CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 1205)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

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 2008 (the "**Period**").

CONDENSED CONSOLIDATED INCOME STATEMENT
Six months ended 30 June
Unaudited

	Notes	**2008** HK$'000	2007 HK$'000
REVENUE	4	**9,494,327**	5,177,379
Cost of sales		**(7,338,877)**	(4,603,061)
Gross profit		**2,155,450**	574,318
Other income and gains	5	**116,695**	110,938
Selling and distribution costs		**(141,087)**	(45,412)
Administrative expenses		**(286,748)**	(135,457)
Other operating expenses, net		**(85,611)**	(34,907)
Finance costs	6	**(465,487)**	(196,146)
Share of profit of an associate		**49,523**	—
PROFIT BEFORE TAX	7	**1,342,735**	273,334
Tax	8	**(604,345)**	(55,986)
PROFIT FOR THE PERIOD		**738,390**	217,348
ATTRIBUTABLE TO:			
Shareholders of the Company		**520,116**	138,316
Minority interests		**218,274**	79,032
		738,390	217,348
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9		
Basic		**HK 9.89 cents**	HK 2.90 cents
Diluted		**HK 9.84 cents**	HK 2.83 cents
DIVIDEND PER SHARE	10	**Nil**	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30 June 2008 Unaudited HK$'000**	31 December 2007 Audited HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**22,567,889**	22,187,440
Prepaid land lease premiums		**78,355**	72,451
Goodwill		**341,512**	341,512
Other intangible assets		**180,271**	142,038
Other assets		**562,764**	549,295
Interest in an associate		**1,314,506**	1,164,472
Available-for-sale investments		**137,225**	201,206
Prepayments, deposits and other receivables		**109,737**	78,860
Loan receivable		**—**	3,222
Deferred tax assets		**130,121**	156,735
Total non-current assets		**25,422,380**	24,897,231
CURRENT ASSETS			
Inventories		**1,349,733**	1,126,642
Accounts receivable	11	**2,643,694**	1,619,666
Prepayments, deposits and other receivables		**829,569**	745,518
Loan receivable		**12,555**	18,393
Equity investments at fair value through profit or loss		**2,653**	2,430
Derivative financial instruments		**30,357**	8,608
Due from a minority shareholder		**8,888**	—
Due from related companies		**68,227**	119,600
Other assets		**102,312**	70,125
Tax recoverable		**—**	92,295
Cash and bank balances		**2,171,560**	2,074,457
Total current assets		**7,219,548**	5,877,734
CURRENT LIABILITIES			
Accounts payable	12	**490,881**	613,991
Tax payable		**470,357**	408,984
Accrued liabilities and other payables		**996,182**	653,313
Derivative financial instruments		**219,556**	102,366
Due to a minority shareholder		**78,649**	—
Due to related companies		**15,240**	9,674
Bank and other loans		**2,889,279**	2,238,916
Bond obligations		**356,809**	356,868
Provisions		**58,022**	52,313
Total current liabilities		**5,574,975**	4,436,425
NET CURRENT ASSETS		**1,644,573**	1,441,309
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,066,953**	26,338,540

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2008 Unaudited HK$'000	31 December 2007 Audited HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**27,066,953**	26,338,540
NON-CURRENT LIABILITIES		
Bank and other loans	**1,796,621**	1,963,188
Bond obligations	**7,647,504**	7,635,991
Deferred tax liabilities	**9,020,337**	9,173,110
Derivative financial instruments	**109,583**	86,756
Provisions	**214,952**	246,612
Others payables	**101,178**	73,324
Total non-current liabilities	**18,890,175**	19,178,981
NET ASSETS	**8,176,778**	7,159,559
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**262,894**	262,894
Reserves	**6,644,535**	5,808,569
	6,907,429	6,071,463
Minority interests	**1,269,349**	1,088,096
TOTAL EQUITY	**8,176,778**	7,159,559

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements ("**Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the 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 should be read in conjunction with the Group's financial statements as at 31 December 2007.

The accounting policies and methods of computation used in the preparation of these Financial Statements are consistent with the Group's financial statements as at 31 December 2007.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRS**") (which include all HKFRSs, HKASs and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants for the first time for these Financial Statements. Except for certain cases giving rise to new and revised accounting polices and additional disclosures, the adoption of these new standards and interpretation has had no material effect on these Financial Statements.

HK (IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK (IFRIC) - Int 12	Service Concession Arrangements
HK (IFRIC) - Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

3. IMPACT OF 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.

HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKAS 32 and HKAS 1 Amendments	Amendment to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation [2]
HKFRS 2 Amendment	Share-based Payment - Vesting Conditions and Cancellations [2]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 8	Operating Segments [2]
HK (IFRIC) - Int 13	Customer Loyalty Programmes [1]

[1] Effective for annual periods beginning on or after 1 July 2008
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009

The effect of the adoption of HKFRS 3 (Revised) is being assessed by the Group. Besides this, the Group expects that the adoption of the above pronouncements will not have a significant impact on these Financial Statements.

4. SEGMENT INFORMATION

Segment information is presented by way of business segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

Business segments

The following tables present revenue and profit for the Group's business segments for the six months ended 30 June 2008 and 2007.

Six months ended 30 June 2008 Unaudited HK$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Consolidated
Segment revenue:						
Sales to external customers	**814,981**	**172,430**	**4,824,743**	**1,442,046**	**2,240,127**	**9,494,327**
Other income	**2,296**	**—**	**5,221**	**9,475**	**10,064**	**27,056**
	817,277	**172,430**	**4,829,964**	**1,451,521**	**2,250,191**	**9,521,383**
Segment results	**10,938**	**95,022**	**107,111**	**387,078**	**1,166,821**	**1,766,970**
Interest income and unallocated gains						**89,639**
Unallocated expenses						**(97,910)**
Profit from operating activities						**1,758,699**
Unallocated finance costs						**(465,487)**
Share of profit of an associate	**—**	**49,523**	**—**	**—**	**—**	**49,523**
Profit before tax						**1,342,735**
Tax						**(604,345)**
Profit for the Period						**738,390**

Six months ended 30 June 2007 Unaudited HK$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Consolidated
Segment revenue:						
Sales to external customers	1,050,072	89,452	3,327,489	584,710	125,656	5,177,379
Other income	16,578	7,542	7,159	4,141	862	36,282
	1,066,650	96,994	3,334,648	588,851	126,518	5,213,661
Segment results	180,601	10,315	88,635	115,149	51,125	445,825
Interest income and unallocated gains, net						74,656
Unallocated expenses						(51,001)
Profit from operating activities						469,480
Unallocated finance costs						(196,146)
Share of profit of an associate	—	—	—	—	—	—
Profit before tax						273,334
Tax						(55,986)
Profit for the period						217,348

5. OTHER INCOME AND GAINS

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

	2008 **HK$'000**	2007 HK$'000
Interest income	**40,691**	115,698
Handling service fees	**3,442**	4,420
Dividend income from available-for-sale investments	**—**	15,998
Gain on sales of coal exploration interests	**—**	7,558
Gain on disposal of available-for-sale investments	**46,268**	—
Fair value loss on derivative instruments, net	**—**	(51,112)
Sale of scraps	**3,644**	4,373
Subsidy income	**7,147**	—
Others	**15,503**	14,003
	116,695	110,938

6. FINANCE COSTS

	2008 **HK$'000**	2007 HK$'000
Interest expense on bank and other loans repayable:		
Within one year	**94,732**	96,257
In the second to fifth years, inclusive	**38,383**	22,178
Beyond five years	**6,479**	8,119
Floating rate bond obligations	**20,106**	—
Fixed rate senior notes, net	**264,813**	66,794
Total interest expense on financial liabilities not at fair value through profit or loss	**424,513**	193,348
Amortisation of fixed rate senior notes	**11,513**	—
	436,026	193,348
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**5,357**	1,285
Increase in discounted interest on receivables	**16,032**	—
Others *	**8,072**	1,513
	465,487	196,146

* Included amortisation of up-front fees of HK$6,650,000 (2007: HK$1,002,000)

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2008 **HK$'000**	2007 HK$'000
Depreciation	**524,718**	60,155
Amortisation of the Electricity Supply Agreement	**37,499**	34,039
Amortisation of other assets	**4,987**	5,750
Amortisation of prepaid land lease premiums	**852**	—
Equity-settled share option expenses	**3,810**	21,825
Impairment on the spent pot lining project *	**—**	29,100
Loss on disposal / write-off of items of property, plant and equipment *	**3,092**	—
Exchange losses, net *	**58,663**	64,610

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

8. TAX

	2008 **HK$'000**	2007 HK$'000
Current:		
Hong Kong	**—**	—
Elsewhere	**835,151**	56,131
	835,151	56,131
Deferred	**(230,806)**	(145)
Total tax charge for the Period	**604,345**	55,986

The statutory tax rate of Hong Kong profits tax is 16.5% (2007: 17.5%) 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 (2007: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Provision for Australian income tax has been made at the statutory rate of 30% (2007: 30%) on the estimated assessable profits arising in Australia during the Period.

For the Period, the corporate tax rates applicable to the subsidiaries and jointly-controlled entities established and operating in the PRC, Indonesia and Kazakhstan are 25% (2007: 33%), 30% (2007: 30%) and 30% respectively.

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

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

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% (2007:14%).

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

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

The current EPT rate applicable to the jointly-controlled entities is 30% resulting in an overall effective tax rate of 51%.

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

The calculation of basic earnings per share 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 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 are based on:

	2008	2007
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company, used in the basic earnings per share calculation	**520,116**	138,316

	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the Period used in basic earnings per share calculation	**5,257,884,381**	4,762,927,475
Effect of dilution		
— weighted average number of ordinary shares:		
share options	**28,474,605**	118,522,115
	5,286,358,986	4,881,449,590

10. DIVIDEND

The Board resolved not to pay an interim dividend for the Period (2007: Nil).

11. ACCOUNTS RECEIVABLE

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

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

	30 June 2008	31 December 2007
	Unaudited	Audited
	HK$'000	HK$'000
Within one month	**1,903,282**	1,365,118
One to two months	**297,984**	203,292
Two to three months	**349,205**	12,115
Over three months	**93,223**	39,141
	2,643,694	1,619,666

Included in the Group's total accounts receivable is an amount due from the Group's fellow subsidiary of HK$475,619,000 (31 December 2007: HK$1,516,000), which is repayable on similar credit terms to those offered to other customers of the Group.

12. ACCOUNTS PAYABLE

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

	30 June 2008	31 December 2007
	Unaudited	Audited
	HK$'000	HK$'000
Within one month	**264,632**	581,630
One to two months	**98,838**	15,534
Two to three months	**31,653**	2,520
Over three months	**95,758**	14,307
	490,881	613,991

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

BUSINESS REVIEW AND OUTLOOK

The Group has performed satisfactorily during the first half of 2008 following the completion of a number of significant oil acquisitions during the last quarter of 2007 including, in particular, the Group's interest in the Karazhanbas oilfield in Kazakhstan. These acquisitions reflect the achievement by the Group of its objective to diversify into oil investments and to integrate and consolidate its natural and energy resources platform. Contributions from the oil investments now supplement revenue and net profit contributions from the Group's existing aluminium smelting, coal, import and export of commodities and manganese businesses and investments.

The Group's oil investments currently comprise an almost 50% interest in the Karazhanbas oilfield in Kazakhstan, a 90% interest in the contractor's rights in the Hainan-Yuedong Block in the PRC and a 51% interest in the Seram Island Non-Bula Block ("**Seram**") production sharing contract in Indonesia. The Group exercises a significant involvement in the operations of all its oil interests and during 1H 2008, has begun concentrating resources to improve the efficiency and productivity of these assets.

Production from the Karazhanbas oilfield will exert the single largest influence on the Group's overall production volumes in the short term until production commences at the Hainan-Yuedong Block. One key objective at the Karazhanbas oilfield is to promote more effective oil production techniques to enhance production and to prolong well life. To achieve this, cyclic steam stimulation has been partially employed and the Group will seek to use this and other suitable technology on a more extensive scale in the Karazhanbas oilfield and, as a result, rely less on cold heavy oil production with sand which has a greater adverse impact on well deterioration. These new oil recovery technologies are being introduced with the aim of extending well life for as long as is feasible and to allow the production of oil at more efficient and sustainable rates. This has had an impact resulting in lower oil production generally in 1H 2008 but, notwithstanding, the Group remains positive that overall production at Karazhanbas oilfield will increase in the medium to long term.

The Group's operations at the Hainan-Yuedong Block are now in the appraisal and development stage and the Group continues to work with China National Petroleum Corporation ("**CNPC**"), making steady progress and to move to the production stage as soon as is feasible.

In Seram, the Group successfully discovered the Lower Nief and Manusela carbonate oil reservoirs at the Nief Utara A-1 drilling which has resulted in an increase in proved and probable reserves of 6 million barrels with production from this new well expected to enhance production volumes from Indonesia going forward. The Group's performance in Indonesia demonstrates the Group's capability in operating its oil assets productively. The Group expects further exploration work in Seram to be undertaken in 2H 2008 and in 2009.

The Group's aluminium smelting operations performed strongly but underlying profit was affected by foreign exchange movements with the Australian dollar appreciating strongly against the United States dollar in 1H 2008 and, more significantly, by a loss of HK$98.8 million arising from the revaluation of "embedded derivates" in the Electricity Supply Agreement relating to the business. These factors contributed significantly to the poorer returns from aluminium smelting.

The performance of the Group's import and export of commodities business was again positive with iron ore exports in particular continuing to perform strongly justifying the Group's decision to establish this trading line.

The Group's coal investments are made up of shareholdings in Macarthur Coal Limited ("**Macarthur Coal**") and direct holdings in the Coppabella and Moorvale coal mines in Australia which, together, have made a positive contribution to the Group's net profit. Macarthur Coal is regarded as a strategic investment for the Group. Much speculation centred on Macarthur Coal during 1H 2008, with a number of suitors reported to have shown interest in Macarthur Coal. Eventually, ArcelorMittal and POSCO purchased sizeable shareholdings in Macarthur Coal although the Group remains the single largest shareholder in Macarthur Coal. Macarthur Coal is the largest producer of low volatile pulverised coal injection coal in Australia and is well placed to take advantage of the strong world steel market and growth in worldwide demand for coal. The Group has been a cornerstone investor in Macarthur Coal since the time of its listing on the Australian Stock Exchange in 2001 and the Board believes there is further value in the Group's continued investment in Macarthur Coal.

The Group's manganese business delivered a robust performance during 1H 2008, resulting principally from the expansion in the production of manganese products and high carbon ferrochromium. This business has been augmented by the Group's acquisition in August 2008 of a 51% indirect interest in Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon), which holds certain pre-operating exploration and mining rights in Gabon, Western Africa. To further develop the Group's manganese business, the Group plans to spin off and seek a separate listing of CITIC Dameng Holdings Limited on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This proposal is subject to, amongst other things, the approval of the Listing Committee of the Stock Exchange and shareholders of the Company.

An important step undertaken by the Group during 1H 2008 was to improve the financial well being of the Group by addressing its gearing ratio which had increased substantially following the issue of the US$1,000,000,000 6.75% senior notes issued by CITIC Resources Finance (2007) Limited, a wholly-owned subsidiary of the Company. In May 2008, the Group announced a rights issue of 788,682,657 shares on the basis of three rights shares for every twenty existing shares raising about HK$2,523.8 million before expenses. The proceeds of the rights issue have helped improve the Group's gearing ratio. The rights issue was underwritten by CITIC Group and Temasek Holdings (Private) Limited, the Group's two largest shareholders, which the Board believes demonstrates their strong support for the Group.

Moving forward, the Group will continue with its endeavours to develop and enhance its relationships with its partners, including JSC KazMunaiGas Exploration Production, CNPC and Kuwait Foreign Petroleum Exploration Company KSC, for the benefit of the Group. The Group will continue to seek to maximise its performance and return on investments, to further broaden its business portfolio and to enhance shareholder value. The Board sees this as involving more exploration and assessment of new investment opportunities, particularly in the oil sector. In conjunction, there will be an emphasis on improving returns from the Group's existing businesses; in particular, striving to improve efficiency and increasing production from the Group's existing oil interests in Kazakhstan, the PRC and Indonesia as well as reviewing methods to unlock or realise the real worth of the Group's investments.

Energy and commodities markets look likely to remain competitive and financial markets to be volatile in the near term and these factors will present a number of challenges which the Board sees the Group as being well positioned to deal with.

As a whole, the Group is financially sound and well positioned to implement and support its business strategy. The Group has a strong cash position and is able to leverage on the support of its major shareholders when necessary to assist in the development of its businesses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 30 June 2008, the Group had a cash balance of HK$2,171.6 million. During the Period, the Company obtained funds of US$22.5 million (HK$175.5 million) through the disposal of the common shares in the share capital of Ivanhoe Energy Inc.

Borrowings

As at 30 June 2008, the Group had outstanding borrowings of HK$12,690.2 million, which comprised:

- secured bank loans of HK$1,509.8 million;
- unsecured bank loans of HK$2,784.1 million;
- unsecured other loans of HK$392.0 million; and
- bond obligations of HK$8,004.3 million.

The secured bank loans were secured by the Group's 22.5% participating interest in the Portland Aluminium Smelter joint venture; the property, plant and equipment and prepaid land lease premiums of CITIC Dameng Mining Industries Limited ("**CITIC Dameng JV**"); a guarantee provided by Guangxi Dameng Manganese Industry Co., Ltd.; and the property, plant and equipment of JSC Karazhanbasmunai. The bank trade finance facilities available to CITIC Australia Trading Limited ("**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 group of financial institutions as lenders in respect of an unsecured 5-year term loan facility of US$280 million (HK$2,184 million) (the "**Loan**"). A sum of US$150 million (HK$1,170 million) was borrowed under the Loan to refinance in full the then existing term loan of US$150 million pursuant to a facility agreement dated 30 September 2005. The remaining available Loan of US$130 million (HK$1,014 million) will be used by the Company for its general corporate funding requirements.

The bond obligations include the issue of US$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**") by CITIC Resources Finance (2007) Limited ("**CR Finance**"), a direct wholly-owned subsidiary of the Company, in May 2007. The obligations of CR Finance under the Notes are irrevocably and unconditionally guaranteed by the Company. The net proceeds of the Notes were used to facilitate the acquisition of the Kazakhstan Transaction and for general working capital requirements.

As at 30 June 2008, the gearing ratio of the Group was 183.7% (31 December 2007: 200.9%). Of the total outstanding borrowings, HK$3,246.1 million was repayable within one year. There was no adverse change to the financial position of the Group.

Share capital

There was no movement in the share capital of the Group during the Period.

Financial risk management

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

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

Opinion

The Board is of the opinion that after taking into account the existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements and there will be no adverse change to its financial position.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2008, the Group had around 9,100 full time employees, including management and administrative staff. Most of the Group's employees are employed in the PRC, Kazakhstan and Indonesia while the others are employed in Australia and Hong Kong.

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

POST BALANCE SHEET EVENTS

(a) In July 2008, the Company completed a rights issue (the "**Rights Issue**") of 788,682,657 ordinary shares in the share capital of the Company ("**Shares**") at the subscription price of HK$3.20 per rights share on the basis of three (3) rights Shares for every twenty (20) existing Shares held as at the close of business on 19 June 2008 payable in full on acceptance.

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

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

(b) In July 2007, the Group acquired an additional 8.37% in the equity of Macarthur Coal which is listed on the Australian Stock Exchange, which increased the Group's interest up to 19.99% at the time. As a result, the Group became one of the largest shareholders in Macarthur Coal and Macarthur Coal became an associate company of the Group. Macarthur Coal provides about 44% of the low volatile pulverised coal injection coal exported from Australia.

In January 2008, the Group's shareholding of 19.99% was diluted to 17.66% when Macarthur Coal issued additional shares for the acquisition of assets.

In July 2008, the Group purchased an additional 2.73% in the equity of Macarthur Coal at a consideration of A$100.0 million (HK$750.9 million). With this acquisition, the Group's interest in Macarthur Coal now stands at 20.39% and the Group is the largest shareholder in Macarthur Coal.

(c) In August 2008, CITIC Dameng JV, a 48% owned subsidiary of the Group, completed its acquisition of a 51% indirect interest in Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) ("**Compagnie Industrielle**"), a company incorporated in Gabon, Western Africa, through the acquisition of a 60% share interest in Huazhou Mining Investment Limited, a company incorporated in the British Virgin Islands, at a consideration of US$15.9 million (HK$124.0 million). Compagnie Industrielle holds certain pre-operating exploration and mining rights in Gabon. The agreement was signed on 23 November 2007 with Future Idea Investments Limited, a third party company. Part of the consideration was made during the Period with final payment in August 2008.

(d) In September 2008, the Group announced the proposed spin-off and separate listing of CITIC Dameng Holdings Limited, currently 80% owned by the Group, on the Main Board of the Stock Exchange. The Board views that the manganese business has grown to a size sufficient to command a separate listing and believes that the separate listing will be beneficial to the Group. Details of the transaction are set out in the announcement of the Company dated 5 September 2008. The proposed spin off and separate listing of CITIC Dameng Holdings Limited is subject to approval of the Listing Committee of the Stock Exchange and shareholders of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the application 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 deviation in respect of the service term pursuant to paragraph A.4.1 of the CG Code.

Paragraph A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for specific terms. However, under the Company's bye-laws, one-third of the directors are subject to retirement by rotation provided that every director (including those appointed for a specific term) is subject to retirement at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in paragraph A.4.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Throughout the Period, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the directors.

All directors have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model 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 this interim report with the management of the Company.

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

Hong Kong, 12 September 2008

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