CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015.

FINANCIAL HIGHLIGHTS

Year ended 31 December	**2015** **HK$ million**	2014 HK$ million	Change
Revenue	**3,713.1**	17,805.1	(79.1%)
EBITDA [1]	**(3,062.5)**	1,983.1	N/A
Adjusted EBITDA [2]	**(551.1)**	2,869.0	N/A
Profit/(loss) attributable to shareholders	**(6,104.9)**	223.8	N/A

1 profit/(loss) before tax + finance costs + depreciation + amortisation + asset impairment losses

2 EBITDA + (share of depreciation, amortisation, finance costs, asset impairment loss, income tax expense/(credit) and non-controlling interests of a joint venture) + pre-tax fair value gain/(loss) on financial assets at fair value through profit or loss

- The Group's financial performance continued to be impacted by persistent depressed oil prices and softening in both demand for and selling prices of commodities. In addition, the Group recorded a number of substantial impairments across its assets, a significant mark to market reduction in the fair value of its interest in Alumina Limited ("**AWC**"), a share of substantial loss with respect to its interest in CITIC Canada Energy Limited (a joint venture) and an increased share of loss with respect to its interest in CITIC Dameng Holdings Limited ("**CDH**") (an associate). These factors resulted in a loss attributable to shareholders of HK$6,104.9 million for the year.
- Despite the extremely difficult operating environment, key achievements of the Group include:
  - improved oil production from each of the Group's oilfields, including the Karazhanbas oilfield in Kazakhstan
  - successful extension of the Karazhanbas oilfield contract to 2035
  - material gas discovery at the Seram Block in Indonesia

FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT
Year ended 31 December

	Notes	**2015** **HK$'000**	2014 HK$'000
REVENUE	3	**3,713,127**	17,805,124
Cost of sales		**(4,031,442)**	(16,867,056)
Gross profit/(loss)		**(318,315)**	938,068
Other income and gains	4	**245,298**	788,054
Selling and distribution costs		**(16,373)**	(177,786)
General and administrative expenses		**(373,101)**	(339,675)
Other expenses, net		**(1,434,865)**	(73,030)
Finance costs	5	**(323,724)**	(504,059)
Share of profit/(loss) of:			
Associates		**(352,817)**	(34,562)
A joint venture		**(1,858,634)**	163,099
		(4,432,531)	760,109
Provision for impairment of items of property, plant and equipment		**(940,038)**	—
Provision for impairment of other assets		**(411,060)**	(56,160)
Provision for impairment of an associate		**(330,040)**	—
Provision for impairment of inventories		**(389,704)**	(319,800)
PROFIT/(LOSS) BEFORE TAX	6	**(6,503,373)**	384,149
Income tax credit/(expense)	7	**331,453**	(113,734)
PROFIT/(LOSS) FOR THE YEAR		**(6,171,920)**	270,415
ATTRIBUTABLE TO:			
Shareholders of the Company		**(6,104,909)**	223,830
Non-controlling interests		**(67,011)**	46,585
		(6,171,920)	270,415
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8	**HK cents**	HK cents
Basic		**(77.63)**	2.84
Diluted		**(77.63)**	2.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December

	2015 HK$'000	2014 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(6,171,920)**	270,415
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Changes in fair value	**(460)**	(87)
Income tax effect	**138**	26
	(322)	(61)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(224,064)**	(689,583)
Reclassification adjustment for losses/(gains) included in the consolidated income statement	**60,785**	(84,145)
Income tax effect	**59,040**	191,949
	(104,239)	(581,779)
Exchange differences on translation of foreign operations	**(508,445)**	(456,619)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(613,006)**	(1,038,459)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Re-measurement gain/(loss) on defined benefit plan:		
Changes in fair value	**10,484**	(8,651)
Income tax effect	**(3,145)**	2,595
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	**7,339**	(6,056)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(605,667)**	(1,044,515)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(6,777,587)**	(774,100)
ATTRIBUTABLE TO:		
Shareholders of the Company	**(6,688,269)**	(807,665)
Non-controlling interests	**(89,318)**	33,565
	(6,777,587)	(774,100)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,988,583**	7,481,970
Prepaid land lease payments		**18,786**	20,963
Goodwill		**24,682**	24,682
Other assets		**270,149**	808,312
Investment in an associate		**994,020**	1,735,275
Investment in a joint venture		**—**	2,074,226
Financial assets at fair value through profit or loss		**1,835,713**	2,754,717
Available-for-sale investment		**1,274**	1,733
Prepayments, deposits and other receivables		**180,932**	306,407
Deferred tax assets		**580,885**	192,363
Total non-current assets		**9,895,024**	15,400,648
CURRENT ASSETS			
Inventories		**648,616**	1,276,271
Trade receivables	10	**482,950**	793,338
Prepayments, deposits and other receivables		**1,693,416**	2,036,336
Financial assets at fair value through profit or loss		**3,029**	3,029
Derivative financial instruments		**298**	23,759
Other assets		**42,996**	373
Cash and cash equivalents		**1,300,197**	3,246,421
Total current assets		**4,171,502**	7,379,527
CURRENT LIABILITIES			
Accounts payable	11	**449,818**	640,563
Tax payable		**853**	—
Accrued liabilities and other payables		**417,061**	777,059
Derivative financial instruments		**40,814**	24,505
Bank and other borrowings		**1,356,249**	3,400,173
Finance lease payables		**12,473**	13,650
Provisions		**45,285**	53,008
Total current liabilities		**2,322,553**	4,908,958
NET CURRENT ASSETS		**1,848,949**	2,470,569
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,743,973**	17,871,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	2015	2014
	HK$'000	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,743,973**	17,871,217
NON-CURRENT LIABILITIES		
Bank and other borrowings	**6,449,658**	5,773,191
Finance lease payables	**25,719**	42,876
Derivative financial instruments	**868,924**	727,390
Provisions	**294,354**	319,918
Other payable	**—**	113,470
Total non-current liabilities	**7,638,655**	6,976,845
NET ASSETS	**4,105,318**	10,894,372
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**392,886**	393,426
Reserves	**3,774,495**	10,473,691
	4,167,381	10,867,117
Non-controlling interests	**(62,063)**	27,255
TOTAL EQUITY	**4,105,318**	10,894,372

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. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and certain equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to shareholders of the Company and also to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests, and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements 2010 – 2012 Cycle	Amendments to numbers of HKFRSs
Annual Improvements 2011 – 2013 Cycle	Amendments to numbers of HKFRSs

The adoption of the revised HKFRSs 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.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the aluminium smelting segment comprises the operation of the Portland Aluminium Smelter which sources alumina and produces aluminium ingots in Australia;

(b) the coal segment comprises the operation of coal mines and the sale of coal in Australia;

(c) the import and export of commodities segment comprises the export of various commodity products such as aluminium ingots, coal, iron ore, alumina and copper; and the import of other commodity products and manufactured goods such as steel, and vehicle and industrial batteries and tyres in Australia; and

(d) the crude oil segment comprises the operation of oilfields and the sale of oil in Indonesia and China.

Management monitors the results of the Group's operating segments separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, dividend income, finance costs, share of profit/(loss) of associates and a joint venture, and impairment on assets as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in an associate, investment in a joint venture, financial assets at fair value through profit or loss, available-for-sale investment, deferred tax assets, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, finance lease payables, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2015 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	**1,030,526**	**584,128**	**1,136,754**	**961,719**	**3,713,127**
Other income	**47,499**	**—**	**4,825**	**9,604**	**61,928**
	1,078,025	**584,128**	**1,141,579**	**971,323**	**3,775,055**
Segment results	**(49,761)**	**(157,750)**	**42,895**	**(313,445)**	**(478,061)**
Reconciliation:					
Interest income and unallocated gains					**55,539**
Dividend income					**127,831**
Provision for impairment of items of property, plant and equipment					**(940,038)** [1]
Provision for impairment of other assets					**(411,060)** [2]
Provision for impairment of an associate					**(330,040)**
Provision for impairment of inventories					**(389,704)** [3]
Unallocated expenses					**(1,602,665)**
Unallocated finance costs					**(323,724)**
Share of loss of:					
An associate					**(352,817)**
A joint venture					**(1,858,634)**
Loss before tax					**(6,503,373)**
Segment assets	**958,011**	**1,000,907**	**717,522**	**5,203,866**	**7,880,306**
Reconciliation:					
Investment in an associate					**994,020**
Unallocated assets					**5,192,200**
Total assets					**14,066,526**
Segment liabilities	**1,195,382**	**294,477**	**154,635**	**400,495**	**2,044,989**
Reconciliation:					
Unallocated liabilities					**7,916,219**
Total liabilities					**9,961,208**
Other segment information:					
Depreciation and amortisation	**97,758**	**90,569**	**713**	**719,969**	**909,009**
Unallocated amounts					**7,091**
					916,100
Impairment losses reversed in the consolidated income statement	**—**	**—**	**(5,721)**	**—**	**(5,721)**
Capital expenditure	**2,851**	**18,327**	**234**	**497,393**	**518,805**
Unallocated amounts					**1,141**
					519,946 [4]

1 in respect of the crude oil segment
2 in respect of the coal segment
3 in respect of the import and export of commodities segment
4 Capital expenditure consists of additions to property, plant and equipment and other assets.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2014 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	1,001,026	743,206	14,447,495	1,613,397	17,805,124
Other income	8,264	2,677	30,704	13,722	55,367
	1,009,290	745,883	14,478,199	1,627,119	17,860,491
Segment results	144,627	(175,040)	192,961	503,162	665,710
Reconciliation:					
Interest income and unallocated gains					732,687
Provision for impairment of other assets					(56,160) [1]
Provision for impairment of inventories					(319,800) [2]
Unallocated expenses					(262,766)
Unallocated finance costs					(504,059)
Share of profit/(loss) of:					
Associates					(34,562)
A joint venture					163,099
Profit before tax					384,149
Segment assets	1,136,712	1,562,174	1,385,825	6,841,543	10,926,254
Reconciliation:					
Investment in an associate					1,735,275
Investment in a joint venture					2,074,226
Unallocated assets					8,044,420
Total assets					22,780,175
Segment liabilities	1,135,695	386,267	229,691	827,493	2,579,146
Reconciliation:					
Unallocated liabilities					9,306,657
Total liabilities					11,885,803
Other segment information:					
Depreciation and amortisation	96,848	106,884	766	507,025	711,523
Unallocated amounts					7,383
					718,906
Impairment losses reversed in the consolidated income statement	—	—	(1,615)	—	(1,615)
Capital expenditure	14,626	26,334	1,247	1,432,582	1,474,789
Unallocated amounts					13,500
					1,488,289 [3]

1 in respect of the coal segment

2 in respect of the import and export of commodities segment

3 Capital expenditure consists of additions to property, plant and equipment and other assets.

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2015 HK$'000	2014 HK$'000
China	**942,240**	13,235,457
Australia	**824,903**	1,640,443
Europe	**728,889**	617,779
Other Asian countries	**1,134,742**	2,268,126
Others	**82,353**	43,319
	3,713,127	17,805,124

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2015 HK$'000	2014 HK$'000
Hong Kong	**2,860**	3,852
China	**5,715,779**	7,522,712
Australia	**3,046,956**	4,165,030
Kazakhstan	**5,779**	2,087,664
Other Asian countries	**271,342**	618,982
	9,042,716	14,398,240

The non-current assets information above is based on the location of the assets which exclude other assets, available-for-sale investment and deferred tax assets.

Information about major customers

During the year, revenue of HK$796,441,000 was derived from sales to a customer of the crude oil segment and HK$644,293,000 was derived from sales to a customer of the aluminium smelting segment. Revenue from each of these two customers amounted to 10% or more of the Group's consolidated revenue for the year. In 2014, revenue of HK$2,884,230,000 was derived from sales to a customer of the import and export of commodities segment.

4. OTHER INCOME AND GAINS

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

	2015 **HK$'000**	2014 HK$'000
Interest income	**43,835**	76,439
Dividend income from financial assets at fair value through profit or loss	**127,831**	—
Handling service fees	**2,027**	30,202
Fair value gains on:		
Cash flow hedge (transferred from equity)	**—**	113,888
Derivative financial instruments	**48,561**	98,531
Financial assets at fair value through profit or loss	**—**	411,997
Sale of scrap	**5,736**	5,364
Others	**17,308**	51,633
	245,298	788,054

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 **HK$'000**	2014 HK$'000
Interest expense on bank and other borrowings	**291,663**	324,224
Interest expense on fixed rate senior notes, net	**—**	157,789
Interest expense on finance leases	**3,152**	8,443
Total interest expense on financial liabilities not at fair value through profit or loss	**294,815**	490,456
Amortisation of fixed rate senior notes	**—**	6,899
	294,815	497,355
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**3,324**	6,704
Others	**25,585**	—
	323,724	504,059

6. PROFIT/(LOSS) BEFORE TAX

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

	2015	2014
	HK$'000	HK$'000
Cost of inventories sold	**4,031,442**	16,867,056
Depreciation	**821,508**	606,534
Amortisation of other assets	**93,311**	111,065
Amortisation of prepaid land lease payments	**1,281**	1,307
Loss on disposal/write-off of items of property, plant and equipment, net *	**12,780**	2,529
Exchange gains, net *	**(81,351)**	(15,688)
Impairment of other receivables *	**130,200**	—
Fair value losses on financial assets at fair value through profit or loss *	**1,281,787**	—
Provision for impairment of items of property, plant and equipment	**940,038**	—
Provision for impairment of other assets	**411,060**	56,160
Provision for impairment of an associate	**330,040**	—
Provision for impairment of inventories	**389,704**	319,800
Loss on deemed disposal of partial interest in an associate *	**483**	—

* These amounts were included in "Other expenses, net" in the consolidated income statement.

7. INCOME TAX

	2015	2014
	HK$'000	HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**1,458**	346
Underprovision/(overprovision) in prior years	**(132)**	378
Deferred	**(332,779)**	113,010
Total tax expense/(credit) for the year	**(331,453)**	113,734

The statutory rate of Hong Kong profits tax was 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2014: Nil).

Taxes on profits assessable elsewhere were calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Australia: The Group's subsidiaries incorporated in Australia were subject to Australian income tax at a rate of 30% (2014: 30%).

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2014: 30%). The Group's subsidiary owning a participating interest in the oil and gas properties in Indonesia was subject to branch tax at the effective tax rate of 14% (2014: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2014: 25%). No provision for China corporate income tax was made as the Group had no taxable profits arising in China during the year. In 2014, no provision for China corporate income tax was made as the Group had tax losses brought forward which were used to offset the taxable profits arising in China during 2014.

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.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount was based on the loss for the year attributable to ordinary shareholders of the Company of HK$6,104,909,000 (2014: a profit of HK$223,830,000) and the weighted average number of ordinary shares in issue during the year, which was 7,864,073,861 (2014: 7,868,527,149) shares.

The calculation of the diluted loss per share amount was based on the loss for the year attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic loss 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.

No adjustment was made to the basic loss per share amount presented for the year ended 31 December 2015 in respect of a dilution as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share amount presented.

No adjustment was made to the basic earnings per share amount presented for the year ended 31 December 2014 in respect of a dilution as there was no dilutive potential ordinary shares arising from share options as the average share price of the Company during 2014 did not exceed the exercise price of the then outstanding share options.

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 (2014: Nil).

10. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, was as follows:

	2015	2014
	HK$'000	HK$'000
Within one month	**298,782**	288,734
One to two months	**50,984**	118,953
Two to three months	**61,671**	103,528
Over three months	**71,513**	282,123
	482,950	793,338

The Group normally offers credit terms of 30 to 120 days to its established customers.

11. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, based on the invoice date, was as follows:

	2015	2014
	HK$'000	HK$'000
Within one month	**365,881**	615,656
One to three months	**6,428**	—
Over three months	**77,509**	24,907
	449,818	640,563

The accounts payable are non-interest-bearing and are normally settled on terms of 30 to 90 days.

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditors' report on the Group's audited consolidated financial statements for the year ended 31 December 2015. The report includes an emphasis of matter, without qualification.

> "**Opinion**
>
> In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.
>
> **Emphasis of Matter**
>
> Without qualifying our opinion, we draw attention to note 23 to the financial statements which describes the Group's situation regarding its inventories located at Qingdao port and the impairment provision made in the financial statements.
>
> We note from the directors that the investigation by the Chinese authorities is still ongoing and the Group is not able to access to its inventories which are stored in the bonded warehouses at Qingdao port. In consideration of the above, there is material inherent uncertainty as to the carrying amount of the inventories. Should these matters be resolved, any adjustments found to be necessary may have a significant impact to the carrying amount of the respective inventories."

Details of "note 23 to the financial statements" have been included in the "Import and export of commodities" section of BUSINESS REVIEW of this announcement.

BUSINESS REVIEW

Crude oil

Despite the difficult operating environment in the oil and gas sector, the Group successfully completed several important developments in its oil business.

The Group achieved an overall increase in oil production in 2015, with average daily production from its three oilfields edging up by 3% from 48,100 barrels (100% basis) in 2014 to 49,700 barrels (100% basis) for the year, the highest level achieved by the Group since acquisition of these oilfields.

The Karazhanbas oilfield remained the largest contributor to the Group's oil production during the year, with a stable average daily production of 39,100 barrels (100% basis), comparable to 2014. In June 2015, JSC Karazhanbasmunai successfully obtained government approval to extend its existing right to explore, develop, produce and sell oil at the Karazhanbas oilfield until 2035. The extension provides the Group with an additional 15 years of time opportunity and production upside, enabling it to develop the oilfield with a longer term perspective to enhance investment returns.

During the year, the Group continued to employ thermal recovery on a trial basis at the Yuedong oilfield and achieved a favourable outcome. Average daily production was boosted by 15% from 2014 to 7,250 barrels (100% basis) following the commencement of production at Platform C (the third artificial island) in 4Q 2014 and employment of thermal recovery. To further enhance production, the Group will continue to utilise this method on a more extensive scale within the Yuedong oilfield.

Developments at the Seram Block have also been promising with both exploration and production activities delivering encouraging results during the year. Among them, the Group made a material gas discovery in the Lofin area which, based on estimates* by an independent petroleum consulting firm, contains, as of 31 August 2015, 2,020.1 billion cubic feet and 18.25 million barrels respectively of recoverable gas and condensate (2P plus 2CR; and 100% basis), and in aggregate equivalent to a total of 354.9 million barrels of oil equivalent. This landmark discovery has proven the prominent prospects of the Seram Block and opens up an opportunity for the Group to establish a foothold in the gas exploration sector, potentially helping it to achieve another revenue stream to promote long-term sustainable growth. On the production side, the Group has successfully drilled two new development wells in the Oseil area during the year and as a result, average daily production was lifted by 18% year-on-year to 3,350 barrels (100% basis).

However, primarily due to low oil prices, the Group's oil sector still recorded a weak financial performance for the year. Impairment provisions were also made in respect of the Group's interest in its three oilfields.

* in accordance with the classifications and definitions promulgated by the Upstream Oil and Gas Executive Agency of Indonesia

2P: proved contingent reserves plus probable contingent reserves

2CR: low estimate contingent resources plus best estimate contingent resources

Metals

The Group's strategic metal investments include interests in AWC, the Portland Aluminium Smelter joint venture and CDH.

The Group's interest in AWC is classified as financial assets at fair value through profit or loss. As the closing price of AWC shares at the end of 2015 was lower than that as at the end of 2014, the Group recorded a significant fair value loss in its interest in AWC at the end of the year. The Group is nevertheless confident that, with a long-term investment horizon, there will be reasonable returns from this investment going forward.

The global aluminium market experienced a downturn in 2H 2015, resulting in a softening average selling price of aluminium. This adversely affected the profitability of the Group's aluminium smelting business during the year.

The Group's equity interest in CDH was diluted from 38.98% to 34.36% following the issue of new shares by CDH, and increased marginally to 34.39% upon the cancellation of shares repurchased by CDH. During the year, the performance of CDH continued to be adversely affected by, among other things, a significant drop in the selling prices of manganese products. As a result, the Group recorded a share of loss for the year with respect to its interest in CDH. During the year, CDH acquired a 29.81% interest in China Polymetallic Mining Limited (Stock Code: 2133) which enabled CDH to diversify its investment into the non-ferrous metal sector, changing itself from a pure manganese producer to an integrated mineral producer.

Coal

The Group's coal investments comprise a 14% participating interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") and interests in a number of coal exploration operations in Australia.

Although the sales volume was similar to that of 2014, this segment recorded a loss for the year due to a fall in revenue in 2015 as a result of a lower average selling price of coal. An impairment was also provided in respect of the coal mining assets of the CMJV.

Import and export of commodities

The Group's import and export of commodities business continued to be impacted by the adverse market conditions and the loss of key customers in 2H 2014. This segment recorded a material decrease in trading volume leading to a significant reduction in profit.

The investigation commenced in 2014 by the Chinese authorities into the allegedly fraudulent multiple use of warehouse receipts in respect of certain aluminium and copper products stored at Qingdao port, China (the "**Investigation**") is still ongoing. As the Group has not received any information in respect of the progress of the Investigation and owing to the lack of progress in the Group's legal proceedings against the operator of the bonded warehouses at Qingdao port (the "**Operator**"), the Group has made a further provision of HK$389.7 million (before tax credit) at the end of the year in respect of the Group's inventories stored in bonded warehouses at Qingdao port. The Group will continue to pursue its claim in the Qingdao Maritime Court against the Operator to recover all of the Group's inventories or otherwise to receive appropriate compensation from the Operator.

Financial Management

In June 2015, the Group entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured term loan facility of US$490 million (the "**E Loan**"). The successful conclusion of the E Loan demonstrates the confidence of the Group's principal banks in its credibility and long-term growth.

Outlook

The Group expects the adverse conditions in the energy and commodity markets to prevail for the immediate future. This challenging operating environment has provided the Group with the opportunity to focus on further enhancing operating efficiency, including through the implementation of rigorous cost control measures. In addition, along with ongoing efforts to achieve steady oil production growth, the Group will continue to improve its research and development capabilities, enhance oil recovery techniques and strengthen exploration and development works at its oilfields.

With the ongoing support from CITIC Limited, the Group believes it is well positioned to weather the current market difficulties in the oil and commodities markets and its actions will help preserve value in its core assets for the benefit of shareholders amidst anticipated continuing market volatility.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2015, the Group had cash and cash equivalents of HK$1,300.2 million.

Borrowings

As at 31 December 2015, the Group had total debt of HK$7,844.1 million, which comprised:

- unsecured bank loans of HK$7,805.9 million; and
- finance lease payables of HK$38.2 million.

Most of the transactions of the Group's import and export of commodities business are debt funded. However, in contrast to term loans, these 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 June 2012, the Company entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured 3-year term loan facility of US$380 million (HK$2,964 million) (the "**A Loan**"). The proceeds of the A Loan were used to refinance the then outstanding amount of an unsecured term loan facility (being US$140 million) and to finance the general corporate funding requirements of the Company. The A Loan was fully repaid in June 2015 from the proceeds of the E Loan.

In September 2012, the Company entered into a facility agreement with a bank in respect of an unsecured 5-year term loan facility of US$40 million (HK$312 million) (the "**B Loan**") to finance the general corporate funding requirements of the Company. The outstanding balance of the B Loan as at 31 December 2015 was US$40 million.

In November 2012, the Company entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured term loan facility of US$400 million (HK$3,120 million) (the "**C Loan**") to finance the general corporate funding requirements of the Company. The C Loan has a tenor of five years commencing from the date of first utilisation, being 14 May 2013, subject to a put option requiring repayment on the date falling three years from such date. During the year, the C Loan was fully prepaid, as to 50% in June and the remaining 50% in December.

In March 2014, the Company entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured term loan facility (the "**D Loan**") to part finance the repayment of the Group's US$1,000,000,000 6.75% senior notes due 2014. The D Loan has a total facility amount of US$310 million (HK$2,418 million) and a tenor of three years commencing from the date of first utilisation, being 12 May 2014. The outstanding balance of the D Loan as at 31 December 2015 was US$310 million.

In June 2015, the Company entered into a facility agreement with a syndicate of financial institutions in respect of the E Loan, being an unsecured term loan facility of US$490 million (HK$3,822 million). The E Loan has two tranches, Tranche A and Tranche B, in the respective amounts of US$380 million (HK$2,964 million) and US$110 million (HK$858 million). The proceeds of Tranche A were used to finance the repayment of the A Loan. Tranche A has a tenor of three years commencing from the date of utilisation, being 29 June 2015. The proceeds of Tranche B were used to finance the general corporate funding requirements of the Company. Tranche B has a tenor of three years commencing from the date of first utilisation, being 31 December 2015. The outstanding balance of the E Loan as at 31 December 2015 was US$490 million.

The Group leases certain of its plant and machinery for its coal mine operations. The leases are classified as finance leases.

As at 31 December 2015, the Group's net debt to net total capital was 61.1% (2014: 35.5%). Of the total debt, HK$1,368.7 million was repayable within one year, including short-term revolvers and trade finance.

Share capital

During the year, the Company repurchased a total of 10,800,000 ordinary shares of the Company at an aggregate consideration of HK$15.5 million (excluding expenses) on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). All of the repurchased shares have been cancelled. As at 31 December 2015, the total number of issued and fully paid shares of the Company was 7,857,727,149 (2014: 7,868,527,149) ordinary shares of HK$0.05 each.

Financial risk management

The Group's diversified business is exposed to a variety of risks, such as market risks (including foreign currency risk, price risk, interest rate risk and inflation 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 proved effective.

The Group enters into derivative transactions, including principally forward currency contracts, forward commodity contracts, interest rate swap contracts, embedded derivatives and an electricity hedge agreement. Their purpose is to manage the foreign currency risk, price risk, interest rate risk and inflation risk arising from the Group's operations and 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had around 360 full time employees, including management and administrative staff.

The Group's remuneration policy seeks to provide 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. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Indonesia.

CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has, for the year ended 31 December 2015, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for dealings in the securities of the Company by its directors (the "**Securities Dealings Code**") that is based on the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules (or on terms no less exacting than the Model Code).

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

In August 2015, the Company repurchased a total of 10,800,000 ordinary shares of the Company at an aggregate consideration of HK$15.5 million (excluding expenses) on the Stock Exchange. The highest and lowest purchase price per share was HK$1.48 and HK$1.40 respectively.

All of the repurchased shares have been cancelled during the year. The issued share capital of the Company was accordingly reduced by the par value of the repurchased shares so cancelled. The above repurchases were effected by the directors pursuant to the mandate from shareholders of the Company with a view to benefiting shareholders as a whole as it would enhance the net asset value per share.

Save as disclosed above, 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.

The audit committee has reviewed these financial results with senior management and the external auditors of the Company.

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

Hong Kong, 19 February 2016

As at the date hereof, the executive directors of the Company are Mr. Kwok Peter Viem; Mr. Suo Zhengang; Mr. Sun Yang and Ms. Li So Mui, the non-executive directors are Mr. Ma Ting Hung and Mr. Qiu Yiyong, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji and Mr. Look Andrew.