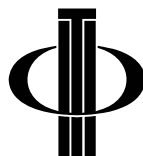


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CITIC PACIFIC

CITIC Pacific Limited
中信泰富有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 267)

**GAS SUPPLY AGREEMENT FOR
AUSTRALIAN MINING OPERATIONS**

The Directors are pleased to announce that a gas supply agreement which upon it becoming unconditional will satisfy the majority of the current estimated gas needs of the Group's Australian mining operations for seven years was entered into on 6 January 2009 between (1) Sino Iron Pty Ltd and (2) Apache Northwest Pty Ltd and Santos Offshore Pty Limited.

The Gas Supply Agreement is of a revenue nature and in the ordinary and usual course of business of the Group and is accordingly not subject to the requirements of Chapter 14 of the Listing Rules. It is disclosed on a voluntary basis in order to keep the market informed of the latest developments of the Group.

DETAILS OF THE GAS SUPPLY AGREEMENT

Date: 6 January 2009

Parties: (1) Sino Iron Pty Ltd, as the Buyer; and

(2) Apache Northwest Pty Ltd and Santos Offshore Pty Limited, as the Suppliers (on a several basis, in the ratio of 55:45).

Subject matter

As anticipated in the circular of the Company dated 3 December 2008 in which the Company disclosed that continuing negotiations have been taking place in relation to a gas supply agreement, Sino Iron Pty Ltd has signed a new contract for the supply of gas to meet the current estimated needs of the Group's Australian mining operations located at Cape Preston in northern Western Australia.

Under the contract, Santos and Apache will supply the gas over seven years commencing in the second half of 2011.

The gas will be sourced from the offshore Reindeer gas field being developed by Apache and their joint venture partner Santos and delivered onshore close to the project's location.

The contract marks another significant milestone for CITIC Pacific's Sino Iron project. The new gas supply will be used to feed the project's combined-cycle power station, which is currently under construction. Earthworks for the power station have been completed, civil works have commenced and the first gas turbine is complete and ready for shipping to the site.

The contract reflects CITIC Pacific's ongoing commitment to the project which currently employs more than 500 people in Perth, Cape Preston and China.

Value of the Gas Supply Agreement

The contract carries an initial price with periodic adjustments for changes in the consumer price index in Australia. Beginning in the fourth year, the price is indexed to international oil prices. Assuming an oil price of US\$50 per barrel, the value of the contract is estimated to be US\$1.3 billion.

Condition and other terms of the Gas Supply Agreement

The Gas Supply Agreement will not become unconditional and take effect unless the Suppliers enter into contracts for the engineering and procurement of the gas plant and pipeline by 15 March 2009 (or a later date if agreed by all parties). The Gas Supply Agreement provides for suspension of the rights and obligations to sell and buy gas in the event of force majeure affecting either the Supplier's facilities or the Buyer's facilities respectively, for liquidated damages in the case of breach of contract, parent company guarantees from the Buyer and bank guarantees for the Buyer's obligations and security from the Suppliers.

REASONS FOR ENTRY INTO GAS SUPPLY AGREEMENT

This Gas Supply Agreement, together with other gas purchases in place, is anticipated to satisfy the current estimated natural gas needs for the CITIC Pacific's iron ore project located at Cape Preston, Western Australia in the relevant seven year period, subject to ultimate iron ore specifications and the actual operation of the power generation plant.

Various other gas contracts have been and will be entered into to satisfy short term gas needs following first production in mid 2010.

The contract for the supply of gas is of a revenue nature and in the ordinary and usual course of business of the Group and is accordingly not subject to the requirements of Chapter 14 of the Listing Rules. It is disclosed on a voluntary basis in order to keep the market informed of the latest developments of our Group.

DEFINITIONS

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

| | |
|------------------------------|---|
| “Buyer” | Sino Iron Pty Ltd, at present a wholly owned subsidiary of the Company, 20% of whose shares will be sold to China Metallurgical Group Corp on completion of the sale disclosed in the Company’s announcement dated 20 August 2007 |
| "CITIC Pacific" or "Company" | CITIC Pacific Limited 中信泰富有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange |
| "Directors" | the directors of the Company |
| "Group" | the Company and its subsidiaries |
| "Listing Rules" | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Suppliers” | means collectively Apache Northwest Pty Ltd (an independent third party) and Santos Offshore Pty Limited (an independent third party) as the Suppliers on a several basis in the ratio of 55:45. |

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

Hong Kong, 6 January 2009

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, Vernon Francis Moore, Li Shilin, Liu Jifu, Milton Law Ming To, Wang Ande and Kwok Man Leung; 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.