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 2018

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 2018.

FINANCIAL HIGHLIGHTS

Year ended 31 December	**2018** **HK$ million**	2017 HK$ million	Change
Revenue	**4,427.3**	3,602.9	22.9%
EBITDA [1]	**2,070.9**	2,100.4	(1.4%)
Adjusted EBITDA [2]	**2,433.9**	1,660.7	46.6%
Profit attributable to shareholders	**905.3**	518.3	74.7%

1 profit before tax + finance costs + depreciation + amortisation + asset impairment losses

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

The Group's segments and investments, except the aluminium smelting segment, recorded profits for the year:

- improved operating results from the Group's oil business, including in Kazakhstan, attributable to a relatively higher average crude oil realised price and stringent ongoing cost control
- significant increases in share of profit from the Group's interests in CITIC Dameng Holdings Limited ("**CDH**") and Alumina Limited ("**AWC**")
- better contribution from the Group's coal segment, benefitting from a higher average selling price of coal
- reduced operating loss from the Group's aluminium smelting segment, attributable to higher production and sales volumes of aluminium (as a result of the restoration of production capacity of the Portland Aluminium Smelter (the "**PAS**") to pre-outage level in 4Q 2017) and an increase in the average selling price of aluminium

FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT
Year ended 31 December

	Notes	**2018** **HK$'000**	2017 HK$'000
REVENUE	3	**4,427,317**	3,602,947
Cost of sales		**(3,613,628)**	(3,116,691)
Gross profit		**813,689**	486,256
Other income and gains	4	**98,277**	542,636
Selling and distribution costs		**(21,696)**	(19,419)
General and administrative expenses		**(425,334)**	(335,005)
Other expenses, net		**(88,853)**	(145,205)
Finance costs	5	**(287,359)**	(290,361)
Share of profit of:			
Associates		**635,202**	180,096
A joint venture		**563,271**	772,535
		1,287,197	1,191,533
Provision for impairment of items of property, plant and equipment		**(323,366)**	(583,353)
Provision for impairment of other assets		**(13,066)**	—
PROFIT BEFORE TAX	6	**950,765**	608,180
Income tax expense	7	**(465)**	(123,603)
PROFIT FOR THE YEAR		**950,300**	484,577
ATTRIBUTABLE TO:			
Shareholders of the Company		**905,253**	518,315
Non-controlling interests		**45,047**	(33,738)
		950,300	484,577
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8	**HK cents**	HK cents
Basic		**11.52**	6.60
Diluted		**11.52**	6.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December

	2018 HK$'000	2017 HK$'000
PROFIT FOR THE YEAR	**950,300**	484,577
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Equity instrument at fair value through other comprehensive income:		
Changes in fair value	**—**	61
Income tax effect	**—**	(18)
	—	43
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(343,844)**	872,300
Income tax effect	**103,154**	(261,690)
	(240,690)	610,610
Exchange differences on translation of foreign operations	**(155,974)**	287,183
Share of other comprehensive loss of associates	**(223,569)**	—
Share of other comprehensive loss of a joint venture	**(22,434)**	—
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(642,667)**	897,836
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity instrument at fair value through other comprehensive income:		
Changes in fair value	**650**	—
Income tax effect	**(195)**	—
	455	—
Re-measurement gain on defined benefit plan:		
Changes in fair value	**1,565**	5,590
Income tax effect	**(471)**	(1,677)
	1,094	3,913
Share of other comprehensive loss of a joint venture	**(15,366)**	(17,798)
Share of other comprehensive income of an associate	**7,589**	—
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(6,228)**	(13,885)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(648,895)**	883,951
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**301,405**	1,368,528
ATTRIBUTABLE TO:		
Shareholders of the Company	**271,647**	1,377,283
Non-controlling interests	**29,758**	(8,755)
	301,405	1,368,528

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	Notes	2018 HK$'000	2017 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,114,985**	3,860,246
Prepaid land lease payments		**14,374**	16,411
Goodwill		**24,682**	24,682
Other assets		**257,921**	268,600
Investments in associates		**4,359,615**	4,327,686
Investment in a joint venture		**1,441,411**	915,940
Derivative financial instrument		**244,983**	496,054
Equity instrument at fair value through other comprehensive income		**—**	845
Prepayments, deposits and other receivables		**19,687**	52,910
Deferred tax assets		**33,217**	—
Total non-current assets		**9,510,875**	9,963,374
CURRENT ASSETS			
Inventories		**608,854**	642,719
Trade receivables	10	**559,665**	546,212
Prepayments, deposits and other receivables		**788,459**	1,168,261
Financial assets at fair value through profit or loss		**2,190**	3,029
Derivative financial instruments		**288,535**	403,649
Cash and cash equivalents		**1,921,169**	1,405,672
Total current assets		**4,168,872**	4,169,542
CURRENT LIABILITIES			
Accounts payable	11	**158,411**	167,093
Tax payable		**425**	73
Accrued liabilities and other payables		**777,416**	604,982
Derivative financial instruments		**23,743**	9,553
Bank borrowings		**2,006,729**	386,206
Finance lease payables		**2,243**	8,970
Provisions		**44,705**	46,312
Total current liabilities		**3,013,672**	1,223,189
NET CURRENT ASSETS		**1,155,200**	2,946,353
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,666,075**	12,909,727

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	2018 HK$'000	2017 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,666,075**	12,909,727
NON-CURRENT LIABILITIES		
Bank and other borrowings	**4,209,823**	6,602,069
Finance lease payables	**489**	3,020
Deferred tax liabilities	**—**	67,365
Provisions	**401,745**	290,323
Total non-current liabilities	**4,612,057**	6,962,777
NET ASSETS	**6,054,018**	5,946,950
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**392,886**	392,886
Reserves	**5,748,597**	5,671,287
	6,141,483	6,064,173
Non-controlling interests	**(87,465)**	(117,223)
TOTAL EQUITY	**6,054,018**	5,946,950

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 2018. 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 (a) the assets (including goodwill) and liabilities of the subsidiary; (b) the carrying amount of any non-controlling interests; and (c) the cumulative translation differences recorded in equity; and recognises (a) the fair value of the consideration received; (b) the fair value of any investment retained; and (c) 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 year's financial statements.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfers of Investment Property
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements 2014 – 2016 Cycle	Amendments to HKFRS 1 and HKAS 28

The adoption of the above new and revised HKFRSs has had no significant financial effect on 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 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 into 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 before tax except that interest income, fair value gain on a financial asset at fair value through profit or loss, dividend income, finance costs, share of profit of associates and a joint venture, and provision for impairment of assets as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates, investment in a joint venture, equity instrument at fair value through other comprehensive income, deferred tax assets, financial assets at fair value through profit or loss, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, finance lease payables, deferred tax liabilities, 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 2018 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	**1,088,131**	**891,426**	**1,154,390**	**1,293,370**	**4,427,317**
Other income	**4,182**	**93**	**4,496**	**44,178**	**52,949**
	1,092,313	**891,519**	**1,158,886**	**1,337,548**	**4,480,266**
Segment results	**(104,791)**	**211,761**	**51,717**	**506,731**	**665,418**
Reconciliation:					
Interest income and unallocated gains					**45,328**
Provision for impairment of items of property, plant and equipment					**(323,366)** [1]
Provision for impairment of other assets					**(13,066)** [2]
Unallocated expenses					**(334,663)**
Unallocated finance costs					**(287,359)**
Share of profit of:					
Associates					**635,202**
A joint venture					**563,271**
Profit before tax					**950,765**
Segment assets	**963,278**	**614,612**	**542,322**	**3,066,769**	**5,186,981**
Reconciliation:					
Investments in associates					**4,359,615**
Investment in a joint venture					**1,441,411**
Unallocated assets					**2,691,740**
Total assets					**13,679,747**
Segment liabilities	**417,086**	**247,110**	**156,504**	**389,212**	**1,209,912**
Reconciliation:					
Unallocated liabilities					**6,415,817**
Total liabilities					**7,625,729**
Other segment information:					
Depreciation and amortisation	**27,026**	**42,438**	**429**	**422,638**	**492,531**
Unallocated amounts					**3,830**
					496,361
Impairment losses recognised in the consolidated income statement	—	—	**20,129**	—	**20,129**
Impairment losses reversed in the consolidated income statement	—	—	—	**(10,929)**	**(10,929)**
Capital expenditure	**3,762**	**100,019**	**32**	**174,728**	**278,541**
Unallocated amounts					**2,506**
					281,047 [3]

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

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2017 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	707,504	828,649	978,663	1,088,131	3,602,947
Other income	1,946	27	4,350	31,270	37,593
	709,450	828,676	983,013	1,119,401	3,640,540
Segment results	(169,085)	91,995	42,142	277,873	242,925
Reconciliation:					
Interest income and unallocated gains					437,605
Dividend income					67,438
Provision for impairment of items of property, plant and equipment					(583,353) [1]
Unallocated expenses					(218,705)
Unallocated finance costs					(290,361)
Share of profit of:					
Associates					180,096
A joint venture					772,535
Profit before tax					608,180
Segment assets	1,499,505	769,864	641,366	3,469,620	6,380,355
Reconciliation:					
Investments in associates					4,327,686
Investment in a joint venture					915,940
Unallocated assets					2,508,935
Total assets					14,132,916
Segment liabilities	346,647	240,463	64,551	310,858	962,519
Reconciliation:					
Unallocated liabilities					7,223,447
Total liabilities					8,185,966
Other segment information:					
Depreciation and amortisation	28,929	110,637	540	420,611	560,717
Unallocated amounts					3,943
					564,660
Impairment losses recognised in the consolidated income statement	—	27,441	6,574	26,422	60,437
Impairment losses reversed in the consolidated income statement	—	—	—	(24,082)	(24,082)
Capital expenditure	(1,012)	36,083	96	6,157	41,324
Unallocated amounts					1,615
					42,939 [2]

1 in respect of the crude oil segment

2 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

	2018 **HK$'000**	2017 HK$'000
China	**1,484,539**	1,328,021
Australia	**951,484**	802,895
Europe	**387,846**	275,919
Other Asian countries	**1,394,118**	1,188,905
Others	**209,330**	7,207
	4,427,317	3,602,947

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

(b) Non-current assets

	2018 **HK$'000**	2017 HK$'000
Hong Kong	**2,765**	2,265
China	**3,868,235**	4,169,892
Australia	**3,894,475**	4,544,686
Kazakhstan	**1,441,930**	918,284
Other Asian countries	**12,332**	58,802
	9,219,737	9,693,929

The non-current assets information above is based on the location of the assets which exclude other assets, equity instrument at fair value through other comprehensive income and deferred tax assets.

Information about major customers

During the year, revenue of HK$1,170,523,000 was derived from sales to a customer of the crude oil segment and HK$520,406,000 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 revenue for the year.

In 2017, revenue of HK$920,045,000 was derived from sales to a customer of the crude oil segment and HK$474,090,000 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 revenue for 2017.

4. OTHER INCOME AND GAINS

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

	2018	2017
	HK$'000	HK$'000
Interest income	**36,080**	19,767
Dividend income from a financial asset at fair value through profit or loss	**—**	67,438
Handling service fees	**4,112**	3,916
Fair value gain on a financial asset at fair value through profit or loss *	**—**	411,278
Sale of scrap	**4,774**	6,077
Reversal of impairment of other receivables	**10,929**	24,082
Gain on disposal of partial participating interest in a production sharing contract	**17,482**	—
Government subsidies	**11,255**	—
Others	**13,645**	10,078
	98,277	542,636

* The Group reassessed and concluded that it has significant influence over AWC effective 30 June 2017. Consequently, the investment was reclassified from a financial asset at fair value through profit or loss to an investment in an associate on 30 June 2017. Prior to the reclassification, the investment was measured at its fair value based on the closing price of AWC shares on 29 June 2017. As a result, a pre-tax fair value gain of HK$411,278,000 in respect of the Group's interest in AWC was recognised in the consolidated income statement, representing the excess amount of such fair value over its carrying amount as at 31 December 2016.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2018	2017
	HK$'000	HK$'000
Interest expense on bank and other borrowings	**277,801**	281,421
Interest expense on a finance lease	**513**	1,481
Total interest expense on financial liabilities not at fair value through profit or loss	**278,314**	282,902
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**9,005**	7,419
Others	**40**	40
	287,359	290,361

6. PROFIT BEFORE TAX

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

	2018 **HK$'000**	2017 HK$'000
Cost of inventories sold	**3,613,628**	3,116,691
Depreciation	**490,058**	538,581
Amortisation of other assets	**5,086**	24,884
Amortisation of prepaid land lease payments	**1,217**	1,195
Loss/(gain) on disposal of items of property, plant and equipment, net	**(235)**	6,086
Fair value losses on derivative financial instruments, net *	**45,655**	29,535
Exchange losses, net *	**24,656**	33,564
Impairment of other receivables, net	**—**	29,781
Provision for impairment of trade receivables, net	**20,129**	6,574
Provision for impairment of items of property, plant and equipment	**323,366**	583,353
Provision for impairment of other assets	**13,066**	—

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

7. INCOME TAX EXPENSE

	2018 **HK$'000**	2017 HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**473**	168
Underprovision/(overprovision) in prior years	**(8)**	35
Deferred	**—**	123,400
Total tax expense for the year	**465**	123,603

The statutory rate of Hong Kong profits tax was 16.5% (2017: 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 (2017: 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% (2017: 30%).

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2017: 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% (2017: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2017: 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 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$905,253,000 (2017: HK$518,315,000) and the weighted average number of ordinary shares in issue during the year, which was 7,857,727,149 (2017: 7,857,727,149) 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 having 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 years ended 31 December 2018 and 2017 in respect of a dilution. There were no dilutive potential ordinary shares arising from share options as (a) in respect of the year ended 31 December 2018, the share options expired during the year; and (b) in respect of the year ended 31 December 2017, the average share price of the Company during 2017 did not exceed the exercise price of the then outstanding share options.

9. **DIVIDEND**

	2018 **HK$'000**	2017 HK$'000
Proposed final dividend of HK 3.50 cents (2017: HK 2.50 cents) per ordinary share	**275,020**	196,443

The proposed final dividend for the year is subject to the approval of shareholders at the forthcoming annual general meeting of the Company. The final dividend of HK 2.50 cents per ordinary share for the year ended 31 December 2017, totalling HK$196,443,000, was approved by shareholders at the annual general meeting of the Company held on 22 June 2018 and was paid during the year.

10. **TRADE RECEIVABLES**

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

	2018 **HK$'000**	2017 HK$'000
Within one month	**321,885**	324,727
One to two months	**88,509**	74,532
Two to three months	**63,325**	45,716
Over three months	**85,946**	101,237
	559,665	546,212

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

11. **ACCOUNTS PAYABLE**

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

	2018 **HK$'000**	2017 HK$'000
Within one month	**158,350**	148,125
One to three months	**—**	—
Over three months	**61**	18,968
	158,411	167,093

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

BUSINESS REVIEW

Crude oil

The Group's crude oil business as a whole achieved a substantial improvement in operating results, attributable to a relatively higher average crude oil realised price and stringent ongoing cost control.

During the year, the Group continued to implement optimal maintenance plans to minimise the negative impact on oil production caused by the continuing natural decline of existing wells. The Group's overall average daily production was 49,390 barrels (100% basis) for the year, which was comparable to 49,980 barrels for 2017. The Karazhanbas oilfield in Kazakhstan and the Yuedong oilfield in China recorded daily production of 39,600 barrels and 7,890 barrels (both on 100% basis), respectively, comparable to 2017. The Seram Block in Indonesia recorded daily production of 1,900 barrels (100% basis), representing a 33% drop to the previous year, due to a steeper natural decline of existing wells.

Results of the Karazhanbas oilfield were bolstered by a write-back of a prior year provision for impairment.

Also during the year, the Group completed its sale of a 10% participating interest in the production sharing contract which grants the right to explore, develop and produce petroleum from the Seram Block until 31 October 2019 (the "**PSC**") to an independent third party. Additionally, the Group successfully renewed the PSC for a term of 20 years commencing from 1 November 2019. The Group therefore retains a 41% participating interest in the PSC and remains the operator of the Seram Block.

Metals

The PAS resumed normal operations in 4Q 2017 with the restoration of its production capacity to pre-outage level. As a result, both production and sales volumes increased during the year. This, as well as a higher average selling price of aluminium than in 2017, meant a better operating performance from the PAS than in the previous year, although the PAS still made an operating loss due to sharp increases in certain production costs such as alumina and carbon materials. As the performance of the PAS was expected to be hampered by higher prices of electricity and alumina going forward, an impairment was provided in respect of the PAS.

The Group's equity interest in AWC was reclassified on 30 June 2017 from a financial asset at fair value through profit or loss to an investment in an associate. Accordingly, in respect of the Group's interest in AWC, a share of profit using the equity method was recorded for 2H 2017 and for the full year of 2018. Attributable to an increase in the average selling price of alumina, AWC recorded an increase in its results for the year.

CDH also recorded an increase in its results for the year, attributable to an increase in average selling prices of some of its major manganese products.

Coal

The Group's coal segment benefitted from a higher average selling price of coal, but was impacted by a provision for impairment in respect of its mining assets. Overall, the segment recorded a better operating profit for the year.

Import and export of commodities

During the year, the Group further strengthened its marketing strategy to meet the ever-changing market environment and trading behaviours. Attributable to an increase in commodities prices, the Group's import and export of commodities segment recorded a better profit.

FINANCIAL MANAGEMENT

During the year, the Group managed to reduce its debt from internal resources. The Group's financial position remained strong throughout the year.

OUTLOOK

The Group believes that oil and commodities prices will at least remain steady at current levels, which should continue to benefit the Group. Meanwhile, the Group will try to make solid progress to achieve its major production and operation targets. As the global economic and political environments cast uncertainties on oil and commodities prices, the Group will continue to closely monitor the changing market environment and take appropriate actions to create returns for shareholders.

The Group will consider resuming the exploration of the Lofin area of the Seram Block. The Group will also endeavour in promoting application of new technologies to improve productivity in the Yuedong oilfield and plans to add new wells in the oilfield under a managed drilling program.

To strengthen its business portfolio, release investment value and promote sustainable growth, the Group will continue to look for quality investment opportunities. In addition, the ongoing support from CITIC Limited will drive the Group to achieve its objectives.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 31 December 2018, the Group had cash and cash equivalents of HK$1,921.2 million.

Borrowings

As at 31 December 2018, the Group had total debt of HK$6,219.3 million, which comprised:

- unsecured bank borrowings of HK$2,316.6 million;
- unsecured other borrowing of HK$3,900.0 million; and
- finance lease payables of HK$2.7 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, and matching the terms of the underlying transaction. When sale proceeds are received at the completion of a transaction, the related borrowings are repaid accordingly.

In December 2016, the Company entered into a facility agreement with a syndicate of financial institutions in respect of an unsecured 3-year term loan facility of US$310 million (HK$2,418 million) (the "**A Loan**"). The proceeds of the A Loan were used to finance the repayment of a term loan of US$310 million signed in March 2014. During the year, the A Loan was partially prepaid in the amount of US$93.0 million (HK$725.4 million). As at 31 December 2018, the outstanding balance was US$217.0 million (HK$1,692.6 million).

In May 2017, the Company entered into a facility agreement with a bank in respect of an unsecured 3-year term loan facility of US$40 million (HK$312 million) (the "**B Loan**"). Part of the proceeds of the B Loan was used to finance the repayment of the then outstanding balance of a term loan of US$40 million signed in September 2012. As at 31 December 2018, the outstanding balance was US$40.0 million.

In June 2017, a wholly-owned subsidiary of the Company entered into a facility agreement with a subsidiary of CITIC Limited (a substantial shareholder of the Company) in respect of an unsecured 5-year term loan facility of US$500 million (HK$3,900 million) (the "**C Loan**"). The proceeds of the C Loan were used mainly to finance the repayment of a term loan of US$490 million (HK$3,822 million) signed in June 2015. As at 31 December 2018, the outstanding balance was US$500.0 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 2018, the Group's net debt to net total capital was 41.2% (2017: 48.0%). Of the Group's total debt, HK$2,009.0 million was repayable within one year, including the A Loan, short-term revolver, 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 electricity hedge agreements. 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 2018, the Group had around 300 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 HK 3.50 cents per ordinary share for the year ended 31 December 2018 (the "**Final Dividend**") to shareholders whose names appear on the register of members of the Company on Tuesday, 2 July 2019. 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 16 July 2019.

For determining the entitlement of shareholders to receive the Final Dividend, the register of members of the Company will be closed from Thursday, 27 June 2019 to Tuesday, 2 July 2019, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 26 June 2019.

CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has, for the year ended 31 December 2018, 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 auditor of the Company.

By Order of the Board
CITIC Resources Holdings Limited
Suo Zhengang
Vice Chairman and Chief Executive Officer

Hong Kong, 28 March 2019

As at the date hereof, Mr. Sun Yufeng; Mr. Suo Zhengang; Mr. Sun Yang and Ms. Li So Mui are executive directors of the Company, Mr. Chan Kin 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.