CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

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 2012 (the "**Period**").

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2012 Unaudited HK$ million	Six months ended 30 June 2011 Unaudited HK$ million	Change
Revenue	**24,817.7**	18,418.0	34.7%
Underlying EBIT [1]	**959.5**	1,092.9	(12.2%)
Profit attributable to shareholders	**228.1**	393.4	(42.0%)

	30 June 2012 Unaudited HK$ million	31 December 2011 Audited HK$ million	Change
Net debt [2]	**3,049.6**	1,543.1	97.6%
Net debt to net total capital [3]	**17.3%**	9.7%	

1 profit before tax + finance costs

2 bank and other borrowings + finance lease payables + bond obligations – cash and cash equivalents

3 net debt / (net debt + equity attributable to shareholders) x 100%

- The focused diversification strategy of the Group demonstrated sufficient resilience in the Period during which the global economy remained uncertain with volatile energy and commodities prices.
- If (i) the share of profit from Macarthur Coal Limited ("**Macarthur Coal**") and (ii) the pre-tax gain from the partial disposal of the Group's interest in the Codrilla project in the first half of 2011 ("**1H 2011**"), totalling HK$383.8 million, are excluded for the purpose of comparison, the Group's underlying EBIT would have increased year-on-year by 35.3% in the Period.
- After taking into account the corresponding tax effect of HK$81.9 million, the adjusted profit attributable to shareholders would have increased by 1.5 times from HK$91.5 million in 1H 2011 to HK$228.1 million in the Period.

FINANCIAL RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT
Six months ended 30 June
Unaudited

	Notes	**2012** **HK$'000**	2011 HK$'000
REVENUE	4	**24,817,688**	18,417,974
Cost of sales		**(22,758,853)**	(16,412,079)
Gross profit		**2,058,835**	2,005,895
Other income and gains	5	**301,653**	326,279
Selling and distribution costs		**(1,047,417)**	(1,015,312)
General and administrative expenses		**(303,699)**	(323,182)
Other expenses, net		**4,679**	(159,493)
Finance costs	6	**(419,879)**	(379,335)
Share of profit/(loss) of associates		**(54,508)**	258,719
PROFIT BEFORE TAX	7	**539,664**	713,571
Income tax expense	8	**(299,711)**	(310,352)
PROFIT FOR THE PERIOD		**239,953**	403,219
ATTRIBUTABLE TO:			
Shareholders of the Company		**228,086**	393,359
Non-controlling interests		**11,867**	9,860
		239,953	403,219
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9		
Basic		**HK 2.90 cents**	HK 6.17 cents
Diluted		**HK 2.90 cents**	HK 6.16 cents

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

	2012 HK$'000	2011 HK$'000
PROFIT FOR THE PERIOD	**239,953**	403,219
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(7,226)**	(15,002)
Income tax effect	**2,168**	4,500
	(5,058)	(10,502)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(22,943)**	82,209
Income tax effect	**6,882**	(24,663)
	(16,061)	57,546
Share of other comprehensive income of an associate	**(17,096)**	4,791
	(33,157)	62,337
Exchange differences on translation of foreign operations	**(23,466)**	358,612
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(61,681)**	410,447
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**178,272**	813,666
ATTRIBUTABLE TO:		
Shareholders of the Company	**167,303**	791,659
Non-controlling interests	**10,969**	22,007
	178,272	813,666

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2012 Unaudited HK$'000**	31 December 2011 Audited HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,681,366**	13,843,288
Goodwill		**24,682**	24,682
Other asset		**220,171**	244,915
Investment in an associate		**3,420,786**	3,496,690
Available-for-sale investments		**25,107**	32,584
Prepayments, deposits and other receivables		**669,251**	664,681
Derivative financial instruments		**23,343**	23,272
Deferred tax assets		**91,289**	94,587
Total non-current assets		**18,155,995**	18,424,699
CURRENT ASSETS			
Inventories		**1,994,167**	1,951,756
Trade receivables	11	**1,708,063**	2,061,357
Prepayments, deposits and other receivables		**747,787**	611,318
Equity investments at fair value through profit or loss		**2,972**	2,963
Derivative financial instruments		**17,007**	38,795
Tax recoverable		**64,633**	12,515
Cash and cash equivalents		**9,002,151**	10,779,067
Total current assets		**13,536,780**	15,457,771
CURRENT LIABILITIES			
Accounts payable	12	**556,932**	1,162,127
Tax payable		**179,342**	1,718,493
Accrued liabilities and other payables		**1,050,362**	976,822
Derivative financial instruments		**10,252**	8,410
Bank and other borrowings		**3,254,768**	2,345,070
Finance lease payables		**9,211**	7,964
Provisions		**49,558**	60,578
Total current liabilities		**5,110,425**	6,279,464
NET CURRENT ASSETS		**8,426,355**	9,178,307
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,582,350**	27,603,006

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2012 Unaudited HK$'000	31 December 2011 Audited HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**26,582,350**	27,603,006
NON-CURRENT LIABILITIES		
Bank and other borrowings	**1,145,381**	2,260,461
Finance lease payables	**37,127**	42,446
Bond obligations	**7,605,246**	7,666,272
Deferred tax liabilities	**1,667,554**	1,728,235
Derivative financial instruments	**241,303**	240,574
Provisions	**761,300**	735,330
Other payable	**113,599**	104,610
Total non-current liabilities	**11,571,510**	12,777,928
NET ASSETS	**15,010,840**	14,825,078
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**393,287**	393,287
Reserves	**14,171,431**	13,996,638
	14,564,718	14,389,925
Non-controlling interests	**446,122**	435,153
TOTAL EQUITY	**15,010,840**	14,825,078

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 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 2011.

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 2011.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following 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.

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
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

The adoption of these revised HKFRSs has had no significant financial effect on these Financial Statements and there have been no significant changes to the accounting policies applied in these Financial Statements.

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 – Government Loans [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities [2]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HKAS 1 Amendments	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income [1]
HKAS 19 (2011)	Employee Benefits [2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [2]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine [2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012 [2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance [2]

1 Effective for annual periods beginning on or after 1 July 2012

2 Effective for annual periods beginning on or after 1 January 2013

3 Effective for annual periods beginning on or after 1 January 2014

4 Effective for annual periods beginning on or after 1 January 2015

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 HKFRS 9, HKFRS 10, HKFRS 11, HKAS 19 (2011), HKAS 27 (2011), HKAS 28 (2011) and Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 may result in a change in accounting policy and the adoption of HKFRS 12, HKFRS 13 and HKAS 1 Amendments may result in new or amended disclosures, 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 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 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 the Republic of Indonesia ("**Indonesia**"), the People's Republic of China (the "**PRC**") and the Republic of Kazakhstan ("**Kazakhstan**").

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 derivative financial instruments not relating to the operations as well as head office and corporate expenses are excluded from such measurement.

Six months ended 30 June 2012 Unaudited HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Crude oil**	**Total**
Segment revenue:					
Sales to external customers	**651,564**	**221,975**	**20,767,326**	**3,176,823**	**24,817,688**
Other income	**8,261**	**11,345**	**23,073**	**2,797**	**45,476**
	659,825	**233,320**	**20,790,399**	**3,179,620**	**24,863,164**
Segment results	**4,055**	**7,548**	**331,213**	**485,247**	**828,063**
Reconciliation:					
Interest income and unallocated gains					**256,177**
Unallocated expenses					**(70,189)**
Unallocated finance costs					**(419,879)**
Share of loss of an associate					**(54,508)**
Profit before tax					**539,664**

Six months ended 30 June 2011 Unaudited HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**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

5. OTHER INCOME AND GAINS

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

	2012	2011
	HK$'000	HK$'000
Interest income	**170,070**	12,129
Handling service fees	**22,808**	26,839
Gain on disposal of items of property, plant and equipment	**1,767**	2,681
Sale of scrap	**2,914**	2,237
Fair value gains on derivative financial instruments	**97,987**	—
Gain on disposal of coal exploration interests	**—**	273,190
Others	**6,107**	9,203
	301,653	326,279

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2012	2011
	HK$'000	HK$'000
Interest expense on bank and other borrowings	**127,365**	91,947
Interest expense on fixed rate senior notes, net	**261,934**	264,596
Interest expense on finance leases	**1,802**	2,380
Total interest expense on financial liabilities not at fair value through profit or loss	**391,101**	358,923
Amortisation of fixed rate senior notes	**11,513**	11,513
	402,614	370,436
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**16,955**	5,667
Others	**310**	3,232
	419,879	379,335

7. PROFIT BEFORE TAX

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

	2012	2011
	HK$'000	HK$'000
Depreciation	**597,960**	460,113
Amortisation of other asset	**25,914**	41,164
Fair value losses on derivative financial instruments *	**—**	40,921
Loss on disposal/write-off of items of property, plant and equipment *	**503**	945
Loss on purchase of fixed rate senior notes *	**2,722**	—
Exchange losses/(gains), net *	**(21,661)**	57,186

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

8. INCOME TAX

	2012	2011
	HK$'000	HK$'000
Current:		
Hong Kong	**—**	—
Elsewhere	**357,227**	304,027
	357,227	304,027
Deferred	**(57,516)**	6,325
Total tax expense for the period	**299,711**	310,352

The statutory tax rate of Hong Kong profits tax was 16.5% (2011: 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 during the Period (2011: 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% (2011: 30%) on the estimated taxable profits arising in Australia during the Period.

Indonesia
The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2011: 30%) during the Period.

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% (2011: 14%).

The PRC
The Group's subsidiaries registered in the PRC are subject to corporate income tax at a rate of 25% (2011: 25%). No provision for the PRC corporate income tax has been made as the Group had no taxable profits arising in the PRC during the Period.

Kazakhstan
The corporate tax rate applicable to the Group's jointly-controlled entities established and operating in Kazakhstan was 20% (2011: 20%) during the Period. The Group shall also pay excess profit tax ("**EPT**") on its profit after corporate income tax each year. EPT is calculated based on annual profitability at progressive rates ranging from 10% to 60%.

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 amounts are based on:

	2012	2011
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**228,086**	393,359

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**7,865,737,149**	6,370,578,520
Effect of dilution – weighted average number of ordinary shares: share options	**6,104,696**	11,130,549
	7,871,841,845	6,381,709,069

10. DIVIDEND

The Board has resolved not to pay an interim dividend for the Period (2011: Nil).

11. TRADE RECEIVABLES

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

	30 June 2012 Unaudited HK$'000	31 December 2011 Audited HK$'000
Within one month	**1,081,684**	1,101,795
One to two months	**56,938**	691,282
Two to three months	**303,258**	70,277
Over three months	**266,183**	198,003
	1,708,063	2,061,357

Included in the trade receivables is an amount due from the Group's fellow subsidiary of HK$408,771,000 (31 December 2011: HK$402,537,000) 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 2012 Unaudited HK$'000	31 December 2011 Audited HK$'000
Within one month	**537,733**	1,113,747
One to two months	**12,298**	28,795
Two to three months	**302**	13,415
Over three months	**6,599**	6,170
	556,932	1,162,127

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

BUSINESS REVIEW AND OUTLOOK

Review

The global economy was confronted with a number of downside risks in the Period as stress arising from European sovereign debt crisis ratcheted up and worries over global economic slowdown continued to loom large. These events, coupled with energy and commodity prices volatility, currency fluctuations and geopolitics, have together conspired to create a challenging operating environment across many industry sectors. Nevertheless, with a diversified business portfolio, the Group managed to mitigate risks and demonstrate sufficient resilience amid economic uncertainty with overall revenue achieving satisfactory year-on-year growth. A US$380 million term loan facility (the "**New Loan**") successfully concluded in June 2012 also provided the Group with additional financial flexibility for business expansion and risk management. With its strengthened financial position, the Group is confident in its ability to meet the challenges from anticipated continuing market volatility in this and the coming year, while capable of seizing upon new business opportunities to maximize shareholder value.

The Group continues to position itself as an integrated provider of strategic natural resources and key commodities with its businesses spread in the energy, metals and import and export of commodities sectors.

Oil exploration and production continues to be the Group's largest business segment by profit, with the Karazhanbas oilfield in Kazakhstan being the principal contributor to the Group's overall oil production. Buoyed by higher crude oil realised prices and steady production, the Karazhanbas oilfield continued to deliver a robust performance with a 13% revenue growth compared to 1H 2011.

The Group continued to make progress during the Period on construction at the Yuedong oilfield in Liaoning Province, the PRC. Despite numerous challenges, construction of the three additional artificial islands and production facilities there, the subsea pipelines, onshore oil/water processing plant, as well as other related infrastructure are in progress and scheduled to complete by stages till late 2013. The Group expects the second artificial island to become operational by the end of 2012, and will continue to press ahead with its construction plan.

In Indonesia, the Seram Block continued to reap the benefit from well activities with stable production. Further exploration and development was carried out during the Period.

Subsequent to the partial disposal of its interest in the Codrilla project and the disposal of its entire interest in Macarthur Coal last year, the Group's coal asset investments currently consist of a 7% direct interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**"), and also certain interests in a number of coal exploration joint ventures in which Macarthur Coal, now a subsidiary of Peabody Energy Corporation ("**Peabody Energy**"), is also a participant.

Despite short-term market volatility during the Period, in particular in coal prices, the Group's coal segment managed to achieve an increase in its production and sales volume. Taking into consideration the sustained demand for low volatile pulverized coal injection coal in particular from emerging markets such as the PRC, the Group is optimistic about the long-term outlook for its coal business and will continue to work with Peabody Energy in operating the CMJV as well as realising resource potential from its other coal exploration tenements.

The Group's strategic metal investments are currently made up of its 22.5% interest in the Portland Aluminium Smelter joint venture (the "**PAS JV**"), and a 38.98% interest in its listed associate, CITIC Dameng Holdings Limited ("**CDH**"), which operates a manganese mining and production business.

Although revenue from the Group's aluminium smelting segment was affected by a softening in selling prices attributable to unstable market conditions, segment results were lifted by gains from foreign exchange movements with the United States dollar appreciating against the Australian dollar in the Period.

Regarding the Group's investment in CDH, a share in a loss was recorded following the consolidated net loss incurred by CDH, whose performance was affected by lower average selling prices of manganese products resulting from sluggish demand for steel products as well as upward pressure on raw materials prices and labour costs.

In spite of unstable commodities prices triggered by cyclical market volatility in the Period, the Group's import and export of commodities business managed to deliver a good performance in terms of growth in both revenue and segment result, attributable mainly to higher sales volumes being attained illustrating the Group's strong experience and sales network.

As a move to further improve its long-term liquidity and capital base, the Group successfully concluded the New Loan with a consortium of 10 leading international financial institutions. The New Loan received an overwhelming response from the banking market with 90% over-subscription, demonstrating the banks' confidence in the Group's future growth.

Outlook

Looking ahead, risks associated with the unresolved European sovereign debt crisis and perceived growth uncertainty especially in certain emerging economies will continue to present challenges for the global energy and commodity sectors. The Group is equipped with a much strengthened financial base and with support from its substantial shareholders is well positioned to match these challenges and to continue to pursue business growth.

The Group will forge ahead with plans for further development and strive to bring about full production at the Yuedong oilfield as early as practicable. Apart from organic growth, the Group will also seek potential acquisitions with a view to upsizing the Group for better production and operating efficiency, stronger profitability and competitiveness.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 30 June 2012, the Group had cash and cash equivalents of HK$9,002.2 million.

Borrowings

As at 30 June 2012, the Group had total debt of HK$12,051.7 million, which comprised:

- secured bank loan of HK$382.2 million;
- unsecured bank loans of HK$3,726.9 million;
- secured other loans of HK$2.5 million;
- unsecured other loan of HK$288.6 million;
- finance lease payables of HK$46.3 million; and
- bond obligations of HK$7,605.2 million.

The secured bank loan was secured by the Group's 22.5% participating interest in the PAS JV.

Most transactions of CITIC Australia Trading Pty Limited ("**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 "**Existing Loan**"). The outstanding balance of the Existing Loan as at 30 June 2012 was US$175 million (HK$1,365 million).

In June 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of the New Loan, being an unsecured 3-year term loan facility of US$380 million (HK$2,964 million). Proceeds of the New Loan will be applied to refinance the final principal repayment instalment of the Existing Loan, being US$140 million (HK$1,092 million), and to finance the general corporate funding requirements of the Company.

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. 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 2012, the Group's net debt to net total capital was 17.3% (31 December 2011: 9.7%). Of the total debt, HK$3,264.0 million was repayable within one year, the major of which being trade finance related and 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 foreign currency risk, price risk, interest rate risk and inflation risk), credit risk and liquidity risk. The management of such risks is dictated by a set of internal policies and procedures designed to minimise potential adverse effects to the Group. The policies and procedures have proved effective.

The Group enters into derivative transactions, including principally forward currency contracts, forward commodity contracts, interest rate swap contracts, an embedded derivative and an electricity hedge agreement. The purpose is to manage the foreign currency risk, price risk, interest rate risk and inflation risk 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 2012, the Group had around 4,600 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.

CORPORATE GOVERNANCE CODE

Throughout the Period, 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 (on and before 31 March 2012) and the Corporate Governance Code (since 1 April 2012) as set out in Appendix 14 to the Listing Rules, except for code provision A.6.7 because a non-executive director of the Company was unable to attend the annual general meeting of the Company held on 29 June 2012 due to other important business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

All directors 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
Vice Chairman and Chief Executive Officer

Hong Kong, 24 August 2012

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. Ju Weimin; 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.