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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1205)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “**Board**”) of CITIC Resources Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023.

### FINANCIAL HIGHLIGHTS

Year ended 31 December	2023 HK\$ million	2022 HK\$ million	Change
Revenue	<b>3,825.6</b>	5,866.2	(34.8)%
EBITDA <sup>1</sup>	<b>1,342.9</b>	2,503.5	(46.4)%
Adjusted EBITDA <sup>2</sup>	<b>2,056.1</b>	3,123.2	(34.2)%
Profit attributable to ordinary shareholders of the Company	<b>551.8</b>	1,335.5	(58.7)%

<sup>1</sup> profit before tax + finance costs + depreciation + amortisation

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

Oil prices have confounded expectations in the first quarter of 2023, with Brent oil price hitting a low of US\$72.0 per barrel. The low prices remain as the war in Ukraine continues with no clear end in sight. Although the oil prices remained volatile going into the first quarter of 2023, China, the world's largest importer of crude oil, abandoned its zero-COVID policy in December 2022, which created expectations that China's oil demand would quickly return. Following this, Brent oil price hovered around US\$82.7 per barrel in the fourth quarter of 2023. The supply cuts announced by Organisation of Petroleum Exporting Countries (OPEC) had further stabilised the oil market in 2023. However, the economic outlook and Chinese consumption growth still remain as the key to demand expectations.

During the year, the Group recorded a profit attributable to ordinary shareholders of the Company of approximately HK\$551.8 million (2022: HK\$1,335.5 million), representing a decrease of approximately 58.7% year-on-year. The decrease was mainly attributable to the following factors:

- (i) a significant decrease in average selling price of crude oil sold by the Group year-on-year; and
- (ii) a significant decrease in the share of profit of an associate year-on-year, as well as a significant provision for impairment of an associate for the year ended 31 December 2023.

Despite that, most of the Group's segments and investments, except for import and export of commodities segment, recorded profits for the year ended 31 December 2023. Although the Group had repaid bank borrowings of approximately HK\$801.6 million, net during the year, the Group continues to maintain a strong financial position with cash and deposits of approximately HK\$1,483.8 million as at 31 December 2023 (2022: HK\$2,130.2 million).

## FINANCIAL RESULTS

### CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	3	<b>3,825,577</b>	5,866,160
Cost of sales		<u>(2,824,203)</u>	<u>(4,031,373)</u>
Gross profit		<b>1,001,374</b>	1,834,787
Other income, gains and losses, net	4	<b>102,656</b>	174,958
General and administrative expenses		<b>(272,527)</b>	(304,763)
Other expenses, net		<b>(258,553)</b>	(69,007)
Finance costs	5	<b>(162,763)</b>	(141,816)
Reversal/(provision) for impairment of trade and other receivables		<b>739</b>	(41,394)
Share of results of:			
An associate		<b>(112,523)</b>	102,398
A joint venture		<b>398,357</b>	320,147
<b>Profit before tax</b>	6	<b>696,760</b>	1,875,310
Income tax expense	7	<u>(77,927)</u>	<u>(475,188)</u>
<b>Profit for the year</b>		<u><b>618,833</b></u>	<u>1,400,122</u>
<b>Attributable to:</b>			
Ordinary shareholders of the Company		<b>551,803</b>	1,335,537
Non-controlling interests		<b>67,030</b>	64,585
		<u><b>618,833</b></u>	<u>1,400,122</u>
<b>Earnings per share attributable to ordinary shareholders of the Company</b>	8	<b>HK cents</b>	<b>HK cents</b>
Basic		<u><b>7.02</b></u>	<u>17.00</u>
Diluted		<u><b>7.02</b></u>	<u>17.00</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December**

	2023 HK\$'000	2022 HK\$'000
<b>Profit for the year</b>	<u>618,833</u>	<u>1,400,122</u>
<b>Other comprehensive loss</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	–	(6,000)
Income tax effect	–	1,800
	<u>–</u>	<u>(4,200)</u>
Exchange differences on translation of foreign operations	(77,683)	(251,582)
Share of other comprehensive (loss)/income of an associate, net of tax	(4,857)	66,922
Share of other comprehensive income of a joint venture	<u>873</u>	<u>2,161</u>
	<u>(81,667)</u>	<u>(186,699)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement (loss)/gain on defined benefit plan:		
Changes in fair value	(4,607)	2,723
Income tax effect	<u>1,382</u>	<u>(817)</u>
	<u>(3,225)</u>	<u>1,906</u>
Share of other comprehensive income/(loss) of a joint venture	12,500	(21,170)
Share of other comprehensive income of an associate	<u>757</u>	<u>1,803</u>
	<u>10,032</u>	<u>(17,461)</u>
<b>Other comprehensive loss for the year, net of tax</b>	<u>(71,635)</u>	<u>(204,160)</u>
<b>Total comprehensive income for the year</b>	<u><u>547,198</u></u>	<u><u>1,195,962</u></u>
<b>Attributable to:</b>		
Ordinary shareholders of the Company	487,815	1,154,612
Non-controlling interests	<u>59,383</u>	<u>41,350</u>
	<u><u>547,198</u></u>	<u><u>1,195,962</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 December**

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		3,988,055	3,601,304
Right-of-use assets		49,003	75,915
Mining assets		242,232	189,405
Exploration, evaluation and development expenditures		61,876	27,737
Investment in an associate		1,821,296	2,784,400
Investment in a joint venture		2,786,632	2,374,903
Prepayments, deposits and other receivables		44,090	29,626
Time deposits		118,497	102,972
Deferred tax assets		171,640	56,823
Pension assets		4,704	–
Total non-current assets		<u>9,288,025</u>	<u>9,243,085</u>
<b>Current assets</b>			
Inventories		435,861	560,457
Trade receivables	10	239,688	297,358
Prepayments, deposits and other receivables		104,310	105,469
Derivative financial instruments		72,691	102,995
Cash and deposits	11	<u>1,483,816</u>	<u>2,130,203</u>
Total current assets		<u>2,336,366</u>	<u>3,196,482</u>
<b>Current liabilities</b>			
Accounts payable	12	242,729	106,899
Tax payable		91,167	59,136
Accrued liabilities and other payables		606,026	869,273
Bank and other borrowings		350,000	96,166
Lease liabilities		24,663	30,709
Provision for long-term employee benefits		32,120	41,487
Provisions		11,531	75
Total current liabilities		<u>1,358,236</u>	<u>1,203,745</u>
<b>Net current assets</b>		<u>978,130</u>	<u>1,992,737</u>
<b>Total assets less current liabilities</b>		<u>10,266,155</u>	<u>11,235,822</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December

	2023 HK\$'000	2022 HK\$'000
<b>Non-current liabilities</b>		
Bank and other borrowings	1,439,880	2,486,640
Lease liabilities	16,196	30,898
Deferred tax liabilities	339,927	328,871
Provision for long-term employee benefits	23,965	15,268
Provisions	604,764	608,457
	<u>2,424,732</u>	<u>3,470,134</u>
<b>Total non-current liabilities</b>		
	<u>2,424,732</u>	<u>3,470,134</u>
<b>Net assets</b>	<u>7,841,423</u>	<u>7,765,688</u>
<b>Equity</b>		
<b>Equity attributable to ordinary shareholders of the Company</b>		
Issued capital	392,886	392,886
Reserves	7,368,897	7,352,545
	<u>7,761,783</u>	<u>7,745,431</u>
<b>Non-controlling interests</b>	<u>79,640</u>	<u>20,257</u>
<b>Total equity</b>	<u>7,841,423</u>	<u>7,765,688</u>

# NOTES

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments and defined benefit pension plans plan assets which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”).

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023 (“**Financial Statements**”). A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

## 1. BASIS OF PREPARATION *(continued)*

Profit or loss and each component of other comprehensive income are attributed to ordinary shareholders of the Company and also to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for these Financial Statements.

HKFRS 17	Insurance contracts
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International tax reform – pillar two model rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies
Amendments to HKAS 8	Definition of accounting estimates
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
Amendments to HKFRS 17	Insurance contracts

The adoption of the above new and revised HKFRSs in the current year has no material impact to the Group.



### 3. 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 (“PAS”) and the sale of aluminium ingots in Australia;
- (b) the coal segment comprises the operation of coal mines and the sale of coal in Australia;
- (c) the crude oil segment comprises the operation of oilfields and the sale of crude oil in Indonesia and China; and
- (d) the import and export of commodities segment comprises the import of other commodity products and manufactured goods.

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 result, 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, finance costs, and share of results of an associate 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, deferred tax assets, cash and deposits, and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

For the year ended 31 December 2022, revenue for the import and export of commodities comprise of the import of steel products from various countries for distribution in Australia and New Zealand.

In the second half of 2022, a Deed of Termination was signed to cease the import and distribution arrangement with its business partner for steel products. Sales of the Group’s steel products was last transacted in November 2022. Management has collected all trade receivables and tax refunds and settled its outstanding liabilities for the steel operations during the year. There is no material impact on the Group’s profitability from the cessation of the steel import and distribution operations.

Management is in advanced negotiations with external parties to develop new trading product lines. During the year, the Company has established a trading and marketing team which focuses on the development of crude oil trading in 2024.

### 3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2023 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
<b>Segment revenue:</b>					
Sales to external customers	1,239,638	1,111,179	519	1,474,241	3,825,577
Other income, gains and losses, net	17,788	9,586	(6,940)	25,082	45,516
	<u>1,257,426</u>	<u>1,120,765</u>	<u>(6,421)</u>	<u>1,499,323</u>	<u>3,871,093</u>
<b>Segment results</b>	206,566	376,364	(4,127)	934,031	1,512,834
<i>Reconciliations:</i>					
Interest income and unallocated gains and losses, net					57,140
Unallocated expenses					(996,285)
Unallocated finance costs					(162,763)
Share of results of:					
An associate					(112,523)
A joint venture					398,357
Profit before tax					<u>696,760</u>
<b>Segment assets</b>	945,664	764,032	178	3,585,172	5,295,046
<i>Reconciliations:</i>					
Investment in an associate					1,821,296
Investment in a joint venture					2,786,632
Unallocated assets					1,721,417
Total assets					<u>11,624,391</u>
<b>Segment liabilities</b>	444,348	282,662	–	625,540	1,352,550
<i>Reconciliations:</i>					
Unallocated liabilities					2,430,418
Total liabilities					<u>3,782,968</u>
<b>Other segment information:</b>					
Depreciation and amortisation	31,407	67,348	–	369,020	467,775
Unallocated amounts					15,607
					<u>483,382</u>
Provision of impairment in the consolidated income statement	–	–	–	–	844,724
Reversal of impairment in the consolidated income statement	(293,126)	(101,926)	(739)	(252,289)	(648,080)
Capital expenditure <sup>1</sup>	12,650	34,250	–	322,872	369,772
Unallocated amounts					477
					<u>370,249</u>
Additions to right-of-use assets	<u>–</u>	<u>10,988</u>	<u>–</u>	<u>–</u>	<u>10,988</u>

<sup>1</sup> Capital expenditure consists of additions to property, plant and equipment, mining assets and exploration, evaluation and development expenditures.

### 3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2022 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
<b>Segment revenue:</b>					
Sales to external customers	1,356,359	1,368,675	1,286,964	1,854,162	5,866,160
Other income, gains and losses, net	119,629	18,153	4,210	10,109	152,101
	<u>1,475,988</u>	<u>1,386,828</u>	<u>1,291,174</u>	<u>1,864,271</u>	<u>6,018,261</u>
<b>Segment results</b>	237,360	650,168	(2,402)	946,121	1,831,247
<i>Reconciliations:</i>					
Interest income and unallocated gains and losses, net					22,857
Unallocated expenses					(259,523)
Unallocated finance costs					(141,816)
Share of results of:					
An associate					102,398
A joint venture					320,147
Profit before tax					<u>1,875,310</u>
<b>Segment assets</b>	761,797	680,012	152,980	3,442,726	5,037,515
<i>Reconciliations:</i>					
Investment in an associate					2,784,400
Investment in a joint venture					2,374,903
Unallocated assets					2,242,749
Total assets					<u>12,439,567</u>
<b>Segment liabilities</b>	433,149	307,431	15,911	692,479	1,448,970
<i>Reconciliations:</i>					
Unallocated liabilities					3,224,909
Total liabilities					<u>4,673,879</u>
<b>Other segment information:</b>					
Depreciation and amortisation	28,355	47,216	–	394,786	470,357
Unallocated amounts					16,028
					<u>486,385</u>
Provision of impairment in the consolidated income statement	–	–	37,062	15,691	52,753
Unallocated amounts					69,860
					<u>122,613</u>
Reversal of impairment in the consolidated income statement	(31,200)	(8,755)	(2,658)	–	(42,613)
Capital expenditure <sup>1</sup>	28,511	46,790	–	345,165	420,466
Unallocated amounts					1,008
					<u>421,474</u>
Additions to right-of-use assets	<u>–</u>	<u>20,911</u>	<u>–</u>	<u>1,224</u>	<u>22,135</u>

<sup>1</sup> Capital expenditure consists of additions to property, plant and equipment, mining assets, exploration, evaluation and development expenditures.

### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Geographical information

(a) Revenue from external customers

	2023 HK\$'000	2022 HK\$'000
Mainland China	1,406,152	1,743,743
Australia	21,414	1,256,508
Europe	868,725	855,594
Other Asian countries	1,297,723	1,770,043
Others	<u>231,563</u>	<u>240,272</u>
	<u><u>3,825,577</u></u>	<u><u>5,866,160</u></u>

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2023 HK\$'000	2022 HK\$'000
Hong Kong	13,744	25,416
Mainland China	3,290,592	3,195,947
Australia	2,916,397	3,514,678
Kazakhstan	2,787,090	2,375,401
Other Asian countries	<u>103,858</u>	<u>74,820</u>
	<u><u>9,111,681</u></u>	<u><u>9,186,262</u></u>

The non-current assets information above is based on the location of the assets which exclude deferred tax assets and pension assets.

### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Information about major customers

During the year, revenue of HK\$1,406,152,000 (2022: HK\$1,743,743,000) was derived from sales to a customer of the crude oil segment, which amounted to more than 10% of the Group's revenue for the year.

During the year, revenue of HK\$615,612,000 (2022: HK\$722,198,000) was derived from sales to a customer of the aluminium smelting segment, which amounted to more than 10% of the Group's revenue for the year.

### 4. OTHER INCOME, GAINS AND LOSSES, NET

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

	2023 HK\$'000	2022 HK\$'000
Interest income	73,917	42,489
Handling service fees	–	4,874
Sale of scrap	10,082	5,690
Loss on disposal of items of exploration, evaluation and development expenditures	(6,725)	–
(Loss)/gain on disposal of items of property, plant and equipment, net	(1,414)	262
Fair value gain on derivative financial instruments	–	96,127
Exchange losses, net	(6,592)	(18,062)
Others	33,388	43,578
	<u>102,656</u>	<u>174,958</u>

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 HK\$'000	2022 HK\$'000
Interest expense on bank and other borrowings	136,195	113,589
Interest expense on lease liabilities	<u>1,564</u>	<u>1,770</u>
	<b>137,759</b>	<b>115,359</b>
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	17,188	20,621
Others	<u>7,816</u>	<u>5,836</u>
	<b><u>162,763</u></b>	<b><u>141,816</u></b>

## 6. PROFIT BEFORE TAX

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

	2023 HK\$'000	2022 HK\$'000
Cost of inventories sold	2,824,203	4,031,373
Depreciation of property, plant and equipment	434,006	450,498
Depreciation of right-of-use assets	34,488	27,631
Amortisation of mining assets	14,888	8,256
Loss/(gain) on disposal of items of property, plant and equipment, net	1,414	(262)
Loss on disposal of items of exploration, evaluation and development expenditures	6,725	–
Fair value loss/(gain) on derivative financial instruments	30,304	(98,362)
Exchange losses, net	6,592	18,062
Write-back of inventories to net realisable value*	(2,589)	(54)
Reversal of impairment of trade receivables	(739)	(2,604)
Reversal of impairment of mining assets*	(60,786)	–
Reversal of impairment of exploration, evaluation and development expenditures*	(41,140)	–
Reversal of impairment of property, plant and equipment*	(542,826)	(31,200)
Provision for impairment of goodwill*	–	24,682
Provision for impairment of an associate*	844,724	45,178
Provision for impairment of other receivables	<u>–</u>	<u>43,998</u>

\* Included in "Other expenses, net" in the consolidated income statement.

## 7. INCOME TAX EXPENSE

	2023 HK\$'000	2022 HK\$'000
Current – Hong Kong	–	–
Current – Elsewhere		
Charge for the year	168,632	163,554
(Over)/underprovision in prior years	(349)	2,586
Deferred taxation	<u>(90,356)</u>	<u>309,048</u>
Total tax expense for the year	<u><u>77,927</u></u>	<u><u>475,188</u></u>

Assessable profits derived in Hong Kong is subject to a tax rate of 16.5% (2022:16.5%). No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2022: 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% (2022: 30%).

**Indonesia:** The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 25% (2022: 25%). 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 15% (2022: 15%).

**Mainland China:** The Group's subsidiaries registered in Mainland China were subject to corporate income tax at a rate of 25% (2022: 25%).

**Kazakhstan:** The Group's subsidiary incorporated in Kazakhstan was subject to corporate income tax at the rate of 20% (2022: 20%).

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount was based on the profit for the year attributable to ordinary shareholders of the Company HK\$551,803,000 (2022: HK\$1,335,537,000) and the weighted average number of ordinary shares in issue during the year, which was 7,857,727,149 (2022: 7,857,727,149) shares.

The Group had no potentially dilutive ordinary shares in issue during 2023 (2022: same).

## 9. DIVIDEND

	2023 HK\$'000	2022 HK\$'000
Proposed final dividend of HK2.50 cents (2022: HK6.00 cents) per ordinary share	<u>196,443</u>	<u>471,464</u>

The proposed final dividend for the year is subject to the approval of shareholders at the forthcoming annual general meeting of the Company.

## 10. TRADE RECEIVABLES

An ageing analysis of the trade receivables, based on the invoice date and net of loss allowance, was as follows:

	2023 HK\$'000	2022 HK\$'000
Within one month	234,367	143,098
One to two months	5,321	212
Two to three months	–	85,617
Over three months	<u>–</u>	<u>68,431</u>
	<u>239,688</u>	<u>297,358</u>

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



## 11. CASH AND DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Cash and bank balances	493,578	707,948
Time deposits	<u>384,144</u>	<u>361,346</u>
	877,722	1,069,294
Less: Time deposit with original maturity more than one year	<u>(118,497)</u>	<u>(102,972)</u>
Cash and cash equivalents	759,225	966,322
Deposits with a fellow subsidiary	<u>724,591</u>	<u>1,163,881</u>
Cash and deposits	<u><u>1,483,816</u></u>	<u><u>2,130,203</u></u>

## 12. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable, based on the invoice date, was as follows:

	2023 HK\$'000	2022 HK\$'000
Within one month	242,729	106,895
One to three months	–	–
Over three months	<u>–</u>	<u>4</u>
	<u><u>242,729</u></u>	<u><u>106,899</u></u>

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

## 13. EVENTS AFTER THE REPORTING PERIOD

On 26 February 2024, the Company noted an announcement of Alumina Limited (“AWC”), regarding a non-binding, indicative and conditional proposal from Alcoa Corporation (“Alcoa”) to acquire 100% of the ordinary shares in issue in AWC by way of scheme of arrangement (the “Transaction”), for scrip consideration of 0.02854 shares of Alcoa common stock for each share in AWC. On 12 March 2024, AWC entered into a binding Scheme Implementation Deed with Alcoa in relation to the Transaction. As of the date of this announcement, the Company is still considering and assessing this matter. For further details, please refer to the announcement of the Company dated 26 February 2024 and the announcement of AWC dated 12 March 2024.

## **BUSINESS REVIEW**

2023 was an extraordinary year. China withdrew its pandemic control policies and the global economy gradually stepped out of the impact of COVID-19 during the year. The outbreaks of various international social and political disputes and military conflicts, the intensified geopolitical conflicts and the continuous interest rate hikes in the United States added more uncertainties. The global supply chain and the industry chain were still looking for balance during the vulnerable period. The global economic recession was expected to have a negative impact on the demand side. OPEC continued to reduce its production to support oil prices, and commodity prices fell back to a stable range. The average prices of international oil, aluminium and coal from January to December 2023 were US\$82.7 per barrel, representing a year-on-year decrease of approximately 18.0%, US\$2,359.6 per tonne, representing a year-on-year decrease of approximately 17.4%, and US\$216.3 per tonne, representing a year-on-year decrease of approximately 24.5%, respectively. The Group's resource and energy businesses were affected to different degrees and the sales were under continuous pressure.

With the ever-changing external environment, the Group targeted at high-quality developments of the Company, which focused on the three core tasks of “resolving risks, improving quality and efficiency, and optimising management”, kept improving the mechanism to enhance the operation performance and kept reforming and empowering to facilitate the exploration of potential opportunities, thereby ensuring the safety and stability of production and operation. During the year, the Group recorded a revenue of approximately HK\$3,825.6 million, representing a year-on-year decrease of approximately 34.8%, and net profit attributable to the ordinary shareholders of the Company of approximately HK\$551.8 million, representing a year-on-year decrease of approximately 58.7%. As of 31 December 2023, the Group had total assets of approximately HK\$11.6 billion and net assets attributable to the ordinary shareholders of the Company of approximately HK\$7.8 billion. The gearing ratio and interest-bearing debt ratio decreased to approximately 32.5% and 15.4% respectively. The net asset yield was approximately 7.9%. The Company proposed a final dividend of HK2.50 cents (2022: HK6.00 cents) per ordinary share for the year ended 31 December 2023.

## Oil and Gas Business

During the year, although the Group's oil and gas business experienced the impact of the ongoing tension arising from the Russian-Ukrainian conflict and the inflation in countries with such resources, all the Company staff worked together and overcame difficulties of all kinds. In order to unleash the development potential and achieve the goal of safe and environmentally friendly production, the Company implemented a number of proactive measures to increase reserves for production activities, improve safety management systems and promote the application of new processes and technologies. The Group's oil and gas business remained stable as a result. In 2023, the Group's oil and gas business recorded an operation output of approximately 17.1 million barrels and a working interest output of approximately 9.2 million barrels, representing a year-on-year decrease of approximately 5.0% and approximately 5.0%, respectively. However, due to the significant decrease in average selling price of crude oil sold by the Group year-on-year, the oil and gas business achieved an annual revenue of approximately HK\$1,474.2 million, representing a year-on-year decrease of approximately 20.5%, and contributed a net profit attributable to the ordinary shareholders of the Company of approximately HK\$685.1 million, representing a year-on-year increase of approximately 12.0%.

Specifically, the KBM oil field experienced a decline in production and an increase in costs due to the massive power supply failure and rationing in Kazakhstan and the increase in the remuneration of employees and service providers initiated by the government during the year. Every effort was made to reconcile the impact of power supply failure and rationing by implementing a recovery plan and adopting the approach of integrated decision-making to improve the efficiency of well operations, and also continue to carry out production stabilisation and adjustment measures to ensure the productivity of crude oil as much as possible. During the year, the KBM oil field's working interest output was approximately 6.9 million barrels, achieving a share of profit attributable to ordinary shareholders of the Company of approximately HK\$398.4 million, representing a year-on-year increase of approximately 24.5%. While steadily promoting the implementation of the development and adjustment plan, the Yuedong oil field applied new technologies and processes to gradually commence the production of new wells, and achieved a working interest output of approximately 2.1 million barrels, and a net profit attributable to ordinary shareholders of the Company of approximately HK\$644.5 million accordingly, representing a year-on-year increase of approximately 8.6%. The Seram oil field in Indonesia actively promoted the Lofin-2 gas trials and reduced comprehensive costs through refined management. During the year, the working interest output was approximately 149,000 barrels, and a net profit attributable to ordinary shareholders of the Company of approximately HK\$40.6 million accordingly, representing a year-on-year increase of approximately 121.9%.

## **Non-Oil-and-Gas Business**

In 2023, the Group took the lead to handle the subsequent issues concerning the termination of the steel trading business at the end of last year. Due to the difficulties experienced in the operation of Portland Aluminium Smelter (“PAS”), Coppabella Moorvale coal mines joint venture (“CMJV”) and other joint venture projects, the sales of aluminium ingots and coal were hindered to a certain extent. The Group and the non-oil-and-gas business team actively promoted the participation in the management and shareholder affairs of the above joint venture projects, facilitated the optimisation mode of project operations, improved production capacity and reduced costs. During the year, the Group’s non-oil-and-gas business recorded a net loss attributable to the ordinary shareholders of the Company of approximately HK\$261.2 million, representing a year-on-year decrease of approximately 137.0%, mainly due to the significant loss suffered from the impairment caused by the fallen price of shares in AWC.

The following is a description of activities in each of the Group’s non-oil-and-gas business during the year, with a comparison of their results against those in last year.

### *Aluminium Smelting*

In 2023, affected by various factors such as the strong US dollar brought about by interest rate hikes and the slowdown of the global economy, the international aluminium price was under pressure. During the year, the sales volume of aluminium smelting of the Group’s PAS was approximately 67,000 tonnes, representing a year-on-year increase of approximately 9.8%. However, the average selling price from January to December 2023 was approximately US\$2,359.6 per tonne, representing a year-on-year decrease of approximately 17.4%. The gross profit margin of the aluminium business decreased, and the net profit attributable to the ordinary shareholders of the Company was approximately HK\$142.2 million, representing a year-to-year decrease of approximately 13.7%. In addition, as a result of the extension of the term of the Australian Power Hedging Agreement which had long-term benefits to the operation of PAS, a reversal of impairment charge of approximately HK\$293.1 million (2022: HK\$31.2 million) has been made during the year.

### *Bauxite Mining and Alumina Refining*

Due to the decline in alumina prices and the increase in costs of AWC, the Group’s share of profit of AWC under the equity method decreased significantly as compared to last year, and no dividend payment was made by AWC during the year. In addition, with the drop of share prices of AWC, the Company made a provision of approximately HK\$844.7 million for its investment in AWC.

## *Coal*

In 2023, coal prices dropped due to the strong US dollar brought about by interest rate hikes and the decline in coal demand. The average realised selling price of coal by CMJV was approximately US\$216.3 per metric tonne, representing a year-on-year decrease of approximately 24.5%. In terms of production, due to the rising costs of taxes, energy and labour, the cost of coal production recorded from January to December 2023 was approximately US\$155.9 per tonne, representing an increase of approximately 4.9% year-on-year. The Group's coal business achieved a net profit attributable to the ordinary shareholders of the Company of approximately HK\$270.4 million, representing a year-on-year decrease of approximately 40.5%. Despite that, overall, the gross profit of the Group's coal business still remained at a historically high level. The management of the Company had performed a recoverable value assessment for the mining assets and various exploration of coal mines and recorded a reversal of impairment charge of approximately HK\$60.8 million and HK\$41.1 million respectively (2022: Nil).

## *Import and Export Trading*

In 2023, the Group took the lead to handle the subsequent issues concerning the termination of the steel trading business at the end of last year, collected all trade receivables and tax refunds and settled its outstanding liabilities for the steel operations during the year.

Notwithstanding the cessation of its import and distribution of the steel products, management is in advanced negotiations with external parties to develop new trading product lines. During the year, the Company has established a trading and marketing team which focuses on crude oil trading.

## **FINANCIAL MANAGEMENT**

In 2023, the Group managed to reduce its debt with internal generated cash flow, with its net debt to net total capital ratio reduced to approximately 4.2% (2022: 6.2%). The Group's financial position and liquidity remained robust throughout the year.

## **OUTLOOK**

2024 will continue to be a year full of opportunities and challenges. The Group will continue to adhere to the bottom-line mindset, strengthen the investigation on safety risks, address potential risks in compliance with laws and regulations and strengthen the integrated management of risk control, compliance and internal control. The Group will also continue to promote the application of new technologies and processes, optimise the production processes, refine management measures and strive to deliver a steady increase in productivity. The Group will try its best to establish a management system in line with its business characteristics so as to improve its operating efficiency and achieve a continuous enhancement in corporate value. Meanwhile, the Group will also endeavour to explore the business pattern of new energy and new materials and identify new development directions, thus bringing higher returns to shareholders. Regarding the oil and gas business, by formulating proposals for oilfield exploration and development and daily work plans in a reasonable manner, the Group will implement in-depth quality and efficiency improvement works to continuously strengthen the performance of refined management, seek breakthroughs in multiple directions and enhance the value of assets. In terms of the non-oil-and-gas business, the Group will strengthen the management of project operations and exercise shareholders' rights in accordance with laws and regulations. The Group will facilitate in-depth cooperation with project partners provided that the best interests of the Group can be assured.

In 2023, the Group started to establish a new trading system, and completed the construction of the trading platform, the approval of counterparty admission and the application for financing facilities for trading. In 2024, with the aim of revenue maximisation, the Group will strengthen strategic research, promote the mining and trading of oil and natural gas, as well as the development and trading of mineral products with aluminium as the core, and will also actively explore development opportunities for new energy. Relying on the “investment + trading” dual drivers, the Group will gradually transform into a comprehensive listed company with the dual driver of “energy and mineral product investment and commodity trading”.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### **Cash and Deposits**

In 2023, the Group continues to maintain a strong financial position, with cash and deposits balances amounting to approximately HK\$1,483.8 million as at 31 December 2023 (31 December 2022: HK\$2,130.2 million).

## **Borrowings**

As at 31 December 2023, the Group had total debt of approximately HK\$1,830.7 million (31 December 2022: HK\$2,644.4 million), which comprised:

- unsecured bank borrowings of approximately HK\$1,009.9 million;
- unsecured other borrowings of approximately HK\$780.0 million; and
- lease liabilities of approximately HK\$40.8 million.

Most of the transactions in the Group's import and export of commodities business are debt-funded. However, in contrast to loans, these borrowings are self-liquidating, transaction-specific and of short durations, as well as match the terms of the underlying transactions. Upon receipt of sales proceeds following the completion of a transaction, the related borrowings would be repaid accordingly.

The Group's total debt decreased by approximately HK\$813.7 million which was mainly due to the net repayment of bank borrowings amounted to approximately HK\$801.6 million from its surplus cash during the year.

The Group aims to maintain the cash and deposits and undrawn banking facilities at US\$225.0 million (equivalent to approximately HK\$1,755.0 million) at a reasonable level to meet the debt repayments and capital expenditures in the coming year.

On 29 December 2022, the Company entered into a facility agreement with CITIC Finance International Limited (a fellow subsidiary of the Company) in respect of an unsecured 3-year revolving loan facility of US\$150.0 million (equivalent to approximately HK\$1,170.0 million) (the "**A Loan**"). The proceeds of the A Loan were used to refinance the prepayment of the remaining balance of US\$110.0 million (equivalent to approximately HK\$858.0 million) of a then existing loan. On 31 August 2023 and 29 September 2023, a partial prepayment of the A Loan in the aggregate amount of US\$50.0 million (equivalent to approximately HK\$390.0 million) was made by utilizing the Company's internal sources. As at 31 December 2023, the outstanding balance of the A Loan was US\$100.0 million (equivalent to approximately HK\$780.0 million).

In June 2021, a wholly-owned subsidiary of the Company entered into an unsecured 3-year committed US\$200.0 million (equivalent to approximately HK\$1,560.0 million) term loan facility agreement with China CITIC Bank International Limited (a fellow subsidiary of the Company) (the “**B Loan**”), effective from 24 June 2021. The proceeds of the B loan were mainly used for the prepayment of the remaining balance of a then existing loan. On 30 June 2023, the B loan was extended for 2 years with a maturity date on 30 June 2026. As at 31 December 2022, the outstanding balance of the B loan was US\$168.8 million (equivalent to approximately HK\$1,316.6 million). On 30 April 2023 and 30 June 2023, a partial prepayment of the B Loan in the amount of US\$84.2 million (equivalent to approximately HK\$663.0 million) were made by utilizing the Company’s internal sources. As at 31 December 2023, the outstanding balance of the B Loan was US\$84.6 million (equivalent to approximately HK\$659.9 million).

On 22 May 2023, the Company entered into a facility agreement with Mizuho Bank, Ltd, Hong Kong branch and Bank of China (Hong Kong) Limited in respect of an unsecured 3-year committed US\$100.0 million (equivalent to approximately HK\$780.0 million) revolving loan facility (the “**C Loan**”). The proceeds of the C loan were used for operation expenses and refinancing purposes. As at 31 December 2023, the outstanding balance of the C Loan was HK\$350.0 million.

The Group leases certain plant and machinery for its aluminium and coal mining operations under finance leases. The lease liabilities arising from these finance leases as at 31 December 2023 were approximately HK\$13.2 million (31 December 2022: HK\$14.2 million).

As at 31 December 2023, the Group’s net debt to net total capital ratio was 4.2% (31 December 2022: 6.2%). Of the Group’s total debt, approximately HK\$374.7 million was repayable within one year, including trade finance and lease liabilities.

## **Share capital**

There was no movement in the share capital of the Company in 2023.

## **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, such as electricity hedge agreements. The purpose is to manage the price risk arising from the Group’s operations.



## **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 31 December 2023, the Group had 195 full time employees, including management and administrative staff (31 December 2022: 206).

In addition, the Group would share the expenses of the subcontractor remuneration in respect of its investments as an operator (including the Seram Block, Indonesia and Hainan-Yuedong Block, China) and jointly owned investments (PAS and CMJV and some exploration rights), involving approximately 1,529 employees in total (2022: 1,548) and amounting to approximately HK\$345.2 million (2022: HK\$325.2 million).

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.

## **FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to recommend the payment of a final dividend of HK2.50 cents per ordinary share for the year ended 31 December 2023 (the "**Final Dividend**") to shareholders whose names appear on the register of members of the Company on Monday, 24 June 2024. Subject to approval by shareholders at the forthcoming annual general meeting of the Company, the Final Dividend is payable to entitled shareholders on or around Thursday, 18 July 2024.

For determining the entitlement of shareholders to the Final Dividend, the register of members of the Company will be closed from Thursday, 20 June 2024 to Monday, 24 June 2024, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining entitlement of shareholders to the Final Dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 19 June 2024.

## CORPORATE GOVERNANCE CODE

The Board is of the view that the Company had, for the year ended 31 December 2023, 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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), save and except for the following deviation from code provision C.2.1 of the Corporate Governance Code.

Code provision C.2.1 of the Corporate Governance Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual.

During the period from 1 January 2023 to 18 April 2023, the positions of the chairman (the “**Chairman**”) and the chief executive officer (“**CEO**”) of the Company were both held by Mr. Sun Yufeng. For the reasons and benefits of vesting the roles of both of the Chairman and CEO in Mr. Sun, please refer to the section headed “Corporate Governance Code” on Page 35 of the interim report of the Company for the six months ended 30 June 2023 published on 17 August 2023 and the section headed “Chairman and Chief Executive Officer” on Page 26 of the annual report of the Company for the year ended 31 December 2022 published on 27 April 2023.

Since 18 April 2023 and up to the date of this announcement, both positions of the Chairman and CEO have been held by Mr. Hao Weibao. In view of Mr. Hao’s personal profile, extensive relevant industry knowledge and working experience in multinational corporations, the Board has confidence that the vesting of the roles of both the Chairman and CEO in Mr. Hao would allow for more effective planning and execution of business strategies of the Group. Therefore, the Board considers that the deviation from the code provision C.2.1 of the Corporate Governance Code is not inappropriate. In addition, with the composition of, apart from Mr. Hao who is an executive Director, (i) a non-executive Director and three independent non-executive Directors at the time of Mr. Hao’s appointments; and (ii) another executive Director, a non-executive Director and three independent non-executive Directors as at the date of this announcement, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

## 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 year ended 31 December 2023.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in compliance with rule 3.21 of the Listing Rules with responsibility for reviewing and providing supervision over the Group's financial reporting process. The audit committee comprises the three independent non-executive directors of the Company.

The audit committee has reviewed the annual results of the Group for the year ended 31 December 2023 with senior management and the external auditor of the Company.

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PwC on the preliminary announcement.

## **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Save as disclosed in the Company's profit warning announcement dated 16 January 2024 and note 13 to the Group's consolidated financial statements for the year, there was no other important event or transaction affecting the Group and which is required to be disclosed by the Company to its shareholders from 1 January 2024 to the date of this announcement.

By Order of the Board  
**CITIC Resources Holdings Limited**  
**Hao Weibao**  
*Chairman*

Hong Kong, 26 March 2024

*As at the date hereof, Mr. Hao Weibao and Mr. Wang Xinli are executive directors of the Company, Mr. Chan Kin is a non-executive director of the Company, and Dr. Fan Ren Da, Anthony, Mr. Look Andrew and Mr. Lu Dequan are independent non-executive directors of the Company.*