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## IMPORTANT

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in CITIC Resources Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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

This circular is not an offer of, nor is it intended to invite offers for, shares or other securities of CITIC Resources Holdings Limited.

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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)

### **CONNECTED TRANSACTION RELATING TO THE KEENTECH SUBSCRIPTION, INCREASE IN AUTHORISED SHARE CAPITAL AND RENEWAL OF GENERAL MANDATE TO ISSUE SHARES**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**PLATINUM**  
Securities

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A letter from the Independent Board Committee (as defined in this circular) containing its advice to the Independent Shareholders (as defined in this circular) is set out on page 13 of this circular.

A letter from the Independent Financial Adviser (as defined in this circular) containing its opinion and advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 27 of this circular.

A notice convening a special general meeting of CITIC Resources Holdings Limited to be held at Pacific Place Conference Centre, Fuji Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 20 March 2007 at 11:00 a.m., is set out on pages 37 to 39 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting (or any adjournment thereof) should you so wish.

5 March 2007

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
INTRODUCTION .....	4
SUBSCRIPTION AGREEMENT .....	5
RANKING OF THE SUBSCRIPTION SHARES .....	7
APPLICATION FOR LISTING .....	7
REASONS FOR THE KEENTECH SUBSCRIPTION AND USE OF PROCEEDS .....	7
SHAREHOLDING STRUCTURE .....	8
FUND RAISING DURING THE PAST 12 MONTHS .....	8
INCREASE IN AUTHORISED SHARE CAPITAL .....	9
RENEWAL OF GENERAL MANDATE .....	9
INDEPENDENT BOARD COMMITTEE .....	10
INDEPENDENT FINANCIAL ADVISER .....	10
SGM .....	10
PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS .....	11
RECOMMENDATION .....	12
ADDITIONAL INFORMATION .....	12
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	13
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	14
<b>APPENDIX — GENERAL INFORMATION</b> .....	28
<b>NOTICE OF SGM</b> .....	37

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## DEFINITIONS

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*Unless the context otherwise requires, the following terms and expressions used in this circular shall have the following meanings:*

“Announcement”	the Company’s announcement dated 9 February 2007 relating to (i) the Placing and the Top-Up Subscription; (ii) the Keentech Subscription; and (iii) the renewal of the General Mandate
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company as amended from time to time
“CITIC Group”	CITIC Group, a company established in the PRC
“CITIC Projects”	CITIC Projects Management (HK) Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of CITIC Group
“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
“Directors”	the directors of the Company, including its independent non-executive directors
“General Mandate”	the general mandate granted by Shareholders to the Directors at the annual general meeting of the Company held on 26 June 2006 to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution approving such mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board (comprising Mr. Fan Ren Da, Anthony; Mr. Ngai Man and Mr. Tsang Link Carl, Brian), established by the Board for the purpose of advising the Independent Shareholders on the Keentech Subscription and the renewal of the General Mandate
“Independent Financial Adviser”	Platinum Securities Company Limited, a licensed corporation under the SFO to carry out type 1 and type 6 regulated activities
“Independent Shareholders”	Shareholders other than Keentech and its associates

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## DEFINITIONS

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“Keentech”	Keentech Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CITIC Group
“Keentech Subscription”	the subscription by Keentech for the Subscription Shares pursuant to the Subscription Agreement
“Last Trading Day”	8 February 2007, being the last trading day before the suspension of trading of Shares on the Stock Exchange on 9 February 2007
“Latest Practicable Date”	2 March 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the legally binding memorandum of understanding dated 27 October 2006 entered into between the Company and CITIC Group pursuant to which the Company has been granted the Purchase Right
“Placing”	the placing of 570,000,000 existing Shares by USI, through Citigroup Global Markets Asia Limited and UBS AG, pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement dated 9 February 2007 between USI, the Company, Citigroup Global Markets Asia Limited and UBS AG in respect of the Placing and the Top-Up Subscription
“Potential Assets”	the Kazakhstan oil assets (as disclosed in the Company’s announcement dated 26 October 2006)
“PRC”	the People’s Republic of China
“Purchase Right”	the right granted by CITIC Group to the Company pursuant to the MOU to purchase the Potential Assets (as disclosed in the Company’s announcement dated 1 November 2006)
“Scheme”	the share option scheme adopted by the Company on 30 June 2004
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be held on Tuesday, 20 March 2007 at 11:00 a.m., notice of which is set out on pages 37 and 39 of this circular
“Shareholders”	holders of Shares from time to time
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 9 February 2007 between Keentech and the Company in respect of the Keentech Subscription
“Subscription Price”	the subscription price of HK\$2.46 per Subscription Share
“Subscription Shares”	130,000,000 new Shares to be allotted and issued to Keentech pursuant to the Subscription Agreement
“Top-Up Subscription”	the conditional subscription by USI for 570,000,000 new Shares pursuant to the Placing and Subscription Agreement
“USI”	United Star International Inc., a company incorporated in the British Virgin Islands
“A\$”	Australian dollars, the lawful currency of Australia
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*In this circular, amounts in US\$ and A\$ have been converted into HK\$ or vice versa at the rates of US\$1 = HK\$7.8 and A\$1 = HK\$6.172 respectively for illustration purposes only. No representation is made that any amounts in US\$, A\$ or HK\$ have been or could have been or can be converted at the above rates or at any other rates or at all.*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. KWOK Peter Viem (*Chairman*)  
Mr. MA Ting Hung (*Vice Chairman*)  
Mr. SHOU Xuancheng (*Vice Chairman*)  
Mr. SUN Xinguo (*President and Chief Executive Officer*)  
Ms. LI So Mui  
Mr. MI Zengxin  
Mr. QIU Yiyong  
Mr. ZENG Chen  
Mr. ZHANG Jijing

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Independent Non-executive Directors:*

Mr. FAN Ren Da, Anthony  
Mr. NGAI Man  
Mr. TSANG Link Carl, Brian

*Head Office and*

*Principal Place of Business:*  
Suites 3001-3006  
30/F, One Pacific Place  
88 Queensway  
Hong Kong

5 March 2007

*To Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION RELATING TO THE KEENTECH SUBSCRIPTION,  
INCREASE IN AUTHORISED SHARE CAPITAL  
AND  
RENEWAL OF GENERAL MANDATE TO ISSUE SHARES**

**INTRODUCTION**

Reference is made to the Announcement.

On 9 February 2007, the Company entered into the Placing and Subscription Agreement pursuant to which, among other things, the Company agreed to allot and issue, and USI agreed to subscribe for, 570,000,000 new Shares at a price of HK\$2.46 per new Share. Completion of the Top-Up Subscription took place on 28 February 2007.

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## LETTER FROM THE BOARD

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On 9 February 2007, the Company also entered into the Subscription Agreement pursuant to which the Company conditionally agreed to allot and issue, and Keentech agreed to subscribe for, the Subscription Shares in cash at a price of HK\$2.46 per Subscription Share.

Keentech is a substantial shareholder and a connected person of the Company under the Listing Rules. As at the date of the Subscription Agreement, Keentech held 43.08% of the issued share capital of the Company. As at the Latest Practicable Date, Keentech held 38.01% of the issued share capital of the Company. The Keentech Subscription therefore constitutes a connected transaction of the Company and is subject to, inter alia, approval by the Independent Shareholders pursuant to the Listing Rules. The Directors will seek the approval of the Independent Shareholders to the Keentech Subscription at the SGM.

The Board will at the SGM also seek the approval of Shareholders to an increase of the authorised share capital of the Company from HK\$300,000,000 to HK\$500,000,000 through the creation of an additional 4,000,000,000 Shares.

In addition, the Board will at the SGM seek the approval of the Independent Shareholders to the renewal of the General Mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution approving such mandate plus any Shares repurchased by the Company under the authority of the repurchase mandate granted at the annual general meeting of the Company held on 26 June 2006.

The purpose of this circular is to provide Shareholders with further information relating to the Keentech Subscription, the increase of the authorised share capital of the Company and the renewal of the General Mandate.

This circular contains a letter from the Independent Board Committee containing its advice to the Independent Shareholders in connection with the terms of the Keentech Subscription and the renewal of the General Mandate, a letter from the Independent Financial Adviser containing its opinion and advice to the Independent Board Committee and the Independent Shareholders and a notice convening the SGM at which: (a) the Independent Shareholders will be asked to consider and, if thought fit, pass the necessary resolutions to approve the Keentech Subscription and the renewal of the General Mandate; and (b) Shareholders will be asked to consider and, if thought fit, pass the necessary resolution to approve the increase of the authorised share capital of the Company.

### **SUBSCRIPTION AGREEMENT**

**1. Date**

9 February 2007

**2. Parties**

(A) The Company

(B) Keentech

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## LETTER FROM THE BOARD

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### 3. Subscription Shares

The Company has conditionally agreed to allot and issue, and Keentech has agreed to subscribe for, 130,000,000 new Shares, representing 2.66% of the issued share capital of the Company as at the Latest Practicable Date or 2.59% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

### 4. Subscription Price

The Subscription Price is HK\$2.46 per Subscription Share, which is the same as the price per Share at which USI placed its 570,000,000 existing Shares in respect of the Placing and the price paid by USI for each new Share in respect of the Top-Up Subscription.

The Subscription Price represents (i) a discount of 5.02% to the closing price of HK\$2.59 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of 2.93% to the average closing price of HK\$2.39 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day; and (iii) a premium of 2.93% to the average closing price of HK\$2.39 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to and including the Last Trading Day.

The Subscription Price was concluded on an arm's length basis between the Company and Keentech.

The total consideration for the Keentech Subscription amounts to HK\$319,800,000 and will be payable in cash on the completion date of the Keentech Subscription.

### 5. Conditions of the Keentech Subscription

The Keentech Subscription is conditional upon:

- (1) all consents and approvals (if any) of the Stock Exchange, any relevant governmental or regulatory authorities (including the Bermuda Monetary Authority) and other relevant third parties which are necessary and essential for the entering into and the implementation of the Subscription Agreement and all transactions contemplated thereby;
- (2) the approval of the Subscription Agreement and the transactions contemplated thereby by the Independent Shareholders at the SGM by resolution passed in accordance with the Listing Rules; and
- (3) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).



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## LETTER FROM THE BOARD

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### 6. Completion

Completion of the Keentech Subscription will take place upon the fulfilment of all conditions described above. The above conditions are required to be fulfilled on or before 9 August 2007 or such later date as may be agreed between the Company and Keentech, otherwise the Subscription Agreement shall terminate and neither the Company nor Keentech shall have any claim against the other in respect of the Keentech Subscription.

### RANKING OF THE SUBSCRIPTION SHARES

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Keentech Subscription including the right to any dividends or distributions after the date of allotment.

### APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### REASONS FOR THE KEENTECH SUBSCRIPTION AND USE OF PROCEEDS

Assuming full issue of the Subscription Shares, the subscription monies payable by Keentech will be HK\$319,800,000. After deducting professional fees and other expenses incurred by the Company (or in respect of which the Company is liable for) in relation to the Keentech Subscription, the net proceeds are estimated to be about HK\$319,000,000.

The Company intends to use such proceeds to finance, or contribute to the financing of, future acquisitions in the natural resources and energy sectors including the acquisition of the Potential Assets should the Company elect to exercise the Purchase Right pursuant to the MOU, repay existing indebtedness of the Company and as general working capital. The Company is conducting a review of the Potential Assets but no decision has been made by the Company whether or not to exercise the Purchase Right. The Company will make such further announcements as appropriate in respect of any development concerning the Purchase Right.

The Directors have considered other fund raising methods but, having assessed the current gearing of the Company and the potential future funding requirements, consider the Keentech Subscription to be the most beneficial fund raising method for the Company.

The Board (excluding the Independent Board Committee) considers that the terms of the Keentech Subscription are fair and reasonable and on normal commercial terms and in the interests of the Company and Shareholders as a whole.

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## LETTER FROM THE BOARD

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### SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the Latest Practicable Date (after the Placing and the Top-Up Subscription but before the Keentech Subscription) and after the Keentech Subscription (and including the Placing and the Top-Up Subscription) are as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after the Keentech Subscription	
	No. of Shares	%	No. of Shares	%
CITIC Group <sup>(1)</sup>	2,610,594,381	53.35	2,740,594,381	54.56
CITIC Projects <sup>(2)</sup>	1,860,180,588	38.01	1,990,180,588	39.62
Keentech <sup>(3)</sup>	1,860,180,588	38.01	1,990,180,588	39.62
CITIC Australia Pty Limited (“CA”) <sup>(4)</sup>	750,413,793	15.34	750,413,793	14.94
USI <sup>(5)</sup>	572,966,000	11.71	572,966,000	11.41
Mr. Kwok Peter Viem <sup>(5)</sup>	572,966,000	11.71	572,966,000	11.41
Mr. Ma Ting Hung <sup>(5)</sup>	572,966,000	11.71	572,966,000	11.41
Public Shareholders	<u>1,709,624,000</u>	<u>34.94</u>	<u>1,709,624,000</u>	<u>34.03</u>
Total Shares outstanding	<u>4,893,184,381</u>	<u>100.00</u>	<u>5,023,184,381</u>	<u>100.00</u>

Notes:

- (1) The figure represents an attributable interest of CITIC Group through its interest in CITIC Projects and CA.
- (2) The figure represents an attributable interest of CITIC Projects through its interest in Keentech. CITIC Projects, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Group.
- (3) Keentech, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Projects.
- (4) CA, a company incorporated in Australia, is a direct wholly-owned subsidiary of CITIC Group.
- (5) The figure represents an attributable interest of each of Mr. Kwok Peter Viem and Mr. Ma Ting Hung respectively as the beneficial owner of 50% each of USI.

### FUND RAISING DURING THE PAST 12 MONTHS

Except for the Top-Up Subscription, the Company has not raised any funds from the issuance of equity securities in the 12 months immediately preceding the date of this circular.

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## LETTER FROM THE BOARD

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### **INCREASE IN AUTHORISED SHARE CAPITAL**

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$300,000,000 divided into 6,000,000,000 Shares and the issued share capital of the Company was HK\$244,659,219 divided into 4,893,184,381 Shares, all of which are fully paid or credited as fully paid.

In order to have sufficient authorised and unissued share capital available to allow for the future issue of Shares, including, but not limited to, the Subscription Shares (if approved) and all Shares that fall to be issued upon the exercise of all share options granted under the Scheme and to afford to the Directors the full benefit of the renewal of the General Mandate (if approved) and to accommodate future expansion and growth of the Group, the Directors propose to increase the authorised share capital of the Company from HK\$300,000,000 to HK\$500,000,000 by the creation of an additional 4,000,000,000 Shares.

The proposed increase in the authorised share capital of the Company is subject to the passing of an ordinary resolution by Shareholders at the SGM. No Shareholder is required to abstain from voting on such resolution.

### **RENEWAL OF GENERAL MANDATE**

The Board will propose a resolution at the SGM seeking the approval of the Independent Shareholders to the renewal of the General Mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution approving such mandate plus any Shares repurchased by the Company under the authority of the repurchase mandate granted at the annual general meeting of the Company held on 26 June 2006.

As at the Latest Practicable Date, there are 4,893,184,381 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of the SGM, the maximum number of Shares that can be issued by the Company under the renewed general mandate will be 978,636,876 Shares representing 20% of the 4,893,184,381 Shares expected to be in issue as at the date of the SGM.

At the annual general meeting of the Company held on 26 June 2006, the General Mandate was granted to the Directors to issue and allot up to 20% of the issued share capital of the Company as at such date. For the period from 26 June 2006 to the Latest Practicable Date, the Company has issued 570,000,000 new Shares under the authority of the General Mandate in respect of the Top-Up Subscription, representing 66.02% of the issued share capital of the Company available under the General Mandate.

The Directors have reviewed the possible future financial commitments of the Company and believe that it is in the interests of the Company and Shareholders as a whole that the Directors have the necessary authority, ability and flexibility to raise additional funds on a timely and cost effective manner in conjunction with or as an alternative to other fund raising methods, especially when alternative methods of financing are more expensive or cannot be arranged expeditiously. The renewal of the General Mandate will, whenever necessary and appropriate, allow the Directors to raise financing on an interest and security free basis as well as potentially increasing the capital base of the Company and enhancing market liquidity of the Shares. As such, the Board thinks that the proposed renewal of the General Mandate is in the interests of the Company and Shareholders as a whole.

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## LETTER FROM THE BOARD

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The proposal to renew the General Mandate is subject to approval by the Independent Shareholders by way of an ordinary resolution at the SGM.

Under the Listing Rules, any renewal of the General Mandate before the next annual general meeting requires any controlling shareholders and their respective associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates to abstain from voting in favour of the resolution approving the renewal of the General Mandate. Accordingly, Keentech and its associates will abstain from voting in favour of the ordinary resolution approving the renewal of the General Mandate at the SGM.

The Independent Board Committee (which consists only of the independent non-executive Directors) has been mandated by the Board to advise the Independent Shareholders as to whether the proposal to renew the General Mandate is fair and reasonable and is in the interests of the Company and Shareholders as a whole. The Independent Financial Adviser has been retained to advise the Independent Board Committee and the Independent Shareholders as to whether the proposal to renew the General Mandate is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

### **INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising Mr. Fan Ren Da, Anthony; Mr. Ngai Man and Mr. Tsang Link Carl, Brian, has been appointed to advise the Independent Shareholders in respect of the Keentech Subscription and the renewal of the General Mandate. Your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular.

### **INDEPENDENT FINANCIAL ADVISER**

The Independent Financial Adviser has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Keentech Subscription and the renewal of the General Mandate. Your attention is drawn to the letter from the Independent Financial Adviser set out on pages 14 to 27 of this circular.

### **SGM**

A notice convening the SGM is set out on pages 37 to 39 of this circular. At the SGM:

- (a) ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve:
  - (1) the Keentech Subscription; and

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## LETTER FROM THE BOARD

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- (2) the renewal of the General Mandate authorising the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution approving such mandate plus any Shares repurchased by the Company under the authority of the repurchase mandate granted at the annual general meeting of the Company held on 26 June 2006; and
- (b) an ordinary resolution will be proposed to Shareholders to consider and, if thought fit, approve an increase of the authorised share capital of the Company.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed on it to Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong not less than 48 hours before the time appointed for holding the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM (or any adjournment thereof) should you so wish.

As required under the Listing Rules, the votes of the Independent Shareholders to be taken at the SGM in respect of the resolutions concerning the Keentech Subscription and the renewal of the General Mandate will be taken on a poll. Keentech and its associates are connected persons of the Company under the Listing Rules who are required to abstain from voting in respect of the ordinary resolution to be proposed at the SGM to approve the Keentech Subscription and to abstain from voting in favour of the ordinary resolution to be proposed at the SGM to approve the renewal of the General Mandate.

An announcement will be made by the Company following conclusion of the SGM to inform Shareholders of the results of the poll vote in respect of the resolutions put to the Independent Shareholders at the SGM.

### **PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

Pursuant to Bye-law 66 of the Bye-laws, at any general meeting of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting;  
or

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## LETTER FROM THE BOARD

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- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

A demand by a person or proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with the Bye-laws, at any general meeting on a show of hands, every Shareholder who is present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall (save as provided otherwise in the Bye-laws) have one vote for every fully paid Share of which he is the holder (but so that no amount paid or credited as paid up on a Share in advance of calls or instalments shall be treated for the foregoing purposes as paid on the Share). A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

### **RECOMMENDATION**

The Directors are of the opinion that the terms of the Keentech Subscription, the increase of the authorised share capital of the Company and the renewal of the General Mandate are fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the ordinary resolutions set out in the notice of the SGM contained in pages 37 to 39 of this circular.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Kwok Peter Viem**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)*

5 March 2007

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION RELATING TO THE KEENTECH SUBSCRIPTION,  
INCREASE IN AUTHORISED SHARE CAPITAL  
AND  
RENEWAL OF GENERAL MANDATE TO ISSUE SHARES**

We refer to the circular of the Company to Shareholders dated 5 March 2007 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

As the Independent Board Committee, we have been appointed to advise you as to whether, in our opinion, the Keentech Subscription and the renewal of the General Mandate are in the interests of the Company and Shareholders as a whole and the terms of the Keentech Subscription and the renewal of the General Mandate are fair and reasonable so far as the Independent Shareholders are concerned.

Platinum Securities Company Limited has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders as to whether the term of the Keentech Subscription and the renewal of the General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. Details of the advice of the Independent Financial Adviser, including the factors taken into consideration in arriving at such advice, are set out on pages 14 to 27 of the Circular.

Having considered the terms and conditions of the Subscription Agreement, the reasons for the renewal of the General Mandate and the advice of the Independent Financial Adviser in relation thereto, we are of the opinion that the terms of the Keentech Subscription, including the issue of the Subscription Shares, and the renewal of the General Mandate are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend you to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Keentech Subscription and the renewal of the General Mandate.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee

**Fan Ren Da, Anthony      Ngai Man      Tsang Link Carl, Brian**  
*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.*



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5 March 2007

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

**CONNECTED TRANSACTION RELATING TO THE KEENTECH SUBSCRIPTION,  
INCREASE IN AUTHORISED SHARE CAPITAL  
AND  
RENEWAL OF GENERAL MANDATE TO ISSUE SHARES**

### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms and conditions of the Keentech Subscription and the renewal of the General Mandate. Details of the Keentech Subscription and the renewal of the General Mandate are contained in the letter from the Board as set out in the circular of the Company dated 5 March 2007 (the “**Circular**”). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Keentech Subscription and the renewal of the General Mandate are fair and reasonable and whether the Keentech Subscription and the renewal of the General Mandate are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote on the resolutions to approve the Keentech Subscription and the renewal of the General Mandate at the SGM.

In formulating our opinion, we have relied on the information and facts supplied to us by the Company. We have reviewed, among other things: (i) the annual report and accounts of the Group for the financial year ended 31 December 2005; and (ii) the interim report and accounts of the Group for the six months ended 30 June 2006 (the “**Interim Report**”).

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that they take full responsibility for the contents of the Circular, and have made all reasonable enquiries that no material facts have been omitted from the information supplied to us.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Company. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Company and/or the Directors which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding the terms and conditions of the Keentech Subscription and the renewal of the General Mandate.

We are independent from, and are not associated with, the Company nor any other party to the Keentech Subscription and the renewal of the General Mandate, or their respective substantial shareholders or connected person(s), as defined under the Listing Rules and, accordingly, are considered eligible to give independent advice on the Keentech Subscription and the renewal of the General Mandate. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Keentech Subscription and the renewal of the General Mandate. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company and any other party to the Keentech Subscription and the renewal of the General Mandate or their respective substantial shareholders or connected person(s), as defined under the Listing Rules.

As stated in the letter from the Board in the Circular, an Independent Board Committee, comprising Mr. Fan Ren Da, Anthony; Mr. Ngai Man and Mr. Tsang Link Carl, Brian, has been established to advise the Independent Shareholders in relation to the Keentech Subscription and the renewal of the General Mandate.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion in relation to the Keentech Subscription and the renewal of the General Mandate and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors:

#### **A. Reasons for and benefits of the Keentech Subscription**

##### ***1. Background of the Keentech Subscription***

###### ***(a) The Keentech Subscription***

On 9 February 2007, the Company entered into the Subscription Agreement pursuant to which the Company conditionally agreed to allot and issue, and Keentech agreed to subscribe for, the Subscription Shares in cash at a price of HK\$2.46 per Subscription Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(b) *The Subscription Agreement*

(i) Date

9 February 2007

(ii) Parties

(1) The Company

(2) Keentech

(iii) Subscription Shares

The Company has conditionally agreed to allot and issue, and Keentech has agreed to subscribe for, 130,000,000 new Shares, representing 2.66% of the issued share capital of the Company as at the Latest Practicable Date or 2.59% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

(iv) Subscription Price

The Subscription Price is HK\$2.46 per Subscription Share. The Subscription Price was concluded on an arm's length basis between the Company and Keentech. The total consideration for the Keentech Subscription amounts to HK\$319,800,000 and will be payable in cash on the completion date of the Keentech Subscription.

(v) Conditions of the Keentech Subscription

The Keentech Subscription is conditional upon:

- (1) all consents and approvals (if any) of the Stock Exchange, any relevant governmental or regulatory authorities (including the Bermuda Monetary Authority) and other relevant third parties which are necessary and essential for the entering into and the implementation of the Subscription Agreement and all transactions contemplated thereby;
- (2) the approval of the Subscription Agreement and the transactions contemplated thereby by the Independent Shareholders at the SGM by resolution passed in accordance with the Listing Rules; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(3) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

(vi) Completion

Completion of the Keentech Subscription will take place upon the fulfilment of all conditions described above. The above conditions are required to be fulfilled on or before 9 August 2007 or such later date as may be agreed between the Company and Keentech, otherwise the Subscription Agreement shall terminate and neither the Company nor Keentech shall have any claim against the other in respect of the Keentech Subscription.

### **2. *Reasons for the Keentech Subscription and use of proceeds***

As stated in the letter from the Board in the Circular, assuming full issue of the Subscription Shares, the subscription monies payable by Keentech will be HK\$319,800,000. After deducting professional fees and other expenses incurred by the Company (or in respect of which the Company is liable for) in relation to the Keentech Subscription, the net proceeds are estimated to be about HK\$319,000,000.

The Company intends to use such proceeds to finance, or contribute to the financing of, future acquisitions in the natural resources and energy sectors including the acquisition of the Potential Assets should the Company elect to exercise the Purchase Right pursuant to the MOU, repay existing indebtedness of the Company and as general working capital. The Company is conducting a review of the Potential Assets but no decision has been made by the Company whether or not to exercise the Purchase Right.

The Directors have considered other fund raising methods but, having assessed the current gearing of the Company and the potential future funding requirements, consider the Keentech Subscription to be the most beneficial fund raising method for the Company.

### **3. *Business of the Group***

The Company is a company listed on the Stock Exchange. As stated in the Interim Report, the principal businesses of the Group comprise aluminium smelting, coal, manganese, crude oil and import and export of commodities.

### **4. *Strategy of the Group***

We note from the Interim Report that the Company is an integrated provider of key energy resources and commodities. The Group has interests in the businesses of aluminium smelting, coal, manganese, crude oil and import and export of commodities. In addition, the Group would continue its effort to explore appropriate key energy resources and commodities investment opportunities both inside and outside the PRC to further enhance the Group's value and maximize Shareholders' value. Energy resources remain a particular focus of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in an announcement of the Company dated 1 November 2006, the Company entered into the MOU pursuant to which the Company has been granted the Purchase Right to purchase the Potential Assets. The Potential Assets principally comprise a 94.6% interest in JSC Karazhanbasmunai, a joint stock company formed under the laws of Kazakhstan. JSC Karazhanbasmunai holds 100% of the mineral rights until 2020 to develop the Karazhanbas Oil and Gas Field in Mangistau Oblast, Kazakhstan, which has proven reserves in excess of 340 million barrels of oil and current production of over 50,000 barrels of oil per day.

As discussed above, the Company intends to use the proceeds from the Keentech Subscription to finance, or contribute to the financing of, future acquisitions in the natural resources and energy sectors including the acquisition of the Potential Assets should the Company elect to exercise the Purchase Right pursuant to the MOU. As such, we are of the view that the Keentech Subscription is in line with the strategy of the Group.

### **B. Basis of the Subscription Price**

As stated in the letter from the Board in the Circular, the Subscription Price of HK\$2.46 per Subscription Share is the same as the price per Share at which USI placed its 570,000,000 existing Shares in respect of the Placing and the price paid by USI for each new Share in respect of the Top-Up Subscription.

The Subscription Price represents:

- (i) a discount of 5.02% to the closing price of HK\$2.59 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 2.93% to the average closing price of HK\$2.39 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of 2.93% to the average closing price of HK\$2.39 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to and including the Last Trading Day; and
- (iv) a discount of 20.39% to the closing price of HK\$3.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As stated in the letter from the Board in the Circular, the Subscription Price was concluded on an arm's length basis between the Company and Keentech.

#### ***1. Comparable connected subscriptions***

As the Keentech Subscription involves a subscription for Shares by a connected person (as defined under the Listing Rules), we, in order to assess the fairness and reasonableness of the Subscription Price under the Keentech Subscription, have compared the Subscription Price to the subscription prices of recent transactions involving companies listed on the Stock Exchange with their connected persons relating to the subscription for new shares. Based on these selection criteria, we have identified, to the best of our

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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knowledge, the following 15 recent comparable transactions (the “**Comparable Connected Subscriptions**”) for comparison purposes as shown in Table 1 below. These Comparable Connected Subscriptions are identified by us, to our best effort, in our research through published information. Therefore, the Independent Shareholders should note that the information of the Comparable Connected Subscriptions below is for information and reference only.

We have selected as our valuation parameter, the (i) premium/discount of subscription price to the closing price quoted on the last trading day; (ii) premium/discount of subscription price to the 5-day average closing price up to and including the last trading day; and (iii) premium/discount of subscription price to the 10-day average closing price up to and including the last trading day.

**Table 1: The Comparable Connected Subscriptions**

Company	Stock code	Announcement date	Premium/	Premium/	Premium/
			(discount) of subscription price to the closing price quoted on the last trading day	(discount) of subscription price to the 5-day average closing price up to and including the last trading day	(discount) of subscription price to the 10-day average closing price up to and including the last trading day
			last trading day	last trading day	last trading day
			%	%	%
REXCAPITAL Financial Holdings Limited	555	24 March 2006	(8.26)	N/A	38.31
Solartech International Holdings Limited	1166	25 April 2006	(6.54)	(1.96)	6.38
Kowloon Development Company Limited	34	08 May 2006	(11.01)	N/A	(14.47)
Hong Kong Construction (Holdings) Limited	190	08 May 2006	N/A	N/A	(0.48)
Sino Gas Group Limited	260	11 July 2006	(11.67)	(11.96)	(9.56)
Beijing Capital Land Limited	2868	26 October 2006	(13.31)	(12.50)	(8.49)
Road King Infrastructure Limited	1098	14 November 2006	(5.00)	(4.90)	N/A
Neo-China Group (Holdings) Limited	563	27 November 2006	(7.97)	(5.98)	N/A
Beijing Development (Hong Kong) Limited	154	01 December 2006	(12.70)	(8.50)	N/A
DVN (Holdings) Limited	500	14 December 2006	(6.86)	(7.17)	(6.86)
Premium Land Limited	164	29 December 2006	12.36	13.12	15.07
HKC (Holdings) Limited	190	11 January 2007	(8.67)	(5.26)	(3.59)
New World Cyberbase Limited	276	07 February 2007	5.56	24.78	27.69
HKC (Holdings) Limited	190	12 February 2007	(5.52)	(4.46)	N/A
Teem Foundation Group Limited	628	14 February 2007	(15.28)	(13.25)	N/A
<b>Simple average</b>			<b>(6.78)</b>	<b>(3.17)</b>	<b>4.40</b>
<b>Minimum</b>			<b>(15.28)</b>	<b>(13.25)</b>	<b>(14.47)</b>
<b>Maximum</b>			<b>12.36</b>	<b>24.78</b>	<b>38.31</b>
<b>The Company</b>	<b>1205</b>	<b>09 February 2007</b>	<b>(5.02)</b>	<b>2.93</b>	<b>2.93</b>

*Source: The respective announcements and circulars released in connection with the Comparable Connected Subscriptions.*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in Table 1 above, we note that the premium/discount of the respective subscription prices to the respective closing prices quoted on the respective last trading days of the Comparable Connected Subscriptions range from a discount of approximately 15.28% to a premium of approximately 12.36%, with an average of an approximately 6.78% discount. The premium/discount of the respective subscription prices to the respective 5-day average closing prices up to and including the respective last trading days of the Comparable Connected Subscriptions range from a discount of approximately 13.25% to a premium of approximately 24.78%, with an average of an approximately 3.17% discount; whilst the premium/discount of the respective subscription prices to the respective 10-day average closing prices up to and including the respective last trading days of the Comparable Connected Subscriptions range from a discount of approximately 14.47% to a premium of approximately 38.31%, with an average of an approximately 4.40% premium.

The Subscription Price represents:

- (i) a discount of 5.02% to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day, which is better than the average of the range of premium/discount of the respective subscription prices to the respective closing prices quoted on the respective last trading days of the Comparable Connected Subscriptions;
- (ii) a premium of 2.93% to the average closing price per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day, which is better than the average of premium/discount of the respective subscription prices to the respective 5-day average closing prices up to and including the respective last trading days of the Comparable Connected Subscriptions; and
- (iii) a premium of 2.93% to the average closing price per Share as quoted on the Stock Exchange for the ten trading days immediately prior to and including the Last Trading Day, which falls within the range of premium/discount of the respective subscription prices to the respective 10-day average closing prices up to and including the respective last trading days of the Comparable Connected Subscriptions.

### 2. *Comparable independent subscriptions*

As stated in the letter from the Board in the Circular, the Subscription Price is the same as the price at which USI placed its 570,000,000 existing Shares in respect of the Placing. We consider that it is also appropriate to compare the Subscription Price under the Keentech Subscription with the subscription prices of recent transactions involving the subscription by or placement to an independent third party for shares issued by companies listed on the main board of the Stock Exchange. As such, we have identified, to the best of our knowledge, the following 13 recent transactions involving such subscriptions or placements (the “**Comparable Independent Subscriptions**”) for comparison purposes

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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as shown in Table 2 below. These Comparable Independent Subscriptions are identified by us, to our best effort, in our research through published information. Therefore, the Independent Shareholders should note that the information of the Comparable Independent Subscriptions below is for information and reference only.

We have again chosen as our valuation parameter, the (i) premium/discount of subscription or placement price to the closing price quoted on the last trading day; (ii) premium/discount of subscription or placement price to the 5-day average closing price up to and including the last trading day; and (iii) premium/discount of subscription or placement price to the 10-day average closing price up to and including the last trading day.

**Table 2: The Comparable Independent Subscriptions**

Company	Stock code	Announcement date	Premium/	Premium/	
			(discount) of subscription/ placement price to the closing price quoted on the last trading day	(discount) of subscription/ placement price to the 5-day average closing price up to and including the last trading day	(discount) of subscription/ placement price to the 10-day average closing price up to and including the last trading day
			last trading day	last trading day	last trading day
			%	%	%
China Water Affairs Group Limited	855	20 December 2006	(5.86)	(6.19)	(7.96)
New Times Group Holdings Limited	166	21 December 2006	(6.67)	(18.98)	(9.33)
Everbest Century Holdings Limited	578	02 January 2007	(7.32)	(11.42)	(12.74)
Asia Zirconium Limited	395	04 January 2007	(12.00)	(12.53)	N/A
Imagi International Holdings Limited	585	15 January 2007	(11.84)	(4.42)	(0.82)
Grand Field Group Holdings Limited	115	15 January 2007	(19.92)	(2.12)	5.70
China Grand Forestry Resources Group Limited	910	16 January 2007	(6.50)	1.59	5.50
Tongda Group Holdings Limited	698	22 January 2007	(11.76)	(4.76)	(3.23)
Lee & Man Paper Manufacturing Limited	2314	25 January 2007	(5.23)	(6.07)	N/A
Capital Strategic Investment Limited	497	31 January 2007	(8.02)	(6.64)	N/A
China Seven Star Shopping Limited	245	13 February 2007	(2.85)	(1.45)	(1.45)
e-Kong Group Limited	524	16 February 2007	2.27	7.40	7.78
Sunlink International Holdings Limited	2336	22 February 2007	(15.80)	(21.50)	(22.90)
<b>Simple average</b>			<b>(8.58)</b>	<b>(6.70)</b>	<b>(3.95)</b>
<b>Minimum</b>			<b>(19.92)</b>	<b>(21.50)</b>	<b>(22.90)</b>
<b>Maximum</b>			<b>2.27</b>	<b>7.40</b>	<b>7.78</b>
<b>The Company</b>	<b>1205</b>	<b>09 February 2007</b>	<b>(5.02)</b>	<b>2.93</b>	<b>2.93</b>

*Source: The respective announcements and circulars released in connection with the Comparable Independent Subscriptions.*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in Table 2 above, we note that the premium/discount of the respective subscription or placement prices to the respective closing prices quoted on the respective last trading days of the Comparable Independent Subscriptions range from a discount of approximately 19.92% to a premium of approximately 2.27%, with an average of an approximately 8.58% discount. The premium/discount of the respective subscription or placement prices to the respective 5-day average closing prices up to and including the respective last trading days of the Comparable Independent Subscriptions range from a discount of approximately 21.50% to a premium of approximately 7.40%, with an average of an approximately 6.70% discount; whilst the premium/discount of the respective subscription or placement prices to the respective 10-day average closing prices up to and including the respective last trading days of the Comparable Independent Subscriptions range from a discount of approximately 22.90% to a premium of approximately 7.78%, with an average of an approximately 3.95% discount.

The premiums/discount as represented by the Subscription Price is better than the average of the premium/discount of the respective subscription or placement prices to the respective closing prices quoted on the respective last trading days as well as to their respective 5-day and 10-day average closing prices up to and including their respective last trading days of the Comparable Independent Subscriptions.

In light of the above, we consider that the Subscription Price is fair and reasonable and that the Keentech Subscription is in the interests of the Company and the Shareholders as a whole.

### **C. Financial impact of the Keentech Subscription**

#### **1. *Effect on net asset value (the “NAV”)***

According to the Interim Report, the NAV of the Group amounted to approximately HK\$3,290 million. The NAV per Share of the Company as at the Latest Practicable Date after the Placing and the Top-Up Subscription but before the Keentech Subscription, was approximately HK\$0.67. The Subscription Price of HK\$2.46 per Subscription Share represents a premium of approximately 267.16% to the NAV per Share of the Company as at the Latest Practicable Date.

In light of the above, we consider that the Keentech Subscription will have a positive effect on the NAV of the Group.

#### **2. *Effect on working capital***

As stated in the letter from the Board in the Circular, after deducting professional fees and other expenses incurred by the Company (or in respect of which the Company is liable for) in relation to the Keentech Subscription, the net proceeds are estimated to be about HK\$319,000,000. As such, immediately after the Keentech Subscription, the cash level of the Group will be increased.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of the above, we are of the view that the Keentech Subscription will have a positive effect on the working capital of the Group.

### 3. *Effect on gearing*

As stated in the letter from the Board in the Circular, the Company might use part of the proceeds from the Keentech Subscription to repay existing indebtedness of the Company. In addition, as discussed above, the Keentech Subscription will have a positive effect on the NAV of the Group.

In light of the above, we are of the view that the Keentech Subscription will have a positive effect on the gearing of the Group.

In view of:

- (i) the positive effect on the NAV of the Group;
- (ii) the positive effect on the working capital of the Group; and
- (iii) the positive effect on the gearing of the Group,

we are of the view that the Keentech Subscription will have a positive financial effect to the Group.

### D. Dilution of the Keentech Subscription

Table 3 below shows the shareholding structure of the Company as at the Latest Practicable Date after the Placing and the Top-Up Subscription but before the Keentech Subscription, and immediately after the Keentech Subscription.

**Table 3: Shareholding structure of the Company as at the Latest Practicable Date after the Placing and the Top-Up Subscription but before the Keentech Subscription, and immediately after the Keentech Subscription**

Name of Shareholder	As at the Latest Practicable Date after the Placing and the Top-Up Subscription but before the Keentech Subscription		Immediately after the Keentech Subscription	
	Number of Shares	%	Number of Shares	%
CITIC Group	2,610,594,381	53.35	2,740,594,381	54.56
USI <i>(Note)</i>	572,966,000	11.71	572,966,000	11.41
Public Shareholders	1,709,624,000	34.94	1,709,624,000	34.03
<b>Total Shares outstanding</b>	<b><u>4,893,184,381</u></b>	<b><u>100.00</u></b>	<b><u>5,023,184,381</u></b>	<b><u>100.00</u></b>

Source: The Circular.

Note: The figure represents an attributable interest of each of Mr. Kwok Peter Viem and Mr. Ma Ting Hung respectively as the beneficial owner of 50% each of USI.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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From Table 3 above, the shareholding of the public Shareholders will decrease slightly from approximately 34.94% as at the Latest Practicable Date after the Placing and the Top-Up Subscription but before the Keentech Subscription to approximately 34.03% immediately after the Keentech Subscription. Such dilution to the shareholding of the public Shareholders represents a dilution of approximately 0.91%. As discussed above, after considering the intention of the Company to use the proceeds from the Keentech Subscription to finance, or contribute to the financing of, future acquisitions in the natural resources and energy sector and the positive financial effects to the Group, we are of the view that the slight dilution to the shareholding of the public Shareholders immediately after the Keentech Subscription is acceptable.

### **E. Renewal of the General Mandate**

#### **1. Background**

As stated in the letter from the Board in the Circular, at the annual general meeting of the Company held on 26 June 2006, the General Mandate was granted to the Directors to issue and allot up to 20% of the issued share capital of the Company as at such date.

As at the Latest Practicable Date, there are 4,893,184,381 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of the SGM, the maximum number of Shares that can be issued by the Company under the renewed general mandate will be 978,636,876 Shares representing 20% of the 4,893,184,381 Shares expected to be in issue as at the date of the SGM.

For the period from 26 June 2006 to the Latest Practicable Date, the Company has issued 570,000,000 new Shares under the authority of the General Mandate in respect of the Top-Up Subscription, representing 66.02% of the issued share capital of the Company available under the General Mandate.

The Board will propose a resolution at the SGM seeking the approval of the Independent Shareholders to the renewal of the General Mandate to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution approving such mandate plus any Shares repurchased by the Company under the authority of the repurchase mandate granted at the annual general meeting of the Company held on 26 June 2006.

#### **2. Flexibility in financing**

Based on our discussions with the management of the Company, the renewal of the General Mandate will maintain the Company's flexibility in raising financing to meet the Company's requirements for the following reasons:

- (i) the renewal of the General Mandate will authorise the Directors to raise financing on an interest and security free basis as well as potentially increasing the capital base of the Company and enhancing market liquidity of the Shares;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) the renewal of the General Mandate will provide more options of financing to the Group when assessing and negotiating potential acquisitions before the next annual general meeting of the Company;
- (iii) when alternative methods of financing are more expensive or cannot be arranged expeditiously, the renewal of the General Mandate will provide the Directors with the necessary authority, ability and flexibility to raise additional funds on a timely and cost effective manner;
- (iv) to further enhance the Group's value and maximize Shareholders' value, the Group would continue its effort to explore appropriate key energy resources and commodities investment opportunities both inside and outside the PRC which, if in the interests of the Company, could be financed through the issuance of new Shares; and
- (v) up to the Latest Practicable Date following completion of the Top-Up Subscription, the Company will only be able to issue up to 33.98% of the number of Shares available to be issued under the authority of the General Mandate until the earliest of the renewal, expiry, variation or revocation of the General Mandate.

In light of the above, we are of the view that the renewal of the General Mandate will maintain the Group's flexibility in financing and is in the interests of the Company and the Shareholders as a whole.

### 3. *Potential dilution*

Table 4 below sets out the shareholding structure of the Company as at the Latest Practicable Date after the Placing, the Top-Up Subscription and the Keentech Subscription, and, for illustrative purposes, the potential dilutive effect upon the full utilisation of the renewed general mandate, assuming no other Shares are issued or repurchased by the Company.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**Table 4: Shareholding structure of the Company as at the Latest Practicable Date after the Placing, the Top-Up Subscription and the Keentech Subscription, and immediately after the full utilisation of the renewed general mandate**

Name of Shareholder	As at the Latest Practicable Date after the Placing, the Top-Up Subscription and the Keentech Subscription		Immediately after the full utilisation of the renewed general mandate	
	Number of Shares	%	Number of Shares	%
CITIC Group	2,740,594,381	54.56	2,740,594,381	45.66
USI <i>(Note)</i>	572,966,000	11.41	572,966,000	9.55
Public Shareholders	1,709,624,000	34.03	1,709,624,000	28.48
Shares to be issued under the renewed general mandate	—	—	978,636,876	16.31
<b>Total Shares outstanding</b>	<b>5,023,184,381</b>	<b>100.00</b>	<b>6,001,821,257</b>	<b>100.00</b>

*Source: The Circular and our estimates.*

*Note: The figure represents an attributable interest of each of Mr. Kwok Peter Viem and Mr. Ma Ting Hung respectively as the beneficial owner of 50% each of USI.*

From Table 4 above, the shareholding of the public Shareholders will decrease from approximately 34.03% as at the Latest Practicable Date after the Placing, the Top-Up Subscription and the Keentech Subscription to approximately 28.48% immediately after the full utilisation of the renewed general mandate. Such potential dilution to the shareholding of the public Shareholders represents a dilution of approximately 5.55%.

Taking into account the fact that all the Shareholders will be diluted to the same extent and the renewal of the General Mandate will maintain the Company's flexibility in financing, we are of the view that such potential dilution of shareholding after the renewal of the General Mandate to the public Shareholders is acceptable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

We have considered the above principal factors and reasons and, in particular, have taken into account the following factors in arriving at our opinion:

- (i) the Keentech Subscription is in line with the strategy of the Group;
- (ii) the Subscription Price is fair and reasonable;
- (iii) the Keentech Subscription will have a positive financial effect to the Group;
- (iv) the slight dilution to the shareholding of the public Shareholders immediately after the Keentech Subscription is acceptable;
- (v) the renewal of the General Mandate will maintain the Group's flexibility in financing; and
- (vi) the potential dilution of shareholding after the renewal of the General Mandate to the public Shareholders is acceptable.

Having considered the above, we are of the view that, the Keentech Subscription and the renewal of the General Mandate are in line with the strategy of the Group, entered into on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the resolutions which will be proposed at the SGM to approve the Keentech Subscription and the renewal of the General Mandate.

Yours faithfully,  
For and on behalf of  
**Platinum Securities Company Limited**

**Liu Chee Ming**  
*Managing Director*

**Ross Cheung**  
*Director*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

The issue of this circular has been approved by the Directors.

## 2. FURTHER INFORMATION ABOUT THE COMPANY

The Company was incorporated in Bermuda on 18 July 1997. Its registered office is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business is at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong.

### Share Capital:

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

#### *Authorised Share Capital:*

HK\$300,000,000 divided into 6,000,000,000 Shares

#### *Share Capital issued as fully paid:*

HK\$244,659,219 divided into 4,893,184,381 Shares as at the Latest Practicable Date.

Note: All of the existing issued Shares rank pari passu in all respects including as to, amongst other things, dividends, voting and interests in capital.

## 3. DISCLOSURE OF INTERESTS

### (a) Disclosure of interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or

pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) and which have been notified to the Company and the Stock Exchange were as follows:

*Interests in the Shares and underlying Shares*

Name of Director	Nature of Interest	Number of Shares held	Interests in underlying Shares pursuant to share options	Percentage of the total issued share capital of the Company
Mr. Kwok Peter Viem	Corporate	572,966,000 <sup>(1)</sup>	—	11.71
Mr. Kwok Peter Viem	Directly beneficially owned	—	50,000,000	1.02
Mr. Ma Ting Hung	Corporate	572,966,000 <sup>(1)</sup>	—	11.71
Mr. Ma Ting Hung	Directly beneficially owned	—	50,000,000	1.02
Mr. Shou Xuancheng	Directly beneficially owned	—	10,000,000	0.20
Mr. Sun Xinguo	Directly beneficially owned	—	10,000,000	0.20
Ms. Li So Mui	Directly beneficially owned	—	5,000,000	0.10
Mr. Mi Zengxin	Directly beneficially owned	—	10,000,000	0.20
Mr. Qiu Yiyong	Directly beneficially owned	—	10,000,000	0.20
Mr. Zeng Chen	Directly beneficially owned	—	10,000,000	0.20
Mr. Zhang Jijing	Family	28,000 <sup>(2)</sup>	—	—
Mr. Zhang Jijing	Directly beneficially owned	—	10,000,000	0.20

Notes:

- (1) The Shares disclosed above are held by USI, a company incorporated in the British Virgin Islands, which is beneficially owned as to 50% by Mr. Kwok Peter Viem and 50% by Mr. Ma Ting Hung. Accordingly, each of them is deemed to be interested in the 572,966,000 Shares.
- (2) The Shares disclosed above are held by the spouse of Mr. Zhang Jijing. Accordingly, Mr. Zhang Jijing is deemed to be interested in the 28,000 Shares.

*Interests in the ordinary shares and underlying shares of the associated corporations of the Company*

Name of director	Name of associated corporation	Relationship with the Company	Shares/equity derivatives	Number of shares/equity derivatives held	Nature of interest	Exercise period of share options	Exercise price per share A\$	Percentage of the total issued share capital of the associated corporation
Mr. Zeng Chen	CITIC Australia Trading Limited	Subsidiary	Ordinary shares	333,332 <sup>(1)</sup>	Family	N/A	N/A	0.40
			Share options	166,668	Directly beneficially owned	19 June 2005 to 18 June 2007	0.35	N/A

Note:

- (1) The shares disclosed above are held by the spouse of Mr. Zeng Chen. Accordingly, Mr. Zeng Chen is deemed to be interested in the 333,332 shares.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date:

- (i) none of the Directors or chief executive of the Company had an interest or a short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange;
- (ii) none of the Directors was a director or employee of a company which has an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO;
- (iii) save for the Placing and Subscription Agreement in which Mr. Kwok Peter Viem and Mr. Ma Ting Hung, being the beneficial owners of USI, are interested, none of the Directors or their respective associates was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group taken as a whole;



- (iv) none of the Directors or their respective associates had any interests in a business apart from the business of the Group which competes or is likely to compete, either directly or indirectly, with the business of the Group; and
- (v) no Director has been interested in any assets which have been within the two years immediately preceding the issue of this circular acquired or disposed of by, or leased to, the Company or any of its subsidiaries.

**(b) Disclosure of interests of substantial Shareholders**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name of Shareholder	Nature of interest	Number of Shares held	Interests in underlying Shares pursuant to share options	Percentage of the total issued share capital of the Company
CITIC Group	Corporate	2,610,594,381 <sup>(1)</sup>	—	53.35
CITIC Projects	Corporate	1,860,180,588 <sup>(2)</sup>	—	38.01
Keentech	Corporate	1,860,180,588 <sup>(3)</sup>	—	38.01
CA	Corporate	750,413,793 <sup>(4)</sup>	—	15.34
USI	Corporate	572,966,000 <sup>(5)</sup>	—	11.71
Mr. Kwok Peter Viem	Corporate	572,966,000 <sup>(5)</sup>	50,000,000 <sup>(7)</sup>	12.73
Mr. Ma Ting Hung	Corporate	572,966,000 <sup>(5)</sup>	50,000,000 <sup>(7)</sup>	12.73
Temasek Holdings (Private) Limited	Corporate	251,000,000 <sup>(6)</sup>	—	5.13
Temasek Capital (Private) Limited	Corporate	251,000,000 <sup>(6)</sup>	—	5.13
Seletar Investments Pte Ltd	Corporate	251,000,000 <sup>(6)</sup>	—	5.13
Baytree Investments (Mauritius) Pte Ltd	Corporate	251,000,000 <sup>(6)</sup>	—	5.13

Notes:

- (1) The figure represents an attributable interest of CITIC Group through its interest in CITIC Projects and CA.
- (2) The figure represents an attributable interest of CITIC Projects through its interest in Keentech. CITIC Projects, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Group.
- (3) Keentech, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Projects.
- (4) CA, a company incorporated in Australia, is a direct wholly-owned subsidiary of CITIC Group.
- (5) The figure represents an attributable interest of each of Mr. Kwok Peter Viem and Mr. Ma Ting Hung respectively as the beneficial owner of 50% each of USI. These interests are also included as corporate interests of Mr. Kwok Peter Viem and Mr. Ma Ting Hung, as disclosed under the heading “Disclosure of interests of Directors” above.
- (6) The figure represents an attributable interest of Temasek Holdings (Private) Limited through its interest in Temasek Capital (Private) Limited, Seletar Investments Pte Ltd and Baytree Investments (Mauritius) Pte Ltd.
- (7) The share options granted to Mr. Kwok Peter Viem and Mr. Ma Ting Hung are their respective personal interests.

**(c) Disclosure of substantial shareholding in other members of the Group**

Name of Shareholder	Name of subsidiary	Percentage of issued share capital
CITIC United Asia Investments Limited <sup>(1)</sup>	CITIC Dameng Holdings Limited	20

Note:

- (1) CITIC United Asia Investments Limited, a company incorporated in Hong Kong, is an indirect wholly-owned subsidiary of CITIC Group.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or no person was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

#### 4. LITIGATION

Save as disclosed below and so far as is known to the Directors, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries:

- (a) In January 1999, Dongguan Xinlian Wood Products Company Limited (“**Dongguan Xinlian**”), a wholly-owned subsidiary of the Company held through Wing Lam (International) Timber Limited (“**Wing Lam**”), received a writ of summons (the “**Claim**”) from China Foreign Trade Development Company (the “**Plaintiff**”) claiming US\$6,362,000 (HK\$49,624,000) and related interest in respect of six re-export contracts purported to have been entered into by Dongguan Xinlian prior to it becoming a Group subsidiary. A judgment (the “**First Judgment**”) was issued by the Shenzhen Intermediate People’s Court in February 2000 against Dongguan Xinlian for a sum of US\$3,448,000 (HK\$26,894,000). In response, Dongguan Xinlian filed an appeal against the First Judgment with the People’s High Court of Guangdong Province.

In August 2003, certain members of the Plaintiff management team were sentenced to imprisonment for creating forged documents, including those presented by them in relation to the Claim. Despite this, the People’s High Court of Guangdong Province issued a judgment (the “**Second Judgment**”) in December 2003 against Dongguan Xinlian for US\$4,800,000 (HK\$37,440,000) with related interest. In January 2004, Dongguan Xinlian filed another appeal to the State Supreme Court requesting the withdrawal of the Second Judgment and a decision that Dongguan Xinlian is not liable to the Plaintiff in respect of the Second Judgment. In December 2004, the People’s High Court of Guangdong Province overturned the Second Judgment and issued a decision that it will re-hear the case.

In December 2005, the People’s High Court of Guangdong Province issued a judgment whereby the validity of the Second Judgment against Dongguan Xinlian was maintained (the “**Third Judgment**”).

As advised by the Group’s legal advisers, there were a number of conflicts and discrepancies with regard to the Second Judgment and the Third Judgment. The Second Judgment and the Third Judgment were not supported by valid evidence and although the People’s High Court of Guangdong Province acknowledged the criminal liabilities of certain members of the Plaintiff’s management team (including forging the contracts connected to the Claim), the People’s High Court of Guangdong Province did not, contrary to normal legal procedures, take these factors into account when it gave the Third Judgment. In February 2006, Dongguan Xinlian commenced an appeal process against the Third Judgment. In the meantime, the Shenzhen Intermediate People’s Court has frozen the assets and machinery of Dongguan Xinlian and the Group has also taken steps to apply for a suspension of the auction of the assets and machinery of Dongguan Xinlian.

The ex-shareholders of Wing Lam (the “**Ex-shareholders**”) have given an undertaking to indemnify the Group against all monetary losses that may arise from the Claim up to HK\$11,862,000, being the outstanding other loans from the Ex-shareholders as at 30 June 2006. In light of the indemnity from the Ex-shareholders and the advice of the Group’s legal advisers, the Directors believe that the outcome of the Claim will not have a material adverse impact on the financial results of the Group.

- (b) The Group has a 7% participating interest in the unified unincorporated co-operative Coppabella and Moorvale coal mines joint venture, the manager and agent of which is Macarthur Coal (C&M Management) Pty Limited (the “**Manager**”). Roche Mining Pty Limited (the “**Contractor**”) is contracted to mine coal and overburden at the Coppabella mine for a five year term which commenced on 1 July 2003.

In December 2003, the Manager lodged a notice of dispute with the Contractor under the terms of the mining contract. The claim included recovery of loss and damages for higher production costs and demurrage resulting from a failure of the Contractor to deliver coal in accordance with the contract provisions. Subsequently, the Manager received a series of claims from the Contractors.

In June 2004, following rejection by the superintendent of claims from the Contractor, the Contractor lodged a notice of dispute on the Manager under the mining contract. The rejected claim, consisting of 9 heads of claim, included higher costs of mining in the 2004 financial year due to alleged delay in access to particular mining areas and alleged adverse mining conditions. The Contractor then referred the dispute to arbitration.

In February 2005, the arbitrator determined that 7 of the 9 points of claim could proceed to arbitration. The Manager received the detailed points of claim from the Contractor in March 2005 and detailed further particulars in September 2005. In April 2006, the Manager lodged its defence to the points of claim and lodged a counterclaim against the Contractor.

In July 2005, the Contractor lodged a further notice of dispute in relation to alleged additional costs resulting from the superintendent’s approval of the 2005 financial year mine plan. The claims were rejected by the superintendent and the subsequent dispute was referred to arbitration in August 2005. In April 2006, the Contractor lodged a consolidated and further amended points of claim in relation to both the 2004 financial year claim and the 2005 financial year claim. In October 2006, the Manager lodged its defence to the consolidated claim.

In January 2006, the Contractor lodged a further notice of claim in relation to alleged additional costs resulting from the superintendent’s approval of the 2006 financial year mine plan. However, the Contractor has not provided to the superintendent the requested details of the nature and quantum of this claim.

The total value of the three claims noted above for financial years 2004, 2005 and 2006 is in the order of A\$100 million (HK\$617 million) out of which the Group's share amounted to A\$7 million (HK\$43 million). Areas of duplication have been identified across these three claims and the Contractor is yet to provide particulars regarding basis and quantum of the third claim.

The Manager disputes the above claims and will vigorously defend its position in arbitration. The arbitrator has set a date to hear the consolidated 2004 and 2005 financial year claims in June 2007.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Manager and the joint venture participants of the Coppabella and Moorvale coal mines joint venture.

## **5. MATERIAL ADVERSE CHANGES**

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2005, being the date to which the latest published audited financial statements of the Group were made up.

## **6. EXPERT**

The Independent Financial Adviser is a licensed corporation under the SFO to carry out type 1 and type 6 regulated activities. The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The Independent Financial Adviser has confirmed that it has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## **7. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

## **8. INTEREST IN ASSETS**

As at the Latest Practicable Date, none of the Directors or the Independent Financial Adviser had any interest, director or indirect, in any asset which had been since 31 December 2005, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

**9. MISCELLANEOUS**

- (a) The share registrar and transfer office of the Company is Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (b) The secretary of the Company is Ms. Li So Mui. She holds a Master's Degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Association of International Accountants. Ms. Li has over 28 years' experience in the accounting and banking field.
- (c) The qualified accountant of the Company is Mr. Chung Ka Fai, Alan. He is an associate member of the Australian Society of Certified Practising Accountants. Prior to joining the Company, he worked for various multinational companies. Mr. Chung has over 15 years' experience in the accounting field.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the office of Messrs. Jones Day at 29/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including 20 March 2007:

- (a) the memorandum of association of the Company and Bye-laws;
- (b) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 14 to 27 of this circular;
- (c) the consent letter of the Independent Financial Adviser referred to under the section headed "Expert" above; and
- (d) the Subscription Agreement.

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## NOTICE OF SGM

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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)*

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of CITIC Resources Holdings Limited (the “**Company**”) will be held at Pacific Place Conference Centre, Fuji Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Tuesday, 20 March 2007 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

#### **ORDINARY RESOLUTIONS**

##### **Resolution No. 1**

“**THAT** the subscription agreement dated 9 February 2007 (the “**Subscription Agreement**”) made between the Company and Keentech Group Limited (“**Keentech**”) for the subscription of 130,000,000 new shares of HK\$0.05 each (the “**Subscription Shares**”) in the share capital of the Company by Keentech at the consideration of HK\$2.46 per Subscription Share, a copy of which has been produced to the Meeting and marked “A” and signed by the Chairman of the Meeting for the purposes of identification be and is hereby approved and the execution, delivery and performance by the Company of the Subscription Agreement be and are hereby ratified, confirmed and approved AND THAT the directors of the Company (the “**Directors**”) be and are hereby authorised to do on behalf of the Company whatever they may consider necessary, desirable or expedient for the purposes of, or in connection with, the performance and implementation of the Subscription Agreement and the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement and generally to do all acts and deeds and execute all agreements and documents required or contemplated by the Subscription Agreement or otherwise and to make such amendments thereto as the Directors may consider necessary, desirable or expedient.”

##### **Resolution No. 2**

“**THAT** the authorised share capital of the Company of HK\$300,000,000 divided into 6,000,000,000 shares of HK\$0.05 each (“**Shares**”) be and is hereby increased to HK\$500,000,000 divided into 10,000,000,000 Shares by the creation of an additional 4,000,000,000 Shares, which Shares shall on their issue rank pari passu in all respects with existing issued Shares.”

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## NOTICE OF SGM

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### Resolution No. 3

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with shares of HK\$0.05 each (“**Shares**”) in the share capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) above, otherwise than (i) a Rights Issue (as hereinafter defined); (ii) an issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible under the terms of any warrants of the Company; (iii) an issue of Shares as scrip dividends pursuant to the bye-laws of the Company from time to time; or (iv) an issue of Shares under any option scheme or similar arrangement for the grant or issue of Shares or rights to acquire Shares, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution,

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of shareholders of the Company in a general meeting; and

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the existing holders of Shares on the register maintained by the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China applicable to the Company).”



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## NOTICE OF SGM

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### Resolution No. 4

“**THAT** subject to the passing of Resolution No. 3 set out in the notice convening this Meeting, the general mandate granted to the directors of the Company to allot, issue and deal with shares of HK\$0.05 each (“**Shares**”) in the share capital of the Company pursuant to Resolution No. 3 set out in the notice convening this Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased by the Company under the authority of the repurchase mandate granted by shareholders of the Company at the annual general meeting of the Company held on 26 June 2006.”

By Order of the Board  
**CITIC Resources Holdings Limited**  
**Li So Mui**  
*Company Secretary*

Dated: 5 March 2007, Hong Kong

*Head Office and  
Principal Place of Business in Hong Kong:*  
Suites 3001-3006  
30/F, One Pacific Place  
88 Queensway  
Hong Kong

#### Notes:

- (1) 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 in his stead in accordance with the bye-laws of the Company. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the Meeting is enclosed.
- (3) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting (or any adjournment thereof) and in default the form of proxy shall not be treated as valid. Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the Meeting (or any adjournment thereof) should they so wish. If a member who has lodged a form of proxy attends the Meeting, his form of proxy will be deemed to have been revoked.
- (4) If there are joint registered holders of a share in the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the joint holders so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

*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.*