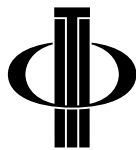


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CITIC 1616 Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CITIC 1616 Holdings Limited

中信 1616 集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1883)

**PROPOSAL FOR ADOPTION OF
SHARE OPTION PLAN**

A notice convening an Extraordinary General Meeting of CITIC 1616 Holdings Limited to be held at 10:30 a.m. at Island Ballroom, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Hong Kong on Thursday, 17 May 2007 is set out on pages 17 to 18 of this circular. Whether or not you are able to attend the meeting, please complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon to the registered office of the Company at 8th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong as soon as possible and, in any event, not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

30 April 2007

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DEFINITIONS

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

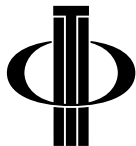
“Articles of Association”	the articles of association of the Company as amended from time to time
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company or a duly authorised committee thereof
“CITIC 1616” or the “Company”	CITIC 1616 Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
“CITIC Pacific”	CITIC Pacific Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange and currently the holding company of the Company
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“control”	the power to exercise a controlling influence over the management of a company and any person who is entitled, either directly or through one or more controlled companies, to exercise or control the exercise of 30 per cent. (or such lower amount as may from time to time be specified in the Codes on Takeovers and Mergers approved by the Securities and Futures Commission (as amended from time to time) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the company or who is or are in a position to control the composition of a majority of the board of directors of the company shall be deemed to control such company and “is controlled by” and “controlling” shall have the corresponding meanings
“Directors”	directors of CITIC 1616
“Employee”	any person employed by the Company or any subsidiary and any person who is an officer or director (whether executive or non-executive) of the Company or any subsidiary

DEFINITIONS

“Extraordinary General Meeting”	the Extraordinary General Meeting of the Company to be held for adopting the Share Option Plan, notice of which is set out on pages 17 and 18 of this circular, or any adjournment thereof
“Grantee”	any Employee who accepts an offer of the grant of an Option in accordance with the terms of the Share Option Plan or (where the context so requires) the legal personal representatives of such Employee. A Grantee shall not cease to be an Employee in case of (a) any leave of absence approved by the Company or the relevant subsidiary; or (b) transfer of employment between the Company and any subsidiary or any successor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“holding company”	has the same meaning as in section 2 of the Companies Ordinance
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Mandate Limit”	has the meaning set out in sub-paragraph (t)(ii) of the Appendix
“Latest Practicable Date”	23 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board of the Stock Exchange
“Mandate Limit”	the Initial Mandate Limit or the Refreshed Mandate Limit (as the case may be)
“Option(s)”	an option to subscribe for a Share granted pursuant to the Share Option Plan
“Refreshed Mandate Limit”	has the meaning set out in sub-paragraph (t)(iii) of the Appendix

DEFINITIONS

“Share Option Plan”	the share option plan to be approved and conditionally adopted by the Company, the principal terms of which are summarised in this Appendix
“Shareholders”	holder(s) of Shares in the Company
“Shares”	share(s) of HK\$0.1 each in the share capital of CITIC 1616, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Companies Ordinance (Cap.32 of the Laws of Hong Kong)
“substantial shareholders”	has the meaning ascribed thereto in the Listing Rules



CITIC 1616 Holdings Limited

中信 1616 集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1883)

Executive Directors:

Shi Cuiming (*Chairman*)
Yuen Kee Tong
Li Bin
Chan Tin Wai, David

Registered Office:

8th Floor
CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Non-Executive Directors:

Lee Chung Hing
Kwok Man Leung

Independent Non-Executive Directors:

Yang Xianzu
Liu Li Qing
Kwong Che Keung, Gordon

30 April 2007

To Shareholders

Dear Sirs or Madam,

PROPOSAL FOR ADOPTION OF SHARE OPTION PLAN

The Directors propose to adopt the Share Option Plan which will be put to Shareholders for approval at the Extraordinary General Meeting to be held on 17 May 2007.

The Share Option Plan constitutes a share option scheme governed by Chapter 17 of the Listing Rules.

Application has been made to the Stock Exchange for the grant of listing of and permission to deal in the Shares, representing 10% of the issued share capital of the Company as at the date of Extraordinary General Meeting to be issued pursuant to the exercise of Options granted under the Share Option Plan.

LETTER FROM THE BOARD REGARDING ADOPTION OF SHARE OPTION PLAN

As CITIC 1616 is a subsidiary of CITIC Pacific and the Share Option Plan constitutes a share option scheme governed by Chapter 17 of the Listing Rules, the adoption of the Share Option Plan is subject to the approval of the shareholders of CITIC Pacific in accordance with Rule 17.01(4) of the Listing Rules.

Implementation of the Share Option Plan is also subject to the Stock Exchange's approval for the listing and permission to deal in the Shares to be issued pursuant to the exercise of options granted under the Share Option Plan and the approval of the Shareholders at CITIC 1616's general meeting.

The Directors believe that attracting and motivating high quality personnel is a key to the success and growth of the Company and the Company has stated in its prospectus dated 22 March 2007 its intention to adopt a share option scheme after its listing.

The Directors consider that it is the appropriate opportunity to adopt the Share Option Plan in compliance with Chapter 17 of the Listing Rules when CITIC Pacific would also have the opportunity to put the Share Option Plan to its shareholders for approval as required under the Listing Rules.

The Directors believe that the Share Option Plan may provide Employee with the opportunity of participating in the growth of the Company by acquiring shares in the Company and may, in turn, assist in the attraction and retention of Employee who have made contributions to the success of the Company. The purpose of the Share Option Plan is to provide incentives to Employee to contribute further to the Company. To ensure that this purpose is achieved by granting options to Employee who are regarded as valuable human resources of the Group or who have contributed to the growth and success of the Group based on their performance and other factors (e.g. their years of service with the Company and/or work experience and/or knowledge in the industry etc.) that are relevant in deciding the contribution of such Employee, the rules of the Share Option Plan do not specify any minimum holding period and/or performance targets before an Option is exercisable as conditions of any Option but provide that the Board is empowered with the authority to determine the terms on which an Option is granted based on each case on relevant factors as the Board in its sole discretion considers appropriate and in accordance with the provisions of the Share Option Plan. The Board believes that the authority given to the Board under the Share Option Plan to specify any minimum holding period and/or performance targets as conditions in any Option granted and the requirement for a minimum subscription price as well as the authority to select the appropriate Employee as prescribed by the rules of the Share Option Plan will serve to protect the value of the Company as well as to achieve the purposes of the Share Option Plan.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the Share Option Plan as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables.

LETTER FROM THE BOARD REGARDING ADOPTION OF SHARE OPTION PLAN

A summary of the principal terms of the Share Option Plan is set out in the appendix to this circular. This serves as a summary of the terms of the Share Option Plan but does not constitute the full terms of the same. The full terms of the Share Option Plan can be inspected at the registered office of the Company at 8th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong from the date of this circular up to and including the date of the Extraordinary General Meeting and at the Extraordinary General Meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held at 10:30 a.m. at Island Ballroom, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Hong Kong on Thursday, 17 May 2007 is set out on pages 17 to 18 of this circular. At the Extraordinary General Meeting, an ordinary resolution will be proposed to approve the Share Option Plan and authorise the Directors to grant options thereunder and to allot and issue shares pursuant to the Share Option Plan.

A proxy form for use at the Extraordinary General Meeting is enclosed. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the registered office of the Company at 8th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the proxy form will not prevent shareholders from attending and voting at the Extraordinary General Meeting if they so wish.

In accordance with the requirements of the Listing Rules, the Company will publish in the newspapers an announcement on the outcome of the Extraordinary General Meeting in respect of the resolution relating to the adoption of the Share Option Plan on the business day following the date of the Extraordinary General Meeting.

POLL PROCEDURE

The votes to be taken at the Extraordinary General Meeting will be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for poll) a poll is demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

LETTER FROM THE BOARD REGARDING ADOPTION OF SHARE OPTION PLAN

- (iv) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, statements of fact expressed herein are true, accurate and not misleading, statements of opinion expressed herein have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors believe that the proposal for the adoption of the Share Option Plan is in the best interests of the Company and the Shareholders. Accordingly the Board recommends the Shareholders should vote in favour of the resolution relating to the adoption of the Share Option Plan to be proposed at the Extraordinary General Meeting.

On behalf of the Board
Shi Cuiming
Chairman

SHARE OPTION PLAN

The following is a summary of the principal terms of the Share Option Plan proposed to be approved at the Extraordinary General Meeting:

(a) Purpose

The purpose of the Share Option Plan is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to the Employee and to promote the long term financial success of the Company by aligning the interests of Grantees to shareholders.

(b) Who may join

On and subject to the terms of the Share Option Plan and the requirements of the Listing Rules, the Board may offer to grant an Option to any Employee as the Board may in its absolute discretion select.

(c) Approval of the shareholders or independent non-executive directors of CITIC Pacific

Insofar and for so long as (i) the Listing Rules so require; (ii) CITIC Pacific is the holding company of the Company; and (iii) the shares of CITIC Pacific are listed on the Stock Exchange, any provision in the Share Option Plan requiring the approval of the Shareholders or independent non-executive directors (as the case may be) of the Company shall be construed as also requiring the approval of the shareholders or independent non-executive directors (as the case may be) of CITIC Pacific. Where such provisions require the Company to issue a circular to its Shareholders prior to seeking their approval, CITIC Pacific shall also issue a circular to its shareholders prior to seeking their approval.

(d) Administration

The Share Option Plan shall be subject to the administration of the Board. The Board's administrative powers include the authority, in its discretion:–

- (i) to select Employees to whom Options may be granted under the Share Option Plan;
- (ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of Options;
- (iii) to determine the number of Options;
- (iv) to approve forms of option agreements;

- (v) to determine the terms and conditions, not inconsistent with the terms of the Share Option Plan and provided that such terms and conditions do not relax any limits imposed by the Listing Rules, of any Option based in each case on such factors as the Board, in its sole discretion, shall determine to be stated in the letter controlling the offer of the grant of the Option. Such terms and conditions may include, but are not limited to:
 - (i) conditions, restrictions or limitations relating to the achievement of operating or financial targets;
 - (ii) satisfactory performance by the Grantee;
 - (iii) the time or period when the right to exercise the Option in respect of all or some of the Shares the subject of the Option will vest; and/or
 - (iv) that the Shares to be allotted and issued upon exercise of the Option may only be sold after the Company has been given 24 hours' previous written notice.

Without prejudice to the quality of the foregoing and subject to paragraph (g), the Board may grant Options in respect of which the subscription price is fixed at different prices for certain periods during the option period provided that the subscription price shall not be less than that determined in accordance with paragraph (g).

- (vi) to construe and interpret the terms of the Share Option Plan and Options granted pursuant to the Share Option Plan;
- (vii) to prescribe, amend and rescind rules and regulations relating to the Share Option Plan, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Employees provided that administration of any such sub-schemes shall follow the requirements of the Listing Rules (including Chapter 17 of the Listing Rules);
- (viii) subject to paragraph (x) to vary the terms and conditions of any option agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the Share Option Plan).

(e) Grant of Option

On and subject to the terms of the Share Option Plan and the requirements of the Listing Rules (in particular as to grant of options to directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years commencing on the date of adoption of the Share Option Plan to make an offer for the grant of an Option to any Employee as the Board may in its absolute discretion select.

(f) Payment on acceptance of Option offer

An offer shall remain open for acceptance by the Employee concerned for a period of 28 days from the date of the offer (or such longer period as the Board may specify in writing). HK\$1.00 is payable by the Grantee to the Company on acceptance of the offer of the Option. If such remittance is not made upon acceptance, acceptance of an offer shall create a promise by the relevant Grantee to pay to the Company HK\$1.00 on demand.

(g) Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(h) Option period

The period within which the Shares must be taken up under an Option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant Option.

(i) Rights are personal to grantee

An Option shall be personal to the Grantee and shall not be assignable or transferable.

(j) Rights attaching to Shares allotted

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(k) Rights on retirement, death or total permanent physical or mental disability

In the event of the Grantee ceasing to be an Employee by reason of his death; retirement under normal retirement conditions then prevailing in the Company; or total permanent physical or mental disablement, his Option will immediately vest

and he or his legal personal representatives (as the case may be) shall be entitled to exercise the Option (to the extent not already exercised) up to the end of the option period, following which the Option shall lapse.

(l) Termination for being guilty of serious misconduct etc.

If a Grantee ceases to be an Employee for reason of being guilty of serious misconduct, or having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, or having been convicted of any criminal offence involving his integrity or honesty, the Option shall immediately lapse.

(m) Rights on termination other than for retirement, death, permanent disability or misconduct

If a Grantee ceases to be an Employee other than for reasons provided under paragraphs (k) or (l) (and including resignation for any reason), the Grantee may exercise his option (to the extent already vested as at the date of cessation of employment and not already exercised) within 3 months of such cessation, following which the Option shall lapse.

(n) Rights on termination due to separate listing or sale

If the Board considers that a Grantee has ceased to be an Employee due to the sale, or separate listing, of the company he is serving, or if the Company is merged, reorganised or consolidated with another entity (and sub-paragraph (iv) below does not apply), the Board may at its sole discretion

- (i) arrange for substitute options or share purchase rights of no less than equivalent fair value, in the purchasing, surviving or newly-listed company;
- (ii) provide cash compensation equivalent to their fair value;
- (iii) waive any conditions as to vesting; or
- (iv) permit the continuation of the Option according to its original terms.

If the Board does not permit the continuation of the Option in accordance with its original terms or make any of the arrangements specified in (i) to (iv) above, the Option shall lapse.

(o) Right on general offer

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any

person acting in association or concert with the offeror), and the offer becomes or is declared unconditional (or, in the case of a scheme of arrangement, or other similar transaction, becomes or is declared effective), the Option will immediately vest and the Grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time within one month (or for such longer period as the Board may determine as may be necessary to permit the Grantee to participate in the offer on a similar basis with the holder of Shares) after the date on which the offer becomes or is declared unconditional or such longer period as the Board may determine following which the Option shall lapse.

(p) Rights on compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with any other company(ies), the Company shall give notice to the Grantee on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his Options (to the extent not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the Grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

If the Option is not exercised within the time specified, the Option shall lapse.

(q) Rights on voluntary winding-up of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of the Share Option Plan relating to this paragraph (q)) and thereupon, each Grantee (or his or her personal representatives) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

If the Option is not exercised within the time specified, the Option shall lapse.

(r) Lapse of Option

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (d), (k), (m), (n) and (v) and without prejudice to the authority of the Board to provide for additional situations where an Option shall lapse in any option agreement, an Option shall lapse and not be exercisable (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n), (o) (p) and (q); and (iii) the date on which the Board certifies that there has been a breach of paragraph (i).

(s) Cancellation of Option

Options granted but not exercised or lapsed in accordance with the terms of the Share Option Plan may be cancelled by the Company. Where the Company cancels Options and offers to issue new ones to the same Grantee, the issue of such new Options may only be made under the Share Option Plan with available unissued Options (excluding the cancelled Options) within the limits set out in paragraph (t) below.

(t) Maximum number of Shares available under the Share Option Plan

(i) Overriding Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Plan and any other schemes must not exceed 10% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

(ii) Mandate Limit

In addition to the limit set out in sub-paragraph (t)(i) above and prior to the approval of a refreshed mandate limit as referred to in sub-paragraph (t) (iii) below, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Plan and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Plan, being 188,000,000 Shares ("**Initial Mandate Limit**"). Options lapsed in accordance with the terms of the Share Option Plan or any other schemes will not be counted for the purpose of calculating the 10% limit.

(iii) *Refreshing of Mandate Limit*

The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed (“**Refreshed Mandate Limit**”) must not exceed 10% of the Shares in issue as at the date of approval of the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the schemes of the Company or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) *Limit for each Employee Grantee*

The total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) in any 12-month period granted to each Grantee must not exceed 1% of the Shares in issue. Where any further grant of Options to a Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by the Shareholders of the Company in general meeting with the relevant Grantee and his associates abstaining from voting. The date of the offer (which is made subject to such approvals set out in this sub-paragraph) in respect of such grant should be taken as the date of grant for such grants.

(u) Effects of reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any Option may become remains exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation, subdivision, reduction or similar reorganisation of the share capital of the Company, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the Option so far as unexercised; and/or the subscription price; and/or the method of exercise of the Option; and/or the maximum number of Shares referred to in paragraph (t) above, as the auditors shall certify in writing to the Board either generally or as regards any particular Grantee to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

(v) Alteration to the Plan

The Share Option Plan may be altered in any respect by resolution of the Board except that the provisions of the Share Option Plan relating to matters contained in Rule 17.03 of the Listing Rules (including the provisions under paragraphs (e), (g), (i), (j), (r), (s), (t), (u), (v) and (x)) shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the Share Option Plan, which are of a material nature and any change to the terms of the Options granted, shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Share Option Plan. The amended terms of the Share Option Plan shall comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the Share Option Plan shall be approved by the Shareholders. Subject to the Listing Rules and the terms of the Share Option Plan the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an option agreement on compassionate or any other grounds.

(w) Termination of Share Option Plan

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Plan and in such event no further Options will be offered after the Share Option Plan is terminated but in all other respects the provisions of the Share Option Plan shall remain in full force and effect. All Options granted prior to such termination and not then exercised shall remain valid.

(x) Offers made to a director, chief executive or employee who is also substantial shareholder of the Company or any of their respective associates

Subject to sub-paragraph (t)(iv) above, but only insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to an Employee who is a director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company. As regards grant to an employee (who may be a director or chief executive of the Company) who is also a substantial shareholder or an independent non-executive director of the Company, please refer to the note below.

For avoidance of doubt, a substantial shareholder who is not an Employee is not eligible under the Share Option Plan for Options.

Note:

Insofar and for so long as the Listing Rules so require, no Option may be granted to any substantial shareholder or an independent non-executive director of the Company, or any of their respective associates or any person whose associate is a substantial shareholder or an independent non-executive director of the Company, which would result in the Shares issued and to be issued upon exercise of all Options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Plan and any other scheme(s) of the Company in the 12-month period up to and including the date of the offer (which is made subject to such approvals set out in this sub-paragraph) in respect of such further grant:

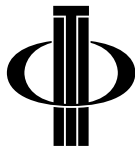
- (a) representing in aggregate over 0.1% of the issued share capital of the Company in issue; and
- (b) having an aggregate value, based on the closing price of the Shares at the date of the offer (which is made subject to such approvals set out in this sub-paragraph) in respect of such further grant, in excess of HK\$5,000,000

unless such further grant is approved by the Shareholders in general meeting. In such general meeting, the grant of Options to the substantial shareholder or independent non-executive director of the Company or any of their respective associates or any person whose associate is a substantial shareholder or an independent non-executive director of the Company shall, for so long and insofar as the Listing Rules so require, be approved by the Shareholders by way of poll with all connected persons (which has the meaning as set out in the Listing Rules) of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to shareholders (which circular shall contain all details and information as required under the Listing Rules). For so long and insofar as the Listing Rules so require, any variation in the terms of Option granted to a Grantee who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates, must be approved by the Shareholders in general meeting with all connected persons of the Company interested in the relevant Option abstaining from voting.

(y) Conditions of Share Option Plan

The Share Option Plan is conditional on (a) the passing of an ordinary resolution at the annual general meeting of CITIC Pacific to be held on 16 May 2007 (or at other general meetings of CITIC Pacific held for the purpose of approving the Share Option Plan) to approve the Share Option Plan, and (b) the Stock Exchange granting approval of the listing of and permission to deal in the Shares falling to be issued pursuant to the exercise of any Option. If such conditions are not satisfied within 6 months after the date of adoption of the Share Option Plan, it shall forthwith determine.

NOTICE OF EXTRAORDINARY GENERAL MEETING



CITIC 1616 Holdings Limited

中信 1616 集團有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1883)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the Shareholders will be held at 10:30 a.m. at Island Ballroom, Level 5, Island Shangri-La Hotel, Two Pacific Place, Supreme Court Road, Hong Kong on Thursday, 17 May 2007 for the purpose of considering, if thought fit, passing with or without amendments, the following resolution as ordinary resolution of the Company:-

ORDINARY RESOLUTION

“THAT

conditional upon (a) The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to the shareholders on the same day as this Notice and (b) the approval of the shareholders of CITIC Pacific Limited of such scheme, the terms of which are set out in the printed document marked “A” now produced to the Meeting and for the purpose of identification signed by the Chairman hereof (the “**Share Option Plan**”), the Share Option Plan be approved and adopted to be the share option scheme for the Company and that the Directors of the Company be authorised to grant options thereunder and to allot and issue shares pursuant to the Share Option Plan and take all such steps as may be necessary or desirable to implement such Share Option Plan.”

By Order of the Board
Alice Tso Mun Wai
Company Secretary

Hong Kong, 30 April 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies must be deposited at the registered office of the Company at 8th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting, or adjourned meeting, as the case may be.
- (2) Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.
- (3) Where there are joint holders of any shares, any one of such joint holders may vote at the meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

The Directors of the Company as at the date of this circular are as follows:

Executive Directors:

Shi Cuiming, Yuen Kee Tong, Li Bin and Chan Tin Wai, David

Non-Executive Directors:

Lee Chung Hing and Kwok Man Leung

Independent Non-Executive Directors:

Yang Xianzu, Liu Li Qing and Kwong Che Keung, Gordon