



**中信資源控股有限公司**  
CITIC Resources Holdings Limited

# **2020 INTERIM RESULTS**

**(FOR THE SIX MONTHS ENDED 30 JUNE 2020)**

**July 2020**



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# Operational Performance for 1H 2020

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# Overview: Assets Allocation



**中信資源控股有限公司**  
CITIC Resources Holdings Limited

## Oil and Gas Assets

- **Kazakhstan**  
Karazhanbas oilfield 50%
- **Liaoning Province, China**  
Hainan-Yuedong Block 90%
- **Indonesia**  
Seram Non-Bula block 41%

## Non-oil Project Investment

- **Australia**  
Portland Aluminium Smelter 22.5%
- **Australia**  
Coppabella and Moorvale Coal Mines Joint Venture 14%
- **Australia**  
CITIC Australia Trading Pty Limited 100%
- **Australia**  
Alumina Limited 9.6846%
- **Hong Kong, China**  
CITIC Dameng 34.39%

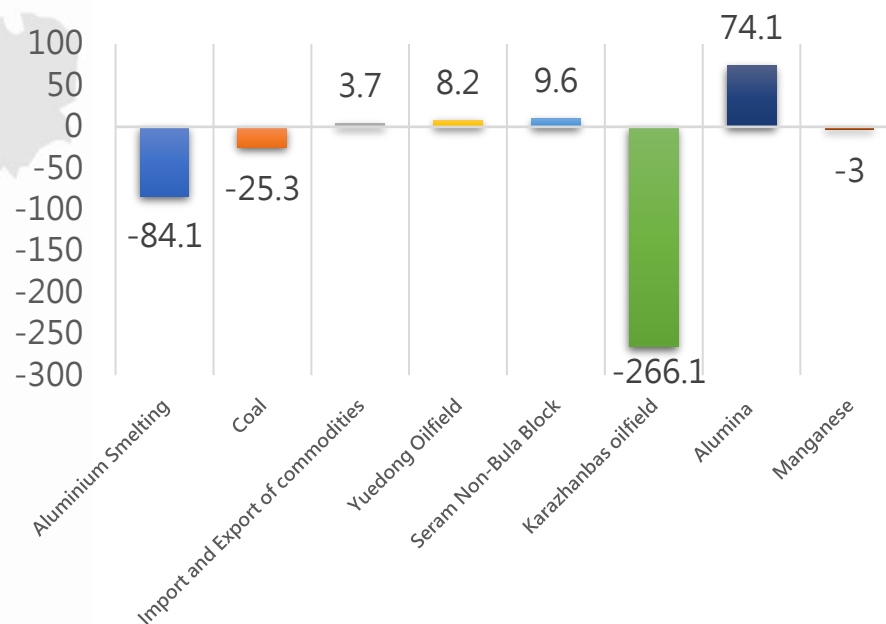
### Notes:

(1) As share of profit of a joint venture

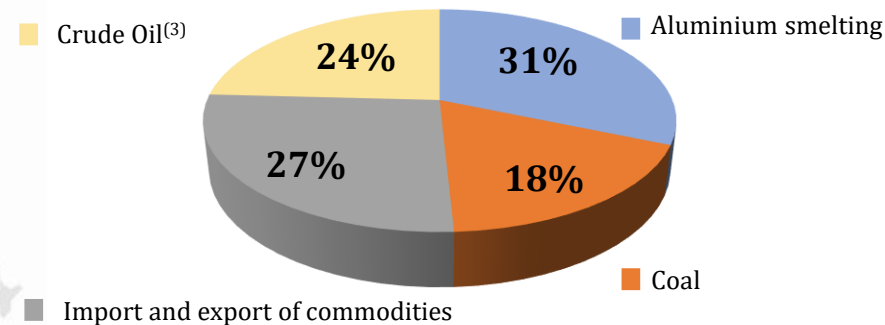
(2) As share of profit of an associate

(3) Only consolidate revenues of Yuedong oilfield and Seram Block

Segment Results /Share of Profit (HK\$M)



Revenue



# Overview – Oil and Gas Assets

	<i>Kazakhstan The Karazhanbas oilfield</i>	<i>Liaoning Province, China Hainan-Yuedong Block</i>	<i>Indonesia Seram Block</i>
<b>Shareholding</b>	50%	90%	41%
<b>Partners</b>	KMG	CNPC	CSEL PT Petro Indo Mandiri Gulf Petroleum Inv. Co. KSCC PT GHJ Seram Indonesia Lion International Inv. Ltd.
<b>Proved Oil Reserves as at Dec 2019</b>	180 million barrels	30.1 million barrels	2.3 million barrels
<b>Contract Expiry</b>	2035	2034	2039
<b>Total Production in 2019 (100% basis)</b>	14.456 million barrels	2.56 million barrels	0.622 million barrels
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• MET preferential rate of 0.5%</li> <li>• Low proportion of domestic oil sales</li> <li>• Relatively stable number of wells drilled annually</li> </ul>	<ul style="list-style-type: none"> <li>• Lowest operating cost among same types of oilfields in Liao He River Oilfield</li> <li>• Potential production upside under the development plan</li> </ul>	<ul style="list-style-type: none"> <li>• After the new contract took effect, there is development plan with potential increase of well drilling and production</li> <li>• 3tcf of natural gas resources to be explored</li> </ul>

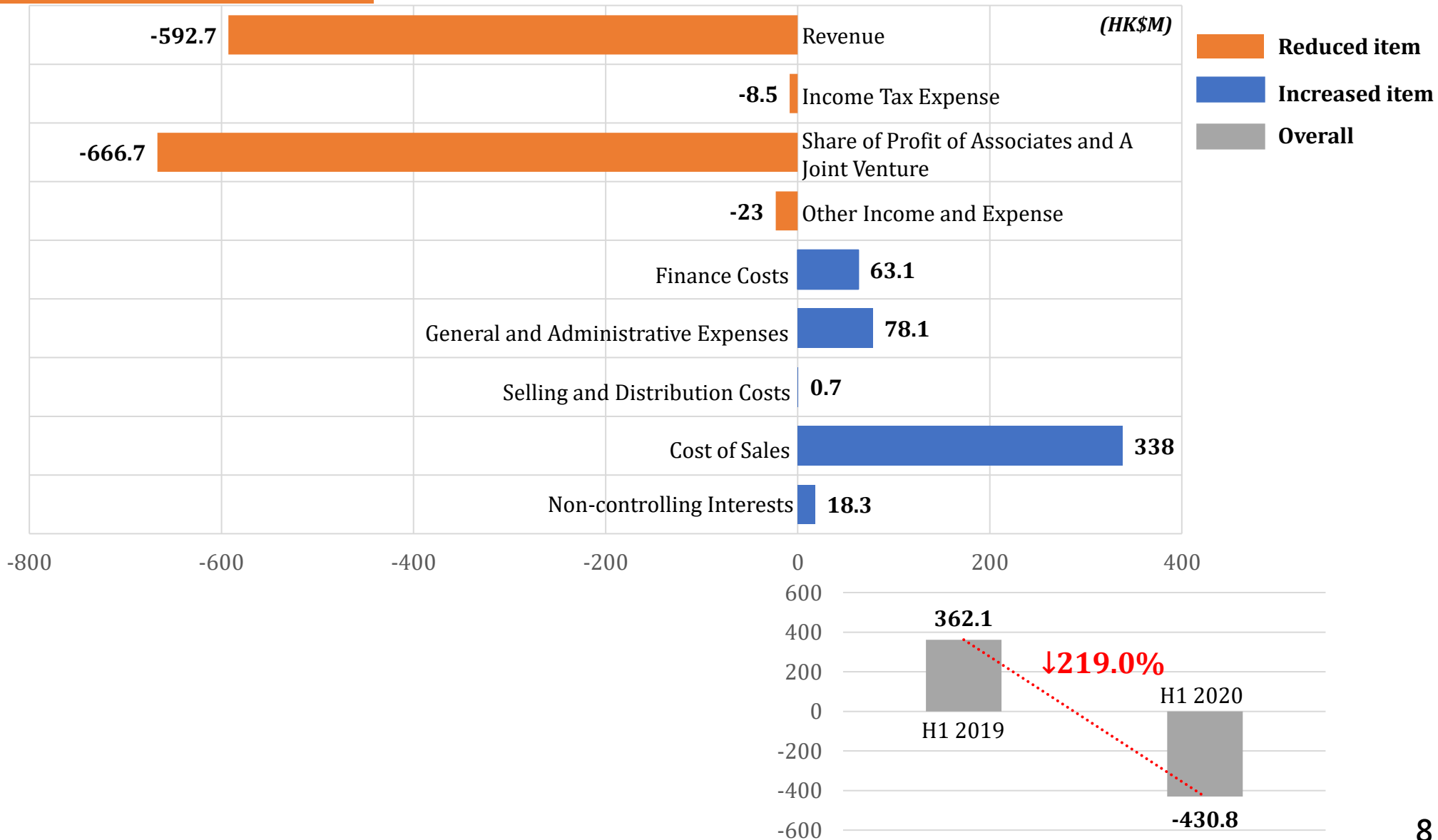
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# Business Overview

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# Analysis on Profit Attributable to Shareholders

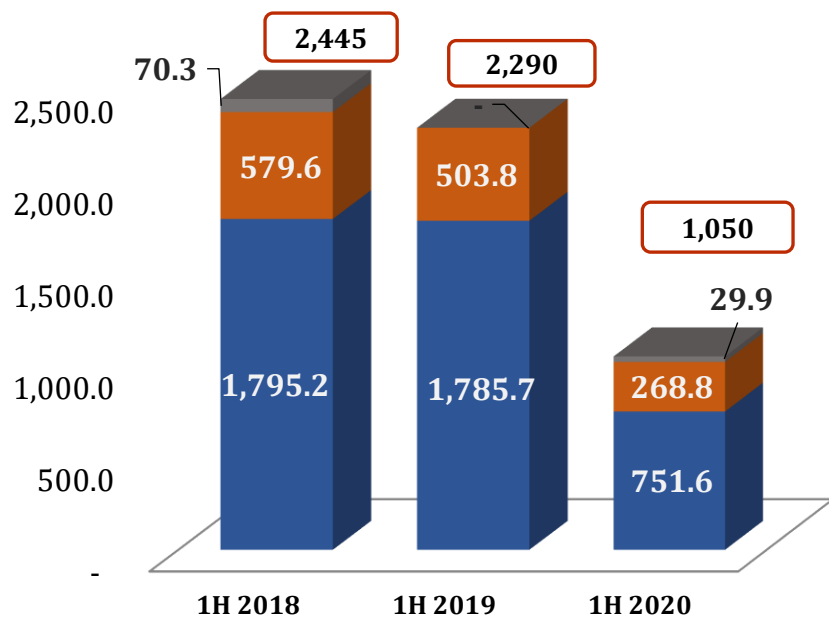




# Operating Performance of Oil and Gas Assets

## Revenue of Oil and Gas Assets

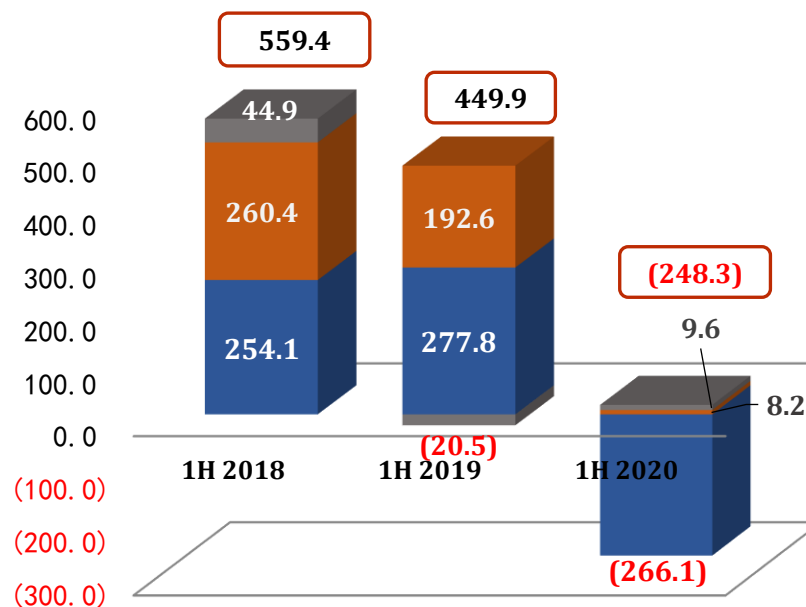
(HK\$M)



■ Karazhanbas(1) ■ Yuedong Oilfield ■ Seram Block

## Segment Results/Share of profits of Oil and Gas Assets

(HK\$M)



■ Karazhanbas(2) ■ Yuedong Oilfield ■ Seram Block

Notes:

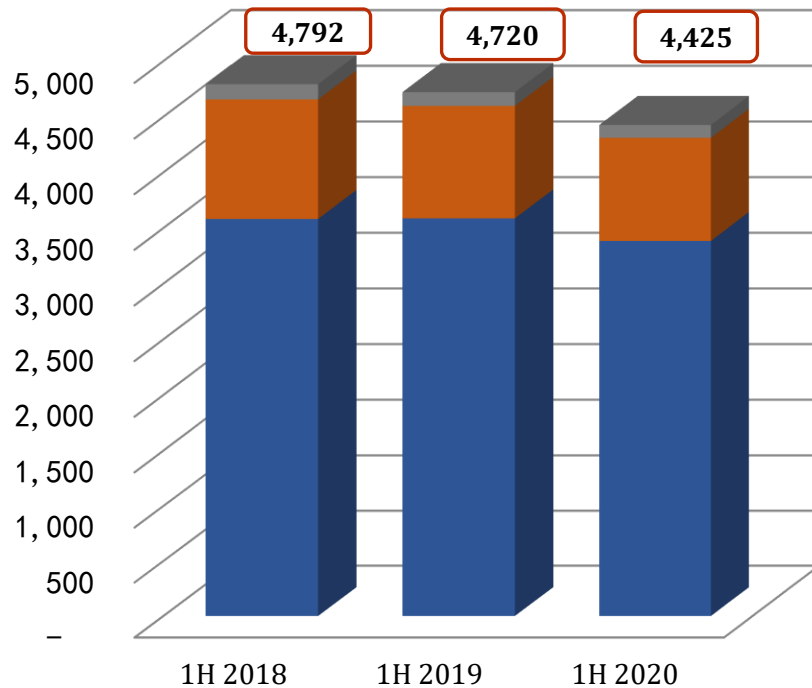
(1) Karazhanbas' revenue is not consolidated

(2) As share of profit of a joint venture

# Oil and Gas Assets – Production

Total equity production remains relatively stable

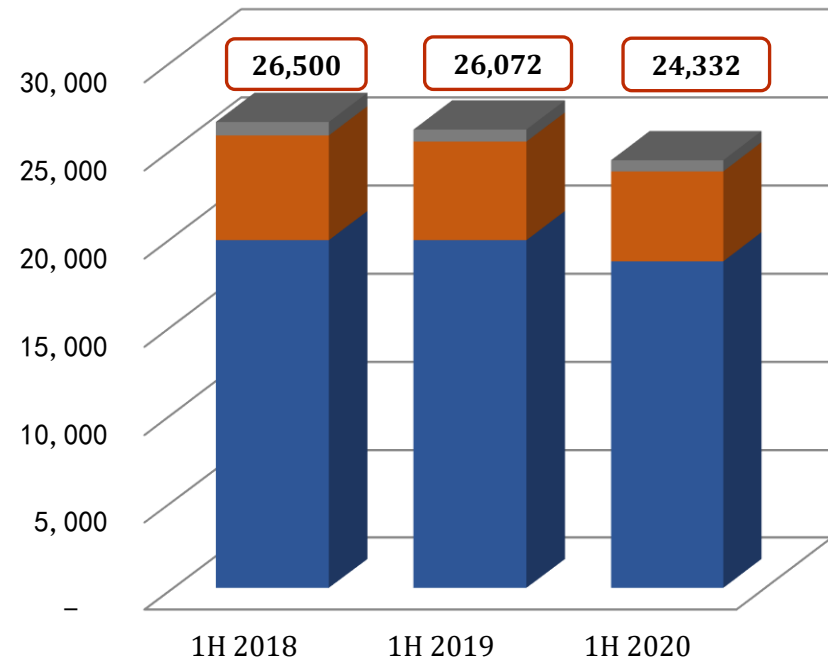
(mbbls)



■ Karazhanbas ■ Yuedong Oilfield ■ Seram Block

Daily equity production remains relatively stable

(bbls)

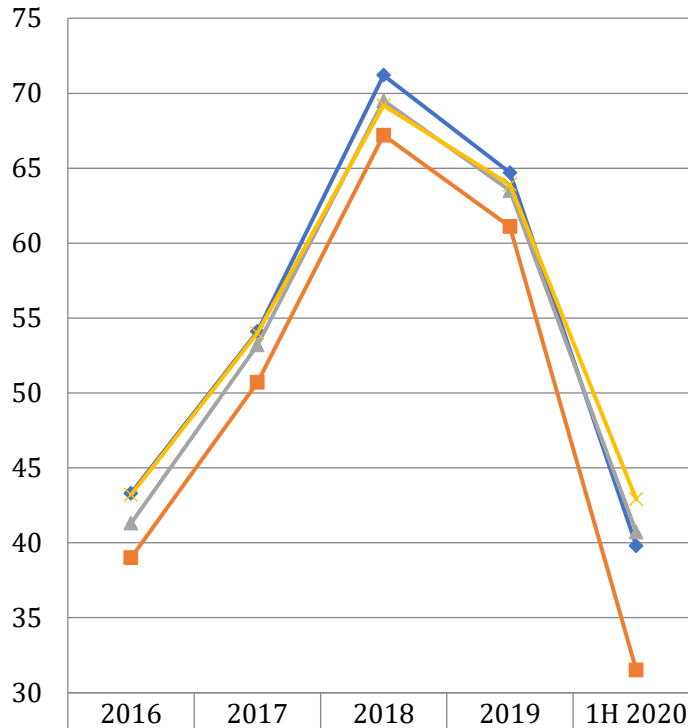


■ Karazhanbas ■ Yuedong Oilfield ■ Seram Block

# Oil and Gas Assets - Realized Price and Production-Sales Comparison

The main product is heavy oil yet sales discount is not big

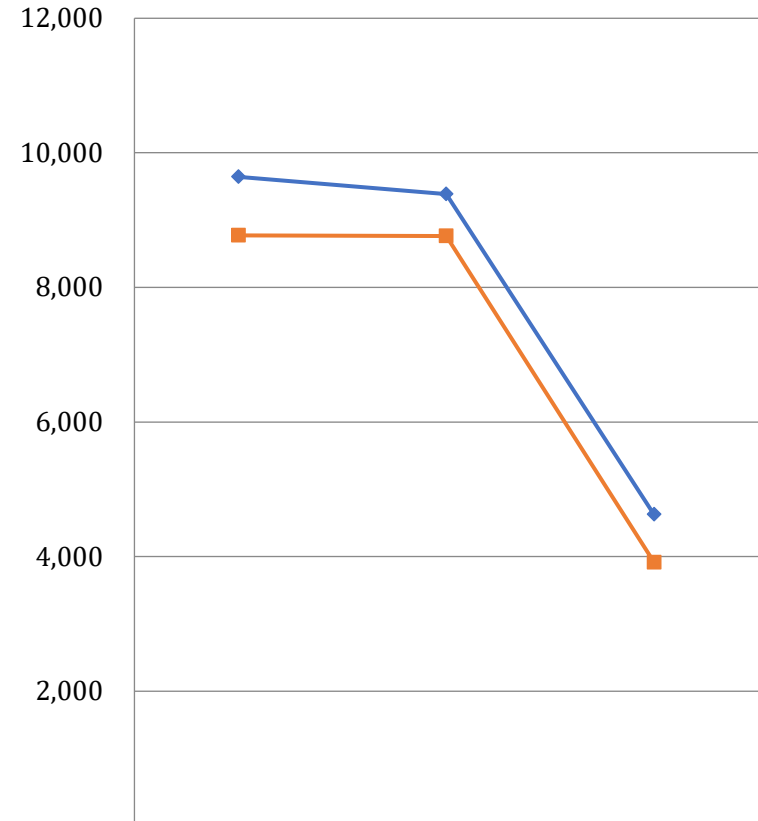
(bbls)



◆ Average Brent Oil Price	43.3	54.1	71.2	64.7	39.8
■ Karazhanbas Realised Price	39.0	50.7	67.2	61.1	31.5
▲ Average Dubai Oil Price	41.3	53.2	69.5	63.5	40.7
✕ Yuedong Realised Price	43.2	54.0	69.2	63.9	42.9

Small gap between production and sales volume  
Sales channel is stable

(mbbls)

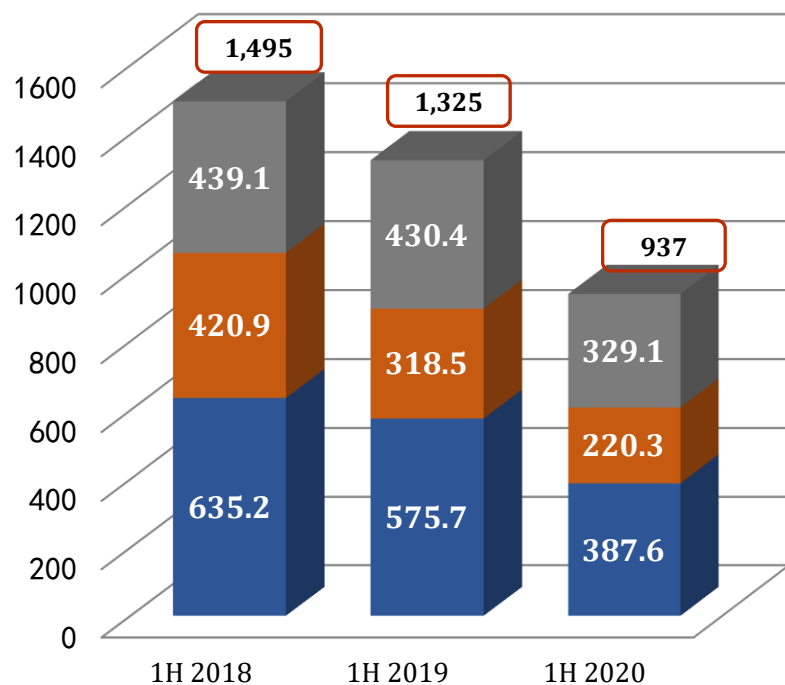


◆ Equity Output	9,644	9,387	4,628
■ Sales Volume	8,774	8,764	3,917

# Operating Performance of Non-oil Projects

## Revenue of Non-oil Projects

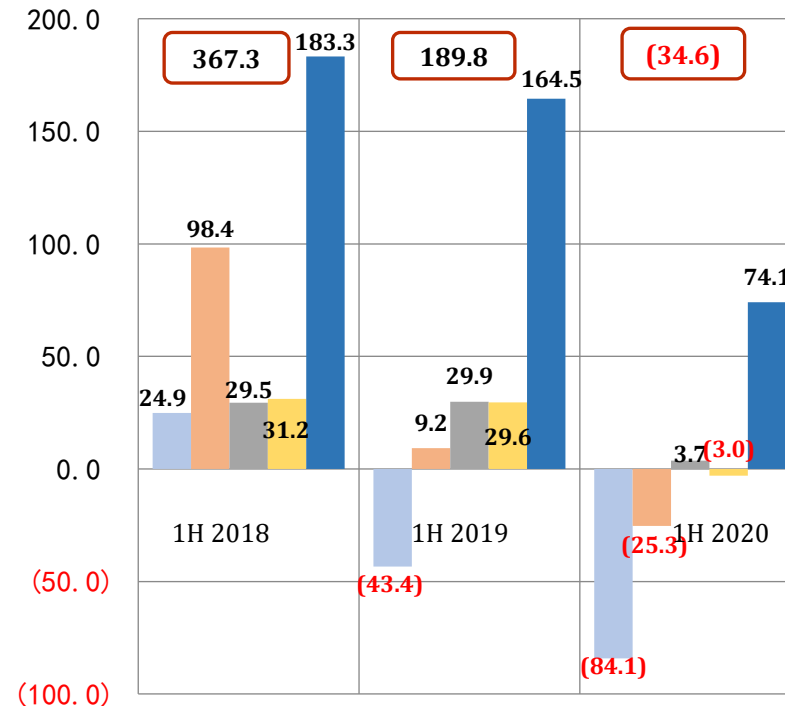
(HK\$M)



- Import and Export of Commodities
- Coal
- Aluminium Smelting

## Segment Results/Share of profits of Non-oil Projects

(HK\$M)



- Aluminium smelting
- Coal
- Import & export of commodities
- Manganese
- Alumina

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# Financial Results for 1H 2020

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# 1H 2019 Financial Highlights

(HK\$M)	1H 2020	1H 2019	Change
<b>Revenue</b>	1,235.6	1,828.4	(32.4%)
<b>EBITDA<sup>(1)</sup></b>	(138.5)	743.2	N/A
<b>Adjusted EBITDA<sup>(2)</sup></b>	28.7	1,114.0	(97.4%)
<b>Profit attributable to shareholders</b>	(430.8)	362.1	N/A
<b>Earnings/(Loss) per share (HK cents)<sup>(3)</sup></b>	(5.48)	4.61	

*Notes:*

(1) Profit before tax + finance costs + depreciation + amortisation

(2) EBITDA + (share of finance costs, depreciation, amortisation, income tax expense and non-controlling interests of a joint venture)

(3) Profit/(loss) attributable to shareholders / Weighted average number of ordinary shares issued during the year

# Latest Financial Position and Ratios

<i>(HK\$M)</i>	30-Jun-2020	30-Jun-2019	Change
Cash and cash equivalents	1,154.0	1,595.4	(27.7%)
Total assets	11,478.8	12,668.0	(9.4%)
Total debt <sup>(1)</sup>	4,901.6	5,143.9	(4.7%)
Net Debt <sup>(2)</sup>	3,747.6	3,548.5	5.6%
Equity attributable to shareholders	5,520.1	6,253.4	(11.7%)
Current ratio <sup>(3)</sup>	2.6times	1.4times	
Gearing ratio <sup>(4)</sup>	88.8%	82.3%	
Net Gearing Ratio <sup>(5)</sup>	67.9%	56.7%	
Net asset value per share (HK\$) <sup>(6)</sup>	0.70	0.80	

Notes:

(1) Bank and other borrowings + finance lease payables

(2) Current assets / current liabilities

(3) Total debt–Cash

(4) Total debt / equity attributable to shareholders x 100%

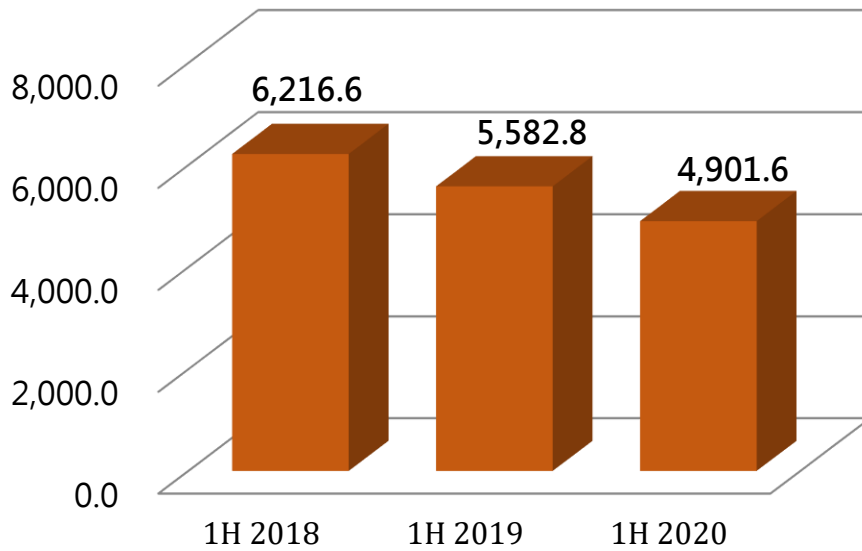
(5) (Total debt–Cash) / Equity attributable to shareholders x 100%

(6) Equity attributable to shareholders / number of ordinary shares in issue at end of period

# Debt ratio and Liquidity

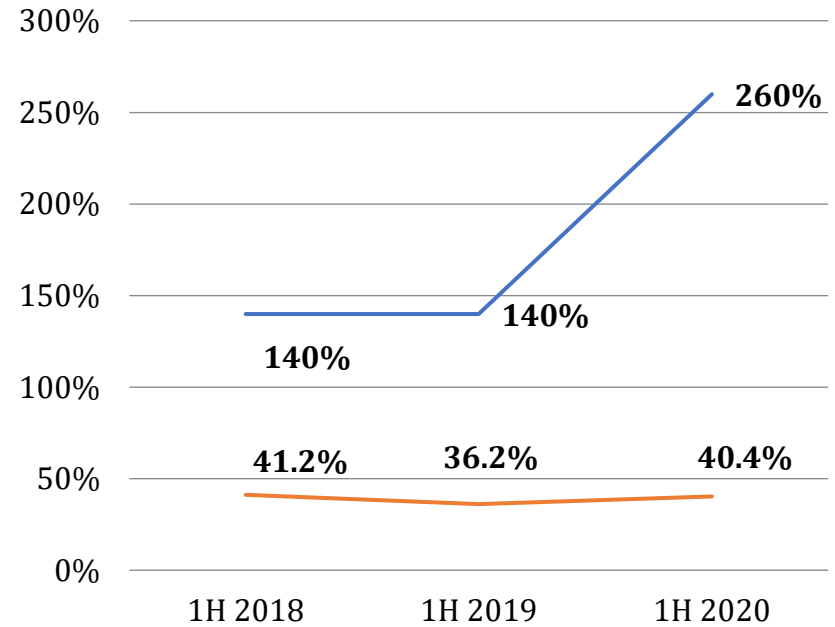
## Debt decreases year by year

(HK\$M)



■ Total debt

## Liquidity increases



— Current ratio

— Net debt to net total capital ratio



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# Business Outlook

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# Impact of Pandemic and Responding Measures

## ■ Effects of Pandemic on Market and Group's Business

With the rapid spread of the COVID-19 pandemic around the world, economic activities around the globe have contracted abruptly, and the prices of those bulk commodities related to the Company's major businesses, such as crude oil, aluminium and coal, declined sharply year-on-year. In addition, the sharp decline in market demand has also led to varying degrees of decline in the company's crude oil and bulk commodity sales.

## ■ Responding Measures of the Group

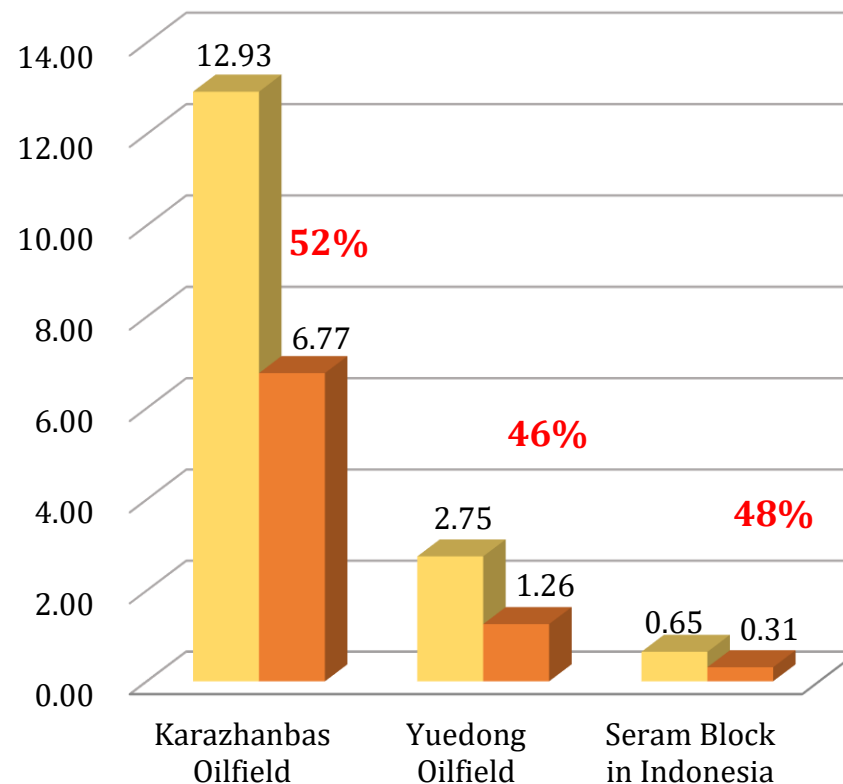
- ✓ The Group's oilfields have formulated plans and guidelines for the prevention and control of the pandemic according to their own needs. Currently, a policy of "external sealing-off and internal separation" was adopted at the Karazhanbas oilfield, where contingency plans to be executed under different circumstances involving quarantine measures, replenishment of supplies and production arrangements have been drawn up. "Closed-circuit management" has been implemented at the Seram block in Indonesia, and its Jakarta office has adopted the "working from home" policy in accordance with the largescale social restrictions imposed by the Indonesian government.
- ✓ In order to cope with low oil prices, the Group activated emergency plans and worked hard on several fronts, including reduction of operating costs using technology, reduction of procurement and service costs, as well as optimization of the crude oil sales mechanism. The Group strived to reduce production costs and improve income, with the aim of retaining more cash to tackle future challenges. Moreover, while maintaining relatively stable production, the Group optimized, suspended, and/or postponed the drilling of new wells so that decisions on capital investments would be made on a more scientific and reasonable basis.

# Outlook and Guidance for 2020

- Looking ahead, with the steady implementation of OPEC and its allies' plan to cut production and the gradual lifting of lockdown around the world, it is expected that the economy will gradually recover in the second half of the year, but the market outlook remains largely uncertain. International oil prices are expected to hover between US\$40 and US\$50 per barrel.
- The Group will adjust its work plans in respond to changes in the external environment and international oil price trends. We will also implement more stringent cost control, adopt a more prudent approach to investment decision-making and cash flow management and endeavour to achieve its production and operation goals as well as mid-term and long-term sustainable development goals.

## Half of Annual Production Target is achieved in 1H 2020

Unit: million bbls



■ Annual Production Target

■ Accumulated Production

# Appendix - Company Structure and Business



(1) An indirect interest in 50% of the issued voting shares of KBM (which represent 47.3% of the total issued shares of KBM) and 50% of the participation rights in each of ATS and TMS

(2) Alumina Ltd is listed on ASX (stock code: ASX: AWC)

(3) CITIC Dameng Holdings Ltd ("CDH") is listed on the SEHK (stock code : 1091.HK). In 2015, the Group's equity interest in CDH was diluted from 38.98% to 34.36% following the issue of new shares by CDH, and increased marginally to 34.39% upon the cancellation of shares repurchased by CDH

# Appendix - Latest Tax Regime in Kazakhstan

## Export duty:

- Charged according to export volume
- Decreased from US\$80/t to US\$60/t in April 2015, and further reduced to US\$40/t in January 2016
- Charged at progressive rates by reference to Brent oil prices starting from March 2016
- Example: Export duty of US\$35/t when Brent price ranges between US\$35/bbl and US\$40/bbl

## Rent tax:

- Charged on export revenue
- Linked to world oil price

## Mineral extraction tax (MET):

- Tax rates depending on annual production volume
- KBM has obtained a preferential tax rate of 0.5% for MET

## Other major taxes include (if applicable):

- Corporate Income Tax
- Excess Profit Tax (EPT)

Export Duty	
World oil price (US\$/bbl)	Tax (US\$/t)
25 (including 25)- 30	10
30 (including 30)- 35	20
35(including 35) - 40	35
40(including 40) – 45	40
45 (including 45) – 50	45
50 (including 50) – 55	50
Rent Tax	
World oil price (US\$/bbl)	Tax rate
Up to 20 (including 20)	0%
20 -30 (including 30)	0%
30-40 (including 40)	0%
40- 50 (including 50)	7%
50- 60 (including 60)	11%

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# Thank You !

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