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 2019

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 2019.

FINANCIAL HIGHLIGHTS

Year ended 31 December	**2019** **HK$ million**	2018 HK$ million	Change
Revenue	**3,425.5**	4,427.3	(22.6%)
EBITDA [1]	**1,304.3**	2,070.9	(37.0%)
Adjusted EBITDA [2]	**1,723.3**	2,433.9	(29.2%)
Profit attributable to shareholders	**600.3**	905.3	(33.7%)

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

2019 was a turbulent year. Due to escalating in tensions of Sino-US trade conflict and Brexit in Europe during the year, headwinds on crude oil and commodities prices hindered the performance of the Group. The Group recorded a 22.6% and 33.7% drop in both revenue and profit attributable to shareholders for the year, respectively, in comparing with last year. Profit attributable to shareholders reduced to HK$600.3 million for the year, from HK$905.3 million. This is mainly attributable to:

- a significant decrease in share of profit of HK$563.7 million, translating to a drop of 88.7% year-on-year, from associate companies, the Alumina Limited (the "**AWC**") and the CITIC Dameng Holdings Limited (the "**CDH**"), due to a drop of alumina prices and restructuring expense incurred during the year, as well as drop in manganese prices and increase in provision for impairment losses, respectively; and

- a decrease in contribution from crude oil segment by HK$186.6 million, translating to a drop of 36.8% year-on-year, due to drop in crude oil price and sales volume. Average Brent price for the year has been dropped to US$64.7/barrel from US$71.2/barrel in 2019, a drop of 9.1% year-on-year.

The decrease in profit attributable to shareholders is partially mitigated by:

- a turnaround in aluminium smelting segment to a profit of HK$20.0 million from a loss of HK$104.8 million; and

- no impairment on the Group's non-current assets was made during the year, as compared with a one-off provision for impairment in respect of the property, plant and equipment as well as the certain capital works and mining assets, of HK$336.4 million in 2018 for the Portland Aluminium Smelter (the "**PAS**") and the Coppabella and Moorvale coal mines joint venture.

FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT
Year ended 31 December

	Notes	**2019** **HK$'000**	2018 HK$'000
REVENUE	3	**3,425,510**	4,427,317
Cost of sales		**(3,058,317)**	(3,613,628)
Gross profit		**367,193**	813,689
Other income and gains	4	**304,368**	98,277
Selling and distribution costs		**(13,446)**	(21,696)
General and administrative expenses		**(370,755)**	(425,334)
Other expenses, net		**(64,577)**	(88,853)
Finance costs	5	**(278,056)**	(287,359)
Share of profit of:			
Associates		**71,513**	635,202
A joint venture		**615,100**	563,271
		631,340	1,287,197
Provision for impairment of items of property, plant and equipment		**—**	(323,366)
Provision for impairment of other assets		**—**	(13,066)
PROFIT BEFORE TAX	6	**631,340**	950,765
Income tax expense	7	**(236)**	(465)
PROFIT FOR THE YEAR		**631,104**	950,300
ATTRIBUTABLE TO:			
Shareholders of the Company		**600,293**	905,253
Non-controlling interests		**30,811**	45,047
		631,104	950,300
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8	**HK cents**	HK cents
Basic		**7.64**	11.52
Diluted		**7.64**	11.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December

	2019 HK$'000	2018 HK$'000
PROFIT FOR THE YEAR	**631,104**	950,300
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(185,831)**	(343,844)
Income tax effect	**55,750**	103,154
	(130,081)	(240,690)
Exchange differences on translation of foreign operations	**(43,817)**	(155,974)
Share of other comprehensive loss of associates	**(31,628)**	(223,569)
Share of other comprehensive loss of a joint venture	**(1,501)**	(22,434)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(207,027)**	(642,667)
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	**1,023**	1,565
Income tax effect	**(308)**	(471)
	715	1,094
Share of other comprehensive loss of a joint venture	**(8,464)**	(15,366)
Share of other comprehensive income/(loss) of an associate	**(2,577)**	7,589
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	**(10,326)**	(6,228)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(217,353)**	(648,895)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**413,751**	301,405
ATTRIBUTABLE TO:		
Shareholders of the Company	**386,926**	271,647
Non-controlling interests	**26,825**	29,758
	413,751	301,405

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	Notes	**2019**	2018
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**3,004,109**	3,114,985
Right-of-use assets		**102,048**	—
Prepaid land lease payments		—	14,374
Goodwill		**24,682**	24,682
Other assets		**264,243**	257,921
Investments in associates		**3,982,682**	4,359,615
Investment in a joint venture		**2,046,546**	1,441,411
Derivative financial instrument		**113,651**	244,983
Prepayments, deposits and other receivables		**67,785**	19,687
Deferred tax assets		**86,806**	33,217
Total non-current assets		**9,692,552**	9,510,875
CURRENT ASSETS			
Inventories		**457,766**	608,854
Trade receivables	10	**374,803**	559,665
Prepayments, deposits and other receivables		**266,044**	788,459
Financial assets at fair value through profit or loss		—	2,190
Derivative financial instruments		**242,237**	288,535
Pledged deposit		**39,179**	—
Cash and cash equivalents		**1,595,429**	1,921,169
Total current assets		**2,975,458**	4,168,872
CURRENT LIABILITIES			
Accounts payable	11	**136,520**	158,411
Tax payable		**204**	425
Accrued liabilities and other payables		**711,368**	777,416
Derivative financial instruments		**7,116**	23,743
Bank borrowings		**1,152,775**	2,006,729
Lease liabilities		**22,060**	—
Finance lease payables		—	2,243
Provisions		**44,857**	44,705
Total current liabilities		**2,074,900**	3,013,672
NET CURRENT ASSETS		**900,558**	1,155,200
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,593,110**	10,666,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December

	2019 HK$'000	2018 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,593,110**	10,666,075
NON-CURRENT LIABILITIES		
Bank and other borrowings	**3,900,000**	4,209,823
Lease liabilities	**69,075**	—
Finance lease payables	—	489
Provisions	**431,286**	401,745
Total non-current liabilities	**4,400,361**	4,612,057
NET ASSETS	**6,192,749**	6,054,018
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**392,886**	392,886
Reserves	**5,860,503**	5,748,597
	6,253,389	6,141,483
Non-controlling interests	**(60,640)**	(87,465)
TOTAL EQUITY	**6,192,749**	6,054,018

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 2019. 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 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 the impact of HKFRS 16 Leases are described 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 account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lesser accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors 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 as at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17 and related interpretations.

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.

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 leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

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

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 consolidated statement of financial position as at 31 December 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 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 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:

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

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

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under HKAS 17.

Financial impact at 1 January 2019

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

	HK$'000
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 prepayment, 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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 16 Leases *(continued)*

Financial impact at 1 January 2019 *(continued)*

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

	HK$'000
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

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, pledged deposit and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, lease liabilities, 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 2019 HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	1,033,315	643.099	742,446	1,006,650	3,425,510
Other income	180,073	—	38,725	28,039	246,837
	1,213,388	643,099	781,171	1,034,689	3,672,347
Segment results	20,042	44,428	50,908	320,167	435,545
Reconciliation:					
Interest income and unallocated gains					57,531
Unallocated expenses					(270,293)
Unallocated finance costs					(278,056)
Share of profit of:					
Associates					71,513
A joint venture					615,100
Profit before tax					631,340
Segment assets	652,781	660,199	402,435	2,929,121	4,644,536
Reconciliation:					
Investments in associates					3,982,682
Investment in a joint venture					2,046,546
Unallocated assets					1,994,246
Total assets					12,668,010
Segment liabilities	331,090	244,435	81,195	478,560	1,135,280
Reconciliation:					
Unallocated liabilities					5,339,981
Total liabilities					6,475,261
Other segment information:					
Depreciation and amortisation	9,209	43,908	2,497	320,522	376,136
Unallocated amounts					18,766
					394,902
Impairment losses reversed in the consolidated income statement	—	—	(16,069)	—	(16,069)
Capital expenditure	9,863	61,155	7	234,574	305,599
Unallocated amounts					11,710
					317,309 [1]

1 Capital expenditure consists of additions to property, plant and equipment and other assets.

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)*

Geographical information

(a) Revenue from external customers

	2019	2018
	HK$'000	HK$'000
China	**966,943**	1,484,539
Australia	**734,795**	951,484
Europe	**374,907**	384,869
Other Asian countries	**912,184**	1,387,050
Others	**436,681**	219,375
	3,425,510	4,427,317

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

(b) Non-current assets

	2019	2018
	HK$'000	HK$'000
Hong Kong	**69,029**	2,765
China	**3,700,260**	3,868,235
Australia	**3,520,516**	3,894,475
Kazakhstan	**2,046,707**	1,441,930
Other Asian countries	**4,991**	12,332
	9,341,503	9,219,737

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

Information about major customers

During the year, revenue of HK$943,558,000 was derived from sales to a customer of the crude oil segment, which amounted to more than 10% of the Group's revenue for the year.

In 2018, 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 2018.

4. OTHER INCOME AND GAINS

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

	2019	2018
	HK$'000	HK$'000
Interest income	**36,410**	36,080
Handling service fees	**4,352**	4,112
Sale of scrap	**4,143**	4,774
Reversal of impairment of other receivables	**11,158**	10,929
Gain on disposal of partial participating interest in a production sharing contract	**—**	17,482
Government subsidies	**12,472**	11,255
Insurance claim	**22,830**	—
Fair value gain on derivative financial instruments	**31,578**	—
Compensation for inventories held at Qingdao Port	**17,919**	—
The government loan forgiveness	**122,955**	—
Reversal of impairment of trade receivables	**16,069**	—
Others	**24,482**	13,645
	304,368	98,277

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2019	2018
	HK$'000	HK$'000
Interest expense on bank and other borrowings	**249,537**	277,801
Interest expense on lease liabilities	**4,049**	—
Interest expense on a finance lease	**—**	513
Total interest expense on financial liabilities not at fair value through profit or loss	**253,586**	278,314
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**24,470**	9,005
Others	**—**	40
	278,056	287,359

6. PROFIT BEFORE TAX

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

	2019 **HK$'000**	2018 HK$'000
Cost of inventories sold	**3,058,317**	3,613,628
Depreciation of property, plant and equipment	**356,717**	490,058
Depreciation of right-of-use assets	**32,438**	—
Amortisation of other assets	**5,747**	5,086
Amortisation of prepaid land lease payments	**—**	1,217
Loss/(gain) on disposal of items of property, plant and equipment, net	**1,625**	(235)
Fair value loss/(gain) on derivative financial instruments, net	**(31,578)**	45,655
Losses on write-off of financial assets at fair value through profit or loss	**2,190**	839
Exchange losses, net *	**22,230**	24,656
Write-down of inventories to net realisable value	**6,900***	906
Provision for/(reversal of) impairment of trade receivables, net	**(16,069)**	20,129
Compensation paid *	**6,474**	—
Provision for impairment of items of property, plant and equipment	**—**	323,366
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

	2019 **HK$'000**	2018 HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the year	**228**	473
Underprovision/(overprovision) in prior years	**8**	(8)
Deferred	**—**	—
Total tax expense for the year	**236**	465

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 year (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 year attributable to ordinary shareholders of the Company of HK$600,293,000 (2018: HK$905,253,000) and the weighted average number of ordinary shares in issue during the year, which was 7,857,727,149 (2018: 7,857,727,149) shares.

No adjustment was made to the basic earnings per share amount presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the share options expired during the year ended 31 December 2018.

9. DIVIDEND

	2019	2018
	HK$'000	HK$'000
No dividend has been proposed (2018: HK 3.50 cents per ordinary share)	**—**	275,020

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:

	2019	2018
	HK$'000	HK$'000
Within one month	**176,531**	321,885
One to two months	**59,468**	88,509
Two to three months	**39,981**	63,325
Over three months	**98,823**	85,946
	374,803	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:

	2019	2018
	HK$'000	HK$'000
Within one month	**135,370**	158,350
One to three months	**—**	—
Over three months	**1,150**	61
	136,520	158,411

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

BUSINESS REVIEW

Crude oil

Facing a very challenging operating environment, the Group continued to implement cost control measures, improve technology efficiency and actively promote its efforts on increasing reserves and productivity of its three oilfields, thereby strived to maintain the operating results of crude oil business at a relatively stable level.

During the year, the Group's overall average daily production was 48,320 barrels (100% basis), representing a slight decrease of 2.2% when compared with 2018. Among which, the Karazhanbas oilfield in Kazakhstan recorded an average daily production of 39,610 barrels (100% basis), which was roughly the same as last year. The Yuedong oilfield in China recommenced drilling new wells in the fourth quarter of 2019, and the output of new wells partially mitigated the negative impact arising from the declining output of existing wells. The average daily production of Yuedong oilfields was 7,010 barrels (100% basis), representing a decrease of 11.2% when compared with the same period of last year. In respect of the Seram Block in Indonesia, as no new well was put into production prior to the expiry of old contract together with natural decline in existing wells, the overall production decreased by 10.5% when compared with the same period of last year, with daily production of 1,700 barrels (100% basis).

Recommencement of drilling program in Yuedong oilfield and Seram Block in the fourth quarter of 2019 and the first quarter of 2020, respectively, will be a key growth driver of this segment in the future.

Metals

During the year, although PAS effectively reduced production cost and increased sales volume, commodity prices had relatively large decline, resulting in slightly worse financial performance of PAS than last year. By the end of this year, part of the government loans obtained for power outage incidents in 2016 was converted into government subsidies due to the qualifying forgiveness terms of the loan were met during the year. After taking into account such non-operating gains, PAS recorded a turnaround from loss to profit.

Due to a drop in the alumina price and one-off restructuring cost, the Group recorded a significant decrease in its share of profits in AWC during the year as compared with the same period of last year.

During the year, prices of electrolytic manganese metal products had a year-on-year decrease. Operating results of CDH declined when compared with the same period of last year. In addition, there were multiple non-cash provisions for asset impairment. CDH therefore turned from profit to loss this year, thus the Group also recorded attributable losses.

Coal

Due to global economic slow-down and the uncertainty related to Sino-US trade conflicts, the average selling price of coal decreased as compared with the same period of last year. In addition, due to malfunction of coal mining production equipment, both production and sales volume of the coal segment reduced. During the year, the operating profit of this segment declined significantly as compared with the same period of last year.

Import and export of commodities

During the year, as commodity prices fell due to Sino-US trade conflicts, the sales prices and sales volume of the import and export of commodities dropped. Besides, one-off revenue from the sale of copper inventory previously held by Qingdao Port was recorded in 2018. As a result, profit from such segment recorded a decrease when compared with the same period of last year.

FINANCIAL MANAGEMENT

During the year, the Group managed to reduce its debt with internal resources, with net debt to net total capital reduced to 36.2%. The Group's financial position remained strong throughout the year. Moody's also upgraded the Group's credit rating for two consecutive years in 2018 and 2019.

OUTLOOK

In 2020, we are facing more severe challenges. The sudden outbreak of coronavirus disease ("**COVID-19**") has seriously affected market demands. The Organisation of the Petroleum Exporting Countries and non-member nations led by Russia have failed to reach agreement on production cuts in early March, triggering the "cliff" fall of oil prices. Facing the difficult and complicated market environment, we will remain cautiously optimistic, believing that the impact of such pandemic on the economy will eventually behind us, while market demand and supply will be returned to its equilibrium, and market order will be restored over time.

Looking forward, the Group will strive to attain annual production and operation goals as well as its mid-to-long-term sustainable development objectives through scientific planning and refined management, enhanced adjustment on geological research and development plans, and exploring room for reserve and production expansion of existing oilfields. We will also exercise more stringent cost control throughout the entire business process, continue to increase management efficiency, strive to mitigate the adverse effects from both the epidemic and the unfavourable market environment, to deliver sound business results and be unremitting in maximising shareholders' value.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash and liquidity fund

As at 31 December 2019, the Group maintained strong liquidity with undrawn bank facilities of HK$3,131.2 million and had cash and cash equivalents of HK$1,595.4 million.

During the year, the A Loan (as defined on page 19), totalling US$217.0 million (HK$1,692.6 million), was fully repaid by the final maturity date. In addition, the Group declared and paid a final dividend for the year ended 31 December 2018, totalling HK$275.0 million.

Borrowings

As at 31 December 2019, the Group had total debt of HK$5,143.9 million, which comprised:

- unsecured bank borrowings of HK$1,152.8 million;
- unsecured other borrowing of HK$3,900.0 million; and
- lease liabilities HK$91.1 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$310.0 million (HK$2,418.0 million) (the "**A Loan**"). The proceeds of the A Loan were used to finance the repayment of a term loan of US$310.0 million signed in March 2014. During the year, the A Loan was fully repaid totalling US$217.0 million (HK$1,692.6 million) by the final maturity date on 31 December 2019.

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$40.0 million (HK$312.0 million) (the "**B Loan**"). Part of the proceeds of the B Loan was used to finance the repayment of the outstanding balance of a term loan of US$40.0 million signed in September 2012. As at 31 December 2019, 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$500.0 million (HK$3,900.0 million) (the "**C Loan**"). The proceeds of the C Loan were used mainly to finance the repayment of a term loan of US$490.0 million (HK$3,822.0 million) signed in June 2015. As at 31 December 2019, the outstanding balance was US$500.0 million.

In December 2019, the Company entered into a new unsecured 4-year of committed US$200.0 million (HK$1,560.0 million) credit facility agreement consisting of US$100.0 million term loan and US$100.0 million revolving loan in form of a self-arranged club loan with 5 financial institutions (the "**D Loan**") commencing from 31 December 2019. The purpose of the D Loan is to finance existing indebtedness and/or general corporate funding requirement to support the operation and growth of the business of the Group. As at 31 December 2019, the outstanding balance was zero.

The Group leases certain plant and machinery for its aluminium and coal mine operations. The leases are classified as finance leases under HKAS 17. The finance lease payables as reported under HKAS 17 as at 31 December 2019 are HK$7.8 million.

As at 31 December 2019, the Group's total debt, HK$1,174.8 million was repayable within one year, including the B Loan, short-term revolver, trade finance and lease liabilities.

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 2019, the Group had 243 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

The Board does not recommend payment of a final dividend for the year ended 31 December 2019.

CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has, for the year ended 31 December 2019, 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.

SUBSEQUENT EVENTS

(a) Deemed disposal of an associate of CDH

On 24 February 2020, Greenway Mining Group Limited ("**Greenway Mining**"), an associate of CDH, raised approximately HK$49.2 million by way of rights issue. As CDH did not participate in the rights issue, immediately after the completion of the rights issue, CDH's percentage holding in Greenway Mining was reduced from 29.99% to approximately 23.99%. Nevertheless, CDH continues to be the single largest shareholder of Greenway Mining which continues to be equity accounted for as an associate of CDH.

As the subscription price of Greenway Mining per share is lower than the book value of the net assets of Greenway Mining per share, it is estimated that a one-off extraordinary non-cash loss of approximately HK$100.0 million arising from the deemed disposal of CDH's equity interest in Greenway Mining will be recognised in the consolidated income statement of CDH for the year ending 31 December 2020. Accordingly, the Group's share of loss from the deemed disposal of CDH's equity interest in Greenway Mining, in the amount of approximately HK$34.4 million, will be recognised in "Share of profit or loss of an associate" in the consolidated income statement of the Group for the year ending 31 December 2020.

(b) COVID-19

After the reporting period, there is an outbreak of COVID-19 by the end of January 2020. The management has been proactively implementing an array of measures to quarantine the COVID-19 from our operations. Up to the date of this announcement, the management has not aware any instance of coronavirus infection among our staff.

There had been worldwide partial lockdown of human flows. For goods flow, it had still be on the move. There had been no major impact on the delivery of our products to customers.

Having said that, the COVID-19 does cast uncertainty over the macro-economic worldwide. Given slowdown in the economic activities due to the worldwide partial lockdown, demands for crude oil, aluminium, coal and steel had been inevitably be affected. Shrinking in demand for crude oil, uncertainty in crude oil supply and turbulent in global financial market, led to plunge in crude oil prices and abnormal volatility in commodity prices in the first quarter of 2020. Coupled with negative market sentiment all over the places, it is inevitably posed a challenge to the management.

The scale and duration of those remain uncertain. Prolong of such might adversely affect the Group's earnings, cash flow and financial position. Those situations have been closely monitoring by the management and further proactive measures will be launched in no time in responding to further deterioration in any of those situations.

(c) Fair value investment in AWC

Subsequent to the end of the reporting period and until the date of this announcement, there has been a significant drop in the share price of AWC denominated in the Australian dollar (the "**A$**"), which is in line with the equivalent percentage decrease in the Australian All Ordinaries index. Coupled with the material weakening of the A$ against HK$, fair value of the Group's investment in AWC declined significantly and below its investment cost. No adjustment to the carrying amount of investment in AWC as at 31 December 2019 under equity accounting has been made. The management will continue to monitor and assess the recoverability of the Group's investment in AWC.

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
Sun Yufeng
Chairman

Hong Kong, 24 March 2020

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.