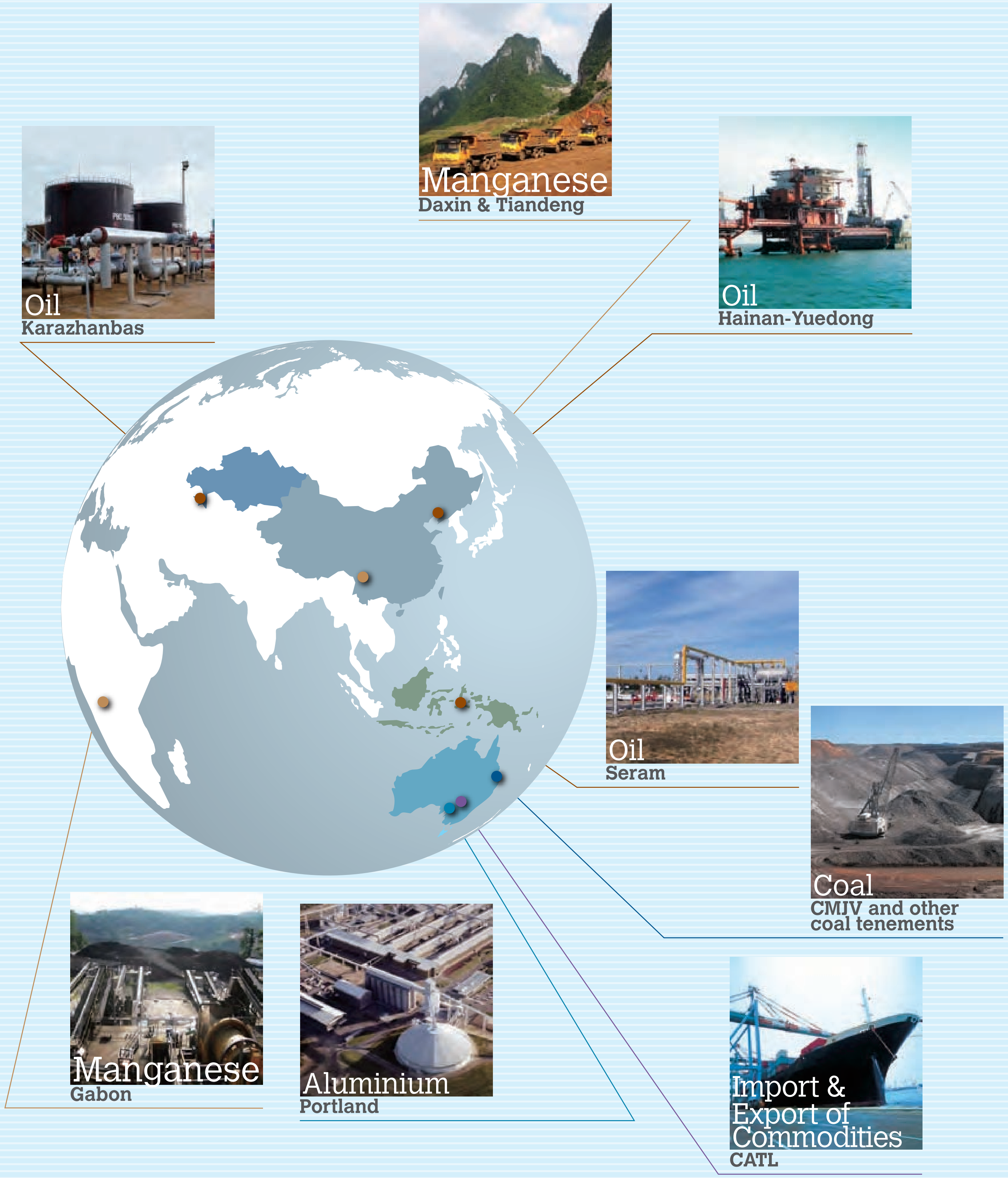
CITIC Resources Holdings Limited
中信資源控股有限公司
(incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

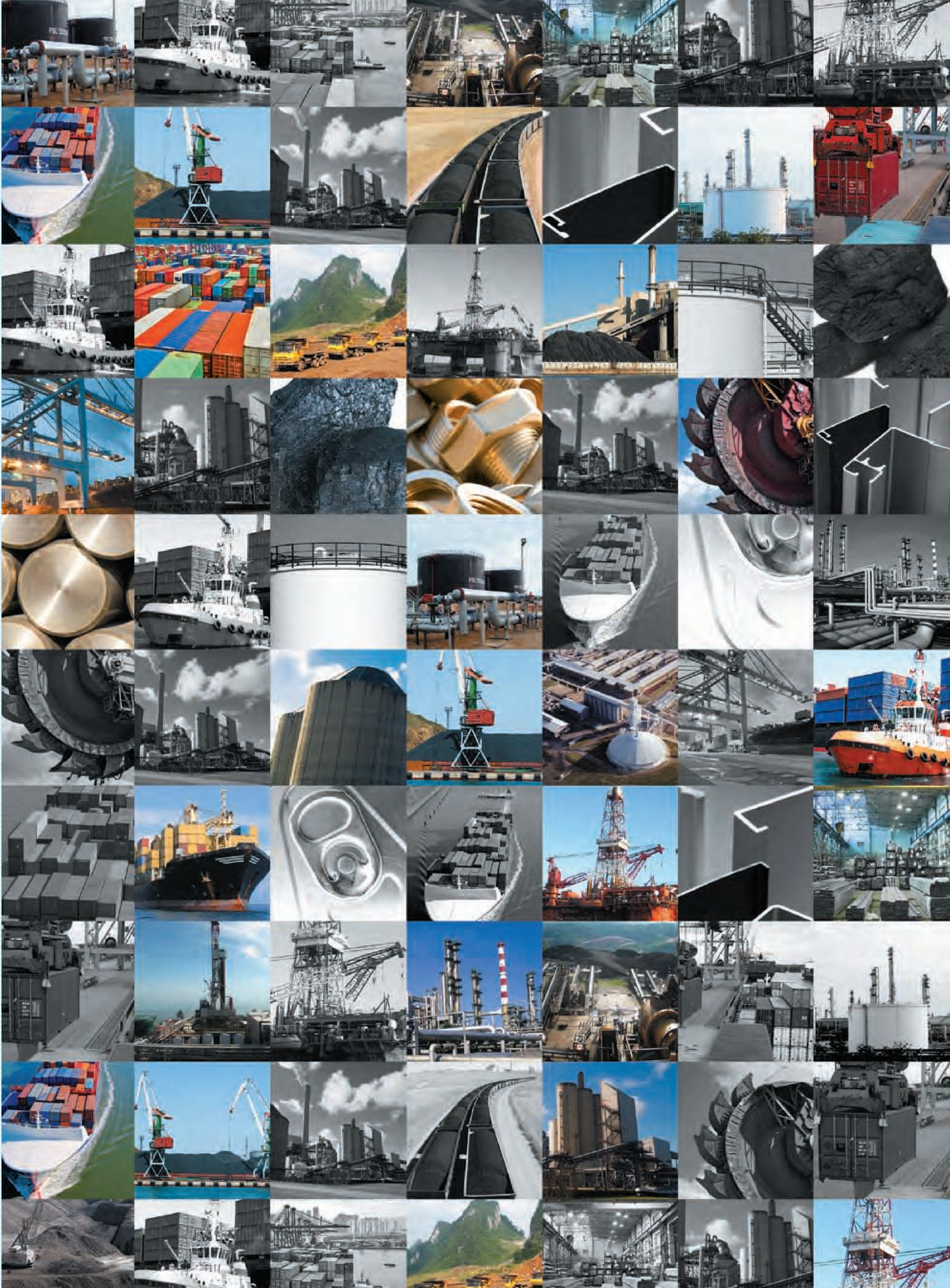
Global Development

INTERIM REPORT 2011 中期報告

Stock Code 股份代號：1205



Oil An energy and minerals company with a growing focus on oil exploration, development and production responsible for significant large scale volume operations in Kazakhstan, the PRC and Indonesia. **Coal** Presently the largest shareholder in Macarthur Coal Limited (ASX: MCC.AX) with whom we are also partners in the Coppabella Mine and the Moorvale Mine that provide approximately one-third of the low volatile PCI coal exported from Australia to the steel mills of Asia, Europe and the Americas. Macarthur Coal is the world's largest producer of low volatile PCI coal, exporting its entire product around the globe. **Aluminium** A 22.5% interest in the Portland Aluminium Smelter, one of the largest and most efficient aluminium smelting operations in the world, producing high-quality primary aluminium ingot. **Manganese** We continue to be the largest shareholder in our spun-off manganese business operated by CITIC Dameng Holdings Limited (SEHK : 1091) which owns Guangxi Daxin Manganese Mine and Guangxi Tiandeng Manganese Mine, the largest manganese mines in the PRC, and manganese mines in Gabon. CDH is one of the largest manufacturers and suppliers of manganese products in the world. **Import & Export of Commodities** Our import and export of commodities business, based on strong network and ties and well placed to benefit from the burgeoning economy of the PRC, has a focus on international trade and the promotion of bilateral economic cooperation between Australia and the PRC.



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Board of Directors

Chairman

Mr. Mi Zengxin *(Non-executive Director)*

Vice Chairman

Mr. Sun Xinguo *(Executive Director)*

Executive Directors

Mr. Zeng Chen
(President and Chief Executive Officer)
Mr. Guo Tinghu
Ms. Li So Mui

Non-executive Directors

Mr. Qiu Yiyong
Mr. Tian Yuchuan
Mr. Wong Kim Yin
Mr. Zhang Jijing

Independent Non-executive Directors

Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Ngai Man

Audit Committee

Mr. Fan Ren Da, Anthony *(Chairman)*
Mr. Gao Pei Ji
Mr. Ngai Man

Remuneration Committee

Mr. Gao Pei Ji *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Ngai Man
Mr. Zhang Jijing

Nomination Committee

Mr. Ngai Man *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Mi Zengxin
Mr. Zhang Jijing

Company Secretary

Ms. Li So Mui

Registered Office

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Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

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Share Registrar and Transfer Office

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

Stock Code : 1205

Auditors

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central, Hong Kong

Principal Bankers

China Development Bank
CITIC Bank International Limited
Mizuho Corporate Bank, Ltd.

Six months ended 30 June Unaudited HK$'000

Financial Results

The board of directors (the "**Board**") of CITIC Resources Holdings Limited (the "**Company**") presents the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2011 (the "**Period**").

Condensed Consolidated Income Statement

	Notes	**2011**	2010
REVENUE	4	**18,417,974**	14,207,162
Cost of sales		**(16,412,079)**	(12,791,577)
Gross profit		**2,005,895**	1,415,585
Other income and gains	5	**326,279**	57,716
Selling and distribution costs		**(1,015,312)**	(443,197)
General and administrative expenses		**(323,182)**	(320,138)
Other expenses, net		**(159,493)**	20,847
Finance costs	6	**(379,335)**	(422,605)
Share of profit of associates		**258,719**	60,355
PROFIT BEFORE TAX	7	**713,571**	368,563
Income tax expense	8	**(310,352)**	(160,771)
PROFIT FOR THE PERIOD		**403,219**	207,792
ATTRIBUTABLE TO:			
Shareholders of the Company		**393,359**	167,528
Non-controlling interests		**9,860**	40,264
		403,219	207,792
			(Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9		
Basic		**HK 6.17 cents**	HK 2.67 cents
Diluted		**HK 6.16 cents**	HK 2.67 cents

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Comprehensive Income

	2011	2010
PROFIT FOR THE PERIOD	**403,219**	207,792
OTHER COMPREHENSIVE INCOME		
Available-for-sale investment:		
Changes in fair value	**(15,002)**	(2,642)
Income tax effect	**4,500**	—
	(10,502)	(2,642)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**82,209**	(36,799)
Income tax effect	**(24,663)**	—
	57,546	(36,799)
Share of other comprehensive income of an associate	**4,791**	—
	62,337	(36,799)
Exchange differences on translation of foreign operations	**358,612**	(150,080)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**410,447**	(189,521)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**813,666**	18,271
ATTRIBUTABLE TO:		
Shareholders of the Company	**791,659**	(14,238)
Non-controlling interests	**22,007**	32,509
	813,666	18,271

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Condensed Consolidated Statement of Financial Position

	Notes	30 June 2011 Unaudited	31 December 2010 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		**13,788,301**	13,264,914
Goodwill		**341,512**	341,512
Other asset		**455,463**	471,416
Investments in associates		**6,799,954**	6,357,156
Available-for-sale investment	11	**52,484**	65,625
Prepayments, deposits and other receivables		**521,614**	235,005
Derivative financial instruments	14	**82,919**	44,335
Deferred tax assets		**122,201**	145,360
Total non-current assets		**22,164,448**	20,925,323
CURRENT ASSETS			
Inventories		**1,002,339**	963,700
Accounts receivable	12	**2,889,311**	2,107,644
Prepayments, deposits and other receivables		**516,015**	702,386
Equity investments at fair value through profit or loss	13	**3,132**	2,964
Derivative financial instruments	14	**11,586**	5,335
Tax recoverable		**—**	40,166
Cash and bank balances		**5,257,281**	2,315,488
Total current assets		**9,679,664**	6,137,683
CURRENT LIABILITIES			
Accounts payable	15	**889,332**	550,640
Tax payable		**156,872**	62,535
Accrued liabilities and other payables		**1,061,645**	587,757
Derivative financial instruments	14	**118,736**	111,049
Bank and other borrowings	16	**1,876,483**	1,355,536
Finance lease payables	17	**14,788**	14,924
Provisions		**44,447**	67,492
Total current liabilities		**4,162,303**	2,749,933
NET CURRENT ASSETS		**5,517,361**	3,387,750
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,681,809**	24,313,073

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Condensed Consolidated Statement of Financial Position

	Notes	30 June 2011 Unaudited	31 December 2010 Audited
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,681,809**	24,313,073
NON-CURRENT LIABILITIES			
Bank and other borrowings	16	**2,993,900**	3,290,136
Finance lease payables	17	**48,832**	50,423
Bond obligations	18	**7,651,943**	7,640,430
Deferred tax liabilities		**2,045,446**	2,034,277
Derivative financial instruments	14	**252,874**	217,949
Provisions		**718,626**	413,450
Total non-current liabilities		**13,711,621**	13,646,665
NET ASSETS		**13,970,188**	10,666,408
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	19	**393,287**	302,528
Reserves		**13,066,132**	9,875,118
		13,459,419	10,177,646
Non-controlling interests		**510,769**	488,762
TOTAL EQUITY		**13,970,188**	10,666,408

Condensed Consolidated Statement of Changes in Equity

	Issued capital	Share premium account	Contributed surplus	Capital reserve	Exchange fluctuation reserve
At 31 December 2009 (Audited) and 1 January 2010	302,528	7,319,707	65,527	(89,417)	(264,060)
Total comprehensive income/(loss) for the period	—	—	—	—	(142,325)
Dividends paid to non-controlling shareholders	—	—	—	—	—
Acquisition of non-controlling interests	—	—	—	8,940	—
Extension of the exercise period of share options	—	—	—	—	—
At 30 June 2010 (Unaudited)	302,528	7,319,707	65,527	(80,477)	(406,385)

	Issued capital	Share premium account	Contributed surplus	Capital reserve	Exchange fluctuation reserve
At 31 December 2010 (Audited) and 1 January 2011	**302,528**	**7,319,707**	**65,527**	**(38,579)**	**316,231**
Total comprehensive income/(loss) for the Period	**—**	**—**	**—**	**—**	**346,465**
Issue of new shares (note 19)	**90,759**	**2,399,355**	**—**	**—**	**—**
At 30 June 2011 (Unaudited)	**393,287**	**9,719,062 ***	**65,527 ***	**(38,579) ***	**662,696 ***

* These reserve accounts comprise the consolidated reserves of HK$13,066,132,000 (31 December 2010: HK$9,875,118,000) in the condensed consolidated statement of financial position.

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Attributable to shareholders of the Company							
Available-for-sale investment revaluation reserve	Hedging reserve	Share option reserve	Reserve funds	Retained profits	Sub-total	Non-controlling interests	Total equity
33,505	210,774	22,355	49,594	784,195	8,434,708	1,335,321	9,770,029
(2,642)	(36,799)	—	—	167,528	(14,238)	32,509	18,271
—	—	—	—	—	—	(157,099)	(157,099)
—	—	—	—	—	8,940	—	8,940
—	—	2,778	—	—	2,778	—	2,778
30,863	173,975	25,133	49,594	951,723	8,432,188	1,210,731	9,642,919

Attributable to shareholders of the Company							
Available-for-sale investment revaluation reserve	Hedging reserve	Share option reserve	Reserve funds	Retained profits	Sub-total	Non-controlling interests	Total equity
31,836	**253,664**	**33,496**	**—**	**1,893,236**	**10,177,646**	**488,762**	**10,666,408**
(10,502)	**62,337**	**—**	**—**	**393,359**	**791,659**	**22,007**	**813,666**
—	**—**	**—**	**—**	**—**	**2,490,114**	**—**	**2,490,114**
21,334 *	**316,001 ***	**33,496 ***	**— ***	**2,286,595 ***	**13,459,419**	**510,769**	**13,970,188**

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Cash Flows

	2011	2010
Net cash inflow from operating activities	**1,039,785**	875,361
Net cash inflow/(outflow) from investing activities	**(1,400,728)**	707,666
Net cash inflow from financing activities	**2,340,548**	246,510
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,979,605**	1,829,537
Cash and cash equivalents at 1 January	**2,315,488**	2,885,047
Effect of foreign exchange rate changes, net	**61,818**	(28,960)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**4,356,911**	4,685,624
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,637,874**	2,873,937
Non-pledged time deposits	**2,619,407**	2,049,115
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**5,257,281**	4,923,052
Non-pledged time deposits with original maturity of more than three months when acquired	**(900,370)**	(237,428)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**4,356,911**	4,685,624

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

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

These Financial Statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2010.

Except as described below, the accounting policies and methods of computation used in the preparation of these Financial Statements are consistent with the Group's financial statements for the year ended 31 December 2010.

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 HKFRSs, HKASs and Interpretations) issued by HKICPA for the first time for these Financial Statements. Except for certain cases giving rise to new and revised accounting policies, presentation and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these Financial Statements. Accordingly, no prior period adjustment has been recognised.

HKFRSs Amendments	Improvements to HKFRSs 2010
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

3. Issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets [1]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]
HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income [3]
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets [2]
HKAS 19 (as revised in 2011)	Employee Benefits [4]
HKAS 27 (as revised in 2011)	Separate Financial Statements [4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures [4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

4. Operating Segment Information

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

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

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

(c) the import and export of commodities segment represents the export of various commodity products such as aluminium ingots, iron ore, alumina and coal; and the import of other commodities and manufactured goods such as vehicle and industrial batteries, tyres, 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**").

Six months ended 30 June Unaudited HK$'000

4. Operating Segment Information (continued)

Other than the above operating segments, during the reporting period ended 30 June 2010, the Group also had a manganese segment, contributed solely by CITIC Dameng Holdings Limited ("**CDH**"), comprising the operation of manganese mines and the sale 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 the operating results of the manganese segment are included in the share of profit of associates.

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.

2011	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Total
Segment revenue:						
Sales to external customers	735,799	204,928	14,707,626	—	2,769,621	18,417,974
Other income	2,237	273,190	27,104	—	4,294	306,825
	738,036	478,118	14,734,730	—	2,773,915	18,724,799
Segment results	2,667	318,238	123,625	—	467,243	911,773
Reconciliation:						
Interest income and unallocated gains						19,454
Unallocated expenses						(97,040)
Unallocated finance costs						(379,335)
Share of profit of associates						258,719
Profit before tax						713,571

2010	Aluminium smelting	Coal	Import and export of commodities	Manganese	Crude oil	Total
Segment revenue:						
Sales to external customers	605,130	220,152	10,371,591	1,287,350	1,722,939	14,207,162
Other income	2,878	—	17,633	5,935	14,930	41,376
	608,008	220,152	10,389,224	1,293,285	1,737,869	14,248,538
Segment results	91,449	73,127	210,500	122,854	289,361	787,291
Reconciliation:						
Interest income and unallocated gains						16,340
Unallocated expenses						(72,818)
Unallocated finance costs						(422,605)
Share of profit of an associate						60,355
Profit before tax						368,563

Six months ended 30 June Unaudited HK$'000

5. Other Income and Gains

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

	2011	2010
Interest income	**12,129**	15,693
Handling service fees	**26,839**	17,405
Gain on disposal of items of property, plant and equipment	**2,681**	1,631
Sale of scrap	**2,237**	2,878
Subsidy income	**—**	4,361
Gain on disposal of coal exploration interests	**273,190**	—
Others	**9,203**	15,748
	326,279	57,716

6. Finance Costs

An analysis of finance costs is as follows:

	2011	2010
Interest expense on bank and other borrowings repayable:		
Within one year	**63,184**	64,286
In the second to fifth years, inclusive	**28,763**	50,242
Beyond five years	**—**	6,182
Interest expense on fixed rate senior notes, net	**264,596**	264,509
Interest expense on finance leases	**2,380**	824
Total interest expense on financial liabilities not at fair value through profit or loss	**358,923**	386,043
Amortisation of fixed rate senior notes	**11,513**	11,513
	370,436	397,556
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**5,667**	21,732
Others *	**3,232**	3,317
	379,335	422,605

* Including amortisation of up-front fees of HK$1,365,000 (2010: HK$1,365,000)

7. Profit before Tax

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

	2011	2010
Depreciation	**460,113**	483,901
Amortisation of other asset	**41,164**	35,428
Amortisation of other intangible assets	**—**	5,356
Amortisation of prepaid land lease premiums	**—**	839
Fair value losses on derivative financial instrument – embedded derivative *	**40,921**	—
Equity-settled share option expense	**—**	2,778
Loss on disposal/write-off of items of property, plant and equipment *	**945**	5,527
Exchange losses/(gains), net *	**57,186**	(33,644)

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

Six months ended 30 June Unaudited HK$'000

8. Income Tax

	2011	2010
Current:		
Hong Kong	**—**	—
Elsewhere	**304,027**	268,226
	304,027	268,226
Deferred	**6,325**	(107,455)
Total tax expense for the period	**310,352**	160,771

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 Period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the Period (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 Period.

Indonesia

During the Period, the corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2010: 30%).

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

PRC

No provision for PRC corporate income tax has been made as the Group had no taxable profits arising in the PRC for the Period (2010: 25%).

Kazakhstan

The corporate tax rates applicable to the Group's jointly-controlled entities established and operating in Kazakhstan are 20% in 2010 to 2012, 17.5% in 2013 and 15% in 2014 and onwards. The Group shall also pay excess profit tax on its profit after corporate income tax each year. The calculation methodology for excess profit tax is based on annual profitability at progressive rates varying from 10% to 60%.

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

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

Six months ended 30 June Unaudited HK$'000

9. Earnings per Share attributable to Ordinary Shareholders of the Company

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

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

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

	2011	2010
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**393,359**	167,528

	Number of shares	
	2011	2010 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**6,370,578,520**	6,273,832,962
Effect of dilution – weighted average number of ordinary shares: share options	**11,130,549**	7,375,741
	6,381,709,069	6,281,208,703

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**").

10. Dividend

The Board has resolved not to pay an interim dividend for the Period (2010: Nil).

HK$'000

11. Available-for-sale Investment

	30 June 2011 Unaudited	31 December 2010 Audited
Non-current equity investment:		
Listed equity investment in Australia, at fair value	**52,484**	65,625
Cost of the above investment	**23,960**	26,002

The fair value of the above investment is based on quoted market price.

12. Accounts Receivable

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

	30 June 2011 Unaudited	31 December 2010 Audited
Within one month	**1,526,400**	1,076,496
One to two months	**914,173**	535,572
Two to three months	**178,413**	104,454
Over three months	**270,325**	391,122
	2,889,311	2,107,644

Included in the total accounts receivable is an amount due from the Group's fellow subsidiary of HK$499,762,000 (31 December 2010: HK$511,524,000), which is repayable on similar credit terms to those offered to other customers of the Group.

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

13. Equity Investments at Fair Value through Profit or Loss

	30 June 2011 Unaudited	31 December 2010 Audited
Current unlisted equity investments, at fair value:		
Australia	**3,132**	2,964

The above equity investments were classified as held for trading as at 30 June 2011 and 31 December 2010.

HK$'000

14. Derivative Financial Instruments

	30 June 2011 Unaudited		31 December 2010 Audited	
	Assets	**Liabilities**	Assets	Liabilities
Forward currency contracts and currency options	**7,523**	**2,894**	5,211	20,966
Forward commodity contracts	**4,063**	**8,092**	124	7,658
Interest rate swaps and options	**—**	**5,424**	—	4,437
Electricity hedge agreement	**82,919**	**—**	44,335	—
Derivative financial instrument – embedded derivative	**—**	**355,200**	—	295,937
	94,505	**371,610**	49,670	328,998
Portion classified as non-current:				
Electricity hedge agreement	**(82,919)**	**—**	(44,335)	—
Derivative financial instrument – embedded derivative	**—**	**(252,874)**	—	(217,949)
Non-current portion	**(82,919)**	**(252,874)**	(44,335)	(217,949)
Current portion	**11,586**	**118,736**	5,335	111,049

The carrying amounts of forward currency contracts, forward commodity contracts, interest rate swaps, electricity hedge agreement and embedded derivative are the same as their fair values.

Certain members of the Group entered into derivative financial instrument transactions in the normal course of business in order to hedge their exposure to fluctuations in foreign exchange rates, commodity prices and interest rates.

15. 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 2011 Unaudited	31 December 2010 Audited
Within one month	**851,815**	519,054
One to two months	**23,750**	14,919
Two to three months	**363**	8,931
Over three months	**13,404**	7,736
	889,332	550,640

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

HK$'000

16. Bank and Other Borrowings

	Notes	30 June 2011 Unaudited	31 December 2010 Audited
Bank loans			
– secured # * @	(a)	**429,030**	452,392
– unsecured #	(b)	**4,103,462**	3,897,867
Unsecured other loans from:			
– Transport Infrastructure Corridor *	(c)	**2,282**	2,980
– Exploration Permit for coal *	(d)	**3,429**	3,839
– CITIC New Standard Investment Limited #	(e)	**288,620**	288,594
– CITIC Australia Pty Limited #	(f)	**43,560**	—
		4,870,383	4,645,672

Floating rate
* Fixed rate
@ Including the effects of a related interest rate swap as further detailed in note 14 to these Financial Statements

Notes:

(a) The secured bank loan is a loan of US$55,000,000 (HK$429,030,000) repayable by semi-annual instalments by 31 December 2013, which is interest-bearing at the London interbank offered rates ("**LIBOR**") plus margin and secured by the Group's 22.5% participating interest in the Portland Aluminium Smelter joint venture.

(b) The unsecured bank loans include:

(i) a loan of US$210,000,000 (HK$1,638,000,000) repayable by semi-annual instalments by 23 January 2013, which is interest-bearing at LIBOR plus 1.10% p.a.;
(ii) trade finance totalling A$92,753,000 (HK$776,993,000) and US$91,968,000 (HK$717,401,000), which is interest-bearing at LIBOR (or cost of fund) plus margin and guaranteed by CITIC Resources Australia Pty Limited; and
(iii) loans totalling US$125,000,000 (HK$971,068,000) with due dates on 4 August 2012 and 1 December 2012, which are interest-bearing at LIBOR plus 2.67% p.a. and LIBOR plus 2.47% p.a., respectively.

(c) The loan was obtained from the State Government of Queensland, Australia, which is unsecured, interest-bearing at 5.85% p.a. and repayable by quarterly instalments by 30 September 2012.

(d) The loan was obtained from the manager of the Coppabella and Moorvale coal mines joint venture, which is unsecured, interest-bearing at 6% p.a. and repayable by annual instalments by 10 December 2013.

(e) The loan was obtained from CITIC New Standard Investment Limited, a direct wholly-owned subsidiary of CITIC Group and thereby a fellow subsidiary of the Company. The loan is unsecured, interest-bearing at LIBOR plus 1.50% p.a. and repayable by instalments by 2 September 2012.

(f) The loan was obtained from CITIC Australia Pty Limited, a direct wholly-owned subsidiary of CITIC Group and thereby a fellow subsidiary of the Company. The loan was unsecured, interest-bearing at cost of fund plus margin and fully settled on 1 July 2011.

	30 June 2011 Unaudited	31 December 2010 Audited
Bank loans repayable:		
Within one year or on demand	**1,814,198**	1,337,065
In the second year	**2,382,872**	1,562,400
In the third to fifth years, inclusive	**335,422**	1,450,794
	4,532,492	4,350,259
Other loans repayable:		
Within one year	**62,285**	18,471
In the second year	**274,880**	275,587
In the third to fifth years, inclusive	**726**	1,355
	337,891	295,413
Total bank and other borrowings	**4,870,383**	4,645,672
Portion classified as current liabilities	**(1,876,483)**	(1,355,536)
Non-current portion	**2,993,900**	3,290,136

HK$'000

17. Finance Lease Payables

The Group leases certain of its plant and machinery for its coal mine operation. The leases are classified as finance leases and have remaining lease terms ranging from three to ten years.

At the end of the reporting period, the total future minimum lease payments under finance lease payables were as follows:

	30 June 2011 Unaudited	31 December 2010 Audited
Amounts payable:		
Within one year	**18,890**	19,366
In the second year	**12,959**	11,351
In the third to fifth years, inclusive	**26,044**	27,681
Beyond five years	**21,167**	23,892
Total minimum finance lease payments	**79,060**	82,290
Future finance charges	**(15,440)**	(16,943)
Total net finance lease payables	**63,620**	65,347
Portion classified as current liabilities	**(14,788)**	(14,924)
Non-current portion	**48,832**	50,423

18. Bond Obligations

	30 June 2011 Unaudited	31 December 2010 Audited
Senior notes, listed in Singapore	**7,651,943**	7,640,430

On 17 May 2007, CITIC Resources Finance (2007) Limited ("**CR Finance**"), a direct wholly-owned subsidiary of the Company, issued US$1,000,000,000 senior notes (the "**Notes**") at the issue price of 99.726%. The Notes bear interest at the rate of 6.75% p.a. and the interest is payable semi-annually. The obligations of CR Finance under the Notes are guaranteed by the Company and will mature on 15 May 2014.

The Notes shall become immediately due and payable in the case of an event of default, and are subject to redemption on the occurrence of certain events. In addition, the Company and its subsidiaries may incur additional indebtedness when the Group is in compliance with the terms and conditions of the Notes.

HK$'000

19. Share Capital

	30 June 2011 Unaudited	31 December 2010 Audited
Authorised:		
10,000,000,000 (31 December 2010: 10,000,000,000) ordinary shares of HK$0.05 each	**500,000**	500,000
Issued and fully paid:		
7,865,737,149 (31 December 2010: 6,050,567,038) ordinary shares of HK$0.05 each	**393,287**	302,528

Pursuant to the board resolution passed on 3 May 2011, the Company had the Rights Issue of 1,815,170,111 shares at the subscription price of HK$1.38 per rights share on the basis of three rights shares for every ten ordinary shares. The total cash consideration, before expenses, was HK$2,504,935,000.

20. Litigation

(a) In 2007, the books and records of JSC Karazhanbasmunai ("**KBM**") were audited by the Kazakhstan tax authorities with regard to the calculation and accrual of value added tax ("**VAT**") receivable for a 4-month period in 2006. As a result, KBM has not been refunded VAT receivable in an amount of KZT1,604,789,000 (HK$85,625,000), which is treated as a non-current asset and included in "Prepayments, deposits and other receivables" in the condensed consolidated statement of financial position. In 2007 and 2008, KBM filed appeals with the Specialised Interregional Economic Court of Mangistau Oblast, Kazakhstan for VAT refund, but decisions were made against KBM. On 8 February 2010, KBM appealed to the Supervisory Board of the Supreme Court of Kazakhstan (the "**Supervisory Board**") for VAT refund, but again decisions were made against KBM. KBM is still considering making an appeal to the General Prosecutor of Kazakhstan.

Based on the advice of the Group's legal advisers, the directors believe that KBM is able to offset the VAT receivable against VAT payables in future. Accordingly, no provision has been made.

(b) In 2009, the customs authority of Kazakhstan conducted a customs audit on KBM and issued a claim against KBM. In 2010, KBM filed several appeals to the courts, but received unfavourable decisions. To avoid the imposition of additional penalties and freezing of its bank accounts by the customs authority, KBM fully settled the customs duty and the related penalties in 2010.

On 12 July 2011, KBM filed an appeal to the Supervisory Board but received an unfavourable decision on 28 July 2011. KBM decided not to make further appeal and made a provision in an aggregate amount of KZT5,689,100,000 (HK$303,303,000) as of 30 June 2011.

Accordingly, the Group's 50% share of the provision for the customs duty and the related penalties, in an aggregate amount of KZT2,844,550,000 (HK$151,652,000), were respectively charged to selling costs and administrative expenses in the Period.

HK$'000

21. Operating Lease Commitments

The Group had total future minimum lease payments under non-cancellable operating leases in respect of plant and machinery, and land and buildings falling due as follows:

	30 June 2011 Unaudited	31 December 2010 Audited
Within one year	**22,954**	36,698
In the second to fifth years, inclusive	**15,094**	20,224
	38,048	56,922

22. Commitments

In addition to the operating lease commitments detailed in note 21 above, the Group had the following capital expenditure commitments at the end of the reporting period:

	30 June 2011 Unaudited	31 December 2010 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**39,004**	—
Authorised, but not contracted for:		
Minimum work programme for the Karazhanbas oilfield	**374,584**	573,300

Capital commitments included in the above authorised but not contracted for commitments fell due within one year.

In addition, the Group's share of the jointly-controlled assets' own capital commitments, which are not included in the above, are as follows:

	30 June 2011 Unaudited	31 December 2010 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**4,521,863**	5,603,138

Six months ended 30 June Unaudited HK$'000

23. Related Party Transactions

In addition to the transactions and balances disclosed elsewhere in these Financial Statements, the Group had the following material transactions with its related parties during the reporting period.

(a)

	Notes	2011	2010
Fellow subsidiaries:			
Sale of products	(i)	**1,475,485**	761,478
Interest expenses	(ii)	**3,180**	5,002
Rental expense	(iii)	**1,982**	1,624
Related companies of a non-controlling shareholder:			
Sale of products	(i)	—	16,758
Purchase of inventories	(iv)	—	22,328
Non-controlling shareholders:			
Sale of fuel and electricity	(v)	—	1,195
Guarantee fee paid	(vi)	—	529
Service fee paid	(vii)	—	1,366
Underground mining service fee paid	(viii)	—	3,638
Payment for construction of infrastructure for underground mining work	(viii)	—	5,692
Ultimate holding company:			
Rental expense	(iii)	**1,093**	1,040
Immediate holding company:			
Underwriting commission paid	(ix)	**12,972**	—
Related company of the ultimate holding company:			
Financial advisory fee paid	(x)	**1,550**	—
Associate:			
Tax indemnity claim	(xi)	**4,044**	—

Notes:

(i) The sales were made on normal commercial terms and conditions offered to the independent customers of the Group.

(ii) The interest expenses were charged at LIBOR (or cost of fund) plus margin.

(iii) The rental expenses were charged by a fellow subsidiary of the Company and CITIC Group respectively based on mutually agreed terms.

(iv) The purchases from the related companies of a non-controlling shareholder were made according to the published prices and conditions offered by such related companies to their independent customers.

(v) The sales were made at prices based on mutually agreed terms.

(vi) The guarantee fee was charged at 1.50% p.a. on the bank borrowings of the Group which were guaranteed by a non-controlling shareholder.

(vii) The service fee related to the provision of staff quarters and other facilities and related management services by a non-controlling shareholder to the Group. The service fee was determined based on an actual cost reimbursement basis.

(viii) Provision for underground mining services and construction work was charged based on mutually agreed terms and was determined with reference to the actual costs incurred.

(ix) The commission was charged at 1.5% flat on the aggregate subscription price of 626,662,373 underwritten rights shares which were issued at HK$1.38 per rights share.

(x) The fee related to financial advice to the Company in connection with the Rights Issue.

(xi) Pursuant to the deed of tax indemnity dated 3 November 2010, Highkeen Resources Limited (an indirect wholly-owned subsidiary of the Company) indemnified several subsidiaries of CDH in respect of certain tax liabilities incurred prior to the completion of the listing of CDH.

(b) Compensation of key management personnel of the Group: the directors of the Company are the key management personnel of the Group.

Business Review and Outlook

Review

Post-recession economic growth particularly from emerging markets such as the People's Republic of China (the "**PRC**") helped sustain demand for energy and natural resources in the Period, though the occurrence of geopolitical events and natural disasters in the Period has had an impact on market demand and supply fundamentals. Buoyed by higher selling prices for energy and natural resources, including oil and coal, and following the recognition of a disposal gain resulting from the partial sell-down of the Group's interest in the Codrilla Project (as described in the announcement of the Company dated 16 May 2011), the Group achieved a satisfactory performance in 1H 2011, with a significant year-on-year increase in both revenue and net profit compared to 1H 2010. Although global markets and economies may remain volatile in the near term due to a rapidly changing macroeconomic environment and despite anticipated rises in operating costs, the Group has strengthened its financial position to be able to continue with its endeavours to consolidate and expand its business and unlock investment values.

Oil exploration and production continues to play a key part in the Group's business and performed satisfactorily in the first half of the year, benefiting from higher crude oil realised prices which had increased by over 37% from the corresponding period in 2010.

The Karazhanbas oilfield in the Republic of Kazakhstan ("**Kazakhstan**") recorded a 61% increase in revenue compared to 1H 2010, based on stable production of about 36,000 barrels of oil per day. The Group will continue to work on enhancing oil production at more efficient and sustainable rates in the Karazhanbas oilfield.

Construction of three additional artificial islands at the Group's Yuedong oilfield in the Hainan-Yuedong Block, the PRC, which started in 2010, is continuing with the construction of production facilities there scheduled to complete by late 2013. Oil production is expected to progressively rise as the number of production wells drilled increases and the construction of oil treatment plant completes. The Yuedong oilfield is expected to be a critical growth driver for the Group in the coming years and to significantly enhance the value of the Group's oil assets portfolio upon full production.

Regarding the Seram Block in the Republic of Indonesia ("**Indonesia**"), a year-on-year increase of 11% in production has been achieved as a result of the Group's efforts in implementing workovers and new drilling to supplement the natural decline of existing wells. The Group will continue to conduct exploration and development works to raise production.

The Group will continue with its efforts to improve production capacity of existing oil assets and implement cost efficiency measures which will allow the Group to take advantage of increases in oil prices.

Alongside its oil investments, coal is another strategically important component of the Group's energy and natural resources portfolio. The Group's current coal investments comprise a 16.34% interest in Macarthur Coal Limited ("**Macarthur Coal**") which is listed on the Australian Securities Exchange (the "**ASX**"), a 7% direct interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**"), and various interests in other coal tenements.

During the Period, revenue from the Group's coal segment was affected by a notable drop in sales volume resulting from supply chain and production disruptions caused by flooding as a result of adverse weather conditions in Queensland, Australia. Despite these challenges, with production recovered following better weather conditions and strong demand for low volatile pulverized coal injection coal ("**LV PCI coal**") from non-traditional customers such as Chinese customers in the PRC, the Group is optimistic about the outlook for its coal business and believes it will continue to be a major asset capable of generating significant investment returns.

Underlying profit of the coal segment was enhanced by a disposal gain resulting from the partial sell-down of the Group's interest in the Codrilla Project. The Group still holds 7% of the Codrilla Project following completion of the disposal in June 2011. The sell-down will help achieve the long-term corporate strategy of the CMJV as the synergies brought about by the blending of the coal from the Codrilla Project and the CMJV's two existing operation mines, and the economies of scale through sharing of infrastructure, are expected to yield better economic returns for the CMJV and the Group's coal portfolio as a whole.

The Group's import and export of commodities business, which is conducted through its wholly-owned subsidiary CITIC Australia Trading Pty Limited ("**CATL**"), continued to grow as a result of higher commodities selling prices. Taking into consideration the steady economic growth of the PRC and the established selling channels of the Group, it is expected that the import and export of commodities business will be able to maintain its operating momentum amid cyclical market volatility and continue to make a major contribution to the Group's revenue.

Against the backdrop of higher aluminium prices during the Period, the Portland Aluminium Smelter joint venture, in which the Group has a 22.5% interest, recorded a surge in revenue compared to 1H 2010.

In the Period, the Group also recorded an increase in share of profit due to a 650% increase in the consolidated net profit of its associate, CITIC Dameng Holdings Limited ("**CDH**"). The increase in CDH's consolidated net profit during the Period was mainly due to (1) the strong performance of the electrolytic manganese metal both in terms of selling price and volume of sales, (2) the acquisition of the remaining 34.5% equity interest in CITIC Dameng Mining Industries Co., Limited in October 2010, and (3) a gain from a bargain purchase arising from the acquisition of Guizhou Zunyi Hui Xing Ferroalloy Limited Company.

In an effort to enhance its financial position, the Company completed a rights issue in June 2011 (the "**Rights Issue**") raising about HK$2.5 billion before expenses. CITIC Group and Temasek Holdings (Private) Limited, the Company's major shareholders, demonstrated their support for the Group by subscribing for their respective entitlements of rights shares with all the remaining rights shares being fully underwritten by Keentech Group Limited, a wholly-owned subsidiary of CITIC Group. The Rights Issue has improved the Group's financial flexibility and strengthened its ability to capture future investment opportunities capable of enhancing shareholder value.

In May 2011, Mr. Mi Zengxin accepted the chairmanship of the Company and shall continue to be responsible for the strategic planning of the Group. The Group believes that Mr. Mi's appointment will considerably benefit the Group and will allow it to draw on his substantial experience and expertise to help further develop its business.

Outlook

Moving forward, the Group will continue to place emphasis on increasing returns from the Group's existing businesses and building sustainable momentum for future growth by improving production and operating efficiency so as to maximise returns on investment. In particular, the Group will strive to bring about full production at the Yuedong oilfield as soon as practicable.

The global financial market is likely to be volatile in the near term as risks arising from, amongst others, sovereign debt concerns, inflationary pressure from emerging markets, natural disasters and geopolitics continue to cast a cloud over the scale of the global economic recovery. With greater financial flexibility and robust growth in businesses, the Group is well positioned to deal with these challenges.

Financial Review

Group's financial results:

HK$'000

Operating results and ratios

	Six months ended 30 June 2011 Unaudited	2010 Unaudited (Restated)	Increase
Revenue	**18,417,974**	14,207,162	29.6%
Gross profit	**2,005,895**	1,415,585	41.7%
EBITDA [1]	**1,594,183**	1,316,692	21.1%
Profit before tax and finance costs	**1,092,906**	791,168	38.1%
Profit attributable to shareholders	**393,359**	167,528	134.8%
Earnings per share (Basic)	**HK 6.17 cents**	HK 2.67 cents	131.1%
Gross profit margin [2]	**10.9%**	10.0%	
EBITDA coverage ratio [3]	**4.2 times**	3.1 times	

Financial position and ratios

	30 June 2011 Unaudited	31 December 2010 Audited	Increase
Cash and bank balances	**5,257,281**	2,315,488	127.0%
Total assets	**31,844,112**	27,063,006	17.7%
Total debt [4]	**12,585,946**	12,351,449	1.9%
Equity attributable to shareholders	**13,459,419**	10,177,646	32.2%
Total capital [5]	**26,045,365**	22,529,095	15.6%
Current ratio [6]	**2.3 times**	2.2 times	
Total debt to total capital	**48.3%**	54.8%	
Net total debt to net total capital [7]	**35.3%**	49.7%	

1 profit before tax + finance costs + depreciation + amortisation
2 gross profit / revenue x 100%
3 EBITDA / finance costs
4 bank and other borrowings + finance lease payables + bond obligations
5 total debt + equity attributable to shareholders
6 current assets / current liabilities
7 (total debt – cash and bank balances) / (total capital – cash and bank balances) x 100%

The Group achieved a satisfactory performance for the Period, with a significant increase in both revenue and net profit compared to 1H 2010. Although geopolitical events and natural disasters occurred during the Period that had an impact on market demand and supply fundamentals, demand for energy and natural resources on the whole remained strong resulting in increases in selling prices.

During the Period, the Company raised new funds of HK$2,504.9 million (before expenses) through the Rights Issue, which strengthened the financial position of the Group. A disposal gain of HK$273.2 million (before tax) was recognised from the partial sell-down of the Group's interest in the Codrilla Project (as described in the section headed "Coal" below).

The following is a comparison of the results of each business segment during the Period with their corresponding results in 2010.

Aluminium smelting

- Revenue ▲ 22%
  Net profit after tax (from ordinary activities) ▼ 99%

  The Group's aluminium smelting operations recorded a profit for the Period due to increased selling prices of aluminium (denominated in United States dollars). However, net profit was offset by an exchange loss and the revaluation deficit of an embedded derivative as described below.

  The Australian dollar grew sharply following 2Q 2009 and, in particular, during the Period. This affected the net result of the Group's aluminium smelting business because its revenue is denominated in United States dollars. Nevertheless, the favourable exchange rates between the appreciating Australian dollar and the Hong Kong dollar (as a presentation currency of these Financial Statements) helped improve revenue by 17% as compared to 1H 2010.

- Increase in revenue was mainly due to rising selling prices of aluminium while sales volume remained stable compared to 1H 2010. Following recovery in the global economy, selling prices for aluminium greatly improved from 3Q 2010 onwards. The average selling price in United States dollars increased 17% when compared to 1H 2010. The curtailment program implemented in 3Q 2009 to reduce production by 15% is still in force, which also targeted a similar reduction in production costs.

- Production costs increased in line with the rising selling prices of aluminium during the Period, which offset the effect of cost cutting measures that took place in 2010. Gross profit margin and net profit margin were affected by cost increases in electricity, labour, maintenance and materials.

  As the Group's aluminium smelting business is a net United States dollar denominated asset, the higher value of the Australian dollar as at 30 June 2011 compared to that as at 31 December 2010 resulted in an exchange loss of HK$19.6 million (2010: gain of HK$8.7 million).

- Included in "Other expenses, net" in the consolidated income statement is a loss of HK$40.9 million (2010: no gain or loss) arising from the revaluation of an embedded derivative.

  In accordance with Hong Kong Financial Reporting Standards, a component of an electricity supply agreement (the "**ESA**") which is linked to the market price of aluminium is considered a financial instrument embedded in the ESA. Such embedded derivative needs to be marked to market at the end of each reporting period based on future aluminium prices. Its fair value gain or loss is recognised in the consolidated income statement. On 30 June 2011, the aluminium forward price had increased as compared to that on 31 December 2010 and the revaluation of the embedded derivative resulted in an unrealised loss.

  The revaluation has no cash flow consequences for operations but introduces volatility into the consolidated income statement.

- As the ESA expires in 2016, a new base load electricity contract (the "**EHA**") was signed on 1 March 2010 with Loy Yang Power to secure a stable supply of electricity to the Portland Aluminium Smelter from 2016 through 2036. The pricing mechanism used in the EHA includes a component that is subject to certain escalation factors which, in turn, are affected by the consumer price index, producer price index and labour costs.

Coal

- Revenue ▼ 7%
  Net profit after tax (from ordinary activities) ▼ 13%

  Share of profit of associates ▲ 83%

  The drop in revenue and net profit were partially eased by the favourable exchange rates between the appreciating Australian dollar and the Hong Kong dollar (as a presentation currency of these Financial Statements) which contributed to an increase of 13% and 12% respectively as compared to 1H 2010.

- Decrease in revenue was mainly due to a 41% drop in sales volume of coal compared to 1H 2010, resulting from supply chain and production disruptions caused by flooding as a result of adverse weather conditions in Queensland, Australia since December 2010. The mining activities of the CMJV were seriously hampered during the Period. Force majeure was declared and remained in force until the end of April 2011. Production has recovered following better weather conditions.

  Demand for LV PCI coal remained strong during the Period. Although sales to traditional customers slowed, spot sales to non-traditional customers such as Chinese customers in the PRC continued to increase as the PRC imported coal from Australia to satisfy shortfall.

  The coal supply constraints caused by the adverse weather resulted in higher coal prices. The average selling price in Australian dollars rose 36% when compared to 1H 2010.

  Effective April 2010, coal prices for long term contracts are fixed on a quarterly basis instead of on an annual basis. Such change represents a response by suppliers to capture increasing demand and better prices.

- Also, as a result of the adverse weather conditions, production costs such as overburden costs, royalty charges, coal preparation and re-handling charges, and mine management costs increased quite significantly compared to 1H 2010.

  As the Group's coal business is a net United States dollar denominated asset, the higher value of the Australian dollar as at 30 June 2011 compared to that as at 31 December 2010 resulted in an exchange loss of HK$2.7 million (2010: gain of HK$11.7 million).

- In June 2011, the Group completed the partial sell-down of its interest in the Codrilla Project (as described below) for an aggregate consideration of A$51.2 million (HK$428.9 million). As a result, the Group recorded a disposal gain of A$33.8 million (HK$273.2 million) before tax.

  The Codrilla Project is a greenfield prospect in the Bowen Basin, Queensland, Australia with a JORC resource estimate of 79.5 million tonnes of coal suited for the preparation of LV PCI coal. The Codrilla Project is proposed for development as a conventional open cut coal mine.

  The Group and Macarthur Coal owned 15% and 85% respectively of the Codrilla Project. Following completion of the partial sell-down of their respective interests to the other participants of the CMJV, the Group and Macarthur Coal now hold 7% and 73.3% respectively of the Codrilla Project through their interests in the CMJV. The development of the Codrilla Project will be expedited through the use of currently operating infrastructure employed by the CMJV, and the combination of the Codrilla Project with the CMJV enhances the blending of the coal opportunities available. The Group holds the right to market all coal produced by the CMJV to customers in the PRC.

  Details of the transaction are set out in the announcement of the Company dated 16 May 2011.

- The Group's shareholding in Macarthur Coal, listed on the ASX, is currently 16.34%. The Group remains the single largest shareholder of Macarthur Coal.

  At the end of 1H 2010, the Group's shareholding in Macarthur Coal was 17.01%. In 2H 2010, Macarthur Coal carried out certain fund raising activities. Although the Group participated in these activities, its shareholding in Macarthur Coal was diluted to 16.14%. In April 2011, Macarthur Coal raised new equity through a dividend reinvestment plan. The Group participated in the plan, investing an amount of A$11.6 million (HK$97.2 million), resulting in an increase of its shareholding in Macarthur Coal to 16.34%.

  Like the Group, Macarthur Coal recorded a disposal gain from its partial sell-down of its interest in the Codrilla Project.

  Included in "Share of profit of associates" in the consolidated income statement is the share of profit attributable to the Group's interest in Macarthur Coal for the Period of HK$110.6 million (2010: HK$60.4 million).

Import and export of commodities

- Revenue ▲ 42%
  Net profit after tax (from ordinary activities) ▼ 60%

  CATL, which conducts the Group's import and export of commodities business, has been able to further expand its export business in the PRC during the Period. Trading activities continued to grow as the demand for the natural resources from the PRC remains strong. Through its established selling channels, CATL recorded a significant increase in its revenue for the Period.

  Revenue and net profit were also helped by the favourable exchange rates between the appreciating Australian dollar and the Hong Kong dollar (as a presentation currency of these Financial Statements) which contributed to an increase of 20% and 6% respectively as compared to 1H 2010.

- Exported products include aluminium ingots, iron ore, coal and alumina sourced from Australia and other countries to the PRC.

  There was a significant growth in exports revenue, attributable to an increase in average selling prices for all exported products. Average selling prices jumped more than 14% as compared to 1H 2010. However, a couple of products either experienced a drop in sales volume or became a net loss.

  Aluminium ingot exports recorded a substantial increase in both selling prices and sales volume as compared to 1H 2010. There was an increase in demand from the PRC due to a shortage in supply of similar products in the PRC and competitive pricing of the Group's products when compared to the domestic offering.

  Iron ore exports also recorded a substantial increase in selling prices, but this was partly offset by a significant decrease in sales volume to steel mills in the PRC compared to 1H 2010. Export iron ore is primarily sourced from the Koolan Island project of Mount Gibson Iron Limited under a long term off-take contract and from India and South Africa.

  Due to strong demand in the PRC, coal exports recorded a substantial increase in both selling prices and sales volume when compared to 1H 2010.

- Imported products include steel, batteries, tyres and alloy wheels from the PRC and other Asian countries into Australia.

  Due to both the decrease in selling prices and higher costs in importing the goods, the imports division showed a significant drop in net profit during the Period.

- As the Group's import and export of commodities business is a net United States dollar denominated asset, the higher value of the Australian dollar as at 30 June 2011 compared to that as at 31 December 2010 resulted in an exchange loss of HK$36.1 million (2010: gain of HK$14.5 million), which also affected performance.

Manganese

- CDH was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 November 2010 following a successful initial public offering of its shares. The Group's shareholding in CDH was therefore diluted to 38.98% and CDH ceased to be a subsidiary, and became an associate, of the Group. The Group remains the single largest shareholder of CDH.

  As from 18 November 2010, the financial results of CDH and its subsidiaries (the "**CDH Group**") are included in "Share of profit of associates" in the consolidated income statement. The Group's shareholding in CDH is classified as "Investments in associates" in the consolidated statement of financial position.

- In the Period, the Group recorded an increase in share of profit of CDH following the outstanding results achieved by the CDH Group for the Period. Included in "Share of profit of associates" in the consolidated income statement is the share of profit attributable to the Group's interest in CDH for the Period of HK$148.1 million.

- In November 2010, the Group entered into a deed of tax indemnity (the "**Deed of Tax Indemnity**") in favour of the CDH Group in respect of certain tax liabilities of the CDH Group prior to the completion of the listing of CDH.

  During the Period, the amount payable by the Group under the Deed of Tax Indemnity was RMB3.4 million (HK$4.0 million).

  Details of the Deed of Tax Indemnity are set out in the announcement of the Company dated 11 October 2010 and the circular of the Company dated 12 October 2010.

Crude oil (the Seram Island Non-Bula Block, Indonesia)

- CITIC Seram Energy Limited ("**CITIC Seram**"), an indirect wholly-owned subsidiary of the Company, owns a 51% participating interest in the production sharing contract (the "**Seram Interest**") relating to the Seram Island Non-Bula Block, Indonesia (the "**Seram Block**"), of which CITIC Seram is the operator.

  As at 31 December 2010, the Seram Block had estimated proved oil reserves of 9.7 million barrels.

- During the Period, the contribution of CITIC Seram to the Group was as follows:

Revenue	HK$135.8 million	▲ 49%
Segment results	HK$ 53.0 million	N/A (2010: loss of HK$2.5 million)
Net profit after tax (from ordinary activities)		▲ 458%

  With higher oil realised prices, performance in the Period improved significantly compared with 1H 2010.

- The following table shows the performance of the Seram Interest for the Period and 1H 2010:

		1H 2011 (51%)	**1H 2010 (51%)**	**Change**
Crude oil realised price	(US$ per barrel)	**99.0**	68.5	▲ 45%
Sales volume	(barrels)	**176,000**	170,000	▲ 4%
Revenue	(HK$ million)	**135.8**	91.3	▲ 49%
Total production	(barrels)	**206,000**	185,000	▲ 11%
Daily production	(barrels)	**1,130**	1,020	▲ 11%

  Increase in revenue was mainly driven by the higher oil realised prices compared with 1H 2010.

  Sales volume slightly increased and production improved by 11% when compared to 1H 2010. Production from new wells drilled in 2H 2010 and 1H 2011 supplemented the natural decline in production from existing wells.

- Operating costs were lower compared to 1H 2010 as a result of continuing efforts to control costs. However, costs in 2H 2011 are expected to rise due to price increases upon the renewal of service contracts and the unfavourable exchange rates between the appreciating Indonesian rupiah and the Hong Kong dollar (as a presentation currency of these Financial Statements).

- The development well which was being tested in 2H 2010 became a production well in the Period. Meanwhile, one additional development well was drilled in the Oseil area. Production from these two new wells has been satisfactory and it is expected that they will help increase production volume from the Seram Block.

  During the Period, two new exploration wells, in the area of Nief Utara B and Oseil Selatan respectively, were drilled with oil discovered. Once governmental approval is obtained, the well in Nief Utara B will commence commercial production. Further feasibility study and evaluation are required on the well in Oseil Selatan.

- The Group plans to drill one development well in the Oseil area and one exploration well in the Lofin area in 2H 2011.

Crude oil (the Hainan-Yuedong Block, the PRC)

- CITIC Haiyue Energy Limited, an indirect wholly-owned subsidiary of the Company, owns a 90% interest in Tincy Group Energy Resources Limited ("**Tincy Group**").

  Pursuant to a petroleum contract entered into with China National Petroleum Corporation ("**CNPC**") in February 2004 as supplemented by an agreement signed in May 2010, Tincy Group holds the right to explore, develop and produce petroleum from the Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, the PRC (the "**Hainan-Yuedong Block**") until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with CNPC.

  As at 31 December 2010, the Yuedong oilfield (the "**Yuedong oilfield**"), the principal field within the Hainan-Yuedong Block, had estimated proved oil reserves of 19.8 million barrels.

- Pilot production commenced in 4Q 2010 on Platform A, the first artificial island of the Yuedong oilfield.

  During the Period, pilot production from the oilfield continued to grow and 162,000 barrels of oil were produced. Oil production is expected to progressively rise as the number of production wells drilled increases and the construction of oil treatment plant completes. The maiden shipment of oil occurred in August 2011.

- The construction of three additional artificial islands started in 2010. Construction of the platforms is scheduled to progressively complete by the end of 2012 and production facilities there by late 2013. Full production is expected to begin by the end of 2014.

- Capital expenditure will be further required in respect of the coming construction which will result in a decrease in net cash flows of the Group until full production begins in the Yuedong oilfield.

Crude oil (the Karazhanbas oilfield, Kazakhstan)

- CITIC Oil & Gas Holdings Limited ("**CITIC Oil & Gas**"), an indirect wholly-owned subsidiary of the Company, owns the **Kazakhstan Interests** which mainly comprise 50% of the issued voting shares of JSC Karazhanbasmunai ("**KBM**") (which represents 47.3% of the total issued shares of KBM). JSC KazMunaiGas Exploration Production ("**KMG EP**") holds an identical interest in KBM. The Group and KMG EP manage and operate KBM jointly.

  KBM is engaged in the development, production and sale of oil and holds the right to explore, develop, produce and sell oil from the Karazhanbas Oil and Gas Field (the "**Karazhanbas oilfield**") in Mangistau Oblast, Kazakhstan until 2020.

  As at 31 December 2010, the Karazhanbas oilfield had estimated proved oil reserves of 317.2 million barrels.

- During the Period, the contribution of CITIC Oil & Gas to the Group was as follows:

Revenue	HK$2,633.8 million	▲ 61%
Segment results	HK$ 517.2 million	▲ 67%
Net profit after tax (from ordinary activities)		▲ 42% (non-controlling interests already deducted)

- The following table shows the performance of the Kazakhstan Interests for the Period and 1H 2010:

		1H 2011 (50%)	1H 2010 (50%)	Change
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	**108.2**	75.9	▲ 43%
Dated Brent crude oil	(US$ per barrel)	**111.8**	77.5	▲ 44%
Average crude oil realised price	(US$ per barrel)	**95.9**	70.1	▲ 37%
Sales volume	(barrels)	**3,529,000**	2,996,000	▲ 18%
Revenue	(HK$ million)	**2,633.8**	1,631.6	▲ 61%
Total production	(barrels)	**3,259,000**	3,077,000	▲ 6%
Daily production	(barrels)	**18,000**	17,000	▲ 6%

  Increase in revenue was due to an increase in oil realised prices of 37% and an increase in sales volume of 18% as compared to 1H 2010.

  Production was stable when compared to 1H 2010. The continued deployment of enhanced oil recovery methods such as cyclic steam stimulation and steam flooding has enabled the Group to produce oil at more efficient and sustainable rates and to enhance the production outlook for the Karazhanbas oilfield.

- Following the implementation of new tax codes in January 2009 and the introduction of a new export duty in August 2010 in Kazakhstan, the overall tax payable by the Karazhanbas oilfield increased.

  Mineral extraction tax ("**MET**") is charged at progressive rates based on production volume and treated as cost of sales. The rent tax is charged on export revenue while the export duty is charged based on volume of oil exported, and both are treated as selling costs. These taxes have a negative impact on both segment results and net profit.

  Due to higher oil prices in the Period, MET increased 40%. This, together with the rising depreciation, depletion and amortization; salaries and wages; gas and water supply, raised the cost of sales by 15% compared to 1H 2010.

  Also, as a result of the higher export revenue, the rent tax increased 118% during the Period. There was no export duty in 1H 2010. Effective 16 August 2010, export duty was charged at US$20 per tonne of oil exported and doubled to US$40 per tonne in 2011. The rent tax and the export duty, coupled with the Customs Duty Claim (as described below), elevated the selling costs by 158% compared to 1H 2010.

  During the Period, average lifting costs (which does not include depreciation, depletion and amortisation; MET and provision for inventories) decreased slightly to US$14.1 (1H 2010: US$14.5) per barrel, being a 3% decrease compared to 1H 2010.

  It is anticipated that the average lifting costs will rise in 2H 2011 as more repairs and maintenance are scheduled. Accordingly, increased consumption of materials and supplies is also expected.

- In 2009, the customs authority of Kazakhstan conducted a customs audit on KBM and issued a claim (the "**Customs Duty Claim**") against KBM. Despite several appeals to the courts, KBM was held liable to the Customs Duty Claim. The amount settled by KBM in 2010 was treated as a current asset as at 31 December 2010.

  Final judgment in respect of the Customs Duty Claim was recently handed down, KBM's payment will not be refunded nor will there be any further payment. Therefore, during the Period, the customs duty and the related penalties totalling HK$151.7 million were respectively charged to selling costs and administrative expenses with a tax credit of HK$23.2 million, resulting in a net impact of HK$128.5 million to the Group's profit. Further details of the litigation are set out in note 20(b) to these Financial Statements.

- Corporate tax rates applicable to the Kazakhstan Interests are 20% in 2010 to 2012, 17.5% in 2013 and 15% in 2014 and onwards. The calculation methodology for excess profit tax is based on annual profitability at progressive rates varying from 10% to 60%. The reduced corporate tax rates and the change to the calculation methodology have a positive effect on the Group's tax liabilities.

- In late 2010, tax concessions on MET for certain types of oilfields were introduced. The Group is assessing the relevant provisions for application of the concessions in respect of the Karazhanbas oilfield.

Liquidity, Financial Resources and Capital Structure

Cash

As at 30 June 2011, the Group had cash and bank balances of HK$5,257.3 million.

During the Period, the Company obtained funds of HK$2,504.9 million (before expenses) through the Rights Issue. Details of the Rights Issue are set out in the section headed "Share capital" below.

Borrowings

As at 30 June 2011, the Group had total debt of HK$12,585.9 million, which comprised:

- secured bank loan of HK$429.0 million;
- unsecured bank loans of HK$4,103.5 million;
- unsecured other loans of HK$337.9 million;
- finance lease payables of HK$63.6 million; and
- bond obligations of HK$7,651.9 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 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 30 June 2011 was US$210 million (HK$1,638 million).

Further details of the bank and other borrowings are set out in note 16 to these Financial Statements.

The Group leases certain of its plant and machinery for its coal mine operation. The leases are classified as finance leases. Further details of the finance lease payables are set out in note 17 to these Financial Statements.

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. Further details of the bond obligations are set out in note 18 to these Financial Statements.

As at 30 June 2011, the Group's total debt to total capital and net total debt to net total capital ratios improved to 48.3% and 35.3% (31 December 2010: 54.8% and 49.7%) respectively. Of the total debt, HK$1,891.3 million was repayable within one year, the majority of which being of 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 are 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 swaps, forward currency, electricity hedge and commodity contracts. The purpose is to manage the interest rate, currency and commodity price risks arising from the Group's operations and its sources of finance.

New investment

There was no investment concluded during the Period.

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 2011, the Group had around 4,800 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.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

The Group operates the following contribution retirement benefit schemes for its employees:

(a) a defined scheme under the Pension Provisioning Law in Kazakhstan for those employees in Kazakhstan who are eligible to participate;

(b) a defined scheme under the Government Law No. 11/1992 of the Indonesian government for those employees in Indonesia who are eligible to participate;

(c) a defined scheme under the superannuation legislation of the Australian government for those employees in Australia who are eligible to participate; and

(d) a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's contributions as an employer vest fully with the employees when contributed into these schemes.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Code on Corporate Governance Practices

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

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

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

Directors' and Chief Executive's Interests in Shares and Underlying Shares

As at 30 June 2011, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code, and which have been notified to the Company and the Stock Exchange are as follows:

Long positions in shares and underlying shares of the Company

Name of director	Nature of interest	Number of ordinary shares of HK$0.05 each held	Number of underlying shares pursuant to share options	Percentage of the total issued share capital of the Company
Mr. Mi Zengxin	Directly beneficially owned	—	10,594,315	0.13
Mr. Sun Xinguo	Directly beneficially owned	5,683,500	—	0.07
Mr. Zeng Chen	Directly beneficially owned	—	10,598,532	0.13
Ms. Li So Mui	Directly beneficially owned	224,000	2,165,524	0.03
Mr. Zhang Jijing	Directly beneficially owned	—	10,594,315	0.13

Long positions in shares and underlying shares of associated corporations of the Company

Name of director	Name of associated corporation	Shares/ equity derivatives	Number of shares/ equity derivatives held	Nature of interest	Percentage of the total issued share capital of the associated corporation
Mr. Mi Zengxin	CDH	Share options	10,000,000	Directly beneficially owned	0.33
Ms. Li So Mui	CDH	Ordinary shares	3,154	Directly beneficially owned	—
Mr. Qiu Yiyong	CDH	Share options	15,000,000	Directly beneficially owned	0.50
Mr. Tian Yuchuan	CDH	Share options	12,000,000	Directly beneficially owned	0.40
Mr. Zhang Jijing	CITIC Pacific Limited	Share options	500,000	Directly beneficially owned	0.01
Mr. Gao Pei Ji	CITIC Pacific Limited	Ordinary shares	20,000	Directly beneficially owned	—

In addition to the above, one of the directors has non-beneficial shareholding interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed herein and so far as is known to the directors, as at 30 June 2011, none of the directors or chief executive of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Share Option Scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

The following table discloses movements in the Company's share options during the Period:

Name and category of participant	Number of share options: At 1 January 2011	Reclassification during the Period (1)	Adjustment for the Rights Issue (2)	At 30 June 2011 (3)	Date of grant (4)	Exercise period	Exercise price per share (2) HK$
Directors of the Company							
Mr. Kong Dan	20,000,000	(20,000,000)	—	—			
Mr. Mi Zengxin	10,000,000	—	594,315	10,594,315	02-06-2005	02-06-2006 to 01-06-2013	1.018
Mr. Zeng Chen	5,000,000	—	297,158	5,297,158	02-06-2005	02-06-2006 to 01-06-2013	1.018
Mr. Zeng Chen	5,000,000	—	301,374	5,301,374	28-12-2005	28-12-2006 to 27-12-2013	1.000
Ms. Li So Mui	2,000,000	—	165,524	2,165,524	02-06-2005	02-06-2006 to 01-06-2013	1.018
Mr. Zhang Jijing	10,000,000	—	594,315	10,594,315	02-06-2005	02-06-2006 to 01-06-2013	1.018
	52,000,000	(20,000,000)	1,952,686	**33,952,686**			
Eligible participants	—	20,000,000	1,202,926	21,202,926	07-03-2007	07-03-2008 to 06-03-2012 (5)	2.897
	1,000,000	—	106,093	1,106,093	02-06-2005	02-06-2006 to 01-06-2013	1.018
	1,000,000	20,000,000	1,309,019	**22,309,019**			
	53,000,000	—	3,261,705	**56,261,705**			

Notes:

(1) The share options granted to Mr. Kong Dan have been re-classified to "Eligible participants" on 1 May 2011 when he ceased to be a director of the Company. No share option was granted during the Period.

(2) Following the completion of the Rights Issue in June 2011, the number of outstanding share options and the exercise price thereof have been adjusted in accordance with the terms of the share option scheme of the Company.

(3) No share option lapsed or was exercised or cancelled during the Period.

(4) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(5) Share options lapsed 90 calendar days after Mr. Kong Dan ceased to be a director of the Company, i.e. 29 July 2011.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2011, the interests and short positions of the substantial shareholders and other persons in the shares or underlying shares of the Company, as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name of shareholder	Nature of interest	Number of ordinary shares of HK$0.05 each held as long positions	Percentage of the total issued share capital of the Company
CITIC Group	Corporate	4,447,653,697 (1)	56.54
CITIC Projects Management (HK) Limited	Corporate	3,697,239,904 (2)	47.00
Keentech Group Limited	Corporate	3,697,239,904 (3)	47.00
CITIC Australia Pty Limited	Corporate	750,413,793 (4)	9.54
Temasek Holdings (Private) Limited	Corporate	901,909,243 (5)	11.47
Temasek Capital (Private) Limited	Corporate	576,247,750 (6)	7.33
Seletar Investments Pte. Ltd.	Corporate	576,247,750 (7)	7.33
Baytree Investments (Mauritius) Pte. Ltd.	Corporate	576,247,750 (8)	7.33

Notes:

(1) The figure represents an attributable interest of CITIC Group through its interest in CITIC Projects Management (HK) Limited ("**CITIC Projects**") and CITIC Australia Pty Limited ("**CA**"). CITIC Group is a company established in the PRC.

(2) The figure represents an attributable interest of CITIC Projects through its interest in Keentech Group Limited ("**Keentech**"). CITIC Projects, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Group.

(3) Keentech, a company incorporated in the British Virgin Islands, is a direct wholly-owned subsidiary of CITIC Projects.

(4) CA, a company incorporated in Australia, is a direct wholly-owned subsidiary of CITIC Group.

(5) The figure represents an attributable interest of Temasek Holdings (Private) Limited ("**Temasek Holdings**") through its interest in Temasek Capital (Private) Limited ("**Temasek Capital**") and an indirect interest in Ellington Investments Pte. Ltd. ("**Ellington**"), which holds 325,661,493 shares representing 4.14% of the total issued share capital of the Company. Temasek Holdings is a company incorporated in Singapore. Ellington, a company incorporated in Singapore, is an indirect wholly-owned subsidiary of Temasek Holdings.

(6) The figure represents an attributable interest of Temasek Capital through its interest in Seletar Investments Pte. Ltd. ("**Seletar**"). Temasek Capital, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Temasek Holdings.

(7) The figure represents an attributable interest of Seletar through its interest in Baytree Investments (Mauritius) Pte. Ltd. ("**Baytree**"). Seletar, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Temasek Capital.

(8) Baytree, a company incorporated in Mauritius, is a direct wholly-owned subsidiary of Seletar.

Save as disclosed herein and so far as is known to the directors, as at 30 June 2011, no person had an interest or a short position in the shares or underlying shares of the Company required to be recorded in the register to be kept under section 336 of the SFO.

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.

Update on Directors' Information

The followings are changes in the information of the directors since the date of the 2010 annual report of the Company required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules:

(1) Mr. Mi Zengxin, a vice chairman of the Board and of the Company, was appointed the chairman of the Board and of the Company and a member of the nomination committee with effect from 1 May 2011;

(2) Mr. Fan Ren Da, Anthony, an independent non-executive director of the Company, was elected the chairman of the audit committee with effect from 1 May 2011 and ceased to be the chairman of the remuneration committee with effect from the same date; and

(3) Mr. Zeng Chen, the president and chief executive officer of the Company, was appointed a non-executive director of CDH with effect from 25 August 2011.

Review of Accounts

The audit committee has reviewed this interim report with the management of the Company.

On behalf of the Board
Zeng Chen
President and Chief Executive Officer

Hong Kong, 26 August 2011

Financial Highlights

- Revenue from operating segments other than manganese increased satisfactorily by 42.6% to HK$18,418.0 million. In particular, revenue from crude oil segment increased strongly by 60.7% in the first half of 2011 to HK$2,769.6 million

- Gross profit increased by 41.7% to HK$2,005.9 million

- Profit before tax and finance costs increased by 38.1% to HK$1,092.9 million

- Profit attributable to shareholders increased by 134.8% to HK$393.4 million

- Net total debt to net total capital further improved to 35.3%

財務摘要

- 經營分類（錳分類除外）的收入增長理想，增加42.6%至18,418,000,000港元。尤其在2011年上半年，原油分類的收入大幅增加60.7%至2,769,600,000港元

- 毛利增加41.7%至2,005,900,000港元

- 除稅和融資成本前溢利增加38.1%至1,092,900,000港元

- 股東應佔溢利增加134.8%至393,400,000港元

- 債務淨額與總資本淨額比率進一步改善至35.3%