CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the "**Board**") of CITIC Resources Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2014 (the "**Period**").

FINANCIAL HIGHLIGHTS

Six months ended 30 June **Unaudited**	**2014** **HK$ million**	2013 HK$ million	Change
Revenue	**15,141.5**	21,327.7	(29.0%)
EBIT *	**590.8**	480.9	22.9%
Profit attributable to shareholders	**168.4**	104.3	61.4%

* profit before tax + finance costs

- The Group's financial performance during the Period continued to be hindered by a challenging operating environment primarily due to the slow recovery in the global economy and a softening in both demand for and selling prices of commodities. These factors contributed to a decrease in the Group's revenue for the Period by 29.0% to HK$15,141.5 million.

- With its ongoing efforts to control operating costs, the Group improved its EBIT to HK$590.8 million and recorded a profit attributable to shareholders of HK$168.4 million.

FINANCIAL RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June
Unaudited

	Notes	2014 HK$'000	2013 HK$'000
REVENUE	4	**15,141,508**	21,327,652
Cost of sales		**(14,667,367)**	(21,005,831)
Gross profit		**474,141**	321,821
Other income and gains	5	**173,608**	451,008
Selling and distribution costs		**(113,951)**	(10,536)
General and administrative expenses		**(170,747)**	(171,382)
Other expenses, net		**(26,188)**	(315,803)
Finance costs	6	**(342,786)**	(333,981)
Share of profit/(loss) of:			
Associates		**(37,597)**	(52,897)
A joint venture		**291,527**	258,649
PROFIT BEFORE TAX	7	**248,007**	146,879
Income tax	8	**(58,604)**	(51,350)
PROFIT FOR THE PERIOD		**189,403**	95,529
ATTRIBUTABLE TO:			
Shareholders of the Company		**168,409**	104,347
Non-controlling interests		**20,994**	(8,818)
		189,403	95,529
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9	**HK cents**	HK cents
Basic		**2.14**	1.33
Diluted		**2.14**	1.33

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

	2014	2013
	HK$'000	HK$'000
PROFIT FOR THE PERIOD	**189,403**	95,529
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(331)**	(12,778)
Income tax effect	**99**	3,834
	(232)	(8,944)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(23,698)**	1,007,002
Reclassification adjustment for losses/(gains) included in the condensed consolidated income statement	**3,598**	(237,335)
Income tax effect	**(126)**	(179,876)
	(20,226)	589,791
Exchange differences on translation of foreign operations	**(719,607)**	51,849
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**(740,065)**	632,696
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Re-measurement gain on defined benefit plan:		
Changes in fair value	**63,367**	—
Income tax effect	**(19,010)**	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**44,357**	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(695,708)**	632,696
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(506,305)**	728,225
ATTRIBUTABLE TO:		
Shareholders of the Company	**(514,015)**	730,971
Non-controlling interests	**7,710**	(2,746)
	(506,305)	728,225

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2014 Unaudited HK$'000**	31 December 2013 Audited HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,669,065**	6,732,880
Prepaid land lease payments		**21,613**	22,822
Goodwill		**24,682**	24,682
Other assets		**1,050,771**	992,643
Investments in associates		**3,825,271**	4,060,832
Investment in a joint venture		**2,191,152**	2,231,903
Available-for-sale investments		**1,489**	1,820
Prepayments, deposits and other receivables		**432,097**	440,414
Derivative financial instruments		**66,549**	—
Deferred tax assets		**123,559**	174,610
Total non-current assets		**14,406,248**	14,682,606
CURRENT ASSETS			
Inventories		**1,521,343**	1,300,099
Trade receivables	11	**756,118**	2,039,010
Prepayments, deposits and other receivables		**2,183,228**	2,612,248
Equity investments at fair value through profit or loss		**3,029**	3,029
Derivative financial instruments		**—**	38,817
Other assets		**—**	184,215
Tax recoverable		**28,137**	31,918
Cash and cash equivalents		**3,799,509**	6,994,039
Total current assets		**8,291,364**	13,203,375
CURRENT LIABILITIES			
Accounts payable	12	**522,716**	958,307
Accrued liabilities and other payables		**602,285**	826,255
Derivative financial instruments		**61,646**	—
Bank and other borrowings		**3,534,161**	883,032
Finance lease payables		**15,872**	15,614
Bond obligations		**—**	6,187,321
Provisions		**95,332**	76,812
Total current liabilities		**4,832,012**	8,947,341
NET CURRENT ASSETS		**3,459,352**	4,256,034
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,865,600**	18,938,640

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2014 Unaudited HK$'000	31 December 2013 Audited HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**17,865,600**	18,938,640
NON-CURRENT LIABILITIES		
Bank and other borrowings	**6,009,841**	6,548,423
Finance lease payables	**56,813**	54,619
Deferred tax liabilities	**69,786**	66,840
Derivative financial instruments	**81,439**	97,305
Provisions	**433,642**	464,007
Other payable	**55,333**	46,064
Total non-current liabilities	**6,706,854**	7,277,258
NET ASSETS	**11,158,746**	11,661,382
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**393,426**	393,426
Reserves	**10,763,920**	11,274,266
	11,157,346	11,667,692
Non-controlling interests	**1,400**	(6,310)
TOTAL EQUITY	**11,158,746**	11,661,382

NOTES

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements ("**Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

These Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

The accounting policies and methods of computation used in the preparation of these Financial Statements are consistent with the consolidated financial statements of the Group for the year ended 31 December 2013, except for the adoption of new and revised standards and interpretations with effect from 1 January 2014 as detailed in note 2 below.

These Financial Statements were approved and authorised for issue by the Board on 22 August 2014.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Financial Statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these Financial Statements.

HKFRS 9	Financial Instruments [4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 [4]
HKFRS 11 Amendments	Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations [2]
HKFRS 14	Regulatory Deferral Accounts [2]
HKFRS 15	Revenue from Contracts with Customers [3]
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 and HKAS 41 Bearer Plants [2]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation [2]
HKAS 19 Amendments	Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions [1]
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of HKFRSs issued in January 2014 [1]
Annual Improvements 2011 – 2013 Cycle	Amendments to a number of HKFRSs issued in January 2014 [1]

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 9 and amendments to HKFRS 7, HKFRS 9, HKFRS 11 and HKAS 39 may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has 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, coal, iron ore, alumina and copper; and the import of other commodity products and manufactured goods such as steel, vehicle and industrial batteries and tyres in Australia; and

(d) the crude oil segment comprises the operation of oilfields and the sale of oil in Indonesia and China.

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/(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 before tax except that interest income, finance costs, and share of profit/(loss) of associates and a joint venture as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates, investment in a joint venture, available-for-sale investments, 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 bank and other borrowings, finance lease payables, bond obligations, deferred tax liabilities, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2014 Unaudited HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	**544,975**	**365,641**	**13,359,022**	**871,870**	**15,141,508**
Other income	**3,912**	**13**	**28,065**	**1,524**	**33,514**
	548,887	**365,654**	**13,387,087**	**873,394**	**15,175,022**
Segment results	**29,000**	**(91,074)**	**168,148**	**223,987**	**330,061**
Reconciliation:					
Interest income and unallocated gains					**140,094**
Unallocated expenses					**(133,292)**
Unallocated finance costs					**(342,786)**
Share of profit/(loss) of:					
Associates					**(37,597)**
A joint venture					**291,527**
Profit before tax					**248,007**

Six months ended 30 June 2013 Unaudited HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	538,216	344,721	20,341,787	102,928	21,327,652
Other income	129,714	31	20,966	1,151	151,862
	667,930	344,752	20,362,753	104,079	21,479,514
Segment results	123,133	(22,404)	233,278	(78,399)	255,608
Reconciliation:					
Interest income and unallocated gains					299,146
Unallocated expenses					(279,646)
Unallocated finance costs					(333,981)
Share of profit/(loss) of:					
Associates					(52,897)
A joint venture					258,649
Profit before tax					146,879

HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment assets					
30 June 2014 (unaudited)	**1,050,979**	**1,798,468**	**1,847,632**	**6,101,136**	**10,798,215**
31 December 2013 (audited)	1,280,489	1,711,497	2,742,037	6,117,463	11,851,486
Segment liabilities					
30 June 2014 (unaudited)	**513,406**	**368,128**	**355,337**	**568,420**	**1,805,291**
31 December 2013 (audited)	596,611	362,648	703,931	617,444	2,280,634

5. OTHER INCOME AND GAINS

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

	2014	2013
	HK$'000	HK$'000
Interest income	**49,910**	55,098
Handling service fees	**27,833**	20,708
Fair value gains on derivative financial instruments	**65,494**	367,840
Sale of scrap	**2,366**	3,126
Others	**28,005**	4,236
	173,608	451,008

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2014	2013
	HK$'000	HK$'000
Interest expense on bank and other borrowings	**170,861**	101,875
Interest expense on fixed rate senior notes, net	**158,709**	219,169
Interest expense on finance leases	**2,777**	2,327
Total interest expense on financial liabilities not at fair value through profit or loss	**332,347**	323,371
Amortisation of fixed rate senior notes	**6,899**	9,661
	339,246	333,032
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**912**	584
Others	**2,628**	365
	342,786	333,981

7. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging:

	2014	2013
	HK$'000	HK$'000
Depreciation	**403,419**	127,015
Amortisation of other assets	**55,740**	25,769
Amortisation of prepaid land lease payments	**653**	623
Loss on disposal/write-off of items of property, plant and equipment *	**606**	362
Exchange losses, net *	**11,700**	168,264
Loss on repurchase of fixed rate senior notes *	**—**	91,498
Loss on purchase of fixed rate senior notes *	**—**	2,052

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

8. INCOME TAX

	2014	2013
	HK$'000	HK$'000
Current:		
Hong Kong	**—**	—
Elsewhere	**48,848**	28,566
Deferred	**9,756**	22,784
Total tax expense for the period	**58,604**	51,350

The statutory tax rate of Hong Kong profits tax was 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong for the Period (2013: Nil).

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

Australia: Australian income tax was provided at the statutory rate of 30% (2013: 30%) on the estimated taxable profits arising in Australia during the Period.

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2013: 30%). The Group's subsidiary owning a participating interest in the oil and gas properties in Indonesia was subject to a branch tax at the effective tax rate of 14% (2013: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2013: 25%). No provision for China corporate income tax was made as the Group had no taxable profits arising in China during the Period (2013: Nil).

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares in issue during the period.

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

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

	2014	2013
	HK$'000	HK$'000
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**168,409**	104,347

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**7,868,527,149**	7,866,199,580
Effect of dilution – weighted average number of ordinary shares: share options	**—** *	1,290,461
	7,868,527,149	7,867,490,041

* There was no dilutive potential ordinary shares arising from share options as the average share price of the Company did not exceed the exercise price of the outstanding share options during the Period.

10. DIVIDEND

The Board has resolved not to pay an interim dividend for the Period (2013: Nil).

11. TRADE RECEIVABLES

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

	30 June 2014	31 December 2013
	HK$'000	HK$'000
Within one month	**307,436**	1,034,139
One to two months	**99,150**	161,329
Two to three months	**94,576**	448,547
Over three months	**254,956**	394,995
	756,118	2,039,010

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

12. ACCOUNTS PAYABLE

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

	30 June 2014	31 December 2013
	HK$'000	HK$'000
Within one month	**510,991**	935,078
One to three months	**—**	—
Over three months	**11,725**	23,229
	522,716	958,307

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

BUSINESS REVIEW AND OUTLOOK

Review

With the continuing slow recovery of the global economy, overall demand for commodities remained weak thus leading to lower commodities selling prices during the Period. As a result, the Group's commodity related businesses, including aluminium, coal, manganese and the import and export of commodities, inevitably suffered. The Group's oil business, however, recorded a steady performance as a result of stable oil prices during the Period.

During the Period, the Group redeemed the outstanding principal amount of its US$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**") at maturity thus improving the Group's gearing and lowering its costs of borrowing.

Crude oil

Although the Group has been facing a number of challenges, it has been committed to enhancing oil production. Production continued to show satisfactory growth with an average daily production of 47,600 barrels (100% basis) during the Period. Profitability also improved, attributable to the continual implementation of cost control measures.

The Karazhanbas oilfield in Kazakhstan continued to wield the single largest influence on the Group's overall oil production volume during the Period. Buoyed by its concerted efforts to improve oilfield sustainability and production efficiency by the deployment of more effective oil recovery techniques, the oilfield achieved an average daily production of 38,800 barrels (100% basis). Costs pressure was substantially relieved by the granting of a preferential mineral extraction tax rate. Also, the Group has been actively discussing with the relevant governmental and regulatory authorities in Kazakhstan about the extension of the licence to explore, develop and produce oil from the oilfield beyond 2020.

Following the full commissioning of the production system at the Yuedong oilfield in Liaoning Province, China in 4Q 2013, the Group continues to work closely with China National Petroleum Corporation. During the Period, average daily production reached 6,100 barrels (100% basis). The oilfield has become a positive contributor to the Group's revenue. In addition, there was satisfactory progress on the construction and installation of production facilities. Further works will be progressively implemented to completion and the Group will continue to endeavour to achieve full production as early as practicable.

In Indonesia, contributed by new development wells, production at the Seram Block improved during the Period. The oilfield had an average daily production of 2,700 barrels (100% basis). The Group will drill new wells to enhance production and carry out necessary repairs to existing wells to sustain their productivity. The Group will also continue exploration activities for reserves prospects in the Lofin area.

Coal

The Group's coal investments currently comprise a 14% participating interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") and certain interests in a number of coal exploration operations in Australia where the Group works together with a subsidiary of Peabody Energy Corporation.

During the Period, the Group's coal segment continued to face a challenging operating environment. Its performance was greatly affected by softer selling prices brought about by the effect of sluggish demand. However, taking into account the long term demand for quality low volatile pulverized coal injection coal particularly from emerging markets such as China where the Group holds an exclusive right to market the coal produced by the CMJV, the Group remains optimistic about the outlook for its coal business.

Metals

The Group's strategic metal investments include interests in the Portland Aluminium Smelter joint venture, Alumina Limited ("**Alumina**") and CITIC Dameng Holdings Limited ("**CDH**").

During the Period, a global glut of aluminium continued to exert downward pressure on prices that affected the performance of the Group's aluminium business. The Group will maintain its cost saving measures in order to offset the impact of the softening prices. With the world-class global portfolio of upstream mining and refining operations owned by its associate Alumina, the Group is positive about the long term prospects of this segment.

In respect of the Group's interest in CDH, a share of loss was recorded for the Period. CDH was affected by low average selling prices of major manganese products and as a result, it incurred a consolidated net loss.

Import and export of commodities

The slowdown of the Chinese economy emerged as a strong headwind for the global commodities industry, leading to a decrease in demand and prices negatively impacting on the performance of the Group's import and export of commodities business during the Period.

During the Period, there were a number of media reports relating to an investigation by Chinese authorities in respect of certain aluminium and copper products stored at Qingdao port, China (the "**Investigation**"). 223,270 MT of alumina and 7,486 MT of copper owned by the Group (the "**Inventories**") are stored in bonded warehouses at Qingdao port. In June 2014, the Group applied to the Qingdao Maritime Court (the "**Court**") and obtained an asset protection order (the "**APO**") in respect of the Inventories; but has been notified by the Court that it has been unable to enforce the APO against 123,446 MT of alumina. As one of the steps to recover the Inventories, the Group has filed a claim in the Court against the operator of the bonded warehouse at Qingdao port.

The Group is not the subject of the Investigation and is not in a position to provide any information about the Investigation or on the effect of the Investigation on the Inventories. Until the status of the Investigation is clarified, the Group is not able to accurately assess the impact on its import and export of commodities business.

Furthermore, through an announcement issued by Qingdao Port International Co., Ltd. dated 15 August 2014, the Company was made aware that ABN AMRO Bank N.V., Singapore Branch ("**ABN AMRO**") had commenced legal proceedings (the "**Legal Proceedings**") in China against CITIC Australia Commodity Trading Pty Limited ("**CACT**"), a wholly-owned subsidiary of the Company, pursuant to which ABN AMRO claims (1) payment by CACT of loss of RMB1 million, (2) release of the APO by CACT, and (3) payment of legal costs by CACT. CACT has not been served with the Legal Proceedings and the Company is unable to consider or comment on the substance of the Legal Proceedings.

Financial Management

As a move to further enhance its liquidity, during the Period, the Group entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility of US$310 million. The success of the closing of the facility has demonstrated the banks' confidence in the Group's credibility and future growth.

The outstanding balance of the Notes, being US$798.9 million, was fully redeemed in May 2014, which has helped improve the Group's gearing ratio and capital structure.

Outlook

Looking ahead, the Group expects the energy and commodities markets will inevitably be subject to considerable fluctuations as a consequence of anticipated deceleration of economic growth in China and tapering of monetary easing policies by the United States of America which will affect market liquidity. The impact of market volatility on the Group's businesses will be amplified by intense market competition resulting from softening demand. The Group will continue to monitor the changing economic environment and mitigate the associated market risks while proactively taking measures to control costs more effectively and enhance production efficiency.

The Group will seek to steadily improve the performance of its crude oil segment with an ongoing effort to raise production by strengthening the development and management of wells and improving oil recovery techniques.

The Group will endeavour to tackle market difficulties by taking advantage of the support from 中國中信集團有限公司 (CITIC Group Corporation). The Group will continue to optimize its existing business portfolio and look for ways to unlock the true value of its investments. In addition to fostering organic growth, the Group will continue to review potential investment opportunities capable of strengthening the Group's asset portfolio and further create value for shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 30 June 2014, the Group had cash and cash equivalents of HK$3,799.5 million.

Borrowings

As at 30 June 2014, the Group had total debt of HK$9,616.7 million, which comprised:

- unsecured bank loans of HK$9,271.0 million;
- unsecured other loan of HK$273.0 million; and
- finance lease payables of HK$72.7 million.

Most transactions of CITIC Australia Trading Pty Limited ("**CATL**"), a wholly-owned subsidiary of the Company, 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 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**") to refinance the final repayment (being US$140 million) of an unsecured term loan facility and to finance the general corporate funding requirements of the Company. The outstanding balance of the A Loan as at 30 June 2014 was US$380 million and matures in June 2015.

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**") to finance the general corporate funding requirements of the Company. The outstanding balance of the B Loan as at 30 June 2014 was US$40 million.

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**") to finance the general corporate funding requirements of the Company. The C Loan has a tenor of 5 years commencing from the date of first utilisation, being 14 May 2013, subject to a put option requiring repayment on the date falling 3 years from such date. The outstanding balance of the C Loan as at 30 June 2014 was US$400 million.

In March 2014, 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 (the "**D Loan**") to finance the repayment of the Notes. The D Loan has a total facility amount of US$310 million (HK$2,418 million) and a tenor of 3 years commencing from the date of first utilisation, being 12 May 2014. The outstanding balance of the D Loan as at 30 June 2014 was US$310 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 represented the outstanding amount of the Notes issued by CITIC Resources Finance (2007) Limited, a direct wholly-owned subsidiary of the Company. The Notes were fully redeemed in May 2014.

As at 30 June 2014, the Group's net debt to net total capital was 34.3% (31 December 2013: 36.5%). Of the total debt, HK$3,550.0 million was repayable within one year, including mainly the outstanding balance of the A Loan and trade finance.

Share capital

There was no movement in the share capital of the Company during the Period.

Financial risk management

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

The Group enters into derivative transactions, including principally forward currency contracts, forward commodity contracts, interest rate swap contracts, an embedded derivative and an electricity hedge agreement. Their purpose is to manage the foreign currency risk, price risk, interest rate risk and inflation risk arising from the Group's operations and sources of finance.

Opinion

The Board is of the opinion that, after taking into account the existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had around 340 full time employees, including management and administrative staff.

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 Indonesia.

CORPORATE GOVERNANCE CODE

Throughout the Period, the Company has applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

REVIEW OF ACCOUNTS

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

By Order of the Board
CITIC Resources Holdings Limited
Kwok Peter Viem
Chairman

Hong Kong, 22 August 2014

As at the date hereof, the executive directors of the Company are Mr. Kwok Peter Viem; Mr. Qiu Yiyong; Mr. Sun Yang; Mr. Guo Tinghu and Ms. Li So Mui, the non-executive directors are Mr. Wong Kim Yin and Mr. Zeng Chen, and the independent non-executive directors are Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji; Mr. Hu Weiping and Mr. Shou Xuancheng.