



CITIC RESOURCES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Website: www.citicresources.com

ANNOUNCEMENT OF ANNUAL RESULTS For the year ended 31 December 2002

FINANCIAL RESULTS

The board of directors (the "Directors") of CITIC Resources Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2002.

Consolidated Profit and Loss Account

	Notes	2002 HK\$'000	2001 HK\$'000
TURNOVER	3	24,003	52,753
Cost of sales		(28,535)	(56,315)
Gross loss		(4,532)	(3,562)
Other revenue and gains	3	20,613	21,028
Selling and distribution costs		(989)	(1,406)
Administrative expenses		(20,209)	(22,389)
Other operating expenses		(10,100)	(3,891)
LOSS FROM OPERATING ACTIVITIES	4	(15,217)	(10,220)
Finance costs	5	-	(24)
LOSS BEFORE TAX		(15,217)	(10,244)
Tax	6	-	-
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		(15,217)	(10,244)
LOSS PER SHARE	7		
Basic		HK(0.56 cent)	HK(0.50 cent)
Diluted		N/A	N/A

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice ("SSAP"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those used in the Group's financial statements for the year ended 31 December 2001, except that the following new and revised SSAPs are effective for the first time for the current year's financial statements:

- SSAP 1 (Revised): "Presentation of financial statements"
- SSAP 11 (Revised): "Foreign currency translation"
- SSAP 15 (Revised): "Cash flow statements"
- SSAP 34: "Employee benefits"

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services of different risks and returns. Summary details of the business segments are as follows:

- the manufacture and sale of plywood segment comprises the supply of plywood mainly for use in the manufacture of furniture and fixtures and for refurbishment; and
- the trading of timber products segment comprises the sale of veneers.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location of the customers.

(a) Business segments

The following tables present revenue and results information for the Group's business segments.

	Manufacture and sale of plywood		Trading of timber products		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:						
Sales to external customers	22,281	52,753	1,722	-	24,003	52,753
Other revenue	49	1,175	-	-	49	1,175
	22,330	53,928	1,722	-	24,052	53,928
Segment results	(22,533)	(14,530)	160	-	(22,373)	(14,530)
Interest income and unallocated gains					20,564	19,853
Unallocated expenses					(13,408)	(15,543)
Loss from operating activities					(15,217)	(10,220)
Finance costs					-	(24)
Loss before tax					(15,217)	(10,244)
Tax					-	-
Net loss from ordinary activities attributable to shareholders					(15,217)	(10,244)

(b) Geographical segments

The following tables present revenue information for the Group's geographical segments.

	PRC		Thailand		Other Asian countries		Consolidated	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment revenue:								
Sales to external customers	19,689	52,050	340	703	3,974	-	24,003	52,753

3. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the net invoiced value of goods sold during the year, after allowances for returns and trade discounts, but excludes intra-group transactions.

An analysis of the Group's turnover, other revenue and gains is as follows:

	2002 HK\$'000	2001 HK\$'000
Turnover		
Sales of goods	24,003	52,753
Other revenue and gains		
Sales of scraps	49	142
Interest income	12,409	6,305
Exchange gains arising from bank deposits denominated in New Zealand dollars, net	6,945	-
Waiver of amount due to a former director	1,135	-
Waiver of other loans	-	9,848
Write-back of accounts and other payables	-	3,207
Others	75	1,526
	20,613	21,028
Total revenue and gains	44,616	73,781

4. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	2002 HK\$'000	2001 HK\$'000
Depreciation	3,575	3,760
Loss on disposal/write-off of fixed assets	6,722	535
Exchange losses/(gains) arising from principal activities, net	(8)	1,670

5. FINANCE COSTS

	2002 HK\$'000	2001 HK\$'000
Interest income over the Group's deposit of HK\$1,000 million pledged against the Notes *	(6,078)	-
Interest expenses on the Notes *	6,078	-
Interest expenses on bank loans and overdrafts	-	24
	-	24

* The interest income earned from the Group's deposit of HK\$1,000 million was directly paid to Keentech Group Limited ("Keentech") by the bank for settlement of accrued interest on the redeemable floating rate convertible loan notes (the "Notes") of HK\$1,000 million issued to Keentech.

6. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year (2001: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

A subsidiary established and operating in the People's Republic of China (the "PRC") was exempted from income tax for two years starting from its first profitable year of operations in 1997 and was entitled to 50% relief from income tax for the following three years under the Income Tax Law of the PRC. The tax holiday of this subsidiary expired in 2001. For the year ended 31 December 2002, the tax rate applicable to this subsidiary is 33%, however no provision for tax has been made for the year as this subsidiary did not generate any assessable profits arising in the PRC during the year.

No deferred tax has been provided as the Company and the Group had no significant timing differences at the balance sheet date.

No provision has been made for taxes which would arise on the remittance to Hong Kong of the retained profits of overseas companies as it is not anticipated that these amounts will be remitted in the near future.

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the consolidated net loss attributable to shareholders of the Company for the year of HK\$15,217,000 (2001: HK\$10,244,000) and the weighted average of 2,738,162,772 (2001: 2,059,726,027) shares in issue during the year.

A diluted loss per share amount for the year ended 31 December 2002 has not been presented as the effect of the potential ordinary shares arising from the conversion of the Notes would have been anti-dilutive.

A diluted loss per share amount for the year ended 31 December 2001 has not been presented because there were no dilutive events existing during that year.

8. DIVIDEND

No interim dividend was paid during the year and the prior year. The Directors do not recommend the payment of any dividend in respect of the year (2001: Nil).

BUSINESS REVIEW AND OUTLOOK

The principal activities of the Group are the manufacture and sale of plywood. As the timber industry is still affected by the arduous economic environment, the business remains difficult. The Group has experienced an unexpected slowdown notwithstanding that the Directors have expended considerable effort in strengthening the business and imposed a number of measures to sustain the performance.

Though difficulties remain, the Group continues to pursue active developments in its core business. In the latter half of the year, to further diversify the products and expand the customer base, the Group had suspended production for several months to reconstruct the production lines. New production line of veneer has been set up and undergone trial run. Although the temporary suspension of production had greatly affected the performance of last year, it will broaden the scope of operations and enhance the efficiency and productivity in future, representing an evolution towards a greater level of customization and product differentiation. The substantial decrease in turnover was also caused by the aggressive market competition in plywood products, coupled with the unexpected continuous decline in demand since 2000.

The sustained focus and core expertise of the Group, enhanced by the expansion and diversification of operations, encourage confidence in the long-term business prospects. The Group took the opportunity to spruce up its strengths and competitive

edge by revisiting and refocusing its business strategy and product portfolio. This re-organization evolution is critical in fully equipping the Group to maximize its potential and optimize its business performance. At the same time, the Directors continue to reduce the operating costs and to improve the quality of the products.

To cater for future growth of the Group, new directors with expertise and extensive experience in the forestry and aluminium industry have joined the Group and are expected to provide the Group with power in new business ventures. The Directors are actively exploring investment opportunities in natural resources in the hope that these, over time, will make a meaningful contribution to the earnings of the Group.

Given the strong financial position of the Group, the Directors are optimistic about the business growth and focused investments. The financial strength will be used wisely and with discretion. The Group will strive to restore a profit growth and to leverage the available opportunities to maximize the returns for its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Company obtained further equity from Keentech Group Limited ("Keentech"), an indirect wholly owned subsidiary of China International Trust and Investment Corporation during the year. In June 2002, the Company entered into agreements to acquire 35% of the voting rights of Fletcher Challenge Forests Limited ("Fletcher"), a listed company in New Zealand. To partly satisfy the acquisition cost, the convertible loan notes of HK\$1,000 million issued in January 2002 by the Company to Keentech was converted into equity in June. However, the acquisition was not approved by the shareholders of Fletcher in August and therefore, the proceeds remain in the Company and will be used for other investments.

As at 31 December 2002, the Group was free from bank borrowings and the cash balance was HK\$1,123.5 million. The Directors are of the view that there is sufficient cash to satisfy the working capital needs and other financing requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2002, the Group had around 200 full time employees, including the management and administrative staff and the production workers. Most of them station in the PRC while the remaining in Hong Kong.

The employees' remuneration, promotion and salary increment are assessed based on individual's performance, professional and working experience and are referred to the prevailing industry practice. Rent-free quarters are provided to the PRC employees. The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme has operated since 1 December 2000.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's bye-laws.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

PUBLICATION OF ANNUAL REPORT

The 2002 Annual Report containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the respective website of The Stock Exchange of Hong Kong Limited and the Company in due course.

On behalf of the Board
Peter Kwok Viem
Chairman

Hong Kong, 11 April 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Pacific Place Conference Centre, Mont Blanc Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 27 June 2003 at 3:00 p.m. for the following purposes:

- To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31 December 2002.
- To re-elect directors and authorize the directors to fix their remuneration.
- To re-appoint auditors and authorize the directors to fix their remuneration.

By Order of the Board
LI So Mui
Company Secretary

Hong Kong, 11 April 2003

Notes:

- Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the head office and principal place of business of the Company at Room 2602, 26th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.