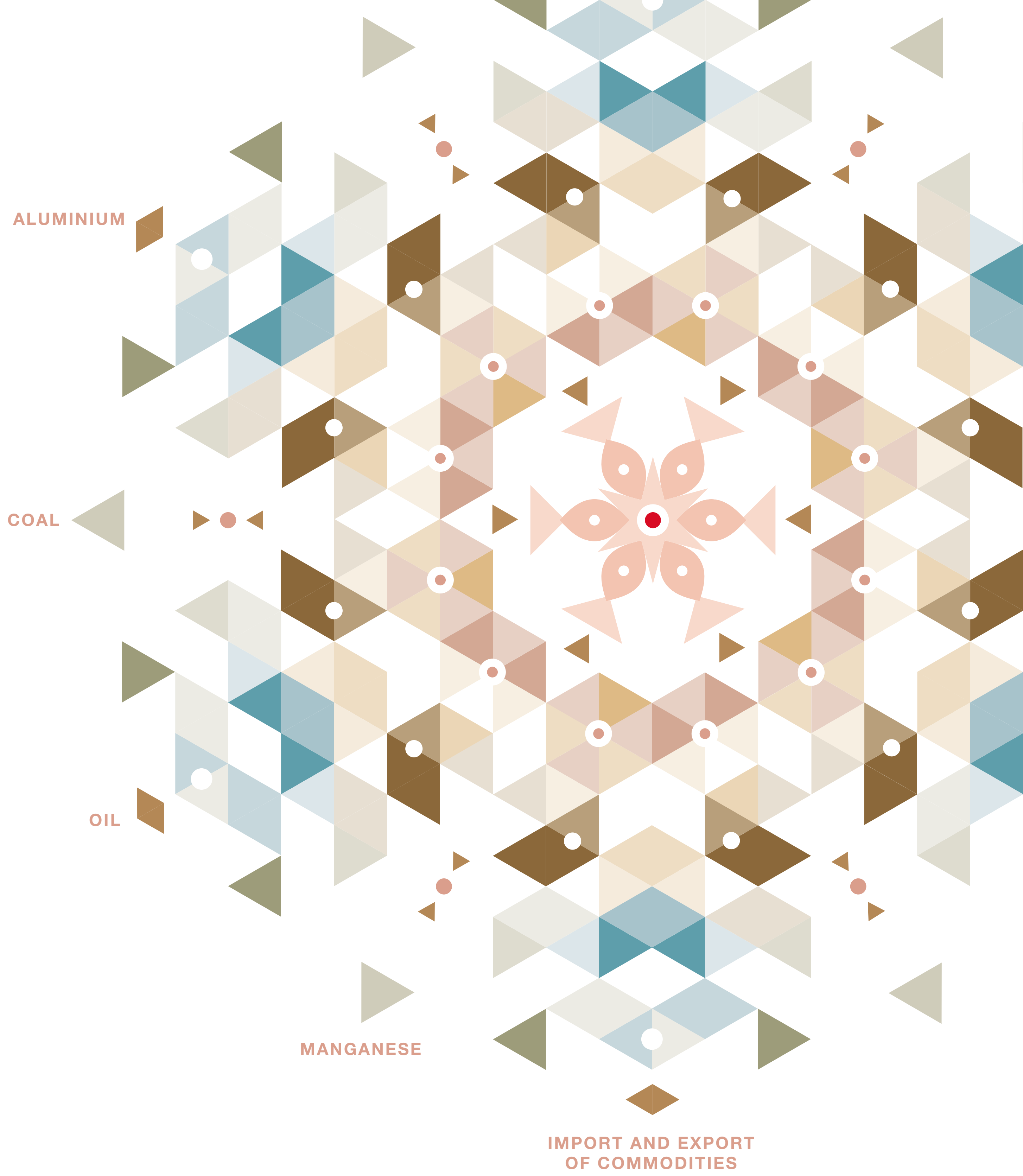
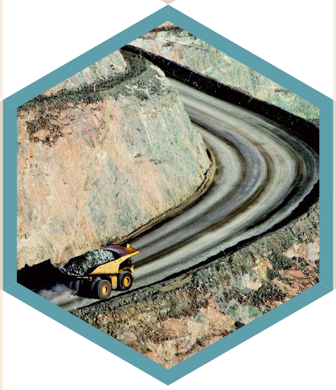


中信資源控股有限公司
CITIC Resources Holdings Limited

(incorporated in Bermuda with limited liability)
（於百慕達註冊成立之有限公司）

Stock Code 股份代號：1205

INTERIM REPORT
2020
中期報告



OIL Major income driver with steady production and development in oilfields located in Kazakhstan, China and Indonesia.

COAL A 14% participating interest in the Coppabella and Moorvale coal mines joint venture (a major producer of low volatile pulverized coal injection coal in the international seaborne market) and interests in a number of coal exploration operations in Australia with significant resource potential.

ALUMINIUM (1) a 22.5% participating interest in the Portland Aluminium Smelter joint venture, one of the largest and most efficient aluminium smelting operations in the world; and
(2) a 9.6846% equity interest in Alumina Limited (ASX: AWC), one of Australia's leading companies with significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations.

MANGANESE Single largest shareholder of CITIC Dameng Holdings Limited (SEHK: 1091), one of the largest vertically integrated manganese producers in the world.

IMPORT AND EXPORT OF COMMODITIES An import and export of commodities business, based on strong expertise and established marketing networks, with a focus on international trade.

Contents
目錄

Corporate Information		公司資料
Financial Results		財務業績
Condensed Consolidated Income Statement	01	簡明綜合利潤表
Condensed Consolidated Statement of Comprehensive Income	02	簡明綜合全面利潤表
Condensed Consolidated Statement of Financial Position	03	簡明綜合財務狀況報表
Condensed Consolidated Statement of Changes in Equity	05	簡明綜合權益變動表
Condensed Consolidated Statement of Cash Flows	07	簡明綜合現金流量表
Notes to the Condensed Consolidated Financial Statements	08	簡明綜合財務報表附註

Other Information
其他資料

Business Review and Outlook	22	業務回顧和展望
Financial Review	25	財務回顧
Liquidity, Financial Resources and Capital Structure	33	流動現金、財務資源和資本結構
Employees and Remuneration Policies	35	僱員和酬金政策
Corporate Governance Code	35	企業管治守則
Model Code for Securities Transactions by Directors	36	董事進行證券交易的標準守則
Directors' and Chief Executive's Interests in Shares and Underlying Shares	36	董事和最高行政人員在股份和相關股份的權益
Share Option Scheme	37	購股權計劃
Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares	37	主要股東和其他人士在股份和相關股份的權益
Purchase, Redemption or Sale of Listed Securities of the Company	39	購買、贖回或出售本公司的上市證券
Specific Performance Obligations on Controlling Shareholder of the Company	39	本公司控股股東須履行的特定責任
Review of Accounts	39	審閱賬目
Glossary of Terms	40	詞滙表

Corporate Information

Board of Directors

Executive Directors

Mr. Sun Yufeng *(Chairman)*
Mr. Suo Zhengang
(Vice Chairman and Chief Executive Officer)
Mr. Sun Yang *(Vice Chairman)*

Non-executive Director

Mr. Chan Kin

Independent Non-executive Directors

Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Look Andrew

Audit Committee

Mr. Fan Ren Da, Anthony *(Chairman)*
Mr. Gao Pei Ji
Mr. Look Andrew

Remuneration Committee

Mr. Gao Pei Ji *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Look Andrew
Mr. Suo Zhengang

Nomination Committee

Mr. Sun Yufeng *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji

Risk Management Committee

Mr. Look Andrew *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Sun Yufeng
Mr. Suo Zhengang

Company Secretary

Mr. Wong Wai Kwok

Registered Office

Clarendon House
2 Church Street, Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

Suites 6701-02 & 08B
67/F, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong

Telephone	:	(852) 2899 8200
Facsimile	:	(852) 2815 9723
E-mail	:	ir@citicresources.com
Website	:	http://resources.citic

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

Auditor

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
China Construction Bank Corporation, Hong Kong Branch
China Development Bank Hong Kong Branch
Mizuho Bank, Ltd., Hong Kong Branch
Sumitomo Mitsui Banking Corporation

Six months ended 30 June Unaudited HK$'000

Financial Results

The Board the Company presents the unaudited consolidated interim results of the Group for the Period.

Condensed Consolidated Income Statement

	Notes	2020	2019
REVENUE	5	**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	5	**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	6	**(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	7	**(421,422)**	381,177
Income tax expense	8	**(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	10	**HK cents**	HK cents
Basic		**(5.48)**	4.61
Diluted		**(5.48)**	4.61

Six months ended 30 June | Unaudited HK$'000

Condensed Consolidated Statement of Comprehensive Income

	2020	2019
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

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2020 Unaudited	31 December 2019 Audited
NON-CURRENT ASSETS			
Property, plant and equipment	11	**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
Prepayments, deposits and other receivables	12	**80,520**	67,785
Derivative financial instrument	15	**—**	113,651
Deferred tax assets		**171,730**	86,806
Total non-current assets		**9,238,226**	9,692,552
CURRENT ASSETS			
Inventories	13	**394,703**	457,766
Trade receivables	14	**336,332**	374,803
Prepayments, deposits and other receivables	12	**247,790**	266,044
Derivative financial instruments	15	**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	16	**82,412**	136,520
Tax payable		**291**	204
Accrued liabilities and other payables		**549,636**	711,368
Derivative financial instruments	15	**11,361**	7,116
Bank borrowings	17	**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

HK$'000

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2020 Unaudited	31 December 2019 Audited
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,625,610**	10,593,110
NON-CURRENT LIABILITIES			
Bank and other borrowings	17	**4,672,720**	3,900,000
Derivative financial instrument	15	**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	18	**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

Condensed Consolidated Statement of Changes in Equity

	Issued capital	Share premium account	Contributed surplus	Capital reserve
At 31 December 2018 (audited) and 1 January 2019	392,886	6,852	251,218	(38,579)
Total comprehensive income/(loss) for the period	—	—	—	—
Distribution to shareholders	—	—	—	—
Share of other reserve movements of an associate	—	—	—	—
At 30 June 2019 (unaudited)	392,886	6,852	251,218	(38,579)
At 31 December 2019 (audited) and 1 January 2020	**392,886**	**6,852**	**251,218**	**(38,579)**
Total comprehensive loss for the Period	—	—	—	—
Share of other reserve movements of an associate	—	—	—	—
At 30 June 2020 (unaudited)	**392,886**	**6,852** *	**251,218** *	**(38,579)** *

* These reserve accounts comprise the consolidated reserves of HK$5,127,217,000 (31 December 2019: HK$5,860,503,000) in the condensed consolidated statement of financial position.

HK$'000

Attributable to shareholders of the Company						
Exchange fluctuation reserve	Cash flow hedge reserve	Investment related reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
12,246	385,448	(1,295,336)	6,426,748	6,141,483	(87,465)	6,054,018
(7,858)	27,159	5,627	362,051	386,979	18,617	405,596
—	—	—	(275,020)	(275,020)	—	(275,020)
—	—	7,605	(7,605)	—	—	—
4,388	412,607	(1,282,104)	6,506,174	6,253,442	(68,848)	6,184,594
(27,585)	**255,367**	**(1,326,557)**	**6,739,787**	**6,253,389**	**(60,640)**	**6,192,749**
(72,517)	**(198,609)**	**(31,351)**	**(430,809)**	**(733,286)**	**(4,960)**	**(738,246)**
—	**—**	**2,531**	**(2,531)**	**—**	**—**	**—**
(100,102) *	**56,758** *	**(1,355,377)** *	**6,306,447** *	**5,520,103**	**(65,600)**	**5,454,503**

Six months ended 30 June Unaudited HK$'000

Condensed Consolidated Statement of Cash Flows

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from/(used in) operating activities	**(31,950)**	338,601
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**10,788**	20,822
Dividend income from associates	**78,315**	318,524
Purchases of items of property, plant and equipment	**(148,394)**	(109,838)
Proceeds from disposal of items of property, plant and equipment	**419**	106
Proceeds from disposal of other assets	**8,035**	—
Repayment of a loan from a joint venture	**—**	366,669
Net cash flows from/(used in) investing activities	**(50,837)**	596,283
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	**1,811,052**	487,977
Repayment of bank borrowings	**(2,046,630)**	(1,125,820)
Receipt of a loan from government	**11,169**	3,704
Repayment of a loan from government	**(11,527)**	(20,393)
Principal portion of lease liabilities	**(15,690)**	(11,441)
Interest paid	**(75,998)**	(131,260)
Finance charges paid	**(16,380)**	—
Net cash flows used in financing activities	**(344,004)**	(797,233)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(426,791)**	137,651
Cash and cash equivalents at beginning of period	**1,595,429**	1,921,169
Effect of foreign exchange rate changes, net	**(14,642)**	(10,981)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,153,996**	2,047,839
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**455,628**	599,236
Time deposits	**698,368**	1,448,603
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**1,153,996**	2,047,839

Notes to the Condensed Consolidated Financial Statements

1. Basis of Preparation

These unaudited Financial Statements have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and the applicable disclosure requirements of Appendix 16 to 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 for the Group for the year ended 31 December 2019, except for the adoption of the 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 HKFRSs (which include all HKFRSs, 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. Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these Financial Statements.

Amendments to HKFRS16	Covid-19-Related Rent Concessions [1]
HKFRS 17	Insurance Contracts [2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

1 Effective for Annual periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not authorised for issue at 4 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revise HKFRSs upon initial application. So far, it has concluded that the adoption of these new and revised HKFRSs may result in changes in accounting policies. However, for the time being, it is not in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's result of operations and financial position.

4. 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/(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 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.

HK$'000

4. Operating Segment Information (continued)

Six months ended 30 June Unaudited	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

	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

Six months ended 30 June Unaudited HK$'000

5. Revenue, Other Income and Gains

An analysis of the Group's revenue is as follows:

	2020	2019
Revenue from contracts with customers		
Sale of goods:		
Aluminium smelting	**387,595**	575,651
Coal	**220,333**	318,475
Import and export of commodities	**329,082**	430,412
Crude oil	**298,639**	503,825
	1,235,649	1,828,363

(a) Disaggregated revenue information

	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
2020					
Geographical markets					
China	**—**	**24,957**	**—**	**268,753**	**293,710**
Australia	**—**	**—**	**329,082**	**—**	**329,082**
Europe	**144,414**	**20,156**	**—**	**—**	**164,570**
Other Asian countries	**230,104**	**171,400**	**—**	**29,886**	**431,390**
Others	**13,077**	**3,820**	**—**	**—**	**16,897**
	387,595	**220,333**	**329,082**	**298,639**	**1,235,649**
2019					
Geographical markets					
China	—	—	—	503,825	503,825
Australia	226,984	8,878	419,507	—	655,369
Europe	—	24,749	—	—	24,749
Other Asian countries	230,825	267,072	203	—	498,100
Others	117,842	17,776	10,702	—	146,320
	575,651	318,475	430,412	503,825	1,828,363

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

	2020	2019
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

Six months ended 30 June Unaudited HK$'000

6. Finance Costs

An analysis of finance costs is as follows:

	2020	2019
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

7. Profit/(loss) before Tax

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

	2020	2019
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.

8. Income Tax Expense

	2020	2019
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.

HK$'000

8. Income Tax Expense (continued)

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.

9. Dividend

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

10. 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.

11. Property, Plant and Equipment

During the Period, the Group acquired property, plant and equipment in an aggregate cost of HK$108,247,000 (2019: HK$61,352,000) and disposed of property, plant and equipment having an aggregate carrying amount of nil (2019: HK$425,000).

12. Prepayments, Deposits and Other Receivables

	30 June 2020 Unaudited	31 December 2019 Audited
Prepayments	**42,104**	48,204
Deposits and other receivables	**311,053**	322,118
	353,157	370,322
Impairment allowance	**(24,847)**	(36,493)
	328,310	333,829
Portion classified as current assets	**(247,790)**	(266,044)
Non-current portion	**80,520**	67,785

Included in the Group's other receivables was an amount due from CCEL of HK$159,378,000 (31 December 2019: HK$159,378,000), which was interest free and repayable on demand.

As at 30 June 2020 and 31 December 2019, the loss allowance was assessed to be minimal. The financial assets included in the above balances related to receivables for which there was no recent history of default.

HK$'000

13. Inventories

	30 June 2020 Unaudited	31 December 2019 Audited
Raw materials	**124,491**	146,734
Work in progress	**20,855**	16,023
Finished goods	**249,357**	295,009
	394,703	457,766

14. 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	31 December 2019 Audited
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.

15. Derivative Financial Instruments

	30 June 2020 Unaudited		31 December 2019 Audited	
	Assets	Liabilities	Assets	Liabilities
Forward currency contracts	**—**	**3,802**	—	4,587
Forward commodity contracts	**—**	**7,559**	3,790	2,529
EHA2	**69,454**	**1,867**	352,098	—
	69,454	**13,228**	355,888	7,116
Portion classified as non-current portion:				
EHA2	**—**	**(1,867)**	(113,651)	—
Current portion	**69,454**	**11,361**	242,237	7,116

Certain members of the Group enter into derivative financial instruments in the normal course of business in order to hedge their exposure to fluctuations in foreign exchange rates, commodity prices and electricity prices.

HK$'000

16. Accounts Payable

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

	30 June 2020 Unaudited	31 December 2019 Audited
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.

17. Bank and Other Borrowings

	Notes	30 June 2020 Unaudited	31 December 2019 Audited
Bank borrowings – unsecured	(a)	**911,115**	1,152,775
Other borrowing – unsecured	(b)	**3,900,000**	3,900,000
		4,811,115	5,052,775

Notes:

(a) As at 30 June 2020, the bank borrowings included:

(i) trade finance totalling A$25,853,000 (HK$138,395,000), which was interest-bearing at the Bank Bill Swap Bid Rate (or cost of funds) plus margin; and

(ii) bank loans totalling US$99,067,000 (HK$772,720,000), which were interest-bearing at the LIBOR plus margin.

(b) The other borrowing is a loan obtained from a subsidiary of the Company's ultimate holding company, which is interest-bearing at LIBOR plus margin.

	30 June 2020 Unaudited	31 December 2019 Audited
Bank loans repayable:		
Within one year or on demand	**138,395**	1,152,775
In the third to fifth years, inclusive	**772,720**	—
	911,115	1,152,775
Other borrowing repayable:		
In the second year	**3,900,000**	—
In the third to fifth years, inclusive	**—**	3,900,000
	3,900,000	3,900,000
Total bank and other borrowings	**4,811,115**	5,052,775
Portion classified as current liabilities	**(138,395)**	(1,152,775)
Non-current portion	**4,672,720**	3,900,000

HK$'000

18. Share Capital

	30 June 2020 Unaudited	31 December 2019 Audited
Authorised: 10,000,000,000 (31 December 2019: 10,000,000,000) ordinary shares of HK$0.05 each	**500,000**	500,000
Issued and fully paid: 7,857,727,149 (31 December 2019: 7,857,727,149) ordinary shares of HK$0.05 each	**392,886**	392,886

19. Litigation and Contingent Liabilities

(a) In 2019, the EC Department completed an environmental inspection on KBM, a subsidiary of CCEL, in respect of the placement of industrial waste in the landfill without appropriate environmental permit for the five years from 2015 to 2019 and the industrial waste has to be recycled within 3 years. As a result, the Tax Authorities issued tax assessments for KZT19,878,050,000 on KBM in 2020 and the Group's share was HK$180,626,000. KBM made an appeal to the Court of Nur-Sultan requesting cancel the tax assessments. Up to the date of this report, no decision has been issued by the Court of Nur-Sultan.

KBM has paid the tax for the placement of industrial waste in the landfill. Neither the EC Department, nor any other legal act does not provide for the need to re-obtain an environmental permit in the case of non-recycling of industrial waste within 3 years. KBM has justifiable arguments for its tax position. Accordingly, no provision was made in respect of the tax assessments.

(b) In March 2017, KEER commenced the Shengli Oilfield Claim A. Pursuant to the Shengli Oilfield Claim A, KEER was seeking compensation from Tincy Group of RMB29,535,000 (HK$32,352,000) for, among other things, standby costs and expenses of labour and equipment, work slowdown losses, staying expenses and losses for overtime construction and loss of profits plus interest in respect of work it was sub-contracted to perform at the Hainan-Yuedong Block.

In July 2017, KEER applied to the Dalian Court to increase the compensation to RMB30,928,000 (HK$33,879,000). Court hearings in respect of the Shengli Oilfield Claim A were held in 2H 2017 to determine any contractual relationship between Tincy Group and KEER, any rights and obligations thereunder and whether the Shengli Oilfield Claim A had already lapsed.

In April 2019, KEER applied a cancellation of compensation to the Dalian Court. The court case was closed.

Subsequently, KEER commenced a joint legal claim action with a general contractor of Tincy Group. Pursuant to the Shengli Oilfield Claim B, KEER was seeking a compensation from Tincy Group of RMB30,938,000 (HK$33,890,000) in respect of loss of construction contract and relevant warranty plus interest. Certain bank amount of RMB35,000,000 (HK$38,339,000) has been frozen as a blockade fund by the Dalian Court. The general contractor applied to withdraw its legal claim from the Shengli Oilfield Claim B to the Dalian Court. The general contractor was requested as a third party by the Dalian Court to participate in the litigation.

Up to the date of this report, no decision has been issued by the Dalian Court.

HK$'000

20. Commitments

The Group's capital expenditure commitments are as follows:

	30 June 2020 Unaudited	31 December 2019 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**1,159,453**	1,239,391

In addition, the Group's share of a joint venture's capital expenditure commitments are as follows:

	30 June 2020 Unaudited	31 December 2019 Audited
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**59,114**	14,331

21. Related Party Transactions and Connected Transactions

In addition to the transactions and balances disclosed elsewhere in these Financial Statements, the Group had the following material transactions with its related parties:

(a)

Six months ended 30 June Unaudited	2020	2019
Ultimate holding company:		
Rental expenses	**1,454**	1,392
Subsidiaries of the ultimate holding company:		
Rental expense	**163**	1,730
Interest expenses on lease liability	**134**	—
Interest expense on other borrowings	**63,570**	90,444
Handling service fees	**2,364**	1,987
Management fee income	**1,066**	1,040
A joint venture:		
Rental income	**1,815**	1,866
Service fee income	**167**	167

The above transactions were made based on mutually agreed terms.

HK$'000

21. Related Party Transactions and Connected Transactions (continued)

(b) Outstanding balances with related parties:

	30 June 2020 Unaudited	31 December 2019 Audited
A subsidiary of the ultimate holding company:		
Other borrowing (note 17)	**3,900,000**	3,900,000
Lease liability	**10,387**	12,066

The above other borrowing is an unsecured loan having a tenor of five years commencing from June 2017. The loan is interest-bearing at LIBOR plus margin.

(c) Compensation paid to key management personnel of the Group was as follows:

Six months ended 30 June Unaudited	2020	2019
Salaries	**12,805**	13,407
Directors' fee	**435**	492
Housing allowances	**1,080**	1,194
Bonuses	**—**	100
Pension scheme contributions	**319**	807
	14,639	16,000

(d) The Group had total future minimum lease payments under non-cancellable operating leases with related parties falling due as follows:

	30 June 2020 Unaudited	31 December 2019 Audited
Within one year	**3,952**	6,078
In the second to fifth years, inclusive	**8,014**	9,878
	11,966	15,956

HK$'000

22. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, were as follows:

	Carrying amounts		Fair values	
	30 June 2020 Unaudited	31 December 2019 Audited	30 June 2020 Unaudited	31 December 2019 Audited
Financial assets				
Derivative financial instruments	**69,454**	355,888	**69,454**	355,888
	69,454	355,888	**69,454**	355,888
Financial liabilities				
Derivative financial instruments	**13,228**	7,116	**13,228**	7,116
Bank and other borrowings	**4,811,115**	5,052,775	**4,811,115**	5,052,775
	4,824,343	5,059,891	**4,824,343**	5,059,891

The fair values of financial assets included in prepayments, deposits and other receivables, trade receivables, pledged deposit, cash and cash equivalents, accounts payable, and financial liabilities included in accrued liabilities and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

Each principal subsidiary of the Company is responsible for its own fair value measurement of financial instruments. The finance team of the Company is responsible for the review and calibration of the parameters of the valuation processes. The valuation processes and results are discussed with the chief financial officer twice a year for interim and annual financial reporting purposes.

The fair values of the financial assets and liabilities are stated in the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

(a) The fair values of bank and other borrowings as well as lease liabilities were calculated by discounting the expected future cash flows using rates currently available for instruments which had similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as well as lease liabilities as at the end of the Period was assessed to be insignificant.

(b) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit quality. Derivative financial instruments, including forward currency contracts, forward commodity contracts, interest rate swap contracts, embedded derivative in provisional pricing arrangements, and the EHA2, were measured using valuation techniques similar to forward pricing and discounted cash flow models, which means using present value calculations. The fair values of forward currency contracts, forward commodity contracts, embedded derivative in provisional pricing arrangements, and the EHA2 were the same as their carrying amounts.

    (i) The fair values of forward currency contracts, forward commodity contracts and embedded derivative in provisional pricing arrangements were based on valuation techniques using significant observable market inputs and insignificant unobservable market inputs.

    (ii) The fair value of the EHA2 was based on valuation techniques using significant unobservable market inputs.

HK$'000

22. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Below is a summary of significant unobservable inputs to the valuation of a financial instrument together with a quantitative sensitivity analysis:

Derivative financial instrument Valuation technique	Significant unobservable inputs	Range 30 June 2020 Unaudited	 31 December 2019 Audited	Sensitivity of fair value to the changes in inputs
EHA2 Discounted cash flow method	Electricity price (per Mwh)	**A$ 41 to A$ 97**	A$ 72 to A$140	1% increase (decrease) in the electricity price would result in an increase (a decrease) in fair value by HK$3,356,000 (HK$3,356,000) (31 December 2019: HK$8,348,000 (HK$8,348,000))
	Discount rate	**0.27% to 0.36%**	0.85% to 1.03%	1% increase (decrease) in the discount rate would result in a decrease (an increase) in fair value by HK$484,000 (HK$143,000) (31 December 2019: HK$2,656,000 (HK$2,688,000))

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets measured at fair value:

	Fair value measurement using quoted prices in active markets (Level 1)	 significant observable inputs (Level 2)	 significant unobservable inputs (Level 3)	Total
30 June 2020 (unaudited)				
Derivative financial instrument	**—**	**—**	**69,454**	**69,454**
31 December 2019 (audited)				
Derivative financial instruments	—	3,790	352,098	355,888

HK$'000

22. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Liabilities measured at fair value:

	Fair value measurement using			
	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
30 June 2020 (unaudited)				
Derivative financial instruments	—	**11,361**	**1,867**	**13,228**
31 December 2019 (audited)				
Derivative financial instruments	—	7,116	—	7,116

During the Period, the Group did not have any transfer of fair value measurements between Level 1 and Level 2 nor any transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
30 June 2020 (unaudited)				
Bank and other borrowings	—	**4,811,115**	—	**4,811,115**
31 December 2019 (audited)				
Bank and other borrowings	—	5,052,775	—	5,052,775

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 A$ 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.

Financial Review

Group's financial results:

HK$'000

Operating results and ratios

	Six months ended 30 June 2020 Unaudited	2019 Unaudited	Increase / (decrease)
Revenue	**1,235,649**	1,828,363	(32.4%)
EBITDA [1]	**(138,479)**	743,246	N/A
Adjusted EBITDA [2]	**28,656**	1,113,997	(97.4%)
Profit/(loss) attributable to shareholders	**(430,809)**	362,051	N/A
Adjusted EBITDA coverage ratio [3]	**0.2 times**	5.9 times	
Earnings/(loss) per share (Basic) [4]	**(HK 5.48 cents)**	HK 4.61 cents	

Financial position and ratios

	30 June 2020 Unaudited	31 December 2019 Audited	Increase / (decrease)
Cash and cash equivalents	**1,153,996**	1,595,429	(27.7%)
Total assets *	**11,478,840**	12,668,010	(9.4%)
Total debt [5]	**4,901,606**	5,143,910	(4.7%)
Net debt [6]	**3,747,610**	3,548,481	5.6%
Equity attributable to shareholders	**5,520,103**	6,253,389	(11.7%)
Current ratio [7]	**2.6 times**	1.4 times	
Net debt to net total capital [8]	**40.4%**	36.2%	
Net asset value per share [9]	**HK$0.70**	HK$0.80	

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)
3 adjusted EBITDA / (finance costs + share of finance costs of a joint venture)
4 profit/(loss) attributable to shareholders / weighted average number of ordinary shares in issue during the period
5 bank and other borrowings + lease liabilities
6 total debt – cash and cash equivalents
7 current assets / current liabilities
8 net debt / (net debt + equity attributable to shareholders) x 100%
9 equity attributable to shareholders / number of ordinary shares in issue at end of period
* including capital expenditure in respect of exploration, development and mining production activities during the Period, totalling HK$106,520,000, (HK$301,589,000 during the full year of 2019)

The long-lasting of outbreak of the 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$266.1 million from the Group's investment in Karazhanbas oilfield as a result of shrunk in crude oil price and sale volume of crude oil. Depreciation of KZT also led to an unrealized translation loss of US$ 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 AWC and 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.

The following is a description of the operating activities in each of the Group's business segments during the Period, with a comparison of their results against those in 1H 2019.

Aluminium smelting

- The Group holds a 22.5% participating interest in the PAS JV. The PAS sources alumina and produces aluminium ingots.

Revenue	HK$387.6 million	(2019:	HK$575.7 million)	▼	33%
Segment results	a loss of HK$84.1 million	(2019: a loss of HK$43.4 million)		▲	94%

  The average selling price and sales volume decreased by 16% and 20%, mainly driven by the negative global economies impacts of the COVID-19 pandemic. Therefore, the revenue had a decrease of 33% as compared to 1H 2019. Despite cost of sales per tonne decreased by 13%, resulting from a lower alumina cost per tonne, the segment recorded a decrease in gross margin and a segment loss for the Period.

  The Group's aluminium smelting business is a net US$ denominated asset while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the period resulted in a net exchange gain of HK$2.7 million (2019: a net exchange loss of HK$2.4 million).

- In January 2017, the Group entered into EHA2. The EHA2 swaps a floating electricity price for a fixed electricity price to minimise the variability in cash flow. Hedge accounting has been applied to the EHA2.

  In accordance with HKFRSs, the EHA2 is considered to be a derivative financial instrument and revalued at the end of each reporting period during its term and on its expiry, based on forward market prices of electricity with its fair value gain or loss recognised in the consolidated statement of comprehensive income.

- In 1H 2019, an insurance claim of HK$22.8 million was received in compensating for the damage of business interruptions due to the Victorian transmission network power outage on 1 December 2016 and recorded in "Other income and gains" in the condensed consolidated income statement.

Coal

- The Group holds a 14% participating interest in the CMJV and interests in a number of coal exploration operations in Australia. The CMJV is a major producer of low volatile pulverized coal injection coal in the international seaborne market.

Revenue	HK$220.3 million	(2019: HK$318.5 million)	▼	31%
Segment results	a loss of HK$25.3 million	(2019: a profit of HK$9.2 million)		N/A

  With a lower market demand, triggered by the outbreak of the COVID-19 pandemic, average selling price and sales volume of coal decreased by 23% and 11% year-on-year, respectively. In additions, as the cost of sales per tonne increased by 8% due to a higher stripping ratio as compared to 1H 2019, the segment recorded a decrease in revenue, in gross margin and a segment loss for the Period.

  The Group's coal business is a net US$ denominated asset while most of its costs are payable in A$. Fluctuations between A$ and US$ throughout the year resulted in a net exchange gain of HK$5.5 million (2019: a net exchange loss of HK$0.1 million).

- In March 2020, the Group disposed of its interests in the Gundyer west coal tenements located in Central Queensland in Australia to Fitzroy Australia Resources Pty Ltd. As a result, a pre-tax gain on disposal of other assets of HK$15.3 million was recorded in "Other income and gains" in the condensed consolidated income statement.

- In 1H 2020, an exchange fluctuation reserve of HK$18.2 million was reclassified to profit or loss upon the deregistration of a foreign subsidiary. The amount was treated as a gain on deregistration of a subsidiary and recorded as "Other income and gains" in the condensed consolidated income statement.

Import and export of commodities

- Exported products include aluminium ingots, coal, iron ore, alumina and copper sourced from Australia and other countries for trade into China and other Asian countries. Imported products include steel, and vehicle and industrial batteries and tyres from China and other countries into Australia.

Revenue	HK$329.1 million	(2019: HK$430.4 million)	▼	24%
Segment results	HK$3.7 million	(2019: HK$ 29.9 million)	▼	88%

  Market and operating conditions remained difficult for the segment during the Period. Revenue and the segment result decreased by 24% and 88% respectively resulting from a drop of commodities prices when compared to 1H 2019.

  The Group's import and export of commodities business is a net US$ denominated asset while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange loss of HK$0.1 million (2019: a net exchange loss of HK$1.5 million).

Crude oil (the Seram Island Non-Bula Block, Indonesia)

- CITIC Seram, an indirect wholly-owned subsidiary of the Company, owns a 41% participating interest in the PSC until 31 October 2039. CITIC Seram is the operator of the Seram Block.

  As at 31 December 2019, in respect of the PSC, the Seram Block had estimated proved oil reserves of 2.3 million barrels as determined in accordance with the standards of the PRMS.

- For the Period, the segment results of CITIC Seram recorded a profit of HK$9.6 million (2019: a loss of HK$20.5 million). The following table shows a comparison of the performance of the Seram Block for the periods stated:

		1H 2020 (41%)	1H 2019 (41%)	Change
Average benchmark Mean of Platts Singapore (MOPS):				
Platts HSFO 180 CST Singapore	(US$ per barrel)	**33.9**	64.6	▼ 48%
Platts HSFO 380 CST Singapore	(US$ per barrel)	**32.7**	59.8	▼ 45%
Average crude oil realised price	(US$ per barrel)	**69.3**	—	N/A
Sales volume	(barrels)	**55,000**	—	N/A
Revenue	(HK$ million)	**29.9**	—	N/A
Total production	(barrels)	**115,000**	123,000	▼ 7%
Daily production	(barrels)	**632**	682	▼ 7%

  The sales volume and average realised crude oil price increased when compared to 1H 2019 as there was no crude oil sold in 1H 2019.

  Production decreased by 7% year-on-year due to natural decline of existing wells and change in the sharing method under current PSC. In May 2020, a new development well was drilled in the Seram Block and started to produce oil.

- Since no tax loss deduction was carried forward from previous PSC, during the Period, under current PSC, corporate income tax and branch tax based on the 1H 2020 pre-tax profit and profit after corporate income tax, were paid at a rate of 22% and 20%, respectively. An income tax expense of HK$8.3 million was debited to "Income tax expense" in the condensed consolidated income statement.

- The Lofin area has been plugged and abandoned since 2H 2015. CITIC Seram reactivated exploration activities in Lofin area during the Period.

- In August 2017, KUFPEC, which owned a 30% participating interest in the PSC at that time, filed a claim in the Queensland Court against CITIC Seram for US$1.6 million (HK$12.3 million) in respect of certain expenditure alleged by KUFPEC as unauthorised under the PSC. A provision for compensation loss of HK$6.5 million was debited to "Other expenses, net" in the condensed consolidated income statement for 1H 2019. In July 2019, CITIC Seram reached a settlement agreement with KUFPEC and the court case was closed.

Crude oil (the Hainan-Yuedong Block, China)

- CITIC Haiyue, an indirect wholly-owned subsidiary of the Company, owns a 90% interest in Tincy Group.

  Pursuant to a petroleum contract entered into with CNPC in February 2004, as supplemented by an agreement signed in May 2010, Tincy Group holds the right to explore, develop and produce petroleum from the Hainan-Yuedong Block until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with CNPC.

  As at 31 December 2019, the Yuedong oilfield had estimated proved oil reserves of 30.1 million barrels as determined in accordance with the standards of the PRMS.

- For the Period, the segment results of CITIC Haiyue recorded a profit of HK$8.2 million (2019: HK$192.6 million), being a 96% decrease. The following table shows a comparison of the performance of the Yuedong oilfield for the periods stated:

		1H 2020	1H 2019	
		(Tincy Group's share)		Change
Average benchmark quote:				
Platts Dubai crude oil	(US$ per barrel)	**40.6**	65.3	▼ 38%
Average crude oil realised price	(US$ per barrel)	**42.9**	65.5	▼ 35%
Sales volume	(barrels)	**807,000**	983,000	▼ 18%
Revenue	(HK$ million)	**268.8**	503.8	▼ 47%
Total production	(barrels)	**927,000**	1,011,000	▼ 8%
Daily production	(barrels)	**5,100**	5,590	▼ 9%

- When compared to 1H 2019, a 47% decrease in revenue was a result of a 35% decrease in the average crude oil realised price and a 18% decrease in sales volume filtered from decrease in production and postponement of its crude oil sales in response to low oil prices. Production decreased by 8% as compared to 1H 2019 which has been mainly due to natural phenomenon of sand-attack to existing wells in the Yuedong oilfield since 2H 2019, postponement of drilling new wells during COVID-19 pandemic and the natural decline of existing wells.

- Cost of sales per barrel slightly increased by 2% as compared to 1H 2019, which was mainly due to depreciation, depletion and amortisation per barrel increased by 3% as a result of a natural decline in estimated proved developed oil reserves. Direct operating cost per barrel was comparable to 1H 2019 mainly due to (a) an increase in repairs and maintenance costs as well as direct labour costs in order to minimise the negative impact on oil production caused by sand-attack; and (b) in contrast, a decrease in transportation fee because of drilling new wells and decrease in number of shipment usage to reduce human flows during COVID-19 pandemic.

- Under a stringent cost control program, only essential repairs and maintenance works have been deployed to maintain production level of existing wells. Drilling program has been resumed in 4Q 2019. Capital expenditure will continue to be applied in respect of drilling new wells in the Yuedong oilfield. It will also endeavour in promoting application of new technologies to improve productivity in the Yuedong oilfield.

- In March 2017, KEER commenced the Shengli Oilfield Claim A. Pursuant to the Shengli Oilfield Claim A, KEER was seeking compensation from Tincy Group of RMB29.5 million (HK$32.4 million) for, among other things, standby costs and expenses of labour and equipment, work slowdown losses, staying expenses and losses for overtime construction and loss of profits plus interest in respect of work it was sub-contracted to perform at the Hainan-Yuedong Block. Details of the Shengli Oilfield Claim A are set out in the announcement of the Company dated 29 March 2017.

In July 2017, KEER applied to the Dalian Court to increase the compensation to RMB30.9 million (HK$33.9 million). Court hearings in respect of the Shengli Oilfield Claim A were held in 2H 2017 to determine any contractual relationship between Tincy Group and KEER, any rights and obligations thereunder and whether the Shengli Oilfield Claim A had already lapsed.

In April 2019, KEER applied a cancellation of compensation to the Dalian Court. The court case was closed.

Subsequently, KEER commenced a joint legal claim action with a general contractor of Tincy Group. Pursuant to the Shengli Oilfield Claim B, KEER was seeking a compensation from Tincy Group of RMB30.9 million (HK$33.9 million) in respect of loss of construction contract and relevant warranty plus interest. Certain bank amount of RMB35.0 million (HK$38.3 million) has been frozen as a blockade fund by the Dalian Court. The general contractor applied to withdraw its legal claim from the Shengli Oilfield Claim B to the Dalian Court. The general contractor was requested as a third party by the Dalian Court to participate in the litigation.

Up to the date of this report, no decision has been issued by the Dalian Court.

Manganese

- The Group has an interest in manganese mining and production through its 34.39% equity interest in CDH, a company listed on the Main Board of the Stock Exchange. CDH is an associate of the Group and the Group is the single largest shareholder of CDH.

- CDH owns a 100% interest in the Daxin manganese mine, the Tiandeng manganese mine and the Waifu manganese mine in Guangxi Province, China; a 64% interest in the Changgou manganese mine in Guizhou Province, China; and a 51% interest in the Bembélé manganese mine in Gabon, West Africa. CDH is one of the largest vertically integrated manganese producers in the world, principally engaged in (a) manganese mining, ore processing and manganese downstream processing operations in China; (b) manganese mining and ore processing operations in Gabon, West Africa; and (c) trading of manganese products at various stages of the production chain.

  CDH owns a 29.99% interest in Greenway Mining, a company listed on the Main Board of the Stock Exchange (Stock Code: 2133). CDH has diversified its investment into the non-ferrous metal sector, changing itself from a pure manganese producer to an integrated mineral producer. In 1H 2020, CDH did not participate in the rights issue of Greenway Mining, immediately after the completion of the rights issue, CDH's percentage holding in Greenway Mining was reduced from 29.99% to 23.99%. Nevertheless, CDH continues to be the single largest shareholder of Greenway Mining. A one-off extraordinary non-cash loss of HK$92.4 million arising from the deemed disposal of CDH's equity interest in Greenway Mining was recognised by CDH and the Group's share was HK$31.8 million.

- The Group accounts for its share of profit or loss in CDH using the equity method.

Share of loss of an associate	HK$2.8 million	(2019: a profit of HK$29.6 million)	N/A

  The Group recorded a share of loss for the Period with respect to its interest in CDH. For the Period, the average selling prices of major manganese products were dropped substantially when compared to 1H 2019, this was mainly due to the adverse condition of manganese markets and the outbreak of the COVID-19 has constrained the growth of market demand. The above negative impacts were partially offset by a one-off gain on further acquisition of the remaining equity interest of a joint venture to become a wholly owned subsidiary of CDH.

  Detailed financial results of CDH are available on the websites of the Stock Exchange and CDH at http://www.hkexnews.hk and http://www.dameng.citic.com respectively.

Bauxite mining and alumina refining

- The Group has an interest in a world-class global portfolio of upstream mining and refining operations in the aluminium sector through its 9.6846% equity interest in AWC, a leading Australian company listed on the ASX (Stock Code: AWC). Other subsidiaries of CITIC Limited have a total 9.3775% equity interest in AWC. AWC is treated as an associate of the Group.

  AWC has significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture, the world's largest alumina producer.

- The Group accounts for its share of profit or loss in AWC using the equity method.

  Share of profit of an associate HK$74.1 million (2019: HK$164.5 million) ▼ 55%

  The Group recorded a share of profit in respect of its interest in AWC. For the Period, the Group recorded a drop in share of profit of AWC as a result of decrease in average selling price of alumina.

  During the Period, the Group received a dividend of HK$78.3 million (1H 2019: HK$306.7 million) from AWC.

  Detailed financial results of AWC are available on its website at http://www.aluminalimited.com.

Crude oil (the Karazhanbas oilfield, Kazakhstan)

- CITIC Oil & Gas Holdings Limited, an indirect wholly-owned subsidiary of the Company, and JSC KazMunaiGas Exploration Production, through CCEL, jointly own, manage and operate KBM. Effectively, the Group owns 50% of the issued voting shares of KBM (which represents 47.31% of the total issued shares of KBM).

  KBM is engaged in the development, production and sale of oil and holds the right to explore, develop, produce and sell oil from the Karazhanbas oilfield until 2035.

  As at 31 December 2019, the Karazhanbas oilfield had estimated proved oil reserves of 180.9 million barrels as determined in accordance with the standards of the PRMS.

- The Group accounts for its share of profit or loss in CCEL using the equity method.

  Share of loss of a joint venture HK$266.1 million (2019: a profit of HK$277.8 million) N/A

  The following table shows a comparison of the performance of the Karazhanbas oilfield for the periods stated:

		1H 2020 (50%)	1H 2019 (50%)	Change
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	**39.2**	66.0	▼ 41%
Dated Brent crude oil	(US$ per barrel)	**39.8**	66.3	▼ 40%
Average crude oil realised price	(US$ per barrel)	**31.5**	62.9	▼ 50%
Sales volume	(barrels)	**3,055,000**	3,638,000	▼ 16%
Revenue	(HK$ million)	**751.6**	1,785.7	▼ 58%
Total production	(barrels)	**3,383,000**	3,586,000	▼ 6%
Daily production	(barrels)	**18,600**	19,800	▼ 6%

When compared to 1H 2019, a 58% decreased in revenue during the Period was a result of a 50% decrease in the average crude oil realised price coupled with a 16% decrease in sales volume filtered from decrease in production. Production decreased by 6% as compared to 1H 2019 which is mainly due to the hits from both production limit imposed by government and the pandemic.

In CCEL's consolidated income statement, "Cost of sales" includes MET while "Selling and distribution costs" includes export duty and rent tax. Different progressive rates are applied in respect of these taxes. The applicable rate of MET is determined by reference to production volume whereas the applicable rates of export duty and rent tax are determined by reference to average oil prices.

MET is charged on production volume on a quarterly basis at rates per tonne by reference to the average oil price for the quarter. Export duty is charged on export volume on a monthly basis at rates per tonne by reference to the average oil price for the month. Rent tax is charged on export revenue on a quarterly basis at rates per US$ amount by reference to the average oil price for the quarter.

Cost of sales per barrel increased by 4% as compared to 1H 2019, of which (a) direct operating costs per barrel decreased by 2% mainly due to a 6% devaluation of KZT, the functional currency of KBM, had a favourable impact on the costs payable by KBM in KZT; and (b) depreciation, depletion and amortisation per barrel increased by 19% as a result of a write-back of a prior year provision for impairment in respect of certain oil and gas properties of KBM in 2019.

Selling and distribution costs per barrel decreased by 29% as compared to 1H 2019. As export duty and rent tax are charged at progressive rates which are determined by reference to average oil prices, export duty per barrel and rent tax per barrel decreased by 24% and 64%, respectively, in line with decreases in average oil prices.

- In 2019, the EC Department completed an environmental inspection on KBM in respect of the placement of industrial waste in the landfill without appropriate environmental permit for the five years from 2015 to 2019 and the industrial waste has to be recycled within 3 years. As a result, the Tax Authorities issued tax assessments on KBM in 2020 and the Group's share was HK$180.6 million. KBM made an appeal to the Court of Nur-Sultan requesting cancel the tax assessments. Up to the date of this report, no decision has been issued by the Court of Nur-Sultan.

  KBM has paid the tax for the placement of industrial waste in the landfill. Neither the EC Department, nor any other legal act does not provide for the need to re-obtain an environmental permit in the case of non-recycling of industrial waste within 3 years. KBM has justifiable arguments for its tax position. Accordingly, no provision was made in respect of the tax assessments.

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 million (HK$780 million).

Further details of the bank and other borrowings are set out in note 17 to these Financial Statements.

The Group leases certain plant and machinery for its aluminium and coal mine operations under finance leases. The lease liabilities arising from these fiance 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.

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme.

The Group operates the following contribution retirement benefit schemes for its employees:

(a) a defined scheme under the Government Law No.13/2003 of Indonesia for those employees in Indonesia who are eligible to participate;

(b) a defined scheme under the superannuation legislation of Australia for those employees in Australia who are eligible to participate; and

(c) a defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees in Hong Kong who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the above schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into these schemes.

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible persons.

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 ("**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 (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.

Directors' and Chief Executive's Interests in Shares and Underlying Shares

As at 30 June 2020, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO), or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required pursuant to the Model Code to be notified to the Company and the Stock Exchange are as follows:

Long positions in shares and underlying shares of the Company

Name of director	Nature of interest	Number of ordinary shares of HK$0.05 each held	Number of underlying shares pursuant to share options	Percentage of the total issued share capital of the Company
Mr. Sun Yang	Directly beneficially owned	4,000	—	—
Mr. Chan Kin ("**Mr. Chan**")	Corporate	786,558,488 *	—	10.01

* The figure represents an attributable interest of Mr. Chan through his interest in ASM Holdings. Mr. Chan is a significant shareholder of ASM Holdings.

Long positions in shares and underlying shares of associated corporations of the Company

Name of director	Name of associated corporation	Shares / equity derivatives	Number of shares / equity derivatives held	Nature of interest	Percentage of the total issued share capital of the associated corporation
Mr. Gao Pei Ji	CITIC Limited	Ordinary shares	20,000	Directly beneficially owned	—

Save as disclosed herein and so far as is known to the directors, as at 30 June 2020, none of the directors or the chief executive of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO), or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Share Option Scheme

To enable the Company to continue to grant share options as an incentive or reward to eligible persons, a new share option scheme was adopted by the Company on 27 June 2014 (the "**Share Option Scheme**"). Up to the date of this report, no share option has been granted under the Share Option Scheme.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2020, the interests and short positions of the substantial shareholders and other persons in the shares or underlying shares of the Company, as recorded in the register required to be kept under section 336 of the SFO, were as follows:

Name of shareholder	Nature of interest	Number of ordinary shares of HK$0.05 each held as long position		Percentage of the total issued share capital of the Company
中國中信集團有限公司 (CITIC Group Corporation)	Corporate	4,675,605,697	(1)	59.50
CITIC Limited	Corporate	4,675,605,697	(2)	59.50
CITIC Corporation Limited	Corporate	4,675,605,697	(3)	59.50
CITIC Projects Management (HK) Limited	Corporate	3,895,083,904	(4)	49.57
Keentech Group Limited	Corporate	3,895,083,904	(5)	49.57
CITIC Australia Pty Limited	Corporate	750,413,793	(6)	9.55
Argyle Street Management Holdings Limited	Corporate	786,558,488	(7)	10.01
Argyle Street Management Limited	Corporate	786,558,488	(8)	10.01
ASM Connaught House General Partner Limited	Corporate	786,558,488	(9)	10.01
ASM Connaught House General Partner II Limited	Corporate	786,558,488	(10)	10.01
ASM Connaught House Fund LP	Corporate	786,558,488	(11)	10.01
ASM Connaught House Fund II LP	Corporate	786,558,488	(12)	10.01
ASM Connaught House (Master) Fund II LP	Corporate	786,558,488	(13)	10.01
Sea Cove Limited	Corporate	786,558,488	(14)	10.01
TIHT Investment Holdings III Pte. Ltd.	Corporate	786,558,488	(15)	10.01

Notes:

(1) The figure represents an attributable interest of 中國中信集團有限公司 (CITIC Group Corporation) ("**CITIC Group**") through its interest in CITIC Limited. CITIC Group is a company established in China.

(2) The figure represents an attributable interest of CITIC Limited through its interest in CITIC Corporation Limited ("**CITIC Corporation**"). CITIC Limited, a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (Stock Code: 267), is owned as to 32.53% by CITIC Polaris Limited ("**CITIC Polaris**") and 25.60% by CITIC Glory Limited ("**CITIC Glory**"). CITIC Polaris and CITIC Glory, companies incorporated in the BVI, are direct wholly-owned subsidiaries of CITIC Group.

(3) The figure represents an attributable interest of CITIC Corporation through its interest in CITIC Projects Management (HK) Limited ("**CITIC Projects**"), CITIC Australia Pty Limited ("**CA**") and Fortune Class Investments Limited ("**Fortune Class**"). Fortune Class holds 30,108,000 shares representing 0.38% of the total issued share capital of the Company. CITIC Corporation, a company established in China, is a direct wholly-owned subsidiary of CITIC Limited. Fortune Class, a company incorporated in the BVI, is an indirect wholly-owned subsidiary of CITIC Corporation.

(4) The figure represents an attributable interest of CITIC Projects through its interest in Keentech Group Limited ("**Keentech**"). CITIC Projects, a company incorporated in the BVI, is a direct wholly-owned subsidiary of CITIC Corporation.

(5) Keentech, a company incorporated in the BVI, is a direct wholly-owned subsidiary of CITIC Projects.

(6) CA, a company incorporated in Australia, is a direct wholly-owned subsidiary of CITIC Corporation.

(7) The figure represents an attributable interest of ASM Holdings through its interest in ASM Limited, ASM Connaught House General Partner Limited ("**ASM General Partner**") and ASM Connaught House General Partner II Limited ("**ASM General Partner II**"). ASM Holdings is a company incorporated in the BVI.

(8) The figure represents an attributable interest of ASM Limited through its control of, by virtue of its position as investment manager of, ASM Connaught House Fund LP ("**ASM Fund LP**"), ASM Connaught House Fund II LP ("**ASM Fund II**") and ASM Connaught House (Master) Fund II LP ("**ASM (Master) Fund II**"). ASM Limited, a company incorporated in the BVI, is a direct wholly-owned subsidiary of ASM Holdings.

(9) The figure represents an attributable interest of ASM General Partner through its role as general partner of ASM Fund LP. ASM General Partner, a company incorporated in the Cayman Islands, is a direct wholly-owned subsidiary of ASM Holdings.

(10) The figure represents an attributable interest of ASM General Partner II through its role as general partner in ASM Fund II and ASM (Master) Fund II.

(11) The figure represents an attributable interest of ASM Fund LP through its interest in Albany Road Limited ("**Albany**"). Albany, a company incorporated in the BVI, is a direct wholly-owned subsidiary of ASM Fund LP.

(12) The figure represents an attributable interest of ASM Fund II through its interest in ASM (Master) Fund II.

(13) The figure represents an attributable interest of ASM (Master) Fund II through its interest in Caroline Hill Limited ("**Caroline**"). Caroline, a company incorporated in the BVI, is a direct wholly-owned subsidiary of ASM (Master) Fund II.

(14) The figure represents an attributable interest of Sea Cove Limited ("**Sea Cove**") through its interest in TIHT Investment Holdings III Pte. Ltd. ("**TIHT**"). Sea Cove, a company incorporated in the BVI, is owned as to more than one-third of the total issued share capital by Caroline and more than one-third of the total issued share capital by Albany.

(15) TIHT, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Sea Cove.

Save as disclosed herein and in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" (on page 36) and so far as is known to the directors, as at 30 June 2020, no person had an interest or a short position in the shares or underlying shares of the Company required to be recorded in the register to be kept under section 336 of the SFO.

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.

Specific Performance Obligations on Controlling Shareholder of the Company

The following disclosures are made in compliance with the disclosure requirements under rule 13.21 of the Listing Rules.

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$40,000,000 (HK$312,000,000) (the "**A Loan**"). The A Loan facility was expired on final maturity date on 15 May 2020.

Review of Accounts

The Audit Committee has reviewed this interim report with senior management of the Company.

On behalf of the Board
Sun Yufeng
Chairman

Hong Kong, 24 July 2020

Glossary of Terms

In this Interim report, unless the context otherwise requires, the following expressions have the following meanings:

A$	Australian dollar, the lawful currency of Australia
AWC	Alumina Limited
ASM Holdings	Argyle Street Management Holdings Limited
ASM Limited	Argyle Street Management Limited
ASX	Australian Securities Exchange
Audit Committee	Audit committee of the Company
Board	Board of directors
BVI	British Virgin Islands
CCEL	CITIC Canada Energy Limited
CDH	CITIC Dameng Holdings Limited
CITIC Haiyue	CITIC Haiyue Energy Limited
CITIC Seram	CITIC Seram Energy Limited
CMJV	Coppabella and Moorvale coal mines joint venture
CNPC	China National Petroleum Corporation
Company	CITIC Resources Holdings Limited
COVID-19	Coronavirus disease 2019
Dalian Court	Dalian Maritime Court
EC Department	The Department of Ecology, Kazakhstan
EHA2	Hedging agreement with several subsidiaries of AGL Energy Limited, an integrated renewable energy company listed on the ASX (Stock Code: AGL), in relation to the supply of electricity to the PAS from 1 August 2017 to 31 July 2021
Financial Statements	Interim condensed consolidated financial statements
Greenway Mining	Greenway Mining Group Limited

Hainan-Yuedong Block	Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, China
HK$	Hong Kong dollars, the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standard
HKFRSs	Hong Kong Financial Reporting Standards
HKICPA	Hong Kong Institute of Certified Public Accountants
Karazhanbas oilfield	Karazhanbas Oil and Gas Field in Mangistau Oblast, Kazakhstan
KBM	JSC Karazhanbasmunai
KEER	勝利油田科爾工程建設有限公司 (Shengli Oilfield KEER Engineering and Construction Co., Ltd.)
KUFPEC	Kuwait Foreign Petroleum Exploration Company
KZT	Tenge, the lawful currency of Kazakhstan
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LIBOR	London interbank offered rates
MET	Mineral extraction tax
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
PAS	Portland Aluminium Smelter
PAS JV	Portland Aluminium Smelter joint venture in Australia
Period	Six months ended 30 June 2020
PRMS	Petroleum Resources Management System
PSC	Production sharing contract which grants the right to explore, develop and produce petroleum from the Seram Block
Queensland Court	Supreme Court of Queensland
RMB	Renminbi, the lawful currency of China
Seram Block	Seram Island Non-Bula Block, Indonesia
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

Shengli Oilfield Claim A	Legal claim in the Dalian Maritime Court against Tincy Group
Shengli Oilfield Claim B	Joint legal claim action of KEER and a general contractor of Tincy Group in the Dalian Court against Tincy Group
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tax Authorities	Kazakhstan tax authorities
Tincy Group	Tincy Group Energy Resources Limited
US$	United States dollars, the lawful currency of the United States of America
Yuedong oilfield	Principal oilfield within Hainan-Yuedong Block, China

Note: The English names of the Chinese entities mentioned hereinabove are translated from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.

Investor Relations Contact

Suites 6701-02 & 08B
67/F, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong
Attention : Investor Relations Department
Telephone : (852) 2899 8200
Facsimile : (852) 2815 9723
E-mail : ir@citicresources.com

投資者關係聯絡

香港九龍柯士甸道西1號
環球貿易廣場67樓
6701-02及08B室
聯絡：投資者關係部
電話：(852) 2899 8200
傳真：(852) 2815 9723
電郵：ir@citicresources.com

http://resources.citic

Design and Production: i.Link Group Limited **www.ilinkfin.com**