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CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	2009 HK\$'000	2008 HK\$'000
REVENUE	3	19,425,447	18,761,463
Cost of sales		(17,543,659)	(15,547,583)
Gross profit		1,881,788	3,213,880
Other income and gains	4	164,941	342,823
Selling and distribution costs		(677,880)	(312,080)
Administrative expenses		(551,433)	(717,775)
Other expenses, net		(373,194)	(31,603)
Finance costs	5	(822,383)	(937,945)
Share of profit of an associate		82,530	162,665
		(295,631)	1,719,965
Write-back of provision/(provision) for impairment of items of property, plant and equipment		446,907	(6,420,737)
PROFIT/(LOSS) BEFORE TAX	6	151,276	(4,700,772)
Income tax credit/(expense)	7	(2,731)	5,164,147
PROFIT FOR THE YEAR		148,545	463,375
ATTRIBUTABLE TO:			
Shareholders of the Company		115,687	204,256
Minority interests		32,858	259,119
		148,545	463,375
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8		
Basic		HK 1.91 cents	HK 3.61 cents
Diluted		HK 1.91 cents	HK 3.60 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2009 HK\$'000	2008 HK\$'000
PROFIT FOR THE YEAR	148,545	463,375
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	47,864	(72,564)
Reclassification adjustments for gains on disposal included in the consolidated income statement	—	44,190
Income tax effect	(14,359)	18,141
	<u>33,505</u>	<u>(10,233)</u>
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	175,028	(158,733)
Reclassification adjustments for losses included in the consolidated income statement	41,689	23,446
Income tax effect	(47,160)	87,224
	<u>169,557</u>	<u>(48,063)</u>
Share of other comprehensive income of an associate	<u>65,611</u>	<u>(34,316)</u>
	<u>235,168</u>	<u>(82,379)</u>
Exchange differences on translation of foreign operations	<u>169,737</u>	<u>(733,342)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	438,410	(825,954)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	586,955	(362,579)
ATTRIBUTABLE TO:		
Shareholders of the Company	603,910	(693,674)
Minority interests	(16,955)	331,095
	<u>586,955</u>	<u>(362,579)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December

	Notes	2009 HK\$'000	2008 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		16,847,211	16,329,307
Prepaid land lease premiums		83,332	77,433
Goodwill		341,512	341,512
Other intangible assets		311,993	318,875
Other assets		487,378	431,568
Investment in an associate		2,138,286	1,617,052
Available-for-sale investments		69,758	17,871
Prepayments, deposits and other receivables		285,013	137,371
Deferred tax assets		187,929	139,399
Total non-current assets		<u>20,752,412</u>	<u>19,410,388</u>
CURRENT ASSETS			
Inventories		1,458,153	1,546,048
Accounts receivable	10	2,121,418	1,715,307
Prepayments, deposits and other receivables		631,177	912,317
Loan receivable		—	3,222
Equity investments at fair value through profit or loss		2,472	1,909
Derivative financial instruments		4,043	37,586
Tax recoverable		81,589	160,683
Cash and bank balances		4,480,336	4,770,747
Total current assets		<u>8,779,188</u>	<u>9,147,819</u>
CURRENT LIABILITIES			
Accounts payable	11	811,943	823,088
Tax payable		105,546	538,806
Accrued liabilities and other payables		792,212	763,489
Derivative financial instruments		43,248	43,221
Bank and other borrowings		2,251,687	2,871,609
Finance lease payables		8,968	—
Bond obligations		—	355,649
Provisions		43,527	56,553
Total current liabilities		<u>4,057,131</u>	<u>5,452,415</u>
NET CURRENT ASSETS		<u>4,722,057</u>	<u>3,695,404</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,474,469</u>	<u>23,105,792</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December

	2009 HK\$'000	2008 HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	25,474,469	23,105,792
NON-CURRENT LIABILITIES		
Bank and other borrowings	4,717,083	3,019,210
Finance lease payables	57,672	—
Bond obligations	7,614,842	7,589,498
Deferred tax liabilities	2,839,505	2,759,529
Derivative financial instruments	107,092	94,456
Provisions	363,309	306,319
Other payables	4,937	11,442
Total non-current liabilities	15,704,440	13,780,454
NET ASSETS	9,770,029	9,325,338
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	302,528	302,328
Reserves	8,132,180	7,589,607
	8,434,708	7,891,935
Minority interests	1,335,321	1,433,403
TOTAL EQUITY	9,770,029	9,325,338

NOTES

1. BASIS OF PREPARATION

The 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. The 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 2009. 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. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs 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 HKFRSs has had no significant effect on the financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendment *	Amendment to Appendix to HKAS 18 Revenue – Determining whether an entity is acting as a principal or as an agent
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary, which are effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below, the adoption of these new and revised HKFRSs has had no significant financial effect on the financial statements.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

(a) Amendments to HKFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balances is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14.

(c) HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement or in two linked statements. The Group has elected to present two statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has six 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 represents the export of various commodity products such as aluminium ingots, iron ore, alumina, coal and steel; and the import of other commodities and manufactured goods such as vehicle and industrial batteries, tyres, alloy wheels and various metals such as steel and aluminium extrusion products in Australia;

3. OPERATING SEGMENT INFORMATION (Continued)

- (d) the manganese segment comprises the operation of manganese mining in the People's Republic of China (the "PRC") and Gabon, West Africa and the sale of refined manganese products in the PRC;
- (e) the crude oil segment comprises the operation of oilfields and the sale of crude oil and related products in Indonesia, the PRC and Kazakhstan; and
- (f) the others segment comprises other operating activities of the Group.

Management monitors the results of the Group's operating segments separately for the purpose 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, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, cash and bank balances, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, bank and other borrowings, finance lease payables, bond obligations, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December 2009 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Total
Segment revenue:							
Sales to external customers	1,029,113	344,030	13,083,451	2,086,364	2,882,489	—	19,425,447
Other income	2,239	18,749	30,717	19,764	14,715	—	86,184
	<u>1,031,352</u>	<u>362,779</u>	<u>13,114,168</u>	<u>2,106,128</u>	<u>2,897,204</u>	<u>—</u>	<u>19,511,631</u>
Segment results	<u>(72,549)</u>	<u>68,514</u>	<u>198,111</u>	<u>178,493</u>	<u>178,785</u>	<u>—</u>	<u>551,354</u>
Interest income and unallocated gains							78,757
Write-back of provision for impairment of items of property, plant and equipment	—	—	—	—	446,907	—	446,907
Loss on deemed disposal of investment in an associate							(66,214)
Unallocated expenses							<u>(119,675)</u>
Profit from operating activities							891,129
Unallocated finance costs							(822,383)
Share of profit of an associate							<u>82,530</u>
Profit before tax							<u>151,276</u>

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2009 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Total
Assets and liabilities							
Segment assets	2,248,772	382,149	1,678,407	3,143,289	14,901,221	—	22,353,838
Investment in an associate							2,138,286
Unallocated assets							<u>5,039,476</u>
Total assets							<u>29,531,600</u>
Segment liabilities	711,359	75,949	84,353	578,992	607,201	—	2,057,854
Unallocated liabilities							<u>17,703,717</u>
Total liabilities							<u>19,761,571</u>
Other segment information:							
Depreciation and amortisation	119,248	16,922	1,613	152,315	751,567	—	1,041,665
Unallocated amounts							<u>4,942</u>
							<u>1,046,607</u>
Write-back of provision for impairment of items of property, plant and equipment	—	—	—	—	(446,907)	—	<u>(446,907)</u>
Other non-cash expenses/(income)	—	12,356	—	(56,288)	5,570	—	<u>(38,362)</u>
Capital expenditure	32,916	50,011	1,353	526,818	771,546	—	1,382,644*
Unallocated amounts							<u>5,262</u>
							<u>1,387,906</u>

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease premiums and other intangible assets.

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2008 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Total
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
	<u>1,674,814</u>	<u>449,039</u>	<u>9,577,762</u>	<u>2,881,595</u>	<u>4,210,134</u>	<u>—</u>	<u>18,793,344</u>
Segment results	<u>95,927</u>	<u>188,526</u>	<u>149,181</u>	<u>504,112</u>	<u>1,360,769</u>	<u>(17,940)</u>	<u>2,280,575</u>
Interest income and unallocated gains							184,961
Gain on deemed disposal of investment in an associate							125,981
Write-back of provision/ (provision) for impairment of items of property, plant and equipment	—	(4,911)	—	655	(6,416,481)	—	(6,420,737)
Unallocated expenses							<u>(96,272)</u>
Loss from operating activities							(3,925,492)
Unallocated finance costs							(937,945)
Share of profit of an associate							<u>162,665</u>
Loss before tax							<u>(4,700,772)</u>
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
Unallocated assets							<u>5,107,932</u>
Total assets							<u>28,558,207</u>
Segment liabilities	187,159	137,159	204,963	295,596	829,722	5,670	1,660,269
Unallocated liabilities							<u>17,572,600</u>
Total liabilities							<u>19,232,869</u>

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2008 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Others	Total
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
							<u>1,559,067</u>
Provision/(write-back of provision) for impairment of items of property, plant and equipment	—	4,911	—	(655)	6,416,481	—	<u>6,420,737</u>
Other non-cash expenses	—	—	—	148,191	27,958	—	176,149
Unallocated amounts							<u>14,952</u>
							<u>191,101</u>
Capital expenditure	118,234	40,292	724	592,397	1,319,415	8,846	2,079,908 *
Unallocated amounts							<u>6,159</u>
							<u>2,086,067</u>

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease premiums and other intangible assets.

Geographical information

(a) Revenue from external customers

	2009 HK\$'000	2008 HK\$'000
PRC	13,032,583	7,176,637
Australia	1,351,048	2,627,373
Europe	3,440,552	4,869,184
North America	63,201	147,575
Kazakhstan	106,705	181,319
Other Asian countries	1,011,152	3,331,905
Others	420,206	427,470
	<u>19,425,447</u>	<u>18,761,463</u>

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

3. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

	2009 HK\$'000	2008 HK\$'000
Hong Kong	8,329	11,825
PRC	4,529,647	3,746,012
Australia	4,458,944	3,535,918
Kazakhstan	10,724,044	11,162,647
Gabon	95,760	63,912
Other Asian countries	678,001	732,804
	<u>20,494,725</u>	<u>19,253,118</u>

The non-current assets information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

Operating Segment	2009 HK\$'000	2008 HK\$'000
Customer A Import and export of commodities	2,374,609	3,112,296
Customer B Crude oil	<u>2,277,277</u>	<u>3,227,546</u>

4. OTHER INCOME AND GAINS

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

	2009 HK\$'000	2008 HK\$'000
Interest income	54,854	92,358
Handling service fees	30,312	6,629
Gain on disposal of available-for-sale listed investments	—	46,133
Write-off of payables	18,613	3,618
Sale of scrap	2,358	8,104
Gain on purchase of bond obligations	—	25,623
Government subsidies and value added tax rebate *	11,251	17,804
Gain on deemed disposal of investment in an associate	—	125,981
Others	47,553	16,573
	<u>164,941</u>	<u>342,823</u>

* Various government grants have been received for employing handicapped workers and setting up research activities. There are no unfulfilled conditions or contingencies relating to these subsidies.

5. FINANCE COSTS

	2009 HK\$'000	2008 HK\$'000
Interest expense on bank and other borrowings repayable:		
Within one year	156,453	239,267
In the second to fifth years, inclusive	51,265	71,380
Beyond five years	22,724	16,001
Interest expense on fixed rate senior notes, net	524,059	528,741
Interest expense on finance leases	3,785	—
Total interest expense on financial liabilities		
not at fair value through profit or loss	758,286	855,389
Amortisation of fixed rate senior notes	23,027	23,027
	781,313	878,416
Other finance charges:		
Increase in discounted amounts of provision		
arising from the passage of time	3,254	44,068
Others *	37,816	15,461
	822,383	937,945

* Including amortisation of up-front fees of HK\$2,730,000 (2008: HK\$8,015,000).

6. PROFIT/(LOSS) BEFORE TAX

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

	2009 HK\$'000	2008 HK\$'000
Cost of inventories sold	17,543,659	15,547,583
Depreciation	973,956	1,481,079
Amortisation of other assets	62,988	68,160
Amortisation of other intangible assets	7,601	8,158
Amortisation of prepaid land lease premiums	2,062	1,670
Loss on disposal/write-off of items of		
property, plant and equipment	7,089	36,250
Loss/(gain) on deemed disposal of investment in an associate	66,214	(125,981)

7. INCOME TAX

	2009 HK\$'000	2008 HK\$'000
Current – Hong Kong	—	—
Current – Elsewhere		
Charge for the year	212,604	1,274,107
Overprovision in prior years	(170,221)	(28,548)
Deferred	<u>(39,652)</u>	<u>(6,409,706)</u>
Total tax expense/(credit) for the year	<u><u>2,731</u></u>	<u><u>(5,164,147)</u></u>

The statutory tax rate of Hong Kong profits tax is 16.5% (2008: 16.5%) 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 (2008: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction countries in which the Group operates.

Provision for Australian income tax has been made at the statutory rate of 30% (2008: 30%) on the estimated assessable profits arising in Australia during the year.

For the year ended 31 December 2009, the corporate tax rates applicable to the subsidiaries and jointly-controlled entities established and operating in the PRC, Indonesia and Kazakhstan are 25% (2008: 25%), 30% (2008: 30%) and 20% (2008: 30%), respectively.

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

Under the 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 PRC Corporate Income Tax Law was promulgated and which 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 participating interest in oil and gas properties in Indonesia is subject to branch tax at the effective rate of 14% (2008: 14%).

7. INCOME 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 (“**EPT**”) on its profit after corporate income tax each year, pursuant to the Tax Code of Kazakhstan. During the year ended 31 December 2008, EPT should be paid on a basis of the cumulative real internal rate of return (the “**IRR**”) exceeding 20%. The IRR was calculated based on the after-tax cash flows (the “**ATCF**”) and by further discounting using the published oil machinery and equipment index. The ATCF should be calculated as the cumulative gross income less all expenses relating to petroleum operations, including transporting expenses, operating costs, capital expenditures and all taxes. EPT was paid at progressive rates from 4% to 30% of the profit after corporate income tax, as shown in the table below:

IRR	EPT rate	Effective EPT rate
20% to 22%	4%	2.8%
22% to 24%	8%	5.6%
24% to 26%	12%	8.4%
26% to 28%	18%	12.6%
28% to 30%	24%	16.8%
More than 30%	30%	21.0%

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 are reduced from 30% in 2008 to 20%, 17.5% and 15% in 2009, 2010 and 2011 onwards, respectively. A new calculation methodology on EPT has also been introduced based on annual, not cumulative, profitability. These changes directly offset the Group's effective tax rate prospectively from 2008.

On 16 November 2009, the corporate tax rates applicable to the Group's jointly-controlled entities established and operating in Kazakhstan will be increased from 17.5% and 15% in 2010 and 2011 to 20%, 17.5% and 15% in 2010 to 2012, 2013 and 2014 onwards, respectively, and are effective from 1 January 2009.

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

The calculation of basic earnings per share amounts 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.

In the prior year, the calculation of basic earnings per share amounts was also adjusted to reflect the rights issue during that year.

The calculation of diluted earnings per share amounts 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 amounts are based on:

	2009 HK\$'000	2008 HK\$'000
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	<u>115,687</u>	<u>204,256</u>
	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	6,048,882,106	5,656,944,841
Effect of dilution – weighted average number of ordinary shares: Share options	<u>13,404,366</u>	<u>20,605,730</u>
	<u>6,062,286,472</u>	<u>5,677,550,571</u>

The computation of diluted earnings per share amounts for the years ended 31 December 2009 and 2008 does not assume the conversion of certain share options since the exercise of these options 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 (2008: Nil).

10. ACCOUNTS RECEIVABLE

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

	2009 HK\$'000	2008 HK\$'000
Within one month	898,937	1,059,620
One to two months	677,953	490,085
Two to three months	271,065	93,490
Over three months	273,463	72,112
	<u>2,121,418</u>	<u>1,715,307</u>

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, is as follows:

	2009 HK\$'000	2008 HK\$'000
Within one month	739,818	705,837
One to two months	25,336	44,395
Two to three months	18,194	14,977
Over three months	28,595	57,879
	<u>811,943</u>	<u>823,088</u>

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

12. COMPARATIVE AMOUNTS

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

BUSINESS REVIEW

The Group's operations faced many challenges due to the global financial and economic crisis which pushed energy and commodities prices in the first quarter of 2009 to their lowest levels in recent years. However, as global markets began a recovery in the second quarter of 2009, the Group's businesses also began to improve in the second half of the year.

Oil exploration and production remains the Group's largest business. Oil prices were weak at the beginning of 2009 but started to recover subsequently in the second quarter. However, the Group still suffered an overall drop of 35%, as compared to 2008, in respect of the average selling prices of oil from the Karazhanbas oilfield. The deployment of cyclic steam stimulation and steam flooding at the Karazhanbas oilfield continues with the aim of achieving oil production at more efficient and sustainable rates. It is expected that operations at the Karazhanbas oilfield will contribute more to the Group's return as oil prices recover to a reasonable level.

The performance from the Group's interest in the Seram Island Non-Bula Block fell short of expectations. The Group is carrying out necessary repairs to existing wells where production has fallen as a result of their natural decline and will re-enter two exploration wells.

The construction of foundations for oil drilling and the pre-drilling preparation on the first artificial island at the Hainan-Yuedong Block has been completed. At the end of 2009, drilling of ten wells was completed. In the second half of 2010, pilot production at four wells will commence. It is anticipated that approval of the overall development plan will be obtained in the second quarter of 2010.

Increase in production capacity from the Group's oil interests has been a principal objective. The Group will continue to direct efforts to improve oil production and cost efficiency to maximise the return from the Group's oil business.

The coal business contributed to the Group's profits in 2009. The Group's coal business included its 17.01% interest in Macarthur Coal Limited ("**Macarthur Coal**") which is listed on the Australian Stock Exchange and its direct interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") (owned and operated principally by Macarthur Coal). The coal business mainly benefited from the increase in demand for both low volatile pulverized coal injection coal and thermal coal, re-stocking at steel mills as well as spot sales to non-traditional customers by Macarthur Coal.

In December 2009, the Company announced that it had conditionally agreed to, amongst other things, sell its interest in the CMJV to Macarthur Coal. The Group will receive newly issued shares of Macarthur Coal as consideration. This transaction will facilitate the continued development of Macarthur Coal to become one of the largest independent coal producers in Australia. The Group believes that Macarthur Coal has great development potential and will bring extra economic benefits to the Group with its diverse investments in coal.

The Group's manganese business was affected in the first half of 2009 as a result of a contraction in demand in the steel market. The demand for manganese products improved in the second half of 2009 and the prices also gradually increased. During the year, the Group increased its equity interest in 中信大錳礦業有限責任公司 (CITIC Dameng Mining Industries Limited) ("**CITIC Dameng JV**") from 48% to 52.4% which increased the Group's influence over its manganese business and reflected the Group's confidence in the manganese business.

The Group continues to monitor the potential spin-off of its manganese business through a separate listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to ensure compliance with the listing requirements, including the obtaining of approval of the Listing Committee of the Stock Exchange and shareholders of the Company.

In January 2009, the Group completed the privatisation and delisting of CITIC Australia Trading Limited (“CATL”). The Group can now operate CATL with greater flexibility to compete with other trading companies. Though commodity prices generally fell following the onset of the global financial crisis, the Group has been able to take advantage of efforts by the Chinese Government to boost the economy by expanding its export business in the PRC. Through its broad selling channels, the Group has experienced an increase in profit in respect of the import and export business in adverse market conditions.

The Group’s aluminium smelting operations recorded its first ever loss as a result of a combination of weak selling prices, a drop in demand and a relatively strong Australian dollar. It is expected that as the global economy recovers in 2010, the pressure on the commodity prices will be alleviated which will improve the prospects of the Group’s aluminium smelting business.

BUSINESS OUTLOOK

As the impact of the global financial crisis seems to be easing with governments of leading economies actively implementing policies to boost trade, it is anticipated that demand for energy and commodities will increase as world markets stabilise and prices gradually return to a reasonable level. The Group will continue its long-term goal to improve overall oil production and will seek early commencement of production at the Yuedong oilfield. The Group will also continue to implement cost cutting measures to improve margins.

The Group continues to regularly review its business and explore potential investment opportunities to further expand its assets in order to contribute most to the long-term economic benefits of the Group and shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2009, the Group had a cash balance of HK\$4,480.3 million. During the year, the Company obtained funds of:

- US\$130.0 million (HK\$1,014.0 million) by borrowing the remaining sum of the Loan (defined below) (details are set out under the heading “Borrowings” below); and
- HK\$4.3 million through the issue of new 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 2009, the Group had outstanding borrowings of HK\$14,650.3 million, which comprised:

- secured bank loans of HK\$926.8 million;
- unsecured bank loans of HK\$5,474.0 million;
- unsecured other loans of HK\$568.1 million;
- finance lease payables of HK\$66.6 million; and
- bond obligations of HK\$7,614.8 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 JV; guarantees provided by a subsidiary of the Group and a minority shareholder; and indemnities provided by a subsidiary of the Group. 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 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**"). The remaining sum of US\$130 million (HK\$1,014 million) under the Loan was drawn during the year for general corporate funding requirements of the Company.

In 2009, the CMJV leased certain plant and equipment for its coal mining operation. The leases are classified as finance leases.

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. The Notes were issued 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 2009, the gearing ratio and net gearing ratio of the Group were 174% and 121% (2008: 175% and 115%) respectively. Of the total outstanding borrowings, HK\$2,260.7 million was repayable within one year, the majority of which being of periodic renewal nature.

Share capital

During the year, the Company issued a total of 4,000,000 new Shares as a result of the exercise of share options at an average exercise price of HK\$1.077 per Share. The net proceeds of the subscription amounted to HK\$4.3 million and were received in cash.

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 proved 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group had around 10,200 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, 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 an 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.

EVENTS AFTER THE REPORTING PERIOD

- (a) In December 2009, Macarthur Coal, an associate of the Group, entered into a number of acquisition agreements to acquire certain coal mine operations in Australia, including, amongst others:
- (i) acquisition of a 100% interest in Gloucester Coal Ltd. ("**Gloucester**") through an off-market takeover offer, satisfied through the issue of shares of Macarthur Coal ("**Macarthur Shares**") or a cash alternative. Noble Group Limited ("**Noble**"), Gloucester's largest shareholder, will elect not to receive the cash alternative if it chooses to accept the takeover offer (collectively the "**Gloucester Transaction**"); and
 - (ii) acquisition of a 25.34% interest in Middlemount Coal Pty Ltd. and 79.9% interest in Donaldson Coal Holdings Ltd. from Noble, satisfied through a combination of Macarthur Shares and cash (collectively the "**Noble Transaction**").

The Gloucester Transaction and the Noble Transaction are subject to certain terms and conditions, including approval from relevant authorities, and are expected to be completed in 2010. Upon completion, the Group's interest in Macarthur Coal will be diluted from 17.01% to approximately 12.50%.

- (b) In December 2009, the Group entered into an agreement with Macarthur Coal to dispose of its 100% interest in CITIC Australia Coppabella Pty Limited, which in turn owns a 7% interest in the CMJV, for a consideration of A\$105 million (HK\$735 million), subject to adjustment, and to terminate the CITIC Marketing Agency Agreement for a cancellation fee of A\$5 million (HK\$35 million). The consideration and cancellation fee will be satisfied through the issue of Macarthur Shares (collectively the "**Coppabella Transaction**").

The Coppabella Transaction is subject to certain terms and conditions, including approval from relevant authorities, and is expected to be completed in 2010. Details of the transactions are set out in the announcement of the Company dated 22 December 2009.

Upon completion of the Gloucester Transaction, the Noble Transaction and the Coppabella Transaction, the Group's interest in Macarthur Coal is expected to be 15.32%.

- (c) On 1 March 2010, the Group together with the joint venture participants of the Portland Aluminium Smelter, entered into a new base load electricity contract (the “**EHA**”) with Loy Yang Power securing the power requirements of the aluminium smelter operation from 2016 to 2036. The EHA effectively allows the Group to secure electricity supply beyond 2016 when its current electricity supply agreement expires. The pricing mechanism used in the EHA between the Group and Loy Yang Power includes a component that is subject to certain escalation factors which, in turn, are affected by the consumer price index, the producer price index and labour cost. Loy Yang Power is the operator of the largest power station in the State of Victoria and Australia’s largest open cut brown coal mine.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has, for the year ended 31 December 2009, applied the principles and complied with the applicable code 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 pursuant to paragraphs A.4.1 and E.1.2 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 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 independent board committee should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders’ approval. Mr. Tsang Link Carl, Brian, the chairman of the independent board committee, was unable to attend the special general meeting of the Company held on 13 March 2009, due to personal reasons. Other members of the independent board committee were present and available to answer questions at that meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 confirmed, following specific enquiry by the Company, that they have 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.

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

Hong Kong, 26 March 2010

As at the date hereof, the executive directors of the Company are Mr. Sun Xinguo; Ms. Li So Mui; Mr. Qiu Yiyong; Mr. Tian Yuchuan and Mr. Zeng Chen, the non-executive directors are Mr. Kong Dan; Mr. Mi Zengxin; Mr. Wong Kim Yin; Mr. Zhang Jijing and Ms. Yap Chwee Mein (alternate to 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.