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CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

(Stock Code: 1205)

TERMINATION OF DISCUSSIONS RELATING TO THE FORMATION OF A JOINT VENTURE COMPANY AND ACQUISITION OF SHARES IN THAI PETROCHEMICAL INDUSTRY PUBLIC COMPANY LIMITED

Termination of Discussions relating to the formation of a Joint Venture Company

CITIC Petrochemical has terminated its discussions with the TPI Shareholders regarding the formation of the Joint Venture Company to acquire the Existing TPI Shares.

CITIC Petrochemical is an indirect wholly-owned subsidiary of the Company.

Background

Reference is made to the Company's announcement of 1 June 2005 (the "First Announcement") regarding the execution of the Memorandum of Understanding between CITIC Petrochemical and the TPI Shareholders concerning the formation of the Joint Venture Company to acquire the Existing TPI Shares (representing about 75% of the existing issued share capital of TPI). Terms and expressions defined in the First Announcement shall have the same meaning when used in this announcement.

Withdrawal from Negotiations

On 30 June 2005, CITIC Petrochemical made the decision to withdraw from discussions and negotiations with the TPI Shareholders in respect of the formation of the Joint Venture Company and the acquisition of the Existing TPI Shares and gave notice of its withdrawal to the TPI Shareholders on 1 July 2005. No compensation is required to be paid to the TPI Shareholders in respect of such withdrawal. CITIC Petrochemical's withdrawal will not have any impact on the Company's future business plans nor affect the current financial position of the Company and its subsidiaries.

Reason for Withdrawal from Negotiations

An acquisition of the Existing TPI Shares in the manner contemplated under the Memorandum of Understanding would represent a significant transaction for CITIC Petrochemical and the Company. Given the advanced competing interest of the strategic investors such as PTT Public Company Limited in TPI, it has been a priority for and imperative that CITIC Petrochemical be able to commence background work such as due diligence in respect of TPI and its subsidiaries (the "TPI Group") as soon as possible and to fully understand the obstacles that CITIC Petrochemical and the TPI Shareholders will need to deal with to progress the Proposed Transaction.

Since the execution of the Memorandum of Understanding, CITIC Petrochemical has not made any substantive progress in respect of the Proposed Transaction. CITIC Petrochemical had believed that it would be able to commence due diligence on the TPI Group immediately following execution of the Memorandum of Understanding on 30 May 2005. Unfortunately, this has proved not to be the case and, in fact, CITIC Petrochemical has had to wait for a decision of the Central Bankruptcy Court of Thailand (the "Court") before it knew whether it is able to commence due diligence. This decision was given on 4 July 2005 but after a delay of one week. Delays of this type and the need for, amongst other things, the involvement of the Court in the Proposed Transaction process has illustrated to CITIC Petrochemical the difficulties that CITIC Petrochemical is likely to encounter in what is already a complex transaction and has caused CITIC Petrochemical to review its continued involvement in the Proposed Transaction. CITIC Petrochemical has reluctantly concluded that factors such as these delays are likely to result in unnecessary constraints on the ability of CITIC Petrochemical to progress the Proposed Transaction in a manner that is in the best interests of CITIC Petrochemical. At this present stage therefore, CITIC Petrochemical has withdrawn from further discussions with the TPI Shareholders in respect of the Proposed Transaction.

By Order of the Board
CITIC Resources Holdings Limited
Kwok Peter Viem
Chairman

Hong Kong, 4 July 2005

As at the date of this announcement, the executive directors of the Company are Mr. Kwok Peter Viem; Mr. Ma Ting Hung; Ms. Li So Mui; Mr. Mi Zengxin; Mr. Qiu Yiyong; Mr. Sun Xinguo; Mr. Zeng Chen and Mr. Zhang Jijing and the independent non-executive directors are Mr. Chan Mo Po, Paul; Mr. Fan Ren Da, Anthony and Mr. Tsang Link Carl, Brian.

Please also refer to the published version of this announcement in The Standard.