CITIC RESOURCES HOLDINGS LIMITED

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

FINANCIAL RESULTS

The board of directors (the "Directors") of CITIC Resources Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2005.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December
Audited
HK$'000

	Notes	2005	2004 Restated
REVENUE		**5,786,386**	3,610,791
Cost of sales		**(5,331,164)**	(3,360,106)
Gross profit		**455,222**	250,685
Other income and gains	4	**150,380**	49,689
Selling and distribution costs		**(33,805)**	(12,047)
Administrative expenses		**(132,526)**	(135,771)
Other operating expenses, net		**(3,384)**	(40,269)
Finance costs		**(93,730)**	(52,562)
PROFIT BEFORE TAX	5	**342,157**	59,725
Tax	6	**(110,642)**	(52,322)
PROFIT FOR THE YEAR		**231,515**	7,403
ATTRIBUTABLE TO:			
Shareholders of the Company		**221,703**	4,772
Minority interests		**9,812**	2,631
		231,515	7,403
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	7		
Basic		**HK 5.14 cents**	HK 0.12 cents
Diluted		**N/A**	N/A
DIVIDEND PER SHARE	8	**NIL**	NIL

CONSOLIDATED BALANCE SHEET
31 December
Audited
HK$'000

	2005	2004 Restated
NON-CURRENT ASSETS		
Property, plant and equipment	**1,170,614**	1,473,784
Other assets	**573,878**	671,676
Goodwill	**341,512**	341,512
Available-for-sale equity investments/long term investments	**657,035**	189,748
Deferred tax assets	**11,188**	14,984
Prepayments, deposits and other receivables	**326,486**	7,542
Total non-current assets	**3,080,713**	2,699,246
CURRENT ASSETS		
Inventories	**656,138**	724,500
Accounts receivable	**395,749**	337,530
Prepayments, deposits and other receivables	**29,185**	265,349
Equity investments at fair value through profit or loss/short term investments	**1,830**	2,821
Derivative financial instruments	**12,356**	–
Other assets	**58,365**	61,971
Cash and bank balances	**1,519,595**	1,606,833
	2,673,218	2,999,004
Assets of a disposal group classified as held for sale	**266,096**	–
Total current assets	**2,939,314**	2,999,004
CURRENT LIABILITIES		
Accounts payable	**186,288**	223,563
Tax payable	**71,709**	52,905
Accrued liabilities and other payables	**51,153**	76,710
Derivative financial instruments	**203,541**	–
Bank and other loans	**858,393**	987,539
Provisions	**33,229**	28,668
	1,404,313	1,369,385
Liabilities of a disposal group classified as held for sale	**33,072**	–
Total current liabilities	**1,437,385**	1,369,385
NET CURRENT ASSETS	**1,501,929**	1,629,619
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,582,642**	4,328,865
NON-CURRENT LIABILITIES		
Bank and other loans	**1,047,223**	1,086,785
Deferred tax liabilities	**470,985**	449,170
Derivative financial instruments	**11,016**	–
Deferred income and other payables	–	50,317
Provisions	**86,011**	86,060
Total non-current liabilities	**1,615,235**	1,672,332
Net assets	**2,967,407**	2,656,533
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**215,844**	215,844
Reserves	**2,725,929**	2,420,996
	2,941,773	2,636,840
Minority interests	**25,634**	19,693
Total equity	**2,967,407**	2,656,533

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and equity investments, which have been measured at fair value. Disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2005. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

2. ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the annual financial statements are the same as those used in the annual financial statements for the year ended 31 December 2004, except in relation to the following new and revised HKFRSs (which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

Business segments

The following tables present revenue, profit/(loss) and certain assets, liabilities and expenditure information for the Group's business segments for the year ended 31 December 2005 and 2004.

Year ended 31 December 2005 Audited HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Crude oil**	**Others**	**Consolidated**
Segment revenue:						
Sales to external customers	**1,148,078**	**259,705**	**4,300,699**	**77,429**	**475**	**5,786,386**
Other income/(expenses)	**(48,051)**	**98,231**	**21,602**	**–**	**10**	**71,792**
	1,100,027	**357,936**	**4,322,301**	**77,429**	**485**	**5,858,178**
Segment results	**173,383**	**197,560**	**82,631**	**(6,620)**	**(15,507)**	**431,447**
Interest income and unallocated gains						**78,588**
Unallocated expenses						**(74,148)**
Profit from operating activities						**435,887**
Finance costs	**(32,978)**	**(1,384)**	**(38,032)**	**–**	**–**	**(72,394)**
Unallocated finance costs						**(21,336)**
Profit before tax						**342,157**
Tax						**(110,642)**
Profit for the year						**231,515**

Year ended 31 December 2004 (Restated) HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Others	Consolidated
Segment revenue:						
Sales to external customers	857,072	127,552	2,590,321	24,448	11,398	3,610,791
Other income	10,262	4,406	8,646	–	85	23,399
	867,334	131,958	2,598,967	24,448	11,483	3,634,190
Segment results	93,852	22,367	29,786	7,706	(31,291)	122,420
Interest income and unallocated gains						26,290
Unallocated expenses						(36,423)
Profit from operating activities						112,287
Finance costs	(23,145)	(2,087)	(15,519)	–	(310)	(41,061)
Unallocated finance costs						(11,501)
Profit before tax						59,725
Tax						(52,322)
Profit for the year						7,403

4. OTHER INCOME AND GAINS

	2005 HK$'000	2004 HK$'000
Interest income	**75,002**	25,743
Handling service fee	**13,326**	8,653
Dividend income from listed investments	**19,768**	4,405
Gain on sales of various exploration interests	**78,463**	–
Fair value loss on derivative instruments, net	**(44,913)**	–
Gain/(loss) on trading of forward contracts, net:		
Realised	**–**	(6,168)
Unrealised	**–**	14,565
Sale of scraps	**5,148**	1,944
Others	**3,586**	547
	150,380	49,689

5. **PROFIT BEFORE TAX**

Profit before tax is arrived at after charging/(crediting):

	2005 **HK$'000**	2004 HK$'000 (Restated)
Depreciation	**114,330**	56,741
Amortisation of Electricity Supply Agreement	**58,348**	46,720
Amortisation of goodwill	**–**	59,065
Loss on disposal/write-off of items of property, plant and equipment	**6,563**	5,166
Exchange (gains)/losses, net	**(30,754)**	26,825

6. **TAX**

	2005 **HK$'000**	2004 HK$'000 (Restated)
Current:		
Hong Kong	**–**	–
Elsewhere	**102,371**	49,032
	102,371	49,032
Deferred	**8,271**	3,290
Total tax charge for the year	**110,642**	52,322

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year (2004: Nil). The statutory tax rate of Hong Kong profits tax is 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Provision for Australian income tax has been made at the statutory rate of 30% (2004: 30%) on the estimated assessable profits arising in Australia during the year.

For the year ended 31 December 2005, the tax rate applicable to subsidiaries established and operating in the People's Republic of China (the "PRC") is 33% (2004: 33%). However, no provision for tax has been made for the year as the subsidiaries did not generate any assessable profits arising in the PRC during the year.

7. **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY**

The calculation of the basic earnings per share is based on the consolidated net profit attributable to shareholders of the Company for the year of HK$221,703,000 (2004: HK$4,772,000 (as restated)) and the weighted average of 4,316,884,381 (2004: 4,098,421,973) ordinary shares in issue during the year.

A diluted earnings per share amount for the year ended 31 December 2005 has not been presented as the exercise prices of the outstanding share options of the Company were greater than the market price of the Company's shares prevailing during a substantial period of the year ended 31 December 2005.

A diluted earnings per share amount for the year ended 31 December 2004 had not been presented because no dilutive events existed during that year.

8. **DIVIDEND**

No interim dividend was paid during the year and the prior year. The Directors do not recommend the payment of any dividend in respect of the year (2004: Nil).

9. **COMPARATIVE AMOUNTS**

Due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

BUSINESS REVIEW AND OUTLOOK

The Group has been implementing its strategy as an integrated provider of key natural resources and commodities and this has improved the Group's financial performance for the second year since turning a profit in 2004.

Global demand for natural resources and commodities remained high in 2005. The Directors are pleased with the performance of the Group's aluminium smelting, coal mining, import and export of commodities businesses and interests, which together have been the principal contributors and formed the basis for the Group's positive performance in 2005. The respective business lines have benefited from increasing sales volumes and higher prices.

While the Directors continue to enhance the Group's existing businesses organically, the Directors have also continued with their efforts to improve shareholder value through acquisitions and new investments.

In January 2005, the Group agreed to form a joint venture with a Chevron Corporation subsidiary to develop a regional network of Caltex branded service stations in Southern China and to explore development possibilities in the Yangtze river delta. The completion of the transaction is subject to PRC approval which needs to be obtained before 7 June 2006.

Another noteworthy investment by the Group in 2005 was the establishment of a manganese joint venture. In August, the Group and CITIC United Asia Investments Limited, a wholly-owned subsidiary of CITIC Group, agreed with Guangxi Dameng Manganese Industrial Co., Ltd. to establish a joint venture to manage and operate the largest manganese mines in the PRC and one of the largest manufacturers and suppliers of manganese products in the world. This transaction recently closed in March 2006 and the joint venture is expected to increase the Group's long term profitability.

In 2005, the Group strengthened its management expertise by appointing and engaging personnel who have significant petroleum expertise and technical know-how. In particular, Mr. Shou Xuancheng joined the Group in September as a Vice Chairman. Mr. Shou brings to the Group considerable experience in the oil and gas industry having previously occupied a number of high-level positions in the China National Petroleum Corporation group of companies.

The Group has made steady progress during 2005 in implementing its key natural resources and commodities focused business strategy. Moving into 2006, the Group now has manganese interests, in addition to aluminum, coal and import and export of commodities. The Directors will continue to explore appropriate natural resources and commodities investment opportunities both inside and outside the PRC to further enhance the Group's value and maximise shareholder value. Natural resources are a particular focus as the demand for such products in the PRC and elsewhere remain strong.

Whilst global competition for natural resources and commodities is strong and represents a challenge for the Group, the Directors remain confident that the Group is positively positioned to continue with the implementation of its business strategy. 2006 is expected to be an extremely challenging year for the Company and it will see a doubling of effort by the Directors to ensure sustainable growth.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 31 December 2005, the Group had a cash balance of HK$1,519.6 million.

The Group had outstanding borrowings of HK$1,905.6 million, which comprised secured bank loans of HK$686.4 million, unsecured bank loans of HK$765.9 million and unsecured other loans of HK$453.3 million. The secured bank loans were secured by the Group's 22.5% interest in the Portland Aluminium Smelter joint venture. The bank trade finance facilities available to CITIC Australia Trading Limited ("CATL") are guaranteed by CITIC Resources Australia Pty Limited.

Most transactions of CATL are debt funded, which means CATL is highly geared. However, in contrast to a term loan, CATL's borrowings relate to specific transactions and are of a short duration, matching the term of the underlying trade. When sales proceeds are received at the completion of a transaction, the related borrowings are repaid.

Of the total outstanding borrowings, HK$858.4 million was repayable within one year. The gearing ratio (= bank and other loans/(equity attributable to shareholders of the Company + bank and other loans) x 100%) of the Group was 39.3%.

The Group's diversified business is exposed to a variety of financial risks, such as market risks (including foreign exchange, commodity price and interest rate risks), credit risks and liquidity risks. The management of such risks is dictated by a set of internal policies and procedures designed to minimise potential adverse effects of these risks to the Group. The policies and procedures have proven to be effective.

In August 2005, the Group, through CITIC Dameng Investments Limited ("CITIC Dameng"), entered into a joint venture contract with Guangxi Dameng Manganese Industrial Co., Ltd. ("Guangxi Dameng") to jointly establish a sino-foreign equity joint venture, CITIC Dameng Mining Industries Limited (the "Manganese JV"), to undertake the business of manganese mining and processing. The Manganese JV is owned as to 40% by Guangxi Dameng and as to 60% by CITIC Dameng. CITIC Dameng is ultimately owned as to 80% by the Group and as to 20% by CITIC United Asia Investments Limited, a wholly-owned subsidiary of CITIC Group.

In respect of capital contribution to the Manganese JV, before the end of 2005, Guangxi Dameng has contributed assets of RMB200 million (HK$192.3 million) and CITIC Dameng has paid cash of RMB300 million (HK$288.5 million). The share of the Group's capital contribution of RMB240 million (HK$230.8 million) was effected from internal resources. This acquisition was completed in March 2006 and the financial results of the Manganese JV will be included in the accounts of the Group from the 2Q of 2006.

In February 2006, Richfirst Holdings Limited ("Richfirst"), a wholly-owned subsidiary of the Group, exercised its option to convert its 40% participating interest in the Kongnan Block within the Dagang Oilfield, the PRC into common shares in the share capital of Ivanhoe Energy Inc. ("Ivanhoe Energy") and a loan repayable by Ivanhoe Energy. Details are disclosed under the heading "Post Balance Sheet Event" below.

The Directors are of the opinion that after taking into account the existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements and there will be no adverse change to its financial position.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2005, the Group had around 120 full time employees, including management and administrative staff. Most of the employees are employed in Australia while the remainder are employed in Hong Kong.

The employees' remuneration, promotion and salary increment are assessed based on an individual's performance, professional and working experience and by reference to prevailing market practice and standards.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The Group also operates a defined contribution retirement benefits scheme (the "RB Scheme") under the superannuation legislation of the Australian government for those employees in Australia who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the MPF Scheme and the RB Scheme are held separately from those of the Group in an independently administered fund. The Group's contributions as an employer vest fully with the employees when contributed into the MPF Scheme and the RB Scheme.

The Company and CATL operate share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

POST BALANCE SHEET EVENT

On 18 February 2006, Richfirst entered into an agreement (the "Conversion Agreement") with Ivanhoe Energy, Pan-China Resources Ltd. ("Pan-China") and Sunwing Energy Ltd. ("Sunwing Energy") pursuant to which Richfirst agreed with Ivanhoe Energy, Pan-China and Sunwing Energy that it shall convert its interest in, and representing 40% of, the contractor's rights and obligations (the "Participating Interest") in a 30-year petroleum development and production sharing contract dated 8 September 1997 (as amended) entered into between Pan-China and China National Petroleum Corporation (the "Petroleum Contract") for the development and production of petroleum in the Kongnan Block within the Dagang Oilfield, the PRC, having a book value of US$27,386,135 (HK$213,611,853) as at the date of the Conversion Agreement (being the net cash outflows employed in the Participating Interest), into 8,591,434 common shares in the share capital of Ivanhoe Energy (the "Ivanhoe Shares") and a loan of US$7,386,135 repayable by Ivanhoe Energy to Richfirst (the "Ivanhoe Loan").

The 8,591,434 Ivanhoe Shares represent about 3.7% of all Ivanhoe Shares issued and outstanding following completion of the conversion. Each Ivanhoe Share was issued to Richfirst at an issue price of US$2.3279 (HK$18.1576). This issue price was determined in accordance with the terms of a farmout agreement dated 18 January 2004 (as amended) made between Richfirst, Ivanhoe Energy, Pan-China and Sunwing Energy relating to the assignment of the Participating Interest to Richfirst from Pan-China (the "Farmout Agreement") and represents the volume weighted average trading price per Ivanhoe Share for the 30 trading days on the Toronto Stock Exchange leading up to and including 16 February 2006, less an 8% discount. There are limits on the sales of the Ivanhoe Shares during the period of 12 months following the date of the Conversion Agreement.

The Ivanhoe Loan is interest free and is payable by Ivanhoe Energy by 35 monthly instalments of US$205,000 (HK$1,599,000) each and a final instalment of US$211,135 (HK$1,646,853). The terms of the Ivanhoe Loan were negotiated between Ivanhoe Energy and Richfirst on an arm's length basis.

The transaction, which was completed on 20 February 2006, constituted a discloseable transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Further details of the transaction are set out in the circular of the Company dated 13 March 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the annual report, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph A.4.1 of the CG Code, but are subject to retirement by rotation and re-election in accordance with the Company's bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry by the Company, the directors have complied with the required standard set out in the Model Code throughout the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

The audit committee has reviewed the annual results for the year ended 31 December 2005 with the management of the Company.

On behalf of the board
Kwok Peter Viem
Chairman

Hong Kong, 21 April 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.