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

"Acquisition Agreement"	the conditional sale and purchase agreement dated 30 April 2007 entered into between CITIC Group and the Company in respect of the transfer of the Sale Share and assignment of part of the KEL Indebtedness
"API"	the American Petroleum Institute's scale for specific gravity for liquid hydrocarbons, measured in degrees. The lower the API gravity, the heavier the liquid hydrocarbon and, generally, the lower its commercial value
"Arrangement Agreement"	the arrangement agreement dated 25 October 2006 entered into between CITIC Group, CCPL, CCEL and Nations Petroleum Company Ltd. relating to the acquisition of all of the outstanding common shares of CCPL
"associate"	has the meaning ascribed to it under the Listing Rules
"ATS"	Argymak TransService LLP, a limited liability partnership established under the laws of Kazakhstan. CCPL holds 100% of the participation rights in ATS
"Board"	the board of Directors
"Business Day"	a day (other than Saturday and Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks are open for business in Hong Kong
"Bye-laws"	the bye-laws of the Company as amended from time to time
"CA"	CITIC Australia Pty Limited, a company incorporated in Australia and a direct wholly-owned subsidiary of CITIC Group
"CCEL"	CITIC Canada Energy Limited, a company incorporated in Alberta, Canada and an indirect wholly-owned subsidiary of CITIC Group
"CCEL Group"	CCEL, CCPL and the Kazakhstan Companies
"CCPL"	CITIC Canada Petroleum Limited, formerly Nations Energy Company Ltd., a company incorporated in Alberta, Canada and a direct wholly-owned subsidiary of CCEL
"CCPL Group"	CCPL and the Kazakhstan Companies
"CITIC Group"	CITIC Group, a company established in the PRC
"CITIC Netherlands"	CITIC Netherlands Energy Coöperatief U.A., a cooperative (coöperatie) established in the Netherlands and an indirect wholly-owned subsidiary of RNL
"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
"Completion"	completion of the Transaction
"Conditions"	the conditions precedent to Completion, details of which are set out in the sub-section headed "Conditions to the Transaction Agreements" under the section headed "Principal Terms of the Transaction Agreements" in the letter from the Board in this circular

"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Deposit"	the sum of US$200,000,000 (HK$1,560,000,000) paid by the Company to CITIC Group
"Directors"	the directors of the Company, including its independent non-executive directors
"Enlarged Group"	the Group as enlarged by the RNL Group
"Group"	the Company and its subsidiaries
"HKFRS"	the Hong Kong Financial Reporting Standards
"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 Transaction
"Independent Financial Adviser"	Somerley Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Transaction and a licensed corporation under the SFO to carry out types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities
"Independent Shareholders"	Shareholders other than CA and Keentech and their respective associates
"Kazakhstan"	the Republic of Kazakhstan
"Kazakhstan Approvals"	(1) the prior consent of the competent authority under article 53(1) of the law of Kazakhstan No. 2350 dated 28 June 1995 Concerning Petroleum, as amended; and (2) the waiver by the Government of Kazakhstan of (or decision not to exercise) the pre-emptive right vested in the Government of Kazakhstan to acquire the Sale Share under article 71 of the law of Kazakhstan No. 2828 dated 27 January 1996 Concerning the Subsurface and its Use, as amended
"Kazakhstan Assets"	100% of the issued voting shares of KBM (which represent 94.6% of the total issued shares of KBM), a 100% participation share in each of TMS and ATS and all assets of the RNL Group that are required to carry on the Kazakhstan Business
"Kazakhstan Business"	the operation of oil and oil related businesses and activities in Kazakhstan including but not limited to the development and production of oil at the Karazhanbas oilfield in Kazakhstan by the Kazakhstan Companies
"Kazakhstan Companies"	KBM, ATS and TMS
"Kazakhstan Interests"	50% of the Kazakhstan Assets
"KBM"	JSC Karazhanbasmunai, a joint stock company incorporated under the laws of Kazakhstan. CCPL holds 94.6% of the equity of, representing 100% of the voting rights of, KBM
"Keentech"	Keentech Group Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of CITIC Group
"KEL"	KBM Energy Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of RNL

"KEL Debt Purchase Agreement"	the conditional sale and purchase agreement dated 30 April 2007 entered into between CITIC Group and the Company relating to part of the KEL Indebtedness
"KEL Indebtedness"	an approximate amount of US$1,003,500,000 (HK$7,827,300,000) owing by KEL to CITIC Group, to be acquired by the Company under the Transaction Agreements
"KMG"	JSC National Company KazMunaiGaz, a state-owned oil company of Kazakhstan or its assignee or nominee
"KMG Option"	the option of KMG to acquire indirectly the Retained Kazakhstan Interests
"Latest Practicable Date"	11 June 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
"PRC"	the People's Republic of China (for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
"Preferential Dividend"	US$16,200,000 (HK$126,360,000)
"Retained Kazakhstan Interests"	the remaining 50% of the Kazakhstan Assets which are, or will prior to Completion, be indirectly held by SAHL
"RNL"	Renowned Nation Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of CITIC Group
"RNL Group"	the group of companies comprising RNL, KEL, CITIC Netherlands, CCEL, CCPL, KBM, TMS and ATS
"SAHL"	State Alliance Holdings Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of CITIC Group
"Sale Share"	one issued share of US$1 (HK$7.8) par value of RNL, representing the entire issued share capital of RNL
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held on 27 June 2007 and convened pursuant to the notice contained in this circular
"Shares"	ordinary shares of HK$0.05 each in the share capital of the Company
"Shareholders"	holders of the Shares from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"TMS"	Tulpar Munai Service LLP, a limited liability partnership established under the laws of Kazakhstan. CCPL holds 100% of the participation rights in TMS
"Transaction"	the sale and purchase of the Sale Share and the KEL Indebtedness pursuant to the Transaction Agreements
"Transaction Agreements"	the Acquisition Agreement and the KEL Debt Purchase 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.

The financial information prepared in respect of the RNL Group, the CCPL Group and the Enlarged Group and contained in Appendix II, Appendix III and Appendix IV respectively to this circular was disclosed in the offering circular relating to the issue of US$1,000,000,000 6.75% senior notes due 2014 issued by CITIC Resources Finance (2007) Limited and US$ amounts therein were translated into HK$ at the rate of US$1=HK$7.7791. For the purposes of this circular, the US$ amounts in such financial information have been converted in HK$ at the rate of US$ = HK$7.8 as specified in the preceding paragraph.

CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
Website: 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

Independent Non-executive Directors:
Mr. FAN Ren Da, Anthony
Mr. NGAI Man
Mr. TSANG Link Carl, Brian

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

12 June 2007

To Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

ACQUISITION OF INTEREST IN KAZAKHSTAN OIL ASSETS
ACQUISITION OF LOAN AND OTHER INDEBTEDNESS

INTRODUCTION

Reference is made to the announcement of the Company dated 8 May 2007 in respect of the Transaction. On 30 April 2007, the Company conditionally agreed to acquire from CITIC Group the entire issued share capital of RNL, and thereby the Kazakhstan Interests, and the benefit of the KEL Indebtedness.

The Kazakhstan Interests comprise 50% of the voting rights in each of KBM, ATS and TMS. KBM is engaged in the development and production of oil and holds the right to explore, develop and produce oil in the Karazhanbas oilfield in Kazakhstan until 2020. As of 31 December 2006, the Karazhanbas oilfield had an estimated 363.8 million barrels of proved reserves. ATS is engaged in the provision of transportation services and other oilfield related logistics services. TMS is engaged in the provision of oil well drilling, construction and workover services.

The aggregate consideration payable by the Company to CITIC Group in respect of the Transaction is about US$1,003,500,001 (HK$7,827,300,008).

The Transaction constitutes a very substantial acquisition for the Company under the Listing Rules.

The Transaction also constitutes a connected transaction for the Company under the Listing Rules and requires the approval of Independent Shareholders. CITIC Group is an associate of CA and Keentech, each of which is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. The SGM shall be convened for the purpose of asking Independent Shareholders to consider and, if thought fit, approve the Transaction.

The main purposes of this circular are:

(a) to provide Shareholders with further information relating to the Transaction, the Kazakhstan Companies, the Kazakhstan Assets and the Kazakhstan Business;

(b) to set out the opinion from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Transaction;

(c) to set out the recommendation of the Independent Board Committee in respect of the terms of the Transaction; and

(d) to give Shareholders notice of the SGM.

PRINCIPAL TERMS OF THE TRANSACTION AGREEMENTS

Date of the Transaction Agreements

30 April 2007

Parties to the Transaction Agreements

(1) CITIC Group

(2) the Company

Acquisition of RNL and KEL Indebtedness

Pursuant to the Transaction Agreements, the Company shall purchase the Sale Share, representing the entire issued share capital of RNL, and the KEL Indebtedness.

RNL holds indirectly the Kazakhstan Interests comprising an interest in 50% of the Kazakhstan Assets.

The Retained Kazakhstan Interests will be retained by CITIC Group subject to the KMG Option.

Conditions to the Transaction Agreements

Completion is conditional upon satisfaction of the following Conditions on or before 31 October 2007 or such other date as the Company and CITIC Group may agree in writing:

1. in respect of the Acquisition Agreement:

    (a) the Company being satisfied with its due diligence review and investigation in respect of the RNL Group and their respective businesses and assets including but not limited to the Kazakhstan Companies, the Kazakhstan Assets and the Kazakhstan Business;

    (b) all necessary approval from Independent Shareholders who are permitted under the Listing Rules or by the Stock Exchange to vote at a duly convened special general meeting of the Company of a resolution approving the Transaction; and

    (c) the Kazakhstan Approvals having been obtained on terms acceptable to each of CITIC Group and the Company, acting reasonably, in respect of the Transaction and such approvals continuing in full force and effect; and

2. in respect of the KEL Debt Purchase Agreement:
   (a) all necessary approval from Independent Shareholders who are permitted under the Listing Rules or by the Stock Exchange to vote at a duly convened special general meeting of the Company of a resolution approving the KEL Debt Purchase Agreement; and
   (b) completion of the Acquisition Agreement.

The Company has the right to waive the Condition described in paragraph 1(a) above. The other Conditions are not capable of being waived.

As at the Latest Practicable Date, none of the Conditions have been satisfied or waived.

Completion of the Transaction

Completion shall take place on a date (being a Business Day) nominated by the Company falling not more than three months after the date on which the last of the Conditions described above under the heading "Conditions to the Transaction Agreements" to be satisfied or waived is duly satisfied or, as applicable, waived by the Company or such other date (being a Business Day) as the Company and CITIC Group may agree in writing but in any event shall not be later than 31 December 2007.

Warranties

Under the terms of the Arrangement Agreement pursuant to which CCEL, and thereby CITIC Group, acquired the Kazakhstan Assets, the representations and warranties made to CITIC Group and CCEL by CCPL in respect of CCPL, the Kazakhstan Companies, the Kazakhstan Assets and the Kazakhstan Business were limited. Accordingly, CITIC Group and CCEL were required to primarily rely on their own due diligence and investigations into CCPL, the Kazakhstan Companies, the Kazakhstan Assets and the Kazakhstan Business. The Company is required to acquire RNL, and thereby the Kazakhstan Interests, from CITIC Group on a similar basis.

CONSIDERATION PAYABLE IN RESPECT OF THE TRANSACTION

Aggregate Consideration

The aggregate consideration payable by the Company to CITIC Group in respect of the Transaction is about US$1,003,500,001 (HK$7,827,300,008).

Basis for Determination of Consideration

The consideration has been arrived at after arm's length negotiations between the Company and CITIC Group on normal commercial terms taking into account various factors, including the oil reserves at the Karazhanbas oilfield, the financial position of the RNL Group, prevailing oil prices and the net value and growth prospects of the principal activities of the RNL Group described in the section headed "Information on the RNL Group" in this circular.

TERMS OF PAYMENT OF CONSIDERATION

Deposit

The Company has paid the Deposit, being the amount of US$200,000,000 (HK$1,560,000,000), to CITIC Group.

At Completion, the Company will pay the balance of the consideration of about US$803,500,001 (HK$6,267,300,008) to CITIC Group in cash. The Company intends to finance the balance of the consideration from available internal resources and third party debt and borrowings. On 17 May 2007, CITIC Resources Finance (2007) Limited, a wholly-owned subsidiary of the Company, raised US$1,000,000,000 (HK$7,800,000,000) through the issue of 6.75% senior notes due 2014, which are fully and unconditionally guaranteed by the Company. Details of the principal terms of the senior notes are set out in the announcement of the Company dated 17 May 2007.

Refund of Deposit

The Deposit, together with interest, shall be repaid to the Company if the Transaction is terminated for any reason.

KMG OPTION AND EFFECT OF EXERCISE OF THE KMG OPTION

KMG has been granted the KMG Option pursuant to which KMG has the right (but not the obligation) to acquire indirectly the Retained Kazakhstan Interests.

The Retained Kazakhstan Interests comprise 50% of the Kazakhstan Assets.

If KMG exercises the KMG Option and assuming Completion occurs, the Company and KMG will each hold, directly or indirectly, a 50% interest in the Kazakhstan Assets. It is expected that in such circumstances the Company and KMG will operate CCEL, CCPL and the Kazakhstan Companies as joint ventures. CCEL will be treated a jointly-controlled entity by the Company.

Under the existing terms of the KMG Option, unless otherwise agreed, members of the CCEL Group will distribute by dividends and other distributions all of their distributable reserves to their respective shareholders. CCEL will pay its dividends to its shareholders rateably and equally except that if the dividends declared and paid by CCEL are less than US$32,400,000 (HK$252,720,000) in any year, KMG, in priority to any dividends payable to the Company, has the right to receive the Preferential Dividend. Any shortfall in the Preferential Dividend may be carried over to the next or subsequent years. In addition, CITIC Group has agreed to procure financing for KMG, if the KMG Option is exercised. In such case, a cost will be incurred by RNL for which provision has been made in the audited consolidated financial statements of the RNL Group.

KMG and the Company will provide certain management and other services to members of the CCEL Group in consideration for the payment annually of net service fees of US$10,000,000 (HK$78,000,000) per annum.

The Company will have the right to nominate the chief executive officer of CCEL, CCPL and each Kazakhstan Company and the technical director of KBM during the first five years of the joint venture, with KMG nominating the deputy chief executive officer of CCEL, CCPL and each Kazakhstan Company and chief financial officer of KBM during the same period. In addition, the Company and KMG will have the right to each appoint a marketing and commercial director of KBM.

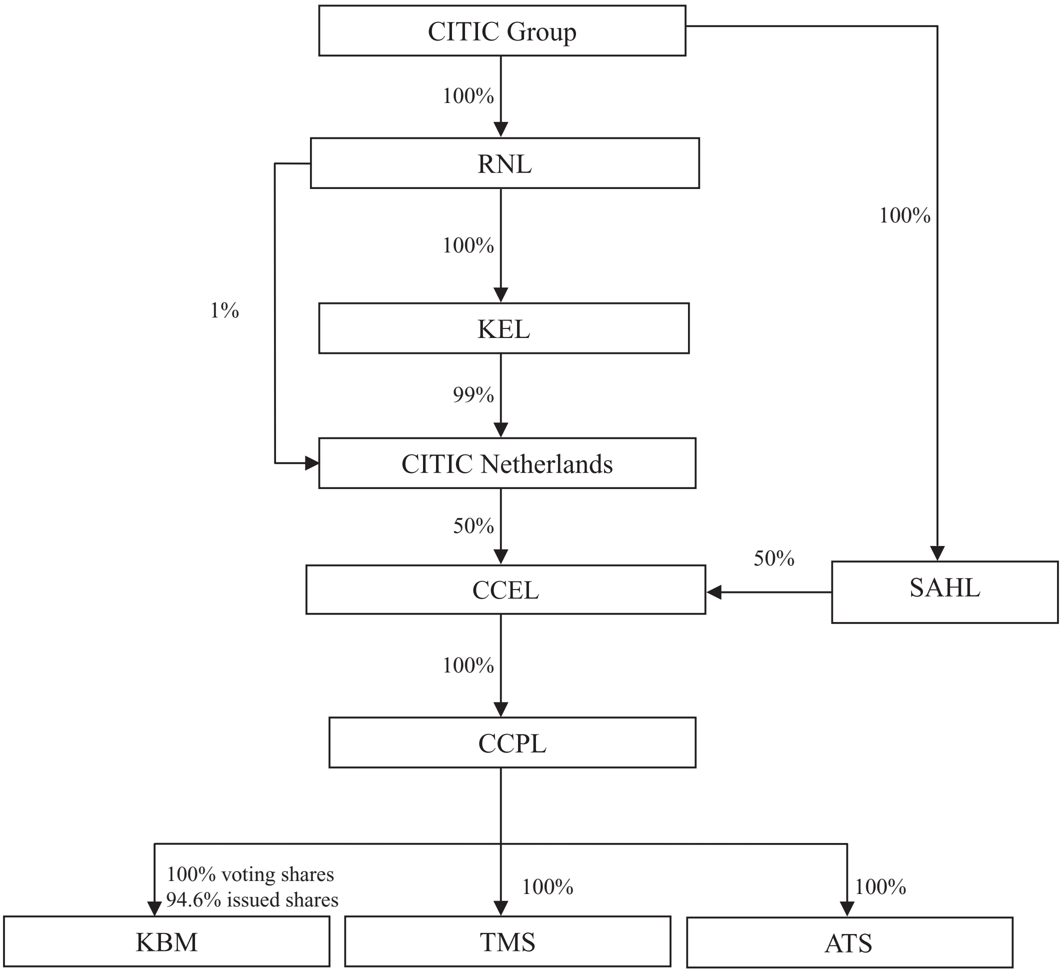
Decisions of the board of directors of CCEL, CCPL and KBM on matters such as, but not limited to, approval of annual work programs, annual budgets and capital expenditure programs, long term oil supply contracts, the acquisition or disposal of major assets and amendments to the policy on dividends will be determined by unanimous approval. The Company will have the right to appoint a majority of the directors to the boards of CCEL, CCPL and KBM. ATS and TMS will be managed by a management board comprising two members, one appointed by the Company and the other by KMG.

Certain decisions will be reserved to shareholders of CCEL, CCPL and the Kazakhstan Companies and these will include, but are not limited to, decisions concerning the dissolution, liquidation, merger or amalgamation, changes in share capital, changes to the constitutional documents and the entry into of a new field business or any substantial expansion of the current business of CCEL, CCPL and the Kazakhstan Companies.

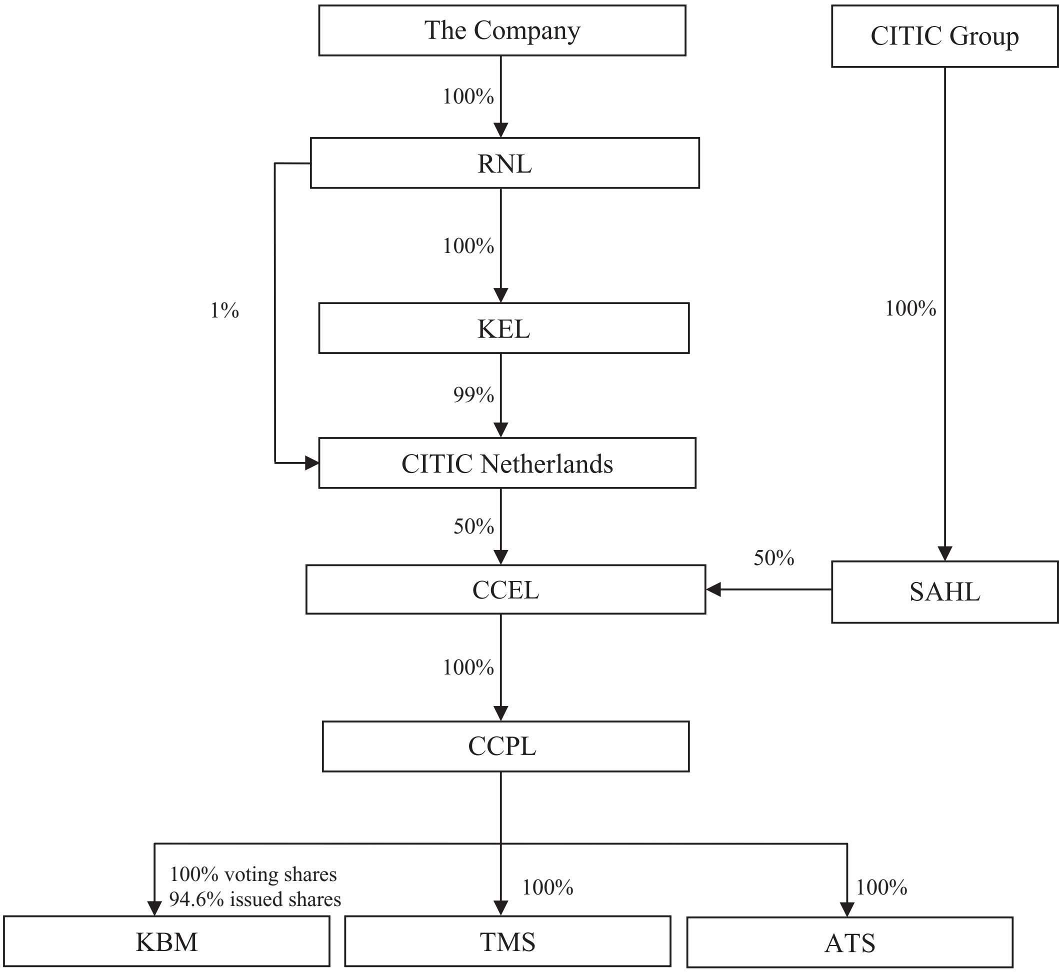
CORPORATE STRUCTURE BEFORE AND AFTER COMPLETION

The following diagrams illustrate the simplified corporate structure of the RNL Group immediately before and after Completion:

Immediately before Completion



Immediately after Completion



INFORMATION ON THE GROUP

The Company is a diversified energy and natural resources investment holding company and through its subsidiaries has interests in oil, aluminum smelting, coal mining, import and export of commodities and manganese mining and processing. The Group operates in the PRC, Australia and Indonesia and, assuming Completion, in Kazakhstan. The Company anticipates profits from its oil business to become the largest contributor to the results of the Group in the future after Completion.

INFORMATION ON CITIC GROUP

CITIC Group was established in October 1979 pursuant to a special order of the State Council of the PRC as a state-owned enterprise "under the direct leadership of the State Council". CITIC Group conducts its business activities primarily through its domestic and overseas operating subsidiaries. Its business activities are divided into two main areas: financial services businesses and non-financial businesses. Financial services businesses, consisting primarily of commercial banking, insurance, trust and funds and asset management businesses, constitute the core business of CITIC Group. Non-financial businesses range from information technology, infrastructure, manufacturing, natural resources, real estate development to construction.

CITIC Group acquired CCPL and the Kazakhstan Companies on 29 December 2006 for a consideration of about US$1,910,000,000 (HK$14,898,000,000) subject to adjustment for cash, debt and other liabilities.

INFORMATION ON THE RNL GROUP

RNL

RNL is an investment holding company and was incorporated in the British Virgin Islands on 26 July 2005 and used solely for the purposes of CITIC Group's indirect acquisition of the Kazakhstan Assets.

Business Overview of the RNL Group

RNL's principal operating subsidiaries are the Kazakhstan Companies.

The principal activities of the Kazakhstan Companies are the operation of oil and oil related businesses and activities in Kazakhstan.

KBM

KBM is engaged in the development and production of oil and holds the right to explore, develop and produce oil in the Karazhanbas oilfield in Kazakhstan until 2020.

The quality of oil produced from the Karazhanbas oilfield is typically 19 degree API.

The table below summarises information relating to the reserves at the Karazhanbas oilfield for the periods indicated:

	As of 31 December						
Reserves (in million barrels)	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Proved							
Developed	123.4	206.3	278.2	253.7	265.1	229.1	244.0
Undeveloped	102.4	138.6	105.8	137.7	140.9	117.9	119.8
Total Proved	225.8	344.9	384.0	391.4	406.0	347.0	363.8
Probable	73.8	94.6	89.6	67.6	110.8	78.9	74.6
Possible	91.5	167.2	138.5	103.9	33.6	29.2	21.6

The table below sets out information regarding oil production from the Karazhanbas oilfield for the year ended 31 December 2006:

	For the year ended 31 December 2006
Revenue from sales of oil (before payment of royalties)	HK$6,579.5 million
Sales volume	15.6 million barrels of oil
Average sales price per barrel	HK$421.8 (US$54.1)

The table below sets out information on the number of wells drilled by KBM for the three years ended 31 December 2006:

	Productive	**Dry**	**Total**
Year ended 31 December 2004	105	2	107
Year ended 31 December 2005	132	3	135
Year ended 31 December 2006	194	11	205

ATS

ATS is engaged in the provision of transportation services and other oilfield related logistics services.

TMS

TMS is engaged in the provision of oil well drilling, construction and workover services.

Financial information on the RNL Group and the CCPL Group

As of 31 December 2006, the audited net book value of the assets of the RNL Group (with a 50% interest in CCEL reclassified as "Interests in jointly-controlled entities held for sale") determined under HKFRS, as extracted from the audited consolidated financial statements of the RNL Group, was HK$59,778,000.

The results of the CCPL Group (with a carve-out of the assets of CCPL not operating in Kazakhstan which were disposed of prior to the acquisition of CCPL by CITIC Group) for the two financial years ended 31 December 2006 determined under HKFRS, as extracted from the audited consolidated financial statements of the CCPL Group, were as follows:

	Year ended 31 December	
	2006	**2005**
	HK$'000	**HK$'000**
Profit before taxation and minority interests	3,309,149	2,816,857
Taxation	1,901,437	1,620,787
Minority interests	94,540	71,002
Net profit	1,313,172	1,125,068

REASONS AND BENEFITS OF THE TRANSACTION

As stated in the section headed "Information on the Group" of this letter, the Group is a diversified energy and natural resources investment holding company with an increasing focus on the oil and gas industry. The Company is the principal energy and natural resources investment company of CITIC Group. The Transaction, if completed, will be a further and significant step forward in the Company's business strategy.

The Directors believe that the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and the Transaction is in the interests of the Company and Shareholders as a whole.

FINANCIAL EFFECTS OF THE TRANSACTION

Following Completion, RNL will become a wholly-owned subsidiary of the Company which through CCEL will indirectly have a 50% interest in the Kazakhstan Assets. Accordingly, the Company's 50% interest in the CCEL Group will be proportionately consolidated into the results of the Group. The following sets out for illustrative purposes only the key financials of (i) the unaudited pro forma combined income statement of the Enlarged Group commencing on 1 January 2006 as if the Transaction had been completed on 1 January 2006; and (ii) the unaudited pro forma combined balance sheet of the Enlarged Group as at 31 December 2006 as if the Transaction had been completed on 31 December 2006. Appendix IV to this circular presents the pro forma financial information on the Enlarged Group as if Completion had taken place on 31 December 2006 and describes the basis of preparation of the pro forma financial information on the Enlarged Group.

Earnings

Following Completion, the Group will be able to proportionately consolidate 50% of the revenue from the CCEL Group. The audited net profit of the Group as at 31 December 2006 as extracted from the consolidated income statement of the Company for the year ended 31 December 2006 was HK$246,037,000. According to the unaudited pro forma combined income statement of the Enlarged Group for the year ended 31 December 2006 which has been prepared for the purpose of illustration as if Completion had taken place on 1 January 2006 as set out in Appendix IV to this circular, the pro forma net profit of the Enlarged Group for the year ended 31 December 2006 would be HK$249,871,000.

Net Asset Value

The audited net asset value of the Group as at 31 December 2006 as extracted from the consolidated balance sheet of the Company as at 31 December 2006 was HK$3,505,089,000. As set out in Appendix IV to this circular, assuming Completion had taken place on 31 December 2006, the pro forma net asset value of the Enlarged Group would have been HK$5,286,867,000 (after taking into account the issue of new Shares by the Company in February and April of 2007, and the issue of senior notes in May 2007).

PROSPECTS OF THE ENLARGED GROUP

Completion of the Transaction will help significantly in achieving the Group's objective to be a diversified energy and natural resources company, increase the scale of the Group's existing oil portfolio and enhance its profile as an oil producer, all of which the Directors believe will contribute in bringing about an increase in investment opportunities in the sector for the Group. As demand in Asia, together with strong demand in the United States of America, Japan and Europe continues to drive competition for energy resources, in particular oil and gas, the Directors believe that it is in the Company's interest and that of Shareholders to develop the Group's oil portfolio further as and when suitable investment opportunities arise.

The Kazakhstan Business will improve considerably the Group's annual oil production and oil related generated revenue and is expected to be the single largest contributor to the Group's annual revenue. Capital expenditure and operating expenses associated with the Kazakhstan Business will, however, increase the Group's overall capital commitments and operating costs although net cash flows of the Group should still generally improve as a result of the Transaction.

Concurrent with the Transaction, the Group is conducting a due diligence review of the Hainan-Yuedong Block in Bohai Bay Basin in Liaoning Province in the PRC to determine whether the Group will proceed with its option to acquire an effective 90% interest in the contractor's rights and obligations in the Hainan-Yuedong Block. If the results of the due diligence review prove satisfactory and this interest can also be successfully acquired, the Group's overall oil interests will be further enhanced as a result. However, as the Hainan-Yuedong Block project is currently in the appraisal and development stage, there will not be an immediate contribution to the Group's revenue from this project. Capital expenditure and operating expenses associated with the development of the Hainan-Yuedong Block would add to the Group's overall capital commitments and operating costs and will likely cause a decrease in net cash flows of the Group until production is commenced.

As a whole, the Group is financially sound and well positioned to implement and support its business strategy. It has a strong cash position and is able to continue to leverage on the support of its major shareholders when necessary to develop the Group's businesses.

LISTING RULES IMPLICATIONS

The Transaction constitutes a very substantial acquisition for the Company under the Listing Rules.

The Transaction also constitutes a connected transaction for the Company under the Listing Rules and requires the approval of Independent Shareholders. CITIC Group is an associate of CA and Keentech, each of which is a substantial shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. As at the Latest Practicable Date, CA and Keentech held in aggregate 54.5% of the issued share capital of the Company. The Transaction is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules.

As required under the Listing Rules, the votes of the Independent Shareholders to be taken at the SGM will be taken by way of a poll. CA, Keentech and their respective associates are required to abstain from voting in respect of the ordinary resolution to be proposed at the SGM to approve the Transaction.

SGM

A notice convening the SGM at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the Transaction and all matters relating thereto is set out on pages 34 to 35 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong not less than 48 hours before the time appointed for the holding of 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 adjourned meeting thereof) should you so wish.

An announcement will be made by the Company following conclusion of the SGM to inform Shareholders of the results of the voting in respect of the resolution 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

(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 and on a poll every Shareholder present in person or by proxy shall 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.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely 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 Transaction.

Your attention is drawn to the letter from the Independent Board Committee set out on page 16 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 Transaction. Your attention is drawn to the letter from the Independent Financial Adviser set out on pages 17 to 33 of this circular.

RECOMMENDATION

Having taken into account the advice of the Independent Financial Adviser, the Directors are of the opinion that the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and the Transaction is in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the resolution set out in the notice of the SGM contained in pages 34 to 35 of this circular.

ADDITIONAL INFORMATION

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

Shareholders and potential investors should note that the Transaction, which is subject to satisfaction of a number of conditions, may or may not be completed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.

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

CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
Website: www.citicresources.com
(Stock Code: 1205)

To Independent Shareholders

12 June 2007

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

ACQUISITION OF INTEREST IN KAZAKHSTAN OIL ASSETS
ACQUISITION OF LOAN AND OTHER INDEBTEDNESS

Dear Sir or Madam,

We refer to the circular of the Company dated 12 June 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 consider and advise you as to whether, in our opinion, the terms of the Transaction are fair and reasonable so far as Independent Shareholders are concerned and whether the Transaction is in the interests of the Company and Shareholders as a whole.

Somerley Limited has been appointed by the Company as the independent financial adviser to advise us and the Independent Shareholders as to whether the terms of the Transaction are fair and reasonable so far as Independent Shareholders are concerned and whether the Transaction is in the interests of the Company and Shareholders as a whole. 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 17 to 33 of the Circular.

Having considered the terms and conditions of the Transaction Agreements, the reasons for the Transaction and the advice of the Independent Financial Adviser in relation thereto, we are of the opinion that the terms of the Transaction are fair and reasonable so far as Independent Shareholders are concerned and the Transaction is in the interests of the Company and Shareholders as a whole. We therefore recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Transaction.

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

The following is the text of a letter of advice from Somerley Limited to the Independent Board Committee and Independent Shareholders prepared for the purpose of inclusion in this circular.

SOMERLEY LIMITED
10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

12 June 2007

To: The Independent Board Committee and Independent Shareholders

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

ACQUISITION OF INTEREST IN KAZAKHSTAN OIL ASSETS
ACQUISITION OF LOAN AND OTHER INDEBTEDNESS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and Independent Shareholders in connection with transactions contemplated under the Acquisition Agreement and the KEL Debt Purchase Agreement. Details of the Acquisition Agreement and the KEL Debt Purchase Agreement are contained in the circular to Shareholders dated 12 June 2007 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, defined terms used in this letter shall have the same meanings as those defined in the Circular.

The Transaction constitutes a very substantial acquisition for the Company under the Listing Rules. As CITIC Group, through CA and Keentech, is interested in 54.50% of the issued share capital of the Company as at the Latest Practicable Date, CITIC Group is a connected person of the Company under the Listing Rules. Accordingly, the Transaction also constitutes a connected transaction for the Company and is subject to Independent Shareholders' approval under the Listing Rules.

The Independent Board Committee, comprising the three independent non-executive Directors, namely Messrs. Fan Ren Da, Anthony; Ngai Man and Tsang Link Carl, Brian, has been established to make a recommendation to Independent Shareholders on whether the terms of the Transaction are fair and reasonable so far as Independent Shareholders are concerned and whether the Transaction is in the interests of the Company and Shareholders as a whole. We, Somerley Limited, have been appointed to advise the Independent Board Committee and Independent Shareholders in this regard.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete and will remain true, accurate and complete up to the time of the SGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have not, however, conducted any independent investigation into the business and affairs of the Group or the RNL Group or the Kazakhstan Assets.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

1. Business of the Group

The Company is the flagship energy and natural resources investment holding company of CITIC Group, which ultimately controls the Company. Since 2002, when CITIC Group became a controlling shareholder of the Company, the Group has adopted a business strategy to diversify its activities and position itself as an integrated provider of key energy and natural resources, and to shift its business focus and reliance from the manufacture and sale of plywood. The Group currently has interests in oil, aluminum smelting, coal mining, the import and export of commodities and manganese mining and processing. The Group initially entered the natural resources industry through the acquisition of its aluminum smelting, coal mining and the import and export of commodities businesses in March 2004 from CITIC Group. The Group acquired its first oil interest in October 2004 by acquiring a 40% participating interest in the Kongnan Block within the Dagang Oilfield in the PRC (the "**Dagang Interest**"). In February 2006, the Group commenced its manganese mining and processing business by forming a joint venture to manage and operate manganese mines in the PRC. The Group has since acquired a 51% participating interest (the "**Seram Interest**") in the contractors' rights and obligations in the production sharing contract relating to, and was appointed the operator of, the Seram Island Non-Bula Block in Indonesia (the "**Seram Block**"). The Seram Interest comprises the Group's only interest in oil at present. Further details are set out in paragraph 3 below.

2. Financial results and position of the Group

A full statement of the financial results and position of the Group with accompanying notes is set out in Appendix I to the Circular, to which Independent Shareholders' attention is drawn. Some principal points are summarised below.

(i) Consolidated income statement

The following are summaries of the audited results of the Group for the three years ended 31 December 2006.

	Year ended 31 December		
	2004	**2005**	**2006**
	HK$'000	**HK$'000 Restated**	**HK$'000**
Revenue	3,610,791	5,786,386	7,503,428
Profit before tax	59,725	342,157	316,189
Tax	(52,322)	(110,642)	(70,152)
Profit for the year	7,403	231,515	246,037
Attributable to :			
Shareholders of the Company	4,772	221,703	200,815
Minority interests	2,631	9,812	45,222
	7,403	231,515	246,037

The following tables present revenue and results information for the Group's business segments for the two years ended 31 December 2006.

	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Consolidated
Year ended 31 December 2006							
HK$'000							
Segment revenue:							
Sales to external customers	1,602,930	274,752	5,074,136	538,006	13,604	—	7,503,428
Other income	37,039	120	9,756	15,193	5,637	—	67,745
	1,639,969	274,872	5,083,892	553,199	19,241	—	7,571,173
Segment results	108,340	76,756	111,025	65,759	15,847	(11,980)	365,747
Year ended 31 December 2005							
HK$'000							
Restated							
Segment revenue:							
Sales to external customers	1,148,078	259,705	4,300,699	—	77,429	475	5,786,386
Other income/ (expenses)	(3,138)	78,463	21,602	—	—	10	96,937
	1,144,940	338,168	4,322,301	—	77,429	485	5,883,323
Segment results	173,383	177,792	82,631	—	(6,620)	(15,507)	411,679

At present, based on the segment results as shown above, the import and export of commodities is the largest contributor to the results of the Group. The Group anticipates profit from its oil business will become the largest contributor to the Group's results in the future after Completion.

In 2005, the Group's revenue increased by 60.3% to HK$5,786.4 million. It achieved a profit attributable to Shareholders of HK$221.7 million, representing an increase of 45.2 times when compared to HK$4.8 million for 2004. The improved financial performance for 2005 was primarily attributable to the aluminum smelting, coal mining and the import and export of commodities businesses acquired by the Group in March 2004.

In 2006, the businesses of aluminum smelting, coal mining and the import and export of commodities formed the basis for the increase in the Group's turnover. The Group's revenue rose from HK$5,786.4 million in 2005 to HK$7,503.4 million in 2006, representing a 29.7% increase. This increase was primarily due to the commencement of Chinese steel exports to Europe and the Middle East in the first half of 2006, which is a new business line for the import and export business. The manganese mining and processing business made a contribution to the Group's revenue from April 2006 following completion of the establishment of the manganese joint venture. There was also an increase in aluminum sales which was driven by higher selling prices despite a partial offset brought about by a drop in sales volume. Increases in selling and distribution costs and administrative expenses resulted from the acquisition of the manganese mining and processing business and the Seram Interest in 2006. There was also an increase in finance costs mainly attributable to the increase in trade finance associated with the import and export of commodities and the commencement of the Group's manganese mining and processing business. There was a gain on sales of coal exploration interests of HK$78.5 million (after tax: HK$55.0 million) in 2005. Excluding this extraordinary income, the profit arising from the ordinary activities increased by 20.5% in 2006.

(ii) Consolidated balance sheet

The following is a summary of the Group's audited assets and liabilities as at 31 December 2006.

	31 December 2006 **HK$'000**
Non-current assets	4,373,701
Current assets	4,954,660
Total assets	9,328,361
Current liabilities	2,854,539
Non-current liabilities	2,968,733
Total liabilities	5,823,272
Equity attributable to Shareholders	3,225,343
Minority interests	279,746
Total equity	3,505,089

As at 31 December 2006, the Group had total assets of HK$9,328.4 million, with property, plant and equipment of HK$2,391.5 million (accounting for 25.6%), prepayments, deposits and other receivables of HK$1,883.7 million (accounting for 20.2%), and cash and bank balances were HK$850.7 million (accounting for 9.1%). Total liabilities amounted to HK$5,823.3 million, including bank and other loans of HK$3,802.6 million (accounting for 65.3%).

Based on such balances, the Group had a current ratio of 1.7 times and a gearing ratio of 54.1% (being total borrowings divided by equity attributable to Shareholders plus total borrowings).

3. Previous and current oilfield investments

The Group first entered the oil sector in October 2004 by acquiring the Dagang Interest from CITIC Group for a cash consideration of US$21.2 million (HK$165.4 million). In February 2006, the Group exercised its option to convert the Dagang Interest with a then carrying value of US$27.4 million (HK$213.7 million) into 8,591,434 shares of Ivanhoe Energy Inc. ("**Ivanhoe**"), with an aggregate prevailing market value of US$20 million (HK$156 million), representing 3.7% of the then entire issued share capital of Ivanhoe as enlarged by such conversion. The remaining carrying value of the Dagang Interest of US$7.4 million (HK$57.7 million) was converted into a loan of the same amount repayable by Ivanhoe to the Group (the "**Ivanhoe Loan**").

Ivanhoe is an international energy company engaged in the exploration and production of oil and gas. Ivanhoe's subsidiary still operates the Kongnan Block within the Dagang Oilfield. Ivanhoe is currently quoted on the NASDAQ Capital Market and listed on the Toronto Stock Exchange. As at the Latest Practicable Date, the Group held about 3.0% of the issued share capital of Ivanhoe and the Ivanhoe Loan at the level of US$4.3 million (HK$33.5 million) remained outstanding.

In November 2006, the Group acquired the Seram Interest and was appointed the operator in respect of the Seram Block. The purchase price of US$97.4 million (HK$759.7 million) (subject to adjustment) was determined on an arm's length basis after taking into account factors such as the characteristics of the Seram Block, the potential reserves, the exploration upside potential and recoverable costs. The Group has been managing and operating the Seram Block since its acquisition. As of 31 December 2005, the estimated gross reserves of the Oseil Field, the principal field currently in the Seram Block, were 39.1 million barrels comprising 7.0 million barrels of proved reserves, 6.0 million barrels of probable reserves and 26.1 million barrels of possible reserves according to a report prepared by an independent third party oil and gas consultant.

On 8 May 2007, the Company announced that its wholly-owned subsidiary had acquired a 90-day option from an independent third party to purchase 90% of the issued shares of a company holding the right to explore, develop and operate the Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province in the PRC for US$150 million (HK$1,170 million) (subject to adjustment). The oilfield is in the appraisal and development stage and is estimated to have original oil in place of 65 to 75 million tonnes. The right to explore, develop and operate the Hainan-Yuedong Block expires in 2034. The Group has commenced a due diligence review in respect of this asset.

4. Background to and reasons for the Transaction

CITIC Group and CCEL agreed to acquire the Kazakhstan Business by acquiring all of the outstanding common shares of Nations Energy Company Ltd. ("**Nations Energy**") (renamed as CITIC Canada Petroleum Limited) pursuant to an arrangement agreement signed in October 2006.

As the Company is CITIC Group's principal vehicle for its energy and natural resources investments, CITIC Group granted a right to the Company to acquire CITIC Group's interest in the Kazakhstan Assets on 27 October 2006. This purchase right provided the Company with the opportunity to review and conduct due diligence and investigations into and assess an investment in the Kazakhstan Business at a nominal cost before committing itself to the Transaction.

An option was also granted by CITIC Group to KMG to acquire an effective 50% interest in the Kazakhstan Assets. Hence, the Transaction structure represents a purchase by the Company of a 50% interest in the Kazakhstan Assets.

5. Principal terms of the Transaction Agreements

As discussed in the paragraph headed "Business of the Group", the Group's investments are in energy and natural resources with an increasing focus on oil. The growth of Asian economies, particularly in the PRC and India, has contributed to strong demand for oil in recent years. The Directors are of the view that the demand in Asia, together with the strong demand in the United States of America, Japan and Europe, will continue. It is the strategic goal of the Group to further its interests in the oil business. With such development strategy in mind, the Company has entered into the Transaction.

(i) Assets to be purchased by the Company

Pursuant to the Transaction Agreements, the Company will purchase from CITIC Group the entire issued share capital of RNL and the full benefit of the KEL Indebtedness in the amount of about US$1,003.5 million (HK$7,827.3 million) owing by KEL to CITIC Group.

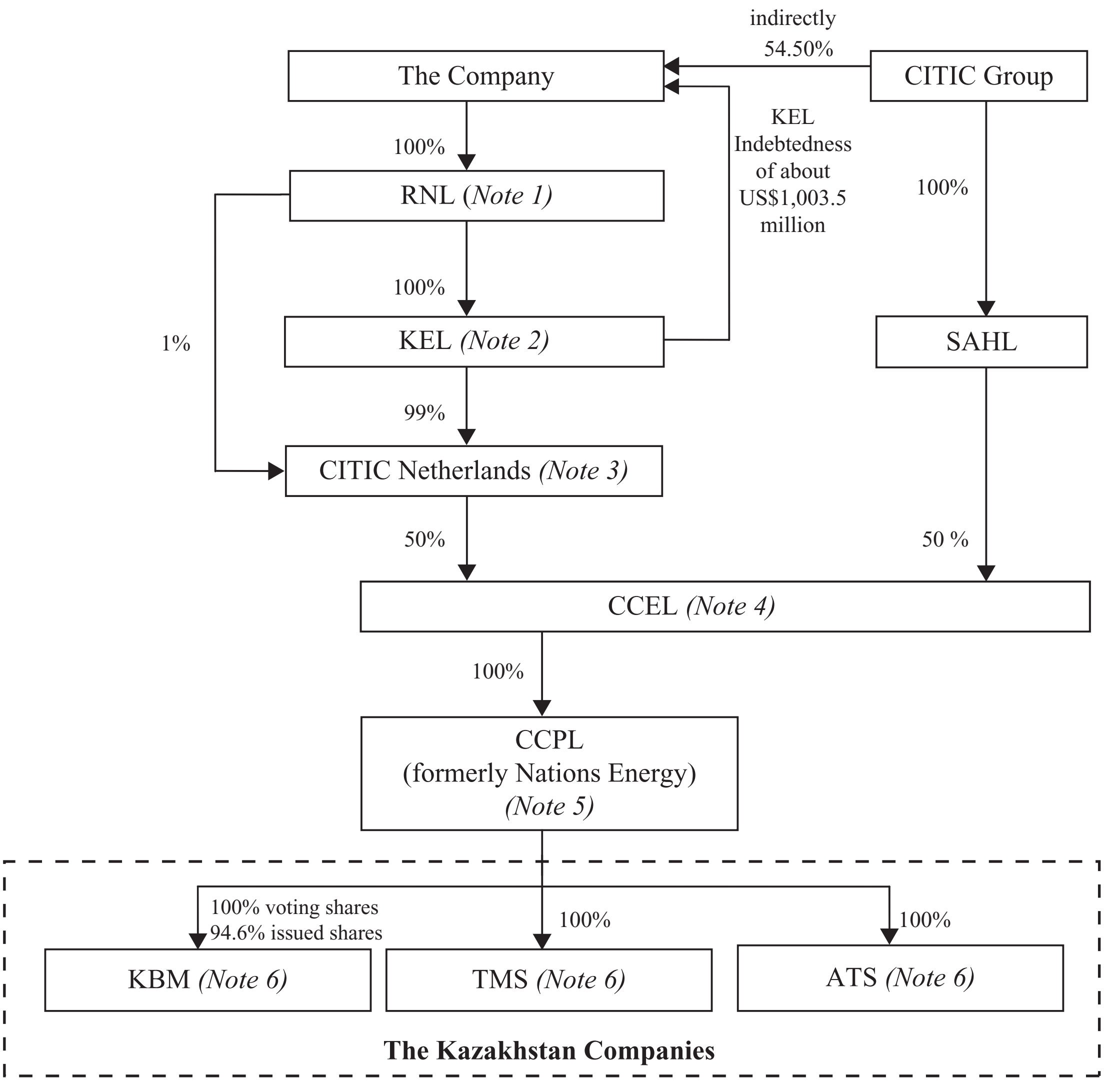
Following Completion, the Company will be effectively interested in (i) 47.3% of the total issued shares, representing 50% of the voting rights, of KBM; (ii) 50% of the participation share in ATS; (iii) 50% of the participation share in TMS; and (iv) the benefit of the KEL Indebtedness. KBM, ATS and TMS are referred to as the Kazakhstan Companies and their principal businesses are, respectively, the development and production of oil at the Karazhanbas oilfield in Kazakhstan, the provision of transportation and other oilfield related logistics services and the provision of oil well drilling, construction and workover services.

(ii) Consideration

The aggregate consideration for the Transaction is about US$1,003,500,001 (HK$7,827,300,008), of which US$1 represents the consideration for the Sale Share and US$1,003,500,000 represents the consideration for the KEL Indebtedness.

(iii) Corporate structure

Set out below is the simplified corporate structure of the RNL Group as it will be immediately after Completion:



Notes:

1. RNL is an intermediate holding company for the Kazakhstan Companies. It has a nominal share capital.
2. KEL is an intermediate holding company.
3. CITIC Netherlands is an intermediate holding company.
4. CCEL will be beneficially owned 50% by CITIC Netherlands and 50% by SAHL at Completion. The CCEL shares owned by SAHL are expected to be transferred to KMG under the KMG Option.
5. Nations Energy was incorporated in 1996. It was acquired by CITIC Group in December 2006 and its name was changed to CITIC Canada Petroleum Limited in January 2007.
6. KBM, TMS and ATS are the operating subsidiaries of CCPL carrying on oil production activities and related services at the Karazhanbas oilfield, Kazakhstan. KBM has issued preference shares to its employees representing 5.4% of the total issued shares of KBM.

Pursuant to the Transaction Agreements, the Company will effectively take the place of CITIC Group as the owner of the share capital of RNL and as the beneficiary of the KEL Indebtedness.

As at the Latest Practicable Date, CITIC Group was interested in 94.6% of the equity, representing 100% of the voting rights, of KBM. The remaining 5.4% equity interest in KBM comprises non-voting preference shares held by current and former employees of KBM. These preference shares confer upon their holders the right to receive the higher of (i) annual fixed cumulative dividend of 20% of their nominal value and (ii) the rateable amount of dividends declared and paid by KBM in respect of all shares of KBM. The chartered capital of each of ATS and TMS consists of a 100% participation share wholly-owned by CCPL.

6. Information on the RNL Group and the Karazhanbas oilfield

(i) Business of the RNL Group

RNL is an investment holding company incorporated in the British Virgin Islands on 26 July 2005 and is used solely for the purpose of acquiring and holding Nations Energy, which was funded by a loan from CITIC Group. At Completion, the attributable assets of RNL will be (i) 47.3% of the total issued shares, representing 50% of the voting rights, of KBM; (ii) 50% of the participation share in ATS; and (iii) 50% of the participation share in TMS.

KBM is a joint stock company established in 1993 under the laws of Kazakhstan and holds the right granted by the Kazakhstan government to carry out the exploration, development and production of oil in the Karazhanbas oilfield in Kazakhstan until 2020. The Karazhanbas oilfield has an estimated 363.8 million barrels of proved reserves as of 31 December 2006.

The principal activities of ATS are the provision of transportation and other oilfield related logistics services. TMS is principally engaged in the provision of oil well drilling, construction and workover services.

(ii) Financial information on the RNL Group

(a) Past performance of the RNL Group

As the acquisition of Nations Energy (and thereby the Kazakhstan Companies) was only completed on 29 December 2006 and all other subsidiaries of RNL are investment vehicles with no prior business activities, no consolidated income statement of the RNL Group has been prepared.

(b) Financial position of the RNL Group

Set out below is the audited consolidated balance sheet of the RNL Group as at 31 December 2006 extracted from the accountants' report of the RNL Group as set out in Appendix II to the Circular. On 29 December 2006, CCEL, a subsidiary of RNL, acquired a 100% interest in CCPL. Therefore, a 100% interest in the CCPL Group has been consolidated in the RNL Group. CITIC Group will make an arrangement to retain a beneficial ownership in 50% of the issued shares of CCEL through SAHL (a direct wholly–owned subsidiary of CITIC Group) on or before Completion. Therefore, RNL will only hold (indirectly) 50% of CCEL when it is acquired by the Company under the Transaction. The 50% interest in CCEL retained by CITIC Group and to be disposed of under the KMG Option is shown below as "Interests in jointly-controlled entities held for sale" at a value of HK$6,811.0 million.

	31 December 2006 **HK$'000**
Non-current assets	
Property, plant and equipment	18,088,593
Intangible assets	4,563
Other assets	46,050
	18,139,206
Current assets	
Inventories	210,194
Accounts receivable	233,317
Prepayments, deposits and other receivables	214,659
Tax recoverable	54,371
Cash and cash equivalents	1,769,040
	2,481,581
Interests in jointly-controlled entities held for sale	6,810,976
	9,292,557
Current liabilities	
Accounts payable	100,036
Tax payable	380,676
Accrued liabilities and other payables	986,785
Due to the ultimate holding company	14,616,929
Interest-bearing bank and other borrowings	1,580,113
	17,664,539
Net current liabilities	(8,371,982)
Total assets less current liabilities	9,767,224
Non-current liabilities	
Interest-bearing bank and other borrowings	506,879
Deferred tax liabilities	9,109,278
Provision for dismantlement	91,289
	9,707,446
Net assets	59,778
Equity	
Issued capital	—
Reserves	4,165
	4,165
Minority interests	55,613
	59,778

Oil properties

As at 31 December 2006, the major assets of the RNL Group were its property, plant and equipment, which amounted to HK$18,088.6 million, representing 65.9% of the RNL Group's total assets. As set out in note (a) of the consolidated financial information on the RNL Group in Appendix II to the Circular, included in the property, plant and equipment of the RNL Group are oil properties amounting to HK$17,833.1 million, representing 98.6% of the total property, plant and equipment of the RNL Group. Oil properties are valued based on the cost of acquisition by CCEL, and include holding costs and expenses, and a deferred tax impact on fair value uplift. The Company has performed a sensitivity analysis based on cash flow projections to satisfy itself on the value of this asset.

The Karazhanbas oilfield maintains oil production facilities, including oil processing facilities, oil gathering and transportation lines, steam generators, an electrical distribution system, water injection and disposal systems, and storage facilities with a capacity of 54,000 tonnes (360,720 barrels). In addition, KBM owns one drilling rig and 17 workover rigs with associated equipment which it leases to TMS, and about 530 vehicles which it leases to ATS.

Cash and borrowings

As at 31 December 2006, there were cash and cash equivalents of HK$1,769.0 million. Out of the total borrowings of HK$2,087.0 million, HK$1,750.3 million are bank loans and the remaining HK$336.7 million are non-callable five-year coupon bonds issued by KBM and listed on the Kazakh Stock Exchange in December 2003. The bonds bear interest at a floating rate depending on the inflation index, capped at a maximum rate of 14%.

Interests in jointly-controlled entities held for sale

The balance of HK$6,811.0 million represents the 50% interest in CCEL (held by RNL at 31 December 2006) which will be retained by CITIC Group and is to be disposed of by CITIC Group to KMG in the event the KMG Option is exercised.

Due to the ultimate holding company

The HK$14,616.9 million is an amount due from KEL to CITIC Group. The amount is unsecured, interest free and has no fixed repayment terms. Following Completion, HK$7,805.9 million will be due from KEL to the Company and the balance of HK$6,811.0 million will remain owing to CITIC Group.

Tax payable

The license for the right to explore, develop and produce oil in the Karazhanbas oilfield granted to KBM by the Kazakhstan government on 7 May 1997 requires KBM to pay certain taxes and other amounts. These taxes primarily comprise corporate income tax, withholding tax on payments to persons not resident in Kazakhstan, excess profits tax, value added tax on domestic oil sales and any services provided to third parties in Kazakhstan, excise tax on domestic oil sales, royalties, production bonuses, and property tax. ATS and TMS are also required to pay certain taxes, including corporate income tax, withholding tax, excess profits tax, value added tax on sales and services provided to third parties in Kazakhstan and property tax, in accordance with Kazakhstan laws and regulations from time to time.

Deferred tax liabilities

Deferred tax amounted to HK$9,109.3 million. Based on note (n) of the consolidated financial information on the RNL Group in Appendix II to the Circular, the deferred tax liabilities were mainly attributable to the revaluation of property, plant and equipment of the RNL Group compared to carrying amount following the acquisition of Nations Energy. Most of the balance represents the tax effect of the increase in asset value of HK$15,305.6 million taking into account the effective tax rate of Kazakhstan.

(iii) Financial information on the CCPL Group

CCPL is interested in 94.6% of the total issued shares (representing 100% of the voting rights) of KBM, 100% of the participation share in TMS and 100% of the participation share in ATS. Prior to the acquisition of CCPL by CITIC Group, CCPL disposed of all its assets other than the Kazakhstan Companies (the "**Non-Kazakh Business**"). Below is the combined financial information on the CCPL Group, being the combined financial information on CCPL (on a stand-alone basis) and its subsidiaries (being the Kazakhstan Companies) with a carve-out of the Non-Kazakh Business as at and for the three years ended 31 December 2006. The accountants' report on the CCPL Group is set out in full in Appendix III to the Circular.

	2004 **HK$'000**	**2005** **HK$'000**	**2006** **HK$'000**
Revenue	3,293,107	5,107,472	6,377,844
Cost of sales	(896,339)	(1,126,544)	(1,643,879)
Gross profit	2,396,768	3,980,928	4,733,965
Other income	3,733	8,090	18,684
Selling and distribution costs	(517,189)	(482,332)	(446,746)
Administrative expense	(469,095)	(415,960)	(621,191)
Other operating expenses, net	(76,283)	(92,372)	(109,816)
Finance costs	(150,932)	(181,497)	(265,747)
Profit before tax	1,187,002	2,816,857	3,309,149
Tax	(1,140,465)	(1,620,787)	(1,901,437)
Profit for the year	46,537	1,196,070	1,407,712
Attributable to:			
Equity holders of the holding company	33,719	1,125,068	1,313,172
Minority interests	12,818	71,002	94,540
	46,537	1,196,070	1,407,712
Dividends	163,512	514,026	560,558

Note: As the Company will have a 50% attributable interest in CCPL after Completion, the Company's share in the profits attributable to equity holders of the holding company will be 50% instead of 100%.

For the year ended 31 December 2004

In 2004, about 99.9% of the total revenue, after payment of royalties and settlement of a hedge loss, of the CCPL Group of HK$3,293.1 million was derived from the sale of oil at a gross profit margin of 72.8%. The CCPL Group recorded a net profit attributable to equity holders of the holding company of HK$33.7 million.

The effective tax rate of the CCPL Group was 96.1% in 2004. During the year, KBM projected that its cumulative internal rate of return would reach 30% in 2005, which under the subsoil use contract triggers an excess profits tax at an effective rate of 21%. Therefore, in 2004, KBM provided deferred tax at an effective tax rate of 51% instead of 30%, which was the rate at which deferred tax had been provided for in the previous operating periods prior to 2004, leading to the high tax charge.

For the year ended 31 December 2005

Revenue after payment of royalties of the CCPL Group in 2005 was HK$5,107.5 million, a significant increase of 55.1% as compared with the preceding year. Such growth was primarily due to increases in international oil prices, as evidenced by the increase in the average benchmark end-market quote for Urals Mediterranean crude oil of US$34.5 per barrel and Dated Brent crude oil of US$38.3 per barrel in 2004 to US$50.9 and US$54.5 respectively in 2005. The increase in revenue was offset in part by a decrease in the sales volume of oil produced in the Karazhanbas oilfield from 15.5 million barrels in 2004 to 14.8 million barrels in 2005. The reduction of production was mainly caused by unusually low temperatures in the winter. Increase in gross profit margin from 72.8% in 2004 to 77.9% in 2005 was due to a one-off hedging loss of HK$349.4 million in 2004. Net profit attributable to equity holders of the holding company increased by 32.4 times to HK$1,125.1 million when compared to 2004, due mainly to the factors described above and the one-off additional deferred tax recognised in 2004.

Tax expense increased by 42.1% from HK$1,140.5 million in 2004 to HK$1,620.8 million in 2005. This was primarily due to an increase in profit before tax over the same period.

For the year ended 31 December 2006

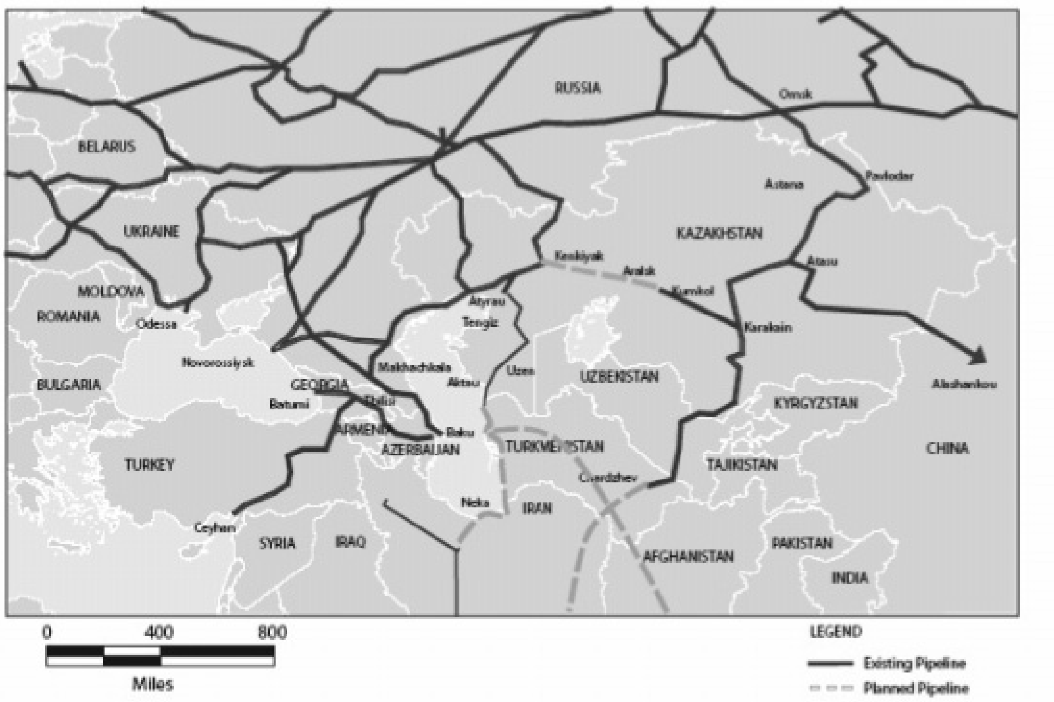
Revenue after payment of royalties increased by 24.9% from HK$5,107.5 million in 2005 to HK$6,377.8 million in 2006. This growth resulted from rising international oil prices reflected in the increase in the average benchmark end-market quote for Urals Mediterranean crude oil of US$50.9 per barrel and Dated Brent crude oil of US$54.5 per barrel in 2005 to US$61.4 and US$65.1 respectively in 2006.

The increase in revenue was also attributable to the increase in the sales volume of oil produced in the Karazhanbas oilfield from 14.8 million barrels in 2005 to 15.6 million barrels in 2006. The increase in sales volume was mainly a result of the increase in the number of wells drilled in the Karazhanbas oilfield in 2006.

(iv) *Location and characteristics of the Karazhanbas oilfield*

The Karazhanbas oilfield is located on the shore of the Caspian Sea. The oilfield is in close proximity to pipelines and port facilities supplying oil to the major markets in Central Asia, Europe and the Middle East. It covers a gross area of approximately 160 square kilometers with a depth of up to 500 meters. The Karazhanbas oilfield is characterised by its shallow depth and low paraffin content of its oil, making it less capital intensive to drill than oilfields with deep underground reserves or higher paraffin content.

The following map sets forth the existing and planned major pipeline routes in Kazakhstan and neighboring countries:



As can be seen from the above map, the Karazhanbas oilfield is strategically located within the pipeline system bringing oil to the European markets.

(v) Oil production

As at 31 December 2006, the Karazhanbas oilfield had about 1,160 active wells. The average volume of oil produced per day in 2004, 2005 and 2006 was about 42,568 barrels, 40,961 barrels and 42,535 barrels respectively. The majority of the oil produced is delivered to two major export distributors, Euro-Asian Oil AG and Glencore International AG, with the remainder being supplied to the domestic market.

The performance of the Karazhanbas oilfield for 2006 was as follows:

Revenue from sales of oil (before payment of royalties)	HK$6,579.5 million
Sales volume	15.6 million barrels of oil
Average sales price per barrel	HK$421.8 (US$54.1)

(vi) Drilling programme

The table below sets out information on the number of wells drilled by KBM for the three years ended 31 December 2006:

	Productive	**Dry**	**Total**
Year ended 31 December 2004	105	2	107
Year ended 31 December 2005	132	3	135
Year ended 31 December 2006	194	11	205

Based on the above table, the ratio of productive to dry wells is high.

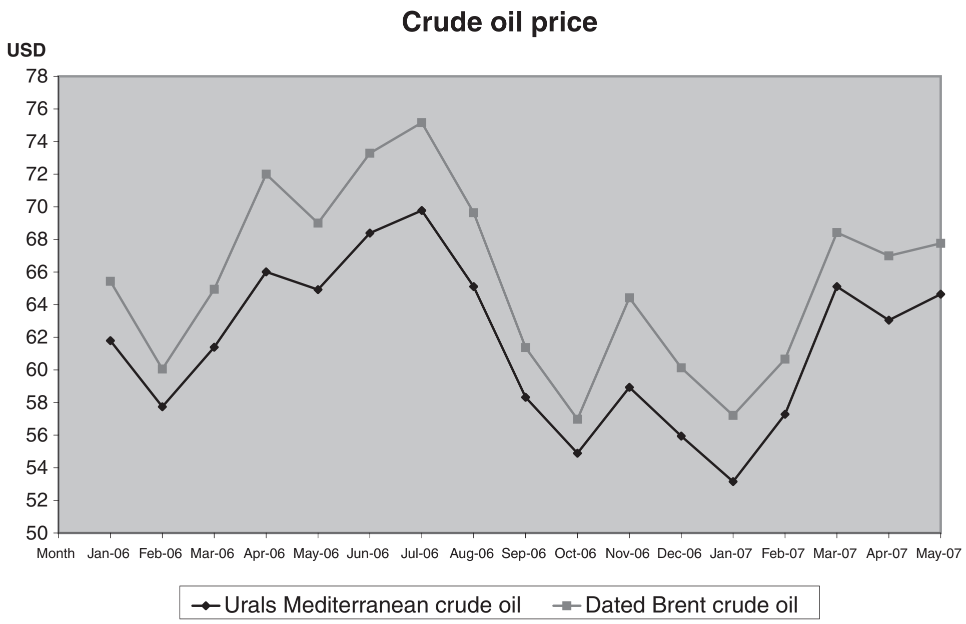
(vii) Oil reserves

According to the BP Statistics Review of World Energy published in June 2006, Kazakhstan had 39,600 million barrels of proved reserves as of the end of 2005, which is 3.3% of total proved reserves worldwide. Kazakhstan has the eighth largest oil reserves in the world and the largest oil reserves in the Caspian Sea region. In 2005, oil production in Kazakhstan accounted for 1.6% of the global production.

As set out in the letter from the Board, the Karazhanbas oilfield has an estimated 363.8 million barrels of proved reserves as of 31 December 2006. In addition, as of that date, there were probable reserves of 74.6 million barrels and possible reserves of 21.6 million barrels.

(vii) Oil prices

For the month of December 2006, when CCEL completed the acquisition of CCPL, the weighted average crude oil realised price was US$43.3 per barrel, as compared to a recent price of US$67.8 per barrel for Urals Mediterranean crude oil and US$68.5 per barrel for Dated Brent crude oil. The following graph indicates the price trend of Dated Brent crude oil and Urals Mediterranean crude oil from 1 January 2006 to 31 May 2007:



Source: Bloomberg

During the process of negotiating the Transaction Agreements, the price of crude oil has appreciated which has turned out to be a favourable factor for the Company.

7. Funding of the consideration

A refundable deposit of US$200 million (HK$1,560 million) has already been paid by the Company to CITIC Group. The final payment of about US$803.5 million (HK$6,267.3 million) payable upon Completion is to be funded by available internal resources and third party debt and borrowing. We regard the net proceeds of the Company's issue of US$1,000 million (HK$7,800 million) 6.75% senior notes due 2014 (the "**Senior Notes**"), which completed on 17 May 2007, as a satisfactory form of long-term funding for the Transaction.

8. Financial effects of the Transaction on the Group

Upon Completion, the accounts of the CCEL Group will be proportionately consolidated into the Group's financial statements.

(i) Net assets

Based on the pro forma financial information on the Enlarged Group as set out in Appendix IV to the Circular, the effect of the Transaction on the net assets of the Group is neutral. Net assets are shown to increase from HK$3,505.1 million to HK$5,286.9 million due to the Company's issue of the 700 million new Shares at the issue price of HK$2.46 each in February and April of 2007, generating gross proceeds of HK$1,722.0 million. The proceeds of the issue were intended to finance acquisitions in the natural resources and energy sectors. Part of the proceeds of the issue was used to repay loans which financed the deposit of US$200 million (HK$1,560 million) paid by the Company to CITIC Group in respect of the Transaction.

(ii) Gearing and working capital

The Group's gearing ratio (defined as total borrowings divided by equity attributable to Shareholders plus total borrowings) as at 31 December 2006 was 54.1%. After the issue of the 700 million new Shares and the issue of the Senior Notes, the gearing ratio of the Enlarged Group will increase to 70.7%. However, as the Senior Notes are long term in nature and the cash flow from CCEL is positive (as discussed below), we consider the increase in gearing is not excessive.

According to the pro forma combined cashflow statement of the Enlarged Group upon Completion, after accounting for the Group's 50% share of CCEL, there would be a turnaround of net cash outflow from operating activities of HK$254.9 million to an unaudited pro forma adjusted net cash inflow from operating activities of HK$2,478.2 million. Based on the combined cash flow statements of the CCPL Group as set out in Appendix III to the Circular, the CCPL Group generated HK$2,354.6 million in net cash inflow from operating activities in 2006. It is expected that the CCPL Group will have adequate liquidity and resources to meet its short-term obligations. Nevertheless, whether the CCPL Group is able to generate additional working capital to enhance the overall cashflow position of the Company and the rest of the Enlarged Group will depend on the capital requirements of the CCPL Group which, in particular, will be affected by the expansion of the oil production facilities and supporting infrastructure and the development cost of new technologies for extracting oil.

(iii) Profit and loss

Upon Completion, the Group will, on a consolidated basis, be entitled to account for 50% of the results of the CCEL Group. The pro forma combined income statement of the Enlarged Group for 2006 is set out in Appendix IV to the Circular. On this basis, revenue would increase from HK$7,503.4 million to HK$10,692.4 million. Profit attributable to Shareholders would fall from HK$200.8 million to HK$165.3 million, after payment of estimated interest of HK$552.7 million on the Senior Notes. However, in view of the encouraging prospects for CCEL, we do not consider the pro forma effect on the 2006 results to be representative of likely future performance.

9. Management of the CCEL Group

Assuming that the KMG Option is exercised (which we consider likely) and that Completion occurs, the Company and KMG will each hold 50% of CCEL. The CCEL Group is expected to be managed as a joint venture by the Company and KMG.

The Company will have the right to nominate the chief executive officer of CCEL, CCPL and each Kazakhstan Company and the technical director of KBM during the first five years of the joint venture, with KMG nominating the deputy chief executive officer of CCEL, CCPL and each Kazakhstan Company and the chief financial officer of KBM during the same period. In addition, the Company and KMG will have the right to each appoint a marketing and commercial director of KBM.

Decisions of the board of directors of CCEL, CCPL and the Kazakhstan Companies on major matters such as approval of annual work programs, annual budgets and capital expenditure programs, long term oil supply contracts, the acquisition or disposal of major assets and amendments to the policy as to dividends will be determined by unanimous approval. The Company will have the right to appoint a majority of the directors to the boards of CCEL, CCPL and KBM. ATS and TMS will be managed by a management board comprising two members, one appointed by the Company and the other by KMG.

Since the Company will have majority representation on the board of CCEL, CCPL and KBM and will have the right to appoint the chief executive officer of CCEL, CCPL and each Kazakhstan Company for the first five years following the exercise of the KMG Option, the Directors believe the Company will be able to lead the day-to-day management and operation of the Karazhanbas oilfield.

Under the existing terms of the KMG Option, unless otherwise agreed, members of the CCEL Group will distribute by dividends and other distributions all of their distributable reserves to their respective shareholders. CCEL will pay dividends to its shareholders rateably and equally except that KMG shall have a right to receive the Preferential Dividend in priority to any dividends payable to the Company if the dividends declared and paid by CCEL are less than US$32.4 million (HK$252.7 million) in any year. In addition, CITIC Group has agreed to procure financing for KMG if the KMG Option is exercised. In such case, a cost will be incurred by RNL for which provision has been made in the audited consolidated financial statements of the RNL Group.

KMG and the Company will provide certain management and other services to members of the CCEL Group in consideration of net service fees of US$10 million (HK$78 million) per annum.

10. Risk factors

The Independent Shareholders may wish to bear in mind the following risk factors when considering the Transaction :

(i) Highly capital intensive business nature

Oil exploration and production are capital intensive activities. New production technologies are expected to be introduced to improve recovery rate and production volumes in the later years of the production life of an oil well. Supporting infrastructure and facilities are needed to enhance oil well management and minimise oil wastage. It is uncertain whether bank or other loans facilities can be obtained to fund such capital investment. In that case, the Group may have to use its own resources to develop the Kazakhstan Business.

(ii) Transportation facilities and quotas

Oil produced from the Karazhanbas oilfield is transported through pipelines owned or operated by third parties which may impose an access risk to the Group. Disruption in operation of pipelines due to, among other things, repair and maintenance and damage caused by bad weather conditions or insufficient capacity to transport increased oil volume will result in transportation delays for oil producers.

The majority of the oil production from the Karazhanbas oilfield will be transported through pipelines across national borders for export sales. There are intergovernmental agreements on the establishment of transportation quotas through pipelines of relevant countries. There is no assurance that adequate transportation quotas would be allocated to KBM which may then affect its oil exports.

(iii) *Uncertainty about estimated oil reserves*

The oil reserves data of the Karazhanbas oilfield presented in the Circular represent estimates only. Actual production, revenue and expenditure with respect to the reserves may differ materially from these estimates. Many of the factors, assumptions and variables involved in estimating reserves are beyond KBM's control and may prove to be incorrect over time.

(iv) *Regulatory considerations*

The Kazakhstan government exercises control over the Kazakhstan petroleum industry, including with respect to exploration and production licensing, pricing mechanism, import and export quotas and procedure, and environmental and safety standards. The Kazakhstan government requires oil producers to supply a certain amount of their oil production to domestic refineries at prices that are substantially lower than the prices that may be charged for export sales. However, there is no legally binding document setting forth the price and quantity at which domestic sales must be made. The performance of the Kazakhstan Business may be adversely affected by future changes in policies of the Kazakhstan government in respect of the oil industry.

(v) *Volatility of oil prices*

Oil prices may fluctuate in response to changes in many factors, such as global and regional supply and demand for oil and refinery products, price and availability of other energy sources, global political and economic conditions, and the ability of the Organisation of Petroleum Exporting Countries and other petroleum producing nations to set and maintain production level and prices. Oil prices have recently been at levels of about US$67.8 per barrel for Urals Mediterranean crude oil to US$68.5 per barrel for Dated Brent crude oil. These prices may fall back to lower levels.

DISCUSSION AND ANALYSIS

The Company is the holding company for the energy and natural resources interests of its ultimate controlling Shareholder, CITIC Group, which is under the leadership of the State Council of the PRC. The Company currently manages and operates the Seram Block. The principal field in the Seram Block, the Oseil Field, has estimated gross reserves of 39.1 million barrels as of 31 December 2005. The Company has just recently acquired an option to purchase indirectly an interest in the Hainan-Yuedong Block in Bohai Bay Basin in the PRC for US$150 million (HK$1,170 million) (subject to adjustment). The Transaction will further expand the Company's oil interests significantly, which is its stated policy.

The consideration payable by the Company to CITIC Group in respect of the Transaction is about US$1,003.5 million (HK$7,827.3 million) and is based on the cost to CITIC Group, including holding costs and expenses. Based on the letter from the Board, the estimated proved reserves of the Karazhanbas oilfield are 363.8 million barrels as of 31 December 2006. The weighted average realised price of crude oil at December 2006 was US$43.3 per barrel, a relatively low level compared to the latest oil price of US$67.8 per barrel for Urals Mediterranean crude oil and US$68.5 per barrel for Dated Brent crude oil.

Based on the pro forma financial information on the Enlarged Group set out in Appendix IV to the Circular, the effect of the Transaction on the Company's net assets will be neutral. Gearing will increase, but not to a level we consider imprudent, bearing in mind among other factors the long term nature of the financing of the Transaction and the strong cash flow of the Kazakhstan Companies.

The pro forma impact on earnings will initially be negative, but we do not consider the pro forma impact on the 2006 results fairly reflects the prospects of the Kazakhstan Companies.

A refundable deposit of US$200 million (HK$1,560 million) has been paid from the Group's internal resources and the balance of about US$803.5 million (HK$ 6,267.3 million) will be funded by the net proceeds from the Senior Notes.

The Company's proposed investment in the Kazakhstan Companies is subject to various risk factors. The main ones are summarised in the section headed "Risk factors" above. Although these risks are significant, we do not consider them greater in this case than for typical investments in oil and gas exploration in emerging countries, such as those the Company is undertaking in respect of the Seram Block.

OPINION

Based on the above principal factors and reasons, we consider that the Transaction is on normal commercial terms which are fair and reasonable to the Independent Shareholders and that the Transaction is in the interests of the Company and Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Transaction.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: 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, Tien Room, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 27 June 2007 at 3:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT** the sale and purchase agreement and the agreement to acquire the benefit of debt of KBM Energy Limited both dated 30 April 2007 (collectively, the "**Transaction Agreements**") entered into between CITIC Group and the Company respectively pursuant to which the Company has conditionally agreed to purchase one issued share of US$1 (HK$7.8) par value of Renowned Nation Limited, representing the entire issued share capital of Renowned Nation Limited, and an approximate amount of US$1,003,500,000 (HK$7,827,300,000) owing by KBM Energy Limited to CITIC Group, copies of which have been produced to the Meeting and marked "A" and signed by the Chairman of the Meeting for the purpose of identification be and are hereby approved and the execution, delivery and performance by the Company of the Transaction Agreements be and are hereby ratified, confirmed and approved AND THAT the directors of the Company be and are hereby authorised to do on behalf of the Company whatever they may consider necessary, desirable or expedient for the purpose of, or in connection with, the performance and implementation and completion of the Transaction Agreements and generally to do all acts and deeds and execute or procure the execution of all agreements and documents required or contemplated by the Transaction Agreements and to make such amendments thereto as the directors of the Company may consider necessary, desirable or expedient."

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

Dated 12 June 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.