CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008.

FINANCIAL HIGHLIGHTS

- Revenue increased by 87.5% to HK$18,761.5 million
- Gross profit increased by 124.6% to HK$3,213.9 million
- Earnings before finance costs, tax, depreciation, amortisation and provision for impairment of items of property, plant and equipment (EBITDA) increased by 153.2% to HK$4,217.0 million
- Profit before provision for impairment of items of property, plant and equipment and tax increased by 115.9% to HK$1,720.0 million
- Profit attributable to shareholders of the Company amounted to HK$204.3 million, after including provision for impairment of items of property, plant and equipment

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	**2008 HK$'000**	2007 HK$'000
REVENUE	3	**18,761,463**	10,007,656
Cost of sales		**(15,547,583)**	(8,576,552)
Gross profit		**3,213,880**	1,431,104
Other income and gains	4	**216,842**	430,672
Selling and distribution costs		**(312,080)**	(103,132)
Administrative expenses		**(717,775)**	(310,118)
Other operating expenses, net		**(31,603)**	(125,031)
Finance costs	5	**(937,945)**	(542,583)
Share of profit of an associate		**288,646**	15,698
		1,719,965	796,610
Provision for impairment of items of property, plant and equipment		**(6,420,737)**	(65,598)
PROFIT/(LOSS) BEFORE TAX	6	**(4,700,772)**	731,012
Tax	7	**5,164,147**	(209,630)
PROFIT FOR THE YEAR		**463,375**	521,382
ATTRIBUTABLE TO:			
Shareholders of the Company		**204,256**	282,777
Minority interests		**259,119**	238,605
		463,375	521,382
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8		
Basic		**HK 3.61 cents**	HK 5.63 cents
Diluted		**HK 3.60 cents**	HK 5.60 cents
DIVIDEND PER SHARE	9	**Nil**	Nil

CONSOLIDATED BALANCE SHEET

31 December

	Notes	2008 HK$'000	2007 HK$'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**16,329,307**	22,420,113
Prepaid land lease premiums		**77,433**	72,451
Goodwill		**341,512**	341,512
Other intangible assets		**318,875**	142,038
Other assets		**376,455**	549,295
Investment in an associate		**1,617,052**	1,164,472
Available-for-sale investments		**17,871**	201,206
Prepayments, deposits and other receivables		**137,371**	78,860
Loan receivable		**—**	3,222
Deferred tax assets		**139,399**	156,735
Total non-current assets		**19,355,275**	25,129,904
CURRENT ASSETS			
Inventories		**1,546,048**	1,126,642
Accounts receivable	10	**1,715,307**	1,619,666
Prepayments, deposits and other receivables		**844,563**	745,518
Loan receivable		**3,222**	18,393
Equity investments at fair value through profit or loss		**1,909**	2,430
Derivative financial instruments		**37,586**	8,608
Due from related companies		**67,754**	119,600
Other assets		**55,113**	70,125
Tax recoverable		**160,683**	92,295
Cash and bank balances		**4,770,747**	2,074,457
Total current assets		**9,202,932**	5,877,734
CURRENT LIABILITIES			
Accounts payable	11	**823,088**	613,991
Tax payable		**538,806**	482,105
Accrued liabilities and other payables		**695,744**	641,516
Derivative financial instruments		**43,221**	102,366
Due to related companies		**67,745**	9,674
Bank and other loans		**2,871,609**	2,160,916
Bond obligations		**355,649**	356,868
Provisions		**56,553**	52,313
Total current liabilities		**5,452,415**	4,419,749
NET CURRENT ASSETS		**3,750,517**	1,457,985
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,105,792**	26,587,889

CONSOLIDATED BALANCE SHEET
31 December

	2008 HK$'000	2007 HK$'000 (restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	**23,105,792**	26,587,889
NON-CURRENT LIABILITIES		
Bank and other loans	**3,019,210**	1,963,188
Bond obligations	**7,589,498**	7,635,991
Deferred tax liabilities	**2,759,529**	9,410,664
Derivative financial instruments	**94,456**	86,756
Provisions	**253,045**	246,612
Other payables	**64,716**	73,324
Total non-current liabilities	**13,780,454**	19,416,535
NET ASSETS	**9,325,338**	7,171,354
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**302,328**	262,894
Reserves	**7,589,607**	5,808,569
	7,891,935	6,071,463
Minority interests	**1,433,403**	1,099,891
TOTAL EQUITY	**9,325,338**	7,171,354

NOTES

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 Group for the year ended 31 December 2008. 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 income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of businesses during the prior 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 Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements:

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

3. SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold during the year, after allowances for returns, trade discounts and royalties.

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical 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.

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.

(a) Business segments

The following tables present revenue, profit and certain assets, liabilities and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

Year ended 31 December 2008 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Consolidated
Segment revenue:							
Sales to external customers	1,666,954	449,039	9,572,962	2,862,864	4,209,644	—	18,761,463
Other income	7,860	—	4,800	18,731	490	—	31,881
	1,674,814	449,039	9,577,762	2,881,595	4,210,134	—	18,793,344
Segment results	95,927	188,526	149,181	504,112	1,360,769	(17,940)	2,280,575
Interest income and unallocated gains							184,961
Reversal of impairment/(impairment) of property, plant and equipment	—	(4,911)	—	655	(6,416,481)	—	(6,420,737)
Unallocated expenses							(96,272)
Loss from operating activities							(4,051,473)
Unallocated finance costs							(937,945)
Share of profit of an associate	—	288,646	—	—	—	—	288,646
Loss before tax							(4,700,772)
Tax							5,164,147
Profit for the year							463,375

3. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

Year ended 31 December 2008 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Consolidated
Assets and liabilities							
Segment assets	**2,015,091**	**296,798**	**1,448,436**	**2,745,208**	**15,327,690**	**—**	**21,833,223**
Investment in an associate	**—**	**1,617,052**	**—**	**—**	**—**	**—**	**1,617,052**
Unallocated assets							**5,107,932**
Total assets							**28,558,207**
Segment liabilities	**187,159**	**137,159**	**204,963**	**295,596**	**829,722**	**5,670**	**1,660,269**
Unallocated liabilities							**17,572,600**
Total liabilities							**19,232,869**
Other segment information:							
Depreciation and amortisation	**123,446**	**13,294**	**1,780**	**88,985**	**1,314,361**	**14,092**	**1,555,958**
Unallocated amounts							**3,109**
							1,559,067
Impairment losses/ (reversal of impairment) recognised in the income statement	**—**	**4,911**	**—**	**(655)**	**6,416,481**	**—**	**6,420,737**
Other non-cash expenses	**—**	**—**	**—**	**148,191**	**27,958**	**—**	**176,149**
Unallocated amounts							**14,952**
							191,101
Capital expenditure	**118,234**	**40,292**	**724**	**592,397**	**1,319,415**	**8,846**	**2,079,908**
Unallocated amounts							**6,159**
							2,086,067

3. SEGMENT INFORMATION *(Continued)*

(a) Business segments *(Continued)*

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
	1,771,051	177,331	5,881,235	1,691,459	521,913	13,443	10,056,432
Segment results	210,997	14,645	152,686	439,017	221,766	(33,929)	1,005,182
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							521,382
Assets and liabilities							
Segment assets	2,493,820	106,106	1,285,740	1,556,915	21,691,628	14,776	27,148,985
Investment in an associate	—	1,164,472	—	—	—	—	1,164,472
Unallocated assets							2,694,181
Total assets							31,007,638
Segment liabilities	473,965	68,781	164,888	354,835	657,381	3,836	1,723,686
Unallocated liabilities							22,112,598
Total liabilities							23,836,284
Other segment information:							
Depreciation and amortisation	130,163	11,407	1,774	45,351	123,911	11,221	323,827
Unallocated amounts							2,757
							326,584
Impairment losses recognised in the income statement	28,427	—	—	3,448	—	33,723	65,598
Other non-cash expenses	16,790	—	1,517	24,547	621	—	43,475
Unallocated amounts							4,746
							48,221
Capital expenditure	88,865	66,628	2,991	248,828	113,035	—	520,347
Unallocated amounts							7,115
							527,462

3. SEGMENT INFORMATION *(Continued)*

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2008 and 2007.

Year ended 31 December 2008 HK$'000	Hong Kong	PRC	Australia	Europe	North America	Kazakhstan	Other Asian countries	Others	Consolidated
Segment revenue:									
Sales to external customers	**—**	**7,176,637**	**2,627,373**	**1,159,732**	**147,575**	**3,890,771**	**3,331,905**	**427,470**	**18,761,463**
Other segment information:									
Segment assets	**2,202,330**	**6,099,266**	**5,362,790**	**50,459**	**8,155**	**13,434,520**	**1,129,065**	**271,622**	**28,558,207**
Capital expenditure	**7,788**	**538,850**	**165,373**	**—**	**—**	**940,641**	**206,897**	**226,518**	**2,086,067**

Year ended 31 December 2007 HK$'000 (restated)	Hong Kong	PRC	Australia	Europe	North America	Kazakhstan	Other Asian countries	Others	Consolidated
Segment revenue:									
Sales to external customers	—	4,015,092	1,928,766	1,980,642	179,452	197,160	1,642,888	63,656	10,007,656
Other segment information:									
Segment assets	878,116	4,147,690	4,998,022	270,695	37,834	19,592,339	1,078,315	4,627	31,007,638
Capital expenditure	2,155	249,326	163,256	—	—	68,092	44,633	—	527,462

4. OTHER INCOME AND GAINS

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

	2008 HK$'000	2007 HK$'000
Interest income	**92,358**	342,174
Handling service fees	**6,629**	8,164
Dividend income from available-for-sale listed investments	**—**	15,670
Gain on disposal of coal exploration interests	**—**	7,358
Gain on disposal of available-for-sale listed investments	**46,133**	—
Interest income from CITIC Group	**—**	3,096
Excess over the cost of a business combination	**—**	11,933
Write-off of payable	**3,618**	13,443
Sale of scrap	**8,104**	7,878
Gain on purchase of bond obligations	**25,623**	—
Others	**34,377**	20,956
	216,842	430,672

5. FINANCE COSTS

	2008	2007
	HK$'000	HK$'000
Interest expense on bank and other loans repayable:		
Within one year	**239,267**	111,266
In the second to fifth years, inclusive	**71,380**	62,300
Beyond five years	**16,001**	16,201
Interest expense on fixed rate senior notes, net	**528,741**	330,296
Total interest expense on financial liabilities not at fair value through profit or loss	**855,389**	520,063
Amortisation of fixed rate senior notes	**23,027**	14,392
	878,416	534,455
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**44,068**	1,562
Others *	**15,461**	6,566
	937,945	542,583

* Including amortisation of up-front fees of HK$8,015,000 (2007: HK$2,004,600).

6. PROFIT/(LOSS) BEFORE TAX

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

	2008	2007
	HK$'000	HK$'000
Cost of inventories sold	**15,547,583**	8,576,552
Depreciation	**1,481,079**	248,952
Amortisation of the Electricity Supply Agreement	**68,160**	70,108
Amortisation of other intangible assets	**8,158**	5,969
Amortisation of prepaid land lease premiums	**1,670**	1,555
Exploration and evaluation costs *	**60,461**	—
Employee benefit expense:		
Equity-settled share option expenses	**3,810**	20,559
Loss on disposal/write-off of items of property, plant and equipment *	**36,250**	6,586
Provision for impairment of items of property, plant and equipment	**6,420,737**	65,598
Provision for impairment of available-for-sale investments	**14,952**	—
Provision for inventories	**174,827**	27,731
Exchange losses/(gains), net *	**(113,838)**	86,485

* These amounts are included in "Other operating expenses, net" on the face of the consolidated income statement.

7. TAX

	2008	2007
	HK$'000	HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**1,274,107**	189,579
Overprovision in prior years	**(28,548)**	(2,467)
Deferred	**(6,409,706)**	22,518
Total tax charge/(credit) for the year	**(5,164,147)**	209,630

The statutory tax rate for Hong Kong profits tax is 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profit tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 December 2008. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year (2007: 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% (2007: 30%) on the estimated assessable profits arising in Australia during the year.

For the year ended 31 December 2008, the corporate 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 25% (2007: 33%), 30% (2007: 30%) and 30% (2007: 30%), respectively.

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 and its Implementation Rules (effective from 1 January 2008), the PRC corporate income tax rates for domestic and foreign-invested enterprises (including Sino-foreign equity joint ventures) are unified at 25%. Sino-foreign equity joint ventures which were established before the new PRC 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.

The Group's subsidiary owning a participating interest in oil and gas properties in Indonesia is subject to branch tax at the effective rate of 14% (2007: 14%).

7. TAX *(Continued)*

In accordance with the subsoil use contract, the Group's jointly-controlled entities with operations 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 EPT 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.

On 10 December 2008, the President of Kazakhstan signed the Code of the Republic of Kazakhstan on Taxes and Other Obligation Payments to the Budget (the "**New Tax Code**"). The New Tax Code is effective from 1 January 2009. Under the New Tax Code, the corporate tax rates applicable to the Group's jointly-controlled entities established and operating in Kazakhstan will be reduced from 30% in 2008 to 20%, 17.5% and 15% in 2009, 2010 and 2011 onwards, respectively. A new calculation methodology on EPT is also introduced based on annual, not cumulative, profitability.

These changes will directly offset the Group's effective tax rate prospectively from 2008. According to HKAS 12 Income Taxes, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. As a result, the change in the tax rates has increased the retained profits and decreased the deferred tax liabilities of the Group by HK$4,758,338,000 for the year ended 31 December 2008.

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, as adjusted to reflect the rights 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:

	2008	2007
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**204,256**	282,777

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY *(Continued)*

	Number of shares	
	2008	2007 (restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**5,656,944,841**	5,019,398,708
Effect of dilution – weighted average number of ordinary shares:		
Share options	**20,605,730**	30,706,963
	5,677,550,571	5,050,105,671

The weighted average numbers of ordinary shares for the years ended 31 December 2008 and 31 December 2007 for the purpose of the basic and diluted earnings per share calculations have been adjusted and restated respectively to reflect the rights issue.

The computation of diluted earnings per share for the year ended 31 December 2008 does not assume the conversion of certain share options since their exercise would result in an increase in earnings per share.

9. DIVIDEND

No interim dividend was paid during the year and the prior year. The directors do not recommend the payment of any final dividend in respect of the year (2007: 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:

	2008	2007
	HK$'000	HK$'000
Within one month	**1,059,620**	1,365,118
One to two months	**490,085**	203,292
Two to three months	**93,490**	12,115
Over three months	**72,112**	39,141
	1,715,307	1,619,666

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:

	2008	2007
	HK$'000	HK$'000
Within one month	**705,837**	581,630
One to two months	**44,395**	15,534
Two to three months	**14,977**	2,520
Over three months	**57,879**	14,307
	823,088	613,991

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

12. COMPARATIVE AMOUNTS

Certain prior year adjustments have been made and certain comparative amounts have been restated to conform with the current year's presentation.

BUSINESS REVIEW

The oil business would have been the Group's largest net profit contributor in 2008 but for the asset impairment loss in respect of certain oil investments of the Group. The Group has been able to account for a full year's contribution from the Karazhanbas oilfield for the first time in 2008.

The Group's focus is on improving effective production from its oil assets, particularly the Karazhanbas oilfield which wields influence on the Group's benefits. The deployment of cyclic steam stimulation and steam flooding in place of cold heavy oil production with sand continues with the aim of extending well life and stabilising production volume at a higher level. We believe that the current decline in the oil prices does not represent the market trend in the long term. We expect operations at the Karazhanbas oilfield will contribute more to the Group's performance when oil prices recover.

During the year, proved reserves at the Seram Island Non-Bula Block, Indonesia increased by 4.6 million barrels following the Group's successful discovery of the area of Nief Utara A and the re-entry in the area of East Nief.

The Group continues to work with China National Petroleum Corporation in respect of the Yuedong oilfield at the Hainan-Yuedong Block to make steady progress and endeavors to move to the production stage as soon as feasible.

The Group's Australian assets comprising aluminium smelting, coal and import and export of commodities businesses all contributed significantly to the Group's results.

In January 2009, the Group successfully delisted its Australian listed unit, CITIC Australia Trading Limited ("**CATL**"). After being delisted, CATL is able to operate more effectively and competitively with greater management flexibility to conduct its business more efficiently.

Our manganese business continued to perform robustly and the Group has expanded the production of manganese products and high carbon ferrochromium in the year. The Group has acquired an interest in certain pre-operating exploration and mining rights in Gabon, Western Africa following the purchase of a 51% indirect interest in Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) ("**Huazhou (Gabon)**"). In order to further develop the manganese business, the Group is continuing to work on a proposal in respect of its spin-off and separate listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The listing proposal remains subject to the approval of the Listing Committee of the Stock Exchange and shareholders of the Company before it can proceed.

In 2008, the Company improved the financial well being and gearing ratio of the Group by raising about HK$2.5 billion through a rights issue on the basis of three rights shares for every twenty existing shares.

BUSINESS OUTLOOK

The Group's priority and emphasis continue to be improving the oil production in Kazakhstan and Indonesia and to commence production at the Yuedong oilfield as soon as possible.

The energy and commodities sectors in which the Group operates will continue to be placed under pressure and hardship due to the worsened global economic situations. However, we are confident that the Board and the management are determined to meet the challenges, tackle the difficulties and seize upon suitable business opportunities to deliver to shareholders positive economic benefits in consistent with the Group's business development goals.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2008, the Group had a cash balance of HK$4,770.7 million. During the year, the Company obtained funds of:

- HK$177.4 million through the disposal of common shares in the share capital of Ivanhoe Energy Inc.

- HK$2,523.8 million before expenses through a rights issue (the "**Rights Issue**") of 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 2008, the Group had outstanding borrowings of HK$13,836.0 million, which comprised:

- secured bank loans of HK$1,407.7 million;
- unsecured bank loans of HK$3,951.0 million;
- unsecured other loans of HK$532.2 million; and
- bond obligations of HK$7,945.1 million.

The secured bank loans were secured by the Group's 22.5% participating interest in the Portland Aluminium Smelter joint venture; property, plant and equipment, and prepaid land lease premiums of CITIC Dameng Mining Industries Limited ("**CITIC Dameng JV**"); and a guarantee provided by Guangxi Dameng Manganese Industry Co., Ltd.. The bank trade finance facilities available to CATL are guaranteed by CITIC Resources Australia Pty Limited ("**CRA**").

Most transactions of CATL are debt funded which means CATL is highly geared. However, in contrast to term loans, CATL's borrowings are self liquidating, 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 January 2008, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured 5-year term loan facility of US$280 million (HK$2,184 million) (the "**Loan**"). A sum of US$150 million (HK$1,170 million) was borrowed under the Loan to refinance in full the then existing term loan of US$150 million pursuant to a facility agreement dated 30 September 2005. The remaining sum of US$130 million (HK$1,014 million) under the Loan will be used by the Company for its general corporate funding requirements.

The bond obligations comprise the issue of US$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**") by CITIC Resources Finance (2007) Limited ("**CR Finance**"), a direct wholly-owned subsidiary of the Company, in May 2007. The obligations of CR Finance under the Notes are irrevocably and unconditionally guaranteed by the Company. The net proceeds of the Notes were used by the Group to facilitate the acquisition of its interests in JSC Karazhanbasmunai, Argymak TransService LLP and Tulpar Munai Service LLP and for general working capital requirements.

As at 31 December 2008, the gearing ratio and the net gearing ratio of the Group were 175% and 115% (2007: 200% and 165%) respectively. Of the total outstanding borrowings, HK$3,227.3 million was repayable within one year, the majority of which being of periodic renewal nature. There was no material adverse change to the financial position of the Group.

Share capital

In July 2008, the Company completed the issue of 788,682,657 Shares by way of the Rights Issue at the subscription price of HK$3.20 per rights Share on the basis of three rights Shares for every twenty existing Shares held as at the close of business on 19 June 2008.

The proceeds of HK$2,523.8 million before expenses have been applied by the Group towards funding its investments, working capital requirements and general corporate purposes. The Rights Issue has enabled the Group to improve its gearing ratio.

Further details of the Rights Issue are set out in the announcements of the Company dated 30 May 2008 and 14 July 2008 and the circular of the Company dated 20 June 2008.

Financial risk management

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

The Group enters into derivative transactions, including principally interest rate swap, forward currency and commodity contracts. The purpose is to manage the interest rate, currency and commodity price risks 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.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2008, the Group had around 10,000 full time employees, including management and administrative staff. Most of the Group's employees are employed in the PRC, Kazakhstan, Indonesia while the others are employed in Australia, Gabon 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, Indonesia and Gabon.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are as follows.

(a) In January 2009, CRA, an indirect wholly-owned subsidiary of the Company, completed the privatisation of CATL, at the time a non wholly-owned subsidiary of CRA, by way of a selective reduction in CATL's share capital through the cancellation of the ordinary share(s) in the share capital of CATL (the "**CATL Shares**") other than those held or controlled by CRA (the "**CATL Minority Shares**"). The CATL Minority Shares were cancelled at a price of A$0.75 per CATL Minority Share, representing A$15.1 million (HK$81.6 million) in aggregate. Consequently, the CATL Shares were delisted from the Australian Securities Exchange and CATL has become an indirect wholly-owned subsidiary of the Company. Details of the transaction are set out in the announcements of the Company dated 3 November and 19 December 2008 and the circular of the Company dated 21 November 2008.

(b) In February 2009, the Company and Apexhill Investments Limited ("**Apexhill**"), a wholly-owned subsidiary of CITIC United Asia Investments Limited which, in turn, is an indirect wholly-owned subsidiary of CITIC Group, conditionally agreed to advance a loan of HK$300 million (the "**Loan**") to CITIC Dameng Investments Limited ("**CITIC Dameng Investments**"). The Loan has been lent as to HK$240 million by the Company (the "**CRH Portion**") and as to HK$60 million by Apexhill respectively. CITIC Dameng Investments shall use the Loan to inject a total amount of RMB255.6 million (HK$290.3 million) in cash (the "**Capital Increase**") into CITIC Dameng JV for the purpose of increasing the registered capital of CITIC Dameng JV from RMB500 million (HK$567.9 million) to RMB579.7 million (HK$658.4 million). The Capital Increase will provide CITIC Dameng JV with additional capital to finance the capital and operating expenses of CITIC Dameng JV and its subsidiaries.

    Upon completion of the Capital Increase, CITIC Dameng Investments' equity interest in CITIC Dameng JV will increase from 60% to 65.5%. Accordingly, the Company's effective equity interest in CITIC Dameng JV will increase from 48% to 52.4%. The completion of the Loan and the Capital Increase is subject to the satisfaction of certain conditions. Currently, the transaction is still in progress.

    At the special general meeting of the Company held on 13 March 2009, ordinary resolutions were duly passed by independent shareholders of the Company approving the CRH Portion and the Capital Increase. Details of the transaction are set out in the announcement of the Company dated 4 February 2009 and the circular of the Company dated 25 February 2009.

(c) In March 2009, Huazhou Mining Investment Limited ("**Huazhou Mining**") entered into a loan facility agreement (the "**Facility Agreement**") pursuant to which the Offshore Banking Service Centre of Bank of Communications Co., Ltd. lent up to US$10 million (HK$78 million) (the "**Bank Loan**") to Huazhou Mining. The proceeds of the Bank Loan are being used to finance the capital and operating expenses of the manganese business operated by Huazhou (Gabon) in Gabon. The obligations of Huazhou Mining under the Facility Agreement are guaranteed by the Guangxi Branch of Bank of Communications Co., Ltd. (the "**Bank Guarantor**") under a guarantee (the "**Bank Guarantee**"). The liabilities of the Bank Guarantor under the Bank Guarantee are secured by an indemnity provided by CITIC Dameng JV, an indirect non wholly-owned subsidiary of the Company. Details of the transaction are set out in the announcement of the Company dated 20 March 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has, for the year ended 31 December 2008, 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 (the "**Listing Rules**"), except for the deviation in respect of the service term of the non-executive directors (including the independent non-executive directors) of the Company and the attendance of the chairman of the Board at the annual general meeting pursuant to paragraphs A.4.1 and E.1.2 of the CG Code respectively.

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 of the Company are not appointed for specific terms. However, under the Company's bye-laws, one-third of the directors (including those appointed for a specific term) for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director shall be 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.

Paragraph E.1.2 of the CG Code provides that the chairman of the Board should attend the annual general meeting. Mr. Kong Dan, the chairman of the Board, was unable to attend the annual general meeting and the special general meeting of the Company, both held on 27 June 2008, due to other important business engagements. In accordance with bye-law 63 of the bye-laws of the Company, the directors present at each meeting elected Mr. Sun Xinguo, the president and chief executive officer of the Company, to chair the meetings.

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 (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.

All directors have confirmed, following specific enquiry by the Company, that they complied with the required standards set out in the Model Code throughout the year.

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 the management of the Company.

CHANGES TO BOARD COMPOSITION

Mr. Ma Ting Hung will retire as a director by rotation at the Company's forthcoming 2008 annual general meeting and has given notice to the Company that he will not seek re-election as a director. Mr. Ma Ting Hung has confirmed that he has no disagreement with the Board and that he is not aware of any matter relating to his retirement that needs to be brought to the attention of shareholders of the Company.

The Board would like to express its gratitude to Mr. Ma Ting Hung for his valued contribution to the development of the Group.

By Order of the Board
CITIC Resources Holdings Limited
Sun Xinguo
Chief Executive Officer

Hong Kong, 9 April 2009

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 of the Company are Mr. Ma Ting Hung; Mr. Wong Kim Yin and Ms. Yap Chwee Mein (alternate to Mr. Wong Kim Yin), and the independent non-executive directors of the Company are Mr. Fan Ren Da, Anthony; Mr. Ngai Man and Mr. Tsang Link Carl, Brian.