

ASX / Media Release

January 21, 2008

CIY WITHDRAWS MERGER PROPOSAL

City Pacific Limited (ASX: CIY) advises that after reviewing the demerger proposal announced by MFS Limited (ASX: MFS) on Friday 18 January, it informed Mr King, CEO of MFS, late on Friday night that it intended to withdraw its merger proposal, while maintaining an interest in either the business or assets of the MFS financial services division.

Discussions continued over the weekend and a draft proposal was submitted, however the parties were unable to reach agreement.

CIY confirms the withdrawal of the original merger proposal.

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