



中信資源控股有限公司

CITIC Resources Holdings Limited

CITIC RESOURCES ANNOUNCES 2021 INTERIM RESULTS

Financial Highlights

(HK\$ Millions)	For the 6 months ended 30 June		
	2021	2020	Change
Revenue	1,703.9	1,235.6	37.95%
EBITDA*	754.9	(138.5)	N/A
Adjusted EBITDA ^	1,021.6	28.7	N/A
Profit attributable to shareholders (loss)	427.4	(430.8)	N/A
Earnings (loss) per share / (basic)	5.44 cents	(5.48) cents	

* EBITDA = Profit before tax + Financing cost + Depreciation + Amortisation

^ Adjusted EBITDA = EBITDA + (financing cost, depreciation, amortisation, income tax expense and non-controlling interests attributable to a joint venture)

(Hong Kong, 26 July 2021) -- CITIC Resources Holdings Limited (“CITIC Resources” or the “Company”) (Stock code: 1205.HK) announced the interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period”).

During the first half of 2021, the market had increasing expectations on economic recovery, buoyed by the sustained global economic recovery and wide application of COVID-19 vaccination. In addition, as economic stimulus measures have been implemented in various countries, a large amount of capital have flew into the commodity market. There were multiple factors led to the rise of oil prices. The prices of other commodities related to the Company’s principal business also increased significantly. During the Period, 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 performance improvement during the first half of the year. During the Period, the Group achieved consolidated revenue of approximate HK\$1,704 million, representing an approximate increase of 37.9% year-on-year; and recorded profit attributable to shareholders of HK\$427 million, turning from losses into profits.

Oil Prices Increase Significantly, Operating Results Greatly Improved

Demand of the downstream is recovering as a result of gradual control of the pandemic in the world’s major

economies. Coupled with the steady implementation of production cut plan by the Organization of the Petroleum Exporting Countries and its allies, the crude oil market has gradually shifted from “oversupply” in 2020 to “tight-balanced”. 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 first half of the year, the Group’s overall production was 8,625,000 barrels (100% basis), an increase of 3.5% compared to the same period of 2020. In terms of results, a substantial increase in the revenue of the Karazhanbas oilfield was led by a significant year-on-year increase in the realized sales prices. In Yuedong oilfield, the revenue doubled compared to the same period of last year as a result of an increase in both crude oil prices and sales volume.

Optimizing Assets Structure and Reducing Financing Costs

Recently, the Company’s joint venture CCPL will complete the acquisition of all participating rights and interests in Caspi Bitum of Kazakhstan. The transaction is expected to benefit the long-term development for the Group as it will improve the economic efficiency of Karazhanbas oilfield operations and deepen the strategic relationship between CITIC Resources and Kazakh national oil company KMG by improving the integrated development of upstream and downstream enterprises.

In the first half of the year, the group has completed the disposal of the Capricorn coal mine exploration project in Australia, and plans to continue to sell the coal assets in the second half of the year to further optimize the group's overall asset structure, improve operational efficiency, and more effectively manage risks.

Due to the repayment of part of its loan with internal source of available cash in the first half of 2021, the Group’s debt level is much lower. Meanwhile, the Group successfully refinanced part of its loan balance at significantly lower costs. The finance costs of the Group reduced by HK\$45.2 million, a drop of 51.2% year-on-year.

Pandemic Prevention and Production Safety Control

The spread of the epidemic in countries around the world has not yet eased, and the epidemic situation in certain overseas business locations of the group is still severe. In the first half of the year, the Group's oil fields continued to maintain strict epidemic prevention and control measures. The Karazhanbas oil field implements "external closure and internal distancing" to minimize the flow of personnel. The Seram block in Indonesia implements closed management and extends the shift cycle. The Jakarta office also adopts home-office measures according to the large-scale social restrictions imposed by the Indonesian government.

The Group has also gradually realized vaccination with government guidelines. As of June 30, 2021, all oilfield operation sites under the Group still maintain "zero diagnosis", and overseas Chinese employees have basically been vaccinated. In the second half of 2021, the Group will continue to overcome the impact of the epidemic, maintain health and safety of employees, and ensure the smooth operation of production and operation.

Outlook

Looking ahead, the Organization of the Petroleum Exporting Countries and other major oil producing countries have eased the measures to limit production due to the increase in oil prices, in which the United States of America, a major consuming country of crude oil, also wishes for lower oil prices to control inflation. However, the rise of variants of COVID-19 virus added to the uncertainty of economic recovery and the growth of crude oil demand. Due to the production limit in Karazhanbas oilfield and the delay in well drilling schedule in Seram Block in Indonesia, it is estimated that the full year production target is 17.8 million barrels, slightly less than the annual production forecast in the beginning of the year, which did not take into consideration of the production limit. The annual capital expenditure is expected to increase to around HK\$630 million, due to the Yuedong oilfield increased its investments on new oil wells drilling.

Mr Suo Zhengang, Vice Chairman and CEO of the Group commented, “In the first half of the year, we seized the opportunity of rising oil prices and commodity prices, to increase capital investments and speed up on oil wells drilling, tried our best to increase production, and hence achieved outstanding results. During the second half of the year, on one hand, we will further solidify a long term mechanism of cost reduction and efficiency improvement based on our experience in 2020, continuously cultivate the potential of cost reduction, improve the company's overall risk resistance ability and profitability. On the other hand, we will strengthen our refined management, continuously promote management improvement and institutional reform, increase management efficiency and improve scientific decision-making level, and continue to strive for technology effectiveness. We will maintain and improve oilfield reserves by conducting reservoir research as well as launching and applying new technologies and new technics, so as to enhance the sustainable value of our existing assets. Meanwhile, we will also carry out research work in new fields and new projects, and strive to explore a new direction for the Company's business development.”

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About CITIC Resources Holdings Limited (HKEx stock code: 1205)

CITIC Resources Holdings Limited has been listed on the Hong Kong Stock Exchange since 1997. Principal activities of the Company include the exploration, development and production of oil and coal, investments in bauxite mining, alumina refinery and aluminium smelting, as well as the import and export of commodities. CITIC Limited is the largest shareholder with about 60% interest in the Company.

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Attachment:

*- Announcement of the 2021 Interim Results is published on the website of CITIC Resources Holdings Limited:
<http://resources.citic>.*