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# 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 2021 AND PROPOSED ADOPTION OF NEW BYE-LAWS

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 2021.

### FINANCIAL HIGHLIGHTS

Year ended 31 December	2021 HK\$ million	2020 HK\$ million	Change
Revenue	4,349.4	2,850.1	52.6%
EBITDA <sup>1</sup>	1,852.6	257.4	619.6%
Adjusted EBITDA <sup>2</sup>	2,426.9	618.7	292.3%
Profit/(loss) attributable to shareholders	1,103.4	(363.8)	N/A

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

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

The global economy and commodity markets are recovering from the historic collapse in demand caused by the coronavirus disease 2019 (“**COVID-19**”). The surplus in global crude oil inventories that built up last year is being consumed and global oil inventories are returning to pre-pandemic levels in 2021.

In comparing with 2020, the average Dated Brent and Platts Dubai crude oil prices increased by approximately 69.6% and approximately 64.1% to US\$70.9 per barrel and US\$69.4 per barrel respectively. The revenue of the Group climbed up by approximately 52.6% year-on-year. The Group recorded a profit attributable to shareholders of HK\$1,103.4 million in 2021 as compared with a loss attributable to shareholders of HK\$363.8 million in 2020. This was mainly due to a combination effect of a sharp increase in crude oil and other related commodity prices in 2021. The substantial turnaround from a loss to a profit attributable to shareholders was primarily attributable to the following factors:

- a significant improvement in operating results of the oil business of the Group, including a substantial share of profit of HK\$306.3 million from the Group investment in Karazhanbas oilfield when comparing with a record of share of loss of HK\$279.9 million of last year. The improvement in operating results, from the oil business of the Group as a whole was mainly attributable to an increase in average realised crude oil price and stringent ongoing costs control during the year;
- the Group’s aluminium smelting segment and coal segment recorded turnaround in operating results from losses in 2020 to a profit in 2021 which was mainly due to an increase in average selling price of aluminium and coal as compared with 2020; and
- a reduction in finance costs of the Group by approximately HK\$66.5 million, representing a drop of approximately 44.2% year-on-year, which was mainly due to the Group having successfully refinanced its loan at a significant lower finance cost, and its debt reduction with loan prepayment by utilising internal sources of fund in 2021.

## FINANCIAL RESULTS

### CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	Notes	2021 HK\$'000	2020 HK\$'000
<b>REVENUE</b>	3	<b>4,349,406</b>	2,850,058
Cost of sales		<u>(3,162,643)</u>	<u>(2,717,115)</u>
Gross profit		<b>1,186,763</b>	132,943
Other income, gains and losses, net	4	<b>188,531</b>	402,721
Selling and distribution costs		—	(11,406)
General and administrative expenses		<b>(324,906)</b>	(268,117)
Other expenses, net		<b>(52,762)</b>	(47,689)
Finance costs	5	<b>(83,822)</b>	(150,315)
Share of profit/(loss) of:			
Associates		<b>116,220</b>	(40,070)
A joint venture		<b>306,299</b>	(279,894)
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>1,336,323</b>	(261,827)
Income tax expense	7	<u>(222,176)</u>	<u>(98,690)</u>
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<u><b>1,114,147</b></u>	<u>(360,517)</u>
<b>ATTRIBUTABLE TO:</b>			
Shareholders of the Company		<b>1,103,366</b>	(363,848)
Non-controlling interests		<b>10,781</b>	3,331
		<u><b>1,114,147</b></u>	<u>(360,517)</u>
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>SHAREHOLDERS OF THE COMPANY</b>	8	<b>HK cents</b>	<b>HK cents</b>
Basic		<u><b>14.04</b></u>	<u>(4.63)</u>
Diluted		<u><b>14.04</b></u>	<u>(4.63)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****Year ended 31 December**

	2021 HK\$'000	2020 HK\$'000
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<u>1,114,147</u>	<u>(360,517)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
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	(13,405)	(328,108)
Income tax effect	4,022	98,432
	<u>(9,383)</u>	<u>(229,676)</u>
Exchange differences on translation of foreign operations	77,158	185,100
Reclassification adjustments for foreign operations deregistered or disposed of, net	(3,967)	(23,091)
Share of other comprehensive (loss)/income of associates	(65,519)	22,755
Share of other comprehensive income/(loss) of a joint venture	1,488	(1,987)
Reclassification adjustments for an associate disposed of	—	1,086
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(223)</u>	<u>(45,813)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement gain/(loss) on defined benefit plan:		
Changes in fair value	11,996	(4,444)
Income tax effect	(3,599)	1,333
	<u>8,397</u>	<u>(3,111)</u>
Share of other comprehensive income/(loss) of a joint venture	8,647	(7,332)
Share of other comprehensive income/(loss) of an associate	25,038	(5,678)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>42,082</u>	<u>(16,121)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<u>41,859</u>	<u>(61,934)</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<u><u>1,156,006</u></u>	<u><u>(422,451)</u></u>
<b>ATTRIBUTABLE TO:</b>		
Shareholders of the Company	1,136,702	(442,694)
Non-controlling interests	19,304	20,243
	<u><u>1,156,006</u></u>	<u><u>(422,451)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****31 December**

	Notes	2021 HK\$'000	2020 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,838,772	3,481,533
Right-of-use assets		83,123	93,635
Goodwill		24,682	24,682
Mining assets and stripping costs		112,049	113,378
Exploration, evaluation and development expenditure		112,627	146,347
Investment in an associate		2,893,101	2,954,414
Investment in a joint venture		2,073,765	1,757,333
Prepayments, deposits and other receivables		38,594	58,734
Time deposit		88,754	65,538
Deferred tax assets		187,832	187,240
Total non-current assets		<u>9,453,299</u>	<u>8,882,834</u>
<b>CURRENT ASSETS</b>			
Inventories		431,595	385,931
Trade receivables	10	704,889	412,653
Prepayments, deposits and other receivables		167,372	166,178
Derivative financial instruments		21,012	71,712
Pledged deposit		—	41,706
Cash and deposits	11	<u>1,925,573</u>	<u>2,314,285</u>
Total current assets		<u>3,250,441</u>	<u>3,392,465</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	12	135,803	113,921
Tax payable		54,113	502
Accrued liabilities and other payables		919,545	839,084
Derivative financial instruments		643	14,071
Bank and other borrowings		240,669	141,106
Lease liabilities		26,463	29,900
Provisions for long-term employee benefits		46,667	49,741
Provisions		1,163	1,235
Total current liabilities		<u>1,425,066</u>	<u>1,189,560</u>
<b>NET CURRENT ASSETS</b>		<u>1,825,375</u>	<u>2,202,905</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,278,674</u>	<u>11,085,739</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****31 December**

	2021 HK\$'000	2020 HK\$'000
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>11,278,674</b>	11,085,739
<b>NON-CURRENT LIABILITIES</b>		
Bank and other borrowings	3,418,480	4,673,760
Lease liabilities	41,102	55,953
Deferred tax liabilities	256,016	90,919
Provisions for long-term employee benefits	19,919	26,944
Provisions	619,833	470,845
Total non-current liabilities	4,355,350	5,318,421
<b>NET ASSETS</b>	<b>6,923,324</b>	5,767,318
<b>EQUITY</b>		
<b>Equity attributable to shareholders of the Company</b>		
Issued capital	392,886	392,886
Reserves	6,551,531	5,414,829
	6,944,417	5,807,715
<b>Non-controlling interests</b>	<b>(21,093)</b>	(40,397)
<b>TOTAL EQUITY</b>	<b>6,923,324</b>	5,767,318

## NOTES

### 1. BASIS OF PREPARATION

The significant accounting policies applied in the preparation of the consolidated financial statements of the Group are set out below. The consolidated 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. The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

Certain balances in prior year have been reclassified in conformity with current year’s presentation.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. 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. Accounting policies of subsidiary companies have been changed where necessary in the Financial Statements to ensure consistency with the accounting policies adopted by the Group.

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.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs which are effective for the current accounting period beginning on 1 January 2021:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase II

The adoption of the new and revised HKFRSs in the current year has no material impact to 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 and alumina; 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.

Segment assets exclude investment in an associate, investment in a joint venture, deferred tax assets, pledged deposit, cash and deposits, 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, 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 2021 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
<b>Segment revenue:</b>					
Sales to external customers	1,257,121	740,707	1,003,404	1,348,174	4,349,406
Other income	76,430	11,770	7,715	13,622	109,537
	<u>1,333,551</u>	<u>752,477</u>	<u>1,011,119</u>	<u>1,361,796</u>	<u>4,458,943</u>
<b>Segment results</b>	<b>364,912</b>	<b>141,420</b>	<b>28,607</b>	<b>646,872</b>	<b>1,181,811</b>
<i>Reconciliation:</i>					
Interest income and unallocated gains					78,994
Unallocated expenses					(263,179)
Unallocated finance costs					(83,822)
Share of profit of:					
An associate					116,220
A joint venture					306,299
Profit before tax					<u>1,336,323</u>
<b>Segment assets</b>	<b>554,361</b>	<b>602,759</b>	<b>622,664</b>	<b>3,759,396</b>	<b>5,539,180</b>
<i>Reconciliation:</i>					
Investment in an associate					2,893,101
Investment in a joint venture					2,073,765
Unallocated assets					2,197,694
Total assets					<u>12,703,740</u>
<b>Segment liabilities</b>	<b>436,538</b>	<b>258,612</b>	<b>66,916</b>	<b>803,860</b>	<b>1,565,926</b>
<i>Reconciliation:</i>					
Unallocated liabilities					4,214,490
Total liabilities					<u>5,780,416</u>
<b>Other segment information:</b>					
Depreciation and amortisation	26,814	32,395	—	355,021	414,230
Unallocated amounts					18,202
					<u>432,432</u>
Impairment losses recognised in the consolidated income statement	91	31,902	—	1,039	33,032
Impairment losses reversed in the consolidated income statement	—	—	(1,510)	(4,668)	(6,178)
Capital expenditure	140,752	5,329	—	516,206	662,287
Unallocated amounts					4,697
					<u>666,984</u> <sup>1</sup>
Additions to right-of-use assets	3,549	10,399	—	10,000	23,948

<sup>1</sup> Capital expenditure consists of additions to property, plant and equipment, mining assets and stripping costs, exploration, evaluation and development expenditure.

### 3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2020 HK\$'000	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
<b>Segment revenue:</b>					
Sales to external customers	836,431	400,401	805,755	807,471	2,850,058
Other income	119,942	35,650	40,096	11,221	206,909
	<u>956,373</u>	<u>436,051</u>	<u>845,851</u>	<u>818,692</u>	<u>3,056,967</u>
<b>Segment results</b>	(31,594)	(67,459)	53,321	166,067	120,335
<i>Reconciliation:</i>					
Interest income and unallocated gains					195,812
Unallocated expenses					(107,695)
Unallocated finance costs					(150,315)
Share of loss of:					
Associates					(40,070)
A joint venture					(279,894)
Loss before tax					<u>(261,827)</u>
<b>Segment assets</b>	400,318	666,396	385,107	3,433,465	4,885,286
<i>Reconciliation:</i>					
Investments in an associate					2,954,414
Investment in a joint venture					1,757,333
Unallocated assets					2,678,266
Total assets					<u>12,275,299</u>
<b>Segment liabilities</b>	406,577	216,946	64,206	665,987	1,353,716
<i>Reconciliation:</i>					
Unallocated liabilities					5,154,265
Total liabilities					<u>6,507,981</u>
<b>Other segment information:</b>					
Depreciation and amortisation	12,966	45,502	2,352	289,846	350,666
Unallocated amounts					18,293
					<u>368,959</u>
Impairment loss recognised in the consolidated income statement	—	1,629	2,462	—	4,091
Impairment losses reversed in the consolidated income statement	(378)	—	(6,245)	(410)	<u>(7,033)</u>
Capital expenditure	16,117	31,975	—	576,637	624,729
Unallocated amounts					2,562
					<u>627,291</u> <sup>1</sup>
Additions to right-of-use assets	1,663	23,746	—	—	<u>25,409</u>

<sup>1</sup> Capital expenditure consists of additions to property, plant and equipment, mining assets and stripping costs, exploration, evaluation and development expenditure.

### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### Geographical information

(a) Revenue from external customers

	2021 HK\$'000	2020 HK\$'000
China	1,247,524	726,371
Australia	978,617	719,915
Europe	520,924	348,485
Other Asian countries	1,214,270	1,021,724
Others	388,071	33,563
	<u>4,349,406</u>	<u>2,850,058</u>

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

(b) Non-current assets

	2021 HK\$'000	2020 HK\$'000
Hong Kong	38,217	56,611
China	3,464,537	3,211,761
Australia	3,625,394	3,627,457
Kazakhstan	2,073,991	1,757,477
Other Asian countries	63,328	42,288
	<u>9,265,467</u>	<u>8,695,594</u>

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

#### Information about major customers

During the year, revenue of HK\$1,247,524,000 (2020: HK\$701,413,000) 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.

During the year, revenue of HK\$532,381,000 and HK\$503,228,000 (2020: HK\$337,094,000 and HK\$309,310,000) was derived from sales to two customers of the aluminium smelting segment respectively. Each of these two customers amounted to more than 10% of the Group's revenue for the year.

#### 4. OTHER INCOME, GAINS AND LOSSES, NET

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

	2021 HK\$'000	2020 HK\$'000
Interest income	18,615	16,430
Handling service fees	7,308	4,673
Sale of scrap	4,382	2,167
Reversal of provision for abandonment cost	—	2,830
Gain on disposal of investment in an associate	—	192,040
Reclassification adjustments for foreign operations deregistered or disposed of, net	3,967	23,091
Reversal of provision for inventories	—	410
Gain on disposal of items of exploration, evaluation and development expenditure	—	15,112
Gain/(loss) on disposal of items of property, plant and equipment, net	7,752	(1,690)
Government subsidies	2,691	4,086
Fair value gain on derivative financial instruments	7,698	50,167
Compensation for inventories held at Qingdao Port	—	19,143
The government loan forgiveness	64,157	67,585
Exchange gains/(losses), net	54,656	(36,825)
Others	17,305	43,502
	<u>188,531</u>	<u>402,721</u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 HK\$'000	2020 HK\$'000
Interest expense on bank and other borrowings	78,439	132,875
Interest expense on lease liabilities	2,586	3,451
	<u>81,025</u>	<u>136,326</u>
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time	684	13,872
Others	2,113	117
	<u>83,822</u>	<u>150,315</u>

## 6. PROFIT/(LOSS) BEFORE TAX

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

	2021 HK\$'000	2020 HK\$'000
Cost of inventories sold	3,162,643	2,717,115
Depreciation of property, plant and equipment	404,410	334,662
Depreciation of right-of-use assets	26,114	30,748
Amortisation of mining assets and stripping costs	1,908	3,549
Reclassification adjustments for foreign operations deregistered or disposed of, net	(3,967)	(23,091)
(Gain)/loss on disposal of items of property, plant and equipment, net	(7,752)	1,690
Fair value loss/(gain) on derivative financial instruments, net	28,704	(43,512)
Exchange (gains)/losses, net	(54,656)	36,825
Reversal of write-down of inventories to net realisable value	(6,178)	(6,655)
Provision for impairment of trade receivables, net	91	2,231
Compensation payable *	—	21,583
Provision for impairment of exploration, evaluation and development expenditure*	31,902	1,482
	<u>31,902</u>	<u>1,482</u>

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

## 7. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current – Hong Kong	—	—
Current – Elsewhere		
Charge for the year	61,670	8,854
Overprovision in prior years	(19)	—
Deferred	160,525	89,836
	<u>160,525</u>	<u>89,836</u>
Total tax expense for the year	<u>222,176</u>	<u>98,690</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2020: 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% (2020: 30%).

**Indonesia:** The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 25% (2020: 22%). 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% (2020: 15.6%).

**China:** The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2020: 25%).

**Kazakhstan:** The Group's subsidiary incorporated in Kazakhstan was subject to corporate income tax at the rate of 20% (2020: 20%).

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

The calculation of the basic earnings per share (2020: loss per share) amount was based on the profit for the year attributable to ordinary shareholders of the Company of HK\$1,103,366,000 (2020: loss of HK\$363,848,000) and the weighted average number of ordinary shares in issue during the year, which was 7,857,727,149 (2020: 7,857,727,149) shares.

The Group had no potentially dilutive ordinary shares in issue during the year and for the year ended 31 December 2020.

## 9. DIVIDEND

	2021 HK\$'000	2020 HK\$'000
Proposed final dividend of HK4.50 cents (2020: Nil) per ordinary share	<u>353,598</u>	<u>—</u>

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

## 10. TRADE RECEIVABLES

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

	2021 HK\$'000	2020 HK\$'000
Within one month	331,680	192,336
One to two months	216,475	68,921
Two to three months	82,314	69,319
Over three months	<u>74,420</u>	<u>82,077</u>
	<u>704,889</u>	<u>412,653</u>

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

## 11. CASH AND DEPOSITS

	2021 HK\$'000	2020 HK\$'000
Cash and bank balances	748,355	505,763
Time deposits	<u>706,062</u>	<u>1,915,766</u>
	1,454,417	2,421,529
Less: Time deposit with original maturity over three months	(58,939)	—
Time deposits with original maturity more than one year	(88,754)	(65,538)
Pledged deposit for a litigation	<u>—</u>	<u>(41,706)</u>
	1,306,724	2,314,285
Cash and cash equivalents	1,306,724	2,314,285
Deposits with a fellow subsidiary	559,910	—
Time deposit with original maturity over three months	<u>58,939</u>	<u>—</u>
Cash and deposits	<u>1,925,573</u>	<u>2,314,285</u>

## 12. ACCOUNTS PAYABLE

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

	2021 HK\$'000	2020 HK\$'000
Within one month	135,719	113,839
One to three months	61	—
Over three months	23	82
	<u>135,803</u>	<u>113,921</u>

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

## 13. EVENTS AFTER THE REPORTING PERIOD

### State of emergency in Kazakhstan

On 5 January 2022 the state of emergency in Kazakhstan was declared until 19 January 2022, and restrictions were imposed on communication and transportation of both people and vehicles, including railway and airline carriage.

Currently, the situation in all regions of the country has stabilised and the state of emergency was cancelled. Utilities and life support systems have been fully restored, and restrictions on communication and transportation of both people and vehicles have been relieved.

The events have not had a material impact on the Kazakhstan oilfield's operations; however, the tensions remain in the country, and further development of the events and their impact on the Kazakhstan oilfield's operations is not possible to predict.

### Russia-Ukraine war

In 2021, ongoing political tensions in the region have intensified as a result of further developments in the situation with Ukraine, which affected commodity and financial markets and increased volatility, especially in exchange rates. Since December 2021, the situation has continued to deteriorate and remains highly volatile. There is increased volatility in the financial and commodity markets. Additional sanctions and restrictions on the business activity of organisations operating in Russia are imposed, with consequences for the economies in the region as a whole, the full range and possible consequences of which cannot be assessed. Due to the geopolitical events around Ukraine and Russia, on 24 February 2022, the oil prices exceeded US\$100 per barrel.

## **BUSINESS REVIEW**

### **Review**

In 2021, the global economic recovery was underway amid fluctuations, and the industrial production and commodity trade also gradually recovered. Driven by multiple factors such as the growth in demand spurred by the popularization of vaccines, the weakening of the US dollar, and intensified geopolitical influences, the crude oil prices have fluctuated upwards. Brent crude oil prices averaged US\$70.9 per barrel in 2021, representing an increase of approximately 69.6% year-on-year. The prices of other commodities related to the Company's principal business also increased significantly. Meanwhile, the Group continued to carry out cost reduction and efficiency improvement as well as asset value enhancement work, and strived for management and technology effectiveness. As a result, the Group recorded a turnaround from loss and achieved substantial improvement in performance during the year.

During the year, the results of each business segment of the Company all recorded profits. In 2021, the Group achieved revenue of HK\$4,349.4 million, representing an increase of approximately 52.6% year-on-year; and recorded profit attributable to shareholders of HK\$1,103.4 million, turning from losses into profits year-on-year.

### **Crude oil**

In 2021, the acceleration of global vaccine popularisation and the gradual relaxation of epidemic prevention and control measures, such as border closure and travel restriction, had stimulated the growth of crude oil demand. Meanwhile, affected by the production limit in the previous year, the production of crude oil was in slow recovery, and the chaos in global shipping led to a shortage of supply in some areas. Various factors have spurred the continuous rise in crude oil prices. The Group seized the opportunity of rising oil prices, strived to increase production, and took advantage of the market rebound to further improve its operating results.

During the year, the Group's overall production was 17,686,000 barrels (100% basis), representing an increase of 934,000 barrels (100% basis) compared with 2020. The Karazhanbas oilfield has made great efforts to promote the recovery of production subsequent to the production limit in 2020, and the production has gradually restored and increased by 4.7% compared with last year. Due to the new wells of Yuedong oilfield being put into production pursuant to the development plan and the effective adjustment of workload, the production of Yuedong oilfield increased significantly by approximately 14.1% compared with last year.



In terms of results, a significant year-on-year increase in the realised sales price and the benefit of “upstream and downstream integration” formed with the newly acquired oilfield ancillary business Caspi Bitum JV LLP led to a substantial increase in share of profit of a joint venture. In Yuedong oilfield, the revenue was approximately 1.8 times that of last year as a result of an increase in both crude oil price and sales volume. The Seram block in Indonesia actively launched sales bidding, and changed the sales pricing benchmark from the original 380 CST to Brent crude oil, and the significant increase in sales price offset the adverse impact of the decline in production, and the revenue of the Seram block decreased by approximately 5.1% compared with last year. The continuous stringent cost control and the rebound of international oil prices have resulted in a significant increase in the performance of the Group’s crude oil business segment compared with last year.

## **Metals**

During the year, despite the favourable external environment, the high freight rates and shipping delays continued to plague the aluminium market. The sales volume of PAS decreased due to the limit of shipping capacity but its revenue increased significantly due to the rebound in aluminium prices compared with last year. In addition to the fair value gain on derivative financial instruments and net exchange gains, the segment results of PAS recorded a turnaround from loss compared with last year.

During the year, the Group's share of profit in Alumina Limited using the equity method increased compared with 2020 due to the increase in alumina prices.

## **Coal**

In the fourth quarter of 2021, the coal market in China was in short supply and the supply in the international shipping market remained tight. As a result, the selling price of coal segment surged in the fourth quarter, and the average price for the whole year rebounded sharply compared with last year. The Group’s sales volume of this segment increased significantly compared with last year because the segment seized the opportunity from the recovery of market demand to increase production and sales. Together with the flourishing results arising from the optimization of production organization as well as cost reduction and efficiency improvement measures, the cost of sales per tonne also decreased. The result of the coal segment recorded a turnaround from loss into profits compared with last year.

## **Import and export of commodities**

During the year, the Group’s segment of import and export of commodities was affected by the rebound in commodity prices, and the selling prices increased significantly compared with last year. Coupled with the consolidation and expansion of the Group's iron ore export agency business and the disposal of the auto parts business at the end of 2020, the overall operational efficiency and profitability were greatly improved.

## **FINANCIAL MANAGEMENT**

During the year, the Group managed to reduce its debt by internal generated cash flow, with its net debt to net total capital ratio reduced to 20.6%. The Group’s financial position and liquidity remained robust throughout the year.

## **OUTLOOK**

Currently, the spread of the COVID-19 pandemic around the globe continues, and it is still severe in certain overseas locations where the Group operates its business. While maintaining strict epidemic prevention and control measures, the Group has also gradually popularised vaccination in accordance with government guidelines. As at 31 December 2021, the Group had maintained “zero confirmed cases” at all oilfield operation sites. Chinese employees in the Group’s overseas business locations have been fully vaccinated and the vaccination rate of the foreign personnel has reached over 60%. In 2022, the Group will strive to overcome the impact of the pandemic, maintain the health and safety of employees, and ensure the smooth operation of both production and operations.

Looking ahead, with the end of production limits imposed by the Organization of the Petroleum Exporting Countries and major oil-producing countries, the rapid increase of tight oil production in the U.S. and the market’s concerns that the Omicron variant of COVID-19 would curb the demand, and taking into account the geopolitics, regional conflicts, trade protection, high inflation and other political and economic factors, the trend of international oil prices is still uncertain, the downside risks of the global economy are still prominent, and the prices of commodities may be volatile. On one hand, the Group will continue to implement budget control and cost reduction and efficiency improvement measures, “plan before doing”, and strictly control major capital expenditures. Based on its work experience in previous years, the Group will further solidify the long-term mechanism of cost reduction and efficiency improvement, continuously cultivate the potential of cost reduction, improve the Group’s overall risk resilience and profitability, and take the opportunity of market recovery to further improve operating performance. On the other hand, the Group will strengthen our refined management, continuously promote management improvement and institutional reform, increase management efficiency and improve the level of scientific decision-making, and continue to strive for technology effectiveness. The Group will maintain and improve oilfield reserves by conducting reservoir research as well as launching and applying new technologies, so as to enhance the sustainable value of our existing assets. Meanwhile, the Group will also carry out research work in new fields and new projects, and strive to explore a new direction for business development.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

### **Cash and Deposits**

As at 31 December 2021, the Group maintained strong liquidity with undrawn bank facilities of HK\$1,711.3 million and had cash and deposit, in total amount of HK\$1,925.6 million.

During the year, the outstanding balance of the A Loan (as defined below) totaling US\$500.0 million (HK\$3,900.0 million) were fully prepaid prior to the final maturity date of the loan facility on 29 June 2022.

## Borrowings

As at 31 December 2021, the Group had total debt of HK\$3,726.7 million, which comprised:

- unsecured bank borrowings of HK\$2,489.1 million;
- unsecured other borrowings of HK\$1,170.0 million; and
- lease liabilities HK\$67.6 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. Upon the receipt of sale proceeds following the completion of a transaction, the related borrowings are repaid accordingly.

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 "**A Loan**"). The proceeds of the A 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. On 31 March 2021, a partial amount of the A Loan totaling US\$300.0 million (HK\$2,340.0 million) were prepaid by utilizing the Company's internal sources of available fund amounting to US\$150.0 million (HK\$1,170.0 million) and by refinancing from a loan drawdown of the C Loan (as defined below) amounting to US\$150.0 million (HK\$1,170.0 million). On 30 June 2021, the remaining balance of the A Loan amounting to US\$200.0 million (HK\$1,560.0 million) was fully prepaid by refinancing from a loan drawdown of the D Loan (as defined below). As at 31 December 2021, there was no outstanding balance of the A Loan.

In December 2019, the Company entered into an unsecured 4-year committed US\$200.0 million (HK\$1,560.0 million) credit facility agreement comprising 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 "**B Loan**") commencing from 31 December 2019. The purpose of the B Loan is to refinance existing indebtedness and/or general corporate funding requirement to support the operation and growth of the business of the Group. As at 31 December 2021, the outstanding balance of the B Loan was US\$100.0 million (HK\$780.0 million).

In March 2021, the Company entered into a facility agreement with CITIC Finance International Limited (a fellow subsidiary of the Company) in respect of an unsecured 3-year term loan facility of US\$150.0 million (HK\$1,170.0 million) (the "**C Loan**"). The proceeds of the C Loan was used for refinancing the prepayment of partial amount of US\$150.0 million (HK\$1,170.0 million) of the A Loan on 31 March 2021. As at 31 December 2021, the outstanding balance of the C Loan was US\$150.0 million (HK\$1,170.0 million).

In June 2021, a wholly-owned subsidiary of the Company entered into an unsecured 3-year committed US\$200.0 million (HK\$1,560.0 million) credit facility agreement with China CITIC Bank International Limited (a fellow subsidiary of the Company) (the "**D Loan**") commencing from 24 June 2021. The proceeds of the D Loan was mainly used for the prepayment of the remaining outstanding balance of the A Loan amounting to US\$200.0 million (HK\$1,560.0 million) on 30 June 2021. As at 31 December 2021, the outstanding balance of the D Loan was US\$200.0 million (HK\$1,560.0 million).

The Group leases certain plant and machinery for its aluminium and coal mining operations under finance leases. The lease liabilities arising from these finance leases as at 31 December 2021 were HK\$21.2 million.

As at 31 December 2021, the Group's net debt to net total capital ratio was 20.6% (31 December 2020: 30.8%). Of the Group's total debt, HK\$267.1 million was repayable within one year, including the D Loan, 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 2021, the Group had 179 full time employees, including management and administrative staff.

The Group's remuneration policy seeks to provide fair market remuneration in a form and value to attract, retain and motivate high quality staff. Remuneration packages are set at levels to ensure comparability and competitiveness with other companies in the industry and market competing for a similar talent pool. Emoluments are also based on an individual's knowledge, skill, time commitment, responsibilities and performance and by reference to the Group's profits and performance. Rent-free quarters are provided to some employees in Indonesia.

## **FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to recommend the payment of a final dividend of HK4.50 cents per ordinary share for the year ended 31 December 2021 (the "**Final Dividend**") to shareholders whose names appear on the register of members of the Company on Monday, 27 June 2022. Subject to approval by shareholders at the forthcoming annual general meeting of the Company, the Final Dividend is payable to entitled shareholders on or around Tuesday, 19 July 2022.

For determining the entitlement of shareholders to the Final Dividend, the register of members of the Company will be closed from Thursday, 23 June 2022 to Monday, 27 June 2022, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining entitlement of shareholders to the Final Dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 22 June 2022.

## **CORPORATE GOVERNANCE CODE**

The Board is of the view that the Company has, for the year ended 31 December 2021, 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 ended 31 December 2021.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2021.

## **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 the annual results of the Group for the year ended 31 December 2021 with senior management and the external auditor of the Company.

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers (“**PwC**”), to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on the preliminary results announcement.

## **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Save as disclosed in the note headed "13. EVENTS AFTER THE REPORTING PERIOD" of this announcement and the Company's positive profit alert announcement dated 28 January 2022, there was no other important event or transaction affecting the Group and which is required to be disclosed by the Company to its shareholders from 1 January 2022 up to the date of this announcement.

## **PROPOSED AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF NEW BYE-LAWS**

The Board proposes to amend the existing bye-laws of the Company (the “**Existing Bye-laws**”) for, among others, conforming with the latest amendments to the Listing Rules. The Board proposes to seek the approval of the shareholders of the Company by way of special resolution (“**Special Resolution**”) at the forthcoming annual general meeting of the Company to be held on 17 June 2022 (the “**2022 AGM**”) to adopt a new set of bye-laws to replace the Existing Bye-laws. Full text of the Special Resolution will be contained in the notice of the 2022 AGM. A circular containing, inter alia, the proposed amendments to the Existing Bye-laws, together with the notice of the 2022 AGM, will be despatched to shareholders in due course.

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

Hong Kong, 25 March 2022

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