



# CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

(Stock Code: 1205)

## ANNOUNCEMENT OF ANNUAL RESULTS BY A SUBSIDIARY – CITIC AUSTRALIA TRADING LIMITED For the year ended 31 December 2005

**THIS IS NOT THE ANNOUNCEMENT OF THE ANNUAL RESULTS OF CITIC RESOURCES HOLDINGS LIMITED (THE “COMPANY”). THIS ANNOUNCEMENT IS MADE BY THE COMPANY PURSUANT TO THE REQUIREMENTS OF RULE 13.09(1) OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED TO PROVIDE SHAREHOLDERS OF THE COMPANY AND THE PUBLIC WITH AUDITED FINANCIAL INFORMATION OF A LISTED SUBSIDIARY WHICH ANNOUNCES SUCH INFORMATION TO THE PUBLIC IN AUSTRALIA.**

On 10 March 2006, the Directors of CAL, a company listed on the ASX, has approved the financial results of CAL for the year ended 31 December 2005 which will be released by CAL through the ASX website on 10 March 2006.

On 10 March 2006, the board of directors (the “Directors”) of CITIC Australia Trading Limited (“CAL”), a company listed on the Australian Stock Exchange (the “ASX”) and in which the Company has an indirect interest of 77.9%, has approved the financial results of CAL for the year ended 31 December 2005.

Set out below is the information from the ASX & Media Release by CAL with details of CAL’s results and dividend for the year ended 31 December 2005.

### CITIC Australia Trading Limited

ABN 84 092 595 741

ASX & Media Release

10 March 2006

#### CITIC FY2005 – Profit up 47% to \$8.46m & 5.28 cent Dividend

The Directors of CITIC Australia Trading Limited (CAL) are pleased to announce the company’s results and dividend for the year ended 31 December 2005.

#### HIGHLIGHTS

- Profit:** **\$8.46 million** + 47%
- CAL’s consolidated net profit after tax (NPAT) for the 2005 year was **\$8.46 million**
  - **47% increase** over prior year’s NPAT of \$5.75 million
- Sales:** **\$751 million** + 23%
- Consolidated sales revenue for the year to 31 December 2005 was **\$751 million**
  - **23% increase** over 2004 sales of \$609 million
- Earnings Per Share:** **10.28 cents** + 45%  
(EPS)

(cents per share)	2005	2004	2003	2002
Basic EPS	10.28	7.07	6.43	2.66
Diluted EPS	10.21	7.02	6.39	2.66

**Dividend:** **5.28 cents** + 50%

- Fully franked at 30% tax rate
- Record date: 7 April 2006
- Payment date: 21 April 2006

(cents per share)	2005	2004	2003	2002
Dividend per share (All fully franked at 30% tax rate)	5.28	3.5	3.2	2.0

**Return on Equity:** **46.5%**

- NPAT for the 2005 year divided by average consolidated total equity

#### Annual General Meeting (AGM)

- To be held on: **Thursday, 11 May 2006**
- AGM Notice, together with the Annual Report, will be sent to shareholders in early April

#### COMMENTARY ON RESULTS

CAL’s consolidated net profit after tax for the year ended 31 December 2005 was \$8.46 million, a 47% increase over 2004’s \$5.75 million after tax profit.

Sales rose 23% to \$751 million, from \$609 million in 2004. The growth in sales reflects higher prices for alumina and steel products during the period, as well as increased volumes of iron ore exports.

Alumina exports achieved an excellent \$5.45 million pre-tax profit (2004: \$2.80 million). “Profit margins substantially higher than typical were achieved on a few cargoes in the rising alumina market early in 2005, which boosted alumina’s results,” said Mr Yuheng Wu, CAL’s Managing Director. “Alumina has remained the largest contributor to CAL’s profit.”

Iron ore exports grew rapidly during 2005, CAL’s second year of regular iron ore trading. “CAL exported 3.5 million tonnes of iron ore to Chinese steel mills, close to 3 times the 1.3 million tonnes shipped in 2004,” said Mr Wu. “Despite the volume growth, profit margins returned to more normal levels, as the boom conditions evident in spot iron ore markets in 2004 dissipated with the softening of global steel prices for much of 2005.” Iron ore exports earned a pre-tax profit of \$1.14 million (2004: \$1.53 million), on sales of \$282 million (2004: \$116 million).

As previously reported, during 2004, CAL entered into an advance purchase agreement with a Chinese aluminium smelter, whereby it progressively prepaid for over 20,000 tonnes of aluminium ingots for delivery during 2005, with advances made totalling USD\$30 million. Due to increasing prices of alumina and electricity, as well as power shortages, the smelter failed to deliver ingots after May 2005. Even though this trading initiative was unsuccessful, CAL recovered the full USD\$30 million advanced (plus interest) because it ensured all amounts advanced were secured by bank guarantees from Bank of China.

Imports continued to increase their relative contribution to overall profit. Profit before tax increased 42% to \$3.84 million (2004: \$2.71 million), while sales rose 44% to \$125 million (2004: \$86 million). “The steel and battery divisions performed strongly,” said Mr Wu. “However, tyre and wheel imports faced increasing competition. The continued growth in profits from imports, both in absolute terms and its relative contribution to CAL’s overall profit, is very encouraging.”

In line with CAL’s strategy to seek longer term arrangements with both suppliers and customers, during the first-half, management finalised an agreement to source alumina over a five-year period from a major supplier. The two cargoes scheduled for 2005 were shipped and recognised in sales during the year. The volumes secured for the remaining four years of the contract are sufficient to meet approximately one third of CAL’s current average annual volumes. A large proportion of this alumina has been committed to customers.

“It is pleasing to see CAL’s strategy of recent years bearing fruit,” said Mr Wu. “In only 2 years, iron ore has been developed into an important new export line, and the continued profit growth of our import division has seen it earn a substantial proportion of CAL’s 2005 profit. We will continue our strategy of diversification, by developing multiple trading lines, to reduce CAL’s relative reliance upon earnings from alumina. Regardless, alumina remains an important trading line, which the five-year alumina supply agreement helps support.”

The directors would like to acknowledge that this excellent result was made possible largely thanks to:

- CAL's trading team, who leveraged their experience in Chinese and Australian markets to capture the transactions that delivered this result, assisted by CAL's support staff;
- CITIC Resources Australia Pty Ltd's (CRA) support, in particular CRA's provision of guarantees that enabled CAL to secure its substantial bank trade finance facilities, which make it possible for CAL to finance and achieve such high turnover and resulting profit.

#### **OUTLOOK**

CAL is a trader, who buys goods from producers & on-sells them to its customers, for what is generally a thin profit margin. Therefore, CAL must constantly adapt to the current environment in each of the markets in which it trades to survive. This can involve temporarily reducing its exposure in a market if the spot price is so high as to be considered too risky (eg. risk of a sudden, significant price drop) in which to participate.

The outlook for the commodities in which CAL trades is uncertain and varied. "Prices of most commodities were strong during the early part of 2005, but then diverged" said Mr Wu. "Initially, spot alumina prices softened, but then rose significantly and have been hovering at very high levels in recent months (above US\$600 per tonne CIF China). Extremely tight world supply has exacerbated this situation, with CAL currently experiencing difficulties sourcing fresh cargoes of alumina. Steel prices softened for much of 2005 and now appear to be stabilising. The annual contract price negotiations between the world's major iron ore producers and steel mills continue, with the final conclusion hard to predict. Accordingly, CAL's trading team remains cautious.

CAL's board therefore considers it prudent not to provide specific profit forecasts, because the volatile nature of international commodity markets makes predicting CAL's revenue and earnings difficult.

Going forward, CAL's experienced trading team will strive to profitably grow the existing operations, as well as continue to seek profitable trading opportunities in new products and/or markets.

#### **GENERAL**

The full financial results of CAL for the year ended 31 December 2005 will be released by CAL through the ASX website: [www.asx.com.au](http://www.asx.com.au) on 10 March 2006.

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

Hong Kong, 10 March 2006

*As of the date of this announcement, 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.*

Please also refer to the published version of this announcement in The Standard.