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

EYES ON **FUTURE**

INTERIM REPORT 2013 中期報告

Import and Export of Commodities
An import and export of commodities business, based on strong expertise and an established marketing network, with a focus on international trade.

Oil Major income driver with steady production and development in oilfields located in Kazakhstan, China and Indonesia.

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. We also hold an equity interest in Alumina Limited (ASX: AWC), one of the Australia's leading companies with significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations.

Coal A 14% participating interest in the Coppabella and Moorvale coal mines joint venture, a major supplier of low volatile pulverized coal injection coal in the international seaborne market, and certain interests in a number of coal exploration joint ventures in Australia with significant resource potential.

Manganese Single largest shareholder of CITIC Dameng Holdings Limited (SEHK: 1091), one of the largest vertically integrated manganese producers in the world.

Contents

目錄

Corporate Information

Board of Directors

Executive Directors

Mr. Kwok Peter Viem *(Chairman)* *
Mr. Zeng Chen
(Vice Chairman 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. Hu Weiping
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. Kwok Peter Viem
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

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank Corporation
China Development Bank Corporation
Mizuho Bank, Ltd.

* appointed on 22 July 2013

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 2013 (the "**Period**").

Condensed Consolidated Income Statement

	Notes	2013	2012 Restated
REVENUE	4	**21,327,652**	21,835,783
Cost of sales		**(21,005,831)**	(21,451,825)
Gross profit		**321,821**	383,958
Other income and gains	5	**451,008**	301,671
Selling and distribution costs		**(10,536)**	(25,105)
General and administrative expenses		**(171,382)**	(176,798)
Other expenses, net		**(315,803)**	(474)
Finance costs	6	**(333,981)**	(381,623)
Share of profit of associates and a joint venture	12	**205,752**	271,939
PROFIT BEFORE TAX	7	**146,879**	373,568
Income tax	8	**(51,350)**	(151,981)
PROFIT FOR THE PERIOD		**95,529**	221,587
ATTRIBUTABLE TO:			
Shareholders of the Company		**104,347**	228,086
Non-controlling interests		**(8,818)**	(6,499)
		95,529	221,587
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9	**HK cents**	HK cents
Basic		**1.33**	2.90
Diluted		**1.33**	2.90

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Comprehensive Income

	2013	2012 Restated
PROFIT FOR THE PERIOD	**95,529**	221,587
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(12,778)**	(7,226)
Income tax effect	**3,834**	2,168
	(8,944)	(5,058)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**1,007,002**	(22,943)
Reclassification adjustment for gains included in the condensed consolidated income statement	**(237,335)**	—
Income tax effect	**(179,876)**	6,882
	589,791	(16,061)
Exchange differences on translation of foreign operations	**51,849**	(39,664)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**632,696**	(60,783)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**728,225**	160,804
ATTRIBUTABLE TO:		
Shareholders of the Company	**730,971**	167,303
Non-controlling interests	**(2,746)**	(6,499)
	728,225	160,804

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2013 Unaudited	31 December 2012 Audited Restated
NON-CURRENT ASSETS			
Property, plant and equipment	11	**8,274,645**	7,014,945
Prepaid land lease payments		**22,610**	22,874
Goodwill		**24,682**	24,682
Other assets		**172,616**	198,385
Investments in associates and a joint venture	12	**6,198,561**	3,749,870
Available-for-sale investments	13	**13,267**	26,047
Prepayments, deposits and other receivables	14	**451,179**	387,790
Derivative financial instruments	15	**1,195,573**	114,801
Deferred tax assets		**128,649**	122,146
Total non-current assets		**16,481,782**	11,661,540
CURRENT ASSETS			
Inventories		**867,150**	821,990
Trade receivables	16	**1,750,221**	1,849,673
Prepayments, deposits and other receivables	14	**3,340,516**	3,388,573
Equity investments at fair value through profit or loss	17	**3,029**	3,029
Derivative financial instruments	15	**33,110**	489
Other assets		**—**	194,970
Cash and cash equivalents		**4,973,111**	8,387,248
Total current assets		**10,967,137**	14,645,972
CURRENT LIABILITIES			
Accounts payable	18	**591,435**	822,541
Tax payable		**—**	97,253
Accrued liabilities and other payables		**302,766**	562,952
Derivative financial instruments	15	**106,134**	3,042
Bank and other borrowings	19	**917,161**	1,106,757
Finance lease payables	20	**17,470**	9,623
Bond obligations	21	**6,176,842**	—
Provisions		**194,468**	49,996
Total current liabilities		**8,306,276**	2,652,164
NET CURRENT ASSETS		**2,660,861**	11,993,808
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,142,643**	23,655,348

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2013 Unaudited	31 December 2012 Audited Restated
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,142,643**	23,655,348
NON-CURRENT LIABILITIES			
Bank and other borrowings	19	**3,558,630**	1,341,101
Finance lease payables	20	**65,445**	33,760
Bond obligations	21	**—**	7,619,686
Deferred tax liabilities		**879,504**	674,687
Derivative financial instruments	15	**81,439**	195,907
Provisions		**427,694**	390,033
Other payable		**47,748**	53,460
Total non-current liabilities		**5,060,460**	10,308,634
NET ASSETS		**14,082,183**	13,346,714
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	22	**393,426**	393,287
Reserves		**13,572,959**	12,834,883
		13,966,385	13,228,170
Non-controlling interests		**115,798**	118,544
TOTAL EQUITY		**14,082,183**	13,346,714

Condensed Consolidated Statement of Changes in Equity

	Issued capital	Share premium account	Contributed surplus	Capital reserve	Exchange fluctuation reserve
At 1 January 2012:					
As previously reported	393,287	9,718,600	72,688	(38,579)	(173,265)
Prior year adjustments	—	—	—	—	—
As restated	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)
At 1 January 2013:					
As previously reported	**393,287**	**9,718,600**	**72,688**	**(38,579)**	**(3,566)**
Prior year adjustments	**—**	**—**	**—**	**—**	**—**
As restated	**393,287**	**9,718,600**	**72,688**	**(38,579)**	**(3,566)**
Total comprehensive income/(loss) for the Period	**—**	**—**	**—**	**—**	**45,777**
Issue of shares upon the exercise of share options	**139**	**3,315**	**—**	**—**	**—**
Transfer of share option reserve upon the lapse of share options	**—**	**—**	**—**	**—**	**—**
Share of other reserve movements of an associate	**—**	**—**	**—**	**—**	**—**
At 30 June 2013 (Unaudited)	**393,426**	**9,721,915 ***	**72,688 ***	**(38,579) ***	**42,211 ***

* These reserve accounts comprise the consolidated reserves of HK$13,572,959,000 (31 December 2012: HK$12,834,883,000 (restated)) 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
8,301	249,556	47,989	11,892	4,099,456	14,389,925	435,153	14,825,078
—	—	—	—	(103,649)	(103,649)	(302,323)	(405,972)
8,301	249,556	47,989	11,892	3,995,807	14,286,276	132,830	14,419,106
(5,058)	(16,061)	—	—	228,086	167,303	(6,499)	160,804
—	—	7,490	1,847	(1,847)	7,490	—	7,490
3,243	233,495	55,479	13,739	4,222,046	14,461,069	126,331	14,587,400
3,471	**295,756**	**62,730**	**18,823**	**2,811,571**	**13,334,781**	**405,839**	**13,740,620**
—	**—**	**—**	**—**	**(106,611)**	**(106,611)**	**(287,295)**	**(393,906)**
3,471	**295,756**	**62,730**	**18,823**	**2,704,960**	**13,228,170**	**118,544**	**13,346,714**
(8,944)	**589,791**	**—**	**—**	**104,347**	**730,971**	**(2,746)**	**728,225**
—	**—**	**(614)**	**—**	**—**	**2,840**	**—**	**2,840**
—	**—**	**(5,933)**	**—**	**5,933**	**—**	**—**	**—**
—	**—**	**4,404**	**6,710**	**(6,710)**	**4,404**	**—**	**4,404**
(5,473) *	**885,547 ***	**60,587 ***	**25,533 ***	**2,808,530 ***	**13,966,385**	**115,798**	**14,082,183**

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Cash Flows

	2013	2012 Restated
Net cash flow used in operating activities	**(221,886)**	(1,356,940)
Net cash flow used in investing activities	**(4,407,277)**	(592,980)
Net cash flow from/(used in) financing activities	**216,616**	(437,094)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,412,547)**	(2,387,014)
Cash and cash equivalents at 1 January	**8,387,248**	10,456,728
Effect of foreign exchange rate changes, net	**(6,582)**	(5,411)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**3,968,119**	8,064,303
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**1,024,548**	1,566,018
Non-pledged time deposits	**3,948,563**	6,948,209
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**4,973,111**	8,514,227
Non-pledged time deposits with original maturity of more than three months when acquired	**(1,004,992)**	(449,924)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**3,968,119**	8,064,303

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 (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These Financial Statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2012.

The accounting policies and methods of computation used in the preparation of these Financial Statements are consistent with the financial statements of the Group for the year ended 31 December 2012, except for the adoption of new and revised standards and interpretations with effect from 1 January 2013 as detailed in note 2 below.

These Financial Statements were approved and authorised for issue by the Board on 23 August 2013.

2. Changes in Accounting Policy and Disclosures

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

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

Other than as further explained below regarding the impact of HKFRS 11, HKFRS 13, amendments to HKAS 1, HK(IFRIC) – Int 20 and amendments to HKAS 34 as part of the Annual Improvements to HKFRSs – 2009 - 2011 Cycle, the adoption of the new and revised HKFRSs has had no significant financial effect on these Financial Statements.

2. Changes in Accounting Policy and Disclosures (continued)

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK(SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e. joint operations and joint ventures, and removes the option to account for joint ventures using the proportionate consolidation method. Upon the adoption of HKFRS 11, the Group is required to retrospectively account for its investment in a joint venture using the equity method. The effect of HKFRS 11 is described in more detail in note 12, which includes quantification of the effect on these Financial Statements.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. The application of HKFRS 13 has not materially impacted the fair value measurements carried out by the Group.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specially required for financial instruments by HKAS 34 Interim Financial Reporting, thereby affecting these Financial Statements. Details of these disclosures have been included in note 28.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gain and loss on defined benefit plans and revaluation of land and buildings). The amendments have been applied retrospectively, with the presentation of items of other comprehensive income modified to reflect the changes. Other than the said presentation changes, the amendments did not have any impact on the Group's financial position or performance.

HK(IFRIC) – Int 20 clarifies when an entity should recognise production phase waste removal (stripping) costs (production stripping costs) incurred in relation to a surface mining operation as an asset. Such an asset is referred to as a stripping activity asset. The interpretation is effective for annual reporting periods beginning on or after 1 January 2013. In accordance with the transitional provisions of HK(IFRIC) – Int 20, this new policy has been applied prospectively by the Group from the start of the comparative period, being 1 January 2012. As a result of the adoption of this interpretation, the Group has determined that deferred stripping costs of HK$152,302,000, previously recognised as inventories of HK$140,886,000 and prepayments of HK$11,416,000, as at 31 December 2012 did not meet the recognition criteria set out in HK(IFRIC) – Int 20 as they related to components of ore body that had already been extracted. Accordingly, a prior year adjustment has been made to derecognise these deferred stripping costs via retained profits. Opening retained profits as at 1 January 2012 and net profit for the year ended 31 December 2012 have been reduced by HK$103,649,000 and HK$2,962,000, respectively. There was a deferred tax effect of HK$45,691,000 in respect of this adjustment.

2. Changes in Accounting Policy and Disclosures (continued)

The HKAS 34 Amendments clarify the requirements in the standard relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements of HKFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker (the "**CODM**") and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The Group provides this disclosure as total segment assets were reported to the CODM. As a result of these amendments, the Group now also includes disclosure of total segment liabilities as these are reported to the CODM. Details of these disclosures have been included in note 4.

In addition, CITIC Resources Australia Pty Limited ("**CRA**"), an indirect wholly-owned subsidiary of the Company, and its subsidiaries (collectively the "**CRA Group**") have changed their functional currency from the Australian dollar ("**A$**") to the United States dollar ("**US$**") from 1 January 2013. The CRA Group is principally engaged in the operation of the Portland Aluminium Smelter (the "**PAS**"), the operation of coal mines and the sale of coal, and the import and export of various commodity products in Australia. In the opinion of the directors, this change in functional currency better reflects the nature of the operations within the CRA Group as most of its sales and purchases are transacted in US$. In addition, key new strategic investments have been assessed and will be reported in US$ going forward. The effect of this change has been accounted for prospectively by the CRA Group. The entities comprising the CRA Group have translated all their financial statement items into US$ using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items have been treated as their historical costs.

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

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

HKFRS 9	Financial Instruments [2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities [1]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [1]
HKAS 36 Amendments	Impairment of Assets [1]
HK(IFRIC) – Int 21	Levies [1]

1 Effective for annual periods beginning on or after 1 January 2014
2 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 12 and HKAS 27 (2011) Amendments, HKAS 36 Amendments and HK(IFRIC) – Int 21 may result in a change in accounting policy and the adoption of HKAS 32 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 PAS which sources alumina and produces aluminium ingots in Australia;

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

(c) the import and export of commodities segment comprises the export of various commodity products such as aluminium ingots, coal, iron ore, alumina and copper; and the import of other 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 Indonesia and China.

The management monitors the results of the Group's operating segments separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) on derivative financial instruments not relating to the operations, share of profit of associates and a joint venture as well as head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude tax payable, derivative financial instruments, bank and other borrowings, finance lease payables, bond obligations, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

HK$'000

4. Operating Segment Information (continued)

Six months ended 30 June Unaudited	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
2013					
Segment revenue:					
Sales to external customers	**538,216**	**344,721**	**20,341,787**	**102,928**	**21,327,652**
Other income	**129,714**	**31**	**20,966**	**1,151**	**151,862**
	667,930	**344,752**	**20,362,753**	**104,079**	**21,479,514**
Segment results	**123,133**	**(22,404)**	**233,278**	**(78,399)**	**255,608**
Reconciliation:					
Interest income and unallocated gains					**299,146**
Unallocated expenses					**(279,646)**
Unallocated finance costs					**(333,981)**
Share of profit of associates and a joint venture					**205,752**
Profit before tax					**146,879**
2012 (Restated)					
Segment revenue:					
Sales to external customers	651,564	221,975	20,767,326	194,918	21,835,783
Other income	8,261	11,345	23,073	1,098	43,777
	659,825	233,320	20,790,399	196,016	21,879,560
Segment results	4,055	7,548	331,213	(43,053)	299,763
Reconciliation:					
Interest income and unallocated gains					257,894
Unallocated expenses					(74,405)
Unallocated finance costs					(381,623)
Share of profit of associates and a joint venture					271,939
Profit before tax					373,568

	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment assets					
30 June 2013 (Unaudited)	**1,248,546**	**1,755,825**	**2,014,738**	**6,686,110**	**11,705,219**
31 December 2012 (Audited and restated)	1,429,355	920,006	2,248,289	6,290,916	10,888,566
Segment liabilities					
30 June 2013 (Unaudited)	**502,078**	**423,695**	**334,956**	**203,447**	**1,464,176**
31 December 2012 (Audited and restated)	659,996	223,446	590,829	304,137	1,778,408

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:

	2013	2012 Restated
Interest income	**55,098**	168,532
Handling service fees	**20,708**	22,808
Gain on disposal of items of property, plant and equipment	**—**	1,767
Sale of scrap	**3,126**	2,914
Fair value gains on derivative financial instruments	**367,840**	97,987
Others	**4,236**	7,663
	451,008	301,671

6. Finance Costs

An analysis of finance costs is as follows:

	2013	2012 Restated
Interest expense on bank and other borrowings	**101,875**	105,045
Interest expense on fixed rate senior notes, net	**219,169**	261,934
Interest expense on finance leases	**2,327**	1,802
Total interest expense on financial liabilities not at fair value through profit or loss	**323,371**	368,781
Amortisation of fixed rate senior notes	**9,661**	11,513
	333,032	380,294
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**584**	1,019
Others	**365**	310
	333,981	381,623

7. Profit before Tax

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

	2013	2012 Restated
Depreciation	**127,015**	96,279
Amortisation of other asset	**25,769**	25,914
Amortisation of prepaid land lease payments	**623**	—
Loss on disposal/write-off of items of property, plant and equipment *	**362**	503
Exchange losses/(gains), net *	**168,264**	(16,508)
Loss on repurchase of fixed rate senior notes *	**91,498**	—
Loss on purchase of fixed rate senior notes *	**2,052**	2,722

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

Six months ended 30 June | Unaudited HK$'000

8. Income Tax

	2013	2012 Restated
Current:		
Hong Kong	—	—
Elsewhere	**28,566**	139,279
Deferred	**22,784**	12,702
Total tax expense for the period	**51,350**	151,981

The statutory tax rate of Hong Kong profits tax was 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the Period. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong for the Period (2012: 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 was provided at the statutory rate of 30% (2012: 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% (2012: 30%) during the Period. The Group's subsidiary owning a participating interest in the oil and gas properties in Indonesia was subject to branch tax at the effective tax rate of 14% (2012: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2012: 25%). No provision for China corporate income tax was made as the Group had no taxable profits arising in China during the Period.

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

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

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

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

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

	2013	2012
Earnings		
Profit attributable to ordinary shareholders of the Company used in the basic earnings per share calculation	**104,347**	228,086

HK$'000

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

Six months ended 30 June Unaudited	Number of shares 2013	2012
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**7,866,199,580**	7,865,737,149
Effect of dilution – weighted average number of ordinary shares: share options	**1,290,461**	6,104,696
	7,867,490,041	7,871,841,845

10. Dividend

The Board has resolved not to pay an interim dividend for the Period (2012: Nil).

11. Property, Plant and Equipment

During the Period, the Group acquired property, plant and equipment in an aggregate cost of HK$1,332,864,000 (six months ended 30 June 2012: HK$362,082,000 (restated)) and disposed of property, plant and equipment having an aggregate carrying amount of HK$2,226,000 (six months ended 30 June 2012: HK$1,915,000 (restated)).

12. Investments in Associates and a Joint Venture

	Notes	30 June 2013 Unaudited	31 December 2012 Audited Restated
Investments in associates	(a)		
Share of net assets		**4,447,812**	2,237,233
Goodwill on acquisition		**1,089,808**	1,089,808
		5,537,620	3,327,041
Impairment		**(1,502,000)**	(1,502,000)
		4,035,620	1,825,041
Investment in a joint venture	(b)		
Share of net assets		**3,562,876**	3,324,764
Impairment		**(1,399,935)**	(1,399,935)
		2,162,941	1,924,829
Total		**6,198,561**	3,749,870

HK$'000

12. Investments in Associates and a Joint Venture (continued)

Notes:

(a) **Acquisition of equity interest in Alumina Limited**

During the Period, CRA acquired ordinary shares of Alumina Limited ("**Alumina**") for an aggregate consideration of A$278,988,000 (HK$2,253,700,000). Alumina is a leading Australian company listed on the Australian Securities Exchange and the New York Stock Exchange.

(b) **Transition to HKFRS 11**

The Group has a 50% interest in CITIC Canada Energy Limited ("**CCEL**"). CCEL is an investment holding company and its subsidiaries are principally engaged in the exploration, development, production and sale of oil and provision of oilfield related services in Kazakhstan. Under HKAS 31 Interests in Joint Ventures (prior to the transition to HKFRS 11), the Group's interest in CCEL was classified as a jointly-controlled entity and the Group's proportionate share of the assets, liabilities, revenue, income and expenses were consolidated in the financial statements of the Group. Upon the adoption of HKFRS 11, the Group has determined its interest to be a joint venture and it is required to be accounted for using the equity method. The effect of applying HKFRS 11 is as follows:

Impact on the condensed consolidated income statement	Six months ended 30 June 2012
Decrease in revenue	(2,981,905)
Decrease in cost of sales	1,307,028
Decrease in gross profit	(1,674,877)
Increase in other income and gains	18
Decrease in selling and distribution costs	1,022,312
Decrease in general and administrative expenses	126,901
Increase in other expenses, net	(5,153)
Decrease in finance costs	38,256
Increase in share of profit of a joint venture	326,447
Decrease in profit before tax	**(166,096)**
Decrease in income tax	147,730
Net impact on profit for the period	**(18,366)**
Decrease in profit attributable to non-controlling interests	18,366
Net impact on profit attributable to shareholders of the Company	**—**

Impact on the condensed consolidated statement of financial position	31 December 2012
Decrease in property, plant and equipment	(7,177,578)
Increase in investment in a joint venture	1,924,829
Decrease in inventories	(323,411)
Decrease in trade receivables	(466,509)
Increase in prepayments, deposits and other receivables	2,563,021
Decrease in tax recoverable	(97,318)
Decrease in cash and cash equivalents	(133,102)
Decrease in accounts payable	141,249
Decrease in tax payable	71,849
Decrease in accrued liabilities and other payables	518,851
Decrease in provisions	752,636
Decrease in bank and other borrowings	965,735
Decrease in deferred tax liabilities	972,453
Net impact on equity	**(287,295)**
Decrease in equity attributable to non-controlling interests	287,295
Net impact on equity attributable to shareholders of the Company	**—**

Impact on the condensed consolidated statement of cash flows	Six months ended 30 June 2012
Decrease in net cash flow from operating activities	(441,146)
Decrease in net cash flow used in investing activities	99,253
Decrease in net cash flow used in financing activities	173,919
Increase in net decrease in cash and cash equivalents	**(167,974)**

There was no impact on the basic or diluted earnings per share.

HK$'000

13. Available-for-sale Investments

	30 June 2013 Unaudited	31 December 2012 Audited
Non-current equity investments:		
Listed equity investments in Australia, at fair value	**13,267**	26,047

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

14. Prepayments, Deposits and Other Receivables

	30 June 2013 Unaudited	31 December 2012 Audited Restated
Prepayments	**295,473**	283,683
Current portion of prepaid land lease payments	**1,256**	1,237
Deposits and other receivables	**3,494,966**	3,491,443
	3,791,695	3,776,363
Portion classified as current assets	**(3,340,516)**	(3,388,573)
Non-current portion	**451,179**	387,790

Included in the other receivables was an amount due from CCEL of HK$2,989,308,000 (31 December 2012: HK$2,986,919,000 (restated)), which was interest free and repayable on demand.

None of the above assets was either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

15. Derivative Financial Instruments

	30 June 2013 Unaudited		31 December 2012 Audited	
	Assets	Liabilities	Assets	Liabilities
Forward currency contracts	**26,545**	**104,687**	19	171
Forward commodity contracts	**6,565**	**—**	470	—
Interest rate swap contracts	**—**	**1,447**	—	2,871
Derivative financial instrument – embedded derivative	**—**	**81,439**	—	195,907
EHA (as defined in note 28)	**1,195,573**	**—**	114,801	—
	1,228,683	**187,573**	115,290	198,949
Portion classified as non-current portion:				
Derivative financial instrument – embedded derivative	**—**	**(81,439)**	—	(195,907)
EHA (as defined in note 28)	**(1,195,573)**	**—**	(114,801)	—
Non-current portion	**(1,195,573)**	**(81,439)**	(114,801)	(195,907)
Current portion	**33,110**	**106,134**	489	3,042

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.

HK$'000

16. 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 2013 Unaudited	31 December 2012 Audited Restated
Within one month	**594,572**	561,160
One to two months	**456,601**	574,456
Two to three months	**107,909**	418,939
Over three months	**591,139**	295,118
	1,750,221	1,849,673

Included in the trade receivables was an amount due from the Group's fellow subsidiary of HK$10,843,000 (31 December 2012: HK$324,315,000), 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.

17. Equity Investments at Fair Value through Profit or Loss

	30 June 2013 Unaudited	31 December 2012 Audited
Unlisted equity investments, at fair value:		
Australia	**3,029**	3,029

The above equity investments are classified as held for trading.

18. 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 2013 Unaudited	31 December 2012 Audited Restated
Within one month	**555,018**	822,541
One to three months	**—**	—
Over three months	**36,417**	—
	591,435	822,541

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

HK$'000

19. Bank and Other Borrowings

	Notes	30 June 2013 Unaudited	31 December 2012 Audited Restated
Bank loans:			
– secured @	(a)	—	358,821
– unsecured #	(b)	**4,185,937**	1,799,036
Other loans:			
– secured *	(c)	**1,254**	1,384
– unsecured #	(d)	**288,600**	288,617
		4,475,791	2,447,858

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

Notes:

(a) As at 31 December 2012, the secured bank loan was a loan of US$46,000,000 (HK$358,821,000), which was 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 (the "**PAS JV**"). The loan was fully prepaid during the Period.

(b) The unsecured bank loans include:

(i) trade finance totalling A$39,694,000 (HK$287,168,000) and US$78,608,000 (HK$613,139,000), which is interest-bearing at LIBOR (or cost of funds) plus margin; and

(ii) loans totalling US$421,235,000 (HK$3,285,630,000), which are interest-bearing at LIBOR plus margin and include US$14,695,000 (HK$114,620,000) from China CITIC Bank International Limited.

(c) The secured other loan is a loan of A$173,000 (HK$1,254,000) obtained from the manager of the Coppabella and Moorvale coal mines joint venture, which is interest-bearing at 6% p.a. and repayable by 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 therefore a fellow subsidiary of the Company, which is interest-bearing at LIBOR plus 1.5% p.a. and repayable by instalments by 2 September 2017.

	30 June 2013 Unaudited	31 December 2012 Audited Restated
Bank loans repayable:		
Within one year or on demand	**900,307**	1,089,772
In the second year	**2,903,715**	—
In the third to fifth years, inclusive	**381,915**	1,068,085
	4,185,937	2,157,857
Other loans repayable:		
Within one year	**16,854**	16,985
In the second year	**15,600**	15,601
In the third to fifth years, inclusive	**257,400**	257,415
	289,854	290,001
Total bank and other borrowings	**4,475,791**	2,447,858
Portion classified as current liabilities	**(917,161)**	(1,106,757)
Non-current portion	**3,558,630**	1,341,101

HK$'000

20. 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 one to eight years.

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

	30 June 2013 Unaudited	31 December 2012 Audited
Amounts payable:		
Within one year	**22,322**	13,702
In the second year	**20,185**	7,954
In the third to fifth years, inclusive	**45,649**	23,613
Beyond five years	**9,855**	8,754
Total minimum finance lease payments	**98,011**	54,023
Future finance charges	**(15,096)**	(10,640)
Total net finance lease payables	**82,915**	43,383
Portion classified as current liabilities	**(17,470)**	(9,623)
Non-current portion	**65,445**	33,760

21. Bond Obligations

	30 June 2013 Unaudited	31 December 2012 Audited
Fixed rate senior notes, listed in Singapore	**6,176,842**	7,619,686
Portion classified as current liabilities	**(6,176,842)**	—
Non-current portion	**—**	7,619,686

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 6.75% senior notes due 2014 (the "**Notes**") at the issue price of 99.726% with interest payable semi-annually. The obligations of CR Finance under the Notes are guaranteed by the Company.

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 Group may incur additional indebtedness when it is in compliance with the terms and conditions of the Notes.

During the Period, CR Finance repurchased Notes in the principal amount of US$201,080,000 (HK$1,568,424,000) for an aggregate consideration of US$213,061,000 (HK$1,661,876,000) plus accrued interest. The Notes repurchased were cancelled, following which the outstanding principal amount of the Notes was US$798,920,000 (HK$6,231,576,000). The repurchase of the Notes resulted in a one-off expense of HK$91,498,000. During the Period, the Group also purchased certain Notes in the principal amount of US$4,664,000 (HK$36,379,000) at the prevailing market prices and recorded a loss of HK$2,052,000 in total.

HK$'000

22. Share Capital

	30 June 2013 Unaudited	31 December 2012 Audited
Authorised: 10,000,000,000 (31 December 2012: 10,000,000,000) ordinary shares of HK$0.05 each	**500,000**	500,000
Issued and fully paid: 7,868,527,149 (31 December 2012: 7,865,737,149) ordinary shares of HK$0.05 each	**393,426**	393,287

During the Period, pursuant to the exercise of share options at an exercise price of HK$1.018 per share, the Company issued a total of 2,790,000 ordinary shares of HK$0.05 each for a total cash consideration, before expenses, of about HK$2,840,000. The new shares rank pari passu in all respects with the then existing shares of the Company.

23. Share Option Scheme

On 30 June 2004, a new share option scheme (the "**New Scheme**") was adopted by the Group to replace the share option scheme which was adopted by the Company on 21 August 1997 (the "**Old Scheme**"). The Old Scheme was terminated on 30 June 2004. Pursuant to the New Scheme, the Company may grant options to eligible participants to subscribe for shares in the Company subject to the terms and conditions stipulated therein. The New Scheme remains in force until 29 June 2014 unless otherwise terminated in accordance with the terms stipulated therein.

During the Period, the movement of the share options held by the directors and other eligible participants was as follows:

	Weighted average exercise price per share HK$	Number of share options
At 1 January 2013	1.0153	35,058,779
Exercised	1.0180	(2,790,000)
Lapsed	1.0180	(26,967,405)
At 30 June 2013	1.0000	5,301,374

The weighted average closing price of the Company's shares at the exercise date of the share options exercised during the Period was HK$1.03 per share. No share option was exercised during the six months ended 30 June 2012.

The exercise price and exercise period of the share options outstanding as at 30 June 2013 were as follows:

Number of share options	Exercise price per share * HK$	Exercise period
5,301,374	1.000	28-12-2006 to 27-12-2013

* The exercise price of the share options is subject to adjustment in case of a rights issue or bonus issue, or other similar changes in the share capital of the Company.

HK$'000

24. Contingent Liabilities

In 2011, the Kazakhstan tax authorities (the "**Tax Authorities**") completed a tax inspection on JSC Karazhanbasmunai ("**KBM**"), an indirect wholly-owned subsidiary of CCEL, for the three years from 2006 to 2008. As a result, the Tax Authorities issued a tax assessment of KZT3,149,314,000 (HK$160,946,000) on KBM, representing underpaid taxes of KZT1,688,666,000 (HK$86,299,000), administration penalty of KZT880,961,000 (HK$45,022,000) and interest on late payment of KZT579,687,000 (HK$29,625,000).

The directors, based on the advice from KBM'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$27,616,000), KZT270,190,000 (HK$13,808,000) and KZT182,046,000 (HK$9,303,000), respectively.

On 23 February 2012, KBM filed an objection against the claim with the Specialised Interregional Economic Court of Mangistau Oblast (the "**Interregional Economic Court**"). On 21 May 2012, the Interregional Economic Court overruled the objection except for an amount of KZT648,000 (HK$33,000). On 1 June 2012, KBM filed an appeal to the Appellate Juridical Division of the Mangistau Oblast Court (the "**Appellate Juridical Division**") but the appeal was concluded on 17 July 2012 with an unfavourable decision. On 20 September 2012, the Cassational Juridical Division of the Mangistau Oblast Court (the "**Cassational Juridical Division**") ruled that the appeal made by KBM regarding the legitimacy of the tax inspection results be re-considered by the court of first instance. On 5 December 2012, the Interregional Economic Court overruled the objection except for an amount of KZT31,386,000 (HK$1,604,000). On 11 January 2013, KBM filed an appeal to the Appellate Juridical Division but such decision was ruled unchanged on 26 February 2013. On 27 March 2013, KBM filed an appeal to the Cassational Juridical Division but again such decision was ruled unchanged on 17 April 2013. The management of KBM has decided to lodge a final appeal with the Supreme Court of Kazakhstan later this year.

The directors still consider that KBM has justifiable arguments for its tax positions. Therefore, KBM did not make any additional provision during the Period for the remaining amounts under the tax assessment.

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.

25. 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 2013 Unaudited	31 December 2012 Audited
Within one year	**118,478**	126,629
In the second to fifth years, inclusive	**292,938**	337,809
Beyond five years	**88,960**	100,718
	500,376	565,156

HK$'000

26. Commitments

In addition to the operating lease commitments detailed in note 25 above, the Group's share of the capital expenditure commitments of the jointly-controlled assets of the Group was as follows:

	30 June 2013 Unaudited	31 December 2012 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**3,785,726**	4,226,373

In prior years, a subsidiary of the Company entered into a turnkey contract for the provision of integrated drilling in the Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, China, with a total contract amount of RMB3,496,000,000 (HK$4,417,895,000), of which RMB1,036,000,000 (HK$1,309,193,000) had been settled up to 30 June 2013. The contract amount is subject to the actual work confirmed by the Group and the contractor.

In addition, the Group's share of the capital expenditure commitments of the joint venture of the Group was as follows:

	30 June 2013 Unaudited	31 December 2012 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**233,721**	31,622
Authorised, but not contracted for:		
Minimum work programme	**236,044**	224,975

27. 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:

(a)

Six months ended 30 June Unaudited	Notes	2013	2012 Restated
Fellow subsidiaries:			
Sale of products	(i)	**521,113**	1,194,527
Interest expense	(ii)	**4,948**	2,904
Rental expense	(iii)	**2,052**	1,973
Ultimate holding company:			
Rental expense	(iii)	**1,163**	1,153
A joint venture:			
Rental income	(iv)	**775**	1,628

Notes:

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

(ii) The interest expense was charged on a US$ loan at 1.5% p.a. (2012: 1.5% p.a.) over LIBOR.

(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 rental income was received from a joint venture of the Group based on mutually agreed terms.

HK$'000

27. Related Party Transactions (continued)

(b) Compensation paid to senior management personnel of the Group was as follows:

Six months ended 30 June Unaudited	2013	2012
Salaries, allowances and benefits in kind	3,016	2,909
Pension scheme contributions	66	60
	3,082	2,969

(c) The Group had total future minimum lease payments under non-cancellable operating leases with related parties falling due as follows:

	30 June 2013 Unaudited	31 December 2012 Audited
Within one year	4,948	7,659
In the second to fifth years, inclusive	9,042	17,444
	13,990	25,103

28. Fair Value and Fair Value Hierarchy

The carrying amounts and fair values of the Group's financial instruments as at 30 June 2013 were as follows:

Unaudited	Carrying amounts	Fair values
Financial assets		
Available-for-sale investments	13,267	13,267
Financial assets included in prepayments, deposits and other receivables	3,362,272	3,362,272
Derivative financial instruments	1,228,683	1,228,683
Trade receivables	1,750,221	1,750,221
Equity investments at fair value through profit or loss	3,029	3,029
Cash and cash equivalents	4,973,111	4,973,111
	11,330,583	11,330,583
Financial liabilities		
Accounts payable	591,435	591,435
Financial liabilities included in accrued liabilities and other payables	288,702	288,702
Derivative financial instruments	187,573	187,573
Bank and other borrowings	4,475,791	4,448,101
Finance lease payables	82,915	79,100
Bond obligations	6,176,842	6,370,936
	11,803,258	11,965,847

30 June 2013 Unaudited HK$'000

28. Fair Value and Fair Value Hierarchy (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions are used to estimate the fair values.

(a) The fair values of financial assets included in prepayments, deposits and other receivables, trade receivables, cash and cash equivalents, accounts payable and financial liabilities included in accrued liabilities and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

(b) The fair values of bank and other borrowings as well as finance lease payables are calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

(c) The fair values of listed and unlisted equity investments and listed debt instruments are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit quality. Derivative financial instruments, including forward currency contracts, forward commodity contracts, interest rate swap contracts, an embedded derivative and an electricity hedge agreement are measured using valuation techniques similar to forward pricing and swap models, which means using present value calculations. The models incorporate various observable market inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The fair values of forward currency contracts, forward commodity contracts, interest rate swap contracts, an embedded derivative and an electricity hedge agreement are the same as their carrying amounts.

Fair value hierarchy

The following tables present the carrying value of financial instruments measured at fair value at the end of the reporting period across three levels of the fair value hierarchy. The levels are defined as follows:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

Assets measured at fair value:

	Level 1	Level 2	Level 3	Total
Available-for-sale investments:				
Listed equity investments	13,267	—	—	13,267
Derivative financial instruments	—	33,110	1,195,573	1,228,683
Equity investments at fair value through profit or loss	3,029	—	—	3,029
	16,296	33,110	1,195,573	1,244,979

Liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
Derivative financial instruments	—	106,134	81,439	187,573

Quoted market prices represent the fair values determined based on quoted prices in active markets as at the end of each reporting period without any deduction of transaction costs. The fair values of the listed equity investments are based on quoted market prices.

Unaudited HK$'000

28. Fair Value and Fair Value Hierarchy (continued)

For financial instruments of which the prices are not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which observable market prices exist, and other relevant models used by market participants. These valuation techniques use both observable and non-observable market inputs.

(a) The fair values of forward currency contracts, forward commodity contracts and interest rate swap contracts (which are not traded on any recognised exchange) are based on valuation techniques using only observable market inputs or non-observable market inputs that are not significant to the overall valuation.

(b) The fair values of an electricity supply agreement signed between the Group and the State Electricity Commission of Victoria, Australia (the "**ESA**") and a base load electricity contract signed between the Group (together with the other joint venture partners of the PAS JV) and Loy Yang Power (an independent electricity supplier) (the "**EHA**") as well as other investments that do not have an active market are based on valuation techniques using market data that is not observable. The EHA effectively allows the PAS to secure electricity supply from 2016 through 2036 when the ESA expires in 2016.

The movements in fair value measurements in level 3 during the Period were as follows:

Derivative financial instruments

Assets	2013
At 1 January	**114,801**
Total gains recognised in the condensed consolidated statement of comprehensive income	**1,080,772**
At 30 June	**1,195,573**

Liabilities	2013
At 1 January	**195,907**
Total gains recognised in the condensed consolidated income statement	**(114,468)**
At 30 June	**81,439**

During the Period, there was no transfer of fair value measurements between level 1 and level 2 and no transfer into or out of level 3.

29. Comparative Amounts

As further explained in note 2 to these Financial Statements, due to the adoption of the new and revised HKFRSs during the Period, the accounting treatment and presentation of certain items and balances have been revised or added to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the presentation and accounting treatment for the Period.

Business Review and Outlook

Review

Overall global growth remained sluggish as many developed economies continued to experience sub-par recoveries in the Period despite the implementation of monetary easing policies in major economies. Ailing western economies, together with a slowdown in economic growth in most emerging markets including China, resulted in lower global demand for energy and commodities which triggered considerable commodity price fluctuations during the Period. The impact of market volatility on the Group was amplified by the sharp depreciation of the Australian dollar ("**A$**") against the United States dollar ("**US$**") during the Period, affecting the Group's Australian operation. Nevertheless, the Group's focused diversification strategy has helped mitigate the associated market risks to a certain extent.

The Group was able to seize upon new business opportunities to maximize shareholder value by extending its foothold in the energy and metal sectors through the subscription for a strategic equity interest in Alumina Limited ("**Alumina**") in February 2013 and the increase of its interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") in March 2013. As an ongoing proactive effort in managing its liquidity and capital structure, the Group also launched a cash tender offer to repurchase part of its US$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**") in early 2013 (the "**Offer**") with a total of US$201.08 million in principal amount of the Notes repurchased in February 2013.

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

Crude oil

Oil exploration and production continued to be the Group's largest business segment by profit contribution, with the Karazhanbas oilfield (as defined below) in Kazakhstan being the principal contributor to the Group's overall oil production. The Group has been rolling out medium-term research plans to enhance sustainable development and production efficiency of the oilfield. Steady production of over 37,000 barrels of oil per day (100% project basis) was maintained during the Period.

As for the Yuedong oilfield (as defined below) in Liaoning Province, China, the landmark connection of subsea pipelines to the onshore oil/water processing plant has been completed and the production facilities on Platform B are approaching operational stage.

Despite production at the Seram Block (as defined below) in Indonesia slightly dropping due to the natural decline of existing wells, the Group will continue to implement well exploration and development works that promote production capacity. The Group will also continue exploration activities in the Lofin area.

Coal

Subsequent to the Group's acquisition of an additional interest in the CMJV in March 2013, the Group's coal investments currently comprise a 14% interest in the CMJV and certain interests in a number of coal exploration joint ventures in Australia where the Group works together with a subsidiary of Peabody Energy Corporation.

During the Period, underlying profit of the Group's coal segment was affected by softer prices resulting from weaker demand and rising operation costs. Despite these challenges, with sustained demand for quality low volatile pulverized coal injection coal anticipated in the long term, the Group is confident about the outlook for its coal business and will continue to unlock and realize the value of the Group's coal investments.

Metals

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

During the Period, the Group's aluminium sector faced strong headwinds from oversupply and has continued to implement cost saving measures to achieve higher operational efficiency. The current market conditions have, however, also brought about new investment opportunities for the Group. In February 2013, the Group subscribed for a strategic equity interest in Alumina, one of the Australia's leading companies with significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations, thus gaining valuable access to a world-class global portfolio of upstream mining and refining operations.

Regarding the Group's investment in CDH, a share of loss was recorded in the Period following the consolidated net loss incurred by CDH; its performance being affected by, among other things, lower average product selling prices.

Import and export of commodities

With the contraction in commodities prices and demand resulting from the slowdown in the global economy, the Group's import and export of commodities business has experienced various challenges. Nevertheless, with strong expertise and an established marketing network particularly in China, this business line has delivered another satisfactory result.

Financial Management

As a proactive move to manage its liability and capital structure, the Group completed the Offer in February 2013 with a total of US$201.08 million in principal amount of the Notes repurchased. Despite incurring a one-off expense of HK$91.5 million, the repurchase has lowered future finance costs and partly addressed the refinancing needs of the Group in respect of the Notes.

Outlook

Looking ahead, the recurring concerns surrounding the European sovereign debt crisis and the pace of worldwide economic growth will continue to strain global demand for energy and commodities. While the challenges and uncertainties so presented have spread across various industries, the Group will endeavor to tackle the difficulties by taking advantage of the strong support from 中國中信集團有限公司 (CITIC Group Corporation) ("**CITIC Group**"), an established customer base and supplier network, strengthened financial flexibility, and synergy brought about by its focused diversification strategy.

The operation of Platform B at the Yuedong oilfield is expected to commence before the end of the year and will mark another milestone in the development of the oilfield. Apart from organic growth, the Group will also seek potential acquisitions with a view to proactively capitalising on any potential business opportunities to maximize shareholder value.

Financial Review

Group's financial results:

HK$'000

Operating results and ratios

	Six months ended 30 June 2013 Unaudited	2012 Unaudited Restated	Decrease
Revenue	**21,327,652**	21,835,783	(2.3%)
Underlying EBIT [1]	**572,358**	755,191	(24.2%)
EBITDA [2]	**633,644**	877,384	(27.8%)
Profit attributable to shareholders	**104,347**	228,086	(54.3%)
Gross profit margin [3]	**1.5%**	1.8%	
EBITDA coverage ratio [4]	**1.9 times**	2.3 times	

Financial position and ratios

	30 June 2013 Unaudited	31 December 2012 Audited Restated	Increase/ (decrease)
Cash and cash equivalents	**4,973,111**	8,387,248	(40.7%)
Total assets *	**27,448,919**	26,307,512	4.3%
Total debt [5]	**10,735,548**	10,110,927	6.2%
Net debt [6]	**5,762,437**	1,723,679	234.3%
Equity attributable to shareholders	**13,966,385**	13,228,170	5.6%
Current ratio [7]	**1.3 times**	5.5 times	
Net debt to net total capital [8]	**29.2%**	11.5%	
Net asset value per share [9]	**HK$1.77**	HK$1.68	

1 profit before tax + finance costs + one-off expense of HK$91,498,000 arising from the repurchase of the Notes
2 profit before tax + finance costs + depreciation + amortisation
3 gross profit / revenue x 100%
4 EBITDA / finance costs
5 bank and other borrowings + finance lease payables + bond obligations
6 total debt – cash and cash equivalents
7 current assets / current liabilities
8 net debt / (net debt + equity attributable to shareholders) x 100%
9 equity attributable to shareholders / number of ordinary shares in issue at period end
* including the capital expenditures of the Group's exploration, development and mining production activities of HK$422,716,000 (2012: HK$286,893,000)

The global economy, in particular that of China, experienced a slowdown in growth in the Period resulting in a drop in demand for, and thus a softening in selling prices of, commodities.

The Group's performance was inevitably affected by, among other things, market volatility brought about by the sluggish economic outlook and currency fluctuations. Nonetheless, the focused diversification strategy adopted by the Group to a certain extent managed to alleviate the impact. The Group's underlying EBIT dropped by 24.2% to HK$572.4 million.

After taking into account a one-off expense of HK$91.5 million arising from the repurchase of the Notes, profit attributable to shareholders of the Company decreased by 54.3% to HK$104.3 million in the Period.

With effect from 1 January 2013, the functional currency of the Group's Australian operation changed from A$ to US$. Most of their assets and income are denominated in US$ while they have their liabilities and operating expenses in both US$ and A$. The change can facilitate the Group's financial management and eliminate the impact arising from the difference in the exchange rates between A$ and the Hong Kong dollar (as a presentation currency of the Group's financial statements) when the Group consolidates its financial results.

There was sharp depreciation of A$ against US$ during the Period, affecting the Group's Australian operation. Though the depreciation of A$ benefited aluminium smelting and coal operations through lower costs, it had an adverse impact on the assets denominated in A$, particularly cash. As the functional currency has been changed as aforesaid, assets and liabilities denominated in A$ need to be marked to market at the end of each reporting period and the exchange differences are recorded in the consolidated income statement. As a result, net exchange loss arising from the revaluation of A$ cash balance was recorded for the Period.

The following is a description of the Group's operating activities in each of the business segments during the Period, with a comparison of their results against those in 1H 2012.

Aluminium smelting

• Revenue	HK$538.2 million	(2012: HK$651.6 million)	▼	17%
Segment results	HK$123.1 million	(2012: HK$ 4.1 million)	▲	2,937%

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

- The decrease in revenue was due to decrease in both aluminium selling prices and sales volume during the Period. Sales volume decreased by 11% when compared to 1H 2012. The decrease was mainly due to oversupply of aluminium ingot caused by overcapacity of smelting facilities and slowdown in economic growth in China.

  The curtailment program introduced in 3Q 2009 to reduce production by 15% shall remain in force due to current market conditions.

- Overall production costs decreased during the Period, in particular for alumina, power, labour and carbon materials, attributable to the effectiveness of ongoing cost saving measures.

  The Group's aluminium smelting business is a net US$ denominated asset while certain costs remain in A$. Though the depreciation of A$ had a favourable impact on the aluminium smelting operation, fluctuations between A$ and US$ throughout the Period caused a net exchange loss of HK$13.9 million (2012: gain of HK$2.6 million).

- Included in "Other income and gains" in the condensed consolidated income statement was a gain of HK$114.5 million (2012: Nil) arising from the revaluation of an embedded derivative.

  The pricing mechanism used in an electricity supply agreement signed between the Group and the State Electricity Commission of Victoria, Australia (the "**ESA**") includes a component that is subject to the price of aluminium. In accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), the component is considered as an embedded derivative. The embedded derivative is revalued at the end of each reporting period based on future aluminium prices with its fair value gain or loss recognised in the consolidated income statement. On 30 June 2013, the aluminium forward price had decreased as compared to that on 31 December 2012 and the revaluation of the embedded derivative resulted in an unrealised gain.

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

- On 1 March 2010, a base load electricity contract was signed between the Group (together with the other joint venture partners of the PAS JV) and Loy Yang Power (an independent electricity supplier) (the "**EHA**"). The EHA effectively allows the Portland Aluminium Smelter to secure electricity supply from 2016 through 2036 when the ESA expires in 2016. 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$344.7 million	(2012: HK$222.0 million)	▲	55%
Segment results	a loss of HK$ 22.4 million	(2012: a profit of HK$ 7.5 million)		N/A

In March 2013, the Group completed the acquisition of an additional 7% interest in the CMJV for an aggregate purchase price of A$107.1 million (HK$865.1 million). As at 30 June 2013, the Group held a 14% participating interest in the CMJV and certain interests in a number of coal exploration joint ventures in Australia where the Group works together with Peabody Energy Australia PCI Pty Limited, a subsidiary of Peabody Energy Corporation.

Further details of the transaction are set out in the announcements of the Company dated 25 January and 2 April 2013.

- The increase in revenue was partly due to the Group's additional 7% interest in the CMJV with effect from the completion of the acquisition. Coupled with such effect, sales volume increased by 106% instead of 33% when compared to 1H 2012. However, average selling price decreased by 24% due to the cyclical softening commodity market conditions brought about by the global economic slowdown.

- Production costs decreased, but the decrease was not in line with that of the selling prices of coal. Gross profit margin was thus substantially affected by the drop in the average selling price.

  The Group's coal business is a net US$ denominated asset while all costs remain in A$. Though the depreciation of A$ had a favourable impact on the coal operation, fluctuations between A$ and US$ throughout the Period caused a net exchange loss of HK$7.4 million (2012: HK$5.6 million).

Import and export of commodities

Revenue	HK$20,341.8 million	(2012: HK$20,767.3 million)	▼	2%
Segment results	HK$ 233.3 million	(2012: HK$ 331.2 million)	▼	30%

CITIC Australia Trading Pty Limited ("**CATL**") conducts the Group's import and export of commodities business. Despite the contraction in commodities prices and demand resulting from the slowdown in the global economy, this business line has delivered another satisfactory result under a difficult environment. With strong expertise and an established marketing network particularly in China, CATL managed to maintain the revenue for the Period though the segment results were affected by lower gross profit margin.

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

  Despite the softening average selling prices, revenue from exports remained stable during the Period. Such result has been achieved through a change in product emphasis.

  While aluminium ingot, coal and copper experienced a decrease in selling price, iron ore and alumina had an increase in selling price as compared to 1H 2012.

- Imported products include steel, vehicle and industrial batteries and tyres from China and other countries and regions into Australia.

  Revenue of the imports division for the Period experienced a slight decrease mainly due to a decrease in sales volume during the Period.

- The Group's import and export of commodities business is a net US$ denominated asset while certain costs remain in A$. Fluctuations between A$ and US$ throughout the Period caused a net exchange loss of HK$49.1 million (2012: gain of HK$6.2 million).

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 which grants the right to explore, develop and produce petroleum from the Seram Island Non-Bula Block, Indonesia (the "**Seram Block**") until 2019. CITIC Seram is the operator of the Seram Block.

  As at 31 December 2012, the Seram Block had estimated proved oil reserves of 6.5 million barrels as determined in accordance with the standards of the Petroleum Resources Management System (the "**PRMS**").

- During the Period, the segment results of CITIC Seram recorded a profit of HK$11.4 million (2012: HK$29.3 million), representing a decrease of 61%. The following table shows a comparison of the performance of the Seram Block:

		1H 2013 (51%)	1H 2012 (51%)	**Change**
Average benchmark Mean of Platts Singapore (MOPS): Platts HSFO 180 CST Singapore	(US$ per barrel)	**96.6**	107.8	▼ 10%
Average crude oil realised price	(US$ per barrel)	**91.2**	103.5	▼ 12%
Sales volume	(barrels)	**145,000**	144,000	▲ 1%
Revenue	(HK$ million)	**102.9**	116.5	▼ 12%
Total production	(barrels)	**211,000**	223,000	▼ 5%
Daily production	(barrels)	**1,160**	1,220	▼ 5%

  Decrease in revenue was due to lower oil realised prices resulting from the weak demand for heavy oil in the Asian region in the Period. Production dropped as a result of the natural decline of existing wells.

  Following the workovers on the existing wells and the well exploration and development works that promote production capacity, it is expected that production will pick up again in 2H 2013.

- Depreciation, depletion and amortisation per barrel were higher when compared to 1H 2012 as the estimated proved oil reserves as at 31 December 2012 was less than that as at 31 December 2011. Controls over costs continued to be implemented to counter increases in operating costs driven by inflation in Indonesia.

  It is expected that inflation in Indonesia will further increase as its government raised subsidized fuel prices in June 2013. As a result, the price of domestic supplies and thus operating costs are expected to increase in 2H 2013.

- The result from the drilling of the first exploration well in the Lofin area is being evaluated together with the seismic data. A plan for the next stage of exploration work in the area is being formulated and is expected to be finalised in 2H 2013. Further exploration activities, if appropriate, will commence in 2014.

  During the Period, one development well was completed in the Oseil area and put into production. Development drilling will continue in the area and it is expected that a couple of new wells will be put into production in 2H 2013.

Crude oil (the Hainan-Yuedong Block, China)

- CITIC Haiyue Energy Limited ("**CITIC Haiyue**"), 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, China (the "**Hainan-Yuedong Block**") until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with CNPC.

  As at 31 December 2012, the Yuedong oilfield (the "**Yuedong oilfield**"), the principal field within the Hainan-Yuedong Block, had estimated proved oil reserves of 18.6 million barrels as determined in accordance with the standards of the PRMS.

- During the Period, the segment results of CITIC Haiyue recorded a loss of HK$89.8 million (2012: HK$72.4 million), representing an increase in loss of 24%. The following table shows a comparison of the performance of the Yuedong oilfield:

		(Tincy Group's share)		
		1H 2013	1H 2012	**Change**
Average benchmark end-market quotes:				
Dated Brent crude oil	(US$ per barrel)	**108.4**	114.5	▼ 5%
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	N/A
Daily production	(barrels)	—	430	N/A

Oil production at Platform A (the first artificial island) at the Yuedong oilfield, has been temporarily suspended since late 4Q 2012 to facilitate the preparation and testing of a production system that connects Platform A, Platform B (the second artificial island) and the onshore oil/water processing plant. After the full commissioning of the system, impact of weather and sea conditions on oil production shall be largely reduced.

- During the Period, the Group continued to make progress on the remaining construction and installation of production facilities.

  Operation of production facilities on Platform B, the onshore oil/water processing plant, the subsea pipelines connecting them, and the subsea pipelines connecting Platform A and Platform B are expected to start in 2H 2013. Following this, oil production will gradually resume.

- Capital expenditure will continue to be required in the year in respect of the development of the Yuedong oilfield. Depending on the data to be collected from the future drillings and the evaluation of the seismic data, adjustments may be made to the development plan.

Manganese

- The Group has an interest in manganese mining and production 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, China; a 64% interest in the Changgou manganese mine in Guizhou Province, China; 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.

- Share of loss of an associate HK$42.3 million (2012: HK$54.5 million) ▼ 22%

  The Group recorded a share of loss in the consolidated net loss incurred by CDH and its subsidiaries (the "**CDH Group**") for the Period. The CDH Group's performance was greatly affected by the steel industry. Average selling prices of major manganese products further dropped due to sluggish demand for steel products.

  Raw materials prices also decreased, but the decrease was not in line with that of the selling prices of manganese products. Certain cost control measures have been implemented to improve efficiency and to reduce production costs.

  Detailed financial results of the CDH Group, including management's discussion and analysis, are available on the websites of the Stock Exchange and CDH at http://www.hkexnews.hk and http://www.dameng.citic.com respectively.

Bauxite mining and alumina refining

- In February 2013, to enhance its strategic foothold in the aluminium industry, the Group subscribed for 219,617,657 ordinary shares of Alumina, representing 7.826% of all ordinary shares of Alumina in issue, for an aggregate subscription price of A$271.2 million (HK$2,196.9 million). At the same time, a wholly-owned subsidiary of CITIC Group subscribed for 146,411,771 ordinary shares of Alumina, representing 5.217% of all ordinary shares of Alumina in issue.

  Alumina is a leading Australian company listed on the Australian Securities Exchange (the "**ASX**") and the New York Stock Exchange (the "**NYSE**"). It has significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture, the world's largest alumina producer. The subscription for shares of Alumina provides the Group with the opportunity to invest in one of Australia's leading companies with a world-class global portfolio of upstream mining and refining operations in the aluminium sector. The investment in Alumina is in line with the Company's strategy of investing in upstream resources assets.

  Further details of the transaction are set out in the announcement of the Company dated 14 February 2013.

- Share of loss of an associate HK$10.6 million (2012: N/A)

  As the Group has significant influence on Alumina, Alumina is considered as an associate of the Group. The Group accounts for its investment in Alumina using the equity method. Therefore, the Group's share of the consolidated results of Alumina is included in "Share of profit of associates and a joint venture" in the consolidated income statement while the Group's shareholding in Alumina is classified as "Investments in associates and a joint venture" in the consolidated statement of financial position.

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 2012, the Karazhanbas oilfield had estimated proved oil reserves of 270.6 million barrels as determined in accordance with the standards of the PRMS.

- Share of profit of a joint venture HK$258.7 million (2012: HK$326.4 million) ▼ 21%

  The Group's share of the consolidated results of CITIC Canada Energy Limited ("**CCEL**"), a jointly-controlled entity owned between CITIC Oil & Gas and KMG EP, had been accounted for by the Group using the proportionate consolidation method. Upon the adoption of HKFRS 11 Joint Arrangements effective for annual periods beginning on 1 January 2013, the Group is required to retrospectively account for its share of the consolidated results of CCEL using the equity method. Therefore, effective 1 January 2013, the Group's share of the consolidated results of CCEL is included in "Share of profit of associates and a joint venture" in the consolidated income statement while the Group's shareholding in CCEL is classified as "Investments in associates and a joint venture" in the consolidated statement of financial position.

  The adoption of HKFRS 11 has affected most line items in the Group's consolidated financial statements and resulted in decreases in, including but not limited to, revenue, underlying EBIT, EBITDA, total assets and liabilities.

  The Group's share of the consolidated results of CCEL for 1H 2012 and the Group's shareholding in CCEL as at 31 December 2012 have been restated to conform to HKFRS 11.

- The following table shows a comparison of the performance of the Karazhanbas oilfield:

		1H 2013 (50%)	1H 2012 (50%)	**Change**
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	**106.8**	112.1	▼ 5%
Dated Brent crude oil	(US$ per barrel)	**108.4**	114.5	▼ 5%
Average crude oil realised price	(US$ per barrel)	**95.9**	100.5	▼ 5%
Sales volume	(barrels)	**3,645,000**	3,825,000	▼ 5%
Revenue	(HK$ million)	**2,712.9**	2,981.9	▼ 9%
Total production	(barrels)	**3,378,000**	3,356,000	▲ 1%
Daily production	(barrels)	**18,700**	18,500	▲ 1%

  Revenue decreased as compared to 1H 2012, attributable to decreases in both oil realised prices and sales volume. Total oil production slightly increased in the Period.

  The Group has been rolling out medium-term research plans to enhance sustainable development and production efficiency of the oilfield.

- At KBM level, mineral extraction tax is charged at progressive rates based on production volume and classified as cost of sales. Rent tax is charged on export revenue while export duty was charged at US$40 per tonne of oil exported and was increased to US$60 per tonne of oil exported effective 1 May 2013. Both rent tax and export duty are classified as selling costs.

  Overall cost of sales was roughly the same as for 1H 2012.

  Selling costs decreased by 3% in the Period when compared to 1H 2012. During the Period, transportation costs increased by 13%. Rent tax decreased by 10% as a result of lower export revenue while export duty increased by 9% due to the increase of charge rate from May 2013.

  Average lifting costs increased to US$18.2 (2012: US$17.2) per barrel, representing a 6% increase when compared to 1H 2012. The increase was mainly caused by rising cost factors such as salaries and wages; repairs and maintenance; and electricity and gas supplies.

Liquidity, Financial Resources and Capital Structure

Cash

As at 30 June 2013, the Group had cash and cash equivalents of HK$4,973.1 million.

During the Period, the major cash inflows included the drawdown of an aggregate of HK$2,262.0 million under the A Loan (as defined below) and the C Loan (as defined below).

During the Period, the major cash outflows included:

- the aggregate consideration of HK$1,661.9 million plus accrued interest paid for the repurchase of the Notes;
- part of the purchase price of HK$805.7 million paid for the additional 7% interest in the CMJV;
- the subscription price of HK$2,196.9 million paid for the equity interest in Alumina; and
- the prepayment of the secured bank loan of HK$358.8 million (as described below).

Borrowings

As at 30 June 2013, the Group had total debt of HK$10,735.5 million, which comprised:

- unsecured bank loans of HK$4,185.9 million;
- secured other loan of HK$1.3 million;
- unsecured other loan of HK$288.6 million;
- finance lease payables of HK$82.9 million; and
- bond obligations of HK$6,176.8 million.

The secured bank loan of HK$358.8 million, secured by the Group's 22.5% participating interest in the PAS JV and outstanding as at 31 December 2012, was fully prepaid in June 2013.

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 June 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured 3-year term loan facility of US$380 million (HK$2,964 million) (the "**A Loan**"). In December 2012, US$140 million (HK$1,092 million) was drawn to refinance the final repayment of an unsecured 5-year term loan facility of US$280 million (HK$2,184 million) which was signed in January 2008. The remaining sum of US$240 million (HK$1,872 million) was fully drawn in June 2013 to finance the general corporate funding requirements of the Company. The outstanding balance of the A Loan as at 30 June 2013 was US$380 million.

In September 2012, the Company, as borrower, entered into a facility agreement with a bank as lender in respect of an unsecured 5-year term loan facility of US$40 million (HK$312 million) (the "**B Loan**") to finance the general corporate funding requirements of the Company. There was no outstanding balance under the B Loan as at 30 June 2013.

In November 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility of US$400 million (HK$3,120 million) (the "**C Loan**") to finance the general corporate funding requirements of the Company. The C Loan has a tenor of 5 years commencing from the date of first utilisation, subject to a put option requiring repayment on the date falling 3 years from the date of first utilisation. The first utilisation was made in May 2013. The outstanding balance of the C Loan as at 30 June 2013 was US$50 million (HK$390 million).

Further details of the bank and other borrowings are set out in note 19 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 20 to these Financial Statements.

The bond obligations represent the outstanding amount of the Notes issued 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 21 to these Financial Statements.

The Offer was launched with a view to lowering the finance costs and managing the refinancing needs of the Group in respect of the Notes. In February 2013, the Offer was completed and a total of US$201.08 million (HK$1,568.4 million) in principal amount of the Notes was repurchased at an aggregate consideration of HK$1,661.9 million plus accrued interest. The repurchase of the Notes resulted in a one-off expense of HK$91.5 million and the Notes repurchased were cancelled. Further details of the Offer are set out in the announcements of the Company dated 4 January, 18 January, 4 February and 7 February 2013.

As at 30 June 2013, the Group's net debt to net total capital was 29.2% (31 December 2012: 11.5% (restated)). Of the total debt, HK$7,111.5 million was repayable within one year, including mainly the outstanding amount of the Notes and trade finance.

Share capital

During the Period, the Company issued a total of 2,790,000 ordinary shares of HK$0.05 each in the share capital of the Company as a result of the exercise of share options at an exercise price of HK$1.018 per share. The proceeds of the subscription amounted to HK$2.8 million and were received in cash.

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 its operations and sources of finance.

New investments

In January 2013, CITIC Australia Coppabella Pty Limited, an indirect wholly-owned subsidiary of the Company, exercised its pre-emption right to acquire an additional 7% interest in the CMJV. The purchase was completed in March 2013 and the Company now holds a 14% interest in the CMJV. The aggregate purchase price for the additional 7% interest was A$107.1 million (HK$865.1 million). Further details of the transaction are set out in the announcements of the Company dated 25 January and 2 April 2013.

In February 2013, CITIC Resources Australia Pty Limited, an indirect wholly-owned subsidiary of the Company, subscribed for 219,617,657 ordinary shares of Alumina, representing 7.826% of all ordinary shares of Alumina in issue. The aggregate subscription price was A$271.2 million (HK$2,196.9 million). Alumina is a leading Australian company listed on the ASX and the NYSE. Further details of the transaction are set out in the announcement of the Company dated 14 February 2013.

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 2013, the Group had around 350 full time employees, including management and administrative staff.

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

The employees of the Group's subsidiaries which operate in China 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 Government Law No. 11/1992 of the Indonesian government for those employees in Indonesia who are eligible to participate;

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

(c) 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 Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Model Code for Securities Transactions by Directors

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

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

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

As at 30 June 2013, 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. Zeng Chen	Directly beneficially owned	—	5,301,374	0.07
Ms. Li So Mui	Directly beneficially owned	2,388,000	—	0.03

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 2013, 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 2013	Exercised during the Period (1)	Lapsed during the Period	At 30 June 2013 (2)			
Directors							
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	(1,684,000)	(481,524)	—	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
	23,358,371	(1,684,000)	(16,372,997)	**5,301,374**			
Eligible participants	11,700,408	(1,106,000)	(10,594,408)	**—**	02-06-2005	02-06-2006 to 01-06-2013	1.018
	35,058,779	(2,790,000)	(26,967,405)	**5,301,374**			

Notes:

(1) The weighted average closing price of the Company's shares immediately before the exercise date of the share options was HK$1.04 per share.

(2) No share option was granted 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 2013, 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	4,674,547,697 (1)	59.41
中國中信股份有限公司	Corporate	3,924,133,904 (2)	49.87
CITIC Projects Management (HK) Limited	Corporate	3,895,083,904 (3)	49.50
Keentech Group Limited	Corporate	3,895,083,904 (4)	49.50
CITIC Australia Pty Limited	Corporate	750,413,793 (5)	9.54
Temasek Holdings (Private) Limited	Corporate	901,909,243 (6)	11.46
Temasek Capital (Private) Limited	Corporate	576,247,750 (7)	7.32
Seletar Investments Pte. Ltd.	Corporate	576,247,750 (8)	7.32
Baytree Investments (Mauritius) Pte. Ltd.	Corporate	576,247,750 (9)	7.32

Notes:

(1) The figure represents an attributable interest of 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 China.

(2) The figure represents an attributable interest of CITIC Limited through its interest in CITIC Projects Management (HK) Limited ("**CITIC Projects**") and 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 China, is a 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 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 2013, 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 June 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured 3-year term loan facility of US$380 million (HK$2,964 million) (the "**A Loan**").

In September 2012, the Company, as borrower, entered into a facility agreement with a bank as lender in respect of an unsecured 5-year term loan facility of US$40 million (HK$312 million) (the "**B Loan**").

In November 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility of US$400 million (HK$3,120 million) (the "**C Loan**"). The C Loan has a tenor of 5 years commencing from the date of first utilisation, being 14 May 2013, subject to a put option requiring repayment on the date falling 3 years from such date.

Pursuant to the provisions of each of the above facility agreements, 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, (a) in respect of the A Loan, the lenders holding 66-2/3% or more of the A Loan then outstanding may require mandatory prepayment of the A Loan together with all other sums due; (b) in respect of the B Loan, the lender may require mandatory prepayment of the B Loan together with all other sums due; and (c) in respect of the C Loan, the lenders holding 66-2/3% or more of the C Loan then outstanding may require mandatory prepayment of the C Loan together with all other sums due.

Update on Directors' Information

The followings are changes in the information of the directors since the date of the 2012 annual report of the Company required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules:

(1) on 27 March 2013, Mr. Fan Ren Da, Anthony, an independent non-executive director of the Company, was appointed an independent non-executive director of LT Holdings Limited (Stock Code: 112) listed on the Main Board of the Stock Exchange;

(2) on 23 April 2013, Mr. Tian Yuchuan, a non-executive director of the Company, was appointed an independent non-executive director of China Renewable Energy Investment Limited (Stock Code: 987) listed on the Main Board of the Stock Exchange; and

(3) on 28 May 2013, Mr. Hu Weiping, an independent non-executive director of the Company, was appointed an independent non-executive director of China Rongsheng Heavy Industries Group Holdings Limited (Stock Code: 1101) listed on the Main Board of the Stock Exchange.

Review of Accounts

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

On behalf of the Board
Kwok Peter Viem
Chairman

Hong Kong, 23 August 2013

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

http://www.citicresources.com

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