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## **CITIC RESOURCES HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

*Website: [www.citicresources.com](http://www.citicresources.com)*

*(Stock Code: 1205)*

### **ISSUANCE OF US\$1 BILLION 6.75% SENIOR NOTES DUE 2014**

The Board is pleased to announce that on 17 May 2007, the Issuer completed the issue of the Notes in the aggregate amount of US\$1 billion. The obligations of the Issuer under the Notes are irrevocably and unconditionally guaranteed by the Company.

The net proceeds of the Notes, after deduction of underwriting discounts and commissions and related expenses, are estimated to be approximately US\$976 million. The Company intends to use the net proceeds of the Notes to facilitate the Transaction and for general working capital requirements.

Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Company or the Notes.

#### **NOTES ISSUE**

##### **Introduction**

Reference is made to the announcement of the Company dated 8 May 2007 regarding the proposed issue of the Notes.

## **Issue of the Notes**

The Board is pleased to announce that on 17 May 2007, the Issuer completed the issue of the Notes in the aggregate amount of US\$1 billion.

The Notes have been offered by Bear, Stearns & Co. Inc. and Morgan Stanley & Co. International plc, the underwriters in respect of the issue of the Notes (i) in the United States, to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A which qualified institutional buyers are also qualified purchasers pursuant to Section 2(a)(51) of the United States Investment Company Act of 1940, as amended, and (ii) outside the United States, in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed to any connected persons (as defined in the Listing Rules) of the Company.

## **Principal terms of the Notes**

The Notes will be due in 2014, unless earlier redeemed pursuant to their terms. The Notes will bear interest at the rate of 6.75%, payable semi-annually in arrears in May and November of each year, commencing on 15 November 2007.

The obligations of the Issuer under the Notes are irrevocably and unconditionally guaranteed by the Company.

### *Ranking of the Notes*

The Notes are senior unsecured obligations of the Issuer and (i) rank senior in right of payment to the debt and other obligations of the Issuer that are, by their terms, expressly subordinated in right of payment to the Notes; and (ii) rank equally in right of payment with all of the senior debt and other obligations of the Issuer that are not, by their terms, expressly subordinated in right of payment to the Notes.

### *Ranking of the Guarantee*

The Guarantee is a senior unsecured obligation of the Company and (i) ranks senior in right of payment to the debt and other obligations of the Guarantor that are, by their terms, expressly subordinated in right of payment to the Guarantee; and (ii) rank equally in right of payment with all of the senior debt and other obligations of the Guarantor that are not, by their terms, expressly subordinated in right of payment to the Guarantee.

### *Change of control*

If (i) the Issuer ceases to be a wholly-owned subsidiary of the Company, or (ii) the government of the PRC and persons under its control, directly or indirectly, cease to own or control at least 50% of the Company's issued share capital, each holder of the Notes will have the right to require the Issuer to repurchase all of such holder's Notes at a price equal to 101.0% of the outstanding principal amount of the Notes to be redeemed, plus accrued and unpaid interest payable up to the redemption date.

### *Mandatory redemption*

The Notes will be redeemed in whole if the Transaction is not consummated on or prior to 31 December 2007 or if the Acquisition Agreement is terminated prior to such time or if JSC Karazhanbasmunai or the Company fails to terminate, or amend the relevant sales contract to prohibit any sales of oil to Iran, on or prior to the completion date of the Transaction, at a redemption price in cash equal to 100.0% of the outstanding principal amount of the Notes, plus accrued and unpaid interest and any additional amounts payable up to the redemption date.

### *Optional tax redemption*

The Issuer may redeem the Notes in whole at a price equal to 100.0% of the outstanding principal amount of the Notes, plus accrued and unpaid interest and any additional amounts payable up to the redemption date if certain changes in or amendments to any tax law, regulation or ruling or interpretation thereof requiring the imposition of certain withholding taxes in certain jurisdictions, are implemented.

### *Optional early redemption*

At any time prior to the maturity of the Notes, the Issuer may redeem all or part of the outstanding principal amount of the Notes, at a price equal to 100.0% of the outstanding principal amount of the Notes, plus accrued and unpaid interest payable up to the redemption date and a “make-whole” premium.

### *Equity clawback*

At any time prior to 15 May 2010, the Issuer may redeem up to 35.0% of the original principal amount of the Notes with the proceeds of equity offerings by the Company at a redemption price of 106.75% of the principal amount of the Notes, plus accrued and unpaid interest payable up to the redemption date.

### *Covenants*

The Issuer and the Company have agreed to observe certain covenants that will limit, among other things, the ability of the Issuer and the Company to incur, assume or guarantee additional indebtedness; issue redeemable shares and preferred shares; pay dividends or distributions or redeem or repurchase capital stock; prepay, redeem or repurchase debt that is junior in right of payment to the Notes; make loans, investments and capital expenditures; incur liens or enter into new lines of business.

### **Use of proceeds**

The net proceeds from the Notes, after deduction of underwriting discounts and commissions and related expenses, are estimated to be approximately US\$976 million. The Company intends to use the net proceeds of the Notes to facilitate the Transaction, and thereby acquire an indirect interest in the Karazhanbas oilfield in the Republic of Kazakhstan and for general working capital requirements. Details of the Transaction are set out in the very substantial acquisition and connected transaction announcement of the Company dated 8 May 2007.

## Listing and rating

Approval in-principle has been received for the listing of the Notes on the SGX-ST. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Company or the Notes.

The Notes have received a rating of Ba2 by Moody's Investors Service, Inc. and BB by Standard & Poor's Ratings Group Inc.

## DEFINITIONS

As used in this announcement, the following words and phrases have the same meanings assigned:

“Acquisition Agreement”	the conditional sale and purchase agreement dated 30 April 2007 entered into between CITIC Group and the Company in respect of (i) the entire issued share capital of RNL and (ii) assignment of part of the indebtedness in the approximate aggregate amount of US\$1,003,500,000 owing by KBM Energy Limited to CITIC Group
“Board”	the board of directors of the Company
“CITIC Group”	CITIC Group, a company incorporated in the PRC
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
“Guarantee”	the irrevocable and unconditional guarantee given by the Company in respect of the obligations of the Issuer under the Notes
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	CITIC Resources Finance (2007) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the US\$1 billion 6.75% senior notes due 2014 issued by the Issuer
“PRC”	the People's Republic of China
“RNL”	Renowned Nation Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of CITIC Group

“Securities Act”	the United States Securities Act of 1933, as amended
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the purchase from CITIC Group of (i) the entire issued share capital of RNL and (ii) the benefit of indebtedness in the approximate amount of US\$1,003,500,000 owing by KBM Energy Limited to CITIC Group

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

Hong Kong, 17 May 2007

*As at the date hereof, 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.