CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

- Revenue from operating segments other than manganese increased satisfactorily by 42.6% to HK$18,418.0 million. In particular, revenue from crude oil segment increased strongly by 60.7% in the first half of 2011 to HK$2,769.6 million
- Gross profit increased by 41.7% to HK$2,005.9 million
- Profit before tax and finance costs increased by 38.1% to HK$1,092.9 million
- Profit attributable to shareholders increased by 134.8% to HK$393.4 million
- Net total debts to net total capital further improved to 35.3%

FINANCIAL RESULTS

The board of directors (the "**Board**") of CITIC Resources Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2011 (the "**Period**").

CONDENSED CONSOLIDATED INCOME STATEMENT
Six months ended 30 June
Unaudited

	Notes	**2011** **HK$'000**	2010 HK$'000
REVENUE	4	**18,417,974**	14,207,162
Cost of sales		**(16,412,079)**	(12,791,577)
Gross profit		**2,005,895**	1,415,585
Other income and gains	5	**326,279**	57,716
Selling and distribution costs		**(1,015,312)**	(443,197)
General and administrative expenses		**(323,182)**	(320,138)
Other expenses, net		**(159,493)**	20,847
Finance costs	6	**(379,335)**	(422,605)
Share of profit of associates		**258,719**	60,355
PROFIT BEFORE TAX	7	**713,571**	368,563
Income tax expense	8	**(310,352)**	(160,771)
PROFIT FOR THE PERIOD		**403,219**	207,792
ATTRIBUTABLE TO:			
Shareholders of the Company		**393,359**	167,528
Non-controlling interests		**9,860**	40,264
		403,219	207,792
			(Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9		
Basic		**HK 6.17 cents**	HK 2.67 cents
Diluted		**HK 6.16 cents**	HK 2.67 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June
Unaudited

	2011 HK$'000	2010 HK$'000
PROFIT FOR THE PERIOD	**403,219**	207,792
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment:		
Changes in fair value	**(15,002)**	(2,642)
Income tax effect	**4,500**	—
	(10,502)	(2,642)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**82,209**	(36,799)
Income tax effect	**(24,663)**	—
	57,546	(36,799)
Share of other comprehensive income of an associate	**4,791**	—
	62,337	(36,799)
Exchange differences on translation of foreign operations	**358,612**	(150,080)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**410,447**	(189,521)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**813,666**	18,271
ATTRIBUTABLE TO:		
Shareholders of the Company	**791,659**	(14,238)
Non-controlling interests	**22,007**	32,509
	813,666	18,271

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2011 Unaudited HK$'000**	31 December 2010 Audited HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,788,301**	13,264,914
Goodwill		**341,512**	341,512
Other asset		**455,463**	471,416
Investments in associates		**6,799,954**	6,357,156
Available-for-sale investment		**52,484**	65,625
Prepayments, deposits and other receivables		**521,614**	235,005
Derivative financial instruments		**82,919**	44,335
Deferred tax assets		**122,201**	145,360
Total non-current assets		**22,164,448**	20,925,323
CURRENT ASSETS			
Inventories		**1,002,339**	963,700
Accounts receivable	11	**2,889,311**	2,107,644
Prepayments, deposits and other receivables		**516,015**	702,386
Equity investments at fair value through profit or loss		**3,132**	2,964
Derivative financial instruments		**11,586**	5,335
Tax recoverable		**—**	40,166
Cash and bank balances		**5,257,281**	2,315,488
Total current assets		**9,679,664**	6,137,683
CURRENT LIABILITIES			
Accounts payable	12	**889,332**	550,640
Tax payable		**156,872**	62,535
Accrued liabilities and other payables		**1,061,645**	587,757
Derivative financial instruments		**118,736**	111,049
Bank and other borrowings		**1,876,483**	1,355,536
Finance lease payables		**14,788**	14,924
Provisions		**44,447**	67,492
Total current liabilities		**4,162,303**	2,749,933
NET CURRENT ASSETS		**5,517,361**	3,387,750
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,681,809**	24,313,073

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2011 Unaudited HK$'000	31 December 2010 Audited HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**27,681,809**	24,313,073
NON-CURRENT LIABILITIES		
Bank and other borrowings	**2,993,900**	3,290,136
Finance lease payables	**48,832**	50,423
Bond obligations	**7,651,943**	7,640,430
Deferred tax liabilities	**2,045,446**	2,034,277
Derivative financial instruments	**252,874**	217,949
Provisions	**718,626**	413,450
Total non-current liabilities	**13,711,621**	13,646,665
NET ASSETS	**13,970,188**	10,666,408
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**393,287**	302,528
Reserves	**13,066,132**	9,875,118
	13,459,419	10,177,646
Non-controlling interests	**510,769**	488,762
TOTAL EQUITY	**13,970,188**	10,666,408

NOTES

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements ("**Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

These Financial Statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2010.

Except as described below, the accounting policies and methods of computation used in the preparation of these Financial Statements are consistent with the Group's financial statements for the year ended 31 December 2010.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, HKASs and Interpretations) issued by HKICPA for the first time for these Financial Statements. Except for certain cases giving rise to new and revised accounting policies, presentation and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these Financial Statements. Accordingly, no prior period adjustment has been recognised.

HKFRSs Amendments	Improvements to HKFRSs 2010
HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these Financial Statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets [1]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]
HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income [3]
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets [2]
HKAS 19 (as revised in 2011)	Employee Benefits [4]
HKAS 27 (as revised in 2011)	Separate Financial Statements [4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures [4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

4. 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 represents the export of various commodity products such as aluminium ingots, iron ore, alumina and coal; 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; and

(d) the crude oil segment comprises the operation of oilfields and the sale of oil in Indonesia, the People's Republic of China (the "**PRC**") and the Republic of Kazakhstan ("**Kazakhstan**").

Other than the above operating segments, during the reporting period ended 30 June 2010, the Group also had a manganese segment, contributed solely by CITIC Dameng Holdings Limited ("**CDH**"), comprising the operation of manganese mines and the sale of refined manganese products in the PRC, and the exploration of manganese mines in Gabon, West Africa. Following the listing of CDH on 18 November 2010, CDH ceased to be a subsidiary of the Group and the operating results of the manganese segment are included in the share of profit of associates.

4. OPERATING SEGMENT INFORMATION *(continued)*

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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit 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.

Six months ended 30 June 2011 Unaudited HK$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Total
Segment revenue:						
Sales to external customers	**735,799**	**204,928**	**14,707,626**	**—**	**2,769,621**	**18,417,974**
Other income	**2,237**	**273,190**	**27,104**	**—**	**4,294**	**306,825**
	738,036	**478,118**	**14,734,730**	**—**	**2,773,915**	**18,724,799**
Segment results	**2,667**	**318,238**	**123,625**	**—**	**467,243**	**911,773**
Reconciliation:						
Interest income and unallocated gains						**19,454**
Unallocated expenses						**(97,040)**
Unallocated finance costs						**(379,335)**
Share of profit of associates						**258,719**
Profit before tax						**713,571**

Six months ended 30 June 2010 Unaudited HK$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Total
Segment revenue:						
Sales to external customers	605,130	220,152	10,371,591	1,287,350	1,722,939	14,207,162
Other income	2,878	—	17,633	5,935	14,930	41,376
	608,008	220,152	10,389,224	1,293,285	1,737,869	14,248,538
Segment results	91,449	73,127	210,500	122,854	289,361	787,291
Reconciliation:						
Interest income and unallocated gains						16,340
Unallocated expenses						(72,818)
Unallocated finance costs						(422,605)
Share of profit of an associate						60,355
Profit before tax						368,563

5. OTHER INCOME AND GAINS

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

	2011	2010
	HK$'000	HK$'000
Interest income	**12,129**	15,693
Handling service fees	**26,839**	17,405
Gain on disposal of items of property, plant and equipment	**2,681**	1,631
Sale of scrap	**2,237**	2,878
Subsidy income	**—**	4,361
Gain on disposal of coal exploration interests	**273,190**	—
Others	**9,203**	15,748
	326,279	57,716

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2011	2010
	HK$'000	HK$'000
Interest expense on bank and other borrowings repayable:		
Within one year	**63,184**	64,286
In the second to fifth years, inclusive	**28,763**	50,242
Beyond five years	**—**	6,182
Interest expense on fixed rate senior notes, net	**264,596**	264,509
Interest expense on finance leases	**2,380**	824
Total interest expense on financial liabilities not at fair value through profit or loss	**358,923**	386,043
Amortisation of fixed rate senior notes	**11,513**	11,513
	370,436	397,556
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**5,667**	21,732
Others *	**3,232**	3,317
	379,335	422,605

* Including amortisation of up-front fees of HK$1,365,000 (2010: HK$1,365,000)

7. PROFIT BEFORE TAX

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

	2011 **HK$'000**	2010 HK$'000
Depreciation	**460,113**	483,901
Amortisation of other asset	**41,164**	35,428
Amortisation of other intangible assets	**—**	5,356
Amortisation of prepaid land lease premiums	**—**	839
Fair value losses on derivative financial instrument – embedded derivative *	**40,921**	—
Equity-settled share option expense	**—**	2,778
Loss on disposal/write-off of items of property, plant and equipment *	**945**	5,527
Exchange losses/(gains), net *	**57,186**	(33,644)

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

8. INCOME TAX

	2011 **HK$'000**	2010 HK$'000
Current:		
Hong Kong	**—**	—
Elsewhere	**304,027**	268,226
	304,027	268,226
Deferred	**6,325**	(107,455)
Total tax expense for the period	**310,352**	160,771

The statutory tax rate of Hong Kong profits tax was 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the Period (2010: Nil).

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

Australia
Australian income tax has been provided at the statutory rate of 30% (2010: 30%) on the estimated assessable profits arising in Australia during the Period.

Indonesia
The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2010: 30%).

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% (2010: 14%).

PRC
No provision for the PRC corporate income tax was made during the Period as the Group had no taxable profits arising in the PRC for the Period (2010: 25%).

8. INCOME TAX *(continued)*

Kazakhstan

The corporate tax rates applicable to the Group's jointly-controlled entities established and operating in Kazakhstan are 20% in 2010 to 2012, 17.5% in 2013 and 15% in 2014 and onwards. The Group shall also pay excess profit tax ("**EPT**") on its profit after corporate income tax each year. The calculation methodology on EPT is based on annual profitability at progressive rates varying from 10% to 60%.

Pursuant to the legislation passed in Kazakhstan on 31 December 2010, an entity operating in the oil and gas industry can apply for reduced mineral extraction tax rate, subject to fulfilment of certain criteria and approval from the authorities. The Group's Kazakhstan jointly-controlled entity is in the process of assessing the criteria for application to the tax authorities.

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.

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

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

The calculation of diluted earnings per share amount is based on the profit for the Period 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 Period, 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 amount are based on:

	2011	2010
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**393,359**	167,528

	Number of shares	
	2011	2010 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**6,370,578,520**	6,273,832,962
Effect of dilution – weighted average number of ordinary shares: share options	**11,130,549**	7,375,741
	6,381,709,069	6,281,208,703

The weighted average number of ordinary shares used in the calculation of the basic earnings and the effect of dilution in 2010 have been retrospectively adjusted for a rights issue of the Company completed on 20 June 2011.

10. DIVIDEND

The Board has resolved not to pay an interim dividend for the Period (2010: Nil).

11. ACCOUNTS RECEIVABLE

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

	30 June 2011	31 December 2010
	Unaudited	Audited
	HK$'000	HK$'000
Within one month	**1,526,400**	1,076,496
One to two months	**914,173**	535,572
Two to three months	**178,413**	104,454
Over three months	**270,325**	391,122
	2,889,311	2,107,644

Included in the total accounts receivable is an amount due from the Group's fellow subsidiary of HK$499,762,000 (31 December 2010: HK$511,524,000), which is repayable on similar credit terms to those offered to other customers of the Group.

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

12. 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:

	30 June 2011	31 December 2010
	Unaudited	Audited
	HK$'000	HK$'000
Within one month	**851,815**	519,054
One to two months	**23,750**	14,919
Two to three months	**363**	8,931
Over three months	**13,404**	7,736
	889,332	550,640

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

BUSINESS REVIEW AND OUTLOOK

Review

Post-recession economic growth particularly from emerging markets such as the PRC helped sustain demand for energy and natural resources in the Period, though the occurrence of geopolitical events and natural disasters in the Period has had some impact on market demand and supply fundamentals. Buoyed by higher selling prices for energy and natural resources, including oil and coal, and following the recognition of a disposal gain resulting from the partial sell-down of the Group's interest in the Codrilla Project (as described in the announcement of the Company dated 16 May 2011), the Group achieved a satisfactory performance in 1H 2011, with a significant year-on-year increase in both revenue and net profit compared to 1H 2010. Although global markets and economies may remain volatile in the near term due to a rapidly changing macroeconomic environment and despite anticipated rises in operating costs, the Group has strengthened its financial position to be able to continue with its endeavours to consolidate and expand its business and unlock investment values.

Oil exploration and production continues to play a key part in the Group's business and performed satisfactorily in the first half of the year, benefiting from higher crude oil realised prices which had increased by 37% from the corresponding period in 2010.

The Karazhanbas oilfield in Kazakhstan recorded a 61% increase in revenue compared to 1H 2010, based on stable production of about 36,000 barrels of oil per day. The Group will continue to work on enhancing oil production at more efficient and sustainable rates in the Karazhanbas oilfield.

Construction of three additional artificial islands at the Group's Yuedong oilfield in the Hainan-Yuedong Block, the PRC, which started in 2010, is continuing with the construction of production facilities there scheduled to complete by late 2013. Oil production is expected to progressively rise as the number of production wells drilled increases and the construction of oil processing plant completes. The Yuedong oilfield is expected to be a critical growth driver for the Group in the coming years and to significantly enhance the value of the Group's oil assets portfolio upon full production.

In Indonesia, a year-on-year increase of 11% in production has been achieved as a result of the Group's efforts in implementing workovers and new drilling to supplement the natural decline of existing wells. The Group will continue to conduct exploration and development works to raise production.

The Group will continue with its efforts to improve production capacity of existing oil assets and implement cost efficiency measures which will allow the Group to take advantage of increases in oil prices.

Alongside its oil investments, coal is another strategically important component of the Group's energy and natural resources portfolio. The Group's current coal investments comprise a 16.34% interest in Macarthur Coal Limited which is listed on the Australian Securities Exchange, a 7% direct interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**"), and various interests in other coal tenements.

During the Period, revenue from the Group's coal segment was affected by a notable drop in sales volume resulting from supply chain and production disruptions caused by flooding as a result of adverse weather conditions in Queensland, Australia. Despite these challenges, with production recovering following better weather conditions and strong demand for low volatile pulverized coal injection coal from non-traditional customers such as Chinese customers in the PRC, the Group is optimistic about the outlook for its coal business and believes it will continue to be a major asset capable of generating significant investment returns.

Underlying profit of the coal segment was enhanced by a disposal gain resulting from the partial sell-down of the Group's interest in the Codrilla Project. The Group still holds 7% of the Codrilla Project following completion of the disposal in June 2011. The sell-down will help achieve the long-term corporate strategy of the CMJV as the synergies brought about by the blending of the coal from the Codrilla Project and the CMJV's two existing operation mines, and the economies of scale through sharing of infrastructure, are expected to yield better economic returns for the CMJV and the Group's coal portfolio as a whole.

The Group's import and export of commodities business, which is conducted through its wholly-owned subsidiary CITIC Australia Trading Pty Limited ("**CATL**"), continued to grow as a result of higher commodities selling prices. Taking into consideration the steady economic growth of the PRC and the established selling channels of the Group, it is expected that the import and export of commodities business will be able to maintain its operating momentum amid cyclical market volatility and continue to make a major contribution to the Group's revenue.

Against the backdrop of higher aluminium prices during the Period, the Portland Aluminium Smelter joint venture, in which the Group has a 22.5% interest, recorded a surge in revenue compared to 1H 2010.

In the Period, the Group also recorded an increase in share of profit due to a 650% increase in the consolidated net profit of its associate, CDH. The increase in CDH's consolidated net profit during the Period was mainly due to (1) the strong performance of the electrolytic manganese metal both in terms of selling price and volume of sales, (2) the acquisition of the remaining 34.5% equity interest in CITIC Dameng Mining Industries Co., Limited in October 2010, and (3) a gain from a bargain purchase arising from the acquisition of Guizhou Zunyi Hui Xing Ferroalloy Limited Company.

In an effort to enhance its financial position, the Group completed a rights issue in June 2011 raising about HK$2.5 billion before expenses. CITIC Group and Temasek Holdings (Private) Limited, the Group's major shareholders, demonstrated their support for the Group by subscribing for their respective entitlements of rights shares with all the remaining rights shares being fully underwritten by Keentech Group Limited, a wholly-owned subsidiary of CITIC Group. The rights issue has improved the Group's financial flexibility and strengthened its ability to capture future investment opportunities capable of enhancing shareholder value.

In May 2011, Mr. Mi Zengxin accepted the chairmanship of the Company and shall continue to be responsible for the strategic planning of the Group. The Group believes that Mr. Mi's appointment will considerably benefit the Group and will allow it to draw on his substantial experience and expertise to help further develop its business.

Outlook

Moving forward, the Group will continue to place emphasis on increasing returns from the Group's existing businesses and building sustainable momentum for future growth by improving production and operating efficiency so as to maximise returns on investment. In particular, the Group will strive to bring about full production at the Yuedong oilfield as soon as practicable.

The global financial market is likely to be volatile in the near term as risks arising from, amongst others, sovereign debt concerns, inflationary pressure from emerging markets, natural disasters and geopolitics continue to cast a cloud over the scale of the global economic recovery. With greater financial flexibility and robust growth in businesses, the Group is well positioned to deal with these challenges.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 30 June 2011, the Group had cash and bank balances of HK$5,257.3 million.

During the Period, the Company obtained funds of HK$2,504.9 million (before expenses) through a rights issue (the "**Rights Issue**") of ordinary shares of HK$0.05 each in the share capital of the Company ("**Shares**"). Details of the Rights Issue are set out in the section headed "Share capital" below.

Borrowings

As at 30 June 2011, the Group had total debts of HK$12,585.9 million, which comprised:

- secured bank loan of HK$429.0 million;
- unsecured bank loans of HK$4,103.5 million;
- unsecured other loans of HK$337.9 million;
- finance lease payables of HK$63.6 million; and
- bond obligations of HK$7,651.9 million.

The secured bank loan was secured by the Group's 22.5% participating interest in the Portland Aluminium Smelter joint venture. 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 balance of the Loan as at 30 June 2011 was US$210 million (HK$1,638 million).

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

The bond obligations represent 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 guaranteed by the Company. The net proceeds of the Notes were used by the Group to facilitate the acquisition of the Kazakhstan Interests and for general working capital requirements.

As at 30 June 2011, the Group's total debts to total capital and net total debts to net total capital ratios improved to 48.3% and 35.3% (31 December 2010: 54.8% and 49.7%) respectively. Of the total debts, HK$1,891.3 million was repayable within one year, the majority of which being of a periodic renewal nature.

Share capital

In June 2011, the Company completed the issue of 1,815,170,111 Shares ("**Rights Shares**") by way of the Rights Issue at the subscription price of HK$1.38 per Rights Share on the basis of three Rights Shares for every ten existing Shares held as at the close of business on 25 May 2011. Further details of the Rights Issue are set out in the announcements of the Company dated 3 May 2011, 17 May 2011 and 17 June 2011 and the circular of the Company dated 26 May 2011.

The proceeds from the Rights Issue are HK$2,504.9 million (before expenses). The net proceeds of the Rights Issue are being applied by the Company towards funding the capital and operating expenditure of the Group's existing oil assets, the Group's future investments, working capital and for general corporate purposes of the Group. The Rights Issue has enhanced the financial condition of the Company.

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 swaps, forward currency, electricity hedge 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 30 June 2011, the Group had around 4,800 full time employees, including management and administrative staff. Most of the Group's employees are employed in Kazakhstan, the PRC and Indonesia while the others are employed in Australia and Hong Kong.

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 Kazakhstan and Indonesia.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has 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 Listing Rules, except for the deviations to paragraphs A.4.1 and E.1.2 of the CG Code as set out below.

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 of directors should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting of the Company held on 22 June 2011 due to other important business engagements. In accordance with bye-law 63 of the Company's bye-laws, the directors present elected the president and chief executive officer of the Company to chair the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for dealings in 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 confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the Period.

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 Period.

REVIEW OF ACCOUNTS

The audit committee has reviewed these unaudited interim results with the management of the Company.

By Order of the Board
CITIC Resources Holdings Limited
Zeng Chen
President and Chief Executive Officer

Hong Kong, 26 August 2011

As at the date hereof, the executive directors of the Company are Mr. Sun Xinguo; Mr. Zeng Chen; Mr. Guo Tinghu and Ms. Li So Mui, the non-executive directors are Mr. Mi Zengxin; Mr. Qiu Yiyong; Mr. Tian Yuchuan; Mr. Wong Kim Yin and Mr. Zhang Jijing, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji and Mr. Ngai Man.