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 2020

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 2020 (the "**Period**").

FINANCIAL HIGHLIGHTS

Six months ended 30 June **Unaudited**	**2020** **HK$ million**	2019 HK$ million	Change
Revenue	**1,235.6**	1,828.4	(32.4%)
EBITDA [1]	**(138.5)**	743.2	N/A
Adjusted EBITDA [2]	**28.7**	1,114.0	(97.4%)
Profit/(loss) attributable to shareholders	**(430.8)**	362.1	N/A

1 profit/(loss) before tax + finance costs + depreciation + amortisation

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

The long lasting of outbreak of the Coronavirus disease 2019 ("**COVID-19**") since end of January 2020 led to a large variety of anti-epidemic measures, including full or partial lockdown such as restriction of road and air travel, suspension of schooling and work from home arrangements, implemented by countries around the globe. Global energy demands including crude oil had plummeted during the Period. The global economy recovery is likely to be bumpy and slow as recent COVID-19 re-emerge at the beginning of July 2020 threatens to disrupt the operation of businesses and reduce consumer spending.

In comparing to the same period of last year, the average Dated Brent and Platts Dubai crude oil prices slump by 40% and 38% to US$39.8 per barrel and US$40.6 per barrel, respectively. Revenue of the Group dropped by 32% year-on-year and two out of four business segments recorded segment losses in the Period. The Group recorded a loss attributable to shareholders of HK$430.8 million in the Period which was mainly due to:

- a substantial share of loss of a joint venture of HK$266.1 million from the Group's investment in Karazhanbas oilfield as a result of shrunk in crude oil price and sale volume of crude oil. Depreciation of Kazakhstan Tenge also led to an unrealized translation loss of United States dollar ("**US$**") dominated loans that escalated the share of loss. A share of profit of HK$277.8 million was recorded in the same period of last year;

- a significant reduction in share of profit of associates of HK$122.8 million in Alumina Limited ("**AWC**") and CITIC Dameng Holdings Limited ("**CDH**"), translating to a drop of 63% year-on-year, due to plunge in alumina and manganese prices, respectively; and

- both aluminium smelting and coal segment recorded segment losses which were mainly due to slump in average selling prices of 16% year-on-year and 23% year-on-year, respectively, as well as contraction in sale volume of 20% year-on-year and 11% year-on-year, respectively, as a results of the COVID-19 and economic slowdown.

FINANCIAL RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June
Unaudited

	Notes	**2020** **HK$'000**	2019 HK$'000
REVENUE	3	**1,235,649**	1,828,363
Cost of sales		**(1,301,540)**	(1,639,545)
Gross profit/(loss)		**(65,891)**	188,818
Other income and gains	4	**59,697**	81,519
Selling and distribution costs		**(6,410)**	(7,098)
General and administrative expenses		**(97,889)**	(176,002)
Other expenses, net		**(27,800)**	(26,612)
Finance costs	5	**(88,325)**	(151,389)
Share of profit/(loss) of:			
Associates		**71,296**	194,132
A joint venture		**(266,100)**	277,809
PROFIT/(LOSS) BEFORE TAX	6	**(421,422)**	381,177
Income tax expense	7	**(8,630)**	(82)
PROFIT/(LOSS) FOR THE PERIOD		**(430,052)**	381,095
ATTRIBUTABLE TO:			
Shareholders of the Company		**(430,809)**	362,051
Non-controlling interests		**757**	19,044
		(430,052)	381,095
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	8	**HK cents**	HK cents
Basic		**(5.48)**	4.61
Diluted		**(5.48)**	4.61

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

	2020	2019
	HK$'000	HK$'000
PROFIT/(LOSS) FOR THE PERIOD	**(430,052)**	381,095
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	**(283,728)**	38,800
Income tax effect	**85,119**	(11,641)
	(198,609)	27,159
Exchange differences on translation of foreign operations	**(60,071)**	(8,285)
Exchange fluctuation reserves reclassified to profit or loss upon deregistration of a subsidiary	**(18,163)**	—
Share of other comprehensive income/(loss) of associates	**(31,593)**	8,132
Share of other comprehensive income/(loss) of a joint venture	**242**	(2,505)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(308,194)**	24,501
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(308,194)**	24,501
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(738,246)**	405,596
ATTRIBUTABLE TO:		
Shareholders of the Company	**(733,286)**	386,979
Non-controlling interests	**(4,960)**	18,617
	(738,246)	405,596

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2020 Unaudited HK$'000**	31 December 2019 Audited HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,874,076**	3,004,109
Right-of-use assets		**100,484**	102,048
Goodwill		**24,682**	24,682
Other assets		**261,974**	264,243
Investments in associates		**3,944,071**	3,982,682
Investment in a joint venture		**1,780,689**	2,046,546
Derivative financial instrument		**—**	113,651
Prepayments, deposits and other receivables		**80,520**	67,785
Deferred tax assets		**171,730**	86,806
Total non-current assets		**9,238,226**	9,692,552
CURRENT ASSETS			
Inventories		**394,703**	457,766
Trade receivables	10	**336,332**	374,803
Prepayments, deposits and other receivables		**247,790**	266,044
Derivative financial instruments		**69,454**	242,237
Pledged deposit		**38,339**	39,179
Cash and cash equivalents		**1,153,996**	1,595,429
Total current assets		**2,240,614**	2,975,458
CURRENT LIABILITIES			
Accounts payable	11	**82,412**	136,520
Tax payable		**291**	204
Accrued liabilities and other payables		**549,636**	711,368
Derivative financial instruments		**11,361**	7,116
Bank borrowings		**138,395**	1,152,775
Lease liabilities		**25,418**	22,060
Provisions		**45,717**	44,857
Total current liabilities		**853,230**	2,074,900
NET CURRENT ASSETS		**1,387,384**	900,558
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,625,610**	10,593,110

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June 2020 Unaudited HK$'000	31 December 2019 Audited HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,625,610**	10,593,110
NON-CURRENT LIABILITIES		
Bank and other borrowings	**4,672,720**	3,900,000
Derivative financial instrument	**1,867**	—
Lease liabilities	**65,073**	69,075
Provisions	**431,447**	431,286
Total non-current liabilities	**5,171,107**	4,400,361
NET ASSETS	**5,454,503**	6,192,749
EQUITY		
Equity attributable to shareholders of the Company		
Issued capital	**392,886**	392,886
Reserves	**5,127,217**	5,860,503
	5,520,103	6,253,389
Non-controlling interests	**(65,600)**	(60,640)
TOTAL EQUITY	**5,454,503**	6,192,749

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 2019.

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 2019, except for the adoption of new and revised standards with effect from 1 January 2020 as detailed in note 2 below.

These Financial Statements were approved and authorised for issue by the Board on 24 July 2020.

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 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

Several amendments have been adopted for the first time in 2020, but do not have an impact on the Financial Statements of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the aluminium smelting segment comprises the operation of the Portland Aluminium Smelter ("**PAS**") 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/(loss) before tax except that interest income, finance costs, and share of profit/(loss) of associates and a joint venture as well as head office and corporate expenses are excluded from such measurement.

3. OPERATING SEGMENT INFORMATION *(continued)*

Segment assets exclude investments in associates, investment in a joint venture, deferred tax assets, pledged deposit, 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, lease liabilities, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Six months ended 30 June Unaudited HK$'000	**Aluminium smelting**	**Coal**	**Import and export of commodities**	**Crude oil**	**Total**
2020					
Segment revenue:					
Sales to external customers	**387,595**	**220,333**	**329,082**	**298,639**	**1,235,649**
Other income	**1,958**	**33,275**	**2,543**	**6,128**	**43,904**
	389,553	**253,608**	**331,625**	**304,767**	**1,279,553**
Segment results	**(84,077)**	**(25,268)**	**3,773**	**17,788**	**(87,784)**
Reconciliation:					
Interest income and unallocated gains					**15,793**
Unallocated expenses					**(66,302)**
Unallocated finance costs					**(88,325)**
Share of profit/(loss) of:					
Associates					**71,296**
A joint venture					**(266,100)**
Loss before tax					**(421,422)**
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

3. OPERATING SEGMENT INFORMATION *(continued)*

HK$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment assets					
30 June 2020 (unaudited)	**342,799**	**640,075**	**369,067**	**2,765,444**	**4,117,385**
31 December 2019 (audited)	652,781	660,199	402,435	2,929,121	4,644,536
Segment liabilities					
30 June 2020 (unaudited)	**326,538**	**245,997**	**37,872**	**391,679**	**1,002,086**
31 December 2019 (audited)	331,090	244,435	81,195	478,560	1,135,280

4. OTHER INCOME AND GAINS

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

	2020 **HK$'000**	2019 HK$'000
Interest income	**10,235**	20,892
Handling service fees	**2,364**	1,996
Sale of scrap	**1,418**	1,536
Reversal of impairment of trade receivables	**—**	12,409
Reversal of provision for long term employee benefits	**1,633**	—
Reversal of provision for abandonment cost	**2,830**	—
Reversal of provision for impairment of inventories	**410**	—
Insurance claim	**—**	22,815
Gain on disposal of items of property, plant and equipment	**419**	—
Gain on disposal of other assets	**15,305**	—
Gain on deregistration of a subsidiary	**18,163**	—
Fair value gain on derivative financial instruments	**1,984**	17,065
Others	**4,936**	4,806
	59,697	81,519

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 **HK$'000**	2019 HK$'000
Interest expense on bank and other borrowings	**78,160**	135,600
Interest expense on lease liabilities	**1,740**	1,848
Total interest expense on financial liabilities not at fair value through profit or loss	**79,900**	137,448
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	**8,425**	13,941
	88,325	151,389

6. PROFIT/(LOSS) BEFORE TAX

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

	2020	2019
	HK$'000	HK$'000
Depreciation of property, plant and equipment	**174,046**	192,557
Depreciation of right-of-use assets	**15,148**	15,747
Amortisation of other assets	**5,424**	2,376
Loss/(gain) on disposal of items of property, plant and equipment, net	**(419)**	319
Gain on disposal of other assets	**(15,305)**	—
Gain on deregistration of a subsidiary	**(18,163)**	—
Fair value loss on derivative financial instruments *	**16,700**	—
Exchange losses, net *	**1,104**	11,080

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

7. INCOME TAX EXPENSE

	2020	2019
	HK$'000	HK$'000
Current – Hong Kong	**—**	—
Current – Elsewhere		
Charge for the period	**8,631**	74
Underprovision/(overprovision) in prior periods	**(1)**	8
Total tax expense for the period	**8,630**	82

The statutory rate of Hong Kong profits tax was 16.5% (2019: 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 (2019: 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% (2019: 30%).

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 22% (2019: 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 15.6% (2019: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2019: 25%).

According to HKAS 12 Income Taxes, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY

The calculation of the basic loss per share amount was based on the loss for the Period attributable to ordinary shareholders of the Company of HK$430,809,000 (2019: a profit of HK$362,051,000) and the weighted average number of ordinary shares in issue during the Period, which was 7,857,727,149 (2019: 7,857,727,149) shares.

The Group had no potentially dilutive ordinary shares in issue during the Period and for the six months ended 30 June 2019.

9. DIVIDEND

The Board has resolved not to pay an interim dividend for the Period (2019: Nil).

10. TRADE RECEIVABLES

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

	30 June 2020 **Unaudited** **HK$'000**	31 December 2019 Audited HK$'000
Within one month	**140,405**	176,531
One to two months	**54,984**	59,468
Two to three months	**43,387**	39,981
Over three months	**97,556**	98,823
	336,332	374,803

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, is as follows:

	30 June 2020 **Unaudited** **HK$'000**	31 December 2019 Audited HK$'000
Within one month	**82,337**	135,370
One to three months	**—**	—
Over three months	**75**	1,150
	82,412	136,520

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

BUSINESS REVIEW AND OUTLOOK

Review

Since the beginning of 2020, economic activities around the globe have contracted abruptly is a result of the rapid spread of the COVID-19 pandemic. International prices of bulk commodities have plummeted, leading to great uncertainty in their business prospects. The prices of those bulk commodities related to the Company's major businesses (crude oil, aluminium smelting and coal) declined sharply year-on-year. At the beginning of the year, crude oil prices fell to historical lows of the last two decades after a "one-two punch" of the COVID-19 outbreak followed by the oil price war led by Saudi Arabia and Russia. However, since May, the Organization of the Petroleum Exporting Countries has begun to implement large-scale production cuts, while the COVID-19 pandemic has shown signs of subsiding in some parts of the world. As a result, supply and demand in the market have gradually returned to equilibrium, with oil prices bouncing back to over US$40 per barrel. During the first half of the year, Brent crude oil prices averaged US$39.8 per barrel, which represented a drop of 40.0% year-on-year.

During the Period, both aluminium smelting, and coal segments recorded a loss. While the segment results of both crude oil and import and export of commodities recorded a profit, they decreased significantly compared with the same period last year. During the Period, the Group recorded a loss attributable to shareholders of HK$430.8 million.

Crude oil

In the face of a harsh and turbulent market environment, the Group fully optimized and adjusted its workload, shrank capital investment and operating costs and reduced cash outflow to ensure the survival and development of the Company's crude oil business. In order to cope with low oil prices, the Group activated emergency plans and worked hard on several fronts, including reduction of operating costs using technology, reduction of procurement and service costs, as well as optimization of the crude oil sales mechanism. The Group strived to reduce production costs and improve income, with the aim of retaining more cash to tackle future challenges. Moreover, while maintaining relatively stable production, the Group optimized, suspended, and/or postponed the drilling of new wells so that decisions on capital investments would be made on a more scientific and reasonable basis.

During the Period, the production of the Karazhanbas oilfield decreased by 5.7% due to the hits from both production limit imposed by government and the pandemic. The production of the Yuedong oilfield decreased by 6.5% compared with the same period of last year, as a result of postponing the drilling of new wells during pandemic and the natural decline of existing wells. Seram block in Indonesia also postponed the drilling of some new wells compared to original plan. Together with the impact of natural decline of existing wells, its production decreased by 3.2% compared with the same period last year. During the first half of the year, the Group's overall average daily production was 45,780 barrels (100% basis), a decrease of 3,030 barrels (100% basis) from the same period in 2019.

In terms of results, a drop in crude oil prices and sales volume led to a share of loss of the Karazhanbas oilfield compared to a share of profit in the comparable period. The Yuedong oilfield postponed the sale of its crude oil when oil prices were low. Its segment result thus decreased sharply compared with the same period last year, but still maintained profitable. The Seram block in Indonesia sold its crude oil when oil prices were high in January and recorded a profit for its segment result. There were no crude oil sales in the same period last year.

In the second half of the year, the pandemic is expected to continue to suppress market demand, but the measures to limit production adopted by major oil-producing countries will support crude oil prices. It is expected that international oil prices will hover between US$40 and US$50 per barrel.

The annual production of the Group's Yuedong oilfield and Seram block in Indonesia are estimated to be 2,752,000 barrels (100% basis) and 650,000 barrels (100% basis) respectively. But due to the production limit imposed by government, the annual production of the Karazhanbas oilfield is estimated to be 12,926,000 barrels (100% basis). So total production in 2020 is estimated to be lower than that in 2019.

Metals

The metal market was sluggish due to the impact of the pandemic. During the Period, the sales volume and selling prices of the products of the PAS declined. Though the cost of raw materials decreased, such decrease was not enough to offset the effect of the drop in selling prices. The segment results of the PAS recorded an increase in loss compared with the same period last year.

During the Period, the Group's share of profit in AWC using the equity method decreased significantly compared with the same period in 2019 due to drop in alumina prices.

During the Period, due to the pandemic, the average selling prices of manganese ore and manganese products in China fell, which had a significant adverse impact on the operation of the manganese industry. As a result, the operating result of CDH decreased compared with the same period of last year. Such a decrease, coupled with CDH's one-off extraordinary non-cash loss arising from the deemed disposal of its equity interest in an associate, and then offset against gain on bargain purchase arising from the further acquisition of equity interests in a joint venture, led to the Group's share of loss of CDH during the Period.

Coal

The sales prices and sales volume of the coal segment dropped significantly compared with the same period last year due to market factors. This, together with an increase in the cost of sales per tonne resulting from a higher stripping ratio, led to a significant decrease in the results of this segment during the period when compared with the same period last year.

Import and export of commodities

During the Period, the Group's segment of import and export of commodities was affected by macro environmental factors, with a sharp decline in both its sales volume and selling prices. In addition, the depreciation of the Australian dollar against the US$ led to a contraction in the gross profit of import and export business. Consequently, the results of this segment decreased significantly compared with the same period last year.

Outlook

Currently, the spread of the pandemic around the globe is yet to slow down. The Group's oilfields have formulated plans and guidelines for the prevention and control of the pandemic according to their own needs. A policy of "external sealing-off and internal separation" was adopted at the Karazhanbas oilfield, where contingency plans to be executed under different circumstances involving quarantine measures, replenishment of supplies and production arrangements have been drawn up. "Closed-circuit management" has been implemented at the Seram block in Indonesia, and its Jakarta office has adopted the "working from home" policy in accordance with the large-scale social restrictions imposed by the Indonesian government. In the second half of 2020, the prevention and control of the pandemic remain the priority of the Group's operation. We will use all our resources to safeguard the health and safety of our employees, strive to overcome the impact of the pandemic, ensure stable production and smooth operation, and do everything we can to contribute to the pandemic prevention in those communities where ours project are located.

Looking ahead, with the steady implementation of Organization of the Petroleum Exporting Countries and its allies' plan to cut production and the gradual lifting of lockdown around the world, it is expected that the economy will gradually recover in the second half of the year, but the market outlook remains largely uncertain. The Group will adjust its work plans in respond to changes in the external environment and international oil price trends. We will also implement more stringent cost control, adopt a more prudent approach to investment decision-making and cash flow management and endeavour to achieve its production and operation goals as well as mid-term and long-term sustainable development goals. Our determination to overcome all hurdles and obstacles will keep us marching forward.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Cash

As at 30 June 2020, the Group maintained strong liquidity with undrawn bank facilities of HK$3,042.3 million and had cash and cash equivalents of HK$1,154.0 million.

During the Period, the prepayment of the A Loan (as defined below) totaling US$40.0 million (HK$312.0 million) was made prior to the final maturity date of the facility on 15 May 2020.

Borrowings

As at 30 June 2020, the Group had total debt of HK$4,901.6 million, which comprised:

- unsecured bank borrowings of HK$911.1 million;
- unsecured other borrowing of HK$3,900.0 million; and
- lease liabilities HK$90.5 million.

Most of the transactions of the Group's import and export of commodities business are debt funded. However, in contrast to term loans, these borrowings are self liquidating, transaction specific and of short durations, 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 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 "**A Loan**"). During the Period, the A Loan was fully prepaid in April 2020 by a drawdown of the C Loan (as defined below).

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 "**B Loan**"). The proceeds of the B 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 30 June 2020, the outstanding balance was US$500.0 million (HK$3,900.0 million).

In December 2019, the Company entered into an unsecured 4-year of committed US$200.0 million (HK$1,560.0 million) credit facility agreement composing 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 "**C Loan**") commencing from 31 December 2019. The purpose of the C Loan will be financing existing indebtedness and/or general corporate funding requirement to support the operation and growth of the business of the Group. As at 30 June 2020, the outstanding balance was US$100.0 million (HK$780.0 million).

The Group leases certain plant and machinery for its aluminium and coal mine operations under finance leases. The lease liabilities arising from these finance leases as at 30 June 2020 were HK$7.3 million.

As at 30 June 2020, the Group's net debt to net total capital was 40.4% (31 December 2019: 36.2%). Of the Group's total debt, HK$163.8 million was repayable within one year, including trade finance and lease liabilities.

Share capital

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

New Investment

There was no new investment concluded during the Period.

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 2020, the Group had 233 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 2019: Nil).

CORPORATE GOVERNANCE CODE

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 (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the Period, save and except for the deviation from code provision A.5.5.

Under code provision A.5.5 of the CG Code, where the board proposes a resolution to elect an individual as an independent non-executive director at a general meeting, it should set out in the explanatory statement accompanying the notice of the relevant general meeting the reasons for the board believes the proposed independent non-executive director would still be able to devote sufficient time to the board if he will be holding his seventh (or more) listed company directorship. It was an inadvertent omission that such reason was not disclosed in the circular of the Company dated 2 April 2020 in which it set out that Mr. Fan Ren Da, Anthony ("**Mr. Fan**") is holding his seventh (or more) listed company directorship, was proposed to be re-elected at the Company's annual general meeting for 2020. Subsequently, the Company made a supplemental announcement on 12 May 2020 disclosing the reasons that notwithstanding Mr. Fan has served as directors for more than seven listed companies, he has maintained his profession in various directorships of listed companies he served, has actively participated in the Board meetings and various committees held by the Company in the past, and so his time committed for his Director's duties is not affected. The Board unanimous agreed that Mr. Fan has devoted sufficient time to perform his Director's duties.

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, 24 July 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.