Oil

Coal

Aluminium

Manganese

Import and Export of Commodities

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

INTERIM REPORT 2015 中期報告

Oil

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

Coal

A 14% participating interest in the Coppabella and Moorvale coal mines joint venture (a major producer of low volatile pulverized coal injection coal in the international seaborne market) and interests in a number of coal exploration operations in Australia with significant resource potential.

Aluminium

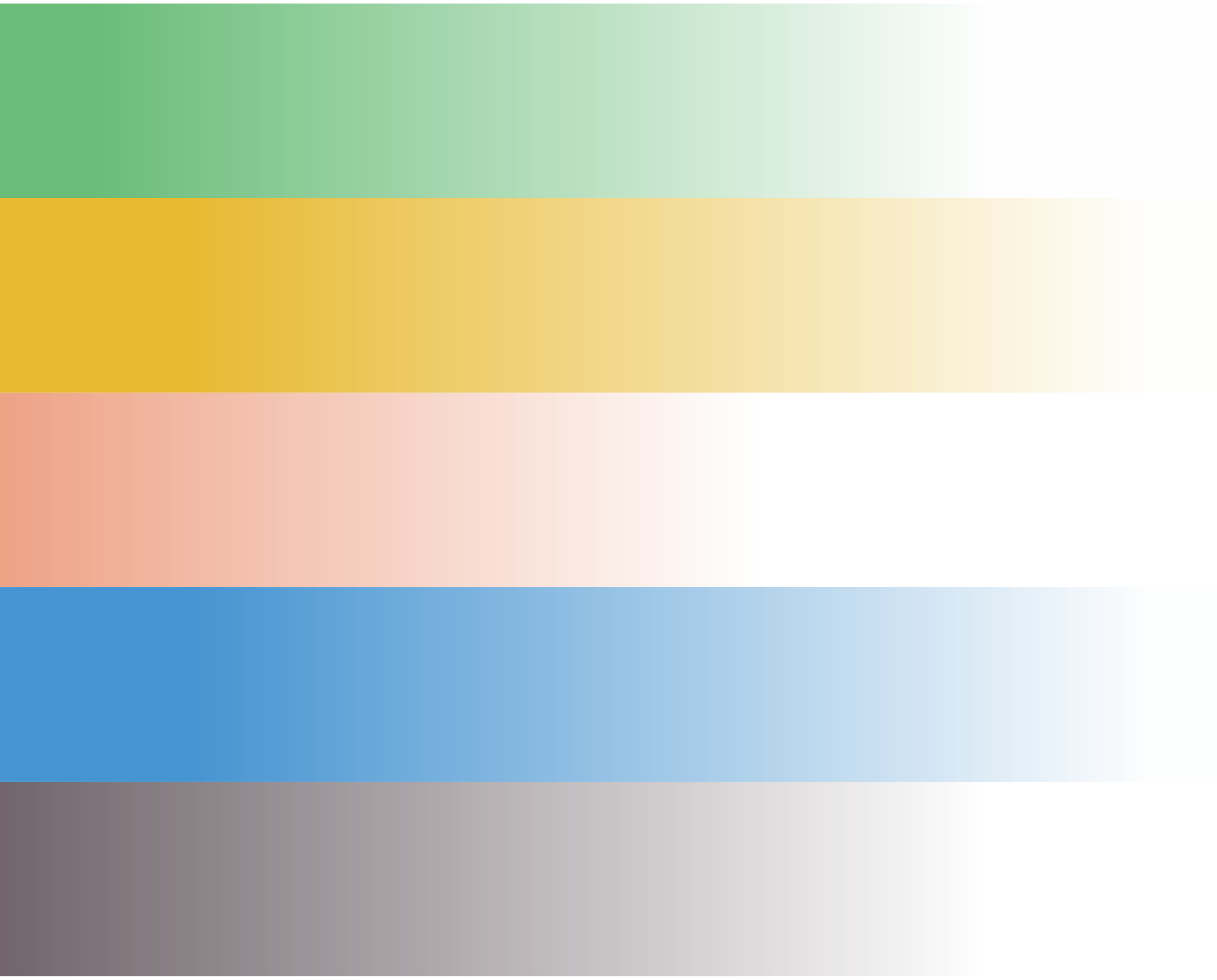
A 22.5% participating interest in the Portland Aluminium Smelter joint venture, one of the largest and most efficient aluminium smelting operations in the world, and 9.561% equity interest in Alumina Limited (ASX: AWC), one of Australia's leading companies with significant global interests in bauxite mining and alumina refining operations.

Manganese

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

Import and Export of Commodities

An import and export of commodities business, based on strong expertise and established marketing networks, with a focus on international trade.



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Corporate Information

Board of Directors

Executive Directors

Mr. Kwok Peter Viem *(Chairman)*
Mr. Qiu Yiyong
(Vice Chairman and Chief Executive Officer)
Mr. Sun Yang *(Vice Chairman)*
Mr. Guo Tinghu
Ms. Li So Mui

Non-executive Director

Mr. Wong Kim Yin

Independent Non-executive Directors

Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Shou Xuancheng

Audit Committee

Mr. Fan Ren Da, Anthony *(Chairman)*
Mr. Gao Pei Ji
Mr. Shou Xuancheng

Remuneration Committee

Mr. Gao Pei Ji *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Shou Xuancheng
Mr. Qiu Yiyong

Nomination Committee

Mr. Kwok Peter Viem *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji

Company Secretary

Mr. Cha Johnathan Jen Wah

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

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Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East, 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 (Asia) Corporation Limited
China Development Bank Corporation
Mizuho Bank, Ltd.

Six months ended 30 June Unaudited HK$'000

Financial Results

The board of directors (the "**Board**") of CITIC Resources Holdings Limited (the "**Company**") presents the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015 (the "**Period**").

Condensed Consolidated Income Statement

	Notes	2015	2014
REVENUE	4	**2,140,727**	15,141,508
Cost of sales		**(2,076,651)**	(14,667,367)
Gross profit		**64,076**	474,141
Other income and gains	5	**83,866**	173,608
Selling and distribution costs		**(11,468)**	(113,951)
General and administrative expenses		**(181,566)**	(170,747)
Other expenses, net		**(537,515)**	(26,188)
Finance costs	6	**(165,237)**	(342,786)
Share of profit/(loss) of:			
Associates		**(115,481)**	(37,597)
A joint venture		**(182,089)**	291,527
PROFIT/(LOSS) BEFORE TAX	7	**(1,045,414)**	248,007
Income tax credit/(expense)	8	**200,367**	(58,604)
PROFIT/(LOSS) FOR THE PERIOD		**(845,047)**	189,403
ATTRIBUTABLE TO:			
Shareholders of the Company		**(850,345)**	168,409
Non-controlling interests		**5,298**	20,994
		(845,047)	189,403
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	9	**HK cents**	HK cents
Basic		**(10.81)**	2.14
Diluted		**(10.81)**	2.14

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Comprehensive Income

	2015	2014
PROFIT/(LOSS) FOR THE PERIOD	**(845,047)**	189,403
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Changes in fair value	**(435)**	(331)
Income tax effect	**131**	99
	(304)	(232)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	**104,804**	(23,698)
Reclassification adjustment for losses included in the condensed consolidated income statement	**14,872**	3,598
Income tax effect	**(36,114)**	(126)
	83,562	(20,226)
Exchange differences on translation of foreign operations	**(31,868)**	(719,607)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**51,390**	(740,065)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Re-measurement gain on defined benefit plan:		
Changes in fair value	**—**	63,367
Income tax effect	**—**	(19,010)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**—**	44,357
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**51,390**	(695,708)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(793,657)**	(506,305)
ATTRIBUTABLE TO:		
Shareholders of the Company	**(799,226)**	(514,015)
Non-controlling interests	**5,569**	7,710
	(793,657)	(506,305)

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2015 Unaudited	31 December 2014 Audited
NON-CURRENT ASSETS			
Property, plant and equipment	11	**7,354,094**	7,481,970
Prepaid land lease payments		**20,324**	20,963
Goodwill		**24,682**	24,682
Other assets		**764,905**	808,312
Investment in an associate		**1,609,920**	1,735,275
Investment in a joint venture		**1,866,505**	2,074,226
Financial assets at fair value through profit or loss	12	**2,459,053**	2,754,717
Available-for-sale investment	13	**1,298**	1,733
Prepayments, deposits and other receivables	14	**299,977**	306,407
Deferred tax assets		**356,777**	192,363
Total non-current assets		**14,757,535**	15,400,648
CURRENT ASSETS			
Inventories	15	**1,275,541**	1,276,271
Trade receivables	16	**599,853**	793,338
Prepayments, deposits and other receivables	14	**2,042,650**	2,036,336
Financial assets at fair value through profit or loss	12	**3,029**	3,029
Derivative financial instruments	17	**16,337**	23,759
Other assets		**—**	373
Cash and cash equivalents		**2,097,471**	3,246,421
Total current assets		**6,034,881**	7,379,527
CURRENT LIABILITIES			
Accounts payable	18	**447,269**	640,563
Accrued liabilities and other payables		**456,496**	777,059
Derivative financial instruments	17	**32,904**	24,505
Bank and other borrowings	19	**3,030,678**	3,400,173
Finance lease payables	20	**12,752**	13,650
Provisions		**47,990**	53,008
Total current liabilities		**4,028,089**	4,908,958
NET CURRENT ASSETS		**2,006,792**	2,470,569
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,764,327**	17,871,217

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2015 Unaudited	31 December 2014 Audited
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,764,327**	17,871,217
NON-CURRENT LIABILITIES			
Bank and other borrowings	19	**5,591,519**	5,773,191
Finance lease payables	20	**33,690**	42,876
Derivative financial instruments	17	**594,431**	727,390
Provisions		**322,386**	319,918
Other payable		**119,546**	113,470
Total non-current liabilities		**6,661,572**	6,976,845
NET ASSETS		**10,102,755**	10,894,372
EQUITY			
Equity attributable to shareholders of the Company			
Issued capital	21	**393,426**	393,426
Reserves		**9,676,505**	10,473,691
		10,069,931	10,867,117
Non-controlling interests		**32,824**	27,255
TOTAL EQUITY		**10,102,755**	10,894,372

Condensed Consolidated Statement of Changes in Equity

	Issued capital	Share premium account	Contributed surplus	Capital reserve	Exchange fluctuation reserve
At 31 December 2013 (audited) and 1 January 2014	393,426	9,721,915	72,688	(38,579)	81,641
Total comprehensive income/(loss) for the period	—	—	—	—	(706,323)
Equity-settled share option arrangements	—	—	—	—	—
Share of other reserve movements of an associate	—	—	—	—	—
At 30 June 2014 (unaudited)	393,426	9,721,915	72,688	(38,579)	(624,682)
At 31 December 2014 (audited) and 1 January 2015	**393,426**	**9,721,915**	**72,688**	**(38,579)**	**(361,958)**
Total comprehensive income/(loss) for the Period	—	—	—	—	**(32,139)**
Equity-settled share option arrangements	—	—	—	—	—
Share of other reserve movements of an associate	—	—	—	—	—
Release upon deemed disposal of partial interest in an associate	—	—	**(652)**	—	—
At 30 June 2015 (unaudited)	**393,426**	**9,721,915 ***	**72,036 ***	**(38,579) ***	**(394,097) ***

* These reserve accounts comprise the consolidated reserves of HK$9,676,505,000 (31 December 2014: HK$10,473,691,000) in the condensed consolidated statement of financial position.

HK$'000

Attributable to shareholders of the Company							
Available-for-sale investment revaluation reserve	Hedging reserve	Share option reserve	Reserve funds	Retained profits	Sub-total	Non-controlling interests	Total equity
(1,771)	88,647	47,267	19,396	1,283,062	11,667,692	(6,310)	11,661,382
(232)	(20,226)	—	—	212,766	(514,015)	7,710	(506,305)
—	—	3,420	—	—	3,420	—	3,420
—	—	249	986	(986)	249	—	249
(2,003)	68,421	50,936	20,382	1,494,842	11,157,346	1,400	11,158,746
(1,832)	**(493,132)**	**51,009**	**14,129**	**1,509,451**	**10,867,117**	**27,255**	**10,894,372**
(304)	**83,562**	**—**	**—**	**(850,345)**	**(799,226)**	**5,569**	**(793,657)**
—	**—**	**2,040**	**—**	**—**	**2,040**	**—**	**2,040**
—	**—**	**—**	**2,903**	**(2,903)**	**—**	**—**	**—**
—	**—**	**(3,924)**	**(1,551)**	**6,127**	**—**	**—**	**—**
(2,136) *	**(409,570) ***	**49,125 ***	**15,481 ***	**662,330 ***	**10,069,931**	**32,824**	**10,102,755**

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Cash Flows

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	**197,496**	1,356,099
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**30,893**	96,163
Purchases of items of property, plant and equipment	**(480,243)**	(655,791)
Acquisition of financial assets at fair value through profit or loss	**(254,194)**	—
Additions to other assets	—	(12,998)
Dividend income	**29,937**	—
Proceeds from disposal of items of property, plant and equipment	**361**	2,271
Net proceeds from disposal of partial investment in the Codrilla project	—	7,573
Repayment of loans from a joint venture	—	388,575
Proceeds from disposal of derivative financial instruments	—	65,494
Decrease in non-pledged time deposits with original maturity of over three months when acquired	—	1,146,866
Net cash flows from/(used in) investing activities	**(673,246)**	1,038,153
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank and other borrowings	**4,854,261**	5,683,534
Repayment of bank and other borrowings	**(5,341,239)**	(3,577,678)
Capital element of finance lease payables	**(6,613)**	(7,479)
Interest paid	**(176,019)**	(332,779)
Repayment of fixed rate senior notes	—	(6,195,197)
Finance charges paid	**(13,716)**	(2,628)
Net cash flows used in financing activities	**(683,326)**	(4,432,227)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,159,076)**	(2,037,975)
Cash and cash equivalents at beginning of period	**3,246,421**	5,431,207
Effect of foreign exchange rate changes, net	**10,126**	(9,689)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,097,471**	3,383,543
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**591,815**	939,572
Non-pledged time deposits	**1,505,656**	2,859,937
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**2,097,471**	3,799,509
Non-pledged time deposits with original maturity of over three months when acquired	—	(415,966)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**2,097,471**	3,383,543

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 consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

The accounting policies and methods of computation used in the preparation of these Financial Statements are consistent with the consolidated financial statements of the Group for the year ended 31 December 2014, except for the adoption of revised standards with effect from 1 January 2015 as detailed in note 2 below.

These Financial Statements were approved and authorised for issue by the Board on 31 July 2015.

2. Changes in Accounting Policy and Disclosures

The Group has adopted the following 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.

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements 2010 – 2012 Cycle	Amendments to numbers of HKFRSs
Annual Improvements 2011 – 2013 Cycle	Amendments to numbers of HKFRSs

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

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

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

HKFRS 9	Financial Instruments [3]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception [1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations [1]
HKFRS 14	Regulatory Deferral Accounts [4]
HKFRS 15	Revenue from Contracts with Customers [2]
Amendments to HKAS 1	Disclosure Initiative [1]

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

Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation [1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants [1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements [1]
Annual Improvements 2012 – 2014 Cycle	Amendments to numbers of HKFRSs [1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for an entity that will first adopt HKFRSs for its annual financial statements beginning on or after 1 January 2016, and therefore is not applicable to the Group

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, amendments to HKFRS 10 and HKAS 28 (2011), and HKFRS 15 may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. Operating Segment Information

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

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

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

(c) the import and export of commodities segment comprises the export of various commodity products such as aluminium ingots, coal, iron ore, alumina and copper; and the import of other commodity products and manufactured goods such as steel, and vehicle and industrial batteries and tyres in Australia; and

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

Management monitors the results of the Group's operating segments separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, dividend income, finance costs, and share of profit/(loss) of associates and a joint venture as well as head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude bank and other borrowings, finance lease payables, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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4. Operating Segment Information (continued)

Six months ended 30 June Unaudited	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
2015					
Segment revenue:					
Sales to external customers	**525,305**	**346,991**	**790,534**	**477,897**	**2,140,727**
Other income	**15,360**	**—**	**4,276**	**2,558**	**22,194**
	540,665	**346,991**	**794,810**	**480,455**	**2,162,921**
Segment results	**58,594**	**(63,200)**	**36,727**	**19,549**	**51,670**
Reconciliation:					
Interest income, dividend income and unallocated gains					**61,672**
Unallocated expenses					**(695,949)**
Unallocated finance costs					**(165,237)**
Share of loss of:					
An associate					**(115,481)**
A joint venture					**(182,089)**
Loss before tax					**(1,045,414)**
2014					
Segment revenue:					
Sales to external customers	544,975	365,641	13,359,022	871,870	15,141,508
Other income	3,912	13	28,065	1,524	33,514
	548,887	365,654	13,387,087	873,394	15,175,022
Segment results	29,000	(91,074)	168,148	223,987	330,061
Reconciliation:					
Interest income and unallocated gains					140,094
Unallocated expenses					(133,292)
Unallocated finance costs					(342,786)
Share of profit/(loss) of:					
Associates					(37,597)
A joint venture					291,527
Profit before tax					248,007

	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment assets					
30 June 2015 (unaudited)	**1,216,425**	**1,489,628**	**1,198,713**	**6,667,260**	**10,572,026**
31 December 2014 (audited)	1,136,712	1,562,174	1,385,825	6,841,543	10,926,254
Segment liabilities					
30 June 2015 (unaudited)	**937,596**	**332,407**	**127,209**	**541,187**	**1,938,399**
31 December 2014 (audited)	1,135,695	386,267	229,691	827,493	2,579,146

Unaudited HK$'000

5. Other Income and Gains

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

	2015	2014
Interest income	**27,911**	49,910
Dividend income	**29,937**	—
Handling service fees	**3,941**	27,833
Fair value gains on derivative financial instruments	**12,529**	65,494
Sale of scrap	**2,830**	2,366
Others	**6,718**	28,005
	83,866	173,608

6. Finance Costs

An analysis of finance costs is as follows:

	2015	2014
Interest expense on bank and other borrowings	**149,056**	170,861
Interest expense on fixed rate senior notes, net	**—**	158,709
Interest expense on finance leases	**1,742**	2,777
Total interest expense on financial liabilities not at fair value through profit or loss	**150,798**	332,347
Amortisation of fixed rate senior notes	**—**	6,899
	150,798	339,246
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**722**	912
Others	**13,717**	2,628
	165,237	342,786

Six months ended 30 June Unaudited HK$'000

7. Profit/(Loss) before Tax

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

	2015	2014
Depreciation	**379,322**	403,419
Amortisation of other assets	**46,941**	55,740
Amortisation of prepaid land lease payments	**647**	653
Loss on disposal/write-off of items of property, plant and equipment *	**—**	606
Fair value loss on financial assets at fair value through profit or loss *	**565,042**	—
Exchange losses/(gains), net *	**(47,293)**	11,700

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

8. Income Tax

	2015	2014
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the period	**—**	48,848
Overprovision in prior periods	**(4,389)**	—
Deferred	**(195,978)**	9,756
Total tax expense/(credit) for the period	**(200,367)**	58,604

The statutory rate of Hong Kong profits tax was 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the Period (2014: Nil).

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

Australia: The Group's subsidiaries incorporated in Australia were subject to Australian income tax at a rate of 30% (2014: 30%).

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2014: 30%). 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% (2014: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2014: 25%). No provision for China corporate income tax was made as the Group had no taxable profits arising in China during the Period (2014: Nil).

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

Six months ended 30 June Unaudited HK$'000

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

The calculation of the basic loss per share amount was based on the loss for the Period attributable to ordinary shareholders of the Company of HK$850,345,000 (2014: a profit of HK$168,409,000) and the weighted average number of ordinary shares in issue during the Period, which was 7,868,527,149 (2014: 7,868,527,149) shares.

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

No adjustment was made to the basic earnings per share amount presented for the six months ended 30 June 2014 in respect of a dilution as the share options outstanding during the prior period had no dilution effect on the basic earnings per share amount presented.

The calculations of basic and diluted loss per share amounts for the Period were based on:

Loss	
Loss attributable to ordinary shareholders of the Company used in the basic loss per share calculation	850,345

	Number of shares
Shares	
Weighted average number of ordinary shares in issue during the Period used in the basic loss per share calculation	7,868,527,149
Effect of dilution – weighted average number of ordinary shares: share options	— *
	7,868,527,149

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

10. Dividend

The Board has resolved not to pay an interim dividend for the Period (2014: Nil).

11. Property, Plant and Equipment

During the Period, the Group acquired property, plant and equipment in an aggregate cost of HK$250,420,000 (six months ended 30 June 2014: HK$596,535,000) and disposed of property, plant and equipment having an aggregate carrying amount of HK$1,104,000 (six months ended 30 June 2014: HK$2,877,000).

HK$'000

12. Financial Assets at Fair Value through Profit or Loss

Designated as such upon initial recognition

	30 June 2015 Unaudited	31 December 2014 Audited
Non-current investment:		
Listed equity investment in Australia, at fair value	**2,459,053**	2,754,717

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

Held for trading

	30 June 2015 Unaudited	31 December 2014 Audited
Current investments:		
Unlisted investments in Australia and China, at fair value	**3,029**	3,029

13. Available-for-sale Investment

	30 June 2015 Unaudited	31 December 2014 Audited
Non-current investment:		
Listed equity investment in Australia, at fair value	**1,298**	1,733

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

14. Prepayments, Deposits and Other Receivables

	30 June 2015 Unaudited	31 December 2014 Audited
Prepayments	**203,501**	157,188
Current portion of prepaid land lease payments	**1,297**	1,296
Deposits and other receivables	**2,137,829**	2,184,259
	2,342,627	2,342,743
Portion classified as current assets	**(2,042,650)**	(2,036,336)
Non-current portion	**299,977**	306,407

Included in the Group's other receivables was an amount due from CITIC Canada Energy Limited ("**CCEL**"), a joint venture of the Group, of HK$1,786,075,000 (31 December 2014: HK$1,786,743,000) 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.

HK$'000

15. Inventories

	30 June 2015 Unaudited	31 December 2014 Audited
Raw materials	**170,023**	179,689
Work in progress	**13,358**	13,985
Finished goods	**1,092,160**	1,082,597
	1,275,541	1,276,271

The investigation commenced in 2014 by the Chinese authorities into the allegedly fraudulent multiple use of warehouse receipts in respect of certain aluminium and copper products stored at Qingdao port, China (the "**Investigation**") is still ongoing. The Group is not the subject of the Investigation and as at the date of this report, the Group is not aware of the status of the Investigation.

The Group has certain alumina and copper stored in bonded warehouses at Qingdao port (the "**Inventories**") and, in light of the Investigation, applied to the Qingdao Maritime Court (the "**Court**") in June 2014 for asset protection orders. The Court, however, did not grant an asset protection order in respect of certain alumina (the "**Non-protected Alumina**"). The Group also filed a claim (the "**Claim**") with the Court against the operator of the bonded warehouses at Qingdao port (the "**Operator**"). The Claim requires the Operator to confirm the Group's ownership of the Inventories and to release and deliver all of the Inventories to the Group or, failing which, to compensate the Group in respect of the Inventories. So far, no judgment has been issued by the Court in respect of the Claim.

Due to the unresolved nature of the Claim and the Investigation, the Group has not been able to access the bonded warehouses and therefore, there is material inherent uncertainty regarding the Inventories.

During 2014, a provision of HK$319,800,000 (before tax credit) was made in respect of the Non-protected Alumina. As at 30 June 2015, the Inventories had a carrying amount of HK$659,412,000. As the Group remains confident in the Claim, during the Period, no further provision was considered necessary to the carrying value of the Inventories. The Group will continue with the Claim against the Operator.

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 2015 Unaudited	31 December 2014 Audited
Within one month	**292,901**	288,734
One to two months	**52,000**	118,953
Two to three months	**61,928**	103,528
Over three months	**193,024**	282,123
	599,853	793,338

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

HK$'000

17. Derivative Financial Instruments

	30 June 2015 Unaudited Assets	30 June 2015 Unaudited Liabilities	31 December 2014 Audited Assets	31 December 2014 Audited Liabilities
Forward currency contracts	**2,477**	**24,440**	13,440	24,505
Forward commodity contracts	**13,860**	**—**	10,319	—
Derivative financial instrument – embedded derivatives	**—**	**78,203**	—	81,439
EHA (as defined in note 26)	**—**	**524,692**	—	645,951
	16,337	**627,335**	23,759	751,895
Portion classified as non-current portion:				
Derivative financial instrument – embedded derivative	**—**	**(69,739)**	—	(81,439)
EHA (as defined in note 26)	**—**	**(524,692)**	—	(645,951)
Non-current portion	**—**	**(594,431)**	—	(727,390)
Current portion	**16,337**	**32,904**	23,759	24,505

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 and inflation.

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 2015 Unaudited	31 December 2014 Audited
Within one month	**327,955**	615,656
One to two months	**5,130**	—
Two to three months	**3,754**	—
Over three months	**110,430**	24,907
	447,269	640,563

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

19. Bank and Other Borrowings

	30 June 2015 Unaudited	31 December 2014 Audited
Bank loans – unsecured	**8,622,197**	9,173,364

The bank loans included:

(a) trade finance totalling A$58,101,000 (HK$348,045,000), which was interest-bearing at the Bank Bill Swap Bid Rate ("**BBSY**") (or cost of funds) plus margin;

(b) a loan of A$59,000,000 (HK$353,434,000), which was interest-bearing at BBSY plus margin; and

(c) loans totalling US$1,015,477,000 (HK$7,920,718,000), which were interest-bearing at the London interbank offered rates ("**LIBOR**") plus margin and included US$24,426,000 (HK$190,519,000) from China CITIC Bank International Limited.

HK$'000

19. Bank and Other Borrowings (continued)

	30 June 2015 Unaudited	31 December 2014 Audited
Bank loans repayable:		
Within one year or on demand	**3,030,678**	3,400,173
In the second year	**2,384,979**	3,086,330
In the third to fifth years, inclusive	**3,206,540**	2,686,861
	8,622,197	9,173,364
Portion classified as current liabilities	**(3,030,678)**	(3,400,173)
Non-current portion	**5,591,519**	5,773,191

20. Finance Lease Payables

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

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

	30 June 2015 Unaudited	31 December 2014 Audited
Amounts payable:		
Within one year	**15,530**	17,072
In the second year	**15,432**	16,505
In the third to fifth years, inclusive	**21,080**	30,545
Beyond five years	**362**	600
Total minimum finance lease payments	**52,404**	64,722
Future finance charges	**(5,962)**	(8,196)
Total net finance lease payables	**46,442**	56,526
Portion classified as current liabilities	**(12,752)**	(13,650)
Non-current portion	**33,690**	42,876

21. Share Capital

	30 June 2015 Unaudited	31 December 2014 Audited
Authorised:		
10,000,000,000 (31 December 2014: 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 2014: 7,868,527,149) ordinary shares of HK$0.05 each	**393,426**	393,426

22. Contingent Liabilities

(a) In 2014, the Kazakhstan tax authorities (the "**Tax Authorities**") completed a tax inspection on JSC Karazhanbasmunai ("**KBM**"), a subsidiary of CCEL, in respect of transfer pricing for the five years from 2008 to 2012. As a result, the Tax Authorities issued a tax assessment for KZT12,263,596,000 (HK$510,497,000) on KBM, representing underpaid taxes (corporate income tax ("**CIT**") and excess profit tax ("**EPT**")) of KZT7,410,558,000 (HK$308,479,000), administration penalty of KZT3,705,279,000 (HK$154,240,000) and interest on late payment of KZT1,147,759,000 (HK$47,778,000).

In 2014, KBM applied to the State Revenue Committee of the Ministry of Finance of Kazakhstan (the "**MOF**") requesting a reconsideration of this tax assessment. The reconsideration was concluded on 23 February 2015 with an unfavourable decision for KBM. On 7 April 2015, KBM filed an appeal to the Specialized Interregional Economic Court of Mangistau Oblast but the appeal was concluded on 25 May 2015 with an unfavourable decision. On 25 June 2015, KBM filed an appeal to the Appeal Court of the Mangistau Oblast Court but the appeal was concluded on 29 July 2015 with an unfavourable decision. KBM is considering making an appeal to the Cassational Juridical Collegium for civil and administrative cases of the Mangistau Oblast Court. The directors, based on the advice from KBM's legal counsel, believe KBM has justifiable arguments for its tax position. As such, during the Period, neither KBM nor the Group provided for any claim arising from this tax assessment.

(b) In 2014, the Tax Authorities completed an integrated tax inspection on KBM for the four years from 2009 to 2012. As a result, the Tax Authorities issued a tax assessment for KZT4,492,047,000 (HK$186,990,000) on KBM, representing underpaid taxes (CIT and EPT) of KZT2,510,515,000 (HK$104,505,000), administration penalty of KZT1,260,597,000 (HK$52,475,000) and interest on late payment of KZT720,935,000 (HK$30,010,000). During 2014, KBM made provision for the amounts it agreed on underpaid taxes, administration penalty and interest on late payment, in an aggregate amount of KZT633,851,000 (HK$26,385,000).

In 2014, KBM applied to the MOF requesting a reconsideration of the remaining unresolved claim amounts. Up to the date of this report, the result of the reconsideration is pending. The directors, based on the advice from KBM's legal counsel, believe KBM has justifiable arguments for its tax position. As such, during the Period, neither KBM nor the Group provided for the remaining unresolved claim amounts arising from this tax assessment.

(c) The Group has noted from an announcement issued by Qingdao Port International Co., Ltd. on 15 August 2014 (the "**Qingdao Port Announcement**") that a legal complaint dated 14 July 2014 (the "**Legal Proceedings**") had been issued by ABN AMRO Bank N.V., Singapore Branch ("**ABN AMRO**"), as plaintiff, against CITIC Australia Commodity Trading Pty Limited ("**CACT**"), an indirect wholly-owned subsidiary of the Company, as defendant.

According to the Qingdao Port Announcement, among other things, ABN AMRO had issued the Legal Proceedings alleging that CACT had taken wrongful preservative measures in respect of cargo over which ABN AMRO claims it had been granted a pledge (the "**Subject Cargo**") and is seeking an order that (i) CACT compensate ABN AMRO for a loss of RMB1,000,000 (HK$1,250,000), (ii) CACT withdraw its asset protection order over the Subject Cargo, and (iii) CACT bear all fees and legal costs of the Legal Proceedings.

As at 30 June 2015 and the date of this report, CACT had not been served with the Legal Proceedings and is, therefore, unable to consider or comment on the substance of the Legal Proceedings at the date of this report. Accordingly, during the Period, no provision was made in respect of the Legal Proceedings.

HK$'000

22. Contingent Liabilities (continued)

(d) The Group has noted from an announcement issued by 山煤國際能源集團股份有限公司 (Shanxi Coal International Energy Group Co., Ltd.) ("**Shanxi Coal Int'l**") on 27 August 2014 (the "**Shanxi Coal Announcement**") that:

(i) 山煤煤炭進出口有限公司 (Shanxi Coal Import & Export Co., Ltd.) ("**Shanxi Coal I/E**"), a wholly-owned subsidiary of Shanxi Coal Int'l, had filed a claim in 山西省高級人民法院 (Shanxi High People's Court) against, amongst others, CACT (the "**Shanxi Coal Claim**"); and

(ii) under the Shanxi Coal Claim, Shanxi Coal I/E had claimed from CACT (1) the sum of US$89,755,000 (HK$700,089,000) plus interest for breach of contract resulting from the non-delivery of certain aluminium ingots by CACT to Shanxi Coal I/E, and (2) costs in respect of the Shanxi Coal Claim.

The Group has also noted from the Shanxi Coal Announcement that, in connection with the Shanxi Coal Claim, Shanxi Coal I/E had obtained an asset protection order over a certain quantity of CACT's alumina and copper stored in bonded warehouses at Qingdao port.

As at 30 June 2015 and the date of this report, CACT had not been served with the Shanxi Coal Claim and is, therefore, not in a position to assess the Shanxi Coal Claim based on the disclosures in the Shanxi Coal Announcement. However, CACT is of the view that it has performed all of its obligations under its sales contracts entered into with Shanxi Coal I/E and the Shanxi Coal Claim is without merit. Accordingly, during the Period, no provision was made in respect of the Shanxi Coal Claim.

23. 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 2015 Unaudited	31 December 2014 Audited
Within one year	**207,725**	205,448
In the second to fifth years, inclusive	**475,613**	479,539
Beyond five years	**14,097**	99,859
	697,435	784,846

24. Commitments

In addition to the operating lease commitments detailed in note 23 above, the Group's share of the capital expenditure commitments was as follows:

	30 June 2015 Unaudited	31 December 2014 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**1,529,654**	1,726,217

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$4,368,951,000), of which RMB2,440,493,000 (HK$3,049,884,000) had been settled up to 30 June 2015. The contract amount is subject to the actual work confirmed by the Group and the contractor.

HK$'000

24. Commitments (continued)

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

	30 June 2015 Unaudited	31 December 2014 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**90,573**	93,392
Authorised, but not contracted for:		
Minimum work programme	**307,458**	333,212

25. Related Party Transactions and Connected Transactions

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

(a)

Six months ended 30 June Unaudited	Notes	2015	2014
Ultimate holding company:			
Rental expense	(i)	**1,137**	2,796
Subsidiaries of the ultimate holding company:			
Rental expense	(i)	**1,696**	1,205
Interest expense	(ii)	**—**	4,231
Sale of products	(iii)	**74,782**	—
A joint venture:			
Rental income	(i)	**2,773**	2,647
Service fees income	(i)	**—**	23,110

Notes:

(i) It was based on mutually agreed terms.

(ii) The interest expense was charged on a US$ loan at 2.2% p.a. over LIBOR.

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

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

Six months ended 30 June Unaudited	2015	2014
Salaries, allowances and benefits in kind	**5,059**	3,599
Bonuses	**2,504**	—
Pension scheme contributions	**169**	81
	7,732	3,680

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

	30 June 2015 Unaudited	31 December 2014 Audited
Within one year	**4,643**	5,877
In the second to fifth years, inclusive	**854**	2,735
	5,497	8,612

HK$'000

26. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, were as follows:

	Carrying amounts		Fair values	
	30 June 2015 Unaudited	31 December 2014 Audited	30 June 2015 Unaudited	31 December 2014 Audited
Financial assets				
Financial assets at fair value through profit or loss	**2,462,082**	2,757,746	**2,462,082**	2,757,746
Available-for-sale investment	**1,298**	1,733	**1,298**	1,733
Derivative financial instruments	**16,337**	23,759	**16,337**	23,759
	2,479,717	2,783,238	**2,479,717**	2,783,238
Financial liabilities				
Derivative financial instruments	**627,335**	751,895	**627,335**	751,895
Bank and other borrowings	**8,622,197**	9,173,364	**8,626,171**	9,171,371
Finance lease payables	**46,442**	56,526	**44,148**	53,851
	9,295,974	9,981,785	**9,297,654**	9,977,117

The fair values of trade receivables, financial assets included in prepayments, deposits and other 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.

Each principal subsidiary of the Company is responsible for its own fair value measurement of financial instruments. The finance team of the Company is responsible for the review and calibration of the parameters of the valuation processes. The valuation processes and results are discussed with the chief financial officer twice a year for interim and annual financial reporting purposes.

The fair values of the financial assets and liabilities are stated in 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 were used to estimate the fair values.

(a) The fair values of listed equity investments were determined based on quoted prices in active markets as at the end of the reporting period without any deduction of transaction costs.

(b) The fair values of bank and other borrowings as well as finance lease payables were calculated by discounting the expected future cash flows using rates currently available for instruments which had similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as well as finance lease payables as at 30 June 2015 was assessed to be insignificant.

(c) 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, embedded derivatives in provisional pricing arrangements and 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 Portland Aluminium Smelter joint venture) and Loy Yang Power (an independent electricity supplier) (the "**EHA**"), were measured using valuation techniques similar to forward pricing and discounted cash flow model, which means using present value calculations. These valuation techniques used both observable and unobservable market inputs. The fair values of forward currency contracts, forward commodity contracts, embedded derivatives in provisional pricing arrangements and the ESA, and the EHA were the same as their carrying amounts.

HK$'000

26. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

(i) The fair values of forward currency contracts, forward commodity contracts and embedded derivative in provisional pricing arrangements were based on valuation techniques using significant observable market inputs and insignificant unobservable market inputs.

(ii) The fair values of the ESA, the EHA and other investments that did not have an active market were based on valuation techniques using significant unobservable market inputs.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

Derivative financial instruments Valuation techniques	Significant unobservable inputs	Range 30 June 2015 Unaudited	Range 31 December 2014 Audited	Sensitivity of fair value to the changes in input
Embedded derivative – ESA				
Discounted cash flow method	Weighted average cost of capital ("**WACC**")	**2.73% to 4.73%**	2.88% to 4.88%	1% increase (decrease) in WACC would result in a decrease (an increase) in fair value by HK$208,000 (HK$212,000) (31 December 2014: HK$887,000 (HK$908,000))
EHA				
Discounted cash flow method	WACC	**5.48% to 7.48%**	5.69% to 7.69%	1% increase (decrease) in WACC would result in an increase (a decrease) in fair value by HK$36,714,000 (HK$45,685,000) (31 December 2014: a decrease by HK$28,707,000 (an increase by HK$36,954,000))
	Inflation rate	**1.50% to 3.50%**	1.54% to 3.54%	1% increase (decrease) in inflation rate would result in a decrease (an increase) in fair value by HK$103,668,000 (HK$81,206,000) (31 December 2014: HK$22,222,000 (HK$14,543,000))

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
30 June 2015 (unaudited)				
Financial assets at fair value through profit or loss	**2,462,082**	**—**	**—**	**2,462,082**
Available-for-sale investment:				
Listed equity investment	**1,298**	**—**	**—**	**1,298**
Derivative financial instruments	**—**	**16,337**	**—**	**16,337**
	2,463,380	**16,337**	**—**	**2,479,717**
31 December 2014 (audited)				
Financial assets at fair value through profit or loss	2,757,746	—	—	2,757,746
Available-for-sale investment:				
Listed equity investment	1,733	—	—	1,733
Derivative financial instruments	—	23,759	—	23,759
	2,759,479	23,759	—	2,783,238

HK$'000

26. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

	Fair value measurement using			
	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
30 June 2015 (unaudited)				
Derivative financial instruments	**—**	**32,904**	**594,431**	**627,335**
31 December 2014 (audited)				
Derivative financial instruments	—	24,505	727,390	751,895

The movements in fair value measurements in Level 3 during 2014 and during the Period were as follows:

Derivative financial instruments	
At 31 December 2013 (audited) and 1 January 2014	97,305
Total losses recognised in the consolidated statement of comprehensive income	630,085
At 31 December 2014 (audited) and 1 January 2015	**727,390**
Total gains recognised in the condensed consolidated income statement	**(11,700)**
Total gains recognised in the condensed consolidated statement of comprehensive income	**(121,259)**
At 30 June 2015 (unaudited)	**594,431**

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
30 June 2015 (unaudited)				
Bank and other borrowings	**—**	**8,626,171**	**—**	**8,626,171**
Finance lease payables	**—**	**44,148**	**—**	**44,148**
	—	**8,670,319**	**—**	**8,670,319**
31 December 2014 (audited)				
Bank and other borrowings	—	9,171,371	—	9,171,371
Finance lease payables	—	53,851	—	53,851
	—	9,225,222	—	9,225,222

Business Review and Outlook

Review

With most developed economies seeing little improvement in their efforts to stimulate recovery and a relative slowdown in productivity in developing markets such as China during the Period, energy and commodities markets overall remained sluggish and in over-supply posing significant challenges for the Group. In particular, global oil prices which fell heavily in 2H 2014 remained low and have had an especial impact on the Group's operations and performance during the Period. In addition, the Group's import and export of commodities business faced strong headwinds from decelerated economic growth in China and heightened market competition as it sought to improve sales which had suffered as a result of the loss of key customers in 2H 2014.

The Group has continued to implement cost reduction measures including holding off unnecessary capital expenditure, which has had some limited effect on mitigating the difficulties faced by the Group during the Period.

Despite the difficult operating environment, the Group has achieved a number of important milestones during the Period, principally in its oil business. In comparison to 1H 2014, the Group improved oil production at the Karazhanbas oilfield (as defined on page 33) in Kazakhstan, the Yuedong oilfield (as defined on page 31) in China and the Seram Block (as defined on page 30) in Indonesia. Moreover, in respect of the Karazhanbas oilfield, JSC Karazhanbasmunai ("**KBM**") obtained government approval to extend its existing right to produce and sell oil until 2035 and in Indonesia, drilling and testing of the Lofin-2 appraisal well have been encouraging with results so far indicating a material gas discovery.

In June 2015, the Group successfully concluded a 3-year term loan facility of US$490 million (the "**E Loan**") which has helped improve its financial flexibility.

Crude oil

The Group's oil production improved during the Period when compared to 1H 2014. Overall, average oil daily production reached 49,000 barrels (100% basis), an increase of 3% over the average daily production in 1H 2014. However, due almost entirely (if not entirely) to prevailing low oil prices, the Group's crude oil segment recorded a significant net loss for the Period despite the Yuedong oilfield recording a net profit for the Period following the commencement of production at Platform C in 4Q 2014.

The Karazhanbas oilfield managed a slight improvement in production during the Period with an average daily production of 39,200 barrels (100% basis) but still remained the largest contributor to the Group's oil production. Looking forward, the Karazhanbas oilfield is set to remain an important part of the Group's oil portfolio as KBM obtained government approval in June 2015 to an extension of its existing right to produce and sell oil until 2035. The successful conclusion of the extension secures the Group's investment in the Karazhanbas oilfield and cooperation with JSC KazMunaiGas Exploration Production ("**KMG EP**") in KBM and lifts the investment value of the oilfield for the Group.

During the Period, average daily production at the Yuedong oilfield increased by 13% when compared to 1H 2014 to 6,900 barrels (100% basis). The Group is currently employing thermal recovery technique on a trial basis with favourable initial outcomes. Upon satisfactory results of this trial, the Group will seek to utilise this technique on a wider scale within the Yuedong oilfield to enhance production.

In respect of the Seram Block, during the Period, average daily production increased by 8% when compared to 1H 2014 to 2,900 barrels (100% basis) following the successful drilling of a new development well in the Oseil area. In addition, at the end of the Period, the Lofin-2 appraisal well in the Manusela Formation had been drilled to a depth of 5,861 metres, and drilling and testing have been encouraging with results so far indicating a material gas discovery. During testing, a multi-rate test was conducted using different choke sizes over a 7 day period. On a 52/64" choke setting, the Lofin-2 appraisal well flowed gas at about 17.8 mmscfd with about 2,634 bpd water and completion fluid and about 54 bpd of 34.9° API oil/condensate with a flowing wellhead pressure of 2,250 psi over a 96 hour flow period. On the smallest 16/64" choke setting, the Lofin-2 appraisal well flowed gas at about 4.95 mmscfd with about 12 bpd of oil/condensate and about 280 bpd water with a flowing wellhead pressure of 5,000 psi over a 12 hour flow period. The Lofin-2 appraisal well has since been temporarily plugged and abandoned. An independent petroleum consulting firm has been engaged to appraise and evaluate the presence and amounts of oil/condensate and gas within the Manusela Formation.

API	:	American Petroleum Institute
bpd	:	barrels per day
mmscfd	:	million standard cubic feet per day
psi	:	pounds per square inch

Coal

The Group's coal investments comprise a 14% participating interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") and interests in a number of coal exploration operations in Australia.

Although revenue from the coal segment decreased during the Period as a result of falling coal prices amid weak market demand, the Group still managed an improvement in the results of the coal segment as a result of its cost control measures.

Metals

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

Profitability of the aluminium smelting segment for the Period improved when compared to 1H 2014 as a result of a higher average selling price for aluminium during the Period.

The Group's interest in AWC is classified as financial assets at fair value through profit or loss and measured at its fair value based on the closing price of AWC shares as at the end of each reporting period. Any difference between the fair value and the carrying value is recognised in the consolidated income statement. Despite short-term market fluctuations that resulted in a significant fair value loss in the Group's investment in AWC at the end of the Period, the Group is confident that there will be reasonable returns from this investment going forward.

Prior to the end of the Period, the Group's equity interest in CDH was diluted from 38.98% to 35.43% following the issue of new shares by CDH under a share placement and further diluted to 34.36% in July 2015 as a result of CDH issuing shares as consideration for the purchase of shares of China Polymetallic Mining Limited ("**CPM**"). For the Period, the Group recorded a share of loss with respect to its interest in CDH as CDH's performance continued to be affected by softer average selling prices of major manganese products. Following the acquisition of a 29.81% interest in CPM, CDH has diversified its investment into the non-ferrous metal sector, changing itself from a pure manganese producer to an integrated mineral producer.

Import and export of commodities

During the Period, the Group's import and export of commodities business has endeavoured to improve its sales which had suffered as a result of the loss of key customers in 2H 2014. However, the commodities markets continue to be depressed due to the relative slowdown in major markets, especially China, and an increasingly difficult and competitive market. Consequently, the import and export of commodities business recorded a material decrease in trading volume and a significant reduction in profit when compared to 1H 2014.

The investigation commenced by the Chinese authorities into the allegedly fraudulent multiple use of warehouse receipts in respect of certain aluminium and copper products stored at Qingdao port, China (the "**Investigation**") is still ongoing. The Group is not the subject of the Investigation and is not aware of the status of the Investigation. The Group will continue its claim in the Qingdao Maritime Court (the "**Court**") against the operator of the bonded warehouses at Qingdao port (the "**Operator**") in respect of the Group's inventories stored in bonded warehouses at Qingdao port. So far, no judgment has been issued by the Court in respect of this claim. The Group will also continue to follow up the associated market risks arising from the Investigation and the potential legal proceedings against the Group.

Financial Management

In June 2015, to finance the repayment of a US$380 million term loan facility (the "**A Loan**"), the Group entered into a facility agreement with a syndicate of financial institutions as lenders in respect of the E Loan. The remaining proceeds of the E Loan after the debt service will be used to finance the general corporate funding requirements of the Group. The successful conclusion of the E Loan demonstrates the confidence of the financial institutions in the Group's credibility and future growth.

Outlook

Looking ahead, the Group believes oil prices will remain low and demand for energy and commodities will remain weak for some more time. Taking into consideration uneven growth prospects across major economies, slowdown of economic growth in China, and industry over-capacity, the Group expects increasing business challenges and will remain alert to the changing market environment and take necessary measures. The Group will also endeavour to upgrade its research and development capabilities, enhance oil recovery techniques, and strengthen the exploration and development of oilfields to achieve stable oil production growth to safeguard the interests of shareholders.

Taking advantage of the support from 中國中信集團有限公司 (CITIC Group Corporation) ("**CITIC Group**"), the Group will foster organic growth and seek quality investment opportunities to maximise economic benefits for shareholders.

Financial Review

Group's financial results:

HK$'000

Operating results and ratios

	Six months ended 30 June 2015 Unaudited	2014 Unaudited	Decrease
Revenue	**2,140,727**	15,141,508	(85.9%)
EBITDA [1]	**(453,267)**	1,050,605	N/A
Adjusted EBITDA [2]	**376,924**	1,739,678	(78.3%)
EBIT [3]	**(880,177)**	590,793	N/A
Profit/(loss) attributable to shareholders	**(850,345)**	168,409	N/A
Adjusted EBITDA coverage ratio [4]	**1.7 times**	4.4 times	
Profit/(loss) per share (Basic) [5]	**(HK 10.81 cents)**	HK 2.14 cents	

Financial position and ratios

	30 June 2015 Unaudited	31 December 2014 Audited	Increase/ (decrease)
Cash and cash equivalents	**2,097,471**	3,246,421	(35.4%)
Total assets *	**20,792,416**	22,780,175	(8.7%)
Total debt [6]	**8,668,639**	9,229,890	(6.1%)
Net debt [7]	**6,571,168**	5,983,469	9.8%
Equity attributable to shareholders	**10,069,931**	10,867,117	(7.3%)
Current ratio [8]	**1.5 times**	1.5 times	
Net debt to net total capital [9]	**39.5%**	35.5%	
Net asset value per share [10]	**HK$1.28**	HK$1.38	

1 profit/(loss) before tax + finance costs + depreciation + amortisation
2 EBITDA + share of depreciation, amortisation, finance costs, income tax expense/(credit) and non-controlling interests of a joint venture + fair value loss on financial assets at fair value through profit or loss (before tax credit)
3 profit/(loss) before tax + finance costs
4 adjusted EBITDA / (finance costs + share of finance costs of a joint venture)
5 profit/(loss) attributable to shareholders / weighted average number of ordinary shares in issue during the period
6 bank and other borrowings + finance lease payables
7 total debt – cash and cash equivalents
8 current assets / current liabilities
9 net debt / (net debt + equity attributable to shareholders) x 100%
10 equity attributable to shareholders / number of ordinary shares in issue at period end
* including capital expenditure in respect of exploration, development and mining production activities of HK$241,273,000 during the Period (HK$1,488,289,000 during 2014)

The Group's financial performance during the Period continued to be adversely affected by, among other things, significantly lower oil prices and softening in both demand for and selling prices of commodities. In addition, the Group recorded a fair value loss of HK$565.0 million (before tax credit) with respect to its interest in AWC due to a lower closing price of AWC shares and depreciation of Australian dollar ("**A$**") as at the end of the Period compared to those as at the end of 2014. The Group's share of loss with respect to its interest in CDH increased due to softer average selling prices of major manganese products. These factors resulted in the loss attributable to shareholders of HK$850.3 million.

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 2014.

Aluminium smelting

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

Revenue	HK$525.3 million	(2014: HK$545.0 million)	▼ 4%
Segment results	HK$ 58.6 million	(2014: HK$ 29.0 million)	▲ 102%

- Although the average selling price increased by 8%, sales volume decreased by 10% resulting in a decrease in revenue of 4% when compared to 1H 2014.

- As a result of a higher average selling price of aluminium as compared to 1H 2014, gross profit margin improved during the Period.

  The Group's aluminium smelting business is a net United States dollar ("**US$**") denominated asset while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the Period caused a net exchange gain of HK$30.4 million (2014: HK$21.7 million).

- Included in "Other income and gains" in the condensed consolidated income statement was a gain of HK$11.7 million (2014: no gain or loss) 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, the component is considered to be 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 2015, 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 the movement in valuation (if any) 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

- The Group holds a 14% participating interest in the CMJV and interests in a number of coal exploration operations in Australia. The CMJV is a major producer of low volatile pulverized coal injection coal in the international seaborne market.

Revenue	HK$347.0 million	(2014: HK$365.6 million)	▼ 5%
Segment results	a loss of HK$ 63.2 million	(2014: a loss of HK$ 91.1 million)	N/A

- Although sales volume increased by 11%, the average selling price fell by 15% resulting in a decrease in revenue of 5% when compared to 1H 2014. The average selling price fell due to weak market demand.

- Despite a material drop in the average selling price of coal, a slightly improved gross profit margin when compared to 1H 2014 was achieved on the back of ongoing cost saving efforts and depreciation of A$ which saw cost of sales per tonne decrease by 19% during the Period.

  The Group's coal business is a net US$ denominated asset while most of the costs are payable in A$. Fluctuations between A$ and US$ throughout the Period caused a net exchange gain of HK$7.0 million (2014: HK$8.5 million).

Import and export of commodities

- CITIC Australia Trading Pty Limited ("**CATL**"), an indirect wholly-owned subsidiary of the Company, conducts most of the Group's import and export of commodities business.

  Exported products include aluminium ingots, coal, iron ore, alumina and copper sourced from Australia and other countries for trade into China and other Asian countries. Imported products include steel, and vehicle and industrial batteries and tyres from China and other countries and regions into Australia.

Revenue	HK$790.5 million	(2014: HK$13,359.0 million)	▼ 94%
Segment results	HK$ 36.7 million	(2014: HK$ 168.1 million)	▼ 78%

- The Group's import and export of commodities business recorded a material decrease in both revenue and profit when compared to 1H 2014 as the commodities markets continue to be depressed due to the relative slowdown in major markets, especially China, an increasingly difficult and competitive market, and the loss of key customers in 2H 2014.

- Due to a material decrease in trading volume for most commodities, revenue from exports and imports decreased by 98% and 27% respectively as compared to 1H 2014.

- The Group's import and export of commodities business is a net US$ denominated asset while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the Period caused a net exchange gain of HK$32.2 million (2014: HK$10.3 million).

- The Investigation, commenced in 2014 by the Chinese authorities into the allegedly fraudulent multiple use of warehouse receipts in respect of certain aluminium and copper products stored at Qingdao port, China, is still ongoing. The Group is not the subject of the Investigation and is not aware of the status of the Investigation, but the Investigation has had some negative impact on the Group's export business since 2H 2014.

- The Group has certain alumina and copper stored in bonded warehouses at Qingdao port (the "**Inventories**") and, in light of the Investigation, applied to the Court in June 2014 for asset protection orders. The Court, however, did not grant an asset protection order in respect of certain alumina (the "**Non-protected Alumina**"). The Group also filed a claim (the "**Claim**") with the Court against the Operator. The Claim requires the Operator to confirm the Group's ownership of the Inventories and to release and deliver all of the Inventories to the Group or, failing which, to compensate the Group in respect of the Inventories. So far, no judgment has been issued by the Court in respect of the Claim.

  During 2014, a provision of HK$319.8 million (before tax credit) was made in respect of the Non-protected Alumina and charged to "Provision for impairment of inventories" in the consolidated income statement. As the Group remains confident in the Claim, during the Period, no further provision was considered necessary to the carrying value of the Inventories. The Group will continue with the Claim against the Operator.

- The Group will also continue to follow up the associated market risks arising from the Investigation and the potential legal proceedings against the Group.

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 2014, the Seram Block had estimated proved oil reserves of 4.7 million barrels as determined in accordance with the standards of the Petroleum Resources Management System (the "**PRMS**").

- For the Period, the segment results of CITIC Seram recorded a loss of HK$33.2 million (2014: a profit of HK$21.5 million). The following table shows a comparison of the performance of the Seram Block:

		1H 2015 (51%)	1H 2014 (51%)	Change
Average benchmark Mean of Platts Singapore (MOPS): Platts HSFO 180 CST Singapore	(US$ per barrel)	**52.6**	93.6	▼ 44%
Average crude oil realised price	(US$ per barrel)	**54.9**	94.1	▼ 42%
Sales volume	(barrels)	**164,000**	172,000	▼ 5%
Revenue	(HK$ million)	**70.1**	126.4	▼ 45%
Total production	(barrels)	**254,000**	235,000	▲ 8%
Daily production	(barrels)	**1,400**	1,290	▲ 8%

  Revenue decreased by 45% compared to 1H 2014 due to a substantially lower average oil realised price and a decrease in sales volume. CITIC Seram did, however, achieve an 8% increase in production when compared to 1H 2014 attributable to the new development wells in the Oseil area.

- Although cost saving efforts resulted in a 12% reduction in direct operating costs per barrel attributable to lower transportation and maintenance expenses, cost of sales per barrel still increased by 3% when compared to 1H 2014 due to a 12% increase in depreciation, depletion and amortisation per barrel as a result of the new development wells completed in 1H 2014 and 2Q 2015 in the Oseil area.

- A new development well was drilled in the Oseil area and put into production in 2Q 2015. Encouraged by the results of the new development wells in the Oseil area, the Group plans to drill more new wells there to enhance production.

  Exploration drilling in the Lofin area resumed in 4Q 2014 aimed at discovering new reserves. At the end of the Period, the Lofin-2 appraisal well in the Manusela Formation had been drilled to a depth of 5,861 metres, and drilling and testing have been encouraging with results so far indicating a material gas discovery. An independent petroleum consulting firm has been engaged to appraise and evaluate the presence and amounts of oil/condensate and gas within the Manusela Formation.

- The significant drop in global oil prices is posing a major challenge for CITIC Seram in 2015. A number of initiatives have been implemented during the Period to reduce the impact of lower oil prices. These included increase in production volume and, reduction or postponement of expenditure which should not have an adverse effect on normal operations.

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 2014, the Yuedong oilfield (the "**Yuedong oilfield**"), the principal field within the Hainan-Yuedong Block, had estimated proved oil reserves of 25.5 million barrels as determined in accordance with the standards of the PRMS.

- For the Period, the segment results of CITIC Haiyue recorded a profit of HK$52.7 million (2014: HK$202.5 million). The following table shows a comparison of the performance of the Yuedong oilfield:

		(Tincy Group's share) 1H 2015	1H 2014	Change
Average benchmark quote:				
Platts Dubai crude oil	(US$ per barrel)	**56.6**	105.3	▼ 46%
Average crude oil realised price	(US$ per barrel)	**57.8**	102.8	▼ 44%
Sales volume	(barrels)	**924,000**	937,000	▼ 1%
Revenue	(HK$ million)	**407.8**	745.5	▼ 45%
Total production	(barrels)	**939,000**	836,000	▲ 12%
Daily production	(barrels)	**5,190**	4,620	▲ 12%

  Revenue decreased by 45% compared to 1H 2014 due to a substantially lower average oil realised price and a slight decrease in sales volume. Following the commencement of production at Platform C (the third artificial island) in 4Q 2014, a 12% increase in production was recorded when compared to 1H 2014.

- Cost of sales per barrel decreased by 20% when compared to 1H 2014 attributable to a 22% decrease in depreciation, depletion and amortisation per barrel as a result of an upward revision of oil reserves estimate at the end of 2014.

  In China, special oil gain levy is charged at progressive rates based on oil realised price and charged to "Selling and distribution costs" in the consolidated income statement. During the Period, no levy (2014: HK$101.4 million) was charged as the oil realised prices were lower than the threshold for such levy which increased to US$65 per barrel effective 1 January 2015.

  These factors resulted in CITIC Haiyue recording a profit for the Period despite a substantial fall in average oil realised price.

- Tincy Group is currently employing thermal recovery technique on a trial basis with favourable initial outcomes. Upon satisfactory results of this trial, Tincy Group will seek to utilise this technique on a wider scale within the Yuedong oilfield to enhance production.

  Tincy Group is actively prospecting potential exploration areas within the Bohai Bay Basin with the objective of increasing oil reserves.

- Capital expenditure will continue to be applied in respect of the remaining development works of the Yuedong oilfield. Dependent on the drilling data 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 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.

  Prior to the end of the Period, the Group's equity interest in CDH was diluted from 38.98% to 35.43% following the issue of new shares by CDH under a share placement and further diluted to 34.36% in July 2015 as a result of CDH issuing shares as consideration for the purchase of shares of CPM.

- 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.

  Following the acquisition of a 29.81% interest in CPM, CDH has diversified its investment into the non-ferrous metal sector, changing itself from a pure manganese producer to an integrated mineral producer.

- Share of loss of an associate HK$115.5 million (2014: HK$43.9 million) N/A

  The Group recorded a share of loss for the Period with respect to its interest in CDH and its subsidiaries (collectively, the "**CDH Group**"). The CDH Group's performance continued to be affected by the economic environment in China. There was no improvement in the steel sector and therefore the average selling prices of major manganese products continued to fall. Correspondingly, the related gross profit margin dropped during the Period.

  Detailed financial results of the CDH Group, including management 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

- The Group has an interest in a world-class global portfolio of upstream mining and refining operations in the aluminium sector through its 9.561% equity interest in AWC, a leading Australian company listed on the Australian Securities Exchange (Stock Code: AWC). Other subsidiaries of CITIC Limited have a total 6.447% equity interest in AWC.

  AWC has significant global interests in bauxite mining and alumina refining operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture, the world's largest alumina producer.

- In 2H 2014, the Group's interest in AWC was reclassified as financial assets at fair value through profit or loss and, as a result, is measured at its fair value based on the closing price of AWC shares as at the end of each reporting period. Any difference between the fair value and the carrying value is recognised in the consolidated income statement. Prior to the reclassification, AWC was considered an associate of the Group.

- As at the end of the Period, a fair value loss of HK$565.0 million (before tax credit) was recorded in "Other expenses, net" in the condensed consolidated income statement due to a lower closing price of AWC shares and depreciation of A$ as compared to those as at the end of 2014.

  During the Period, the Group received a dividend of HK$29.9 million from AWC. The dividend was credited into "Other income and gains" in the condensed consolidated income statement.

  Prior to the reclassification mentioned above, the Group accounted for its share of the profit/(loss) in AWC using the equity method and the Group recorded a share of profit of HK$6.3 million for 1H 2014.

  Detailed financial results of AWC are available on its website at http://www.aluminalimited.com .

- Despite short-term market fluctuations that resulted in a significant fair value loss in the Group's investment in AWC at the end of the Period, the Group is confident that there will be reasonable returns from this investment going forward. Therefore, given the lower price of AWC shares, the Group acquired additional shares in AWC during the Period.

Crude oil (the Karazhanbas oilfield, Kazakhstan)

- CITIC Oil & Gas Holdings Limited, an indirect wholly-owned subsidiary of the Company, and KMG EP through a joint venture, CITIC Canada Energy Limited ("**CCEL**"), own, manage and operate KBM jointly. Effectively, the Group owns 50% of the issued voting shares of KBM (which represents 47.3% of the total issued shares of KBM).

  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**"). In June 2015, KBM obtained government approval to extend its existing right to explore, develop, produce and sell oil until 2035.

  As at 31 December 2014, the Karazhanbas oilfield had estimated proved oil reserves of 250.3 million barrels as determined in accordance with the standards of the PRMS.

- Share of loss of a joint venture HK$182.1 million (2014: a profit of HK$291.5 million) N/A

  The Group accounts for its share of the consolidated results of CCEL using the equity method. The following table shows a comparison of the performance of the Karazhanbas oilfield:

		1H 2015 (50%)	1H 2014 (50%)	Change
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	**57.0**	107.8	▼ 47%
Dated Brent crude oil	(US$ per barrel)	**57.5**	109.7	▼ 48%
Average crude oil realised price	(US$ per barrel)	**44.6**	90.9	▼ 51%
Sales volume	(barrels)	**3,697,000**	3,616,000	▲ 2%
Revenue	(HK$ million)	**1,277.5**	2,549.5	▼ 50%
Total production	(barrels)	**3,546,000**	3,510,000	▲ 1%
Daily production	(barrels)	**19,600**	19,400	▲ 1%

Revenue decreased by 50% compared to 1H 2014 due to a substantially lower average oil realised price, although there was a slight increase in sales volume. Production slightly increased when compared to 1H 2014.

- During the Period, Kazakhstan Tenge remained stable when compared to 1H 2014. As a result, as at the end of the Period, there was no impact to KBM's accounts, of which Tenge is the functional currency. For 1H 2014, a net exchange gain of HK$76.3 million was recorded due to a 19% devaluation in Tenge in early 2014.

- At CCEL level, mineral extraction tax is charged at progressive rates based on production volume and charged to "Cost of sales" in the consolidated income statement. Rent tax is charged on export revenue while export duty is charged at a certain rate per tonne of oil exported, and both are charged to "Selling and distribution costs" in the consolidated income statement. Export duty increased from US$60 to US$80 per tonne effective 1 April 2014 but returned to US$60 per tonne effective 1 April 2015.

  During the Period, direct operating costs per barrel increased by 8% to US$21.3 (2014: US$19.8) when compared to 1H 2014, mainly caused by rising repairs and maintenance, and salaries and wages. Nevertheless, cost of sales per barrel decreased by 19% attributable to a 46% decrease in depreciation, depletion and amortisation per barrel as a result of the extension of the Karazhanbas oilfield contract to 2035.

  Selling and distribution costs per barrel decreased by 46% when compared to 1H 2014 as rent tax decreased by 75% as a result of lower export revenue, export duty decreased by 12% due to a decrease in export volume, and transportation costs decreased by 6%.

Liquidity, Financial Resources and Capital Structure

Cash

As at 30 June 2015, the Group had cash and cash equivalents of HK$2,097.5 million.

During the Period, the Group made a drawdown of US$380 million (HK$2,964 million) under the E Loan to fully repay the A Loan at maturity. Besides, the Group prepaid US$200 million (HK$1,560 million) of the C Loan (as defined below).

Borrowings

As at 30 June 2015, the Group had total debt of HK$8,668.6 million, which comprised:

- unsecured bank loans of HK$8,622.2 million; and
- finance lease payables of HK$46.4 million.

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 the A Loan, being an unsecured 3-year term loan facility of US$380 million (HK$2,964 million), to refinance the outstanding amount of an unsecured term loan facility (being US$140 million) and to finance the general corporate funding requirements of the Company. The A Loan was fully repaid in June 2015 from the proceeds of the E 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**") to finance the general corporate funding requirements of the Company. The outstanding balance of the B Loan as at 30 June 2015 was US$40 million.

In November 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility of US$400 million (HK$3,120 million) (the "**C Loan**") to finance the general corporate funding requirements of the Company. The C Loan has a tenor of five years commencing from the date of first utilisation, being 14 May 2013, subject to a put option requiring repayment on the date falling three years from such date. During the Period, US$200 million (HK$1,560 million) was prepaid by the Company. The outstanding balance of the C Loan as at 30 June 2015 was US$200 million.

In March 2014, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility (the "**D Loan**") to finance the repayment of the Group's US$1,000,000,000 6.75% senior notes due 2014. The D Loan has a total facility amount of US$310 million (HK$2,418 million) and a tenor of three years commencing from the date of first utilisation, being 12 May 2014. The outstanding balance of the D Loan as at 30 June 2015 was US$310 million.

In June 2015, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of the E Loan, being an unsecured term loan facility of US$490 million (HK$3,822 million). The E Loan has two tranches, Tranche A and Tranche B, in the respective amounts of US$380 million (HK$2,964 million) and US$110 million (HK$858 million). The proceeds of Tranche A were used to finance the repayment of the A Loan. Tranche A has a tenor of three years commencing from the date of utilisation, being 29 June 2015. The proceeds of Tranche B will be used to finance the general corporate funding requirements of the Company. Tranche B has a tenor of three years commencing from the date of first utilisation. The outstanding balance of the E Loan as at 30 June 2015 was US$380 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 operations. The leases are classified as finance leases. Further details of the finance lease payables are set out in note 20 to these Financial Statements.

As at 30 June 2015, the Group's net debt to net total capital was 39.5% (31 December 2014: 35.5%). Of the total debt, HK$3,043.4 million was repayable within one year, including the outstanding balance of the C Loan, short-term revolvers and trade finance.

Share capital

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

Financial risk management

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

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

New investment

There was no new investment concluded during the Period.

Opinion

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

Employees and Remuneration Policies

As at 30 June 2015, the Group had around 530 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.13/2003 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 persons.

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 2015, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 to be 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. Kwok Peter Viem	Directly beneficially owned	11,568,000	400,000,000	5.23
Mr. Sun Yang	Directly beneficially owned	4,000	—	—
Ms. Li So Mui	Directly beneficially owned	2,388,000	—	0.03
Mr. Shou Xuancheng	Directly beneficially owned	3,900,000	—	0.05

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

Name of director	Name of associated corporation	Shares / equity derivatives	Number of shares / equity derivatives held	Nature of interest	Percentage of the total issued share capital of the associated corporation
Mr. Qiu Yiyong	CDH	Share options	15,000,000	Directly beneficially owned	0.50
Mr. Sun Yang	CITIC Limited	Ordinary shares	117,000	Directly beneficially owned	—
Ms. Li So Mui	CDH	Ordinary shares	3,154	Directly beneficially owned	—
Mr. Gao Pei Ji	CITIC 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 2015, none of the directors or the 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 share option scheme adopted by the Company on 30 June 2004 (the "**Old Scheme**") for a term of ten years expired on 29 June 2014. The share options that have been granted under the Old Scheme and remained outstanding as at the date of expiry of the Old Scheme remain valid and exercisable subject to and in accordance with the terms of the Old Scheme.

To enable the Company to continue to grant share options as an incentive or reward to eligible persons, a new share option scheme was adopted by the Company on 27 June 2014 (the "**New Scheme**"). Up to the date of this report, no share option has been granted under the New Scheme.

The following table discloses movements in the Company's share options, which were granted under the Old Scheme, during the Period:

	Number of share options				
Category and name of eligible person	At 1 January 2015	At 30 June 2015 (1)	Date of grant	Exercise period	Exercise price per share HK$
Director					
Mr. Kwok Peter Viem	200,000,000	200,000,000	06-11-2013	06-11-2014 to 05-11-2018	1.770
	200,000,000	200,000,000	06-11-2013	06-11-2015 to 05-11-2018	1.770
	400,000,000	**400,000,000** (2)			

Notes:

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

(2) The share options are subject to the following vesting conditions:

(i) 50% of the share options vest and are exercisable with effect from the first anniversary of the date of grant; and

(ii) the remaining 50% of the share options shall vest and be exercisable with effect from the second anniversary of the date of grant.

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

As at 30 June 2015, 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, were 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	4,675,605,697 (1)	59.42
CITIC Polaris Limited	Corporate	4,675,605,697 (2)	59.42
CITIC Limited	Corporate	4,675,605,697 (3)	59.42
CITIC Corporation Limited	Corporate	4,675,605,697 (4)	59.42
CITIC Projects Management (HK) Limited	Corporate	3,895,083,904 (5)	49.50
Keentech Group Limited	Corporate	3,895,083,904 (6)	49.50
CITIC Australia Pty Limited	Corporate	750,413,793 (7)	9.54
Temasek Holdings (Private) Limited	Corporate	901,909,243 (8)	11.46
Temasek Capital (Private) Limited	Corporate	576,247,750 (9)	7.32
Seletar Investments Pte. Ltd.	Corporate	576,247,750 (10)	7.32
Baytree Investments (Mauritius) Pte. Ltd.	Corporate	576,247,750 (11)	7.32

Notes:

(1) The figure represents an attributable interest of CITIC Group through its interest in CITIC Polaris Limited ("**CITIC Polaris**"). CITIC Group is a company established in China.

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

(3) The figure represents an attributable interest of CITIC Limited through its interest in CITIC Corporation Limited ("**CITIC Corporation**"). CITIC Limited, a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (Stock Code: 267), is owned as to 38.0% by CITIC Polaris and 29.9% by CITIC Glory Limited ("**CITIC Glory**"). CITIC Glory, a company incorporated in the BVI, is a direct wholly-owned subsidiary of CITIC Group.

(4) The figure represents an attributable interest of CITIC Corporation through its interest in CITIC Projects Management (HK) Limited ("**CITIC Projects**"), CITIC Australia Pty Limited ("**CA**") and Extra Yield International Ltd. ("**Extra Yield**"). Extra Yield holds 30,108,000 shares representing 0.38% of the total issued share capital of the Company. CITIC Corporation, a company established in China, is a direct wholly-owned subsidiary of CITIC Limited. Extra Yield, a company incorporated in the BVI, is an indirect wholly-owned subsidiary of CITIC Corporation.

(5) 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 Corporation.

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

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

(8) 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**"). Ellington 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.

(9) 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.

(10) 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.

(11) 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 2015, 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 September 2012, the Company, as borrower, entered into a facility agreement with a bank as lender in respect of the B Loan, being an unsecured 5-year term loan facility of US$40 million (HK$312 million).

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

In March 2014, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of the D Loan, being an unsecured term loan facility. The D Loan has a total facility amount of US$310 million (HK$2,418 million) and a tenor of three years commencing from 12 May 2014.

In June 2015, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of the E Loan, being an unsecured term loan facility of US$490 million (HK$3,822 million). The E Loan has two tranches, Tranche A and Tranche B, in the respective amounts of US$380 million (HK$2,964 million) and US$110 million (HK$858 million). Tranche A has a tenor of three years commencing from 29 June 2015, while Tranche B has a tenor of three years commencing from the date of first utilisation of Tranche B.

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

Review of Accounts

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

On behalf of the Board
Kwok Peter Viem
Chairman

Hong Kong, 31 July 2015

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