



# CITIC Resources Holdings Limited

## 中信資源控股有限公司

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### Press release

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### Acquisition of Interest in PRC Oil Venture

The Company (stock code: 1205) has taken yet another step in realizing its business vision of becoming an integrated provider of key commodities and strategic natural resources to China.

At a special general meeting held in Hong Kong today, the Company's shareholders approved the acquisition of the entire issued capital of Richfirst Holdings Limited, which will allow the Company to participate in the development and production of petroleum in the Kongnan Block within the Dagang Oilfield, PRC.

At the same time, the Company is about to be added to a number of Hang Seng indexes. The Company's average market capitalization over the past year has put it among the top 200 listed companies in Hong Kong. The trading volume of its shares on The Stock Exchange of Hong Kong Limited has passed the minimum turnover for inclusion in the Hang Seng China-Affiliated Corporations Index.

Effective 6 September 2004, the Company will be a constituent stock in the following indexes:

- Hang Seng China-Affiliated Corporations Index;
- Hang Seng Composite Industry Index - Industrial Goods (Mainland Region); and
- Hang Seng Mainland Freefloat Index.

The Company began to broaden its business scope in early 2004 following its strategic review to help meet the demands generated by the dramatic growth of the Chinese economy for raw materials and energy resources.

This new business focus is fully supported by the Company's ultimate parent, CITIC Group, Beijing, which has designated the Company as the principal holding company for most of the group's natural resources business.

The Company has interests in:

- Aluminium - the Portland Aluminium Smelter, one of the largest and most efficient aluminium smelting operations in the world.
- Commodities Trading - CITIC Australia Trading Limited, which is listed on the Australian Stock Exchange and is principally engaged in trading of commodities and merchandise with a primary focus on the Australia-PRC trade relationship.
- Coal - (1) the Coppabella and Moorvale coal mines, one of only five producers of low-volatile "Pulverized Coal Injection" coal in Australia; and (2) Macarthur Coal Limited, a resources company listed on the Australian Stock Exchange.
- Iron - Aztec Resources Limited, a minerals exploration company listed on the Australian Stock Exchange.
- Oil - Richfirst Holdings Limited, which will become a wholly-owned subsidiary of the Company after the completion of the acquisition mentioned above.

Richfirst holds an interest representing 40% of the contractor's rights and obligations in a 30-year petroleum development and production sharing contract relating to the development and production of petroleum in the Kongnan Block.

The Kongnan Block is an area comprising of six blocks covering 22,400 gross acres within the Dagang Oilfield, PRC and is located about 125 miles south-east of Beijing.

The Kongnan Block contains an estimated 52 million barrels of gross proven and probable reserves. Pilot testing has been completed and development work is now under way. According to the overall development program of the Kongnan Block, commercial production is expected to commence in 2006. Once fully developed, gross production volumes are expected to reach a peak of 14,000 barrels per day in 2007.

The primary source of return to Richfirst is from the sales of oil, at prices which shall be determined with reference to the prevailing price in arm's length transactions of similar quality crude oil on the main world oil markets.