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

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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 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 circular and the accompanying form of proxy to the purchaser or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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.

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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)*

**PROPOSAL FOR  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME**

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A letter from the board of directors of CITIC Resources Holdings Limited is set out on pages 3 to 6 of this circular.

A notice convening the special general meeting of CITIC Resources Holdings Limited to be held at Aberdeen Room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong, Hong Kong on Wednesday, 30 June 2004 at 3:15 p.m. is set out on pages 16 to 17 of this circular. Whether or not you are able to attend the special general meeting, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon to the head office and principal place of business of CITIC Resources Holdings Limited in Hong Kong situated 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 fixed for the holding of the special general meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the special general meeting or any adjourned meeting should you so wish.

29 April 2004

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual General Meeting”	the annual general meeting of the Company to be held at Aberdeen Room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 30 June 2004
“associated company”	has the meaning ascribed to it in the Hong Kong Statements of Standard Accounting Practice
“associates”	has the meaning ascribed to it in the Listing Rules
“Board”	means the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	means the bye-laws of the Company as amended from time to time
“chief executive”	has the meaning ascribed to it in the Listing Rules
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda and whose shares are listed on the Stock Exchange
“Directors”	directors of the Company from time to time
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted by the Company at its general meeting on 21 August 1997
“Grantee”	an eligible person who accepts an offer of the grant of an Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) the legal personal representatives of such Grantee and, where the context so requires, an eligible person to whom an offer of the grant of Options is made by the Company and which offer has not been withdrawn or lapsed or rejected
“Group”	means the Company, its subsidiaries and associated companies
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Latest Practicable Date”	means 27 April 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the share option scheme in its present or any amended form proposed to be adopted by the Company at the Special General Meeting, a summary of the principal terms of which is set out in the Appendix to this circular
“Option”	an option to subscribe for Shares granted pursuant to the terms of the New Share Option Scheme from time to time
“Shareholders”	holders of Shares from time to time
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be held at Aberdeen Room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 30 June 2004 immediately after the close of the Annual General Meeting and convened pursuant to the notice of such meeting contained in this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules and “subsidiaries” shall be construed accordingly
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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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. MI Zengxin  
Mr. QIU Yiyong  
Mr. SUN Xinguo  
Mr. ZENG Chen  
Mr. ZHANG Jijing

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
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

29 April 2004

*To the Shareholders*

Dear Sir or Madam

**PROPOSAL FOR  
ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information regarding the proposed adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and to give you notice of the Special General Meeting to be held on 30 June 2004 at which Shareholders will be asked to consider and, if thought fit, approve the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

The Directors believe that having a skilled and experienced workforce is a key element to the success and growth of the Group. The Directors believe that the ability to grant share options is a useful and beneficial tool and the incentive from holding share options will help the Group in motivating, amongst others, employees to contribute positively to the success of the Group and

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## LETTER FROM THE BOARD

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encourage suitably qualified personnel to join the Group. The New Share Option Scheme will be used to provide incentives to Grantees to contribute to the future growth and success of the Group.

### **ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME**

The Existing Share Option Scheme was adopted by the Company on 21 August 1997 and will expire on 20 August 2007.

Since the adoption of the Existing Share Option Scheme, amendments have been made by the Stock Exchange to Chapter 17 of the Listing Rules concerning share option schemes of companies that are listed on the Stock Exchange. Amendments to the terms of the Existing Share Option Scheme to comply with the requirements of the amended Chapter 17 of the Listing Rules would be required before any options could be issued by the Company under the Existing Share Option Scheme.

For the purposes of administrative convenience, the Board proposes to adopt the New Share Option Scheme (the terms of which comply with the requirements of Chapter 17 of the Listing Rules) instead of amending the terms of the Existing Share Option Scheme. The New Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules. No Options have been granted or agreed to be granted by the Company under the New Share Option Scheme.

The adoption of the New Share Option Scheme is subject to the approval of the Shareholders at the Special General Meeting and the approval of the Listing Committee of the Stock Exchange to the listing of, and permission to deal in, the Shares to be issued upon the exercise of Options granted under the New Share Option Scheme. Application has been made to the Stock Exchange for the grant of listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options granted under the New Share Option Scheme to the extent of 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme.

It is proposed that subject to the adoption of the New Share Option Scheme becoming unconditional, the Existing Share Option Scheme be terminated with effect from the adoption of the New Share Option Scheme. No options have been granted by the Company under the terms of the Existing Share Option Scheme.

As at the Latest Practicable Date, the issued share capital of the Company comprised of 4,316,884,381 Shares. Assuming there is no change to the issued share capital of the Company in the period commencing from the Latest Practicable Date to the date of the Special General Meeting when Shareholders will be asked to consider and, if thought fit, approve the resolution to adopt the New Share Option Scheme, the total number of Shares that may be issued in respect of Options granted under the New Share Option Scheme will be 431,688,438 Shares, representing 10% of the total number of Shares in issue at the Special General Meeting (assuming no change to the issued share capital of the Company as mentioned before).

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## LETTER FROM THE BOARD

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The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted as at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to Shareholders since a number of variables needed to calculate the value of Options have not been determined and will only be determined at the time of their grant (if any). These variables include the exercise price, exercise period, any lock-up period, the existence of any performance targets, interest rates and the value of the Shares.

A summary of the principal terms of the New Share Option Scheme is set out in the Appendix to this circular. This serves as a summary of the principal terms of the New Share Option Scheme but does not constitute its full terms. The complete terms of the New Share Option Scheme are available for inspection at 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 from the date of this circular up to and including the date of the Special General Meeting and at the Special General Meeting itself.

An announcement will be published by the Company on the Business Day following the Special General Meeting with details of the outcome in respect of the adoption of the New Share Option Scheme at the Special General Meeting.

### **NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting to be held at Aberdeen Room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 30 June 2004 at 3:15 p.m. is set out on pages 16 to 17 of this circular. At the Special General Meeting, ordinary resolutions will be proposed (i) to approve the New Share Option Scheme and authorise the Directors to grant Options thereunder and to allot and issue new Shares pursuant to the exercise of Options granted under the New Share Option Scheme and (ii) subject to the approval of the adoption of the New Share Option Scheme becoming unconditional, to terminate the Existing Share Option Scheme.

A form of proxy is enclosed with this circular for use at the Special General Meeting. Whether or not you are able to attend the Special General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the head office and principal place of business of the Company in Hong Kong situated 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 fixed for holding the Special General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Special General Meeting or at any adjourned meeting thereof should you so wish.

### **RECOMMENDATION**

The Directors consider that the adoption of the New Share Option Scheme to be in the interests of the Company and its Shareholders as a whole and, accordingly, recommend Shareholders to vote in favour of the ordinary resolutions set out in the notice contained in this circular and to be proposed at the Special General Meeting.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors collectively and individually 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, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully  
By Order of the Board  
**Peter Kwok Viem**  
*Chairman*



The following is a summary of the principal terms of the New Share Option Scheme:

**1. Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, business associates and advisers of the Group to promote the success of the Group.

The New Share Option Scheme provides that the Company may specify a minimum holding period and performance conditions which must be satisfied before an Option can be exercised by the Grantee. In addition, the basis for the determination of the exercise price of an Option is set out in the New Share Option Scheme. The Board considers that the aforesaid criteria and the terms of the New Share Option Scheme will serve to preserve the value of the Company and encourage holders of Options to enhance the growth of the Company and to acquire proprietary interests in the Company.

**2. Who may join**

The Board may offer Options under the New Share Option Scheme to any employee (whether full-time or part-time), director, consultant, business associate (such as, but not limited to, suppliers of goods or services to the Group or customers of the Group) or adviser of the Group (each an “Eligible Person”). No consideration will be payable by a Grantee upon acceptance of an Option.

**3. Maximum number of Shares**

3.1 The maximum number of Shares which may be issued upon the exercise of all Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed such number of Shares as shall represent 30% of the issued share capital of the Company from time to time (the “Overall Limit”).

3.2 Subject always to the Overall Limit:

- (A) the Board may grant Options under the New Share Option Scheme, generally and without further authority, in respect of such number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes in aggregate not exceeding 10% of the issued share capital of the Company as at the date of adoption of the New Share Option Scheme (the “Scheme Mandate Limit”) (being 431,688,438 Shares (based on the number of Shares in issue as at the Latest Practicable Date)). For the avoidance of doubt, Options that have lapsed in accordance with the New Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;

(B) the Scheme Mandate Limit may be renewed by obtaining approval of the Shareholders in general meeting provided that such renewed limit shall not exceed 10% of the Shares in issue as at the date of approval of such renewed limit (the “Refreshed Limit”). Options previously granted under the New Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the New Share Option Scheme or exercised) shall not be counted for the purpose of calculating the Refreshed Limit. The Company shall send a circular to the Shareholders in accordance with and containing such information as is required under rule 17.03(3) of the Listing Rules; and

(C) the Board may grant Options in excess of the Scheme Mandate Limit (as renewed from time to time) to specifically identified Eligible Persons provided the grant of such Options to such specifically identified Eligible Persons has first been approved by Shareholders in general meeting. In obtaining the approval of Shareholders, the Company shall send a circular to the Shareholders in accordance with and containing such information as is required under rule 17.03(3) of the Listing Rules.

3.3 Unless approved by the Shareholders in general meeting (with such Eligible Person and his associates abstaining from voting), the total number of Shares issued and to be issued upon the exercise of the Options granted to each Eligible Person (including both exercised, cancelled and outstanding Options) in any 12 month period shall not exceed 1% of the relevant class of securities of the Company in issue.

#### **4. Performance target**

The New Share Option Scheme does not set out performance targets which must be achieved before the Options may be exercised. However, on the grant of an Option by the Board, the Board may specify, as part of the terms and conditions of such Option, a performance condition which must be satisfied before the Option can be exercised.

#### **5. Exercise price**

The amount payable for each Share to be subscribed for under an Option in the event of the Option being exercised shall be determined by the Board but shall be not less than the greater of:

(A) the closing price of the Shares on the Stock Exchange as stated in the Stock Exchange’s daily quotation sheet on the date, which must be a Business Day, of the written notice from the Company granting the Option (the “Date of Grant”); and

(B) the average closing price of the Shares on the Stock Exchange as stated in the Stock Exchange’s daily quotation sheet for the five Business Days immediately preceding the Date of Grant of the Option; and

(C) the nominal value of the Shares.

**6. Rights are personal to grantee**

An Option which has been granted and has neither lapsed nor been cancelled nor exercised in full (“Subsisting Option”) and an offer to grant an Option shall be personal to the Grantee to whom it is granted or made and shall not be transferable or assignable.

**7. Options granted to Directors, chief executive or substantial shareholders**

7.1 An Option granted to a Grantee who is a Director, chief executive or substantial shareholder of the Company or one of their associates shall be approved by the independent non-executive Directors and in the event the Grantee is an independent non-executive Director, the vote of such independent non-executive Director shall not be counted for the purpose of approving such grant.

7.2 An Option granted to a Grantee who is a substantial shareholder or independent non-executive Director or one of their associates, which will result in the total number of Shares issued and to be issued upon exercise of all the Options granted and to be granted (including Options whether exercised, cancelled or still outstanding) to such person in the period of 12 months up to and including the date of such grant:

(A) representing in aggregate over 0.1% of the issued share capital of the Company;  
and

(B) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000.00,

must be approved by the Shareholders in general meeting by poll. All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting at such general meeting in favour of the resolution to grant such Options.

**8. Grant of Options**

8.1 Each Grantee will receive a written notice specifying the number of Options granted to him and specifying the applicable terms and conditions relating to such Options. These terms and conditions may include provisions as to the performance conditions which must be satisfied before the Option can be exercised, the minimum period for which the Option must be held before it can be exercised, vesting conditions (if any), lapse conditions and such other provisions as the Board may determine provided such provisions are not inconsistent with the requirements of the New Share Option Scheme and the Listing Rules.

8.2 The Board shall not grant an Option under the New Share Option Scheme after a price sensitive development concerning the Company or any of its subsidiaries has occurred or a price sensitive matter concerning the Company or any of its subsidiaries has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period of one month immediately preceding the earlier of the respective:

- (A) date of the Board meeting for the approval of the Company's published results for (a) any year and half-year period, and (b) where the Company has elected to publish them, any quarterly or other interim period; and
- (B) deadline for the Company to publish an announcement of its results for (a) any year or half-year period as required under the Listing Rules, and (b) where the Company has elected to publish them, any quarterly or other interim period,

and ending on the date of the announcement of the results for the year, half-year, quarterly or other interim period (as the case may be).

#### **9. Time of exercise of an Option**

An Option may be exercised in whole or in part by a Grantee in accordance with the terms of the New Share Option Scheme at any time during the "Exercise Period" of such Option, which period shall be notified by the Board to the Grantee thereof upon the grant of the Option and which shall not exceed the period of ten years from the Date of Grant of the Option.

#### **10. Cancellation of options**

The cancellation of a Subsisting Option shall be conditional on the approval of the Board (including the approval of independent non-executive Directors) and the Grantee concerned.

In the event that the Board elects to cancel any Subsisting Options and issue new Options to the same Grantee, the issue of such new Options shall be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the Refreshed Limit, as the case may be.

#### **11. Voting and dividend rights**

No voting rights shall be exercisable and no dividends shall be payable in relation to Options that have not been exercised.

**12. Effects of alterations in the capital structure of the Company**

Subject to the provisions as to the maximum number of Shares available for subscription, in the event of a capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements, corresponding adjustments (if any) shall be made in relation to any Subsisting Option to (i) the number of Shares subject to the Subsisting Option; and/or (ii), the exercise price of the Subsisting Option; and/or (iii) in the event of a consolidation and subdivision of the share capital of the Company and to the extent required, the maximum number of Shares referred to in paragraph 3 above. Any such corresponding adjustments shall be certified by the auditors for the time being of the Company as being fair and reasonable, and shall give each Grantee of the Subsisting Options the same proportion of the issued share capital of the Company as that to which he was previously entitled provided that no such adjustment shall have the effect of enabling any Share to be issued at less than its nominal value or shall result in the aggregate amount payable on the exercise of any Subsisting Option in full being increased.

**13. Rights on a takeover**

If during the Exercise Period of any Subsisting Options an offer is made to acquire all or part of the issued Shares (other than those held by the offeror and persons acting in concert with it (as such expression is defined in the Hong Kong Code on Takeovers and Mergers)) and such offer becomes or is declared unconditional, the Company shall give written notice to all Grantees of Subsisting Options and each such Grantee may, by notice in writing to the Company, within 14 days of the date of such notice, exercise his Subsisting Options in full or to the extent specified in such notice.

**14. Rights on schemes of compromise or arrangement**

If during the Exercise Period of any Subsisting Options an application is made to the court (otherwise than where the Company is being voluntarily wound up) pursuant to sections 166 and 167 of the Companies Ordinance (or any analogous event under any equivalent legislation applicable to the Company), in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), Grantees of such Subsisting Options may by notice in writing to the Company, within a period of 21 days after the date of such application, exercise their Subsisting Options in full or to the extent specified in such notice.

**15. Rights on a voluntary winding up**

In the event of a notice of a meeting being convened to consider a resolution for the voluntary winding up of the Company during the Exercise Period of any Subsisting Options, the Company shall forthwith upon notice of such meeting being given, give written notice to the Grantees of such Subsisting Options of the convening of such meeting and such Grantees may thereupon by notice in writing to the Company exercise any Subsisting Option at any time not later than five Business Days prior to the proposed general meeting of the Company to its full extent or to the extent specified in such notice.

**16. Ranking of Shares**

Shares issued on the exercise of an Option shall rank equally in all respects with the other Shares of the same class in issue at the date of their allotment (including without limitation as to voting, dividend and transfer rights and rights arising on the liquidation of the Company) and will be subject to all the provisions of the Bye-laws. They shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

**17. Present status of the New Share Option Scheme**

The New Share Option Scheme shall take effect subject to and is conditional on (i) the passing of an ordinary resolution to adopt the New Share Option Scheme by the Shareholders in general meeting (with any persons required to abstain from voting under the Listing Rules so abstaining) and (ii) the Listing Committee of the Stock Exchange granting clearance of the New Share Option Scheme and approval to the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

**18. Duration of the New Share Option Scheme**

The New Share Option Scheme will remain in force for a period to be notified by the Board, such period not to exceed the period of ten years from the date on which it is adopted by resolution of the Shareholders in general meeting.

**19. Amendment of the New Share Option Scheme**

19.1 The Board is permitted to amend the provisions of the New Share Option Scheme or withdraw or otherwise terminate the New Share Option Scheme without the approval of Shareholders in general meeting except where the proposed amendment is to the advantage of any Grantee or where the amendment shall operate to affect adversely any rights which have accrued to any Grantee at that date or in the circumstances described in paragraph 19.2 below.

19.2 Shareholders in general meeting must approve in advance by ordinary resolution any proposed amendment which relates to the following:

- (A) the category of eligible persons to or for whom Options may be provided under the New Share Option Scheme;
- (B) the authority of the Board in relation to any amendment to the terms of the New Share Option Scheme;
- (C) the limits on the number of Shares which may be issued under the New Share Option Scheme;
- (D) the individual limit as to the number of Options that a Grantee may hold under the New Share Option Scheme;

- (E) the determination of the exercise price of an Option;
- (F) any rights attaching to the Options and the Shares;
- (G) the terms of granted Options;
- (H) the rights of Grantees in the event of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction or any other variation of capital of the Company;
- (I) the provisions under the New Share Option Scheme regarding the amendment of the New Share Option Scheme;
- (J) any matters set out in rule 17.03 of the Listing Rules; and
- (K) any amendments to the New Share Option Scheme which are of a material nature.

19.3 Except as described in paragraph 19.2 above, the Board need not obtain the approval of the Shareholders in general meeting for any minor amendments:

- (A) to benefit the administration of the New Share Option Scheme;
- (B) to comply with or take account of the provisions of any proposed or existing legislation;
- (C) to take account of any changes to the legislation; or
- (D) to obtain or maintain favourable tax, exchange control or regulatory treatment of the Company or any of its subsidiaries or any present or future Grantees.

19.4 Unless otherwise approved by the Stock Exchange, the amended terms of the New Share Option Scheme or the Subsisting Options shall comply with the relevant requirements of the Listing Rules.

## **20. Lapse of Options**

An Option shall lapse forthwith (to the extent not already exercised) on the occurrence of the earlier of the following events:

- (A) expiry of its Exercise Period;
- (B) the first anniversary of the death of the relevant Grantee;

- (C) if the Grantee is an employee of the Group or a Director, upon such Grantee ceasing to be an employee of the Group or a Director by reason of dismissal from employment or termination of office, or if the Grantee is a consultant or adviser to the Group, by reason of the termination by the relevant Group Member of the contract for the provision of services by such Grantee, on the grounds of:
- (1) his misconduct;
  - (2) his committing an act of bankruptcy;
  - (3) his becoming insolvent or making any arrangement or composition with his creditors generally; or
  - (4) his being convicted of any criminal offence involving his integrity or honesty;
- (D) 90 calendar days after the Grantee ceases to be an employee of the Group by reason of:
- (1) his retirement on or after attaining normal retirement age;
  - (2) his resignation;
  - (3) ill health or disability;
  - (4) the company by which he is employed ceasing to be a subsidiary or associated company of the Company;
  - (5) the expiry of his contract of employment with the Group; or
  - (6) termination of his employment with the Group for reasons other than the reasons specified in paragraphs 20 (B) and 20 (C) above;
- (E) 90 calendar days after the Grantee ceases to be a Director for reasons other than the reasons specified in paragraphs 20 (B) and 20 (C) above;
- (F) in the case of any takeovers, schemes of compromise or arrangement and liquidation, the expiry of the periods of notice as specified in the New Share Option Scheme; provided that in the case of a scheme of compromise or arrangement, such proposed compromise or arrangement becomes effective;
- (G) save as otherwise provided, in the case of a voluntary winding up of the Company during the Exercise Period, the earlier of the close of business on the fifth Business Day prior to the general meeting convened to consider such voluntary winding up or the date of the commencement of the winding up of the Company;
- (H) any breach of the provision described in paragraph 6 above; or



- (I) in the case of a Grantee who is a consultant, business associate or adviser of the Group, on the date which falls 90 calendar days after the date on which the Grantee is notified by the Board that the Board has resolved that the Grantee no longer provides consultancy, business or advisory (as appropriate) services to the Group.

**21. Termination**

In the event that the Board elects to terminate the operation of the New Share Option Scheme, no further Option shall be offered but the provisions of the New Share Option Scheme shall remain in force in all other respects in respect of any Options granted prior to such termination and not then exercised which shall continue to be valid and exercisable subject to and in accordance with the terms of the New Share Option Scheme.

**22. Disclosure of the New Share Option Scheme**

The Company shall disclose all information as required by the Listing Rules or any other applicable rules and regulations in its annual and interim reports.

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## NOTICE OF SPECIAL GENERAL MEETING

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### **CITIC RESOURCES HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

(Stock Code: 1205)

**NOTICE IS HEREBY GIVEN** that a special general meeting of CITIC Resources Holdings Limited (the “Company”) will be held at Aberdeen Room, JW Marriott Hotel, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 30 June 2004 at 3:15 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions of the Company:

#### **ORDINARY RESOLUTIONS**

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

1. **“THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval for the listing of, and permission to deal in, the shares of HK\$0.05 each (the “Shares”) in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the new share option scheme (the “Scheme”, the rules of which are contained in the document marked “A” produced to the meeting and for the purposes of identification is signed by the Chairman of the meeting), the adoption of the Scheme be and is hereby approved and any director of the Company be and is hereby authorised to do all such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to implement and give full effect to the Scheme including but without limitation to the generality of the foregoing:
  - (A) power and authority to administer the Scheme and grant options under the Scheme in accordance with its terms;
  - (B) the right to modify and/or amend the Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Scheme and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited relating to modification and/or amendment of the Scheme; and
  - (C) the right to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options granted under the Scheme provided always that the total number of Shares subject to the Scheme, when aggregated with any Shares subject to any other share option schemes of the Company, shall not exceed 10 per cent. of the relevant class of the issued share capital of the Company as at the date of passing of this ordinary resolution, but the Company may seek approval of its shareholders in general meeting to renew the 10 per cent. limit under the Scheme provided that the maximum number of Shares which may be issued upon exercise of all outstanding options granted under the Scheme and any other share option schemes of the Company shall not exceed 30 per cent. of the relevant class of the issued share capital of the Company from time to time.”

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## NOTICE OF SPECIAL GENERAL MEETING

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### No. 2

2. “**THAT** conditional upon the passing of the ordinary resolution specified as Resolution No. 1 (“Resolution No. 1”) set out in the notice convening this meeting, the existing share option scheme of the Company which was adopted by the Company on 21 August 1997 be terminated with effect from the date on which Resolution No. 1 shall become unconditional.”

By Order of the Board  
**Li So Mui**  
*Company Secretary*

Hong Kong, 29 April 2004

*Head Office and Principal Place of Business in Hong Kong*  
Room 2602, 26th Floor  
Bank of America Tower  
12 Harcourt Road, Central  
Hong Kong

*Notes:*

1. A member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed.
3. Where there are joint holders of a share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders is present at the meeting personally or by proxy, then one of the holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
4. To be valid, this form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the head office and principal place of business of the Company in Hong Kong situated 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 the meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting if you so wish. In the event that you attend the meeting after having lodged this form of proxy as indicated above, this form of proxy will be deemed to have been revoked.