

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liabilities whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

CONTINUING CONNECTED TRANSACTIONS WITH CITIC METAL COMPANY LIMITED

REVISED ANNUAL CAPS FOR EXISTING IRON ORE TRANSACTIONS, EXTENSION OF COOPERATION AGREEMENT, AND NEW IRON ORE TRANSACTIONS

Revised Annual Caps for Existing Iron Ore Transactions

At the 2007 SGM, Independent Shareholders approved the Cooperation Agreement which facilitates iron ore sales by CACT to CITIC Metal for the three years ending 31 December 2009 subject to the Existing Iron Ore Transactions Caps.

Since the 2007 SGM, iron ore prices and costs associated with CACT's trading of iron ore such as freight and insurance charges have increased significantly with iron ore prices having increased by over 75% and freight charges by over 20% since the beginning of 2008. These increases will have an impact on the aggregate value of iron ore sales between CACT and CITIC Metal and as a result are expected to lead to annual revenue from such sales for the two years ending 31 December 2009 exceeding the Existing Iron Ore Transactions Caps. The Company proposes to increase the annual caps relating to the sale of iron ore by CACT to CITIC Metal for the two years ending 31 December 2009 to the Revised Iron Ore Transactions Caps.

The Revised Iron Ore Transactions Caps exceed 2.5% of each of the relevant percentage ratios applicable to continuing connected transactions under the Listing Rules. Therefore, the sale of iron ore by CACT to CITIC Metal up to 31 December 2009 subject to the Revised Iron Ore Transactions Caps is subject to the reporting, announcement and independent shareholder approval requirements of the Listing Rules.

The approval of Independent Shareholders will be sought at the Special General Meeting in respect of iron ore sales between CACT and CITIC Metal up to 31 December 2009 subject to the Revised Iron Ore Transactions Caps.

Extension of Cooperation Agreement, New Iron Ore Transactions and New Iron Ore Transactions Cap

The Cooperation Agreement is a three year contract which expires on 31 December 2009. As the sale of iron ore by CACT to CITIC Metal is an important contributor to the iron ore business of CACT, such sales are expected to be promoted and developed and to continue beyond 31 December 2009. CACT proposes to extend the term of the Cooperation Agreement by one year to 31 December 2010 and to be permitted to enter into further iron ore sales with CITIC Metal during such period subject to the New Iron Ore Transactions Cap.

The extension of the Cooperation Agreement to 31 December 2010 and the entering into of further iron ore sales by CACT with CITIC Metal during the year ending 31 December 2010 subject to the New Iron Ore Transactions Cap, which exceeds 2.5% of each of the relevant percentage ratios applicable to continuing connected transactions under the Listing Rules, are subject to the reporting, announcement and independent shareholder approval requirements of the Listing Rules.

The approval of Independent Shareholders will be sought at the Special General Meeting in respect of the extension of the Cooperation Agreement and the entering into of iron ore sales by CACT to CITIC Metal during the year ending 31 December 2010 subject to the New Iron Ore Transactions Cap.

This announcement is published by the Company pursuant to the requirements of the Listing Rules. It contains information provided by CATL and CACT for the purpose of allowing the Company to issue this announcement. The information provided by CATL and CACT to assist the Company in determining the thresholds or the Revised Iron Ore Transactions Caps and the New Iron Ore Transactions Cap described in this announcement. The thresholds or the Revised Iron Ore Transactions Caps and the New Iron Ore Transactions Cap themselves are not, and should not be considered or viewed as, projections or forecasts of CATL and CACT's future trading in iron ore with CITIC Metal or otherwise. The thresholds or the Revised Iron Ore Transactions Caps and the New Iron Ore Transactions Cap described in this announcement serve the purpose only of determining whether the Company is required to issue any further announcement or obtain the further approval of Independent Shareholders if the trading activity between CACT and CITIC Metal exceeds the thresholds or the Revised Iron Ore Transactions Caps and the New Iron Ore Transactions Cap described in this announcement.

BACKGROUND

In the ordinary course of its business, CACT engages in the trading and sale of iron ore and accesses the PRC market by selling iron ore to CITIC Metal.

At the 2007 SGM, Independent Shareholders approved the Cooperation Agreement which facilitates the sale of iron ore by CACT to CITIC Metal for the three years ending 31 December 2009 subject to the Existing Iron Ore Transactions Caps.

The Company proposes to increase the annual caps relating to sale of iron ore between CACT and CITIC Metal for the two years ending 31 December 2009 to the Revised Iron Ore Transactions Caps and extend the duration of the Cooperation Agreement by one year to 31 December 2010 and to permit CACT to enter into of further iron ore sales with CITIC Metal during such period subject to the New Iron Ore Transactions Cap.

COOPERATION AGREEMENT

The Cooperation Agreement promotes and provides a framework for iron ore trading between CACT and CITIC Metal. Its principal terms are as follows:

- (A) sales of iron ore by CACT to CITIC Metal are conducted under CACT's standard sale agreement and an individual sale agreement is entered into on the occasion of each separate iron ore sale between CACT and CITIC Metal;
- (B) each sale agreement between CACT and CITIC Metal is entered into on an arm's length basis;
- (C) the price at which iron ore is sold by CACT to CITIC Metal is determined by reference to prevailing market prices; and
- (D) payments due from CITIC Metal in respect of iron ore sold by CACT to CITIC Metal are payable by CITIC Metal within 60 to 90 days of the relevant sale agreement.

REVISED ANNUAL CAPS FOR EXISTING IRON ORE TRANSACTIONS

Since the 2007 SGM, iron ore prices and costs associated with CACT's trading of iron ore such as freight and insurance charges have increased significantly with iron ore prices having increased by over 75% and freight charges by over 20% since the beginning of 2008. These increases will have an impact on the aggregate value of iron ore sales between CACT and CITIC Metal and as a result are expected to lead to annual revenue from such sales for the two years ending 31 December 2009 exceeding the Existing Iron Ore Transactions Caps.

The Existing Iron Ore Transactions Cap for the year ending 31 December 2008 is US\$380,000,000 (HK\$2,964,000,000). Total revenue derived from iron ore sales under the Existing Iron Ore Transactions since 1 January 2008 to 30 April 2008 is about US\$157,000,000 (HK\$1,224,600,000).

The Company proposes to increase the annual caps relating to the sale of iron ore by CACT to CITIC Metal for the two years ending 31 December 2009 to the amount of the Revised Iron Ore Transactions Caps set out below.

31 December 2008 : US\$750,000,000 (HK\$5,850,000,000)

31 December 2009 : US\$1,050,000,000 (HK\$8,190,000,000)

Sale of iron ore by CACT to CITIC Metal until 31 December 2009 will be conducted in accordance with the terms of the Cooperation Agreement.

EXTENSION OF COOPERATION AGREEMENT, NEW IRON ORE TRANSACTIONS AND NEW IRON ORE TRANSACTIONS CAP

The Cooperation Agreement is a three year contract which expires on 31 December 2009. As the sale of iron ore by CACT to CITIC Metal is an important contributor to the iron ore business of CACT, such sales are expected to be promoted and developed and to continue beyond 31 December 2009. CACT proposes to extend the term of the Cooperation Agreement with CITIC Metal by one year to 31 December 2010 and to be permitted to enter into further iron ore sales with CITIC Metal during such period subject to the New Iron Ore Transactions Cap.

Sale of iron ore by CACT to CITIC Metal for the year ending 31 December 2010 will be conducted in accordance with the terms of the Cooperation Agreement.

The proposed amount of the New Iron Ore Transactions Cap is US\$1,200,000,000 (HK\$9,360,000,000).

BASIS OF CALCULATION OF REVISED IRON ORE TRANSACTIONS CAPS AND NEW IRON ORE TRANSACTIONS CAP

The Revised Iron Ore Transactions Caps and the New Iron Ore Transactions Cap are determined by reference to historical iron ore sales between CACT and CITIC Metal over the last four years, potential future sales of iron ore by CACT to CITIC Metal, an assumed sustained demand for iron ore particularly in the PRC market for the three years ending 31 December 2010, the current and prospective price of iron ore generally, associated costs and the ability of CACT to source and secure iron ore supplies in the market at competitive prices.

REASONS AND BENEFITS FOR IRON ORE TRADING WITH CITIC METAL

The sale of iron ore by CACT was introduced in 2004 as a new business line for CATL and whilst negligible at the start, sales of iron ore have since increased and improved year on year. For the year ended 31 December 2007, sales of iron ore accounted for 50% of CATL's total revenue and 35% of CATL's total net profit. The sale of iron ore by CACT to CITIC Metal is a principal factor in CATL's successful establishment of an iron ore trading business. The PRC market is currently still the world's largest iron ore market and CITIC Metal has been instrumental in helping CACT increase export volumes of iron ore to the PRC since 2004. The iron ore trading business is an important business line for CATL and makes the largest contribution to CATL's revenue and net profit which benefits the Company and Shareholders as a whole.

The Directors consider sales of iron ore by CACT to CITIC Metal for the two years ending 31 December 2009 subject to the Revised Iron Ore Transactions Caps to be fair and reasonable as far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

The Directors also consider the extension of the Cooperation Agreement to 31 December 2010 and the entering into of further iron ore sales with CITIC Metal during the year ending 31 December 2010 subject to the New Iron Ore Transactions Cap to be fair and reasonable as far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

INFORMATION ON THE COMPANY

The Company is a diversified energy and natural resources investment holding company and has interests in aluminium smelting, coal mining, import and export of commodities, manganese mining and processing and the exploration and development of oil.

INFORMATION ON CATL AND CACT

CATL is an indirect non wholly-owned subsidiary of the Company, which operates in Australia and is listed on the ASX. It is an international trading company with an emphasis on trade between Australia and the PRC. It is a significant exporter of bulk commodities, focusing on base metals and mineral resources, including alumina, aluminium ingots, iron ore and steel, and imports into Australia manufactured products such as tyres and wheels, batteries, steel and aluminium products.

CACT is a direct wholly-owned subsidiary of CATL.

INFORMATION ON CITIC METAL

CITIC Metal is based in the PRC and is a direct wholly-owned subsidiary of CITIC Group. It specialises in the import and export of metallurgical raw materials and products.

CLASSIFICATION AS CONTINUING CONNECTED TRANSACTIONS AND LISTING RULES IMPLICATIONS

Keentech and CA are each substantial shareholders of the Company holding an aggregate of 52.13% of the issued share capital of the Company as at the date of this announcement and are wholly-owned subsidiaries of CITIC Group. CITIC Metal is also a wholly-owned subsidiary of CITIC Group. Accordingly, CITIC Metal is a connected person of the Company and the sale of iron ore by CACT to CITIC Metal constitutes continuing connected transactions of the Company under the Listing Rules.

The Revised Iron Ore Transactions Caps exceed 2.5% of each of the relevant percentage ratios applicable to continuing connected transactions under the Listing Rules. Therefore, the sale of iron ore by CACT to CITIC Metal up to 31 December 2009 subject to the Revised Iron Ore Transactions Caps is subject to the reporting, announcement and independent shareholder approval requirements of the Listing Rules.

The extension to the Cooperation Agreement to 31 December 2010 and the entering into of further iron ore sales by CACT with CITIC Metal during the year ending 31 December 2010 subject to the New Iron Ore Transactions Cap, which exceeds 2.5% of each of the relevant percentage ratios applicable to continuing connected transactions under the Listing Rules, are also subject to the reporting, announcement and independent shareholder approval requirements of the Listing Rules.

SPECIAL GENERAL MEETING

The Special General Meeting will be convened for the purpose of asking Independent Shareholders to approve the entering into of iron ore sales by CACT with CITIC Metal up to 31 December 2009 subject to the Revised Iron Ore Transactions Caps, the extension of the Cooperation Agreement by one year to 31 December 2010 and the entering into of further iron ore sales by CACT with CITIC Metal during such period subject to the New Iron Ore Transactions Cap.

Keentech and CA and their respective associates will be required to abstain from voting at the Special General Meeting. The votes of Independent Shareholders at the Special General Meeting will be taken by poll.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee will be formed to consider and make its recommendation to Independent Shareholders in respect of the resolution(s) to approve the entering into of iron ore sales by CACT to CITIC Metal up to 31 December 2009 subject to the Revised Iron Ore Transactions Caps, the extension of the Cooperation Agreement by one year to 31 December 2010 and the entering into of further iron ore sales by CACT with CITIC Metal during such period subject to the New Iron Ore Transactions Cap, and whether they are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser shall be appointed by the Company to advise the Independent Board Committee and Independent Shareholders as to whether the entering into of iron ore sales by CACT to CITIC Metal up to 31 December 2009 subject to the Revised Iron Ore Transactions Caps, the extension of the Cooperation Agreement by one year to 31 December 2010 and the entering into of further iron ore sales by CACT with CITIC Metal during such period subject to the New Iron Ore Transactions Cap are fair and reasonable so far as Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

CIRCULAR

A circular containing, amongst other things, details of the sale of iron ore by CACT to CITIC Metal subject to the Existing Iron Ore Transactions Caps, the extension of the Cooperation Agreement, the sale of iron ore by CACT to CITIC Metal subject to the New Iron Ore Transactions Cap, the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser, together with a notice convening the Special General Meeting will be despatched to Shareholders as soon as practicable.

DEFINITIONS

The following defined terms are used in this announcement:

“associates”	has the meaning given to it in the Listing Rules
“ASX”	the Australian Stock Exchange
“Board”	the board of Directors
“CA”	CITIC Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability
“CACT”	CITIC Australia Commodity Trading Pty. Ltd., a company incorporated in the State of Victoria, Australia with limited liability
“CATL”	CITIC Australia Trading Limited, a company incorporated in the State of Victoria, Australia with limited liability, the shares of which are listed on the ASX
“CITIC Group”	CITIC Group, a state-owned enterprise incorporated in the PRC
“CITIC Metal”	CITIC Metal Company Limited, a company incorporated in the PRC
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning given to it in the Listing Rules
“Cooperation Agreement”	a cooperation agreement dated 5 April 2007 and made between CACT and CITIC Metal relating to the promotion and development of iron ore sales to the PRC, as amended

“Director(s)”	the director(s) of the Company
“Existing Iron Ore Transactions Caps”	the annual caps relating to the iron ore sales between CACT and CITIC Metal during the three years ending 31 December 2009 as approved by Independent Shareholders at the 2007 SGM and details of which are disclosed in the 2007 Announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising all of the independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and Independent Shareholders
“Independent Shareholders”	Shareholders other than Keentech and CA and its associates
“Keentech”	Keentech Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Iron Ore Transactions Cap”	the annual cap relating to iron ore sales between CACT and CITIC Metal for the one year ending 31 December 2010 set out in the section “Extension of Cooperation Agreement, New Iron Ore Transactions and New Iron Ore Transactions Cap” of this announcement
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Revised Iron Ore Transactions Caps”	the revised annual caps relating to iron ore sales between CACT and CITIC Metal for the two years ending 31 December 2009 set out in the section “Revised Annual Caps for Existing Iron Ore Transactions” of this announcement
“Shareholder(s)”	holder(s) of shares of HK\$0.05 each in the share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be convened by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning given to it in the Listing Rules
“2007 Announcement”	the announcement of the Company dated 13 April 2007
“2007 SGM”	the special general meeting of the Company held on 22 May 2007

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States of America

In this announcement, amounts in US\$ have been converted into HK\$ or vice versa at the rate of US\$1=HK\$7.8 for illustration purposes only. No representation is made that any amounts in US\$ or HK\$ have been or could have been or can be converted at the above rates or at any other rates or at all.

By Order of the Board
CITIC Resources Holdings Limited
Sun Xinguo
Chief Executive Officer

Hong Kong, 19 May 2008

As at the date hereof, the executive directors of the Company are Mr. Kong Dan; Mr. Mi Zengxin; Mr. Shou Xuancheng; Mr. Sun Xinguo; Ms. Li So Mui; Mr. Qiu Yiyong; Mr. Zeng Chen and Mr. Zhang Jijing, the non-executive directors are Mr. Ma Ting Hung and Mr. Wong Kim Yin, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Ngai Man and Mr. Tsang Link Carl, Brian.