



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Website: www.citicresources.com

(Stock Code: 1205)

ANNOUNCEMENT OF UNAUDITED RESULTS BY A SUBSIDIARY – CITIC AUSTRALIA TRADING LIMITED

For the six months ended 30 June 2006

THIS IS NOT THE ANNOUNCEMENT OF THE INTERIM 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 UNAUDITED FINANCIAL INFORMATION OF A LISTED SUBSIDIARY WHICH ANNOUNCES SUCH INFORMATION TO THE PUBLIC IN AUSTRALIA.

On 22 August 2006, the Directors of CAL, a company listed on the ASX, has approved the financial results of CAL for the six months ended 30 June 2006 which were released by CAL through the ASX website on 22 August 2006.

On 22 August 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 six months ended 30 June 2006.

Set out below is the information from the ASX Release by CAL with details of CAL’s results (in Australian dollars) for the six months ended 30 June 2006.

CITIC Australia Trading Limited

ABN 84 092 595 741

ASX Release

22 August 2006

CITIC – 2006 First Half Profit: \$5.74m

The Directors of CITIC Australia Trading Limited (CAL) are pleased to announce the company’s results for the half-year ended 30 June 2006.

HIGHLIGHTS

Profit: \$5.74 million

- CAL’s consolidated net profit after tax for 6 months ended 30 June 2006 was **\$5.74 million**
- **4% increase** over 2005 first-half profit of \$5.51 million

Sales: \$352 million

- Consolidated sales revenue for the 6 months to 30 June 2006 was **\$352 million**
- **9% lower** than 2005 first-half sales of \$386 million

Earnings Per Share (EPS):

	First-half	
(cents per share)	2006	2005
Basic EPS	6.88	6.74
Diluted EPS	6.81	6.69

	Full year		
	2005	2004	2003
Basic EPS	10.28	7.07	6.43
Diluted EPS	10.21	7.02	6.39

Return on Equity: 25.3 %

- Profit after tax for the 6 months ended 30 June 2006 divided by average consolidated total equity

COMMENTARY ON RESULTS

CAL’s consolidated net profit after tax for the 2006 first-half was \$5.74 million, a 4% increase over the 2005 first-half profit of \$5.51 million.

Sales for the period were \$352 million, which was 9% lower than the \$386 million during the same period in 2005, reflecting lower sales volumes for both alumina and iron ore. Alumina exports were lower due to the extremely tight world supply of spot alumina cargoes. Iron ore export volumes were impacted by the protracted annual contract price negotiations. “Imports by Chinese buyers slowed during the period until negotiations between iron ore producers and major Chinese steel mills concluded late in the first half,” said Mr Yuheng Wu, CAL’s Managing Director.

Alumina exports earned a pre-tax profit of \$4.49 million (2005 first-half: \$4.22 million). “This is an excellent result achieved during a period when spot alumina prices were very volatile,” said Mr Wu. “In February/March, spot prices peaked at approximately US\$650 (per metric tonne, CIF China) due to the continuation of the extremely tight world supply of spot cargoes. However, spot prices have since plunged, due largely to the impact of the massive increase in supply capacity coming online from non-Chalco Chinese alumina refineries. In August, there are some reports of spot sales below US\$300. In this environment of high risk and tight supply, CAL’s management adopted a cautious approach, resulting in substantially lower trading volumes and sales of \$69 million, compared to sales of \$167 million achieved during the same period last year. However, early in the period, CAL captured a spot opportunity in the rising alumina market, which significantly boosted the first half result.”

Iron ore exports earned a pre-tax profit of \$0.52 million (2005 first-half: \$0.74 million), on sales of \$95 million (2005 first-half: \$121 million). CAL’s exports of iron ore to China were quieter during the first-half, slowing to 1.17 million tonnes (2005 first-half: 1.44 million tonnes) while many Chinese buyers awaited finalisation of the protracted annual contract price negotiations.

Steel exports from China to Europe commenced mid-way during the first half, earning a pre-tax profit of \$0.63 million on sales of \$60 million. “Although this new trading line is in its infancy, the results to date are very pleasing,” said Mr Wu.

Import operations’ overall performance was lower than the same period last year. Sales of \$69 million were in line with the prior period (2005 first-half: \$69 million), while profit before tax decreased 16% to \$1.99 million (2005 first-half: \$2.36 million). “The battery imports line, although relatively small, is performing strongly and growing,” said Mr Wu, “while our tyre and wheel imports continue to face increasing competition.”

OUTLOOK

As announced to the market on 17 August 2006, CAL signed a long term iron ore offtake contract with Aztec Resources Limited (ASX code: AZR). Broadly, under the terms of the contract, CAL will purchase 1.5 million tonnes of iron ore per annum over the lesser of 15 years or the life of Aztec’s Koolan Island mine (totalling approximately 22.5 million tonnes over the life of the contract). Aztec is currently redeveloping this iron ore project, with first shipments forecast in early 2007, growing to 4 million tonnes per annum by 2009.

“This is CAL’s first long term iron ore offtake contract, but its second such long term supply contract,” said Mr Wu. (In early 2005, management entered into a supply contract to source alumina over a five-year period from a major supplier). “Securing such longer term arrangements with both suppliers and customers is part of CAL’s strategy.”

Also, CAL’s strategy of diversification continues. The commencement during the first half of a new trading line exporting Chinese steel to Europe is a promising development. “Our immediate focus is upon consolidating this as a regular and sustainable trading line, while investigating opportunities to export Chinese steel to other countries,” said Mr Wu. “This is part of the continual strategy of developing multiple trading lines, which helps reduce CAL’s relative reliance upon earnings from alumina.”

The extreme volatility in spot alumina prices and temporary slowdown in iron ore trading during the period illustrate the uncertainties often inherent in the international trade of commodities. Such an environment makes predicting revenue and earnings from CAL’s trading operations difficult.

Accordingly, as has been the practice since listing, CAL’s board considers it prudent not to provide specific profit forecasts.

GENERAL

The full financial results of CAL for the six months ended 30 June 2006 were released by CAL through the ASX website: www.asx.com.au on 22 August 2006.

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

Hong Kong, 22 August 2006

As at 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.