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CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

MAJOR AND CONNECTED TRANSACTION

SALE AND PURCHASE OF SHARES BETWEEN CONTROLLING SHAREHOLDERS

Acquisition of CRA and CPS

The Company has agreed conditionally to purchase from CITIC Australia the entire issued share capital of each of CRA and CPS for a total consideration of US\$139.5 million (about HK\$1,088.1 million). The total consideration will be satisfied by the allotment and issue to CITIC Australia of an aggregate of 750,413,793 new Shares on the basis of an issue price of HK\$1.45 per Share.

Completion of the acquisition of each of CRA and CPS is conditional on the satisfaction or waiver, as applicable, of various conditions.

Assuming completion of the acquisition of CRA and CPS, the Company will acquire, amongst others, the following principal interests:

- a 22.5% interest in the Portland Joint Venture
- a 81% interest in CATL
- a 7% interest in the Coppabella and Moorvale Joint Venture
- a 13.95% interest in Macarthur Coal Limited; and
- a 5.01% interest in Aztec

Major and Connected Transaction

The Acquisition constitutes a major transaction for the Company under the Listing Rules.

CITIC Australia is an associate of Keentech, a substantial shareholder of the Company. The Acquisition also constitutes a connected transaction for the Company as CITIC Australia is a connected person of the Company. Accordingly, the Acquisition is subject to, amongst others, the approval of the Independent Shareholders at the Special General Meeting. Keentech, USI and their respective associates will abstain from voting on the resolution to approve the Acquisition.

Sale and Purchase of Shares between existing Controlling Shareholders

The Company has been advised by USI and Keentech, the two current controlling shareholders of the Company, that, pursuant to an agreement dated 19 January 2004, USI has agreed conditionally to sell the CRH Sale Shares to Keentech.

Keentech, together with parties presumed to be acting in concert with it, currently controls 74.99% of the issued share capital of the Company. Under the Takeovers Code, USI is presumed to be a party acting in concert with Keentech. If the Consideration Shares are issued to CITIC Australia, Keentech and parties acting in concert with it will hold about 79.63% of the issued share capital of the Company (based on the number of Shares in issue at the date of this announcement as enlarged by the issue of the Consideration Shares).

Change in CITIC's Interest in the Company

CITIC is, through Keentech (an indirect wholly-owned subsidiary of CITIC), interested in approximately 41.26% of the existing issued share capital of the Company. CITIC, through CITIC Australia (a wholly-owned subsidiary of CITIC), will also have an interest in the Consideration Shares. Upon completion of the Acquisition and the issue of the Consideration Shares to CITIC Australia, CITIC's interest in the Company will be 52.15% of the issued share capital of the Company (based on the number of Shares in issue at the date of this announcement as enlarged by the issue of the Consideration Shares). In addition, upon completion of the Acquisition, the issue of the Consideration Shares to CITIC Australia and the sale of the CRH Sale Shares to Keentech, CITIC's interest in the Company will be 64.51% of the issued share capital of the Company (based on the number of shares in issue at the date of this announcement as enlarged by the issue of the Consideration Shares).

Takeovers Code

An application will be made by CITIC Australia and Keentech for a waiver pursuant to Note 6 to Rule 26 of the Takeovers Code from any obligation to make a mandatory general offer that would otherwise arise for all of the Shares in issue not otherwise held by CITIC Australia, Keentech and parties acting in concert with them as a result of the issue of the Consideration Shares and the transfer of the CRH Sale Shares respectively. In the event that the waiver is not granted by the Executive, completion of the sale and purchase of the CRH Sale Shares and the Acquisition will not occur.

Public Float

Assuming full issue of the Consideration Shares to CITIC Australia, the number of Shares held by the public will fall to 20.37% of the total number of issued Shares. If the Stock Exchange permits trading in the Shares to continue, the Stock Exchange will monitor such trading to ensure that a false market does not develop in the Shares and will suspend dealings in the Shares promptly if there is any unusual movement in the price or trading volume of the Shares.

Suspension and Resumption of Trading

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 11:41 a.m. on 19 January 2004 pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 February 2004.

Shareholders and investors should be aware that the Acquisition and transfer of the CRH Sale Shares are subject to various conditions being satisfied or waived as applicable and there is no assurance that completion of the Acquisition and the sale and purchase of the CRH Sale Shares will occur.

Shareholders and investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Directors are pleased to announce that:

- on 19 January 2004 the Company entered into the MoU and the CRA Agreement with CITIC Australia and CITIC and the CPS Agreement with CITIC Australia, CITIC and CP Holdings; and
- on 30 January 2004 the Company entered into the Supplemental Agreement with CITIC Australia, CITIC and CP Holdings.

Pursuant to the MoU, the CRA Agreement, the CPS Agreement and the Supplemental Agreement, the Company has agreed conditionally to purchase, and CITIC Australia has agreed to sell, the entire issued share capital of CRA and CPS respectively for an aggregate consideration of US\$139.5 million (about HK\$1,088.1 million).

Assuming completion of the CRA Agreement and the CPS Agreement, the Company will acquire, amongst others, the following principal interests:

- a 22.5% interest in the Portland Joint Venture
- a 81% interest in CATL
- a 7% interest in the Coppabella and Moorvale Joint Venture
- a 13.95% interest in Macarthur Coal Limited; and
- a 5.01% interest in Aztec

CITIC has agreed conditionally to guarantee the obligations of CITIC Australia under the CRA Agreement and the CPS Agreement.

KEY TRANSACTION AGREEMENTS

MoU

The MoU records the understanding and key terms of the major agreements between the Company, CITIC Australia and CITIC concerning the establishment of CRA and CPS by CITIC Australia to hold the Principal Assets and to be the Australian holding company of the Company and the sale and purchase of CRA and CPS between the Company and CITIC Australia.

CRA Agreement, CPS Agreement and the Supplemental Agreement

In accordance with the terms of the MoU, the Company, CITIC Australia and CITIC have entered into the CRA Agreement. The Company, CITIC Australia and CP Holdings have entered into the CPS Agreement. They subsequently entered into the Supplemental Agreement to amend the terms of the MoU, the CRA Agreement and the CPS Agreement. Details of the MoU, the CRA Agreement, the CPS Agreement and the Supplemental Agreement are set out below.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENTS AND THE SUPPLEMENTAL AGREEMENT

CRA Agreement

Date

19 January 2004

Parties

Vendor:	CITIC Australia
Guarantor:	CITIC
Purchaser:	the Company

Assets to be acquired under the CRA Agreement

100% of the issued share capital of CRA, free from all claims, charges, liens, encumbrances and equities.

CPS Agreement

Date

19 January 2004

Parties

Vendor:	CITIC Australia
Guarantor:	CITIC
Purchaser:	the Company
Nominee:	CP Holdings

Assets to be acquired under the CPS Agreement

100% of the issued share capital of CPS, free from all claims, charges, liens, encumbrances and equities.

Aggregate Purchase Price

The aggregate purchase price for the CRA Shares and the CPS Shares agreed between the Company and CITIC Australia is US\$139.5 million (about HK\$1,088.1 million). The aggregate purchase price has been determined on an arm's length basis between the Company and CITIC Australia and is a price acceptable to the Company and CITIC Australia with reference to the financial performance and the strategic value of CRA, CPS and the Principal Assets.

Consideration Shares

The aggregate purchase price payable by the Company will be satisfied on completion of the Acquisition through the issue and allotment of the Consideration Shares to CITIC Australia or its nominee on the basis of an issue price of HK\$1.45 per Consideration Share.

The issue price of HK\$1.45 per Consideration Share represents a discount of about 10.49% to the closing price of HK\$1.62 per Share quoted on the Stock Exchange on 19 January 2004, being the day on which the Sale and Purchase Agreements were entered into, a discount of about 4.61% to the closing price of HK\$1.52 per Share as quoted on the Stock Exchange on 16 January 2004, being the trading day immediately preceding the date of the Sale and Purchase Agreements, and a premium of about 4.32% to the average closing price of HK\$1.39 per Share as quoted on the Stock Exchange for the last thirty trading days up to and including 16 January 2004 and a premium of about 293.0% to the net asset value per Share of the Company as at 30 June 2003.

The Consideration Shares represent about 22.76% of the existing issued share capital of the Company and about 18.54% of the issued share capital of the Company (based on the number of Shares in issue at the date of this announcement as enlarged by the issue of the Consideration Shares).

The Consideration Shares will be issued free from all claims, charges, liens, encumbrances and equities and will, as from the date of their issue, rank equally in all respects with all Shares then in issue.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions relating to the CRA Agreement

Completion of the acquisition of CRA is conditional upon the following conditions, amongst others, being satisfied or waived by the Company and/or CITIC Australia (as the case may be):

- (a) the Company being satisfied with the results of its due diligence investigations into CRA and its subsidiaries;
- (b) all necessary approvals from Shareholders having been obtained including a resolution of the Independent Shareholders in general meeting approving, amongst others, the purchase of the CRA Shares and the issue of the relevant number (the aggregate of this number and the number of Consideration Shares to be issued pursuant to the CPS Agreement equals the Consideration Shares) of Consideration Shares to be issued pursuant to the CRA Agreement;
- (c) the Listing Committee of the Stock Exchange having granted listing of, and permission to deal in, the relevant number of Consideration Shares to be issued pursuant to the CRA Agreement;
- (d) if applicable, the approval of the Bermuda Monetary Authority for the issue of the relevant number of Consideration Shares to be issued pursuant to the CRA Agreement;
- (e) the obtaining of any consents or approvals from any third party or government agency deemed by the Company or CITIC Australia to be necessary for the continued operation of the business of CRA and its subsidiaries and/or in connection with the transfer of the CRA Shares;
- (f) the granting, in a form acceptable to the Company and CITIC Australia acting reasonably by ASIC of an exemption from, or modification of, the application of Chapter 6 of the Australian Corporations Law to the Company and its associates and USI in relation to the 81% interest in CATL held by CRA (this condition precedent has no effect if USI ceases to have voting power of less than 20% in CATL prior to completion of the purchase of the CRA Shares by the Company);
- (g) Foreign Investment Review Board of Australia approval;
- (h) the issue of a waiver to Keentech and parties acting in concert with it (as such expression is defined in the Takeovers Code) in a form reasonably acceptable to CITIC by the Executive waiving the obligation, if any, on the part of Keentech and parties acting in concert with it under the Takeovers Code from any requirement to make a mandatory general offer for Shares not otherwise held by Keentech and parties acting in concert with it as a result of Keentech's acquisition of the CRH Sale Shares from USI pursuant to an agreement dated 19 January 2004 between Keentech and USI;
- (i) written notice being received from the parties to the CPS Agreement that all parties to that agreement are ready, willing and able to complete that acquisition (subject only to completion occurring under the CRA Agreement) and that they will complete such acquisition (and not withdraw therefrom);
- (j) execution of a lease by CRA for part of the premises at 99 King Street, Melbourne, Victoria, Australia, currently occupied by CITIC Australia on terms agreed between CITIC and the Company;

- (k) CITIC Australia entering into an agreement with CRA or one of its subsidiaries for the purposes of section 721-25 of the Income Tax Assessment Act 1997 (Cth) as provided in the CRA Agreement; and
- (l) the completion of Keentech's acquisition of the CRH Sale Shares from USI mentioned below, unless the interest of USI in the Company immediately before completion of Keentech's acquisition of the CRH Sale Shares is less than 20% of the issued share capital of the Company (in which case this condition will be deemed to be satisfied, provided that completion of Keentech's acquisition of the CRH Sale Shares from USI occurs at the same time as completion of the sale and purchase of the CRA Shares).

Pursuant to the CRA Agreement, the Company has the discretion to waive all or any part of the condition set out in paragraph (a) above, otherwise conditions may only be waived with the agreement of both the Company and CITIC Australia. If the conditions are not satisfied or otherwise waived on or before the day which is 90 days after the date of the CRA Agreement, the CRA Agreement will lapse and no party shall make any claim against any other except for any antecedent breach of the CRA Agreement.

Conditions relating to the CPS Agreement

Completion of the acquisition of CPS is conditional upon the following conditions, amongst others, being satisfied or waived by the Company and/or CITIC Australia (as the case may be):

- (a) the completion of the CRA Agreement in accordance with its terms;
- (b) the Company being satisfied with the results of its due diligence investigations into CPS and its subsidiaries;
- (c) all necessary approvals from Shareholders having been obtained including a resolution of the Independent Shareholders in general meeting approving, amongst others, the purchase of the CPS Shares and the issue of the relevant number (the aggregate of this number and the number of Consideration Shares to be issued pursuant to the CRA Agreement equals the Consideration Shares) of Consideration Shares to be issued pursuant to the CPS Agreement;
- (d) the Listing Committee of the Stock Exchange having granted listing of, and permission to deal in, the relevant number of Consideration Shares to be issued pursuant to the CPS Agreement;
- (e) if applicable, the approval of the Bermuda Monetary Authority for the issue of the relevant number of Consideration Shares to be issued pursuant to the CPS Agreement;
- (f) the obtaining of any consents or approvals from any third party or government agency deemed by the Company or CITIC Australia to be necessary for the continued operation of the business of CPS and its subsidiaries and/or in connection with the transfer of the CPS Shares;
- (g) Foreign Investment Review Board of Australia approval; and
- (h) CITIC Australia entering into an agreement with CPS or one of its subsidiaries for the purposes of section 721-25 of the Income Tax Assessment Act 1997 (Cth) as provided in the CPS Agreement.

Pursuant to the CPS Agreement, the Company has the discretion to waive all or any part of the condition set out in paragraph (b) above, otherwise conditions may only be waived with the agreement of both the Company and CITIC Australia. If the conditions are not satisfied or otherwise waived on or before the day which is 90 days after the date of the CPS Agreement, the CPS Agreement will lapse and no party shall make any claim against any other except for any antecedent breach of the CPS Agreement.

Termination

Both the CRA Agreement and the CPS Agreement contain provisions that allow the Company to terminate them if certain events should occur. These events include the occurrence of a breach of the material obligations of CITIC Australia or CITIC, a substantial loss or damage suffered by CRA or CPS or their respective subsidiaries, a presentation of a petition for the winding-up or liquidation of CRA or CPS or their respective subsidiaries, a material adverse change in the opinion of the Company or a breach of the representations and warranties by CITIC Australia or CITIC, in each case pursuant to the CRA Agreement and CPS Agreement, as the case may be.

Completion

Completion and all matters contemplated under the CRA Agreement will take place at the end of the calendar month being the first end of calendar month following the date on which the last applicable condition to be satisfied has been satisfied or waived (as the case may be) or such other date as the Company, CITIC Australia and CITIC may agree but in any event not later than 90 days after the date of the CRA Agreement.

Completion and all matters contemplated under the CPS Agreement will take place at the end of the calendar month being the first end of calendar month following the date on which the last applicable condition to be satisfied has been satisfied or waived (as the case may be) or such other date as the Company, CITIC Australia and CITIC may agree but in any event not later than 90 days after the date of the CPS Agreement.

Supplemental Agreement

The Supplemental Agreement amends the terms of the MoU, the CRA Agreement and the CPS Agreement following negotiations between the Company, CITIC Australia and CITIC and permits CITIC Australia to retain an additional cash amount of A\$20 million (about HK\$104.1 million) by way of distribution by members of the Target Group resulting in a reduction in the net asset value attributable to the assets to be acquired pursuant to the Acquisition. As a consequence, the consideration payable by the Company has been reduced to US\$139.5 million (about HK\$1,088.1 million). The negotiations also gave an opportunity to the Directors to negotiate an increase in the issue price of the Consideration Shares to HK\$1.45 per Consideration Share to take into account the closing price of the Shares prior to suspension. The Directors believe that the amendments are in the best interests of the Company.

Date

30 January 2004

Parties

Vendor:	CITIC Australia
Guarantor:	CITIC
Purchaser:	the Company
Nominee:	CP Holdings

INFORMATION ON CRA AND CPS

CRA and CPS are both wholly owned subsidiary companies of CITIC Australia, incorporated in the State of Victoria, Australia. Upon completion of the CRA Agreement and CPS Agreement, CRA will hold the Principal Assets.

Portland Joint Venture

CRA's most significant asset will be a 22.5% interest in the Portland Joint Venture through CP Holdings.

The Portland Aluminium Smelter ("PAS") is located at Point Danger, approximately 5 kilometres south of Portland in Western Victoria, Australia. PAS is owned by the Portland Joint Venture.

The Portland Joint Venture is owned by Alcoa of Australia Limited ("AWAC") (55%), Marubeni Aluminium Australia Limited (22.5%) and CITIC Australia (22.5%). PAS is managed on behalf of the owners by Alcoa Portland Aluminium, a wholly-owned subsidiary of Alcoa of Australia Limited. Each participant in PAS is responsible for its share of costs and capital and is entitled to its proportionate share of aluminium production.

PAS is one of the most efficient aluminium smelters in the world. It employs over 600 people, generates over A\$700 million in sales each year and represents a total investment of A\$1.5 billion.

Production at PAS commenced in late 1986, with the second potline coming on line in March 1988 and bringing total number of pots to 408. By 1990, innovations and improvements had increased its capacity from design capacity of 300,000 tonnes per annum to 320,000 tonnes per annum. Subsequent operational improvements have further increased PAS' annual nameplate production capacity to in excess of 345,000 tonnes of high-quality primary aluminium ingot.

PAS sources all of its alumina requirements from AWAC's Kwinana, Pinjarra and Wagerup refineries in Western Australia. The alumina is shipped from Western Australia to Portland port via its own vessel, the MV Portland, and transported to PAS by a 4.5 kilometre enclosed conveyor. PAS's electricity is supplied by the State Electricity Commission of Victoria, under a 30-year base power contract which expires in 2016.

PAS has adopted a vigorous programme to protect the environment. As a result, PAS is one of the cleanest and most efficient smelters in the world. PAS is developing innovative technology to process its spent pot lining which enables it to turn hazardous waste from the smelting process into harmless slag that can be used in the road making or construction industries. PAS has also achieved a reduction in solid general waste from more than 1,100 cubic metres per month in 1989 to less than 2 cubic metres per month today.

CITIC Australia's share of production from its 22.5% interest is approximately 78,000 tonnes per annum of aluminium, which it exports to key customers in the Asia Pacific region, with aluminium shipped to the PRC, Japan and South Korea and other countries. All sales are made via CITIC Australia's exclusive sales agent, CITIC Australia Commodity Trading Pty Ltd, a wholly-owned subsidiary of CATL.

CATL

CATL (stock ticker: CAL.ASX) is listed on the ASX and is principally engaged in trading of commodities and merchandise with a primary focus on the Australia-PRC trade relationship. CATL's product lines which are mainly exported to the PRC include alumina (sourced principally from Australia), fertiliser (sourced from the United States of America), certain steel products such as cold rolled steel sheet in coil (sourced from various regions) and other bulk mineral commodities, which include copper and iron ore from various countries. Its main product lines imported to Australia include auto / industrial batteries, tyres and wheels (sourced principally from the PRC) and steel products (sourced principally from the PRC, South Korea and Taiwan). Based upon its closing price of A\$0.45 on 16 January 2004, it had a market capitalisation of A\$36.1 million (about HK\$216.6 million).

CA Coal

CA Coal's principal assets are a 7% interest in the Coppabella and Moovale Joint Venture and a 13.95% interest in Macarthur Coal Limited (stock ticker: MCC.ASX).

The Coppabella and Moovale Joint Venture comprises the Coppabella coal mine and Moovale coal mine in central Queensland. The joint venture partners consist of Macarthur Coal Limited (73.3%), CA Coal (7%), Marubeni Corporation (7%), Nissho Iwai Corporation (7%), Kawasho Corporation (3.7%) and Nippon Steel Trading (2.0%).

The Coppabella and Moovale Joint Venture is one of only five producers of low volatile "Pulverised Coal Injection" (PCI) coal in Australia. This coal is predominately sold to steel mills for use in the production of pig iron from iron ore in the blast furnace process. The Coppabella coal mine currently has approximately 35% market share of world seaborne low volatile coal production, of which coal is exported to Asia, Europe and Brazil.

The Coppabella coal mine life is currently approximately 13 years. The mine has 155 million tonnes of measured resources and 43 million tonnes of indicated resources. Annual sales volume is approximately 4.2 million tonnes and the mine is currently operating at full capacity to satisfy current demand.

The Moovale coal mine commenced mining operations in December 2002, shortly after the granting of the mining lease on 5 December 2002. Development is soon to be completed. The project is capable of developing into an operating coal mine with a capacity of 1.6 million tonnes product coal. Mine life is currently approximately 8 years. Open cut measured resources of 32.7 million tonnes has been identified.

Macarthur Coal Limited is an Australian resources company whose major assets is its 73.3% interest in the Coppabella and Moovale Joint Venture. It is listed on the ASX. Based upon its closing price of A\$1.45 on 16 January 2004, it had a market capitalisation of A\$186.4 million (about HK\$1,118.4 million).

Aztec Resources Limited

Aztec (stock ticker: AZR.ASX) is an Australian minerals exploration company listed on the ASX with interests in projects located in Western Australia and Queensland. The company is primarily focused on the evaluation and development of the Koolan Island iron ore project in Western Australia. Based upon its closing share price of A\$0.145 on 16 January 2004, it had a market capitalisation of A\$40.9 million (about HK\$245.4 million).

Financial Information

Assuming that the Target Group had been in existence since 1 January 2001, then

- for the year ended 31 December 2001, CRA would have had combined net profits before and after taxation and extraordinary items of A\$52.9 million (about HK\$209.8 million) and A\$37.4 million (about HK\$148.3 million) respectively and as at 31 December 2001, net assets of A\$143.0 million (about HK\$567.1 million); and
- for the year ended 31 December 2002, CRA would have had combined net profits before and after taxation and extraordinary items of A\$39.6 million (about HK\$175.0 million) and A\$22.4 million (about HK\$99.0 million) respectively and as at 31 December 2002, net assets of A\$184.4 million (about HK\$814.9 million).

The above figures were extrapolated from the audited consolidated financial statements of CITIC Australia for each of the years ended 31 December 2001 and 2002 which were prepared under the general accepted accounting principles in Australia ("Australian GAAP"). The amounts in A\$ were translated into HK\$ at the exchange rates set out in the section below "Financial Information relating to the Target Group".

Financial Information relating to the Group

(HK\$ million)	Fiscal Year Ended 31 December			6 Months Ended 30 June 2003
	2000	2001	2002	2003
Operating Results				
Turnover	58.5	52.8	24.0	7.1
Net operating profit/(loss)	30.1	(10.2)	(15.2)	(6.4)
Net profit/(loss) attributable to shareholders	41.2	(10.2)	(15.2)	(6.5)
Financial Position				
Cash and bank balances	20.5	141.9	1,123.5	1,107.9
Total assets	160.5	1,281.2	1,252.4	1,261.6
Total liabilities	56.1	1,041.6	29.9	45.6
Shareholders' equity	104.4	239.6	1,222.5	1,216.0
Financial Ratios				
Operating margin	51.5%	(19.3)%	(63.3)%	(90.1)%
Net profit/(loss) margin	70.4%	(19.3)%	(63.3)%	(91.5)%
Total liabilities to total capital	53.7%	434.7%	2.4%	3.8%

The above figures were extracted from the published audited consolidated financial statements of the Group for each of the years ended 31 December 2000, 2001 and 2002 and the published unaudited consolidated financial statements of the Group for the six months ended 30 June 2003, which were prepared under general accepted accounting principles in Hong Kong.

Financial Information relating to the Target Group

	Fiscal Year Ended 31 December						6 Months Ended 30 June 2003	
	2000		2001		2002			
	AS million	HK\$ million	AS million	HK\$ million	AS million	HK\$ million	AS million	HK\$ million
Operating Results								
Turnover	580.0	2,506.2	555.2	2,201.9	650.7	2,875.4	365.3	1,901.4
Net operating profit	17.6	76.0	73.9	293.1	55.4	244.8	21.6	112.4
Net profit/(loss) attributable to shareholders	(1.9)	(8.2)	37.4	148.3	22.4	99.0	8.1	42.2
Financial Position								
Cash and bank balances	51.6	223.0	43.7	173.3	62.3	275.3	44.3	230.6
Total assets	623.6	2,694.6	669.0	2,653.3	670.4	2,962.5	649.3	3,379.6
Total liabilities	543.3	2,347.6	526.0	2,086.1	484.3	2,140.1	432.6	2,251.7
Shareholders' equity	80.3	347.0	143.0	567.1	184.4	814.9	214.3	1,115.4
Financial Ratios								
Operating margin	3.0%	3.0%	13.3%	13.3%	8.5%	8.5%	5.9%	5.9%
Net profit/(loss) margin	(0.3)%	(0.3)%	6.7%	6.7%	3.4%	3.4%	2.2%	2.2%
Total liabilities to total capital	676.6%	676.6%	367.8%	367.8%	262.6%	262.6%	201.9%	201.9%

The above figures were extrapolated from the audited consolidated financial statements of CITIC Australia for each of the years ended 31 December 2000, 2001 and 2002 and the unaudited management account of each of the companies comprising the Target Group for the six months ended 30 June 2003, which were prepared under Australian GAAP. The amounts in AS were translated into HK\$ at the following exchange rates:

Year ended 31 December 2000	AS\$1 to HK\$4.321
Year ended 31 December 2001	AS\$1 to HK\$3.966
Year ended 31 December 2002	AS\$1 to HK\$4.419
Six months ended 30 June 2003	AS\$1 to HK\$5.205

Pro Forma Combined Financials of the Group and Target Group

(HK\$ million)	Fiscal Year Ended 31 December			6 Months Ended 30 June 2003
	2000	2001	2002	
Operating Results				
Turnover	2,564.7	2,254.7	2,899.4	1,908.5
Net operating profit	106.1	282.9	229.6	106.0
Net profit attributable to shareholders	33.0	138.1	83.8	35.7
Financial Position				
Cash and bank balances	243.5	315.2	1,398.8	1,338.5
Total assets	2,855.1	3,934.5	4,214.9	4,641.2
Total liabilities	2,403.7	3,127.7	2,170.0	2,297.3
Shareholders' equity	451.4	806.7	2,037.4	2,331.4
Financial Ratios				
Operating margin	4.1%	12.5%	7.9%	5.6%
Net profit margin	1.3%	6.1%	2.9%	1.9%
Total liabilities to total capital	532.5%	387.7%	106.5%	98.6%

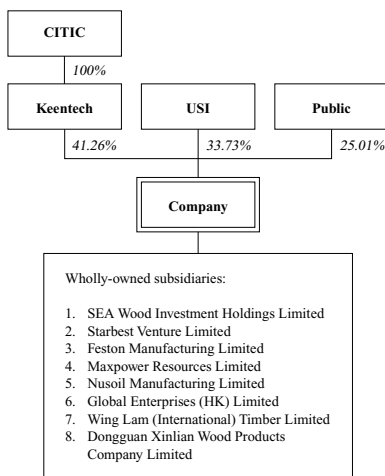
The pro forma combined financials of the Group and the Target Group for each of the years ended 31 December 2000, 2001 and 2002 and for the six months ended 30 June 2003 were prepared from the amounts included in the above sections "Financial Information relating to the Group" and "Financial Information relating to the Target Group" assuming completion of the Acquisition had been in existence throughout each of the years ended 31 December 2000, 2001, 2002 and the six months ended 30 June 2003 or from the respective dates of incorporation of the companies comprising the Group and the Target Group or acquisition by the Group and the Target Group where this is a shorter period. All material transactions and balances among the companies comprising the Group and the Target Group have been eliminated on combination.

The above figures do not reflect the effect of the final dividend of A\$120 million (about HK\$720 million) declared on 18 January 2004 by CA Portland to CITIC Australia in respect of the fiscal year ended 31 December 2003 or A\$20 million (about HK\$104.1 million) to be distributed by members of the Target Group to CITIC Australia in respect of the fiscal year ended 31 December 2003. Taking into account the dividend of A\$120 million (about HK\$720 million) and the additional distribution of A\$20 million, the pro-forma net asset value of the Target Group as at 30 June 2003, would have been about US\$37.4 million (about HK\$291.7 million).

CORPORATE STRUCTURE

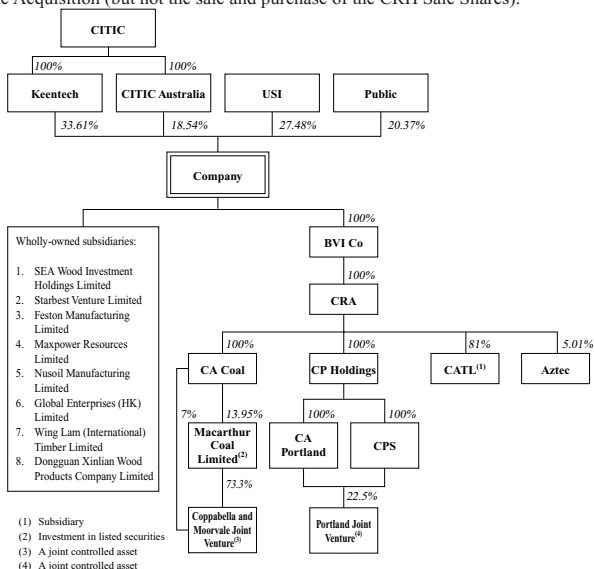
Before completion of the Acquisition

Set out below is a diagram showing the existing corporate structure of the Group:



Following completion of the Acquisition

Set out below is a diagram showing the corporate structure (major companies) of the Group assuming completion of the Acquisition (but not the sale and purchase of the CRH Sale Shares):



ONGOING CONNECTED TRANSACTIONS

Assuming completion of the Acquisition, a number of transactions required to be entered into between CRA/CA Portland/CA Coal and CITIC Australia and a number of existing transactions between CRA/CA Portland/CA Coal and CITIC Australia will constitute ongoing connected transactions for the Company. These will include an existing loan of US\$55 million (about HK\$429.0 million) due from CRA to CITIC Australia which will remain outstanding following completion of the Acquisition and is expected to include a lease of office premises at 99 King Street, Melbourne, Australia and certain administrative and office functions. Details of these ongoing connected transactions will be disclosed by further announcement and included in the circular to be despatched to Shareholders described below.

REASONS FOR THE TRANSACTIONS

The Group is at present a company principally engaged in the manufacture and sale of plywood. According to the Group's 2002 annual report and 2003 interim report, the Company has been exploring a number of meaningful business opportunities in the natural resources sector. The Acquisition is consistent with the Group's long-term business objective and is being implemented for the purpose of enhancing the Group's long-term prospects. The Directors are of the view that it would be in the interests of the Company to diversify its business interests and investments into other natural resources to supplement the Company's existing plywood manufacturing and sale business. The Directors believe that the Acquisition is in the interests of the Company. It will also provide the Company with an opportunity to gain exposure to other natural resources projects in Australia given the fact that Australia is rich in natural resources and that there are many potential business opportunities for the Company there.

The Directors believe that it is in the interests of the Company to enter into the Sale and Purchase Agreements.

INTENTION OF CITIC

It is the intention of CITIC (which indirectly holds the entire issued share capital of Keentech), if the Acquisition is successfully completed, for the Company to be the principal holding company for the businesses of CITIC and its subsidiaries in the natural resource sectors, with a focus on investment and operation mainly in forestry, base metals, energy and relevant commodities trading. If the opportunity arises for CITIC to invest in a natural resources project, it is expected that CITIC will use the Company as the vehicle to invest in such project. CITIC will aim to expand the businesses of the Company through organic growth and acquisitions if and when appropriate acquisition opportunities arise.

The Company will continue its current principal activities of manufacturing and selling plywood.

It is proposed that following completion of the Acquisition, there will be no significant change to the Board.

MAJOR AND CONNECTED TRANSACTION

The Acquisition constitutes a major transaction for the Company pursuant to Rule 14.09 of the Listing Rules.

CITIC Australia, being a wholly-owned subsidiary of CITIC, is an associate of Keentech, a substantial shareholder of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company pursuant to Rule 14.26 of the Listing Rules.

As the Acquisition is a major and connected transaction for the Company, completion of the Acquisition will be subject to the approval of the Independent Shareholders at the Special General Meeting. Keentech, USI and their respective associates will abstain from voting on the resolution approving the Acquisition.

EFFECT ON CITIC'S INTEREST IN THE COMPANY

Assuming completion of the Acquisition, CITIC's interest in the Company will increase.

CITIC is, through Keentech (an indirect wholly-owned subsidiary of CITIC), interested in 41.26% of the existing issued share capital of the Company. CITIC through CITIC Australia (a direct wholly-owned subsidiary of CITIC) will have an interest in the Consideration Shares. Assuming full issue of the Consideration Shares to CITIC Australia, CITIC will be indirectly interested in 52.15% of the issued share capital of the Company (based on the number of Shares in issue as at the date of this announcement as enlarged by the issue of the Consideration Shares).

PUBLIC FLOAT

Assuming full issue of the Consideration Shares to CITIC Australia, the percentage of issued Shares held by the public will fall to 20.37%. The Company and Keentech have each respectively undertaken to the Stock Exchange to use their reasonable endeavours to ensure that the number of Shares held by the public shall satisfy the requirements of Rule 8.08 of the Listing Rules.

If the Stock Exchange permits trading in the Shares when the number of Shares held by the public represents less than the minimum percentage threshold of 25% permitted by the Listing Rules, the Stock Exchange will monitor such trading to ensure that a false market does not develop in the Shares and will suspend dealings in the Shares promptly if there is any unusual movement in the price or trading volume of the Shares.

The Stock Exchange has stated that, if less than 25% of the Shares are in public hands following Completion, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) there are too few Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares. Shareholders of the Company and investors are advised to exercise caution when dealing in the Shares.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee will be established to advise the Independent Shareholders in respect of the Acquisition and the issue of the Consideration Shares.

INDEPENDENT FINANCIAL ADVISER

An independent financial adviser will be appointed by the Company to advise the Independent Board Committee in respect of the Acquisition and the issue of the Consideration Shares.

SALE AND PURCHASE OF SHARES BETWEEN EXISTING CONTROLLING SHAREHOLDERS

The Company has been advised by USI and Keentech, the two current controlling shareholders of the Company, that pursuant to an agreement dated 19 January 2004 USI has conditionally agreed to sell the CRH Sale Shares to Keentech. The CRH Sale Shares represent about 15.17% of the existing issued Shares as at the date of this announcement. Completion of the sale and purchase of the CRH Sale Shares is conditional upon the following:

- (a) the granting of the Waiver; and
- (b) if USI's shareholding in the Company is equal to or greater than 20% of the then issued share capital of the Company immediately prior to the completion of the sale and purchase of the CRH Sale Shares, CITIC Australia, CITIC and the Company confirming that they are ready to complete the acquisition of the CRA Shares; or if USI's shareholding in the Company is less than 20% of the then issued share capital of the Company immediately prior to the completion of the sale and purchase of the CRH Sale Shares, the completion of the Acquisition.

Assuming completion of Keentech's purchase of the CRH Sale Shares and issue of the Consideration Shares, Keentech and parties acting in concert with it will continue to hold 79.63% of the issued share capital of the Company (based on the number of Shares in issue as at the date of this announcement as enlarged by the issue of the Consideration Shares).

SHAREHOLDINGS IN THE COMPANY

The following table sets out the current shareholding structure of the Company and the shareholding structure of the Company following the issue of the Consideration Shares and the sale and purchase of the CRH Sale Shares:

Name of Shareholder	Current Percentage	Percentage following issue of the Consideration Shares and Sale and Purchase of the CRH Sale Shares	
		Percentage following issue of the Consideration Shares	Percentage following issue of the Consideration Shares and Sale and Purchase of the CRH Sale Shares
Keentech	41.26%	33.61%	45.97%
CITIC Australia	Nil	18.54%	18.54%
USI	33.73%	27.48%	15.12%
Public	25.01%	20.37%	20.37%

TAKEOVERS CODE

As at the date of this announcement, Keentech and parties acting in concert with it control about 74.99% of the existing issued share capital of the Company. USI, which holds 33.73%, is presumed to be acting in concert with Keentech. CITIC Australia is also presumed to be acting in concert with Keentech and assuming the issue of the Consideration Shares to it, Keentech and parties acting in concert with it will control about 79.63% of the issued Shares (as at the date of this announcement as enlarged by the issue of the Consideration Shares). As a result of the issue of the Consideration Shares to CITIC Australia and/or the transfer of the CRH Shares to Keentech by USI, the aggregate ultimate shareholding of CITIC in the Company would increase by more than 2% of the issued share capital of the Company and thereby trigger an obligation to make a general offer for shares not controlled by CITIC.

An application will be made by CITIC Australia and Keentech for a waiver pursuant to Note 6 to Rule 26 of the Takeovers Code from any obligation to make a mandatory general offer that would otherwise arise for all of the Shares in issue not otherwise held by CITIC Australia, Keentech and parties acting in concert with them as a result of the issue of the Consideration Shares and the transfer of the CRH Sale Shares respectively.

CITIC Australia is a wholly-owned subsidiary of CITIC. Keentech is an indirect wholly-owned subsidiary of CITIC.

In the event that the Waiver is not granted by the Executive, completion of the sale and purchase of the CRH Sale Shares and the Acquisition will not occur.

SPECIAL GENERAL MEETING

The Special General Meeting will be convened at which the Shareholders or the Independent Shareholders (as the case may be) will be asked to consider, and if thought fit, approve, amongst others, the Acquisition and the issue of the Consideration Shares.

CIRCULAR

A circular will be despatched to Shareholders as soon as practicable containing, amongst others, (1) details of the MoU, the CRA Agreement, the CPS Agreement, the Supplemental Agreement, the Acquisition and the issue of the Consideration Shares, (2) details of the connected transactions referred to above, (3) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders, (4) a letter from an independent financial adviser with its advice to the Independent Board Committee, and (5) a notice convening the Special General Meeting.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 11:41 a.m. on 19 January 2004 pending the release of this announcement. Application has been made to the Stock Exchange for a resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 2 February 2004.

Shareholders and investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Acquisition”	the acquisition of the CRA Shares and the CPS Shares subject to and in accordance with the Sale and Purchase Agreements
“ASIC”	the Australian Securities and Investments Commission
“ASX”	the Australian Stock Exchange
“Aztec”	Aztec Resources Limited, a company incorporated with limited liability in the State of Western Australia, Australia and whose shares are listed on the ASX
“Board”	the board of Directors
“CA Coal”	CITIC Australia Coal Pty Ltd, a company incorporated in the State of Victoria, Australia with limited liability
“CA Portland”	CITIC Australia (Portland) Pty Ltd, a company incorporated in the State of Victoria, Australia with limited liability

“CATL”	CITIC Australia Trading Limited, a company incorporated in the State of Victoria, Australia with limited liability and whose shares are listed on the ASX
“CITIC”	China International Trust and Investment Corporation
“CITIC Australia”	CITIC Australia Pty Limited, a company incorporated in the State of Victoria, Australia with limited liability and the vendor of the Sale Shares
“Company”	CITIC Resources Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Consideration Shares”	an aggregate of 750,413,793 Shares to be issued to satisfy the consideration under the Sale and Purchase Agreements
“Coppabella and Moorvale Joint Venture”	an unified unincorporated co-operative joint venture that operates the Coppabella and Moorvale coal mines in the State of Queensland, Australia
“CP Holdings”	CITIC Portland Holdings Pty Ltd, a company incorporated in the State of Victoria, Australia with a limited liability
“CPS”	CITIC Portland Surety Pty Ltd, a company incorporated in the State of Victoria, Australia with limited liability
“CPS Agreement”	an agreement dated 19 January 2004 (as supplemented by the Supplemental Agreement) made between the Company, CITIC Australia, CITIC and CP Holdings relating to the sale and purchase of the CPS Shares
“CPS Shares”	the entire issued share capital of CPS
“CRA”	CITIC Resources Australia Pty Ltd, a company incorporated in the State of Victoria, Australia with limited liability
“CRA Agreement”	an agreement dated 19 January 2004 (as supplemented by the Supplemental Agreement) made between the Company, CITIC Australia and CITIC relating to the sale and purchase of the CRA Shares
“CRA Shares”	the entire issued share capital of CRA
“CRH Sale Shares”	500,000,000 Shares representing 15.17% of the issued share capital of the Company as at the date of this announcement
“Directors”	the directors of the Company, including its independent non-executive directors
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Group”	the Company and its subsidiaries and associated companies
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the board comprising of directors of the Company who are deemed to be not interested in or involved in the Acquisition
“Independent Shareholders”	Shareholders who do not have a material interest in the Acquisition or who are not otherwise required by the Stock Exchange to abstain from voting
“Keentech”	Keentech Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CITIC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MoU”	a memorandum of understanding dated 19 January 2004 and entered into between the Company, CITIC Australia and CITIC relating to the Acquisition
“Portland Joint Venture”	an unincorporated co-operative joint venture that owns and operates the Portland Aluminium Smelter in the State of Victoria, Australia
“PRC”	the People’s Republic of China

“Principal Assets”	a 22.5% interest in the Portland Joint Venture, a 81% interest in CATL, a 7% interest in the Coppabella and Moorvale Joint Venture, a 13.95% interest in Macarthur Coal Limited, and a 5.01% interest in Aztec
“Sale and Purchase Agreements”	the CRA Agreement and the CPS Agreement
“Sale Shares”	the CRA Shares and the CPS Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be convened to approve, amongst others, the Acquisition and the issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement dated 30 January 2004 and made between the Company, CITIC Australia, CITIC and CP Holdings
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Group”	CRA and its subsidiaries and companies that are its subsidiaries following completion of the Acquisition
“USI”	United Star International Inc., a company incorporated in the British Virgin Islands with limited liability
“Waiver”	a waiver from the Executive pursuant to Note 6 to Rule 26 of the Takeovers Code on the part of CITIC, Keentech and parties acting in concert with them (as such expression is defined in the Takeovers Code) from any obligation to make a general offer for Shares not otherwise held by CITIC, Keentech and parties acting in concert with them as a result of the issue of the Consideration Shares and Keentech’s acquisition of the CRH Sales Shares from USI pursuant to an agreement dated 19 January 2004 between Keentech and USI
“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

Unless otherwise stated, amounts in A\$ and US\$ have been translated into HK\$ at an exchange rate of A\$1 to HK\$6.0 and US\$1 to HK\$7.8 respectively for illustration purposes only.

By Order of the Board
CITIC Resources Holdings Limited
Peter Kwok Viem
Chairman

Hong Kong, 30 January 2004

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than information relating to CITIC, CITIC Australia and Keentech) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

Please also refer to the published version of this announcement in South China Morning Post dated on 31-1-2004.