CITIC RESOURCES HOLDINGS LIMITED

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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

- Revenue increased by 28.1% to HK$38,496.4 million *(2010: HK$30,061.8 million, exclusive of manganese segment)*
- Excluding the gain from the disposal of the Group's interest in Macarthur Coal Limited and asset impairment losses, underlying EBIT increased by 54.8% to HK$2,137.4 million *(2010: HK$1,380.7 million, excluding gain on loss of control of subsidiaries and asset impairment loss)*
- Profit attributable to shareholders increased by 100.0% to HK$2,202.9 million *(2010: HK$1,101.7 million)*
- Net debt to net total capital improved to 9.7% *(2010: 49.7%)*

KEY BUSINESS DEVELOPMENTS

- Unlocked significant investment value of the coal assets from the partial disposal of the Group's interest in the Codrilla project and the disposal of the Group's entire interest in Macarthur Coal Limited
- The Yuedong oilfield in Liaoning, the PRC went into commercial production stage. Construction of Platform B approached completion to allow for further installation of production facilities
- Completed a rights issue raising HK$2,504.9 million (before expenses) to substantially enhance the Group's financial flexibility

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 2011.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	**2011** HK$'000	2010 HK$'000
REVENUE	3	**38,496,434**	32,252,330
Cost of sales		**(34,573,679)**	(29,310,818)
Gross profit		**3,922,755**	2,941,512
Other income and gains	4	**558,694**	224,906
Selling and distribution costs		**(1,942,661)**	(1,021,995)
General and administrative expenses		**(571,128)**	(646,742)
Other expenses, net		**(111,197)**	(367,902)
Finance costs	5	**(828,855)**	(841,223)
Share of profit of associates		**280,935**	250,920
		1,308,543	539,476
Gain on disposal of investment in an associate		**3,785,847**	—
Gain on loss of control of subsidiaries		**—**	2,650,160
Provision for impairment of items of property, plant and equipment		**(492,551)**	(2,514,060)
Provision for impairment of other asset		**(147,126)**	—
Impairment of goodwill		**(316,830)**	—
PROFIT BEFORE TAX	6	**4,137,883**	675,576
Income tax credit/(expense)	7	**(1,927,770)**	405,666
PROFIT FOR THE YEAR		**2,210,113**	1,081,242
ATTRIBUTABLE TO:			
Shareholders of the Company		**2,202,872**	1,101,660
Non-controlling interests		**7,241**	(20,418)
		2,210,113	1,081,242
			(Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8		
Basic		**HK 30.92 cents**	HK 17.56 cents
Diluted		**HK 30.89 cents**	HK 17.52 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December

	2011	2010
	HK$'000	HK$'000
PROFIT FOR THE YEAR	**2,210,113**	1,081,242
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(33,622)**	(2,384)
Income tax effect	**10,087**	715
	(23,535)	(1,669)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**16,944**	82,714
Reclassification adjustments for losses/(gains) included in the consolidated income statement	**(24,343)**	7,599
Income tax effect	**3,291**	(19,025)
	(4,108)	71,288
Share of other comprehensive income of an associate	**(3,709)**	(28,398)
	(7,817)	42,890
Exchange differences on translation of foreign operations	**68,733**	671,951
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**37,381**	713,172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,247,494**	1,794,414
ATTRIBUTABLE TO:		
Shareholders of the Company	**2,218,784**	1,793,449
Non-controlling interests	**28,710**	965
	2,247,494	1,794,414

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	Notes	**2011 HK$'000**	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**13,843,288**	13,264,914
Goodwill		**24,682**	341,512
Other asset		**244,915**	471,416
Investments in associates		**3,496,690**	6,357,156
Available-for-sale investments		**32,584**	65,625
Prepayments, deposits and other receivables		**664,681**	235,005
Derivative financial instruments		**23,272**	44,335
Deferred tax assets		**94,587**	145,360
Total non-current assets		**18,424,699**	20,925,323
CURRENT ASSETS			
Inventories		**1,951,756**	963,700
Trade receivables	10	**2,061,357**	2,107,644
Prepayments, deposits and other receivables		**611,318**	702,386
Equity investments at fair value through profit or loss		**2,963**	2,964
Derivative financial instruments		**38,795**	5,335
Tax recoverable		**12,515**	40,166
Cash and cash equivalents		**10,779,067**	2,315,488
Total current assets		**15,457,771**	6,137,683
CURRENT LIABILITIES			
Accounts payable	11	**1,162,127**	550,640
Tax payable		**1,718,493**	62,535
Accrued liabilities and other payables		**976,822**	587,757
Derivative financial instruments		**8,410**	111,049
Bank and other borrowings		**2,345,070**	1,355,536
Finance lease payables		**7,964**	14,924
Provisions		**60,578**	67,492
Total current liabilities		**6,279,464**	2,749,933
NET CURRENT ASSETS		**9,178,307**	3,387,750
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,603,006**	24,313,073

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	2011 HK$'000	2010 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**27,603,006**	24,313,073
NON-CURRENT LIABILITIES		
Bank and other borrowings	**2,260,461**	3,290,136
Finance lease payables	**42,446**	50,423
Bond obligations	**7,666,272**	7,640,430
Deferred tax liabilities	**1,728,235**	2,034,277
Derivative financial instruments	**240,574**	217,949
Provisions	**735,330**	413,450
Other payable	**104,610**	—
Total non-current liabilities	**12,777,928**	13,646,665
NET ASSETS	**14,825,078**	10,666,408
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**393,287**	302,528
Reserves	**13,996,638**	9,875,118
	14,389,925	10,177,646
Non-controlling interests	**435,153**	488,762
TOTAL EQUITY	**14,825,078**	10,666,408

NOTES

1. BASIS OF PREPARATION

These 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 certain equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2011. 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.

Total comprehensive income within a subsidiary is 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.

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

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

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in Improvements to HKFRSs 2010, the adoption of the new and revised HKFRSs has had no significant financial effect on the financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) Improvements to HKFRSs 2010

Improvements to HKFRSs 2010 issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 Business Combinations: The amendments clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 Presentation of Financial Statements: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 Consolidated and Separate Financial Statements: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the aluminium smelting segment comprises the operation of the Portland Aluminium Smelter which sources alumina and produces aluminium ingots in Australia;

(b) the coal segment comprises the operation of coal mines and the sale of coal in Australia;

(c) the import and export of commodities segment represents the export of various commodity products such as aluminium ingots, iron ore, alumina and coal; and the import of other commodities and manufactured goods such as vehicle and industrial batteries, tyres, alloy wheels and various metals such as steel and aluminium extrusion products in Australia; and

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

Other than the above operating segments, for the year ended 31 December 2010, the Group also had a manganese segment, contributed solely by CITIC Dameng Holdings Limited ("**CDH**"), comprising the operation of manganese mines and the sales of refined manganese products in the PRC and the exploration of manganese mines in Gabon, West Africa. Following the listing of CDH on 18 November 2010, CDH ceased to be a subsidiary of the Group and become an associate of the Group thereafter. Accordingly, the operating results of the manganese segment are included in the share of profit of associates in the current year.

Management monitors the results of the Group's operating segments separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude available-for-sale investments, derivative financial instruments, deferred tax assets, equity investments at fair value through profit or loss, tax recoverable, cash and cash equivalents, investments in associates and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, finance lease payables, bond obligations, deferred tax liabilities, derivative financial instruments, tax payable 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 2011 HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Crude oil**	**Total**	
Segment revenue:						
Sales to external customers	**1,338,896**	**529,011**	**30,829,332**	**5,799,195**	**38,496,434**	
Other income	**75,927**	**31,449**	**42,303**	**8,341**	**158,020**	
	1,414,823	**560,460**	**30,871,635**	**5,807,536**	**38,654,454**	
Segment results	**90,377**	**124,804**	**349,435**	**996,005**	**1,560,621**	
Reconciliation:						
Interest income and unallocated gains					**129,650**	
Gain on disposal of partial investment in jointly-controlled assets					**271,024**	
Gain on disposal of investment in an associate					**3,785,847**	
Provision for impairment of items of property, plant and equipment					**(492,551)**	*
Provision for impairment of other asset					**(147,126)**	*
Impairment of goodwill					**(316,830)**	*
Unallocated expenses					**(104,832)**	
Unallocated finance costs					**(828,855)**	
Share of profit of associates					**280,935**	
Profit before tax					**4,137,883**	
Segment assets	**1,273,822**	**850,434**	**2,657,741**	**14,317,661**	**19,099,658**	
Reconciliation:						
Investment in an associate					**3,496,690**	
Unallocated assets					**11,286,122**	
Total assets					**33,882,470**	
Segment liabilities	**427,532**	**188,462**	**739,111**	**1,508,588**	**2,863,693**	
Reconciliation:						
Unallocated liabilities					**16,193,699**	
Total liabilities					**19,057,392**	
Other segment information:						
Depreciation and amortisation	**152,245**	**20,516**	**758**	**948,506**	**1,122,025**	
Unallocated amounts					**5,043**	
					1,127,068	
Other non-cash expenses	**—**	**43**	**—**	**1,554**	**1,597**	
Capital expenditure	**9,713**	**56,327**	**912**	**1,850,832**	**1,917,784**	
Unallocated amounts					**2,329**	
					1,920,113	**

* Provision for impairment of items of property, plant and equipment, other asset and goodwill related to the aluminium smelting segment.

** Capital expenditure consists of additions to property, plant and equipment.

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 income	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 gains						45,176
Gain on deemed disposal of investment in an associate						68,957
Gain on loss of control of subsidiaries						2,650,160
Provision for impairment of items of property, plant and equipment						(2,514,060)*
Unallocated expenses						(154,653)
Unallocated finance costs						(841,223)
Share of profit 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	371,715	40,615	242,049	—	625,466	1,279,845
Reconciliation:						
Unallocated liabilities						15,116,753
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 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

	2011 HK$'000	2010 HK$'000
The PRC	**28,305,600**	23,176,884
Australia	**1,825,219**	1,995,287
Europe	**6,914,549**	4,530,718
North America	**39,893**	96,776
Kazakhstan	**168,177**	140,476
Other Asian countries	**1,190,779**	950,015
Others	**52,217**	1,362,174
	38,496,434	32,252,330

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

(b) Non-current assets

	2011 HK$'000	2010 HK$'000
Hong Kong	**4,307**	8,731
The PRC	**8,194,960**	6,621,739
Australia	**1,497,524**	5,084,386
Kazakhstan	**7,627,907**	7,838,945
Other Asian countries	**704,643**	644,786
	18,029,341	20,198,587

The non-current assets information above is based on the location of assets and excludes available-for-sale investments, derivative financial instruments, deferred tax assets and other asset.

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:

	Operating Segment	2011 HK$'000	2010 HK$'000
Customer A	Import and export of commodities	**4,906,861**	3,826,829
Customer B	Crude oil	**4,795,412**	3,450,591

4. OTHER INCOME AND GAINS

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

	2011	2010
	HK$'000	HK$'000
Interest income	**100,292**	31,496
Handling service fees	**49,327**	45,392
Gain on disposal of available-for-sale investments	**6,524**	18,825
Sale of scrap	**5,827**	13,158
Government subsidies and value added tax rebate *	**—**	6,821
Gain on deemed disposal of investment in an associate	**—**	68,957
Gain on disposal of partial investment in jointly-controlled assets **	**271,024**	—
Fair value gains on derivative financial instrument – embedded derivative	**80,914**	—
Others	**44,786**	40,257
	558,694	224,906

* 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.

** In May 2011, CITIC Bowen Basin Pty Limited, an indirect wholly-owned subsidiary of the Group, entered into sale and purchase agreements with certain independent third parties for the sale of a total of 8% interest in the Codrilla project for an aggregate cash consideration of A$51,200,000 (HK$405,760,000). During the year, the Group has received part of the cash consideration, amounting to A$10,240,000 (HK$81,152,000), and the remaining amount of A$40,960,000 (HK$324,608,000) is to be received by instalments.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2011 HK$'000	2010 HK$'000
Interest expense on bank and other borrowings	**194,950**	284,257
Interest expense on fixed rate senior notes, net	**524,394**	524,217
Interest expense on finance leases	**1,257**	1,588
Total interest expense on financial liabilities not at fair value through profit or loss	**720,601**	810,062
Amortisation of fixed rate senior notes	**23,027**	23,027
Less: Interest capitalised	**—**	(28,357)
	743,628	804,732
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**44,394**	32,159
Others	**40,833**	4,332
	828,855	841,223

6. PROFIT BEFORE TAX

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

	2011 HK$'000	2010 HK$'000
Cost of inventories sold	**34,573,679**	29,310,818
Depreciation	**1,045,411**	1,101,552
Amortisation of other asset	**81,657**	72,888
Amortisation of other intangible assets	**—**	6,973
Amortisation of prepaid land lease premiums	**—**	5,560
Loss on disposal/write-off of items of property, plant and equipment	**39,665**	90,697
Gain on deemed disposal of investment in an associate	**—**	(68,957)
Gain on disposal of partial investment in jointly-controlled assets	**(271,024)**	—
Gain on disposal of investment in an associate	**(3,785,847)**	—
Gain on loss of control of subsidiaries	**—**	(2,650,160)
Provision for impairment of items of property, plant and equipment	**492,551**	2,514,060
Provision for impairment of other asset	**147,126**	—
Impairment of goodwill	**316,830**	—

7. INCOME TAX

	2011	2010
	HK$'000	HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**2,114,028**	438,196
Underprovision/(overprovision) in prior years	**1,598**	(2,731)
Deferred	**(187,856)**	(841,131)
Total tax expense/(credit) for the year	**1,927,770**	(405,666)

The statutory tax rate of Hong Kong profits tax was 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the 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 (2010: Nil).

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

Australia

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

Indonesia

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

The Group's subsidiary owning a participating interest in oil and gas properties in Indonesia is subject to branch tax at an effective tax rate of 14% (2010: 14%).

The PRC

The Group's subsidiaries registered in the PRC are subject to corporate income tax at a rate of 25% (2010: 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 year.

Kazakhstan

The corporate tax rate applicable to the Group's jointly-controlled entities established and operating in Kazakhstan was 20% in 2011 (2010: 20%). 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 varying 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.

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:

	2011	2010
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**2,202,872**	1,101,660

	Number of shares	
	2011	2010
		(Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**7,124,302,322**	6,273,832,962
Effect of dilution – weighted average number of ordinary shares: share options	**7,304,908**	14,335,990
	7,131,607,230	6,288,168,952

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

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 (2010: Nil).

10. 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:

	2011	2010
	HK$'000	HK$'000
Within one month	**1,101,795**	1,076,496
One to two months	**691,282**	535,572
Two to three months	**70,277**	104,454
Over three months	**198,003**	391,122
	2,061,357	2,107,644

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, was as follows:

	2011	2010
	HK$'000	HK$'000
Within one month	**1,113,747**	519,054
One to two months	**28,795**	14,919
Two to three months	**13,415**	8,931
Over three months	**6,170**	7,736
	1,162,127	550,640

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 restated to conform with the current year's presentation.

BUSINESS REVIEW

An update on the Group's operations in 2011 is detailed as follows.

Crude oil

Production at the Karazhanbas oilfield in Kazakhstan remained stable with some modest growth. Since taking over the project, the Group has been committed to enhancing production by means of, amongst others, more efficient use of steam flooding technology, closer control of production plans and better management of new wells. These efforts have been successful to a certain extent. Oil production continued to show some growth in 2011, with over half of the production recovered by steam flooding. In addition, the Group will roll out research works to consider the medium to long term development plan of the oilfield.

Construction and development of the Yuedong oilfield in Liaoning Province, the PRC achieved significant progress during the year. The project entered commercial production in May 2011, with the first artificial island equipped with full production capability. The Group has directed its effort to promote timely completion of the remaining construction works. Following to the commencement of full scale production, which is expected in 2015, the Yuedong oilfield should be a key driver for the Group's oil business, enabling the Group to take a major stride forward in both capacity and production terms.

The Seram Island Non-Bula Block in Indonesia has performed better as a result of more drillings and further development works. This supplemented the natural decline in production from existing wells which the Group continues to manage prudently. Higher production was attained in 2011 than in 2010 and exploratory works will continue to be carried out.

Coal

Production at the Coppabella and Moorvale coal mines decreased in 2011 as compared to 2010 due to flooding and continuous rainfall in Queensland of Australia. The current production level has basically returned to normal.

During the year, the Group disposed of its entire 16.34% interest in Macarthur Coal Limited ("**Macarthur Coal**") and sold down part of its interest in the Codrilla project, thereby unlocking latent investment value as well as providing financial support for the development of existing exploratory coal mine projects.

The Group shall continue with its strategic coal asset investments with its 7% direct interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") and also the 10% to 15% interests in a number of exploratory coal mines joint ventures in which Macarthur Coal is also a participant. In addition, through the CMJV, the Group shall continue to hold a 7% direct interest in the Codrilla project which was named as the third project for development by the CMJV and scheduled to commence in 2012. With continual exploratory works undertaken in these years, both the resources and asset value of the Group's coal portfolio are expected to further increase and the Group is optimistic about the outlook for this sector.

Metals

The Group's strategic metal investments are currently made up of its 22.5% interest in the Portland Aluminium Smelter joint venture and its 38.98% interest in CDH.

In light of prevailing market conditions, the Portland Aluminium Smelter continued to implement a production curtailment program and cost cutting measures to improve production efficiency and performance. However, profitability was inevitably affected by the appreciation of the Australian dollar.

CDH has expanded its business scale and manganese resources through the acquisition of 貴州遵義匯興鐵合金有限責任公司 (Guizhou Zunyi Hui Xing Ferroalloy Limited Company).

Import and export of commodities

The Group's import and export of commodities business continued to demonstrate strong growth in the year. Backed by the long time international trading experience and strong ties with both upstream suppliers and downstream customers, the Group has further optimized the customer portfolio and product mix with a focal shift towards demand from the PRC, achieving rapid growth in business scale and record high revenue in the year.

BUSINESS OUTLOOK

2012 is expected to be another testing year, full of challenges brought about by the overcast from the euro-zone sovereign debt crisis as well as uncertainties in the global economy.

The global energy and natural resources industry will no doubt continue to undergo fluctuations. However, given its diverse business portfolio and geographic presence, broad product range and extensive customer base, the Group is well positioned to withstand the risks so associated.

Looking forward, the Group is optimistic about the outlook of energy and natural resources industry, which is capital and technology intensive, and sensitive to cyclical market volatility. Apart from fostering growth organically, supported by sufficient financial flexibility, expansion from new investment opportunities is always on the agenda with a view to achieving diversification and economies of scale, which are prerequisites for large players in the sector.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2011, the Group had cash and cash equivalents of HK$10,779.1 million.

The balances were primarily contributed by the operational cash inflow, funds of HK$2,504.9 million (before expenses) through the Rights Issue (details of which are set out in the section headed "Share capital" below) and gross proceeds of HK$6,356.1 million from the disposal of shares in Macarthur Coal during the year.

Borrowings

As at 31 December 2011, the Group had total debts of HK$12,322.2 million, which comprised:

- secured bank loan of HK$405.8 million;
- unsecured bank loans of HK$3,907.1 million;
- secured other loans of HK$3.9 million;
- unsecured other loan of HK$288.7 million;
- finance lease payables of HK$50.4 million; and
- bond obligations of HK$7,666.3 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 balance of the facility as at 31 December 2011 was US$210 million (HK$1,638 million).

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

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

Benefiting from the good operating results of the year, the Group's capital structure as at 31 December 2011 was substantially strengthened with net debt to net total capital of 9.7% (2010: 49.7%). Of the total debts, HK$2,353.0 million was repayable within one year, the majority of which being of trade finance related and a periodic renewal nature.

Share capital

In June 2011, the Company completed the issue of 1,815,170,111 ordinary shares of HK$0.05 each in the share capital of the Company by way of the Rights Issue at the subscription price of HK$1.38 per rights share on the basis of three rights shares for every ten existing ordinary shares held as at the close of business on 25 May 2011. Further details of the Rights Issue are set out in the announcements of the Company dated 3 May 2011, 17 May 2011 and 17 June 2011 and the circular of the Company dated 26 May 2011.

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

Financial risk management

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

The Group enters into derivative transactions, including principally interest rate swap contracts, forward currency contracts, forward commodity contracts and electricity hedge agreement. The purpose is to hedge the interest rate risk, foreign currency risk and commodity price 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 31 December 2011, 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has, for the year ended 31 December 2011, 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 of Hong Kong Limited (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 of directors should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting of the Company held on 22 June 2011 due to other important business engagements. In accordance with bye-law 63 of the Company's bye-laws, the directors present elected the chief executive officer of the Company to chair the meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct of 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 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
Vice Chairman and Chief Executive Officer

Hong Kong, 2 March 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.