CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1205)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016.

FINANCIAL HIGHLIGHTS

Year ended 31 December	**2016 HK$ million**	2015 HK$ million	Change
Revenue	**2,956.7**	3,713.1	(20.4%)
EBITDA [1]	**1,803.7**	(3,062.5)	N/A
Adjusted EBITDA [2]	**1,100.2**	(551.1)	N/A
Profit/(loss) attributable to shareholders	**363.0**	(6,104.9)	N/A

1 profit/(loss) before tax + finance costs + depreciation + amortisation + asset impairment losses, net

2 EBITDA + (share of depreciation, amortisation, finance costs, asset impairment losses, income tax expense/(credit) and non-controlling interests of a joint venture) + fair value loss/(gain) on financial asset at fair value through profit or loss

- Profit attributable to shareholders achieved in challenging operating environment
- Program of cost controls reduced impact of low oil and commodities prices and narrowed operating losses
- Share of profit from investment in the Karazhanbas oilfield
- Reduction in share of loss from interest in CITIC Dameng Holdings Limited ("**CDH**")
- Fair value gain from shareholding in Alumina Limited ("**AWC**")

FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT
Year ended 31 December

	Notes	2016 HK$'000	2015 HK$'000
REVENUE	3	**2,956,732**	3,713,127
Cost of sales		**(3,056,734)**	(4,031,442)
Gross loss		**(100,002)**	(318,315)
Other income and gains	4	**1,327,438**	245,298
Selling and distribution costs		**(18,791)**	(16,373)
General and administrative expenses		**(338,596)**	(373,101)
Other expenses, net		**(79,182)**	(1,434,865)
Finance costs	5	**(276,240)**	(323,724)
Share of profit/(loss) of:			
An associate		**(29,562)**	(352,817)
A joint venture		**210,922**	(1,858,634)
		695,987	(4,432,531)
Provision for impairment of items of property, plant and equipment		**(226,200)**	(940,038)
Provision for impairment of other assets		**—**	(411,060)
Provision for impairment of an associate		**—**	(330,040)
Provision for impairment of inventories		**(125,763)**	(389,704)
PROFIT/(LOSS) BEFORE TAX	6	**344,024**	(6,503,373)
Income tax credit	7	**217**	331,453
PROFIT/(LOSS) FOR THE YEAR		**344,241**	(6,171,920)
ATTRIBUTABLE TO:			
Shareholders of the Company		**362,985**	(6,104,909)
Non-controlling interests		**(18,744)**	(67,011)
		344,241	(6,171,920)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8	**HK cents**	HK cents
Basic		**4.62**	(77.63)
Diluted		**4.62**	(77.63)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December

	2016 HK$'000	2015 HK$'000
PROFIT/(LOSS) FOR THE YEAR	**344,241**	(6,171,920)
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	**(490)**	(460)
Income tax effect	**147**	138
	(343)	(322)
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**6,646**	(224,064)
Reclassification adjustment for losses included in the consolidated income statement	**868,924**	60,785
Income tax effect	**(262,671)**	59,040
	612,899	(104,239)
Exchange differences on translation of foreign operations	**(371,011)**	(508,445)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**241,545**	(613,006)
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	**7,401**	10,484
Income tax effect	**(2,220)**	(3,145)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**5,181**	7,339
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**246,726**	(605,667)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**590,967**	(6,777,587)
ATTRIBUTABLE TO:		
Shareholders of the Company	**637,372**	(6,688,269)
Non-controlling interests	**(46,405)**	(89,318)
	590,967	(6,777,587)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	Notes	**2016** **HK$'000**	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,674,326**	5,988,583
Prepaid land lease payments		**16,415**	18,786
Goodwill		**24,682**	24,682
Other assets		**289,988**	270,149
Investment in an associate		**905,841**	994,020
Investment in a joint venture		**173,942**	—
Financial assets at fair value through profit or loss		**2,880,665**	1,835,713
Available-for-sale investment		**784**	1,274
Prepayments, deposits and other receivables		**83,260**	180,932
Deferred tax assets		**319,466**	580,885
Total non-current assets		**9,369,369**	9,895,024
CURRENT ASSETS			
Inventories		**577,698**	648,616
Trade and notes receivables	10	**643,767**	482,950
Prepayments, deposits and other receivables		**1,453,071**	1,693,416
Financial assets at fair value through profit or loss		**3,029**	3,029
Derivative financial instruments		**60,826**	298
Other assets		**—**	42,996
Cash and cash equivalents		**1,160,989**	1,300,197
Total current assets		**3,899,380**	4,171,502
CURRENT LIABILITIES			
Accounts payable	11	**130,891**	449,818
Tax payable		**142**	853
Accrued liabilities and other payables		**565,039**	417,061
Derivative financial instruments		**10,387**	40,814
Bank borrowings		**1,371,809**	1,356,249
Finance lease payables		**13,102**	12,473
Provisions		**44,670**	45,285
Total current liabilities		**2,136,040**	2,322,553
NET CURRENT ASSETS		**1,763,340**	1,848,949
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,132,709**	11,743,973

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	2016 HK$'000	2015 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,132,709**	11,743,973
NON-CURRENT LIABILITIES		
Bank borrowings	**6,155,518**	6,449,658
Finance lease payables	**12,371**	25,719
Derivative financial instruments	**—**	868,924
Provisions	**268,530**	294,354
Total non-current liabilities	**6,436,419**	7,638,655
NET ASSETS	**4,696,290**	4,105,318
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**392,886**	392,886
Reserves	**4,411,872**	3,774,495
	4,804,758	4,167,381
Non-controlling interests	**(108,468)**	(62,063)
TOTAL EQUITY	**4,696,290**	4,105,318

NOTES

1. BASIS OF PREPARATION

These 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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments and certain equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("**HK$**") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2016. 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).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

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.

Profit or loss and each component of other comprehensive income are attributed to 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.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interests, and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs

Except for the amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011), HKFRS 14, amendments to HKAS 16 and HKAS 41, amendments to HKAS 27 (2011), and certain amendments included in the Annual Improvements 2012 – 2014 Cycle, which are not relevant to the preparation of these financial statements, the adoption of these new and 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. 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 (the "**PAS**") which sources alumina and produces aluminium ingots in Australia;

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

(c) the import and export of commodities segment comprises the export of various commodity products such as aluminium ingots, coal, iron ore, alumina and copper; and the import of other 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, share of profit/(loss) of an associate and a joint venture, and impairment on assets 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 borrowings, finance lease payables, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2016 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	858,258	514,866	697,270	886,338	2,956,732
Other income	89,962	5,718	3,876	5,316	104,872
	948,220	520,584	701,146	891,654	3,061,604
Segment results	3,791	29,107	6,937	(266,652)	(226,817)
Reconciliation:					
Interest income and unallocated gains					1,070,633
Dividend income					102,245
Gain on disposal of other assets					49,688 [1]
Provision for impairment of items of property, plant and equipment					(226,200) [2]
Provision for impairment of inventories					(125,763) [3]
Unallocated expenses					(204,882)
Unallocated finance costs					(276,240)
Share of profit/(loss) of:					
An associate					(29,562)
A joint venture					210,922
Profit before tax					344,024
Segment assets	615,525	966,013	605,641	4,248,980	6,436,159
Reconciliation:					
Investment in an associate					905,841
Investment in a joint venture					173,942
Unallocated assets					5,752,807
Total assets					13,268,749
Segment liabilities	265,254	203,889	108,731	293,879	871,753
Reconciliation:					
Unallocated liabilities					7,700,706
Total liabilities					8,572,459
Other segment information:					
Depreciation and amortisation	88,980	47,204	585	714,844	851,613
Unallocated amounts					4,415
					856,028
Impairment losses reversed in the consolidated income statement	—	—	(1,168)	—	(1,168)
Capital expenditure	2,136	9,960	351	34,986	47,433
Unallocated amounts					2,443
					49,876 [4]

1 in respect of the coal segment
2 in respect of the aluminium smelting segment
3 in respect of the import and export of commodities segment and the crude oil segment
4 Capital expenditure consists of additions to property, plant and equipment and other assets.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2015 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	1,030,526	584,128	1,136,754	961,719	3,713,127
Other income	47,499	—	4,825	9,604	61,928
	1,078,025	584,128	1,141,579	971,323	3,775,055
Segment results	(49,761)	(157,750)	42,895	(313,445)	(478,061)
Reconciliation:					
Interest income and unallocated gains					55,539
Dividend income					127,831
Provision for impairment of items of property, plant and equipment					(940,038) [1]
Provision for impairment of other assets					(411,060) [2]
Provision for impairment of an associate					(330,040)
Provision for impairment of inventories					(389,704) [3]
Unallocated expenses					(1,602,665)
Unallocated finance costs					(323,724)
Share of loss of:					
An associate					(352,817)
A joint venture					(1,858,634)
Loss before tax					(6,503,373)
Segment assets	958,011	1,000,907	717,522	5,203,866	7,880,306
Reconciliation:					
Investment in an associate					994,020
Unallocated assets					5,192,200
Total assets					14,066,526
Segment liabilities	1,195,382	294,477	154,635	400,495	2,044,989
Reconciliation:					
Unallocated liabilities					7,916,219
Total liabilities					9,961,208
Other segment information:					
Depreciation and amortisation	97,758	90,569	713	719,969	909,009
Unallocated amounts					7,091
					916,100
Impairment losses reversed in the consolidated income statement	—	—	(5,721)	—	(5,721)
Capital expenditure	2,851	18,327	234	497,393	518,805
Unallocated amounts					1,141
					519,946 [4]

1 in respect of the crude oil segment
2 in respect of the coal segment
3 in respect of the import and export of commodities segment
4 Capital expenditure consists of additions to property, plant and equipment and other assets.

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2016	2015
	HK$'000	HK$'000
China	**907,651**	942,240
Australia	**671,311**	824,903
Europe	**406,148**	728,889
Other Asian countries	**929,693**	1,134,742
Others	**41,929**	82,353
	2,956,732	3,713,127

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

(b) Non-current assets

	2016	2015
	HK$'000	HK$'000
Hong Kong	**3,577**	2,860
China	**4,739,340**	5,715,779
Australia	**3,716,645**	3,046,956
Kazakhstan	**177,991**	5,779
Other Asian countries	**121,578**	271,342
	8,759,131	9,042,716

The non-current assets information above is based on the location of the assets which exclude other assets, available-for-sale investment and deferred tax assets.

Information about major customers

During the year, revenue of HK$705,989,000 was derived from sales to a customer of the crude oil segment and HK$666,108,000 was derived from sales to two customers of the aluminium smelting segment. Revenue from each of these three customers amounted to 10% or more of the Group's consolidated revenue for the year.

In 2015, revenue of HK$796,441,000 was derived from sales to a customer of the crude oil segment and HK$644,293,000 was derived from sales to a customer of the aluminium smelting segment. Revenue from each of these two customers amounted to 10% or more of the Group's consolidated revenue for 2015.

4. OTHER INCOME AND GAINS

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

	2016 **HK$'000**	2015 HK$'000
Interest income	**19,651**	43,835
Dividend income from financial asset at fair value through profit or loss	**102,245**	127,831
Handling service fees	**3,473**	2,027
Fair value gains on:		
Derivative financial instruments	**84,309**	48,561
Financial asset at fair value through profit or loss	**1,044,952**	—
Sale of scrap	**3,456**	5,736
Gain on disposal of other assets	**49,688**	—
Others	**19,664**	17,308
	1,327,438	245,298

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2016 **HK$'000**	2015 HK$'000
Interest expense on bank borrowings	**260,711**	291,663
Interest expense on finance lease	**2,268**	3,152
Total interest expense on financial liabilities not at fair value through profit or loss	**262,979**	294,815
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**4,329**	3,324
Others	**8,932**	25,585
	276,240	323,724

6. PROFIT/(LOSS) BEFORE TAX

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

	2016	2015
	HK$'000	HK$'000
Cost of inventories sold	**3,056,734**	4,031,442
Depreciation	**806,776**	821,508
Amortisation of other assets	**48,109**	93,311
Amortisation of prepaid land lease payments	**1,143**	1,281
Loss on disposal/write-off of items of property, plant and equipment, net	**16,669**	12,780
Exchange losses/(gains), net *	**65,773**	(81,351)
Impairment/(reversal of impairment) of other receivables *	**(24,536)**	130,200
Fair value loss/(gain) on financial asset at fair value through profit or loss	**(1,044,952)**	1,281,787 *
Provision for impairment of items of property, plant and equipment	**226,200**	940,038
Provision for impairment of other assets	**—**	411,060
Provision for impairment of an associate	**—**	330,040
Provision for impairment of inventories	**125,763**	389,704
Loss on deemed disposal of partial interest in an associate *	**—**	483

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

7. INCOME TAX

	2016	2015
	HK$'000	HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**139**	1,458
Underprovision/(overprovision) in prior years	**66**	(132)
Deferred	**(422)**	(332,779)
Total tax credit for the year	**(217)**	(331,453)

The statutory rate of Hong Kong profits tax was 16.5% (2015: 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 year (2015: 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% (2015: 30%).

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2015: 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% (2015: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2015: 25%).

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.

8. EARNINGS/(LOSS) 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 of HK$362,985,000 (2015: a loss of HK$6,104,909,000) and the weighted average number of ordinary shares in issue during the year, which was 7,857,727,149 (2015: 7,864,073,861) shares.

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

No adjustment was made to the basic earnings per share amount presented for the year in respect of a dilution as there were no dilutive potential ordinary shares arising from share options as the average share price of the Company during the year did not exceed the exercise price of the then outstanding share options.

No adjustment was made to the basic loss per share amount presented for 2015 in respect of a dilution as the share options outstanding during 2015 had an anti-dilutive effect on the basic loss per share amount presented.

9. DIVIDEND

	2016	2015
	HK$'000	HK$'000
Proposed final dividend of HK1.50 cents (2015: Nil) per ordinary share	**117,866**	—

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

10. TRADE AND NOTES RECEIVABLES

An aged analysis of the trade and notes receivables, based on the invoice date and net of provisions, was as follows:

	2016	2015
	HK$'000	HK$'000
Within one month	**442,976**	298,782
One to two months	**37,390**	50,984
Two to three months	**80,326**	61,671
Over three months	**83,075**	71,513
	643,767	482,950

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

11. ACCOUNTS PAYABLE

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

	2016	2015
	HK$'000	HK$'000
Within one month	**130,891**	365,881
One to three months	—	6,428
Over three months	—	77,509
	130,891	449,818

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

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2016. The report includes an emphasis of matter, without qualification.

"**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 24 to the financial statements which describes the Group's situation regarding its legal claim to recover certain of its inventories located at Qingdao port and the impairment provision made in the financial statements. In consideration of the above, there is material inherent uncertainty as to the carrying amount of the inventories. Should these matters be resolved, any adjustments found to be necessary may have a significant impact to the carrying amount of the respective inventories."

BUSINESS REVIEW

Crude oil

The Group achieved an average oil production of 50,580 barrels per day (100% basis) for the year, an overall increase of 2% year-on-year; but low oil prices continued to have a significant impact on the Group's oil business resulting in contrasting performances from its three oilfields at Kazakhstan, China and Indonesia after taking into account their respective production costs.

At the start of 2016, oil prices continued to decline, with the Brent oil price at one point falling to US$26 per barrel in January. A modest recovery began in February and thereafter trended upwards for the rest of the year, albeit the recovery was modest and oil prices still remained at relatively low levels.

JSC Karazhanbasmunai ("**KBM**") which owns, manages and operates the Karazhanbas oilfield in Kazakhstan achieved a profit for the year, attributable to a number of factors, including reductions in rent tax and export duty and a write-back of a provision made previously in respect of prior years tax assessment, allowing the Group to record a share of profit in respect of its interest in CITIC Canada Energy Limited, a joint venture in which the Group owns 50% and which indirectly owns all of the voting rights of KBM. The Karazhanbas oilfield remained the largest contributor to the Group's oil production during the year with an average daily production of 38,800 barrels (100% basis), a slight drop of 1% when compared to 2015.

Although the Group was able to reduce production costs at the Yuedong oilfield in China and the Seram Block in Indonesia during the year through its program of ongoing cost controls, the Group was not able to offset the effect of low oil prices and recorded a loss in respect of these two oilfields.

One of the key objectives at the Yuedong oilfield has been to promote suitable oil recovery methods to further enhance production. Following favourable results from the deployment of thermal recovery in 2015, the Group has utilised this method on a more extensive scale within the Yuedong oilfield during the year, resulting in a boost to average daily production by 10% year-on-year to 8,010 barrels (100% basis).

Attributable to the commencement of production of new development wells in the Oseil area, average daily production at the Seram Block reached 3,770 barrels (100% basis) during the year, growing by 13% year-on-year.

Metals

Aluminium prices recovered gradually but moderately during 1H 2016 from their low levels in 2015 and remained steady for the remainder of the year, with decreases in aluminium supply in China one of the reasons for the price increase. Despite the improvement in aluminium prices, the PAS still suffered a decrease in the average selling price of aluminium as well as a drop in sales volume when compared to 2015. However, these negative factors were mitigated by a decrease in the unit cost of sales leading to the PAS recording an operating profit for the year.

In December 2016, the PAS experienced a power outage which disrupted its operation and reduced its production capacity. As a result, the Group provided for an impairment in respect of the PAS for the year. In January 2017, the Group secured financial support from the State Government of Victoria and the Commonwealth Government of Australia to assist in funding the restart of the PAS and ongoing operations under four year agreements and entered into a new hedging agreement in respect of the supply of electricity. As operations to restart capacity at the PAS are expected to take time, the performance of the PAS is expected to be affected until pre-outage capacity is restored.

The Group retains a strategic shareholding in AWC which invests in bauxite mining, alumina refining and selected aluminium smelting operations world-wide. The Group's equity interest in AWC is classified as a financial asset at fair value through profit or loss. As the closing price of AWC shares at the end of the year was higher than at the end of 2015, the Group recorded a significant fair value gain in respect of its interest in AWC.

CDH continued to be affected by a number of adverse factors, most notably low selling prices of major manganese products. However, a decrease in unit cost of sales and more stringent cost control measures helped CDH record a material reduction in its loss for the year when compared to 2015. As a result, the Group recorded a significantly reduced share of loss for the year with respect to its interest in CDH.

Coal

During the year, the Group's coal segment managed to achieve a turnaround in its operating results and recorded a profit from normal operations amidst a decline in sales volume, primarily because of an upturn in coal selling prices in the last quarter of 2016 and a decrease in unit cost of sales for the year. Adding to the improved operating performance, the coal segment also realised a gain from the disposal of certain coal interests during the year.

Import and export of commodities

The lacklustre commodities markets continued to weigh on the Group's import and export of commodities business. This segment recorded a material decrease in both revenue and operating results when compared to 2015.

FINANCIAL MANAGEMENT

In December 2016, the Group successfully concluded an unsecured term loan facility of US$310 million with a syndicate of financial institutions, the proceeds of which were used to refinance a maturing loan.

OUTLOOK

The Group's prospects will continue to be shaped by prices of and global supply and demand for oil and commodities, the likelihood of a sustained recovery in the world economy and global political developments. All of these aspects will continue to bring about challenges for the Group's businesses and raise an element of uncertainty in the Group's outlook for 2017 and beyond.

Oil and commodity prices have remained steady at the start of 2017, and pending any sustainable improvement, the Group will continue to implement cost efficiencies within its existing operations and adapt its business plans to mitigate the current adverse conditions.

The Group will also continue to seek quality investment opportunities to strengthen its business portfolio, including through collaboration with ITOCHU Corporation. The ongoing support from CITIC Limited will enhance the Group's capabilities to achieve its objectives.

The Group believes its actions will help create reasonable return for shareholders in a changing marketplace.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2016, the Group had cash and cash equivalents of HK$1,161.0 million.

Borrowings

As at 31 December 2016, the Group had total debt of HK$7,552.8 million, which comprised:

- unsecured bank loans of HK$7,527.3 million; and
- finance lease payables of HK$25.5 million.

Most of the transactions of the Group's import and export of commodities business are debt funded. However, in contrast to term loans, these 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 September 2012, the Company entered into a facility agreement with a bank in respect of an unsecured 5-year term loan facility of US$40 million (HK$312 million) (the "**A Loan**") to finance the general corporate funding requirements of the Company. The outstanding balance of the A Loan as at 31 December 2016 was US$40 million.

In March 2014, the Company entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured term loan facility (the "**B Loan**") to part finance the repayment of the Group's US$1,000,000,000 6.75% senior notes due 2014. The B 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 B Loan was fully prepaid in December 2016 using the proceeds of the D Loan (as defined below).

In June 2015, the Company entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured term loan facility of US$490 million (HK$3,822 million) (the "**C Loan**"). The C 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 an unsecured term loan facility of US$380 million that matured in June 2015. Tranche A has a tenor of three years commencing from the date of utilisation, being 29 June 2015. The proceeds of Tranche B were 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, being 31 December 2015. The outstanding balance of the C Loan as at 31 December 2016 was US$490 million.

In December 2016, the Company entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured term loan facility of US$310 million (HK$2,418 million) (the "**D Loan**") to finance the prepayment of the B Loan. The D Loan has a tenor of three years commencing from the date of utilisation, being 30 December 2016. The outstanding balance of the D Loan as at 31 December 2016 was US$310 million.

The Group leases certain plant and machinery for its coal mine operations. The lease is classified as a finance lease.

As at 31 December 2016, the Group's net debt to net total capital was 57.1% (2015: 61.1%). Of the total debt, HK$1,384.9 million was repayable within one year, including the A Loan, short-term revolvers, trade finance and finance lease payables.

Share capital

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

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.

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 2016, the Group had around 340 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.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The directors have resolved to recommend the payment of a final dividend of HK1.50 cents per ordinary share of the Company for the year ended 31 December 2016 (the "**Final Dividend**") to shareholders of the Company whose names appear on the register of members of the Company on Monday, 3 July 2017. Subject to approval by shareholders of the Company at the forthcoming annual general meeting of the Company, the Final Dividend is payable to entitled shareholders of the Company on or around 17 July 2017.

For determining the entitlement of shareholders of the Company to receive the Final Dividend, the register of members of the Company will be closed from Thursday, 29 June 2017 to Monday, 3 July 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. For the purpose of ascertaining entitlement of shareholders of the Company to the Final Dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 28 June 2017.

CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has, for the year ended 31 December 2016, 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 of Hong Kong Limited (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 year.

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 year.

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 these financial results with senior management and the external auditors of the Company.

By Order of the Board
CITIC Resources Holdings Limited
Kwok Peter Viem
Chairman

Hong Kong, 17 February 2017

As at the date hereof, Mr. Kwok Peter Viem; Mr. Suo Zhengang; Mr. Sun Yang and Ms. Li So Mui are executive directors of the Company, Mr. Ma Ting Hung is a non-executive director of the Company, and Mr. Fan Ren Da, Anthony; Mr. Gao Pei Ji and Mr. Look Andrew are independent non-executive directors of the Company.