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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this document or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, 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 document with the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, 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 document.

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**CITIC RESOURCES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES  
AND  
TO ISSUE SHARES OF THE COMPANY**

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A notice convening the Special General Meeting of Citic Resources Holdings Limited to be held at Pacific Place Conference Centre, Mont Blanc Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 27 June 2003 at 3:10 p.m. (or so soon thereafter as the annual general meeting convened for the same place and date at 3:00 p.m. shall have been concluded or adjourned) is set out on pages 9 to 11 of this document. Whether or not you propose to attend the Special General Meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company at Room 2602, 26th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof.

Hong Kong, 25 April 2003

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## DEFINITIONS

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*In this document, the following expressions have the following meanings unless the context requires otherwise:–*

“Companies Act”	the Companies Act 1981 of the laws of Bermuda (as amended)
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability
“Directors”	the directors of the Company
“Latest Practicable Date”	22 April 2003, being the latest practicable date prior to the printing of this document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no.1 of the notice of the Special General Meeting
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Special General Meeting”	the special general meeting of the Company to be held at Pacific Place Conference Centre, Mont Blanc Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 27 June 2003 at 3:10 p.m.(or so soon thereafter as the annual general meeting of the Company convened for the same place and date at 3:00 p.m. shall have been concluded or adjourned), notice of which is set out on pages 9 to 11 of this document
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region

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## LETTER FROM THE CHAIRMAN

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### **CITIC RESOURCES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Mr. Kwok Viem, Peter (*Chairman*)  
Mr. Ma Ting Hung (*Vice Chairman*)  
Ms. Li So Mui  
Mr. Qiu Yiyong  
Mr. Sun Xinguo  
Mr. Tian Yuchuan  
Mr. Zhang Jijing

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Independent Non-executive Directors:*

Mr. Fan Ren Da, Anthony  
Mr. Tsang Link Carl, Brian

*Head Office and*

*Principal Place of Business:*

Room 2602, 26th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

*To the shareholders*

Dear Sir or Madam

**PROPOSALS INVOLVING  
GENERAL MANDATES TO REPURCHASE SHARES  
AND  
TO ISSUE SHARES OF THE COMPANY**

**GENERAL MANDATE TO REPURCHASE SHARES**

At the special general meeting of the Company held on 28 June 2002, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming annual general meeting of the Company. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Special General Meeting. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in the appendix hereto.

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## LETTER FROM THE CHAIRMAN

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### GENERAL MANDATE TO ISSUE SHARES

It will also be proposed at the Special General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution and adding to such general mandate so granted to the Directors any Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

### SPECIAL GENERAL MEETING

On pages 9 to 11 of this document, you will find a notice convening the Special General Meeting at which ordinary resolutions will be proposed to :-

- grant to the Directors a general mandate to exercise all powers of the Company to repurchase on the Stock Exchange Shares representing up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution;
- grant to the Directors a general mandate to authorise the Directors to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the issued share capital of the Company as at the date of passing such resolution; and
- extend the general mandate which will be granted to the Directors to allot, issue and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Proposal after the granting of the general mandate.

### ACTION TO BE TAKEN

A proxy form for use at the Special General Meeting is enclosed herein. Whether or not you intend to attend the Special General Meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company at Room 2602, 26th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and return of a proxy form will not prevent shareholders from attending and voting at the Special General Meeting if they so wish.

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## LETTER FROM THE CHAIRMAN

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### RECOMMENDATION

The Directors believe that all the above-mentioned resolutions to be proposed at the Special General Meeting are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all shareholders should vote in favour of the resolutions set out in the notice of Special General Meeting.

By Order of the Board

**Peter Kwok Viem**

*Chairman*

Hong Kong, 25 April 2003

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

## 1. SHARE REPURCHASE RULES

The Share Repurchase Rules permit companies whose primary listing are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

*(a) Shareholders' Approval*

The Share Repurchase Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase.

*(b) Source of Funds*

Repurchase must be made out of funds which are legally available for the purpose and in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

*(c) Maximum Number of Shares to be Repurchased and Subsequent Issue*

The shares to be repurchased by a company must be fully-paid up. A maximum of 10% of the existing issued share capital of a company as at the date of passing the relevant resolution may be repurchased on the Stock Exchange and a company may not, without the prior approval of the Stock Exchange, issue new shares or announce a proposed new issue of shares for a period of 30 days immediately following a share repurchase whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to the repurchase).

**2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,296,470,588 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Special General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 329,647,058 Shares representing not more than 10% of the issued share capital of the Company as at the Latest Practicable Date.

**3. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

**4. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the Companies Act. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for dividend or the proceeds of a fresh issue of shares made for the purpose. The amount of premium payable on repurchase may only be paid out of either the profits that would otherwise be available for dividend or out of the share premium or contributed surplus accounts of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the Company's annual report for the year ended 31 December 2002 in the event that the Repurchase Proposal were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:-

	Share Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<b>2002</b>		
April	1.18	1.00
May	1.21	0.96
June	1.51	1.16
July	1.49	1.49
August	1.75	0.92
September	0.96	0.85
October	0.93	0.85
November	0.90	0.73
December	0.90	0.71
<b>2003</b>		
January	0.85	0.72
February	0.75	0.70
March	0.75	0.68

## 6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the shareholders.



**7. TAKEOVERS CODE**

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, United Star International Inc. ("United Star") together with its associates were beneficially interested in 1,440,000,000 Shares representing approximately 43.68% of the issued share capital of the Company and Keentech Group Limited ("Keentech") was beneficially interested in 1,360,180,588 Shares representing approximately 41.26% of the issued share capital of the Company. United Star is beneficially owned as to 50% by Mr. Kwok Viem, Peter and 50% by Mr. Ma Ting Hung and Keentech is a direct wholly-owned subsidiary of CITIC International Holdings Limited ("CITIC International"). China International Trust and Investment Corporation is the direct holding company of CITIC International. In the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Proposal, the shareholdings of United Star together with its associates and Keentech would be increased to approximately 48.54% and 45.85% of the issued share capital of the Company respectively. Under these circumstances, an obligation to make a general offer to shareholders under Rule 26 of the Takeover Code will arise.

As at the Latest Practicable Date, the public float of the Company is below 25% of the issued share capital of the Company. The Stock Exchange has granted the Company a further waiver until 30 April 2003 from strict compliance with minimum 25% public float requirement. If the requirement of Rule 8.08 of the Listing Rules cannot be fulfilled before 30 April 2003, the Company will make an application for a further waiver to the Stock Exchange.

**8. SHARES REPURCHASE MADE BY THE COMPANY**

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

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## NOTICE OF SPECIAL GENERAL MEETING

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### **CITIC RESOURCES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of the Company will be held at Pacific Place Conference Centre, Mont Blanc Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 27 June 2003 at 3:10 p.m. (or so soon thereafter as the Annual General Meeting of the Company convened for the same place and date at 3:00 p.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions:

#### **ORDINARY RESOLUTIONS**

**1. “THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.05 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% 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
- (c) 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

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## NOTICE OF SPECIAL GENERAL MEETING

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(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

**2. “THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.05 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) 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 of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) 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 of the Company 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 into shares 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 of the Company, 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 the shareholders of the Company in general meeting; and

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## NOTICE OF SPECIAL GENERAL MEETING

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“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register 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 of the Company 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 Hong Kong applicable to the Company).”

3. “**THAT** subject to the passing of the Resolution Nos.1 and 2 set out in the notice convening the meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to Resolution No.2 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 in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No.1 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said Resolution.”

By Order of the Board

**Li So Mui**

*Secretary*

Hong Kong, 25 April 2003

*Notes:*

1. Any member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the head office and principal place of business of the Company at Room 2602, 26th Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.