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CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

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 2010 (the “**Period**”).

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June

Unaudited

	Notes	2010 HK\$'000	2009 HK\$'000
REVENUE	4	14,207,162	8,798,721
Cost of sales		<u>(12,791,577)</u>	<u>(8,035,786)</u>
Gross profit		1,415,585	762,935
Other income and gains	5	57,716	51,421
Selling and distribution costs		(443,197)	(218,869)
General and administrative expenses		(320,138)	(252,927)
Other expenses, net		20,847	(214,562)
Finance costs	6	(422,605)	(423,887)
Share of profit of an associate		60,355	42,798
PROFIT/(LOSS) BEFORE TAX	7	368,563	(253,091)
Income tax expense	8	(160,771)	(26,791)
PROFIT/(LOSS) FOR THE PERIOD		<u>207,792</u>	<u>(279,882)</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		167,528	(307,307)
Non-controlling interests		40,264	27,425
		<u>207,792</u>	<u>(279,882)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9		
Basic		<u>HK 2.77 cents</u>	<u>HK (5.08) cents</u>
Diluted		<u>HK 2.77 cents</u>	<u>HK (5.08) cents</u>
DIVIDEND PER SHARE	10	<u>Nil</u>	<u>Nil</u>

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

	2010	2009
	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	<u>207,792</u>	<u>(279,882)</u>
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	(2,642)	16,350
Income tax effect	—	(4,905)
	<u>(2,642)</u>	<u>11,445</u>
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	(36,799)	140,578
Income tax effect	—	(42,174)
	<u>(36,799)</u>	<u>98,404</u>
Exchange differences on translation of foreign operations	<u>(150,080)</u>	<u>(187,471)</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(189,521)</u>	<u>(77,622)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>18,271</u>	<u>(357,504)</u>
ATTRIBUTABLE TO:		
Shareholders of the Company	(14,238)	(292,306)
Non-controlling interests	32,509	(65,198)
	<u>18,271</u>	<u>(357,504)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2010	31 December 2009
		Unaudited	Audited
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		16,831,794	16,847,211
Prepaid land lease premiums		124,609	83,332
Goodwill		341,512	341,512
Other intangible assets		312,138	311,993
Other assets		429,237	487,378
Investment in an associate		2,066,668	2,138,286
Available-for-sale investments		62,770	69,758
Prepayments, deposits and other receivables		335,548	285,013
Deferred tax assets		208,618	187,929
		20,712,894	20,752,412
CURRENT ASSETS			
Inventories		1,339,064	1,458,153
Accounts receivable	11	2,425,869	2,121,418
Prepayments, deposits and other receivables		713,547	631,177
Equity investments at fair value through profit or loss		2,486	2,472
Derivative financial instruments		5,586	4,043
Tax recoverable		17,548	81,589
Cash and bank balances		4,923,052	4,480,336
		9,427,152	8,779,188
CURRENT LIABILITIES			
Accounts payable	12	597,057	811,943
Tax payable		311,116	105,546
Accrued liabilities and other payables		839,110	792,212
Derivative financial instruments		46,884	43,248
Bank and other borrowings		2,678,556	2,251,687
Finance lease payables		8,657	8,968
Provisions		38,618	43,527
		4,519,998	4,057,131
NET CURRENT ASSETS		4,907,154	4,722,057
TOTAL ASSETS LESS CURRENT LIABILITIES		25,620,048	25,474,469

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2010	31 December 2009
	Unaudited	Audited
	HK\$'000	HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	25,620,048	25,474,469
NON-CURRENT LIABILITIES		
Bank and other borrowings	5,104,591	4,717,083
Finance lease payables	50,489	57,672
Bond obligations	7,626,355	7,614,842
Deferred tax liabilities	2,689,421	2,839,505
Derivative financial instruments	101,765	107,092
Provisions	343,997	363,309
Other payables	60,511	4,937
Total non-current liabilities	15,977,129	15,704,440
NET ASSETS	9,642,919	9,770,029
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	302,528	302,528
Reserves	8,129,660	8,132,180
Non-controlling interests	8,432,188	8,434,708
	1,210,731	1,335,321
TOTAL EQUITY	9,642,919	9,770,029

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 (the “**HKICPA**”) 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 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 2009.

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 2009.

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 (“**HKFRSs**”) (which include all HKFRSs, HKASs and Interpretations) issued by the 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 material effect on these Financial Statements. Accordingly, no prior period adjustment has been recognised.

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary
HK Interpretation 4 (Revised in December 2009)	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
Improvements to HKFRSs (2009)	Amendments to a number of HKFRSs

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which set out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC) – Int 16 are effective for annual periods beginning on or after 1 July 2009 while amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

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.

HKFRSs Amendments	Improvements to HKFRSs May 2010 ²
HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for the First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues ¹
HK(IFRIC) – Int 14	Amendments to HK(IFRIC) Int 14 – Prepayment of a Minimum Funding Requirement ⁴
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2010 which set out amendments and transition requirements for amendments to a number of HKFRSs. For Improvements to HKFRSs 2010, the amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) – Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

¹ Effective for annual periods beginning on or after 1 February 2010

² Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ 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. So far, it has concluded that while the adoption of HKAS 24 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to 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 five 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;
- (d) the manganese segment comprises the operation of manganese mining and the sale of refined manganese products in the People's Republic of China (the "PRC"), and the exploration of manganese mining in Gabon, West Africa; and
- (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.

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.

4. OPERATING SEGMENT INFORMATION *(continued)*

The following tables present revenue and profit/(loss) for the Group's segments for the six months ended 30 June 2010 and 2009.

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
	<u>608,008</u>	<u>220,152</u>	<u>10,389,224</u>	<u>1,293,285</u>	<u>1,737,869</u>	<u>14,248,538</u>
Segment results	91,449	73,127	210,500	122,854	289,361	787,291
<i>Reconciliation:</i>						
Interest income and unallocated gains						16,340
Unallocated expenses						(72,818)
Profit from operating activities						730,813
Unallocated finance costs						(422,605)
Share of profit of an associate						60,355
Profit before tax						<u>368,563</u>
Six months ended 30 June 2009						
Unaudited HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Total
Segment revenue:						
Sales to external customers	546,467	188,879	6,000,903	922,868	1,139,604	8,798,721
Other income	(474)	—	1,338	7,184	8,113	16,161
	<u>545,993</u>	<u>188,879</u>	<u>6,002,241</u>	<u>930,052</u>	<u>1,147,717</u>	<u>8,814,882</u>
Segment results	(66,300)	47,654	81,790	114,901	(36,743)	141,302
<i>Reconciliation:</i>						
Interest income and unallocated gains						35,260
Unallocated expenses						(48,564)
Profit from operating activities						127,998
Unallocated finance costs						(423,887)
Share of profit of an associate						42,798
Loss before tax						<u>(253,091)</u>

5. OTHER INCOME AND GAINS

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

	2010 HK\$'000	2009 HK\$'000
Interest income	15,693	34,386
Handling service fees	17,405	1,157
Gain on disposal of items of property, plant and equipment	1,631	3,124
Sale of scrap	2,878	(477)
Subsidy income	4,361	3,576
Others	15,748	9,655
	<u>57,716</u>	<u>51,421</u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2010 HK\$'000	2009 HK\$'000
Interest expense on bank and other borrowings repayable:		
Within one year	64,286	88,813
In the second to fifth years, inclusive	50,242	51,948
Beyond five years	6,182	6,519
Interest expense on fixed rate senior notes, net	264,509	264,428
Interest expense on finance leases	824	—
	<u>386,043</u>	<u>411,708</u>
Total interest expense on financial liabilities not at fair value through profit or loss	386,043	411,708
Amortisation of fixed rate senior notes	11,513	11,513
	<u>397,556</u>	<u>423,221</u>
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	21,732	2,525
Others *	3,317	(1,859)
	<u>422,605</u>	<u>423,887</u>

* Including amortisation of up-front fees of HK\$1,365,000 (2009: HK\$1,365,000).

7. PROFIT/(LOSS) BEFORE TAX

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

	2010 HK\$'000	2009 HK\$'000
Depreciation	483,901	525,775
Amortisation of the Electricity Supply Agreement	35,428	31,910
Amortisation of other assets	5,356	3,130
Amortisation of prepaid land lease premiums	839	839
Equity-settled share option expenses	2,778	—
Loss on disposal/write-off of items of property, plant and equipment *	5,527	5,527
Exchange losses/(gains), net *	<u>(33,644)</u>	<u>166,230</u>

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

8. INCOME TAX

	2010 HK\$'000	2009 HK\$'000
Current:		
Hong Kong	—	—
Elsewhere	<u>268,226</u>	<u>94,139</u>
	268,226	94,139
Deferred	<u>(107,455)</u>	<u>(67,348)</u>
Total tax expense for the Period	<u><u>160,771</u></u>	<u><u>26,791</u></u>

The statutory tax rate of Hong Kong profits tax is 16.5% (2009: 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 (2009: 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 applied at the statutory rate of 30% (2009: 30%) on the estimated assessable profits arising in Australia during the Period.

Indonesia

The corporate tax rates applicable to the subsidiary which is operating in Indonesia is 30% (2009: 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% (2009: 14%).

PRC

The PRC corporate income tax rate is 25%. 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.

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 calculation methodology on excess profit tax is based on annual profitability.

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

The calculation of basic earnings per share amounts 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 amounts 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/(loss) per share amounts are based on:

	2010	2009
	HK\$'000	HK\$'000
Earnings/(Loss)		
Profit/(loss) attributable to ordinary shareholders of the Company used in the basic earnings/(loss) per share calculation	<u>167,528</u>	<u>(307,307)</u>
	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the Period used in the basic earnings per share calculation	6,050,567,038	6,047,169,248
Effect of dilution – weighted average number of ordinary shares: share options	<u>7,113,262</u>	<u>3,151,820</u>
	<u>6,057,680,300</u>	<u>6,050,321,068</u>

The computation of diluted earnings/(loss) per share amounts for the six months ended 30 June 2010 and 2009 does not assume the conversion of certain share options since the exercise of these options would result in an increase/a decrease in earnings/(loss) per share.

10. DIVIDEND

The Board has resolved not to pay an interim dividend for the Period (2009: Nil).

11. 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:

	30 June 2010 Unaudited HK\$'000	31 December 2009 Audited HK\$'000
Within one month	2,130,465	898,937
One to two months	138,836	677,953
Two to three months	35,934	271,065
Over three months	120,634	273,463
	<u>2,425,869</u>	<u>2,121,418</u>

Included in the total accounts receivable is an amount due from the Group's fellow subsidiary of HK\$319,888,000 (31 December 2009: HK\$417,644,000), 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 reporting period, based on the invoice date, is as follows:

	30 June 2010 Unaudited HK\$'000	31 December 2009 Audited HK\$'000
Within one month	491,669	739,818
One to two months	51,067	25,336
Two to three months	20,578	18,194
Over three months	33,743	28,595
	<u>597,057</u>	<u>811,943</u>

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

13. EVENTS AFTER THE REPORTING PERIOD

- (a) On 23 July 2010, CITIC Dameng Holdings Limited (“**CDH**”) submitted a further advance booking form for an application for the listing of, and permission to deal in, its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Proposed Spin-off**”). The Proposed Spin-off, if it proceeds, is expected to constitute a major transaction of the Company under the Listing Rules and require the approval of shareholders of the Company. Details of the Proposed Spin-off are set out in the announcement of the Company dated 23 July 2010.
- (b) On 22 December 2009, the Company announced the agreement to dispose of its 7% interest in the Coppabella and Moorvale coal mines joint venture (the “**CMJV**”) to Macarthur Coal Limited (“**Macarthur Coal**”) and to terminate the Coppabella and Moorvale Marketing Agreement (together, the “**Coppabella Transaction**”). Completion of the Coppabella Transaction was subject to a number of conditions precedent, including the waiver of the pre-emptive rights of the CMJV participants (other than Macarthur Coal) to acquire the Group's 7% interest in the CMJV (the “**Waiver**”). As the Waiver has not been forthcoming, the Group and Macarthur Coal agreed to terminate the Coppabella Transaction on 26 July 2010. Details of the termination of the Coppabella Transaction are set out in the announcement of the Company dated 26 July 2010.

13. EVENTS AFTER THE REPORTING PERIOD (continued)

- (c) On 2 August 2010, Highkeen Resources Limited, an indirect wholly-owned subsidiary of the Company, and Apexhill Investments Limited, an indirect wholly-owned subsidiary of CITIC Group, agreed to further capitalise certain of their shareholder loans advanced to CDH, in the aggregate principal amount of HK\$84,600,000, by receiving in satisfaction of the repayment of such loans 258,320 new shares and 64,580 new shares respectively issued by CDH at an issue price of HK\$262 per share.

Pursuant to the Listing Rules, the capitalisation of these shareholder loans constitutes connected transactions of the Company. Details of the capitalisation of the additional shareholder loans are set out in the announcement of the Company dated 2 August 2010.

- (d) On 12 August 2010, Guinan Dameng International Resources Limited (“**Guangxi Dameng BVI**”) entered into a subscription agreement with CDH, pursuant to which, Guangxi Dameng BVI will subscribe for, and CDH will allot and issue 1,460,535 new shares, at the aggregate subscription price of the Hong Kong dollar equivalent of RMB463,280,000 (HK\$532,772,000) plus HK\$16,995,000 (the “**CDH Subscription**”).

Also on 12 August 2010, CITIC Dameng Investments Limited (“**CDI**”) entered into an acquisition agreement pursuant to which CDI has agreed to acquire the 34.5% interest in the equity of 中信大錳礦業有限責任公司 (CITIC Dameng Mining Industries Limited) (“**CITIC Dameng JV**”) owned by 廣西大錳錳業有限公司 (Guangxi Dameng Manganese Industry Co., Ltd.) at a consideration of RMB463,280,000 (HK\$532,772,000) (the “**JVCo Interest Acquisition**”). Assuming completion of the JVCo Interest Acquisition, CDI will hold 100% of the equity of the CITIC Dameng JV and CITIC Dameng JV will become an indirect wholly-owned subsidiary of CDH and a PRC wholly foreign owned enterprise.

Pursuant to the Listing Rules, each of the CDH Subscription and the JVCo Interest Acquisition constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements of the Listing Rules. Details of the CDH Subscription and the JVCo Interest Acquisition are set out in the announcement of the Company dated 12 August 2010 and the circular of the Company dated 26 August 2010.

- (e) On 24 August 2010, the Group agreed to participate in the Institutional Placement (as defined below).

Macarthur Coal is seeking to raise A\$438,700,000 (HK\$3,040,191,000) via a fully underwritten placement of 38.15 million new ordinary shares of Macarthur Coal (“**Macarthur Coal Shares**”), being equal to 15% of the Macarthur Coal Shares in issue, at A\$11.5 per new Macarthur Coal Share (the “**Institutional Placement**”). The proceeds of the Institutional Placement will be used to fund:

- (i) as to A\$334,350,000 (HK\$2,317,046,000), the acquisition of 90% interest in MDL162, a mining tenement located in the Bowen Basin, Australia;
- (ii) as to A\$25,650,000 (HK\$177,755,000), further exploration of MDL162 and a bankable feasibility study; and
- (iii) as to the balance, working capital for Macarthur Coal’s exploration and evaluation programme.

The number of new Macarthur Coal Shares to be allotted to the Group will be fixed on 30 August 2010. Settlement of the Institutional Placement is scheduled to take place on 30 August 2010 with anticipated quotation and trading of the new Macarthur Coal Shares on the Australian Securities Exchange on 31 August 2010.

BUSINESS REVIEW

As improvements in the global financial markets and major economies continue aided by stimulation policies implemented by governments in the PRC, Europe and the United States, the Company has seen a concurrent improvement and stabilisation in energy and commodities prices which has benefited the Group. During the Period, energy and commodities prices have traded in a narrower price range and have been significantly less volatile than during the same period in 2009. This has alleviated to some extent the negative effects and ensuing uncertainty in energy and commodities prices brought about by the global financial crisis in 2008 that continued into 2009.

More favourable market and operating conditions and the Group's efforts to reduce costs have enabled the Group to achieve a turnaround in performance and record a profit attributable to shareholders for the Period. Importantly, each business segment of the Group was able to generate profitable segment results.

Crude oil

Oil exploration and production continues to be the largest business segment and contributor of the Group. Oil prices have recovered gradually from their lows in 2009. The average Brent crude oil price per barrel in 1H 2009, 2H 2009 and 1H 2010 was US\$52, US\$72 and US\$78 respectively.

The Group has been able to achieve a 55% increase in the average selling prices of oil produced from the Karazhanbas oilfield in the Period when compared to selling prices for the corresponding period in 2009. The continued deployment of cyclic steam stimulation and steam flooding in the Karazhanbas oilfield is enabling the Group to produce oil at more efficient and sustainable rates that has assisted in promoting an improved production outlook for the Karazhanbas oilfield.

The performance from the Group's interest in the Seram Island Non-Bula Block still lagged the Group's projections. The Group continues to carry out necessary repairs to existing wells where production has fallen as a result of their natural decline.

The Group has moved on to the final stage of preparation for oil production from the Yuedong oilfield in the Hainan-Yuedong Block. Approval of the environmental impact assessment was obtained in 2Q 2010 and governmental approval of the overall development plan was recently granted in August 2010. Pilot production will now commence as soon as possible.

The principal and long-term objective of the Group is to strive for a continual increase in production capacity from the Group's oil interests. The Group is committed to improving oil production and adopting cost cutting measures in order to maximise investment returns from its oil business.

Manganese

With demand for steel products growing prompting a recovery in steel markets, the Group's manganese business was able to achieve a comparatively improved performance during the Period.

The Group continues to work on the potential spin-off of its manganese business through a separate listing of CDH on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Recently, CDH submitted its renewed listing application to the Stock Exchange and the Proposed Spin-off remains subject to, among other things, the approval of the Listing Committee of the Stock Exchange and shareholders of the Company.

Import and export of commodities

Notable contributions in the Group's import and export of commodities business has been generated from the export of iron ore, aluminium ingots, alumina and coal. Demand from the PRC grew significantly and commodities prices rebounded from the low prices seen in 2009. Average selling prices of the Group's exported products jumped more than 30% on a year-on-year basis. As a result, the export business was able to generate larger profit margins which helped to improve its overall profitability. It is expected that the steady economic growth of the PRC will help the import and export of commodities business of the Group sustain its operating momentum.

Coal

Demand for low volatile pulverised coal injection coal ("LV PCI coal") was strong compared to the same period in the preceding year. Macarthur Coal, in which the Group holds a 17.01% interest, recorded strong underlying sales for its financial year ended 30 June 2010. As steel production in the PRC is expected to continue to rise in 2010, the outlook for demand for LV PCI coal going forward remains positive.

With the Group and Macarthur Coal agreeing to cancel the transfer of the Group's 7% interest in the CMJV to Macarthur Coal, the Group continues to hold a direct interest in the CMJV and the right to market all coal produced by the CMJV to, among others, Chinese customers in the PRC. Also, there was no change in the Group's interest in Macarthur Coal of 17.01% during the Period as a result.

Aluminium smelting

After experiencing its first ever loss in 1H 2009, the very difficult operating conditions which the Group's aluminium smelting operations had faced seem to have passed and selling prices of aluminium have recovered to a level that has enabled the Group to record a net profit again during the Period. Cost cutting measures have proved to be effective in reducing costs and contributing to greater profit margins.

BUSINESS OUTLOOK

Governments of leading nations continue to implement policies to promote economic and financial improvements and to stimulate and enhance confidence in consumers, investors and other market participants. Energy and commodities prices have returned to reasonable levels with demand having improved and stabilised. Set against this background, the Group is committed to achieving its long-term objective by improving overall oil production and will seek commencing oil production at the Yuedong oilfield during 3Q 2010.

In addition to fostering organic growth, the Group will continue to review potential investment opportunities capable of enhancing the Group's asset portfolio to achieve and maximise long-term economic benefits for the Group and shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 30 June 2010, the Group had a cash balance of HK\$4,923.1 million.

Borrowings

As at 30 June 2010, the Group had outstanding borrowings of HK\$15,468.6 million, which comprised:

- secured bank loans of HK\$803.2 million;
- unsecured bank loans of HK\$6,374.4 million;
- unsecured other loans of HK\$605.5 million;
- finance lease payables of HK\$59.1 million; and
- bond obligations of HK\$7,626.4 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; and guaranteed by a subsidiary of the Group. 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 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 proceeds of the Loan were utilised 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 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. 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 the Kazakhstan Interests and for general working capital requirements.

As at 30 June 2010, the gearing ratio and net gearing ratio of the Group were 183% and 125% (31 December 2009: 174% and 121%) respectively. Of the total outstanding borrowings, HK\$2,687.2 million was repayable within one year, the majority of which being of a periodic renewal nature.

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 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 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 2010, the Group had around 10,800 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 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, Indonesia and Gabon.

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 deviation 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 should attend the annual general meeting. Mr. Kong Dan, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 25 June 2010 due to other important business engagements. In accordance with bye-law 63 of the bye-laws of the Company, the directors present elected Mr. Sun Xinguo, the president and chief executive officer of the Company, to chair the 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 (or on terms no less exacting than the Model Code) (the “**Securities Dealings Code**”) 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 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 senior management of the Company.

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

Hong Kong, 27 August 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.