



## **CITIC RESOURCES HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

*Website: www.citicresources.com*

*(Stock Code: 1205)*

### **SUBSCRIPTION FOR SHARES IN CALTEX SOUTH CHINA INVESTMENTS LIMITED**

#### **LAPSE OF SUBSCRIPTION AGREEMENT**

Reference is made to the Subscription Agreement pursuant to which the Company conditionally agreed to subscribe for shares in, and representing 50.5% of the enlarged issued share capital of, CSCIL.

Completion of the Subscription is subject to the satisfaction of certain conditions precedent including the obtaining of the PRC Approvals by the Long Stop Date. The Long Stop Date had been further extended to 7 June 2006 to allow additional time to obtain the PRC Approvals. The PRC Approvals have not been obtained as of the extended Long Stop Date.

The Parties have not agreed to further extend the Long Stop Date and accordingly the Subscription Agreement has lapsed with effect from 7 June 2006 in accordance with its terms.

The lapse of the Subscription Agreement does not have a material adverse effect on the business plan, operation and financial position of the Company or its subsidiaries as a whole.

#### **Background**

On 8 January 2005, CITIC Resources Holdings Limited (the "Company") entered into a subscription agreement (the "Subscription Agreement") with Caltex South China Investments Limited ("CSCIL"), Chevron Holdings Inc. (formerly Caltex (Asia) Limited) and Star Concept Holdings Limited (collectively, the "Parties") pursuant to which the Company conditionally agreed to subscribe for shares in, and representing 50.5% of the enlarged issued share capital of, CSCIL (the "Subscription"). The Subscription constituted a very substantial acquisition of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and was approved by shareholders of the Company on 21 March 2005.

Completion of the Subscription is subject to the satisfaction of certain conditions precedent including the obtaining of all government and regulatory approvals and licences (the "PRC Approvals") in the People's Republic of China (the "PRC") required for the establishment of a wholly foreign-owned enterprise by CSCIL to carry on the business of, amongst other things, developing and operating new petrol stations in Guangdong Province, the PRC (the "New Business").

To allow additional time to obtain the PRC Approvals, the Parties, through a series of agreements, agreed to extend the date (the "Long Stop Date") by which all conditions precedent in the Subscription Agreement must be satisfied to 7 June 2006 and that unless the PRC Approvals were obtained by the extended Long Stop Date or the Parties agreed to further extend the Long Stop Date, the Subscription Agreement would lapse.

Reference is made to the announcement dated 13 January 2005 by the Company concerning the Subscription (the "CSCIL Announcement") and the announcement dated 7 March 2006 by the Company concerning the further extension of the Long Stop Date to 7 June 2006.

#### **Lapse of Subscription Agreement**

As disclosed by the Company in the CSCIL Announcement, the PRC has only recently opened its market to allow the retail of petrol by wholly foreign-owned enterprises under certain new measures published in 2004 pursuant to the PRC's accession to the World Trade Organisation. The establishment of wholly foreign-owned enterprises by CSCIL to conduct the New Business is governed by these new requirements which are untested and for which there is no precedent.

Despite extending the Long Stop Date to 7 June 2006 to allow more time in which to obtain the PRC Approvals, the PRC Approvals remain outstanding as of the extended Long Stop Date.

The Parties have not agreed to further extend the Long Stop Date, the condition requiring the obtaining of the PRC Approvals cannot be satisfied and accordingly the Subscription Agreement has lapsed with effect from 7 June 2006 in accordance with its terms. The Company did not pay any deposit for the Subscription.

The lapse of the Subscription Agreement does not have a material adverse effect on the business plan, operation and financial position of the Company or its subsidiaries as a whole.

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

Hong Kong, 7 June 2006

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

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