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)

Stock Code 股份代號 : 1205

OUR GROWTH
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INTERIM REPORT 2012 中期報告

Contents

Corporate Information

Financial Results

1 Condensed Consolidated Income Statement
2 Condensed Consolidated Statement of Comprehensive Income
3 Condensed Consolidated Statement of Financial Position
5 Condensed Consolidated Statement of Changes in Equity
7 Condensed Consolidated Statement of Cash Flows
8 Notes to the Condensed Consolidated Financial Statements

Other Information

21 Business Review and Outlook
23 Financial Review
31 Liquidity, Financial Resources and Capital Structure
33 Employees and Remuneration Policies
33 Corporate Governance Code
34 Model Code for Securities Transactions by Directors
34 Directors' and Chief Executive's Interests in Shares and Underlying Shares
35 Share Option Scheme
36 Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares
37 Purchase, Redemption or Sale of Listed Securities of the Company
37 Specific Performance Obligations on Controlling Shareholder of the Company
37 Update on Directors' Information
38 Review of Accounts

目錄

公司資料

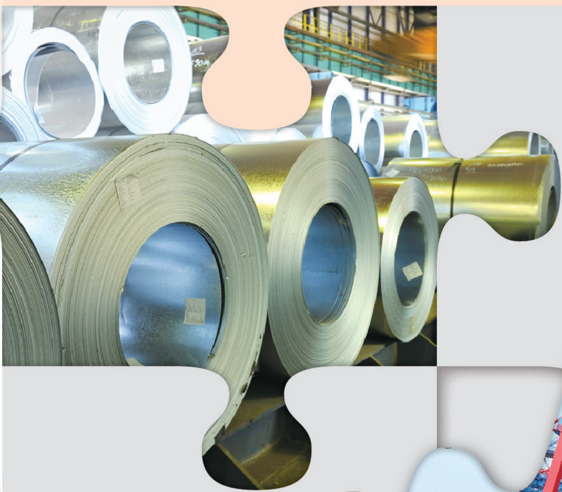
財務業績

1 簡明綜合利潤表
2 簡明綜合全面利潤表
3 簡明綜合財務狀況報表
5 簡明綜合權益變動表
7 簡明綜合現金流動表
8 簡明綜合財務報表附註

其他資料

21 業務回顧和展望
23 財務回顧
31 流動現金、財務資源和資本結構
33 僱員和酬金政策
33 企業管治守則
34 董事進行證券交易的標準守則
34 董事和最高行政人員在股份和相關股份的權益
35 購股權計劃
36 主要股東和其他人士在股份和相關股份的權益
37 購買、贖回或出售本公司的上市證券
37 本公司控股股東須履行的特定責任
37 更新董事資料
38 審閱賬目

Aluminium A 22.5% interest in the Portland Aluminium Smelter joint venture, one of the largest and most efficient aluminium smelting operations in the world, producing high-quality primary aluminium ingot.



Oil Our major income driver with steady production and development in oilfields located in Kazakhstan, the PRC and Indonesia.

Import & Export of Commodities Our import and export of commodities business, based on strong experience and sales network, has a focus on international trade.

Coal A 7% participating interest in the Coppabella and Moorvale coal mines joint venture, a major supplier of low volatile PCI coal in the international seaborne market, and interests in a number of coal exploration joint ventures with significant resource potential.

Manganese We remain the single largest shareholder of CITIC Dameng Holdings Limited (SEHK : 1091) which has interests in Daxin, Tiandeng and Waifu mines in Guangxi, the PRC; Changgou mine in Guizhou, the PRC; and Bembélé mine in Gabon. CDH is one of the largest vertically integrated manganese producers in the world.

Corporate Information

Board of Directors

Chairman (Non-executive Director)

Mr. Ju Weimin

Vice Chairman (Executive Director)

Mr. Zeng Chen *(Chief Executive Officer)*

Executive Directors

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. Ju Weimin
Mr. Zhang Jijing

Company Secretary

Ms. Li So Mui

Registered Office

Clarendon House
2 Church Street, Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

Suites 3001-3006, 30/F, One Pacific Place
88 Queensway, Hong Kong

Telephone	:	(852) 2899 8200
Facsimile	:	(852) 2815 9723
E-mail	:	ir@citicresources.com
Website	:	www.citicresources.com

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
22/F, CITIC Tower
1 Tim Mei Avenue, 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 2012 (the "**Period**").

Condensed Consolidated Income Statement

	Notes	2012	2011
REVENUE	4	**24,817,688**	18,417,974
Cost of sales		**(22,758,853)**	(16,412,079)
Gross profit		**2,058,835**	2,005,895
Other income and gains	5	**301,653**	326,279
Selling and distribution costs		**(1,047,417)**	(1,015,312)
General and administrative expenses		**(303,699)**	(323,182)
Other expenses, net		**4,679**	(159,493)
Finance costs	6	**(419,879)**	(379,335)
Share of profit/(loss) of associates		**(54,508)**	258,719
PROFIT BEFORE TAX	7	**539,664**	713,571
Income tax expense	8	**(299,711)**	(310,352)
PROFIT FOR THE PERIOD		**239,953**	403,219
ATTRIBUTABLE TO:			
Shareholders of the Company		**228,086**	393,359
Non-controlling interests		**11,867**	9,860
		239,953	403,219
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9		
Basic		**HK 2.90 cents**	HK 6.17 cents
Diluted		**HK 2.90 cents**	HK 6.16 cents

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Comprehensive Income

	2012	2011
PROFIT FOR THE PERIOD	**239,953**	403,219
OTHER COMPREHENSIVE INCOME		
Available-for-sale investments:		
Changes in fair value	**(7,226)**	(15,002)
Income tax effect	**2,168**	4,500
	(5,058)	(10,502)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**(22,943)**	82,209
Income tax effect	**6,882**	(24,663)
	(16,061)	57,546
Share of other comprehensive income of an associate	**(17,096)**	4,791
	(33,157)	62,337
Exchange differences on translation of foreign operations	**(23,466)**	358,612
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(61,681)**	410,447
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**178,272**	813,666
ATTRIBUTABLE TO:		
Shareholders of the Company	**167,303**	791,659
Non-controlling interests	**10,969**	22,007
	178,272	813,666

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2012 Unaudited	31 December 2011 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		**13,681,366**	13,843,288
Goodwill		**24,682**	24,682
Other asset		**220,171**	244,915
Investment in an associate		**3,420,786**	3,496,690
Available-for-sale investments	11	**25,107**	32,584
Prepayments, deposits and other receivables		**669,251**	664,681
Derivative financial instruments	14	**23,343**	23,272
Deferred tax assets		**91,289**	94,587
Total non-current assets		**18,155,995**	18,424,699
CURRENT ASSETS			
Inventories		**1,994,167**	1,951,756
Trade receivables	12	**1,708,063**	2,061,357
Prepayments, deposits and other receivables		**747,787**	611,318
Equity investments at fair value through profit or loss	13	**2,972**	2,963
Derivative financial instruments	14	**17,007**	38,795
Tax recoverable		**64,633**	12,515
Cash and cash equivalents		**9,002,151**	10,779,067
Total current assets		**13,536,780**	15,457,771
CURRENT LIABILITIES			
Accounts payable	15	**556,932**	1,162,127
Tax payable		**179,342**	1,718,493
Accrued liabilities and other payables		**1,050,362**	976,822
Derivative financial instruments	14	**10,252**	8,410
Bank and other borrowings	16	**3,254,768**	2,345,070
Finance lease payables	17	**9,211**	7,964
Provisions		**49,558**	60,578
Total current liabilities		**5,110,425**	6,279,464
NET CURRENT ASSETS		**8,426,355**	9,178,307
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,582,350**	27,603,006

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2012 Unaudited	31 December 2011 Audited
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,582,350**	27,603,006
NON-CURRENT LIABILITIES			
Bank and other borrowings	16	**1,145,381**	2,260,461
Finance lease payables	17	**37,127**	42,446
Bond obligations	18	**7,605,246**	7,666,272
Deferred tax liabilities		**1,667,554**	1,728,235
Derivative financial instruments	14	**241,303**	240,574
Provisions		**761,300**	735,330
Other payable		**113,599**	104,610
Total non-current liabilities		**11,571,510**	12,777,928
NET ASSETS		**15,010,840**	14,825,078
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	19	**393,287**	393,287
Reserves		**14,171,431**	13,996,638
		14,564,718	14,389,925
Non-controlling interests		**446,122**	435,153
TOTAL EQUITY		**15,010,840**	14,825,078

Condensed Consolidated Statement of Changes in Equity

	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 shares under rights issue	90,759	2,399,355	—	—	—
At 30 June 2011 (Unaudited)	393,287	9,719,062	65,527	(38,579)	662,696

	Issued capital	Share premium account	Contributed surplus	Capital reserve	Exchange fluctuation reserve
At 31 December 2011 (Audited) and 1 January 2012	**393,287**	**9,718,600**	**72,688**	**(38,579)**	**(173,265)**
Total comprehensive income/(loss) for the Period	**—**	**—**	**—**	**—**	**(39,664)**
Share of other reserve movements of an associate	**—**	**—**	**—**	**—**	**—**
At 30 June 2012 (Unaudited)	**393,287**	**9,718,600** *	**72,688** *	**(38,579)** *	**(212,929)** *

* These reserve accounts comprise the consolidated reserves of HK$14,171,431,000 (31 December 2011: HK$13,996,638,000) in the condensed consolidated statement of financial position.

HK$'000

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

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
8,301	**249,556**	**47,989**	**11,892**	**4,099,456**	**14,389,925**	**435,153**	**14,825,078**
(5,058)	**(16,061)**	**—**	**—**	**228,086**	**167,303**	**10,969**	**178,272**
—	**—**	**7,490**	**1,847**	**(1,847)**	**7,490**	**—**	**7,490**
3,243 *	**233,495 ***	**55,479 ***	**13,739 ***	**4,325,695 ***	**14,564,718**	**446,122**	**15,010,840**

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Cash Flows

	2012	2011
Net cash flow from/(used in) operating activities	**(915,794)**	1,039,785
Net cash flow used in investing activities	**(692,233)**	(1,400,728)
Net cash flow from/(used in) financing activities	**(611,013)**	2,340,548
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,219,040)**	1,979,605
Cash and cash equivalents at 1 January	**10,779,067**	2,315,488
Effect of foreign exchange rate changes, net	**(7,800)**	61,818
CASH AND CASH EQUIVALENTS AT 30 JUNE	**8,552,227**	4,356,911
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,053,942**	2,637,874
Non-pledged time deposits	**6,948,209**	2,619,407
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**9,002,151**	5,257,281
Non-pledged time deposits with original maturity of more than three months when acquired	**(449,924)**	(900,370)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**8,552,227**	4,356,911

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 2011.

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 2011.

These Financial Statements were approved and authorised for issue by the Board on 24 August 2012.

2. Changes in Accounting Policy and Disclosures

The Group has adopted the following 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.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets
HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

The adoption of these 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 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities [2]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HKAS 1 Amendments	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income [1]
HKAS 19 (2011)	Employee Benefits [2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [2]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [3]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine [2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012 [2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance [2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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, HKFRS 10, HKFRS 11, HKAS 19 (2011), HKAS 27 (2011), HKAS 28 (2011) and Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 may result in a change in accounting policy and the adoption of HKFRS 12, HKFRS 13 and HKAS 1 Amendments may result in new or amended disclosures, 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, iron ore, alumina and coal; and the import of other commodities and manufactured goods such as vehicle and industrial batteries, tyres and various metals such as steel and aluminium extrusion products in Australia; and

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

Six months ended 30 June | Unaudited HK$'000

4. Operating Segment Information (continued)

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 or losses from the Group's derivative financial instruments not relating to the operations as well as head office and corporate expenses are excluded from such measurement.

2012	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	**651,564**	**221,975**	**20,767,326**	**3,176,823**	**24,817,688**
Other income	**8,261**	**11,345**	**23,073**	**2,797**	**45,476**
	659,825	**233,320**	**20,790,399**	**3,179,620**	**24,863,164**
Segment results	**4,055**	**7,548**	**331,213**	**485,247**	**828,063**
Reconciliation:					
Interest income and unallocated gains					**256,177**
Unallocated expenses					**(70,189)**
Unallocated finance costs					**(419,879)**
Share of loss of an associate					**(54,508)**
Profit before tax					**539,664**

2011	Aluminium smelting	Coal	Import and export of commodities	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

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:

	2012	2011
Interest income	**170,070**	12,129
Handling service fees	**22,808**	26,839
Gain on disposal of items of property, plant and equipment	**1,767**	2,681
Sale of scrap	**2,914**	2,237
Fair value gains on derivative financial instruments	**97,987**	—
Gain on disposal of coal exploration interests	**—**	273,190
Others	**6,107**	9,203
	301,653	326,279

6. Finance Costs

An analysis of finance costs is as follows:

	2012	2011
Interest expense on bank and other borrowings	**127,365**	91,947
Interest expense on fixed rate senior notes, net	**261,934**	264,596
Interest expense on finance leases	**1,802**	2,380
Total interest expense on financial liabilities not at fair value through profit or loss	**391,101**	358,923
Amortisation of fixed rate senior notes	**11,513**	11,513
	402,614	370,436
Other finance charges:		
Increase in discounted amounts of provision arising from the passage of time	**16,955**	5,667
Others	**310**	3,232
	419,879	379,335

7. Profit before Tax

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

	2012	2011
Depreciation	**597,960**	460,113
Amortisation of other asset	**25,914**	41,164
Fair value losses on derivative financial instruments *	**—**	40,921
Loss on disposal/write-off of items of property, plant and equipment *	**503**	945
Loss on purchase of fixed rate senior notes *	**2,722**	—
Exchange losses/(gains), net *	**(21,661)**	57,186

* 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

	2012	2011
Current:		
Hong Kong	**—**	—
Elsewhere	**357,227**	304,027
	357,227	304,027
Deferred	**(57,516)**	6,325
Total tax expense for the period	**299,711**	310,352

The statutory tax rate of Hong Kong profits tax was 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Period (2011: Nil).

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

Australia
Australian income tax has been provided at the statutory rate of 30% (2011: 30%) on the estimated taxable profits arising in Australia during the Period.

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

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% (2011: 14%).

The PRC
The Group's subsidiaries registered in the PRC are subject to corporate income tax at a rate of 25% (2011: 25%). No provision for the PRC corporate income tax has been made as the Group had no taxable profits arising in the PRC during the Period.

Kazakhstan
The corporate tax rate applicable to the Group's jointly-controlled entities established and operating in Kazakhstan was 20% (2011: 20%) during the Period. The Group shall also pay excess profit tax ("**EPT**") on its profit after corporate income tax each year. EPT is calculated based on annual profitability at progressive rates ranging from 10% to 60%.

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

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 amounts are based on:

	2012	2011
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**228,086**	393,359

	Number of shares	
	2012	2011
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**7,865,737,149**	6,370,578,520
Effect of dilution – weighted average number of ordinary shares: share options	**6,104,696**	11,130,549
	7,871,841,845	6,381,709,069

10. Dividend

The Board has resolved not to pay an interim dividend for the Period (2011: Nil).

HK$'000

11. Available-for-sale Investments

	30 June 2012 Unaudited	31 December 2011 Audited
Non-current equity investments:		
Listed equity investments in Australia, at fair value	**25,107**	32,584

The fair values of the above investments were based on quoted market prices.

12. 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 2012 Unaudited	31 December 2011 Audited
Within one month	**1,081,684**	1,101,795
One to two months	**56,938**	691,282
Two to three months	**303,258**	70,277
Over three months	**266,183**	198,003
	1,708,063	2,061,357

Included in the trade receivables is an amount due from the Group's fellow subsidiary of HK$408,771,000 (31 December 2011: HK$402,537,000) 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 2012 Unaudited	31 December 2011 Audited
Current unlisted equity investments, at fair value:		
Australia	**2,972**	2,963

The above equity investments were classified as held for trading as at 30 June 2012 and 31 December 2011.

HK$'000

14. Derivative Financial Instruments

	30 June 2012 Unaudited		31 December 2011 Audited	
	Assets	Liabilities	Assets	Liabilities
Forward currency contracts	**1,897**	**2,454**	15,164	—
Forward commodity contracts	**15,110**	**—**	23,631	—
Interest rate swap contracts	**—**	**3,968**	—	4,590
Derivative financial instrument – embedded derivative	**—**	**245,133**	—	244,394
Electricity hedge agreement	**23,343**	**—**	23,272	—
	40,350	**251,555**	62,067	248,984
Portion classified as non-current:				
Derivative financial instrument – embedded derivative	**—**	**(241,303)**	—	(240,574)
Electricity hedge agreement	**(23,343)**	**—**	(23,272)	—
Non-current portion	**(23,343)**	**(241,303)**	(23,272)	(240,574)
Current portion	**17,007**	**10,252**	38,795	8,410

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

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

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 2012 Unaudited	31 December 2011 Audited
Within one month	**537,733**	1,113,747
One to two months	**12,298**	28,795
Two to three months	**302**	13,415
Over three months	**6,599**	6,170
	556,932	1,162,127

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 2012 Unaudited	31 December 2011 Audited
Bank loans:			
– secured @	(a)	**382,201**	405,770
– unsecured #	(b)	**3,726,892**	3,907,094
Other loans:			
– secured *	(c)	**2,455**	3,946
– unsecured #	(d)	**288,601**	288,721
		4,400,149	4,605,531

@ Floating rate but including the effects of a related interest rate swap contract
# Floating rate
* Fixed rate

Notes:

(a) The secured bank loan is a loan of US$49,000,000 (HK$382,201,000), 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) trade finance totalling A$24,686,000 (HK$196,229,000) and US$173,979,000 (HK$1,357,042,000), which is interest-bearing at LIBOR (or cost of fund) plus margin; and

(ii) loans totalling US$280,000,000 (HK$2,173,621,000), which are interest-bearing at LIBOR plus margin.

(c) The secured other loans include:

(i) a loan of A$56,000 (HK$446,000) obtained from the State Government of Queensland, Australia, which is interest-bearing at 5.85% p.a. and repayable by quarterly instalments by 30 September 2012; and

(ii) a loan of A$253,000 (HK$2,009,000) obtained from the manager of the Coppabella and Moorvale coal mines joint venture, which is interest-bearing at 6% p.a. and repayable by annual instalments by 10 December 2013.

(d) The unsecured other loan is a loan obtained from CITIC New Standard Investment Limited, an indirect wholly-owned subsidiary of the ultimate holding company of the Company and thereby a fellow subsidiary of the Company, which is interest-bearing at LIBOR plus 1.50% p.a. and repayable by instalments by 2 September 2012.

	30 June 2012 Unaudited	31 December 2011 Audited
Bank loans repayable:		
Within one year or on demand	**2,965,071**	2,053,757
In the second year	**335,401**	1,450,950
In the third to fifth years, inclusive	**808,621**	808,157
	4,109,093	4,312,864
Other loans repayable:		
Within one year	**289,697**	291,313
In the second year	**1,359**	1,354
	291,056	292,667
Total bank and other borrowings	**4,400,149**	4,605,531
Portion classified as current liabilities	**(3,254,768)**	(2,345,070)
Non-current portion	**1,145,381**	2,260,461

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 two to nine years.

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

	30 June 2012 Unaudited	31 December 2011 Audited
Amounts payable:		
Within one year	**12,289**	11,357
In the second year	**9,133**	12,101
In the third to fifth years, inclusive	**23,283**	23,268
Beyond five years	**12,393**	16,191
Total minimum finance lease payments	**57,098**	62,917
Future finance charges	**(10,760)**	(12,507)
Total net finance lease payables	**46,338**	50,410
Portion classified as current liabilities	**(9,211)**	(7,964)
Non-current portion	**37,127**	42,446

18. Bond Obligations

	30 June 2012 Unaudited	31 December 2011 Audited
Fixed rate senior notes, listed in Singapore	**7,605,246**	7,666,272

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 the Notes 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.

During the Period, the Group purchased certain Notes with face value of US$9,300,000 (HK$72,540,000) at the then prevailing market prices and a loss of US$349,000 (HK$2,722,000) (note 7) was recognised in the condensed consolidated income statement.

HK$'000

19. Share Capital

	30 June 2012 Unaudited	31 December 2011 Audited
Authorised: 10,000,000,000 (31 December 2011: 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 2011: 7,865,737,149) ordinary shares of HK$0.05 each	**393,287**	393,287

20. Litigation

In 2011, the Kazakhstan tax authorities (the "**Tax Authorities**") completed a tax inspection on JSC Karazhanbasmunai ("**KBM**") for the period from 1 January 2006 to 31 December 2008. As a result, the Tax Authorities issued a tax assessment of KZT3,149,314,000 (HK$163,459,000) on KBM, representing underpaid taxes of KZT1,688,666,000 (HK$87,647,000), administration penalty of KZT880,961,000 (HK$45,725,000) and interest on late payment of KZT579,687,000 (HK$30,087,000).

The directors, based on the advice from the Group's legal counsel, believe KBM has justifiable arguments for its tax positions. Accordingly, KBM will dispute the tax assessment to the fullest extent possible under the law of Kazakhstan. However, the outcome of the dispute is still uncertain as there are different interpretations of certain tax rules and regulations. As such, based on the directors' best estimate, KBM has made provisions in 2011 for part of the underpaid taxes, administration penalty and interest on late payment of KZT540,379,000 (HK$28,689,000), KZT270,190,000 (HK$14,344,000) and KZT182,046,000 (HK$9,665,000), respectively.

During the Period, KBM filed an objection against the claim with the Mangistau Regional Economic Court. On 21 May 2012, the Mangistau Regional Economic Court overruled the objection except for an amount of KZT648,000 (HK$34,000). On 1 June 2012, KBM filed an appeal to the Mangistau Oblast Court but the appeal was concluded on 17 July 2012 with an unfavourable decision. KBM is still in the process of applying for a cassation to the Mangistau Oblast Court. Therefore, no additional provision was made for the remaining amounts under the tax assessment during the Period.

To avoid the imposition of additional penalties and freezing of its bank accounts by the Tax Authorities, KBM fully settled the underpaid taxes and interest on late payment on 28 June 2012. Accordingly, as at 30 June 2012, the Group's 50% share of the amounts paid, totalling KZT1,134,177,000 (HK$58,867,000), was recorded in the condensed consolidated statement of financial position.

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 2012 Unaudited	31 December 2011 Audited
Within one year	**136,584**	139,121
In the second to fifth years, inclusive	**289,203**	296,293
Beyond five years	**134,849**	135,828
	560,636	571,242

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 2012 Unaudited	31 December 2011 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**206,585**	3,850
Authorised, but not contracted for:		
Minimum work programme for the Karazhanbas oilfield	**60,866**	211,708

As at 30 June 2012 and 31 December 2011, all capital commitments which were authorised but not contracted for were expected to fall due within one year.

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

	30 June 2012 Unaudited	31 December 2011 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**5,159,306**	5,145,851

In prior years, a subsidiary of the Company entered into a turnkey contract for the provision of integrated drilling in the Hainan-Yuedong Block with a total contract amount of RMB3,496,000,000 (HK$4,268,000,000). The contract amount is subject to the actual work confirmed by the Group and the contractor.

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 period.

(a)	Notes	2012	2011
Fellow subsidiaries:			
Sale of products	(i)	**1,194,527**	1,475,485
Interest expense	(ii)	**2,904**	3,180
Rental expense	(iii)	**1,973**	1,982
Ultimate holding company:			
Rental expense	(iii)	**1,153**	1,093
Immediate holding company:			
Underwriting commission paid	(iv)	**—**	12,972
Related company of the ultimate holding company:			
Financial advisory fee paid	(v)	**—**	1,550
Associate:			
Tax indemnity claim	(vi)	**—**	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 expense denominated in United States dollar was charged at 1.50% p.a. over LIBOR (2011: 1.50% p.a. over LIBOR). In 2011, the interest expense denominated in Australian dollar was charged at 6.04% p.a.

(iii) The rental expense was charged by a fellow subsidiary of the Company and the ultimate holding company of the Company, respectively, based on mutually agreed terms.

(iv) The commission was charged at 1.50% flat on the aggregate subscription price of 626,662,373 underwritten rights shares which were issued at HK$1.38 per rights share.

(v) The fee related to financial advice to the Company in connection with the rights issue completed in June 2011.

(vi) 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 CITIC Dameng Holdings Limited ("**CDH**") in respect of certain tax liabilities incurred prior to the completion of the listing of CDH.

(b) No transactions had been entered into with the directors of the Company (being the key management personnel) during the Period other than the emoluments, being salaries, allowance and benefits in kind, of HK$11,166,000 (2011: HK$6,642,000) paid to them.

(c) On 26 December 2011, the Group entered into two 2-year lease agreements with its ultimate holding company for the leasing of office premises. Rental expense payable in 2H 2012 and 2013 is HK$1,121,000 and HK$2,243,000, respectively.

Business Review and Outlook

Review

The global economy was confronted with a number of downside risks in the Period as stress arising from the European sovereign debt crisis ratcheted up and worries over global economic slowdown continued to loom large. These events, coupled with energy and commodity prices volatility, currency fluctuations and geopolitics, have together conspired to create a challenging operating environment across many industry sectors. Nevertheless, with a diversified business portfolio, the Group managed to mitigate risks and demonstrate sufficient resilience amid economic uncertainty with overall revenue achieving satisfactory year-on-year growth. A US$380 million term loan facility (the "**New Loan**") successfully concluded in June 2012 also provided the Group with additional financial flexibility for business expansion and risk management. With its strengthened financial position, the Group is confident in its ability to meet the challenges from anticipated continuing market volatility in this and the coming year, while capable of seizing upon new business opportunities to maximize shareholder value.

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

Oil exploration and production continues to be the Group's largest business segment by profit, with the Karazhanbas oilfield in the Republic of Kazakhstan ("**Kazakhstan**") being the principal contributor to the Group's overall oil production. Buoyed by higher crude oil realised prices and steady production, the Karazhanbas oilfield continued to deliver a robust performance with a 13% revenue growth compared to 1H 2011.

The Group continued to make progress during the Period on construction at the Yuedong oilfield in Liaoning Province, the People's Republic of China (the "**PRC**"). Despite numerous challenges, construction of the three additional artificial islands and production facilities there, the subsea pipelines, onshore oil/water processing plant, as well as other related infrastructure are in progress and scheduled to complete by stages till late 2013. The Group expects the second artificial island to become operational by the end of 2012, and will continue to press ahead with its construction plan.

In the Republic of Indonesia ("**Indonesia**"), the Seram Block continued to reap the benefit from well activities with stable production. Further exploration and development was carried out during the Period.

Subsequent to the partial disposal of its interest in the Codrilla project and the disposal of its entire interest in Macarthur Coal Limited ("**Macarthur Coal**") last year, the Group's coal asset investments currently consist of a 7% direct interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**"), and also certain interests in a number of coal exploration joint ventures in which Macarthur Coal, now a subsidiary of Peabody Energy Corporation ("**Peabody Energy**"), is also a participant.

Despite short-term market volatility during the Period, in particular in coal prices, the Group's coal segment managed to achieve an increase in its production and sales volume. Taking into consideration the sustained demand for low volatile pulverized coal injection coal ("**LV PCI coal**") in particular from emerging markets such as the PRC, the Group is optimistic about the long-term outlook for its coal business and will continue to work with Peabody Energy in operating the CMJV as well as realising resource potential from its other coal exploration tenements.

The Group's strategic metal investments are currently made up of its 22.5% interest in the Portland Aluminium Smelter joint venture (the "**PAS JV**"), and a 38.98% interest in its listed associate, CITIC Dameng Holdings Limited ("**CDH**"), which operates a manganese mining and production business.

Although revenue from the Group's aluminium smelting segment was affected by a softening in selling prices attributable to unstable market conditions, segment results were lifted by gains from foreign exchange movements with the United States dollar appreciating against the Australian dollar in the Period.

Regarding the Group's investment in CDH, a share in a loss was recorded following the consolidated net loss incurred by CDH, whose performance was affected by lower average selling prices of manganese products resulting from sluggish demand for steel products as well as upward pressure on raw materials prices and labour costs.

In spite of unstable commodities prices triggered by cyclical market volatility in the Period, the Group's import and export of commodities business managed to deliver a good performance in terms of growth in both revenue and segment result, attributable mainly to higher sales volumes being attained illustrating the Group's strong experience and sales network.

As a move to further improve its long-term liquidity and capital base, the Group successfully concluded the New Loan with a consortium of 10 leading international financial institutions. The New Loan received an overwhelming response from the banking market with 90% over-subscription, demonstrating the banks' confidence in the Group's future growth.

Outlook

Looking ahead, risks associated with the unresolved European sovereign debt crisis and perceived growth uncertainty especially in certain emerging economies will continue to present challenges for the global energy and commodity sectors. The Group is equipped with a much strengthened financial base and with support from its substantial shareholders is well positioned to match these challenges and to continue to pursue business growth.

The Group will forge ahead with plans for further development and strive to bring about full production at the Yuedong oilfield as early as practicable. Apart from organic growth, the Group will also seek potential acquisitions with a view to upsizing the Group for better production and operating efficiency, stronger profitability and competitiveness.

Financial Review

Group's financial results:

HK$'000

Operating results and ratios

	Six months ended 30 June 2012 Unaudited	2011 Unaudited	Increase/ (decrease)
Revenue	**24,817,688**	18,417,974	34.7%
Underlying EBIT [1]	**959,543**	1,092,906	(12.2%)
EBITDA [2]	**1,583,417**	1,594,183	(0.7%)
Profit attributable to shareholders	**228,086**	393,359	(42.0%)
Earnings per share (Basic)	**HK 2.90 cents**	HK 6.17 cents	(53.0%)
Gross profit margin [3]	**8.3%**	10.9%	
EBITDA coverage ratio [4]	**3.8 times**	4.2 times	

Financial position and ratios

	30 June 2012 Unaudited	31 December 2011 Audited	Increase/ (decrease)
Cash and cash equivalents	**9,002,151**	10,779,067	(16.5%)
Total assets	**31,692,775**	33,882,470	(6.5%)
Net debt [5]	**3,049,582**	1,543,146	97.6%
Equity attributable to shareholders	**14,564,718**	14,389,925	1.2%
Current ratio [6]	**2.6 times**	2.5 times	
Net debt to net total capital [7]	**17.3%**	9.7%	
Net asset value per share [8]	**HK$1.85**	HK$1.83	

1 profit before tax + finance costs
2 underlying EBIT + depreciation + amortisation
3 gross profit / revenue x 100%
4 EBITDA / finance costs
5 bank and other borrowings + finance lease payables + bond obligations – cash and cash equivalents
6 current assets / current liabilities
7 net debt / (net debt + equity attributable to shareholders) x 100%
8 equity attributable to shareholders / number of issued shares at period end

The focused diversification strategy of the Group demonstrated sufficient resilience in the Period during which the global economy remained uncertain with volatile energy and commodities prices. The Group's overall revenue was able to record a year-on-year growth of 34.7% in the Period.

If (i) the share of profit from Macarthur Coal and (ii) the pre-tax gain from the partial disposal of the Group's interest in the Codrilla project in 1H 2011, totalling HK$383.8 million, are excluded for the purpose of comparison, the Group's underlying EBIT would have increased year-on-year by 35.3% in the Period.

After taking into account the corresponding tax effect of HK$81.9 million, the adjusted profit attributable to shareholders would have increased by 1.5 times from HK$91.5 million in 1H 2011 to HK$228.1 million in the Period.

The following is a description of the Group's operating activities in each of the business segments during the Period, with comparison of their results against those in 1H 2011.

Aluminium smelting

• Revenue	HK$651.6 million	▼	11%
Segment result	HK$ 4.1 million	▲	52%

The Group holds a 22.5% interest in the PAS JV.

As the average exchange rate between the Australian dollar and the Hong Kong dollar (as a presentation currency of these Financial Statements) during the Period remained almost the same as that in 1H 2011, revenue and segment result were not materially impacted by the difference in the exchange rates for the two periods.

- Decrease in revenue was mainly due to a drop in selling prices of aluminium while sales volume during the Period was similar to that in 1H 2011. Average selling price in United States dollars decreased by 17% when compared to 1H 2011.

  In light of prevailing market conditions, the curtailment program implemented since 3Q 2009 to reduce production by 15% is still in force, which also targets a similar reduction in production costs.

- Production costs such as power and alumina decreased during the Period, but the favourable effect was offset by the rising labour and carbon materials costs. The cost of carbon materials, as correlated to the crude oil prices, has thus increased during the Period. Gross profit margin and net profit margin were affected by the lower selling prices while production costs remained high.

  As the Group's aluminium smelting business is a net United States dollar denominated asset, the fluctuation between the Australian dollar and the United States dollar throughout the Period caused a net exchange gain of HK$2.6 million (2011: loss of HK$19.6 million) which contributed to the increase in segment result in the Period.

- There was no gain or loss (2011: loss of HK$40.9 million, which was included in "Other expenses, net" in the condensed consolidated income statement) 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 2012, the aluminium forward price was similar to that on 31 December 2011 and therefore, no unrealised gain or loss arising from the revaluation of the embedded derivative was recorded.

  The revaluation of the embedded derivative 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	HK$222.0 million	▲	8%
Segment result	HK$ 7.5 million	▼	98%

  Share of profit of an associate Nil (2011: HK$110.6 million)

  The Group holds a 7% participating interest in the CMJV.

  As the average exchange rate between the Australian dollar and the Hong Kong dollar (as a presentation currency of these Financial Statements) during the Period remained almost the same as that in 1H 2011, revenue and segment result were not materially impacted by the difference in the exchange rates for the two periods.

  Included in the segment result of 1H 2011 was a pre-tax gain of HK$273.2 million from the partial disposal of the Group's interest in the Codrilla project (as described below). If such pre-tax gain is excluded for the purpose of comparison, segment result of the Group's coal business would have decreased by 83% instead of 98% in the Period.

  There was no share of profit from Macarthur Coal during the Period. In October 2011, the Group completed the disposal of its entire interest in Macarthur Coal. Following completion of the disposal, Macarthur Coal ceased to be an associate of the Group. In May 2012, the Group paid the relevant tax of A$150.5 million (HK$1,216.5 million) arising from the disposal gain.

  Details of the disposals are set out in the 2011 annual report of the Company.

- Revenue increased compared to 1H 2011, due to a rise of 21% in sales volume despite a drop in selling prices. Average selling price in Australian dollars decreased by 10% when compared to 1H 2011.

  In 1H 2011, production was seriously affected by supply chain and production disruptions caused by flooding and continuous rainfall in Queensland, Australia.

  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.

- Along with an increase in revenue, production costs such as overburden costs; rail and port charges; and mine management costs increased significantly compared to 1H 2011. Gross margin was thus affected by these increases.

  As the Group's coal business is a net United States dollar denominated asset, the fluctuation between the Australian dollar and the United States dollar throughout the Period caused a net exchange loss of HK$5.6 million (2011: HK$2.7 million).

- The Codrilla project is a greenfield prospect in the Bowen Basin, Queensland, Australia with an Australia Joint Ore Reserves Committee (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.

  Following completion of the partial disposal of their respective interests to the other participants of the CMJV in 1H 2011, the Group and Macarthur Coal continue to hold respectively a 7% and 73.3% interest in 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.

- Subsequent to the partial disposal of its interest in the Codrilla project and the disposal of its entire interest in Macarthur Coal in 2011, the Group's coal asset investments currently consist of a 7% participating interest in the CMJV, and also certain interests in a number of coal exploration joint ventures in which Peabody Energy Australia (as defined below) is also a participant.

- Macarthur Coal was delisted from the Australian Securities Exchange on 21 December 2011. It became a subsidiary of Peabody Energy and is currently known as Peabody Energy Australia PCI Pty Limited ("**Peabody Energy Australia**").

Import and export of commodities

Revenue	HK$20,767.3 million	▲ 41%
Segment result	HK$ 331.2 million	▲ 168%

  CITIC Australia Trading Pty Limited ("**CATL**"), which conducts the Group's import and export of commodities business, managed to deliver a good performance during the Period in terms of growth in both revenue and segment result, attributable mainly to higher sales volumes being attained illustrating the Group's strong experience and sales network.

  As the average exchange rate between the Australian dollar and the Hong Kong dollar (as a presentation currency of these Financial Statements) during the Period remained almost the same as that in 1H 2011, revenue and segment result were not materially impacted by the difference in the exchange rates for the two periods.

- 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 a significant increase, by more than 35% in average, in sales volume in most of the products as compared to 1H 2011 despite the softening in selling prices.

  Both aluminium ingot and coal exports recorded a substantial increase in sales volume as compared to 1H 2011. However, iron ore exports (as sourced from Australia, India and South Africa) experienced a decrease in both selling prices and sales volume.

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

  The imports division maintained a stable revenue and net profit during the Period. Both selling prices and sales volume were stable when compared to 1H 2011.

- As the Group's import and export of commodities business is a net United States dollar denominated asset, the fluctuation between the Australian dollar and the United States dollar throughout the Period caused a net exchange gain of HK$6.2 million (2011: loss of HK$36.1 million).

Manganese

- Share of loss of an associate HK$54.5 million (2011: profit of HK$148.1 million)

  The Group has an interest in manganese through its 38.98% equity interest in CDH, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock Code: 1091). CDH is an associate of the Group and the Group remains the single largest shareholder of CDH.

  CDH owns a 100% interest in the Daxin manganese mine, the Tiandeng manganese mine and the Waifu manganese mine in Guangxi Province, the PRC; a 64% interest in the Changgou manganese mine in Guizhou Province, the PRC; and a 51% interest in the Bembélé manganese mine in Gabon, West Africa. CDH is one of the largest vertically integrated manganese producers in the world, engaged in the production and sale of manganese products at various stages of the production chain.

- A share in a loss was recorded following the consolidated net loss incurred by CDH for the Period. Its performance was affected by lower average selling prices of manganese products resulting from sluggish demand for steel products as well as upward pressure on raw materials prices and labour costs as compared to 1H 2011.

  In 1H 2011, CDH recorded a one-off gain of HK$259.2 million on bargain purchase of 貴州遵義匯興鐵合金有限責任公司 (Guizhou Zunyi Hui Xing Ferroalloy Limited Company) which became its subsidiary following the acquisition.

  Detailed financial results of CDH are available on the websites of the Stock Exchange and CDH at http://www.hkexnews.hk and http://www.dameng.citic.com respectively.

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 relating to the Seram Island Non-Bula Block, Indonesia (the "**Seram Block**"), of which CITIC Seram is the operator.

  As at 31 December 2011, the Seram Block had estimated proved oil reserves of 7.5 million barrels as determined in accordance with the standards of the Petroleum Resources Management System (the "**PRMS**").

- During the Period, the segment result of CITIC Seram was a profit of HK$29.3 million (2011: HK$53.0 million), representing a decrease of 45%. The following table shows a comparison of the performance of the Seram Block:

		1H 2012 (51%)	1H 2011 (51%)	Change
Average benchmark Mean of Platts Singapore (MOPS): Platts HSFO 180 CST Singapore	(US$ per barrel)	**107.8**	97.2	▲ 11%
Average crude oil realised price	(US$ per barrel)	**103.5**	99.0	▲ 5%
Sales volume	(barrels)	**144,000**	176,000	▼ 18%
Revenue	(HK$ million)	**116.5**	135.8	▼ 14%
Total production	(barrels)	**223,000**	206,000	▲ 8%
Daily production	(barrels)	**1,220**	1,130	▲ 8%

  Decrease in revenue was due to lower sales volume compared to 1H 2011. To take the advantage of oil prices at their highest in the Period, sales of oil were made ahead of schedule and sales volume was to a certain extent affected by such rescheduling.

- Operating costs per barrel were higher compared to 1H 2011 due to the increased number of wells in operation and the new activities in the Lofin area.

- Exploration works continued during the Period with an objective to increase both oil reserves and production volume.

  The two new exploration wells, drilled in the area of Oseil Selatan and Nief Utara B respectively in 2011, have been tested during the Period. It is expected that approval of put on production for the well in Oseil Selatan will be obtained in 2H 2012. Water shut-off program has been performed on the well in Nief Utara B to test and increase the oil extraction probabilities. Such testing is still in progress.

  Drilling of the first exploration well in the Lofin area commenced in early 2012. There have been various challenges, including the drilling depth which is much deeper than the other wells in the Seram Block. Drilling of this exploration well is yet to finish.

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 2011, the Yuedong oilfield (the "**Yuedong oilfield**"), the principal field within the Hainan-Yuedong Block, had estimated proved oil reserves of 18.8 million barrels as determined in accordance with the standards of the PRMS.

- During the Period, the segment result of Tincy Group was a loss of HK$72.4 million (2011: HK$103.0 million), representing a decrease of 30%. The following table shows a comparison of the performance of the Yuedong oilfield:

		1H 2012	1H 2011	Change
		(Tincy Group's share)		
Average benchmark end-market quotes:				
Dated Brent crude oil	(US$ per barrel)	**114.5**	111.8	▲ 2%
Average crude oil realised price	(US$ per barrel)	**100.0**	—	N/A
Sales volume	(barrels)	**101,000**	—	N/A
Revenue	(HK$ million)	**78.4**	—	N/A
Total production	(barrels)	**79,000**	111,000	▼ 29%
Daily production	(barrels)	**430**	610	▼ 29%

  Pilot production commenced in 4Q 2010 on Platform A, the first artificial island at the Yuedong oilfield. The maiden shipment of oil sales took place in August 2011.

  In 1Q 2012, oil production was affected as the hauling activities were constrained by weather and sea conditions.

- The construction of the onshore oil/water processing plant is approaching completion. The plant may start operation by the end of 2012.

- Construction of the three additional artificial islands commenced in 2010. The Group continued to make progress during the Period on construction.

  Construction of Platform B, the second artificial island, and production facilities there are expected to complete in 4Q 2012 followed by the commencement of oil production scheduled by the end of 2012.

  Construction of Platform C and Platform D, the remaining two artificial islands, is scheduled to progressively complete by the end of 2012 and 1H 2013 respectively and production facilities there by late 2013.

  Full production is expected to begin by 2015.

- Capital expenditure will continue to be required in respect of the outstanding construction and net cash flow contribution to the Group is expected to come after full production has begun 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 in Mangistau Oblast, Kazakhstan (the "**Karazhanbas oilfield**") until 2020.

  As at 31 December 2011, the Karazhanbas oilfield had estimated proved oil reserves of 285.9 million barrels as determined in accordance with the standards of the PRMS.

- During the Period, the segment result of CITIC Oil & Gas was a profit of HK$528.3 million (2011: HK$517.2 million), representing an increase of 2%. The following table shows a comparison of the performance of the Karazhanbas oilfield:

		1H 2012 (50%)	1H 2011 (50%)	Change
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	**112.1**	108.2	▲ 4%
Dated Brent crude oil	(US$ per barrel)	**114.5**	111.8	▲ 2%
Average crude oil realised price	(US$ per barrel)	**100.5**	95.9	▲ 5%
Sales volume	(barrels)	**3,825,000**	3,529,000	▲ 8%
Revenue	(HK$ million)	**2,981.9**	2,633.8	▲ 13%
Total production	(barrels)	**3,356,000**	3,259,000	▲ 3%
Daily production	(barrels)	**18,500**	18,000	▲ 3%

  Increase in revenue was attributable to an increase in oil prices and sales volume as compared to 1H 2011. Oil production slightly increased by 3% in the Period compared to 1H 2011.

- Mineral extraction tax ("**MET**") is charged at progressive rates based on production volume and classified as cost of sales. The rent tax is charged on export revenue while the export duty is charged at US$40 per tonne of oil exported, both being classified as selling costs.

  Overall cost of sales increased by 31% as compared to 1H 2011, attributable to an increase in MET by 25% (as a result of higher oil prices and applicable MET rate) as well as other rising cost factors such as salaries and wages; repairs and maintenance; material and supplies; depreciation, depletion and amortisation; and electricity, gas and water supply.

  During the Period, transportation costs increased by 34% while rent tax also increased by 8% resulting from higher export revenue. In 1H 2011, there was the Customs Duty Claim (as described below), which together with the rent tax and the export duty elevated selling costs significantly. Excluding the Customs Duty Claim, the selling costs would have increased by 15% in the Period as compared to 1H 2011.

  During the Period, average lifting costs increased to US$17.2 (2011: US$14.1) per barrel, being a 22% increase compared to 1H 2011. The increase was mainly caused by the rising salaries and wages; repairs and maintenance; material and supplies; and electricity, gas and water supply.

- In 2009, the customs authority of Kazakhstan conducted a customs audit on KBM and issued a claim against KBM (the "**Customs Duty Claim**"). 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 handed down in 2011. KBM's payment will not be refunded nor will there be any further payment. Therefore, in 1H 2011, the paid customs duty and related penalties totalling HK$151.0 million were respectively charged to selling costs and administrative expenses.

Liquidity, Financial Resources and Capital Structure

Cash

As at 30 June 2012, the Group had cash and cash equivalents of HK$9,002.2 million.

In May 2012, the Group paid the relevant tax of A$150.5 million (HK$1,216.5 million) arising from the gain on the disposal of its entire interest in Macarthur Coal.

Borrowings

As at 30 June 2012, the Group had total debt of HK$12,051.7 million, which comprised:

- secured bank loan of HK$382.2 million;
- unsecured bank loans of HK$3,726.9 million;
- secured other loans of HK$2.5 million;
- unsecured other loan of HK$288.6 million;
- finance lease payables of HK$46.3 million; and
- bond obligations of HK$7,605.2 million.

The secured bank loan was secured by the Group's 22.5% participating interest in the PAS JV.

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 "**Existing Loan**"). The outstanding balance of the Existing Loan as at 30 June 2012 was US$175 million (HK$1,365 million).

In June 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of the New Loan, being an unsecured 3-year term loan facility of US$380 million (HK$2,964 million). Proceeds of the New Loan will be applied to refinance the final principal repayment instalment of the Existing Loan, being US$140 million (HK$1,092 million), and to finance the general corporate funding requirements of the Company. There was no outstanding balance under the New Loan as at 30 June 2012.

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. 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 2012, the Group's net debt to net total capital was 17.3% (31 December 2011: 9.7%). Of the total debt, HK$3,264.0 million was repayable within one year, the major of which being trade finance related and of a periodic renewal nature.

Share capital

There was no movement in the share capital of the Group during the 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. The purpose is to manage the foreign currency risk, price risk, interest rate risk and inflation risk arising from the Group's operations and its sources of finance.

New investment

There was no new 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 2012, the Group had around 4,600 full time employees, including management and administrative staff. Most of the Group's employees are employed in Kazakhstan, the PRC and Indonesia while the others are employed in Australia and Hong Kong.

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Kazakhstan and Indonesia.

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 employer contributions 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.

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 Code on Corporate Governance Practices (on and before 31 March 2012) and the Corporate Governance Code (since 1 April 2012) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for code provision A.6.7 because a non-executive director of the Company was unable to attend the annual general meeting of the Company held on 29 June 2012 due to other important business engagements.

Model Code for Securities Transactions by Directors

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

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

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

As at 30 June 2012, 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. Sun Xinguo *	Directly beneficially owned	5,883,500	—	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

* Mr. Sun ceased to be a director of the Company from 1 September 2012.

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
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 2012, 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			Date of grant [3]	Exercise period	Exercise price per share HK$
	At 1 January 2012	Re-classification during the Period [1]	At 30 June 2012 [2]			
Directors of the Company						
Mr. Mi Zengxin	10,594,315	(10,594,315)	—			
Mr. Zeng Chen	5,297,158	—	5,297,158	02-06-2005	02-06-2006 to 01-06-2013	1.018
Mr. Zeng Chen	5,301,374	—	5,301,374	28-12-2005	28-12-2006 to 27-12-2013	1.000
Ms. Li So Mui	2,165,524	—	2,165,524	02-06-2005	02-06-2006 to 01-06-2013	1.018
Mr. Zhang Jijing	10,594,315	—	10,594,315	02-06-2005	02-06-2006 to 01-06-2013	1.018
	33,952,686	(10,594,315)	**23,358,371**			
Eligible participants	—	10,594,315	10,594,315	02-06-2005	02-06-2006 to 01-06-2013	1.018
	1,106,093	—	1,106,093	02-06-2005	02-06-2006 to 01-06-2013	1.018
	1,106,093	10,594,315	**11,700,408**			
	35,058,779	—	**35,058,779**			

Notes:

(1) The share options granted to Mr. Mi Zengxin have been re-classified to "Eligible participants" on 1 March 2012 when he ceased to be a director of the Company.

(2) No share option lapsed or was granted, exercised or cancelled during the Period.

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

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

As at 30 June 2012, 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
中國中信集團有限公司	Corporate	4,643,601,697 (1)	59.04
中國中信股份有限公司	Corporate	3,893,187,904 (2)	49.50
CITIC Projects Management (HK) Limited	Corporate	3,864,137,904 (3)	49.13
Keentech Group Limited	Corporate	3,864,137,904 (4)	49.13
CITIC Australia Pty Limited	Corporate	750,413,793 (5)	9.54
Temasek Holdings (Private) Limited	Corporate	901,909,243 (6)	11.47
Temasek Capital (Private) Limited	Corporate	576,247,750 (7)	7.33
Seletar Investments Pte. Ltd.	Corporate	576,247,750 (8)	7.33
Baytree Investments (Mauritius) Pte. Ltd.	Corporate	576,247,750 (9)	7.33

Notes:

(1) The figure represents an attributable interest of 中國中信集團有限公司 (CITIC Group Corporation) ("**CITIC Group**") through its interest in 中國中信股份有限公司 (CITIC Limited) ("**CITIC Limited**") and CITIC Australia Pty Limited ("**CA**"). CITIC Group is a company established in the PRC.

(2) The figure represents an attributable interest of CITIC Limited through its interest in CITIC Projects Management (HK) Limited ("**CITIC Projects**") and an indirect interest in Extra Yield International Ltd. ("**Extra Yield**"), which holds 29,050,000 shares representing 0.37% of the total issued share capital of the Company. CITIC Limited, a company established in the PRC, is a direct wholly-owned subsidiary of CITIC Group. Extra Yield, a company incorporated in the British Virgin Islands (the "**BVI**"), is an indirect wholly-owned subsidiary of CITIC Limited.

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

(4) Keentech, a company incorporated in the BVI, is a direct wholly-owned subsidiary of CITIC Projects.

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

(6) 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.

(7) 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.

(8) 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.

(9) 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 2012, 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.

Specific Performance Obligations on Controlling Shareholder of the Company

The following disclosures are made in compliance with the disclosure requirements under rule 13.21 of the Listing Rules.

In January 2008, the Company, as borrower, entered into a facility agreement (the "**Existing Agreement**") with a syndicate of financial institutions as lenders (the "**Existing Lenders**") in respect of the Existing Loan, being an unsecured 5-year term loan facility of US$280 million (HK$2,184 million). Pursuant to the provisions of the Existing Agreement, if CITIC Group ceases to remain (directly or indirectly) the single largest shareholder of the Company, or ceases to beneficially (directly or indirectly) own at least 40% of the entire issued share capital of the Company, such event would, although not a breach of the Existing Agreement, entitle the Existing Lenders, subject to approval of the Existing Lenders whose aggregate participations in the Existing Loan then outstanding are 66-2/3% or more of the Existing Loan, to require mandatory prepayment of monies borrowed by the Company under the Existing Loan.

In June 2012, the Company, as borrower, entered into a facility agreement (the "**New Agreement**") with a syndicate of financial institutions as lenders (the "**New Lenders**") in respect of the New Loan, being an unsecured 3-year term loan facility of US$380 million (HK$2,964 million). Pursuant to the provisions of the New Agreement, if CITIC Group ceases to remain (directly or indirectly) the single largest shareholder of the Company, or ceases to beneficially (directly or indirectly) own at least 35% of the entire issued share capital of the Company, such event would, although not a breach of the New Agreement, entitle the New Lenders, subject to approval of the New Lenders whose aggregate participations in the New Loan then outstanding are 66-2/3% or more of the New Loan, to require mandatory prepayment of monies borrowed by the Company under the New Loan.

Update on Directors' Information

The following are changes in the information of the directors since the date of the 2011 annual report of the Company required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

With effect from 20 June 2012, Mr. Zhang Jijing ceased to act as a non-executive director of CITIC Securities Company Limited (Stock Code: 6030) listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange.

Also, Mr. Zhang ceased to act as the head of the Strategy & Planning Department of CITIC Limited with effect from 10 August 2012.

Review of Accounts

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

On behalf of the Board
Zeng Chen
Vice Chairman and Chief Executive Officer

Hong Kong, 24 August 2012

Investor Relations Contact

Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong
Attention : Investor Relations Department
Telephone : (852) 2899 8200
Facsimile : (852) 2815 9723
E-mail : ir@citicresources.com

投資者關係聯絡

香港金鐘道88號太古廣場一座30樓3001-3006室
聯絡 : 投資者關係部
電話 : (852) 2899 8200
傳真 : (852) 2815 9723
電郵 : ir@citicresources.com

Design and Production: i.Link Group Limited **www.ilinkfin.com**