CITIC RESOURCES HOLDINGS LIMITED

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

- Revenue increased by 66.0% to HK$32,252.3 million (2009: HK$19,425.4 million)
- Gross profit increased by 56.3% to HK$2,941.5 million (2009: HK$1,881.8 million)
- Earnings before finance costs and tax (EBIT) increased by 55.8% to HK$1,516.8 million (2009: HK$973.7 million)
- Profit attributable to shareholders increased by 8.5 times to HK$1,101.7 million (2009: HK$115.7 million)
- Net total debts to net total capital improved to 49.7% (2009: 54.7%)

FINANCIAL RESULTS

The board of directors (the "**Board**") of CITIC Resources Holdings Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2010.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	**2010 HK$'000**	2009 HK$'000
REVENUE	3	**32,252,330**	19,425,447
Cost of sales		**(29,310,818)**	(17,543,659)
Gross profit		**2,941,512**	1,881,788
Other income and gains	4	**224,906**	164,941
Selling and distribution costs		**(1,021,995)**	(677,880)
General and administrative expenses		**(646,742)**	(551,433)
Other expenses, net		**(367,902)**	(373,194)
Finance costs	5	**(841,223)**	(822,383)
Share of profits of associates		**250,920**	82,530
		539,476	(295,631)
Gain on loss of control of subsidiaries		**2,650,160**	—
Write-back of provision/(provision) for impairment of items of property, plant and equipment		**(2,514,060)**	446,907
PROFIT BEFORE TAX	6	**675,576**	151,276
Income tax credit/(expense)	7	**405,666**	(2,731)
PROFIT FOR THE YEAR		**1,081,242**	148,545
ATTRIBUTABLE TO:			
Shareholders of the Company		**1,101,660**	115,687
Non-controlling interests		**(20,418)**	32,858
		1,081,242	148,545
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8		
Basic		**HK 18.21 cents**	HK 1.91 cents
Diluted		**HK 18.17 cents**	HK 1.91 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December

	2010 HK$'000	2009 HK$'000
PROFIT FOR THE YEAR	**1,081,242**	148,545
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(2,384)**	47,864
Income tax effect	**715**	(14,359)
	(1,669)	33,505
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**82,714**	175,028
Reclassification adjustments for losses included in the consolidated income statement	**7,599**	41,689
Income tax effect	**(19,025)**	(47,160)
	71,288	169,557
Share of other comprehensive income of an associate	**(28,398)**	65,611
	42,890	235,168
Exchange differences on translation of foreign operations	**671,951**	169,737
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**713,172**	438,410
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,794,414**	586,955
ATTRIBUTABLE TO:		
Shareholders of the Company	**1,793,449**	603,910
Non-controlling interests	**965**	(16,955)
	1,794,414	586,955

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December

	Notes	**2010** HK$'000	2009 (Restated) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,264,914**	16,847,211
Prepaid land lease premiums		**—**	83,332
Goodwill		**341,512**	341,512
Other intangible assets		**—**	311,993
Other asset		**471,416**	487,378
Investments in associates		**6,357,156**	2,138,286
Available-for-sale investments		**65,625**	69,758
Prepayments, deposits and other receivables		**235,005**	285,013
Derivative financial instruments		**44,335**	—
Deferred tax assets		**145,360**	187,929
Total non-current assets		**20,925,323**	20,752,412
CURRENT ASSETS			
Inventories		**963,700**	1,458,153
Accounts receivable	10	**2,107,644**	2,121,418
Prepayments, deposits and other receivables		**702,386**	631,177
Equity investments at fair value through profit or loss		**2,964**	2,472
Derivative financial instruments		**5,335**	4,043
Tax recoverable		**40,166**	81,589
Cash and bank balances		**2,315,488**	4,480,336
Total current assets		**6,137,683**	8,779,188
CURRENT LIABILITIES			
Accounts payable	11	**550,640**	811,943
Tax payable		**62,535**	105,546
Accrued liabilities and other payables		**587,757**	792,212
Derivative financial instruments		**111,049**	43,248
Bank and other borrowings		**1,355,536**	2,339,605
Finance lease payables		**14,924**	8,968
Provisions		**67,492**	43,527
Total current liabilities		**2,749,933**	4,145,049
NET CURRENT ASSETS		**3,387,750**	4,634,139
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,313,073**	25,386,551

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December

	2010	2009
		(Restated)
	HK$'000	HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**24,313,073**	25,386,551
NON-CURRENT LIABILITIES		
Bank and other borrowings	**3,290,136**	4,629,165
Finance lease payables	**50,423**	57,672
Bond obligations	**7,640,430**	7,614,842
Deferred tax liabilities	**2,034,277**	2,839,505
Derivative financial instruments	**217,949**	107,092
Provisions	**413,450**	363,309
Other payables	**—**	4,937
Total non-current liabilities	**13,646,665**	15,616,522
NET ASSETS	**10,666,408**	9,770,029
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**302,528**	302,528
Reserves	**9,875,118**	8,132,180
	10,177,646	8,434,708
Non-controlling interests	**488,762**	1,335,321
TOTAL EQUITY	**10,666,408**	9,770,029

NOTES

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and equity investments, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except where otherwise indicated.

As further explained in note 2 below, during the year, the Group adopted HK Interpretation 5 and reclassified a term loan from a bank as a current liability. This in turn has impacted on the amount of net current assets presented in the consolidated statement of financial position.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

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
HKFRS 5 Amendments 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
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	Distributions of Non-cash Assets to Owners
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised) and HK Interpretation 5, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 Statement of Cash Flows, HKAS 12 Income Taxes, HKAS 21 The Effects of Changes in Foreign Exchange Rates, HKAS 28 Investments in Associates and HKAS 31 Interests in Joint Ventures.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

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

(b) HK Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Interpretation 5 requires that a loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement.

Prior to the adoption of this interpretation, a term loan from a bank was classified in the statement of financial position as a non-current liability based on its maturity date of repayment. Upon the adoption of the interpretation, such bank loan has been reclassified entirely as a current liability. The interpretation has been applied by the Group retrospectively and comparative amounts as at 31 December 2009 have been restated. In addition, as a result of this change and as required by HKAS 1 Presentation of Financial Statements, the Group is required to present a statement of financial position as at 1 January 2009. However, since the adoption of HK Interpretation 5 has no impact on the Group's financial position as at 1 January 2009, the presentation of such statement provides no additional information to users of the financial statements. Accordingly, no third statement of financial position as at 1 January 2009 was included in the financial statements.

The above change has had no effect on the consolidated statement of comprehensive income. The effect on the consolidated statement of financial position at 31 December is summarised as follows:

			At 1 January
	2010	2009	2009
	HK$'000	HK$'000	HK$'000
CURRENT LIABILITIES			
Increase in interest-bearing bank and other borrowings	**—**	87,918	—
NON-CURRENT LIABILITIES			
Decrease in interest-bearing bank and other borrowings	**—**	(87,918)	—

There was no impact on the net assets of the Group.

3. 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.

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

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

3. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 December 2010 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Total
Segment revenue:						
Sales to external customers	1,215,445	507,230	24,536,161	2,190,567	3,802,927	32,252,330
Other revenue	4,293	6,678	45,861	19,709	34,232	110,773
	1,219,738	513,908	24,582,022	2,210,276	3,837,159	32,363,103
Segment results	(36,675)	122,296	300,489	267,832	516,357	1,170,299
Reconciliation:						
Interest income and unallocated income						45,176
Gain on loss of control of subsidiaries						2,650,160
Gain on deemed disposal of investment in an associate						68,957
Provision for impairment of items of property, plant and equipment						(2,514,060) *
Unallocated expenses						(154,653)
						1,265,879
Unallocated finance costs						(841,223)
Share of profits of associates						250,920
Profit before tax						675,576
Segment assets	2,337,219	427,432	1,854,261	—	13,327,632	17,946,544
Reconciliation:						
Investments in associates						6,357,156
Unallocated assets						2,759,306
Total assets						27,063,006
Segment liabilities	679,747	40,615	242,049	—	625,466	1,587,877
Reconciliation:						
Unallocated liabilities						14,808,721
Total liabilities						16,396,598
Other segment information:						
Depreciation and amortisation	137,401	18,341	1,016	146,312	879,625	1,182,695
Unallocated amounts						4,278
						1,186,973
Other non-cash expenses	—	5,040	—	3,817	11,344	20,201
Capital expenditure	10,595	1,696	722	526,020	1,334,098	1,873,131
Unallocated amounts						1,059
						1,874,190 **

* Provision for impairment of items of property, plant and equipment was related to the crude oil segment.

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

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

Year ended 31 December 2009 HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Manganese**	**Crude oil**	**Total**
Segment revenue:						
Sales to external customers	1,029,113	344,030	13,083,451	2,086,364	2,882,489	19,425,447
Other revenue	2,239	18,749	30,717	19,764	14,715	86,184
	1,031,352	362,779	13,114,168	2,106,128	2,897,204	19,511,631
Segment results	(72,549)	68,514	198,111	178,493	178,785	551,354
Reconciliation:						
Interest income and unallocated income						78,757
Loss on deemed disposal of investment in an associate						(66,214)
Write-back of provision for impairment of items of property, plant and equipment						446,907 *
Unallocated expenses						(119,675)
						891,129
Unallocated finance costs						(822,383)
Share of profit of an associate						82,530
Profit before tax						151,276
Segment assets	2,248,772	382,149	1,678,407	3,143,289	14,901,221	22,353,838
Reconciliation:						
Investment in an associate						2,138,286
Unallocated assets						5,039,476
Total assets						29,531,600
Segment liabilities	711,359	75,949	84,353	578,992	607,201	2,057,854
Reconciliation:						
Unallocated liabilities						17,703,717
Total liabilities						19,761,571
Other segment information:						
Depreciation and amortisation	119,248	16,922	1,613	152,315	751,567	1,041,665
Unallocated amounts						4,942
						1,046,607
Other non-cash expenses/(income)	—	12,356	—	(56,288)	5,570	(38,362)
Capital expenditure	32,916	50,011	1,353	526,818	771,546	1,382,644
Unallocated amounts						5,262
						1,387,906 **

* Write-back of provision for impairment of items of property, plant and equipment was related to the crude oil segment.

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

3. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2010	2009
	HK$'000	HK$'000
PRC	**23,176,884**	13,032,583
Australia	**1,995,287**	1,351,048
Europe	**4,530,718**	3,440,552
North America	**96,776**	63,201
Kazakhstan	**140,476**	106,705
Other Asian countries	**950,015**	1,011,152
Others	**1,362,174**	420,206
	32,252,330	19,425,447

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

(b) Non-current assets

	2010	2009
	HK$'000	HK$'000
Hong Kong	**8,731**	8,329
PRC	**6,621,739**	4,529,647
Australia	**5,084,386**	4,452,614
Kazakhstan	**7,838,945**	10,659,527
Gabon	**—**	95,760
Other Asian countries	**644,786**	678,001
	20,198,587	20,423,878

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

Information about major customers

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

		2010	2009
	Operating Segment	**HK$'000**	HK$'000
Customer A	Import and export of commodities	**3,826,829**	2,374,609
Customer B	Crude oil	**3,450,591**	2,277,277

4. OTHER INCOME AND GAINS

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

	2010	2009
	HK$'000	HK$'000
Interest income	**31,496**	54,854
Handling service fees	**45,392**	30,312
Gain on disposal of available-for-sale investments	**18,825**	—
Write-off of payables	**—**	18,613
Sale of scrap	**13,158**	2,358
Government subsidies and value added tax rebate *	**6,821**	11,251
Gain on deemed disposal of investment in an associate	**68,957**	—
Others	**40,257**	47,553
	224,906	164,941

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2010	2009
	HK$'000	HK$'000
Interest expense on bank and other borrowings repayable:		
Within one year	**182,939**	156,453
In the second to fifth years, inclusive	**97,430**	51,265
Beyond five years	**3,888**	22,724
Interest expense on fixed rate senior notes, net	**524,217**	524,059
Interest expense on finance leases	**1,588**	3,785
Total interest expense on financial liabilities not at fair value through profit or loss	**810,062**	758,286
Amortisation of fixed rate senior notes	**23,027**	23,027
Less: Interest capitalised	**(28,357)**	—
	804,732	781,313
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**32,159**	3,254
Others *	**4,332**	37,816
	841,223	822,383

* Including amortisation of up-front fees of HK$2,808,000 (2009: HK$2,730,000)

6. PROFIT BEFORE TAX

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

	2010	2009
	HK$'000	HK$'000
Cost of inventories sold	**29,310,818**	17,543,659
Depreciation	**1,101,552**	973,956
Amortisation of other asset	**72,888**	62,988
Amortisation of other intangible assets	**6,973**	7,601
Amortisation of prepaid land lease premiums	**5,560**	2,062
Provision/(write-back of provision) for impairment of items of property, plant and equipment	**2,514,060**	(446,907)
Loss on disposal/write-off of items of property, plant and equipment	**90,697**	7,089
Loss/(gain) on deemed disposal of investment in an associate	**(68,957)**	66,214
Gain on loss of control of subsidiaries	**(2,650,160)**	—

7. INCOME TAX

	2010	2009
	HK$'000	HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**438,196**	212,604
Over-provision in prior years	**(2,731)**	(170,221)
Deferred	**(841,131)**	(39,652)
Total tax expense/(credit) for the year	**(405,666)**	2,731

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 year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the year (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 provided at the statutory rate of 30% (2009: 30%) on the estimated assessable profits arising in Australia during the year.

Indonesia

The corporate tax rate 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%).

7. **INCOME TAX** *(Continued)*

PRC

The PRC corporate income tax rate is 25% (2009: 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 Group shall also pay excess profit tax ("**EPT**") on its profit after corporate income tax each year. The calculation methodology for EPT is based on annual profitability at progressive rates varying from 10% to 60%.

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

According to HKAS 12 Income Taxes, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

8. **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 year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share amounts are based on:

	2010	2009
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**1,101,660**	115,687

	Number of shares	
	2010	2009
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**6,050,567,038**	6,048,882,106
Effect of dilution – weighted average number of ordinary shares:		
Share options	**13,825,818**	13,404,366
	6,064,392,856	6,062,286,472

9. DIVIDEND

No interim dividend was paid during the year and the prior year. The directors do not recommend the payment of any final dividend in respect of the year (2009: Nil).

10. ACCOUNTS RECEIVABLE

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

	2010	2009
	HK$'000	HK$'000
Within one month	**1,076,496**	898,937
One to two months	**535,572**	677,953
Two to three months	**104,454**	271,065
Over three months	**391,122**	273,463
	2,107,644	2,121,418

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

11. ACCOUNTS PAYABLE

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

	2010	2009
	HK$'000	HK$'000
Within one month	**519,054**	739,818
One to two months	**14,919**	25,336
Two to three months	**8,931**	18,194
Over three months	**7,736**	28,595
	550,640	811,943

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

12. COMPARATIVE AMOUNTS

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

BUSINESS REVIEW

The Group achieved a satisfactory financial performance for 2010.

During the year, the Group successfully completed the spin-off of its manganese business through an offering and separate listing of the shares of CITIC Dameng Holdings Limited ("**CDH**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). A significant gain was recognised by the Group in respect of its interest in CDH as a result of the spin-off and separate listing of CDH. The separate listing of CDH allows the Group to place greater focus and concentrate its resources on its core businesses such as oil and coal which are strategically important for the Group's future growth.

The Group's oil assets represent a significant part of the Group's investments and performed steadily during the year. There was an overall improvement in performance from the Karazhanbas oilfield in Kazakhstan as a result of stable production of about 35,500 barrels of oil per day being maintained and supported by an increase in oil realised prices of 22% on average in 2010 as compared with 2009. The Group continues to gain experience in the exploitation of oil from the Karazhanbas oilfield and a better understanding of employing enhanced oil recovery methods there such as cyclic steam stimulation and steam flooding to produce oil at more efficient and sustainable rates and to enhance the production outlook of the Karazhanbas oilfield. An asset impairment loss in respect of the Karazhanbas oilfield has been recognised by the Group as a result of the imposition of a new export duty in Kazakhstan and a downward revision of the estimate of original oil in place in the Karazhanbas oilfield which has an impact on the estimates of total oil commercially recoverable from the oilfield.

The performance of the Group's interest in the Seram Island Non-Bula Block continues to lag the Group's projections. The Group drilled new wells to enhance production and carried out necessary repairs to existing wells where production has fallen as a result of their natural decline.

In relation to the Yuedong oilfield in the Hainan-Yuedong Block, PRC government approval was obtained in respect of the overall development plan in August 2010 and this enabled the Group to commence pilot production during the year. In 2010, the Group started the construction of three additional artificial islands, and construction of production facilities thereon is scheduled to complete by late 2013. The commencement of pilot production at the Yuedong oilfield marks a milestone for the Group's investment in the Hainan-Yuedong Block and the Group expects to significantly enhance the value of its oil assets portfolio upon full production.

Moving forward, the Group will seek to improve the productivity of its existing oil assets and implement cost efficiency measures to maximize the investment returns from its oil business.

The Group's coal business is another strategically important investment of the Group and includes a 16.14% interest in Macarthur Coal Limited (which is listed on the Australian Securities Exchange), a 7% direct interest in the Coppabella and Moorvale coal mines joint venture (owned and operated principally by Macarthur Coal Limited) and various interests in other projects under development and exploration. The coal business made a significant profit contribution in 2010. Although Australia's coal export has been affected by flooding and adverse weather conditions in Queensland since late 2010, the average selling prices of both low volatile pulverized coal injection coal ("**LV PCI coal**") and thermal coal have increased dramatically as a result of shortages in the market. The outlook for demand for LV PCI coal remains positive after taking into account the strong demand for its usage in global steel production. The Group's coal business is expected to continue to be a major asset capable of delivering economic significance for the Group.

The import and export of commodities business of the Group recorded another year of strong growth in both revenue and profit. The Group continues to extend the scope of its export business in the PRC which remains an important market. It is expected that the robust economic growth of the PRC coupled with the established selling channels of the Group will sustain the operating momentum of the Group's import and export of commodities business.

Following the rebound in aluminium prices and improvement in the global economy, the Group's Portland aluminium smelting business performed better than in 2009. The signing of a new base load electricity contract in March 2010 with Loy Yang Power has helped secure a stable electricity supply for the project from 2016 through 2036. The Group expects the demand and prices for aluminium to improve steadily in the near term.

Manganese prices also benefited from a resurgence in the demand for manganese products as a result of increased demand for steel products generally during 2010. As a result, a satisfactory performance was recorded in 2010 by CDH which operated the Group's manganese business prior to its spin-off and separate listing on the Stock Exchange. Following the spin-off and separate listing of CDH, the Group's interest in CDH has diluted to 38.98% with CDH ceasing to be a subsidiary of the Group. The separate listing of CDH will allow the Group to focus its resources more effectively on its core businesses to deliver greater value to shareholders.

BUSINESS OUTLOOK

Although the global economy has stabilised following the financial crisis, there remain some uncertainties and cautiousness over a sustained full economic recovery. Accordingly, the Group will proactively monitor the risks affecting its operations and take appropriate actions if necessary.

Going forward, the Group will continue to strive to produce long-term economic benefits for shareholders by seeking to enhance its businesses through organic growth, more efficient deployment of resources and exploring potential investment opportunities in the energy and resources sectors.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2010, the Group had cash and bank balances of HK$2,315.5 million.

Borrowings

As at 31 December 2010, the Group had total debts of HK$12,351.4 million, which comprised:

- secured bank loan of HK$452.4 million;
- unsecured bank loans of HK$3,897.9 million;
- unsecured other loans of HK$295.4 million;
- finance lease payables of HK$65.3 million; and
- bond obligations of HK$7,640.4 million.

The secured bank loan was secured by the Group's 22.5% participating interest in the Portland Aluminium Smelter joint venture. The bank trade finance facilities available to CITIC Australia Trading Pty 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**"). In December 2010, the Company repaid from its surplus cash a total of US$70 million (HK$546 million) in advance of the scheduled repayment dates under the Loan.

In 2009, the Group leased certain of its plant and machinery for its coal mine operation. The leases are classified as finance leases.

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

As at 31 December 2010, the Group's total debts to total capital and net total debts to net total capital ratios improved to 54.8% and 49.7% (2009: 63.5% and 54.7%) respectively. Of the total debts, HK$1,370.5 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 year.

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 31 December 2010, the Group had around 5,100 full time employees, including management and administrative staff. Following the separate listing of CDH in November 2010, the full time employees of the CDH group of companies were not accounted for in the Group. 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 fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Kazakhstan and Indonesia.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has, for the year ended 31 December 2010, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the deviations to paragraphs A.4.1 and E.1.2 of the CG Code.

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

Paragraph E.1.2 of the CG Code provides that the chairman of the 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 Company's bye-laws, the directors present elected Mr. Sun Xinguo, the then president and chief executive officer of the Company, to chair the meeting.

Paragraph E.1.2 of the CG Code provides that the chairman of the independent board committee should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval. Mr. Ngai Man, the chairman of the independent board committee, was unable to attend the special general meeting of the Company held on 27 October 2010 due to personal reasons. Another member of the independent board committee was present and available to answer questions at that meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

All directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

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

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

Hong Kong, 25 March 2011

As at the date hereof, the executive directors of the Company are Mr. Sun Xinguo; Mr. Zeng Chen and Ms. Li So Mui, the non-executive directors are Mr. Kong Dan; Mr. Mi Zengxin; Mr. Qiu Yiyong; Mr. Tian Yuchuan; 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.