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 2006

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 2006.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	**2006**	2005
		HK$'000	HK$'000
			Restated
REVENUE		**7,503,428**	5,786,386
Cost of sales		**(6,974,598)**	(5,376,077)
Gross profit		**528,830**	410,309
Other income and gains	4	**283,245**	195,293
Selling and distribution costs		**(68,302)**	(33,805)
Administrative expenses		**(214,910)**	(132,526)
Other operating expenses, net		**(62,319)**	(3,384)
Finance costs	5	**(150,355)**	(93,730)
PROFIT BEFORE TAX	6	**316,189**	342,157
Tax	7	**(70,152)**	(110,642)
PROFIT FOR THE YEAR		**246,037**	231,515
ATTRIBUTABLE TO:			
Shareholders of the Company		**200,815**	221,703
Minority interests		**45,222**	9,812
		246,037	231,515
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8		
Basic		**HK 4.65 cents**	HK 5.14 cents
Diluted		**HK 4.61 cents**	N/A
DIVIDEND PER SHARE	9	**NIL**	NIL

CONSOLIDATED BALANCE SHEET
31 December

	Notes	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,391,501**	1,170,614
Prepaid land lease premiums		**58,353**	–
Other intangible assets		**135,701**	–
Other assets		**555,983**	573,878
Goodwill		**341,512**	341,512
Available-for-sale equity investments		**845,936**	657,035
Prepayments, deposits and other receivables		**16,346**	326,486
Loan receivable		**21,615**	–
Deferred tax assets		**6,754**	11,188
Total non-current assets		**4,373,701**	3,080,713
CURRENT ASSETS			
Inventories		**1,112,150**	656,138
Accounts receivable	10	**939,938**	395,749
Prepayments, deposits and other receivables		**1,867,396**	29,185
Loan receivable		**17,327**	–
Equity investments at fair value through profit or loss		**1,974**	1,830
Derivative financial instruments		**16,380**	12,356
Other assets		**62,945**	58,365
Cash and bank balances		**850,744**	1,519,595
Due from related companies		**51,486**	–
Due from the ultimate holding company		**34,320**	–
		4,954,660	2,673,218
Assets of a disposal group classified as held for sale		**–**	266,096
Total current assets		**4,954,660**	2,939,314
CURRENT LIABILITIES			
Accounts payable	11	**533,788**	186,288
Tax payable		**47,108**	71,709
Accrued liabilities and other payables		**306,789**	51,153
Derivative financial instruments		**286,920**	203,541
Due to a minority shareholder		**38,174**	–
Bank and other loans		**1,588,022**	858,393
Provisions		**53,738**	33,229
		2,854,539	1,404,313
Liabilities of a disposal group classified as held for sale		**–**	33,072
Total current liabilities		**2,854,539**	1,437,385
NET CURRENT ASSETS		**2,100,121**	1,501,929
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,473,822**	4,582,642
NON-CURRENT LIABILITIES			
Bank and other loans		**2,214,540**	1,047,223
Deferred tax liabilities		**519,933**	470,985
Derivative financial instruments		**41,063**	11,016
Provisions		**117,549**	86,011
Other payables		**75,648**	–
Total non-current liabilities		**2,968,733**	1,615,235
Net assets		**3,505,089**	2,967,407

EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**215,909**	215,844
Reserves	**3,009,434**	2,725,929
	3,225,343	2,941,773
Minority interests	**279,746**	25,634
Total equity	**3,505,089**	2,967,407

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. A disposal group held for sale is stated at the lower of carrying amount and fair value less costs to sell. These financial statements are presented in Hong Kong dollars (HK$) and all values are rounded to the nearest thousand (HK$'000) except where 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 2006. 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 business combinations to the fair value of the identifiable 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 interests of outside shareholders not held by the Group 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 2005, 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 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

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 the 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 and results information for the Group's business segments for the year ended 31 December 2006 and 2005.

Year ended 31 December 2006 HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Manganese**	**Crude oil**	**Others**	**Consolidated**
Segment revenue:							
Sales to external customers	**1,602,930**	**274,752**	**5,074,136**	**538,006**	**13,604**	**–**	**7,503,428**
Other income	**37,039**	**120**	**9,756**	**15,193**	**5,637**	**–**	**67,745**
	1,639,969	**274,872**	**5,083,892**	**553,199**	**19,241**	**–**	**7,571,173**
Segment results	**108,340**	**76,756**	**111,025**	**65,759**	**15,847**	**(11,980)**	**365,747**
Interest income and unallocated gains							**215,500**
Unallocated expenses							**(114,703)**
Profit from operating activities							**466,544**
Unallocated finance costs							**(150,355)**
Profit before tax							**316,189**
Tax							**(70,152)**
Profit for the year							**246,037**

Year ended 31 December 2005
HK$'000
Restated

Segment revenue:							
Sales to external customers	1,148,078	259,705	4,300,699	–	77,429	475	5,786,386
Other income/(expenses)	(3,138)	78,463	21,602	–	–	10	96,937
	1,144,940	338,168	4,322,301	–	77,429	485	5,883,323
Segment results	173,383	177,792	82,631	–	(6,620)	(15,507)	411,679
Interest income and unallocated gains							98,356
Unallocated expenses							(74,148)
Profit from operating activities							435,887
Unallocated finance costs							(93,730)
Profit before tax							342,157
Tax							(110,642)
Profit for the year							231,515

4. OTHER INCOME AND GAINS

	2006 HK$'000	2005 HK$'000 Restated
Interest income	**144,810**	75,002
Handling service fees	**7,121**	13,326
Dividend income from listed investments	**55,115**	19,768
Gain on sales of coal exploration interests	**–**	78,463
Gain on disposal of marketable securities	**5,235**	–
Insurance claim income	**25,996**	–
Gain on conversion of available-for-sale equity investments	**17,502**	–
Sale of scraps	**11,891**	5,148
Others	**15,575**	3,586
Total other income and gains	**283,245**	195,293

5 FINANCE COSTS

	2006 HK$'000	2005 HK$'000
Interest expense on bank and other loans repayable:		
Within one year	**85,452**	43,264
In the second to fifth years, inclusive	**64,773**	10,219
Beyond five years	**9,697**	34,054
Total interest	**159,922**	87,537
Less: Interest capitalized	**(22,897)**	–
	137,025	87,537
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**7,673**	2,445
Others*	**5,657**	3,748
	150,355	93,730

* Included amortization of up-front fee of HK$2,004,600 (2005: HK$501,150).

6. PROFIT BEFORE TAX

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

	2006 HK$'000	2005 HK$'000 Restated
Depreciation	**92,560**	114,330
Amortisation of the electrity supply agreement	**62,930**	58,348
Amortisation of other intangible assets	**4,235**	–
Amortisation of a prepaid land lease premiums	**948**	–
Provision for impairment of items of property, plant and equipment	**4,893**	12,733
Exchange (gains)/losses, net	**53,883**	(30 ,754)

7. TAX

	2006 HK$'000	2005 HK$'000
Current – Hong Kong	**–**	–
Current – Elsewhere		
Charge for the year	**103,072**	102,371
Overprovision in prior years	**(4,533)**	–
Deferred	**(28,387)**	8,271
Total tax charge for the year	**70,152**	110,642

The statutory tax rate for Hong Kong profits tax is 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year (2005: Nil).

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% (2005: 30%) on the estimated assessable profits arising in Australia during the year.

For the year ended 31 December 2006, the tax rate applicable to the subsidiaries established and operating in the People's Republic of China (the "PRC") and Indonesia is 33% and 30% respectively. However, certain PRC subsidiaries of the Group are subject to a full corporate income tax exemption for the first two years and a 50% reduction in the succeeding three years, commencing from the first profitable year. No provision for Indonesian tax has been made for the year as the Indonesian operation of the Group did not generate any assessable profits.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share is based on the profit for the year attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

A diluted earnings per share amount for the year ended 31 December 2005 has not been presented as 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.

The calculations of basic and diluted earnings per share are based on:

	2006	2005
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company, used in the basic earnings per share calculation	**200,815**	221,703

	Number of shares	
	2006	2005
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,317,072,600**	4,316,884,381
Effect of dilution – weighted average number of ordinary shares:		
Share options	**43,138,686**	–
	4,360,211,286	4,316,884,381

9. 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 (2005: Nil).

10 ACCOUNTS RECEIVABLE

An aged analysis of the accounts receivable as at the balance sheet date, based on the invoice date, is as follows:

	2006	2005
	HK$'000	HK$'000
Within one month	**643,465**	313,181
One to two months	**255,889**	76,950
Two to three months	**17,794**	4,630
Over three months	**22,790**	988
	939,938	395,749

Included in the Group's total accounts receivable is an amount due from the Group's fellow subsidiary of HK$235,785,000 (2005: HK$18,313,000), which is repayable on similar credit terms to those offered to other customers of the Group.

11 ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the balance sheet date, based on the invoice date, is as follows:

	2006 HK$'000	2005 HK$'000
Within one month	**455,696**	170,572
One to two months	**58,416**	14,762
Two to three months	**5,284**	172
Over three months	**14,392**	782
	533,788	186,288

The accounts payable are non-interest-bearing and are normally settled on 60-day terms.

12. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

BUSINESS REVIEW AND OUTLOOK

Strong demand and price volatility for natural resources, especially aluminium, coal, iron ore, manganese and oil, which are important to and impact the Group's performance, continued during 2006. Against this background, the delivery of the Group's business strategy as an integrated provider of key natural resources continued and there were a number of encouraging initiatives and developments during the year.

The Group's businesses and interests in Australia, including aluminium smelting, coal, import and export of commodities, continue to be the principal contributors and formed the basis for the satisfactory results of the Group in 2006. The Group's Australian listed subsidiary, CITIC Australia Trading Limited ("CATL"), recorded a modest increase in net profit. Alumina exports performed well as did iron ore trading. A positive development has been the commencement in 2006 of a new trading line exporting Chinese steel to Europe and the Middle East.

Since completing the acquisition of manganese investment in February 2006, the manganese business has been integrated into the Group. The Directors are pleased to report that the manganese business has made a welcome contribution to the profits of the Group for 2006 and the Group will be endeavouring to obtain greater efficiency and productivity in the future.

Investment in oil has been identified as a particular focus for the Group and the Group has been benefiting from the key industry appointments of 2006.

In November 2006, CITIC Seram Energy Limited, a wholly-owned subsidiary of the Group, concluded the acquisition of a 51% majority interest in the Seram Island Non-Bula Block production sharing contract. One notable aspect of this acquisition is that CITIC Seram Energy Limited also became the operator responsible for managing and operating exploration and development at the Seram Island Non-Bula Block which marks a change in the Group's strategy for oil investments from passive holdings to an involvement. In 2006, the average production of oil from the Seram Island Non-Bula Block was above 4,700 barrels per day.

The Group plans to increase its oil production capacity through development of existing interests and through acquisitions. The Directors are currently assessing a possible investment in the Karazhanbas oilfield located in Kazakhstan which has proven reserves of about 340 million barrels of oil as of 31 December 2005. The Company has been granted a right by its ultimate controlling shareholder, CITIC Group, to acquire about a 50% interest in this oilfield. If an investment in the Karazhanbas oilfield can be successfully concluded, the Group would become one of the largest PRC controlled listed oil producers.

The Group continues to be financially sound and with the support of shareholders of the Company, remain well placed to continue efforts to build the business and enhance shareholder value.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2006, the Group had a cash balance of HK$850.7 million. In February and April 2007, the Company has allotted and issued totaling 700,000,000 new shares at a price of HK$2.46 per new share. The net proceeds of the subscription amounted to HK$1,683.0 million.

As at 31 December 2006, the Group had outstanding borrowings of HK$3,802.6 million, which comprised secured bank loans of HK$878.7 million, unsecured bank loans of HK$2,465.0 million and unsecured other loans of HK$458.9 million. The secured bank loans were secured by the Group's 22.5% participating interest in the Portland Aluminium Smelter joint venture, the fixed assets and mining right of the manganese coal mines, and guarantees mostly provided by Guangxi Dameng Manganese Industry Co., Ltd. The bank trade finance facilities available to 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 term loans, CATL's borrowings are transaction specific and of 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 accordingly.

As at 31 December 2006, there was an increase in the Group's total outstanding borrowings caused by the growth of the business, the gearing ratio of the Group was 54.1%. Of the total outstanding borrowings, HK$1,588.0 million was repayable within one year. There was no adverse change to the financial position of the Group.

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

The Group enters into derivative transactions, including principally forward currency, commodity contracts and interest rate swaps. The purpose of these transactions is to manage the currency, commodity price and interest rate risks arising from the Group's operations and its sources of finance.

The Board is 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 2006, the Group had around 3,100 full time employees, including management and administrative staff. Most of the employees are employed in the PRC and Australia while the others are employed in Indonesia and 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. Rent-free quarters are provided to the Group's PRC employees.

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 employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. 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 Group's PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension 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 EVENTS

Subsequent to the balance sheet date, the Group entered into the following significant transactions:

(a) On 9 February 2007, the Company entered into the placing and subscription agreement with United Star International Inc. ("USI"), Citigroup Global Markets Asia Limited and UBS AG, pursuant to which the Company agreed to allot and issue, and USI agreed to subscribe for 570,000,000 new ordinary shares of HK$0.05 each at a price of HK$2.46 per new share.

    The transaction, completed on 28 February 2007, 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 announcement of the Company dated 9 February 2007.

(b) On 9 February 2007, the Company entered into the subscription agreement (the "Subscription Agreement") with Keentech Group Limited ("Keentech"), pursuant to which the Company conditionally agreed to allot and issue, and Keentech agreed to subscribe for 130,000,000 new ordinary shares of HK$0.05 each (the "Subscription Shares") at a price of HK$ 2.46 per Subscription Share.

    The transaction, completed on 19 April 2007, constituted a connected transaction under the Listing Rules. Further details of the transaction are set out in the circular of the Company dated 5 March 2007.

(c) On 20 March 2007, an ordinary resolution was passed at the special general meeting of the Company whereby the authorised share capital of the Company of HK$300,000,000 divided into 6,000,000,000 ordinary shares of HK$0.05 each be and is hereby increased to HK$500,000,000 divided into 10,000,000,000 ordinary shares of HK$0.05 each by the creation of an additional 4,000,000,000 ordinary shares of HK$0.05 each, which such shares shall on their issue rank pari passu in all respects with existing issued shares.

(d) During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Since the detailed implementation and administrative rules and regulations have not yet been announced, the financial impact of the New Corporate Income Tax Law to the Group cannot be reasonably estimated at this stage.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company complied with the applicable provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the "CG Code") and the Rules on Corporate Governance Report as set out respectively in Appendix 14 and 23 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. However, under the Company's bye-laws, one-third of all Directors (whether executive or non-executive) are subject to retirement by rotation and re-election at each general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

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 2006 with the management of the Company.

On behalf of the board
Kwok Peter Viem
Chairman

Hong Kong, 20 April 2007

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.