Supplemental Agreements due to the changes to the scope of the Works and the construction requirement of both the Sino-Iron Project and the Balmoral Project) amounted to approximately US\$1,739 million. The relevant amounts attributable to MCC, which equal 20% of the aforesaid funds provided (together with interest) and 20% of the aforesaid contractual commitment, will amount to approximately US\$100 million and US\$348 million respectively. The applicable percentage ratios computed from these figures pursuant to Rule 14.04(9) of the Listing Rules for the Disposal do not exceed 5%. Although the Disposal is not subject to the disclosure requirements of Chapter 14 of the Listing Rules, the Directors wish to disclose relevant details of the Disposal in order to keep shareholders of the Company informed of the progress of the Projects.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, MCC and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company, prior to the Disposal.

Upon Completion, MCC will become a substantial shareholder of a subsidiary of the Company and will therefore become a connected person of the Company as defined under Chapter 14A of the Listing Rules. As the Contract Sum is payable in accordance with the progress of the Works and settled on a monthly basis over an estimated period of five years, the Supplemental General Construction Contract and the transactions contemplated thereunder therefore constitute a non-exempt continuing connected transaction for the Company under Rule 14A.35 of the Listing Rules and, together with the relevant annual caps, are subject to reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 48 of the Listing Rules.

Annual Cap

The expected time required for the completion of all the Works to be conducted by MCC is approximately five years from the execution of the Supplemental General Construction Contract.

The payment of the Contract Sum depends on the progress of the Works to be completed. As it is anticipated that initial production will commence in 2009, a substantial part of the Works shall be performed in the first three years of the contract term. The estimated annual caps on the Contract Sum payable for the five financial years ending 31 December 2011 are as follows:

Financial year ending	Annual cap	
	Percentage of Contract Sum	US\$ (million)
31 December 2007	30%	525
31 December 2008	40%	700
31 December 2009	40%	700
31 December 2010	25%	437.5
31 December 2011	20%	350

The Directors (other than the independent non-executive directors whose views will be set out in their letter to the Shareholders in the circular to be despatched) consider that the entering into of the Supplemental Agreements is in the interests of the Group and the Shareholders as a whole, and the terms of the Supplemented General Construction Contract (including the Contract Sum payable thereunder and the annual cap in relation thereto) are on normal commercial terms and are fair and reasonable.

Shareholders' approval

MCC has confirmed to the Company that neither it nor its associates have any interest in any shares of the Company giving the right to attend and vote at general meetings of the Company. As such, none of the Shareholders of the Company is required to abstain from voting on the Supplemented General Construction Contract.

The following Shareholders, who together beneficially interested in 1,233,323,285 shares representing approximately 55.82% of the issued share capital of the Company, have indicated that they approve the Supplemented General Construction Contract. The Company will make a submission to the Exchange that such Shareholders constitute a "closely allied group of shareholders" within the meaning of Rule 14.45. The Company will then procure the signing of a written independent shareholders' approval as required under Rule 14A.43 and will make an application to the Stock Exchange for a waiver from strict compliance with the requirement to hold a shareholders' meeting to approve the Supplemented General Construction Contract, failing which a shareholders' meeting will be convened for approving the Supplemented General Construction Contract. Further details on the foregoing matters will be disclosed in the circular to be despatched by the Company.

Name of beneficial shareholder	No. of ordinary shares beneficially interested	Percentage of total issued share capital of the Company as of the date hereof
CITIC Hong Kong (Holdings) Limited (through its wholly-owned subsidiaries)	635,919,285	28.78%
The Chairman and the Managing Director of the Company having an interest in the shares of the Company	452,381,000	20.48%
Power Corporation of Canada (a substantial shareholder of the Company as defined under the SFO and in which a non-executive director of the Company acts as the President)	145,023,000	6.56%
TOTAL	1,233,323,285	55.82%

An independent board committee, comprising independent non-executive Directors will be appointed to advise the Shareholders, and an independent financial adviser will be appointed to advise the independent board committee and the Shareholders, on whether the terms of the Supplemented General Construction Contract are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders of the Company as a whole. The independent financial adviser will also advise whether it is normal practice for the Supplemented General Construction Contract to have a duration of more than three years.

REASONS AND BENEFITS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT, THE SALE AND PURCHASE AGREEMENT AND THE SIDE LETTER

Given the development potential of the Balmoral Project, it is essential that it 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. MCC's participation in the Projects will better align the interests of MCC and the Group, and will generate economies of scale and significant operational efficiency and cost-savings.

The Directors are of the view that each of the Supplemental Agreements, the Sale and Purchase Agreement and the Side Letter is on normal commercial, fair and reasonable terms, and consider

that the entering into of the Supplemental Agreements, the Sale and Purchase Agreement and the Side Letter as being in the best interests of the Company and its shareholders as a whole.

GENERAL

The Group is engaged in a diversified range of businesses in Hong Kong and the PRC, including the manufacturing of special steel, property development and investment, basic infrastructure (such as power generation, aviation, tunnels and communications) and distribution of motor vehicles and consumer products.

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 the Projects for its 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.

Catak is an indirect wholly-owned subsidiary of the Company and an investment holding company.

The principal business of Sino-Iron is the mining, extraction and processing of magnetite ore in the Mining Area.

The principal business of Sino-Iron Holdings is investment holding and its sole asset is its interest in Sino-Iron, which amount to 80% following the Disposal.

The principal business of Balmoral is the mining, extraction and processing of magnetite ore in the Mining Area.

The principal business of Balmoral Holdings is investment holding and its sole asset is its interest in Balmoral, which amount to 100% as at the date of the announcement.

A composite circular containing details of the Supplemented General Construction Contract, a letter from the independent board committee in relation to the Supplemented General Construction Contract, and a letter from the independent financial adviser in relation to the Supplemented General Construction Contract, will be despatched to the shareholders of the Company as soon as practicable.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"associate"	has the meaning ascribed to it under the Listing Rules
"Balmoral"	Balmoral Iron Pty Ltd., a company incorporated in Australia
"Balmoral Acquisition"	the acquisition by Balmoral Holdings of all the shares in Balmoral pursuant to the takeover agreement dated 31 March 2006 entered into between Mineralogy Pty Ltd., Balmoral Holdings, the Company, Mr. Clive Frederick Palmer and

	Balmoral
"Balmoral Holdings"	Balmoral Iron Holdings Pty Ltd., a company incorporated in Australia and wholly owned by the Company
"Balmoral Project"	the mining and extraction of magnetite ore from the Mining Area and the processing of that magnetite ore into products through mine and processing facilities or infrastructure to be constructed or installed by Balmoral
"Board"	the board of the Directors
"Business Day"	a day, other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning no. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
"Catak"	Catak Enterprises Corp., a company incorporated in the British Virgin Islands and wholly owned by the Company
"CITIC Pacific" or the "Company"	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
"Contract Sum"	the contract sum for the Works pursuant to the Original General Construction Contract or the Supplemented General Construction Contract (as applicable)
"Completion"	completion of the Disposal pursuant to the Sale and Purchase Agreement
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the disposal by Catak of 20% interest in Sino-Iron Holdings, pursuant to the terms of the Sale and Purchase Agreement
"Fortune Wave"	Fortune Wave Enterprises Inc., a company incorporated in the British Virgin Islands and wholly owned by the Company
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, namely Hamilton Ho Hau Hay, Alexander Reid Hamilton, Hansen Loh Chung Hon and Norman Ho Hau Chong established for the purpose of advising the independent Shareholders in relation to the Supplemented

	General Construction Contract and the transactions contemplated thereunder
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MCC"	China Metallurgical Group Corp., a company incorporated in the PRC
"Mining Area"	a specified area located under Mining Leases 08/123, 08/124 and 08/125 granted under the Mining Act of Western Australia
"Original General Construction Contract"	the general construction contract dated 24 January 2007 entered into between Sino-Iron and MCC in respect of the engagement of MCC by Sino-Iron for, amongst other things, the design, construction, installation and testing of certain infrastructure at the Mining Area
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Projects"	the Sino-Iron Project and the Balmoral Project
"Sale and Purchase Agreement"	the sale and purchase agreement dated 20 August 2007 entered into between Catak and MCC in respect of the Disposal
"Sale Interest"	20% of the ordinary shares in the issued capital of Sino-Iron Holdings and an interest bearing shareholder's loan at the date of Completion together with interest thereon
"SFO"	Securities and Futures Ordinance of Hong Kong
"Shareholder(s)"	holder(s) of the share(s) in CITIC Pacific
"Shareholders' Agreement"	the shareholders' agreement to be entered into between the Sino-Iron Shareholders and Sino-Iron Holdings before Completion in respect of the operation and management of Sino-Iron Holdings
"Side Letter"	the side letter dated 20 August 2007 entered into between the Company and MCC in respect of various matters relating to the Projects
"Sino-Iron "	Sino-Iron Pty Ltd., a company incorporated in Australia and wholly owned by the Company
"Sino-Iron Holdings"	Sino-Iron Holdings Pty Limited, a company incorporated in Australia and the immediate holding company of Sino-Iron
"Sino-Iron Project"	the mining and extraction of magnetite ore from the Mining Area and the processing of that magnetite ore into products through mine and processing facilities or infrastructure to be

	constructed or installed by Sino-Iron
"Sino-Iron Shareholders"	Fortune Wave, Catak and MCC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreements"	the supplemental agreement and a side letter both dated 20 August 2007 entered into between Sino-Iron and MCC in respect of the supplemental terms to the Original General Construction Contract and certain construction specifications for the Projects respectively
"Supplemented General Construction Contract"	the Original General Construction Contract, as supplemented by the Supplemental Agreements
"US\$"	United States dollars, the lawful currency of the United States
"Works"	the works which MCC are responsible for carrying out at the Mining Area under the Supplemented General Construction Contract, including 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

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
Stella Chan Chui Sheung
Company Secretary

Hong Kong, 20 August 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.