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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "**Board**") of CITIC Resources Holdings Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 (the "**Period**").

FINANCIAL HIGHLIGHTS

Six months ended 30 June **Unaudited**	**2019** **HK$ million**	2018 HK$ million	Change
Revenue	**1,828.4**	2,145.2	(14.8%)
EBITDA [1]	**743.2**	1,015.8	(26.8%)
Adjusted EBITDA [2]	**1,114.0**	1,322.9	(15.8%)
Profit attributable to shareholders	**362.1**	529.1	(31.6%)

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)

During the Period, crude oil and commodities prices had been softened. Revenue of the Group was inevitably reduced. Despite the softening in selling prices during the Period, the Group recorded a profit attributable to shareholders of HK$362.1 million. Majority of our costs were incurred in local currencies in which our businesses operated. The depreciation of Kazakhstan Tenge ("**KZT**"), Renminbi and Australian dollar against United States dollar ("**US$**") partially offset the impact of softened selling prices. Except the aluminium smelting segment, all of the Group's segments and investments recorded profits for the Period. Although the production capacity of the Portland Aluminium Smelter (the "**PAS**") had been restored to its pre-outage capacity since 4Q 2017, the slump in aluminium price led to a loss be recorded in the aluminium smelting segment during the Period.

FINANCIAL RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT
Six months ended 30 June
Unaudited

	Notes	**2019** **HK$'000**	2018 HK$'000
REVENUE	3	**1,828,363**	2,145,175
Cost of sales		**(1,639,545)**	(1,615,840)
Gross profit		**188,818**	529,335
Other income and gains	4	**81,519**	54,740
Selling and distribution costs		**(7,098)**	(13,022)
General and administrative expenses		**(176,002)**	(195,586)
Other expenses, net		**(26,612)**	(56,024)
Finance costs	5	**(151,389)**	(132,756)
Share of profit of:			
Associates		**194,132**	214,524
A joint venture		**277,809**	254,139
		381,177	655,350
Provision for impairment of items of property, plant and equipment		**—**	(86,814)
Provision for impairment of other assets		**—**	(13,026)
PROFIT BEFORE TAX	6	**381,177**	555,510
Income tax expense	7	**(82)**	(164)
PROFIT FOR THE PERIOD		**381,095**	555,346
ATTRIBUTABLE TO:			
Shareholders of the Company		**362,051**	529,125
Non-controlling interests		**19,044**	26,221
		381,095	555,346
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8	**HK cents**	HK cents
Basic		**4.61**	6.73
Diluted		**4.61**	6.73

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June
Unaudited

	2019 HK$'000	2018 HK$'000
PROFIT FOR THE PERIOD	**381,095**	555,346
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(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 period	**38,800**	(421,463)
Income tax effect	**(11,641)**	126,438
	27,159	(295,025)
Exchange differences on translation of foreign operations	**(8,285)**	(41,445)
Share of other comprehensive income/(loss) of associates	**8,132**	(21,989)
Share of other comprehensive loss of a joint venture	**(2,505)**	(810)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**24,501**	(359,269)
Other comprehensive 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	**—**	(337)
Income tax effect	**—**	101
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**—**	(236)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**24,501**	(359,505)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**405,596**	195,841
ATTRIBUTABLE TO:		
Shareholders of the Company	**386,979**	173,655
Non-controlling interests	**18,617**	22,186
	405,596	195,841

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2019** **Unaudited** **HK$'000**	31 December 2018 Audited HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,950,634**	3,114,985
Right-of-use assets		**121,509**	—
Prepaid land lease payments		—	14,374
Goodwill		**24,682**	24,682
Other assets		**260,382**	257,921
Investments in associates		**4,243,355**	4,359,615
Investment in a joint venture		**1,716,719**	1,441,411
Derivative financial instrument		**218,942**	244,983
Prepayments, deposits and other receivables		**63,320**	19,687
Deferred tax assets		**19,565**	33,217
Total non-current assets		**9,619,108**	9,510,875
CURRENT ASSETS			
Inventories		**440,796**	608,854
Trade receivables	10	**444,586**	559,665
Prepayments, deposits and other receivables		**399,276**	788,459
Financial assets at fair value through profit or loss		**2,190**	2,190
Derivative financial instruments		**354,070**	288,535
Cash and cash equivalents		**2,047,839**	1,921,169
Total current assets		**3,688,757**	4,168,872
CURRENT LIABILITIES			
Accounts payable	11	**111,326**	158,411
Tax payable		**71**	425
Accrued liabilities and other payables		**839,664**	777,416
Derivative financial instruments		**9,161**	23,743
Bank borrowings		**1,682,755**	2,006,729
Lease liabilities		**22,580**	—
Finance lease payables		—	2,243
Provisions		**45,605**	44,705
Total current liabilities		**2,711,162**	3,013,672
NET CURRENT ASSETS		**977,595**	1,155,200
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,596,703**	10,666,075

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2019 Unaudited HK$'000	31 December 2018 Audited HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,596,703**	10,666,075
NON-CURRENT LIABILITIES		
Bank and other borrowings	**3,900,000**	4,209,823
Lease liabilities	**86,994**	—
Finance lease payables	—	489
Provisions	**425,115**	401,745
Total non-current liabilities	**4,412,109**	4,612,057
NET ASSETS	**6,184,594**	6,054,018
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**392,886**	392,886
Reserves	**5,860,556**	5,748,597
	6,253,442	6,141,483
Non-controlling interests	**(68,848)**	(87,465)
TOTAL EQUITY	**6,184,594**	6,054,018

NOTES

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements ("**Financial Statements**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

These Financial Statements do not include all the information and disclosures required in annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2018.

The accounting policies and methods of computation used in the preparation of these Financial Statements are consistent with the consolidated financial statements of the Group for the year ended 31 December 2018, except for the adoption of new and revised standards with effect from 1 January 2019 as detailed in note 2 below.

These Financial Statements were approved and authorised for issue by the Board on 26 July 2019.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for these Financial Statements.

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements 2015 – 2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 Leases, the new and revised HKFRSs has had no significant financial impact on these Financial Statements. The nature and impact of the HKFRS 16 are described as below:

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to accounts for all leases under a single on-balance sheet model. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method of adoption with the initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 Leases (continued)

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of plant and machinery, and land and buildings. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and presented separately in the condensed consolidated statement of financial positions as at 30 June 2019.

The right-of-use assets were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the condensed consolidated statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position. This includes the lease assets recognised previously under finance leases of HK$2,961,000 that were reclassified from property, plant and equipment at 31 December 2018.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 Leases (continued)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition *(continued)*

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	HK$'000 (unaudited)
Assets	
Increase in right-of-use assets	129,563
Decrease in property, plant and equipment	(2,961)
Decrease in prepaid land lease payments	(14,374)
Decrease in prepayments, deposits and other receivables	(3,746)
Increase in total assets	108,482
Liabilities	
Increase in lease liabilities	111,214
Decrease in finance lease payables	(2,732)
Increase in total liabilities	108,482

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is follows:

	HK$'000 (unaudited)
Operating lease commitments as at 31 December 2018	137,809
Weighted average incremental borrowing rate as at 1 January 2019	3.79%
Discounted operating lease commitments at 1 January 2019	116,049
Less:	
Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	8,277
Others	1,940
Add:	
Commitments relating to leases previously classified as finance leases	2,732
Payments in optional extension periods not recognised as at 31 December 2018	2,650
Lease liabilities as at 1 January 2019	111,214

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 Leases (continued)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of four years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control of the Group and affects its ability to exercise the option to renew.

The Group included the renewal period as part of the lease term for a lease of buildings due to the significance of these assets to its operations. These leases have a short non-cancellable period and there will be a significant negative effect on operation if a replacement is not readily available.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 16 Leases (continued)

Amounts recognised in the condensed consolidated statement of financial position and condensed consolidated income statement

The carrying amounts of the Group's right-of-use assets and lease liabilities, and the movements during the Period are as follows:

	Right-of-use assets				
	Prepaid land lease payments HK$'000	Buildings HK$'000	Plant and machinery HK$'000	Total HK$'000	Lease liabilities HK$'000
As at 1 January 2019	**15,556**	**111,046**	**2,961**	**129,563**	**111,214**
Addition	—	—	**9,745**	**9,745**	**9,745**
Depreciation	**(623)**	**(13,846)**	**(3,330)**	**(17,799)**	—
Interest expense	—	—	—	—	**1,848**
Payments	—	—	—	—	**(13,233)**
As at 30 June 2019	**14,933**	**97,200**	**9,376**	**121,509**	**109,574**

The Group recognised rental expense from short-term leases of HK$10,311,000 for the Period.

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, 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, 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)

Six months ended 30 June Unaudited HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Crude oil**	**Total**
2019					
Segment revenue:					
Sales to external customers	**575,651**	**318,475**	**430,412**	**503,825**	**1,828,363**
Other income	**41,083**	**—**	**14,586**	**1,761**	**57,430**
	616,734	**318,475**	**444,998**	**505,586**	**1,885,793**
Segment results	**(43,415)**	**9,203**	**29,914**	**172,096**	**167,798**
Reconciliation:					
Interest income and unallocated gains					**24,089**
Unallocated expenses					**(131,262)**
Unallocated finance costs					**(151,389)**
Share of profit of:					
Associates					**194,132**
A joint venture					**277,809**
Profit before tax					**381,177**
2018					
Segment revenue:					
Sales to external customers	635,191	420,924	439,142	649,918	2,145,175
Other income	2,052	—	2,302	28,926	33,280
	637,243	420,924	441,444	678,844	2,178,455
Segment results	24,926	98,373	29,476	305,348	458,123
Reconciliation:					
Interest income and unallocated gains					21,460
Provision for impairment of items of property, plant and equipment					(86,814)*
Provision for impairment of other assets					(13,026)*
Unallocated expenses					(160,140)
Unallocated finance costs					(132,756)
Share of profit of:					
Associates					214,524
A joint venture					254,139
Profit before tax					555,510

* in respect of the coal segment

HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Crude oil**	**Total**
Segment assets					
30 June 2019 (unaudited)	**908,981**	**618,187**	**424,905**	**2,877,560**	**4,829,633**
31 December 2018 (audited)	963,278	614,612	542,322	3,066,769	5,186,981
Segment liabilities					
30 June 2019 (unaudited)	**385,370**	**236,225**	**39,601**	**361,260**	**1,022,456**
31 December 2018 (audited)	417,086	247,110	156,504	389,212	1,209,912

4. OTHER INCOME AND GAINS

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

	2019	2018
	HK$'000	HK$'000
Interest income	**20,892**	14,829
Handling service fees	**1,996**	2,104
Sale of scrap	**1,536**	2,678
Reversal of impairment of other receivables	**—**	10,929
Reversal of impairment of trade receivables	**12,409**	—
Gain on disposal of partial participating interest in a production sharing contract	**—**	15,870
Insurance claims	**22,815**	—
Fair value gains on derivative financial instruments	**17,065**	—
Others	**4,806**	8,330
	81,519	54,740

5. FINANCE COSTS

An analysis of finance costs was as follows:

	2019	2018
	HK$'000	HK$'000
Interest expense on bank and other borrowings	**135,600**	131,525
Interest expense on lease liabilities	**1,848**	—
Interest expense on a finance lease	**—**	338
Total interest expense on financial liabilities not at fair value through profit or loss	**137,448**	131,863
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**13,941**	893
	151,389	132,756

6. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging:

	2019 HK$'000	2018 HK$'000
Depreciation of property, plant and equipment	**192,557**	224,682
Depreciation of right-of-use assets	**15,747**	—
Amortisation of other assets	**2,376**	2,392
Amortisation of prepaid land lease payments	**—**	631
Loss on disposal of items of property, plant and equipment, net	**319**	309
Provision for impairment of items of property, plant and equipment	**—**	86,814
Provision for impairment of other assets	**—**	13,026
Fair value loss on derivative financial instruments *	**—**	18,602
Exchange losses, net *	**11,080**	25,651

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

7. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the period	**74**	172
Underprovision/(overprovision) in prior periods	**8**	(8)
Total tax expense for the period	**82**	164

The statutory rate of Hong Kong profits tax was 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the Period (2018: 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% (2018: 30%).

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2018: 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% (2018: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2018: 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 Period attributable to ordinary shareholders of the Company of HK$362,051,000 (2018: HK$529,125,000) and the weighted average number of ordinary shares in issue during the Period, which was 7,857,727,149 (2018: 7,857,727,149) shares.

The calculation of the diluted earnings per share amount was based on the profit for the Period attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the Period, as used in the basic 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 Period and for the six months ended 30 June 2018 in respect of a dilution. There were no dilutive potential ordinary shares arising from share options as (a) in respect of the Period, there was no outstanding share option throughout the Period as the share options expired during the year ended 31 December 2018; and (b) in respect of the six months ended 30 June 2018, the average share price of the Company during the six months ended 30 June 2018 did not exceed the exercise price of the then outstanding share options.

9. DIVIDEND

The Board has resolved not to pay an interim dividend for the Period (2018: Nil).

The final dividend of HK 3.50 cents per ordinary share for the year ended 31 December 2018, totalling HK$275,020,000, was approved by shareholders at the annual general meeting of the Company held on 21 June 2019 and was paid on 16 July 2019.

10. TRADE RECEIVABLES

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

	30 June 2019 Unaudited HK$'000	31 December 2018 Audited HK$'000
Within one month	**209,088**	321,885
One to two months	**55,435**	88,509
Two to three months	**81,402**	63,325
Over three months	**98,661**	85,946
	444,586	559,665

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:

	30 June 2019 Unaudited HK$'000	31 December 2018 Audited HK$'000
Within one month	**111,326**	158,350
One to three months	**—**	—
Over three months	**—**	61
	111,326	158,411

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

BUSINESS REVIEW AND OUTLOOK

Review

Since beginning of the year, global trade and investment activities had been sluggish, growth in manufacturing industry has been weakened, growth of major economies have been diminished, and the downward pressures on the economy were prominent. As a result, the commodities prices of the Group's major business segments such as crude oil, aluminium smelting and coal suffered a year-on-year decline. Among which, the international crude oil prices were affected by the Organization of the Petroleum Exporting Countries' production cuts, declination in United States ("**US**") crude oil inventory and US sanctions on Iran, crude oil prices had been volatile upward from January to April, yet has started to decline since end of May due to increase in tension of Sino-US trade war. Average Brent price in the first half of the year was around US$66.3 per barrel, representing a decrease when compared with the same period of last year.

Apart from the aluminium smelting segment which recorded a loss, other segments recorded profits for the Period, and in particular, the Karazhanbas oilfield in Kazakhstan, the Yuedong oilfield in China and Alumina Limited ("**AWC**") have significant profit contributions to the Group. Comparing with the same period of last year, performance of crude oil, coal, and aluminium smelting segments have shrunk. As a result, profits achieved during the Period decreased.

Crude oil

Facing a challenging business environment, the Group has strived to tighten its costs while steadily launched adjustment plan of development in its oilfields, and to stabilize its operating results in this segment.

During the Period, the production in the Karazhanbas oilfield remained stable. The production of Yuedong oilfield was adversely affected by sand-attack to the old wells. In respect of the Seram Block in Indonesia, as no new well was put into production, and natural decline occurred in existing wells, production decreased as compared with the same period of last year. The Group's overall average daily production was 48,810 barrels (100% basis) during the Period, representing a slight decrease when compared to 49,450 barrels (100% basis) for the same period of 2018.

During the Period, profits of the Karazhanbas oilfield was improved in comparing with the same period of last year. It is mainly due to increase in sales volume and depreciation of KZT against US$ leading to reduction in costs payable which were denominated in KZT. In the Yuedong oilfield, cost increased due to increase in depreciation of wells. Thus, segment results was poorer than the same period of last year. As current concession period of the Seram Block in Indonesia is going to expire by end of the forthcoming October, cumulative crude oil inventory by the end of this Period together with crude oil to be produced prior to end of October 2019 will be sold in one go by end of October 2019. During the Period, there had been no crude oil sold and the Seram Block recorded a loss.

Metals

During the Period, despite slashing the production costs and increased in sales volume, decline in commodities prices led to a loss recorded in the PAS.

Due to a drop in the alumina prices, the Group recorded a decrease in its share of profits using the equity method of its interest in AWC for the Period as compared with the same period of 2018.

During the Period, the average selling prices of some of the major manganese products increased year-on-year, so the operating results of CITIC Dameng Holdings Limited improved.

Coal

Due to global economic slow-down and uncertainty related to Sino-US trade negotiations, coal prices decreased in the first half of 2019 as compared with the same period of last year. In addition, due to malfunction of coal mining production equipment, both production and sales volume reduced in the Period. As a result, the coal segment results declined significantly as compared with the corresponding period of last year.

Import and export of commodities

For the Period, the Group continues its marketing strategy to meet the ever-changing market environment and trading behaviours. Comparing with the same period of last year, revenue was slightly lower and segment results were roughly the same for the Period.

Outlook

Looking forward, the global political situation remains uncertain. However, the crude oil and commodities prices are expected to maintain at relatively stable levels. In the second half of 2019, the Group will continue to implement cost control measures to steer away from pressure on falling crude oil prices. The Group will endeavour to achieve its key production and operation targets and will strive to achieve steady profit growth. Through conducting geological studies and adjusting development plans, the Group will explore room to increase its crude oil reserves and enhance sustainable development of its existing business. At the same time, the Group will continue to look for quality investment opportunities to strengthen its business portfolio to bring better returns for our shareholders with the ongoing support from CITIC Limited.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 30 June 2019, the Group had cash and cash equivalents of HK$2,047.8 million.

Borrowings

As at 30 June 2019, the Group had total debt of HK$5,582.8 million, which comprised:

- unsecured bank borrowings of HK$1,682.8 million; and
- unsecured other borrowing of HK$3,900.0 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 Period, the A Loan was partially prepaid in the amount of US$62 million (HK$483.6 million). As at 30 June 2019, the outstanding balance was US$155 million (HK$1,209 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 30 June 2019, the outstanding balance was US$40 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 30 June 2019, the outstanding balance was US$500 million.

As at 30 June 2019, the Group's net debt to net total capital was 36.1% (31 December 2018: 41.2%). Of the Group's total debt, HK$1,682.8 million was repayable within one year, including the A Loan, B Loan and trade finance.

Share capital

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

Financial risk management

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

The Group enters into derivative transactions, including principally forward currency contracts, forward commodity contracts, interest rate swap contracts, embedded derivatives and 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 30 June 2019, the Group had around 308 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.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the Period (six months ended 30 June 2018: Nil).

CORPORATE GOVERNANCE CODE

Throughout the Period, the Company has applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for dealings in the securities of the Company by its directors (the "**Securities Dealings Code**") that is based on the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules (or on terms no less exacting than the Model Code).

All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Period.

REVIEW OF ACCOUNTS

The audit committee has reviewed these unaudited interim results with senior management of the Company.

By Order of the Board
CITIC Resources Holdings Limited
Sun Yufeng
Chairman

Hong Kong, 26 July 2019

As at the date hereof, Mr. Sun Yufeng; Mr. Suo Zhengang and Mr. Sun Yang 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.