



CITIC PACIFIC

CITIC Pacific Limited

中信泰富有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 267)

ANNOUNCEMENT RELATING TO AN OPTION

Reference is made to the Announcement and Circular of the Company dated 14 January 2002 and 22 January 2002 respectively, in relation to, *inter alia* an option granted to CITIC Pacific from CITIC HK to acquire from CITIC HK the entire interest in the PRC telecommunications business derived from the investment by CITIC HK of the 80% interest in the Network (a fixed optical fibre network in the PRC), at cost plus interest.

The Directors announce that as certain conditions precedent to the Option cannot be fulfilled during the Option Period, the Option has never become exercisable during its term which ended on 27 February 2008.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the announcement (the "**Announcement**") and circular (the "**Circular**") of the Company dated 14 January 2002 and 22 January 2002 respectively. Capitalised terms used herein shall have the same meanings as those defined in the Announcement and Circular unless the context requires otherwise.

As announced by the Company on 14 January 2002, CITIC HK has granted an option to CITIC Pacific, exercisable when all conditions precedent relating to the Option are satisfied, to acquire from CITIC HK the entire interest in the PRC telecommunications business derived from the investment by CITIC HK of the 80% interest in the Network (a fixed optical fibre network in the PRC), at cost plus interest.

Subject to the fulfilment of all the conditions precedent, the Option is exercisable during a 6-year period between 28 February 2002 and 27 February 2008 (the "**Option Period**"). The exercise of the Option is conditional upon the fulfilment of various conditions precedent, one of which is PRC laws permitting foreign ownership in PRC telecommunications businesses.

Based on the information provided by CITIC HK, the proportionate interest in the investment derived from the Network as at 27 February 2008 exceeds 60%. According to a PRC legal opinion obtained by the Company as of 27 February 2008, the PRC laws restrict foreign ownership in companies engaging in telecommunications business in the PRC to exceed 49%.

Therefore, the condition precedent as above-mentioned cannot be fulfilled during the Option Period and the Option has never become exercisable during its term which ended on 27 February 2008.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

By Order of the Board
CITIC Pacific Limited
Stella Chan Chui Sheung
Company Secretary

Hong Kong, 27 February 2008

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.