CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012.

FINANCIAL HIGHLIGHTS

Year ended 31 December	**2012** **HK$ million**	2011 HK$ million	Change
Revenue	**48,434.0**	38,496.4	25.8%
Underlying EBIT [(1)]	**1,646.1**	1,866.4	(11.8%)
Adjusted profit attributable to shareholders [(2)]	**235.9**	113.7	107.4%
Adjusted items [(3)]	**1,523.3**	(3,100.4)	
Net tax effect of adjusted items	**(6.4)**	1,011.2	

(1) profit/(loss) before tax + finance costs + adjusted items

(2) profit/(loss) attributable to shareholders + adjusted items + net tax effect of adjusted items

(3) asset impairment losses – gain on disposal of investment in an associate – gain on disposal of partial investment in jointly-controlled assets

- The focused diversification strategy of the Group has enabled it to remain resilient in 2012 in which the global economy was gloomy with softening energy and commodities prices.
- The Group's revenue grew in the year by 25.8% to reach HK$48,434.0 million lifted by good performances from the import and export of commodities as well as crude oil segments.
- Absence of share of profit from Macarthur Coal Limited ("**Macarthur Coal**") as an associate and impact from the manganese segment contributed to a drop in the Group's underlying EBIT by 11.8% to HK$1,646.1 million in 2012.
- After excluding one-off items, including gains from partial disposal of the Group's interest in the Codrilla project and disposal of entire interest in Macarthur Coal in 2011 and the non-cash asset impairment losses, the Group's profit attributable to shareholders actually increased year-on-year by 107.4% to HK$235.9 million in 2012.

FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT
Year ended 31 December

	Notes	2012 HK$'000	2011 HK$'000
REVENUE	3	**48,433,964**	38,496,434
Cost of sales		**(44,494,211)**	(34,573,679)
Gross profit		**3,939,753**	3,922,755
Other income and gains	4	**587,378**	558,694
Selling and distribution costs		**(2,013,078)**	(1,942,661)
General and administrative expenses		**(588,798)**	(571,128)
Other expenses, net		**(97,289)**	(111,197)
Finance costs	5	**(844,856)**	(828,855)
Share of profit/(loss) of associates		**(181,893)**	280,935
		801,217	1,308,543
Impairment of investment in an associate		**(1,502,000)**	—
Gain on disposal of investment in an associate		**—**	3,785,847
Provision for impairment of items of property, plant and equipment		**(21,289)**	(492,551)
Provision for impairment of other asset		**—**	(147,126)
Impairment of goodwill		**—**	(316,830)
PROFIT/(LOSS) BEFORE TAX	6	**(722,072)**	4,137,883
Income tax	7	**(539,875)**	(1,927,770)
PROFIT/(LOSS) FOR THE YEAR		**(1,261,947)**	2,210,113
ATTRIBUTABLE TO:			
Shareholders of the Company		**(1,280,961)**	2,202,872
Non-controlling interests		**19,014**	7,241
		(1,261,947)	2,210,113
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8	**HK cents**	HK cents
Basic		**(16.29)**	30.92
Diluted		**(16.29)**	30.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December

	2012 HK$'000	2011 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**(1,261,947)**	2,210,113
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(6,900)**	(33,622)
Income tax effect	**2,070**	10,087
	(4,830)	(23,535)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**83,567**	16,944
Reclassification adjustments for gains included in the consolidated income statement	**(19,511)**	(24,343)
Income tax effect	**(17,856)**	3,291
	46,200	(4,108)
Share of other comprehensive income of an associate	**—**	(3,709)
	46,200	(7,817)
Exchange differences on translation of foreign operations	**170,844**	68,733
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**212,214**	37,381
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(1,049,733)**	2,247,494
ATTRIBUTABLE TO:		
Shareholders of the Company	**(1,069,892)**	2,218,784
Non-controlling interests	**20,159**	28,710
	(1,049,733)	2,247,494

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	Notes	**2012** **HK$'000**	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**14,192,523**	13,843,288
Prepaid land lease payments		**22,874**	—
Goodwill		**24,682**	24,682
Other assets		**198,385**	244,915
Investment in an associate		**1,825,041**	3,496,690
Available-for-sale investments		**26,047**	32,584
Prepayments, deposits and other receivables		**454,883**	664,681
Derivative financial instruments		**114,801**	23,272
Deferred tax assets		**122,146**	94,587
Total non-current assets		**16,981,382**	18,424,699
CURRENT ASSETS			
Inventories		**1,286,287**	1,951,756
Trade receivables	10	**2,316,182**	2,061,357
Prepayments, deposits and other receivables		**769,875**	611,318
Equity investments at fair value through profit or loss		**3,029**	2,963
Derivative financial instruments		**489**	38,795
Other assets		**194,970**	—
Tax recoverable		**97,318**	12,515
Cash and cash equivalents		**8,520,350**	10,779,067
Total current assets		**13,188,500**	15,457,771
CURRENT LIABILITIES			
Accounts payable	11	**963,790**	1,162,127
Tax payable		**169,102**	1,718,493
Accrued liabilities and other payables		**1,081,803**	976,822
Derivative financial instruments		**3,042**	8,410
Bank and other borrowings		**1,106,757**	2,345,070
Finance lease payables		**9,623**	7,964
Provisions		**87,299**	60,578
Total current liabilities		**3,421,416**	6,279,464
NET CURRENT ASSETS		**9,767,084**	9,178,307
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,748,466**	27,603,006

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	2012 HK$'000	2011 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**26,748,466**	27,603,006
NON-CURRENT LIABILITIES		
Bank and other borrowings	**2,306,836**	2,260,461
Finance lease payables	**33,760**	42,446
Bond obligations	**7,619,686**	7,666,272
Deferred tax liabilities	**1,692,831**	1,728,235
Derivative financial instruments	**195,907**	240,574
Provisions	**1,105,366**	735,330
Other payable	**53,460**	104,610
Total non-current liabilities	**13,007,846**	12,777,928
NET ASSETS	**13,740,620**	14,825,078
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**393,287**	393,287
Reserves	**12,941,494**	13,996,638
	13,334,781	14,389,925
Non-controlling interests	**405,839**	435,153
TOTAL EQUITY	**13,740,620**	14,825,078

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 2012. 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 it 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 revised HKFRSs for the first time for the current year's 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 the revised HKFRSs has had no significant financial effect on the financial statements, and there have been no significant changes to the accounting policies applied in these financial statements.

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 comprises the export of various commodity products such as aluminium ingots, iron ore, alumina, coal and copper; 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**").

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/(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 or 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.

Segment assets exclude investment in an associate, 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 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, tax payable, bond obligations, 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 2012 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	**1,221,804**	**475,883**	**40,545,197**	**6,191,080**	**48,433,964**
Other income	**82,924**	**33,606**	**39,927**	**2,764**	**159,221**
	1,304,728	**509,489**	**40,585,124**	**6,193,844**	**48,593,185**
Segment results	**70,464**	**11,592**	**558,601**	**870,819**	**1,511,476**
Reconciliation:					
Interest income and unallocated gains					**428,157**
Provision for impairment of items of property, plant and equipment					**(21,289)** *
Impairment of investment in an associate					**(1,502,000)**
Unallocated expenses					**(111,667)**
Unallocated finance costs					**(844,856)**
Share of loss of an associate					**(181,893)**
Loss before tax					**(722,072)**
Segment assets	**1,429,355**	**920,006**	**2,248,289**	**14,683,697**	**19,281,347**
Reconciliation:					
Investment in an associate					**1,825,041**
Unallocated assets					**9,063,494**
Total assets					**30,169,882**
Segment liabilities	**659,996**	**223,446**	**590,829**	**1,716,873**	**3,191,144**
Reconciliation:					
Unallocated liabilities					**13,238,118**
Total liabilities					**16,429,262**
Other segment information:					
Depreciation and amortisation	**93,233**	**28,167**	**792**	**1,072,741**	**1,194,933**
Unallocated amounts					**4,348**
					1,199,281
Impairment losses reversed in the consolidated income statement	**—**	**—**	**(13,498)**	**—**	**(13,498)**
Capital expenditure	**12,514**	**148,878**	**1,020**	**1,104,212**	**1,266,624**
Unallocated amounts					**3,205**
					1,269,829 **

* Provision for impairment of items of property, plant and equipment related to the coal segment

** Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

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)*

Geographical information

(a) Revenue from external customers

	2012	2011
	HK$'000	HK$'000
The PRC	**35,644,528**	28,305,600
Australia	**1,743,497**	1,825,219
Europe	**6,846,658**	6,914,549
North America	**72,645**	39,893
Kazakhstan	**182,984**	168,177
Other Asian countries	**3,855,324**	1,190,779
Others	**88,328**	52,217
	48,433,964	38,496,434

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

(b) Non-current assets

	2012	2011
	HK$'000	HK$'000
Hong Kong	**81,555**	4,307
The PRC	**6,977,843**	8,194,960
Australia	**1,487,756**	1,497,524
Kazakhstan	**7,256,166**	7,627,907
Other Asian countries	**716,683**	704,643
	16,520,003	18,029,341

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

Information about major customers

Revenue from major customers, each of whom accounted for 10% or more of the Group's revenue, are set out below:

	Operating Segment	**2012**	2011
		HK$'000	HK$'000
Customer A	Import and export of commodities	**5,760,111**	4,906,861
Customer B	Crude oil	**5,386,136**	4,795,412

4. 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	**275,992**	100,292
Handling service fees	**39,284**	49,327
Gain on disposal of available-for-sale investments	**—**	6,524
Sale of scrap	**6,025**	5,827
Gain on disposal of partial investment in jointly-controlled assets *	**—**	271,024
Fair value gains on derivative financial instruments	**213,305**	80,914
Others	**52,772**	44,786
	587,378	558,694

* 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 an 8% interest in the Codrilla project for an aggregate cash consideration, before tax and expenses, of A$51,200,000 (HK$405,760,000). In 2011, the Group has received part of the cash consideration, amounting to A$10,240,000 (HK$81,152,000). During the year, the Group has received further cash consideration, amounting to A$20,480,000 (HK$165,888,000), and the remaining amount of A$20,480,000 is to be received by instalments.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2012	2011
	HK$'000	HK$'000
Interest expense on bank and other borrowings	**252,636**	194,950
Interest expense on fixed rate senior notes, net	**521,802**	524,394
Interest expense on finance leases	**528**	1,257
Total interest expense on financial liabilities not at fair value through profit or loss	**774,966**	720,601
Amortisation of fixed rate senior notes	**23,027**	23,027
	797,993	743,628
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**43,863**	44,394
Others	**3,000**	40,833
	844,856	828,855

6. PROFIT/(LOSS) BEFORE TAX

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

	2012	2011
	HK$'000	HK$'000
Cost of inventories sold	**44,494,211**	34,573,679
Depreciation	**1,146,738**	1,045,411
Amortisation of other asset	**51,925**	81,657
Amortisation of prepaid land lease payments	**618**	—
Loss on disposal/write-off of items of property, plant and equipment	**65,700**	39,665
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	**21,289**	492,551
Provision for impairment of other asset	**—**	147,126
Impairment of investment in an associate	**1,502,000**	—
Impairment of goodwill	**—**	316,830

7. INCOME TAX

	2012	2011
	HK$'000	HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**598,917**	2,114,028
Underprovision/(overprovision) in prior years	**(22,246)**	1,598
Deferred	**(36,796)**	(187,856)
Total tax expense for the year	**539,875**	1,927,770

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 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 (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 year.

Indonesia

The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2011: 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% (2011: 14%).

7. INCOME TAX *(continued)*

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 year.

Kazakhstan

The corporate tax rate applicable to the Group's jointly-controlled entities established and operating in Kazakhstan was 20% in 2012 (2011: 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 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.

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

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) 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 the diluted earnings/(loss) per share amount is based on the profit/(loss) 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/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share amounts are based on:

	2012	2011
	HK$'000	HK$'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary shareholders of the Company used in the basic earnings/(loss) per share calculation	**(1,280,961)**	2,202,872

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**7,865,737,149**	7,124,302,322
Effect of dilution – weighted average number of ordinary shares: share options	**4,760,505**	7,304,908
	7,870,497,654	7,131,607,230

The calculation of diluted loss per share amount for the year did not assume the conversion of share options since the exercise of these options would result in a decrease in loss per share.

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 (2011: 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:

	2012	2011
	HK$'000	HK$'000
Within one month	**1,027,669**	1,101,795
One to two months	**574,456**	691,282
Two to three months	**418,939**	70,277
Over three months	**295,118**	198,003
	2,316,182	2,061,357

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:

	2012	2011
	HK$'000	HK$'000
Within one month	**957,509**	1,113,747
One to two months	**2,836**	28,795
Two to three months	**491**	13,415
Over three months	**2,954**	6,170
	963,790	1,162,127

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

BUSINESS REVIEW

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

Crude Oil

Oil exploration and production continued to be the largest business segment of the Group based on profit contribution. During the year, the Group made a conscious effort to improve the productivity of its existing oil assets and implement cost efficiency measures to enhance the overall investment returns from its oil business.

The Karazhanbas oilfield in Kazakhstan remained the major driver of the Group's crude oil business with total production over 2 million tonnes (100% project basis). Riding on higher crude oil realised prices and an increase in production volumes, the Karazhanbas oilfield delivered a satisfactory performance with a 6.6% revenue growth compared to 2011. The Group is formulating medium term research and development plans and will continue to improve production efficiency with suitable oil recovery production techniques.

Progressive developments have taken place at the Yuedong oilfield in Liaoning Province, the PRC with the second artificial island, the subsea pipelines and the onshore oil/water processing plant approaching operational stage. The Group expects the remaining construction and installation works to complete by stages to allow for full scale production by 2015. Upon full production, the project is expected to add significant value to the Group's oil portfolio.

In Indonesia, production from existing wells in the Seram Block remained stable whilst exploration activities for reserves prospects in the Lofin area continued. Further exploration and developments works will be undertaken to enhance production efficiency from the Seram Block.

Coal

Following the disposal of the Group's entire interest in Macarthur Coal in late 2011, the Group's coal asset investments currently comprise 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 Australia where the Group works together with a subsidiary of Peabody Energy Corporation.

The business growth and profitability of the Group's coal segment were affected by cyclical softer commodity market conditions brought about by the global economic slowdown as well as a strong Australian currency against the United States dollar. However, the Group is optimistic about the long term outlook for its coal business and investment value uplift prospects in view of the sustained demand for quality low volatile pulverized coal injection coal in particular from markets such as the PRC. In January 2013, the Group exercised its pre-emption right to increase its interest in the CMJV up to a maximum of 14%.

Metals

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 is engaged in manganese mining and production.

During the year, the aluminium sector was affected by a softening in aluminium selling prices due to a difficult macroeconomic environment which affected returns from the Group's aluminium investments despite the continued implementation of cost saving measures by the Group. To enhance its strategic foothold in the aluminium industry, the Group subscribed in February 2013 for a 7.826% equity interest in Alumina Limited, one of Australia's leading companies with significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations. The investment is in line with the Company's strategy of investing in upstream resources assets.

Regarding the Group's investment in CDH, a share of loss in the consolidated net loss incurred by CDH was recorded by the Group. CDH's performance was affected by, among other things, lower average product selling prices. As a result of this and with reference to CDH's recent market share price, the Group prudently provided for a non-cash asset impairment loss in respect of its shareholding interest in CDH. The Group still holds a positive long term view on its manganese investment and believes the performance of CDH will turn around once the current volatile market subsides.

Import and export of commodities

Benefitting from its strong expertise and established marketing network, the Group's import and export of commodities business managed the challenges presented by uncertain economic and market conditions. Attributable mainly to higher sales volume, strong growth in both segment revenue and result was achieved, demonstrating the benefits of the Group's business diversification strategy.

FINANCIAL MANAGEMENT

The Group has been proactively managing its overall financial structure with a view to strengthening liquidity for business development while managing the liability and capital structure. The Company successfully concluded a US$380 million term loan facility with a consortium of 10 leading international banks in June and a US$400 million term loan facility with a syndicate of 17 financial institutions in November, with the latter being funded primarily by banks from Taiwan. Both facilities received overwhelming responses demonstrating the Group's strong funding capacity and the banks' confidence in the Group's future growth. The Taiwan focused facility has in particular armed the Group with a new lending base and diversified funding channels.

A cash tender offer in respect of the Group's US$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**") was launched in early 2013 with a view to lowering the finance costs and managing the refinancing needs of the Group in respect of the Notes. A total of US$201.08 million in principal amount of the Notes was repurchased.

OUTLOOK

Looking ahead, the global economy remains weak and recovery continues to be slow. The Group expects that the energy and commodity sectors will inevitably continue to undergo significant volatility in the coming year. The Group will continue to focus and heighten its attention on risk management to withstand the changing external environment while proactively capitalising on any potential business opportunities to maximize shareholder value.

The Group will continue with its endeavours to bring about full production at the Yuedong oilfield as early as practicable. Apart from organic growth, the Group will also seek potential acquisition projects with a view to enhancing the Group's investment portfolio.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2012, the Group had cash and cash equivalents of HK$8,520.4 million.

Borrowings

As at 31 December 2012, the Group had total debt of HK$11,076.7 million, which comprised:

- secured bank loan of HK$358.8 million;
- unsecured bank loans of HK$2,764.8 million;
- secured other loans of HK$1.4 million;
- unsecured other loan of HK$288.6 million;
- finance lease payables of HK$43.4 million; and
- bond obligations of HK$7,619.7 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 "**Facility**"). The Facility was fully repaid in December 2012.

In June 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured 3-year term loan facility of US$380 million (HK$2,964 million) (the "**A Loan**"). In December 2012, US$140 million (HK$1,092 million) was drawn under the A Loan to refinance the final principal repayment instalment of the Facility. The remaining proceeds of the A Loan will be applied to finance the general corporate funding requirements of the Company. The outstanding balance of the A Loan as at 31 December 2012 was US$140 million.

In September 2012, the Company, as borrower, entered into a facility agreement with a bank as lender in respect of an unsecured 5-year term loan facility of US$40 million (HK$312 million) (the "**B Loan**"). Proceeds of the B Loan will be applied to finance the general corporate funding requirements of the Company. There was no outstanding balance under the B Loan as at 31 December 2012.

In November 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility of US$400 million (HK$3,120 million) (the "**C Loan**"). The C Loan has a tenor of 5 years commencing from the date of first utilisation, subject to a put option requiring repayment on the date falling 3 years from the date of first utilisation. Proceeds of the C Loan will be applied to finance the general corporate funding requirements of the Company. There was no outstanding balance under the C Loan as at 31 December 2012.

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 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 31 December 2012, the Group's net debt to net total capital was 16.1% (2011: 9.7%). Of the total debt, HK$1,116.4 million was repayable within one year, the majority 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 year.

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 31 December 2012, the Group had around 4,700 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

The Board is of the view that the Company has, for the year ended 31 December 2012, 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 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 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, 22 February 2013

As at the date hereof, the executive directors of the Company are 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; Mr. Hu Weiping and Mr. Ngai Man.