



CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL RESULTS

The board of directors (the “**Board**”) of CITIC Resources Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	2007 HK\$'000	2006 HK\$'000 (restated)
REVENUE	3	10,007,656	6,835,161
Cost of sales		(8,576,552)	(6,306,331)
Gross profit		1,431,104	528,830
Other income and gains	4	430,672	283,245
Selling and distribution costs		(103,132)	(68,302)
Administrative expenses		(310,118)	(214,910)
Other operating expenses, net		(190,629)	(62,319)
Finance costs	5	(542,583)	(150,355)
Share of profit of an associate		15,698	—
PROFIT BEFORE TAX	6	731,012	316,189
Tax	7	(209,630)	(70,152)
PROFIT FOR THE YEAR		521,382	246,037
ATTRIBUTABLE TO:			
Shareholders of the Company		282,777	200,815
Minority interests		238,605	45,222
		521,382	246,037
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8		
Basic		HK5.65 cents	HK4.65 cents
Diluted		HK5.61 cents	HK4.61 cents
DIVIDEND PER SHARE	9	Nil	Nil

CONSOLIDATED BALANCE SHEET

31 December

	Notes	2007 HK\$'000	2006 HK\$'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		22,187,440	2,194,250
Prepaid land lease premiums		72,451	58,353
Goodwill		341,512	341,512
Other intangible assets		142,038	135,701
Other assets		549,295	555,983
Interest in an associate		1,164,472	—
Available-for-sale investments		201,206	845,936
Prepayments, deposits and other receivables		78,860	16,346
Loan receivable		3,222	21,615
Deferred tax assets		156,735	204,005
Total non-current assets		<u>24,897,231</u>	<u>4,373,701</u>
CURRENT ASSETS			
Inventories		1,126,642	800,007
Accounts receivable	10	1,619,666	1,252,081
Prepayments, deposits and other receivables		745,518	1,867,396
Loan receivable		18,393	17,327
Equity investments at fair value through profit or loss		2,430	1,974
Derivative financial instruments		8,608	16,380
Due from related companies		119,600	51,486
Due from the ultimate holding company		—	34,320
Other assets		70,125	62,945
Tax recoverable		92,295	—
Cash and bank balances		2,074,457	850,744
Total current assets		<u>5,877,734</u>	<u>4,954,660</u>
CURRENT LIABILITIES			
Accounts payable	11	613,991	533,788
Tax payable		408,984	47,108
Accrued liabilities and other payables		653,313	306,789
Derivative financial instruments		102,366	286,920
Due to a minority shareholder		—	38,174
Due to related companies		9,674	—
Bank and other loans		2,238,916	1,588,022
Bond obligations		356,868	—
Provisions		52,313	53,738
Total current liabilities		<u>4,436,425</u>	<u>2,854,539</u>
NET CURRENT ASSETS		<u>1,441,309</u>	<u>2,100,121</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,338,540</u>	<u>6,473,822</u>

CONSOLIDATED BALANCE SHEET

31 December

	2007 HK\$'000	2006 HK\$'000 (restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	26,338,540	6,473,822
NON-CURRENT LIABILITIES		
Bank and other loans	1,963,188	2,214,540
Bond obligations	7,635,991	—
Deferred tax liabilities	9,173,110	519,933
Derivative financial instruments	86,756	41,063
Provisions	246,612	117,549
Other payables	73,324	75,648
Total non-current liabilities	19,178,981	2,968,733
NET ASSETS	7,159,559	3,505,089
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	262,894	215,909
Reserves	5,808,569	3,009,434
Minority interests	6,071,463 1,088,096	3,225,343 279,746
TOTAL EQUITY	7,159,559	3,505,089

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 include all Hong Kong Financial Reporting Standards, 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. 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 2007. 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 2006, except that the Group has adopted the following new and revised HKFRSs (which also include HKASs and Interpretations) for the first time for the current year’s financial statements. Except for certain cases giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements:

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

3. SEGMENT INFORMATION

Segment Information is presented by way of business segment.

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.

Business segments

The following tables present revenue and profit information for the Group's business segments for the years ended 31 December 2007 and 2006.

Year ended 31 December 2007 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Consolidated
Segment revenue:							
Sales to external customers	1,761,416	169,895	5,873,555	1,684,457	518,333	—	10,007,656
Other income	9,635	7,436	7,680	7,002	3,580	13,443	48,776
	<u>1,771,051</u>	<u>177,331</u>	<u>5,881,235</u>	<u>1,691,459</u>	<u>521,913</u>	<u>13,443</u>	<u>10,056,432</u>
Segment results	<u>210,997</u>	<u>14,645</u>	<u>152,686</u>	<u>439,017</u>	<u>221,766</u>	<u>(33,929)</u>	<u>1,005,182</u>
Interest income and unallocated gains							381,896
Unallocated expenses							(129,181)
Profit from operating activities							1,257,897
Unallocated finance costs							(542,583)
Share of profit of an associate	—	15,698	—	—	—	—	15,698
Profit before tax							731,012
Tax							(209,630)
Profit for the year							<u>521,382</u>
Year ended 31 December 2006 HK\$'000	Aluminium smelting	Coal	Import and export of commodities (restated)	Manganese	Crude oil	Others	Consolidated (restated)
Segment revenue:							
Sales to external customers	1,602,930	274,752	4,405,869	538,006	13,604	—	6,835,161
Other income	37,039	120	9,756	15,193	5,637	—	67,745
	<u>1,639,969</u>	<u>274,872</u>	<u>4,415,625</u>	<u>553,199</u>	<u>19,241</u>	<u>—</u>	<u>6,902,906</u>
Segment results	<u>108,340</u>	<u>76,756</u>	<u>111,025</u>	<u>65,759</u>	<u>15,847</u>	<u>(11,980)</u>	<u>365,747</u>
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							<u>246,037</u>

4. OTHER INCOME AND GAINS

An analysis of the Group's other income and gains is as follows:

	2007 HK\$'000	2006 HK\$'000
Interest income	342,174	144,810
Handling service fees	8,164	7,121
Dividend income from available-for-sale listed investments	15,670	55,115
Gain on disposal of coal exploration interests	7,358	—
Gain on disposal of available-for-sale equity investments	—	5,235
Insurance claim income	—	25,996
Gain on conversion of available-for-sale equity investments	—	17,502
Interest income from CITIC Group	3,096	—
Excess over the cost of a business combination	11,933	—
Write-off of payable	13,443	—
Sale of scraps	7,878	11,891
Others	20,956	15,575
	<u>430,672</u>	<u>283,245</u>

5. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest expense on bank and other loans repayable:		
Within one year	111,266	85,452
In the second to fifth years, inclusive	62,300	64,773
Beyond five years	16,201	9,697
Fixed rate senior notes, net	330,296	—
	<u>520,063</u>	<u>159,922</u>
Total interest expense on financial liabilities not at fair value through profit or loss	520,063	159,922
Amortisation of fixed rate senior notes	14,392	—
Less: Interest capitalised	—	(22,897)
	<u>534,455</u>	<u>137,025</u>
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	1,562	7,673
Others*	6,566	5,657
	<u>542,583</u>	<u>150,355</u>

* Included amortisation of up-front fees of HK\$2,004,600 (2006: HK\$2,004,600).

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2007 HK\$'000	2006 HK\$'000
Depreciation	248,952	92,560
Amortisation of the Electric Supply Agreement	70,108	62,930
Amortisation of other intangible assets	5,969	4,235
Amortisation of prepaid land lease premiums	1,555	948
Equity-settled share option expenses	20,559	26,158
Loss on disposal/write-off of items of property, plant and equipment	6,586	4,568
Provision/(written-back of provision) for impairment of items of property, plant and equipment	65,598	(4,893)
Exchange losses, net	86,485	53,883
	<u> </u>	<u> </u>

7. TAX

	2007 HK\$'000	2006 HK\$'000
Current – Hong Kong	—	—
Current – Elsewhere		
Charge for the year	189,579	103,072
Overprovision in prior years	(2,467)	(4,533)
Deferred	22,518	(28,387)
	<u> </u>	<u> </u>
Total tax charge for the year	209,630	70,152
	<u> </u>	<u> </u>

The statutory tax rate for Hong Kong profits tax is 17.5% (2006: 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 (2006: 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% (2006: 30%) on the estimated assessable profits arising in Australia during the year.

For the year ended 31 December 2007, the tax rates applicable to the subsidiaries and jointly controlled entities established and operating in the People's Republic of China (the "PRC"), Indonesia and Kazakhstan are 33% (2006: 33%), 30% (2006: 30%) and 30% respectively.

7. TAX (Continued)

Certain PRC subsidiaries of the Group are subject to a full corporate income tax exemption for the two years and a 50% reduction in the succeeding three years, commencing from the first profitable year.

Under the new PRC Corporate Income Tax Law (the “**New Corporate Income Tax Law**”) and its Implementation Rules (effective on 1 January 2008), the PRC corporate income tax rates for domestic and foreign-invested enterprises (including Sino-foreign equity joint ventures) are unified to 25%. Sino-foreign equity joint ventures which were established before the New Corporate Income Tax Law was promulgated and have been entitled to the above income tax holiday can continue to enjoy the existing tax holiday until its expiry, subject to a five-year period restriction. Consequently, certain PRC subsidiaries of the Group can continue to enjoy their tax holiday, commencing from their respective first profitable year and expiring within five years from 1 January 2008.

In accordance with the subsoil use contract, the Group’s jointly-controlled entities with operation domiciled in Kazakhstan shall pay excess profit tax (the “**EPT**”) on its profit after corporate income tax each year, pursuant to the Tax Code of Kazakhstan. The excess profit tax shall be paid on a basis of the cumulative real internal rate of return (the “**IRR**”) exceeding 20%. The IRR is calculated based on the after-tax cash flow (the “**ATCF**”) and by further discounting using the published oil machinery and equipment index. The ATCF shall be calculated as the cumulative gross income less all expenses relating to petroleum operations, including transporting expenses, operating costs, capital expenditures and all taxes. The EPT is paid at progressive rates from 4% to 30% of the profit after corporate income tax.

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

The calculation of 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 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.

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

	2007 HK\$'000	2006 HK\$'000
Earnings		
Profit attributable to ordinary shareholders of the Company, used in the basic earnings per share calculation	<u>282,777</u>	<u>200,815</u>
	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	5,008,380,271	4,317,072,600
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>30,706,963</u>	<u>43,138,686</u>
	<u>5,039,087,234</u>	<u>4,360,211,286</u>

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 (2006: 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:

	2007 HK\$'000	2006 HK\$'000 (restated)
Within one month	1,365,118	955,608
One to two months	203,292	255,889
Two to three months	12,115	17,794
Over three months	39,141	22,790
	<u>1,619,666</u>	<u>1,252,081</u>

The Group normally offers credit terms of 30 to 60 days to its established customers

11. ACCOUNTS PAYABLE

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

	2007 HK\$'000	2006 HK\$'000
One to two months	15,534	58,416
Two to three months	2,520	5,284
Over three months	14,307	14,392
	<u>613,991</u>	<u>533,788</u>

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

12. COMPARATIVE AMOUNTS

Certain opening and prior year adjustments have been made. In addition, turnover and cost of sales have been reduced by HK\$668,267,000 in 2006 and certain comparative amounts have been restated to conform with the current year's presentation and accounting treatment.

BUSINESS REVIEW

In December 2007, the Group concluded the purchase of an almost 50% interest in the Karazhanbas oilfield located in Kazakhstan which had proved reserves of 341.1 million barrels of oil as at 31 December 2007. This was financed from funds raised in the international debt markets. In May 2007, the Group successfully closed on the issue of its US\$1,000 million 6.75% senior notes due 2014, which marked the Group's first ever bond issue. This was a major financing activity successfully completed by the Group prior to the onset of the subprime crisis in the United States of America.

The Group manages and operates the Karazhanbas oilfield on a joint venture basis with JSC KazMunaiGas Exploration Production ("**KMG EP**") which holds an identical interest in the oilfield. KMG EP is one of the largest oil and gas producing companies in Kazakhstan and is listed on the Kazakhstan and London stock exchanges. The Group looks forward to creating a successful working relationship with KMG EP and to increasing the production of the oilfield by employing China National Petroleum Corporation's exclusive recovery technology for heavy oil. The Group expects that a significant increase in oil production from the oilfield will be achieved in 2008 notwithstanding the challenges of production and costs associated with such production.

In October 2007, the Group closed the acquisition of a 90% interest in Tincy Group Energy Resources Limited, the appointed contractor in respect of the Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, the PRC. The principal field in this block has an estimated total recoverable proved, probable and possible oil reserves of about 63.5 million barrels as of 30 June 2007. The Group has been undertaking preparation work in respect of development of the block.

With the addition of the Karazhanbas and the Hainan-Yuedong interests, the Group's total oil reserves (proved, probable and possible) have increased from 37.5 million barrels to 622.9 million barrels during the course of 2007. We believe the significant growth of the Group's oil business will enhance the Group's long term profitability. We contemplate that profits from our oil business once fully developed will become the Group's largest profit contributor.

Our Australia based businesses of aluminium smelting, coal and import and export of commodities continue to make significant contributions to the Group's performance and remain an integral part of the Group's overall strategy. A noteworthy event was the Group's acquisition of an additional 8.37% in the equity of the Australian Stock Exchange listed Macarthur Coal Limited ("**Macarthur Coal**") in July 2007 which pushed the Group's interest up to 19.99% at that time. We are now one of the substantial shareholders in Macarthur Coal which provides about 44% of the low volatile pulverised coal injection coal exported from Australia. CITIC Australia Trading Limited ("**CATL**"), a company listed in Australia and controlled by the Group, again delivered record profits in 2007.

The manganese business performed well in 2007 and is expected to increase capacity with our proposed acquisition of additional manganese mining interests in Gabon, Africa.

We believe all of these developments create and will help deliver value to our shareholders.

During 2007, to strengthen our capital base and raise capital to support the growth of the Group, the Company undertook a number of share placements raising HK\$2,137.9 million cash in total. Singapore based Temasek Holdings (Private) Limited ("**Temasek Holdings**") became a substantial shareholder in the Company as part of the process. Temasek Holdings has considerable experience and investment intelligence in a wide range of businesses. They have nominated a non-executive director to the Board. We believe Temasek Holdings' presence and support will benefit our Group.

BUSINESS OUTLOOK

In 2008, energy investment will become more challenging and the international financial markets may continue to remain unstable. However, we are determined to further our efforts in improving the efficiency and productivity of our existing assets and to contain operating costs while securing an increase in production from the Karazhanbas oilfield, the commercial development of the Hainan-Yuedong Block and the expansion of the Indonesian Seram Island Non-Bula Block, all with a view to further boosting the development capability, profitability and risk resistance of the Group's oil business. The Group is also committed to improving the profitability of the commodities business in Australia and to further increasing the productivity of CITIC Dameng Mining Industries Limited. Meanwhile, the Group will continue to identify new investment opportunities to enhance the Group's performance and shareholder value.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2007, the Group had a cash balance of HK\$2,074.5 million. During the year, the Company obtained funds of:

- HK\$7,621.7 million through the issue of the Notes (details are set out under the heading "Borrowings" below); and
- HK\$2,287.6 million through the issue of new ordinary shares of HK\$0.05 each in the share capital of the Company ("Shares") (details are set out under the heading "Share Capital" below).

Borrowings

As at 31 December 2007, the Group had outstanding borrowings of HK\$12,195.0 million, which comprised:

- secured bank loans of HK\$1,210.7 million;
- unsecured bank loans of HK\$2,522.8 million;
- unsecured other loans of HK\$468.6 million; and
- bond obligations of HK\$7,992.9 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 of JSC Karazhanbasmunai; the fixed assets, prepaid land lease premiums and mining right of the manganese mine, 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 durations, matching the term of the underlying trade. When sale proceeds are received at the completion of a transaction, the related borrowings are repaid accordingly.

In May 2007, CITIC Resources Finance (2007) Limited ("**CR Finance**"), a direct wholly-owned subsidiary of the Company, completed the issue of US\$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**"). The obligations of CR Finance under the Notes are irrevocably and unconditionally guaranteed by the Company. The net proceeds of the Notes, after deduction of underwriting discounts and commissions and related expenses, amounted to US\$976.6 million (HK\$7,621.7 million). The money was used to facilitate the acquisition of 50% of CITIC Group's interest in the Karazhanbas oilfield as part of the Kazakhstan Transaction and for general working capital requirements. Further details of the Notes are set out in the announcement of the Company dated 17 May 2007.

As at 31 December 2007, the gearing ratio of the Group was 200.9% (31 December 2006: 117.9%). Of the total outstanding borrowings, HK\$2,595.8 million was repayable within one year. There was no adverse change to the financial position of the Group.

Share capital

In February and April 2007, the Company issued a total of 700,000,000 new Shares at a price of HK\$2.46 per new Share. The net proceeds of the subscriptions amounted to HK\$1,687.4 million and were received in cash. Further details of the subscriptions are set out in the announcement of the Company dated 9 February 2007 and in the circular of the Company dated 5 March 2007 respectively.

In July 2007, the Company issued 101,000,000 new Shares at a price of 4.46 per new Share. The net proceeds of the subscription amounted to HK\$450.5 million and were received in cash.

During the year, the Company also issued a total of 138,700,000 new Shares as a result of the exercise of share options at an average exercise price of HK\$1.079 per Share. The net proceeds of the subscription amounted to HK\$149.7 million and were received in cash.

At the special general meeting of the Company held on 20 March 2007, an ordinary resolution was duly passed approving an increase in the authorised share capital of the Company from HK\$300,000,000 to HK\$500,000,000 by the creation of an additional 4,000,000,000 Shares.

Financial risk management

The Group's diversified business is exposed to a variety of 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 uses derivative financial instruments such as forward currency and commodity contracts and interest rate swap to hedge its risks associated with foreign currency, commodity price and interest rate fluctuations arising from the Group's operations and its sources of finance.

Opinion

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.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2007, the Group had around 8,100 full time employees, including management and administrative staff. Most of the Group's employees are employed in the PRC, Kazakhstan and Indonesia while the others are employed in Australia and Hong Kong.

The Group's remuneration policy seeks to provide a fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. The emoluments are also based on individual's knowledge, skill, time commitment, responsibilities and performance and are determined by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Kazakhstan and Indonesia.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has, for the year ended 31 December 2007, applied the principles and complied with the applicable provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for the deviation in respect of the service term pursuant to paragraph A.4.1 of the CG Code.

Paragraph A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors are not appointed for specific terms. However, under the Company’s bye-laws, one-third of the directors are subject to retirement by rotation provided that every director (including those appointed for a specific term) is subject to retirement at least once every three years. 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 set out in paragraph A.4.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Throughout the year, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold 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 these annual results with management of the Company.

On behalf of the board
CITIC Resources Holdings Limited
Sun Xinguo
Chief Executive Officer

Hong Kong, 18 April 2008

As at the date of this announcement, the executive directors of the Company are Mr. Kong Dan; Mr. Mi Zengxin; Mr. Shou Xuancheng; Mr. Sun Xinguo; Ms. Li So Mui; Mr. Qiu Yiyong; Mr. Zeng Chen and Mr. Zhang Jijing, the non-executive directors are Mr. Ma Ting Hung and Mr. Wong Kim Yin, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Ngai Man and Mr. Tsang Link Carl, Brian.