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

(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

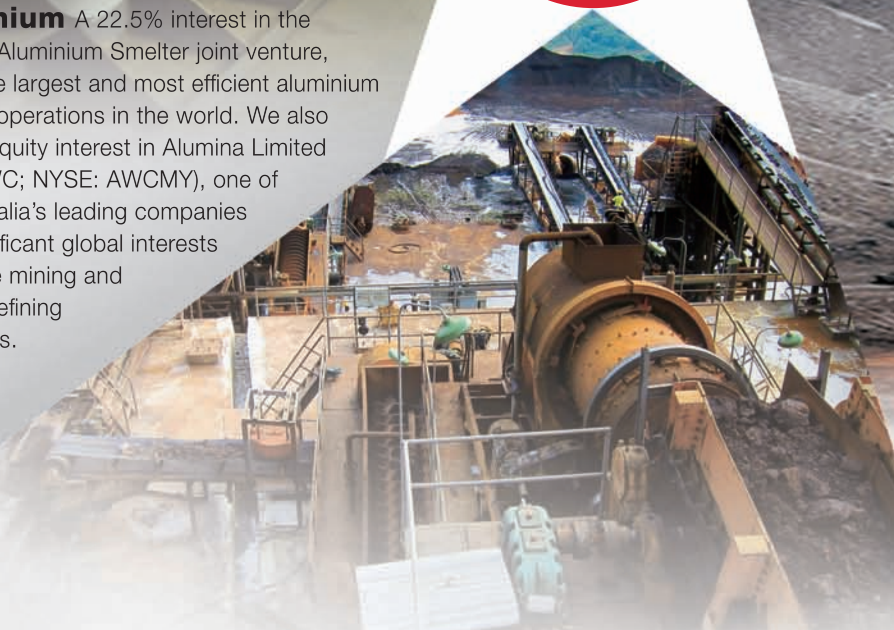
EYES ON FUTURE

ANNUAL REPORT 2013 年報

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.

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

Aluminium A 22.5% interest in the Portland Aluminium Smelter joint venture, one of the largest and most efficient aluminium smelting operations in the world. We also hold an equity interest in Alumina Limited (ASX: AWC; NYSE: AWCMY), one of the Australia's leading companies with significant global interests in bauxite mining and alumina refining operations.



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

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 certain interests in a number of coal exploration operations in Australia with significant resource potential.

Contents

目錄

Corporate Information (as at 21 February 2014)

Board of Directors

Executive Directors

Mr. Kwok Peter Viem *(Chairman)*
Mr. Zeng Chen
(Vice Chairman and Chief Executive Officer)
Mr. Guo Tinghu
Ms. Li So Mui

Non-executive Directors

Mr. Qiu Yiyong
Mr. Tian Yuchuan
Mr. Wong Kim Yin

Independent Non-executive Directors

Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Hu Weiping
Mr. Ngai Man

Audit Committee

Mr. Fan Ren Da, Anthony *(Chairman)*
Mr. Gao Pei Ji
Mr. Ngai Man

Remuneration Committee

Mr. Gao Pei Ji *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Ngai Man

Nomination Committee

Mr. Ngai Man *(Chairman)*
Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Kwok Peter Viem

Company Secretary

Ms. Li So Mui

Registered Office

Clarendon House
2 Church Street, Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

Suites 3001-3006, 30/F, One Pacific Place
88 Queensway, Hong Kong

Telephone : (852) 2899 8200
Facsimile : (852) 2815 9723
E-mail : ir@citicresources.com
Website : www.citicresources.com

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East, Hong Kong

Stock Code : 1205

Auditors

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 CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Development Bank Corporation
Mizuho Bank, Ltd.

Remarks:
1. Mr. Zeng Chen was re-designated as a non-executive director on 1 March 2014.
2. Mr. Qiu Yiyong was re-designated as an executive director and appointed the Chief Executive Officer on 1 March 2014.
3. Mr. Ngai Man passed away on 16 March 2014.
4. Tricor Tengis Limited will move to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong on 31 March 2014.

Chairman's statement

The Group's performance from its normal operating activities in 2013 was hampered by the continuing subdued recovery in the global economy. Key markets for the Group's energy and commodities products suffered from an overall contraction in demand and a softening in selling prices whilst operating costs and expenses generally increased. Exchange losses primarily from Australian dollar exchange rate fluctuations also negatively impacted the Group's operating results for the year. The business environment during 2013 has proved as challenging for the Group, if not more so, as in the immediate years following the global financial crisis.

During the year, the Group successfully extended its foothold in the upstream energy and metals sectors and enhanced its position as an integrated strategic natural resources provider. In February, the Group subscribed for a significant equity interest in Alumina Limited ("Alumina"), which has leading global interests in bauxite mining and alumina refining operations. In March, the Group exercised its right to acquire an additional 7% interest in the Coppabella and Moorvale coal mines joint venture (the "CMJV"), a major producer of low volatile pulverized coal injection coal.

Also during the year, as part of its ongoing effort to proactively manage its liquidity and capital structure, the Group completed a cash tender offer (the "Offer") in February with a total principal amount of US$201.08 million of its US$1,000,000,000 6.75% senior notes due May 2014 (the "Notes") repurchased.

Financial Results

The Group's performance in 2013 was primarily impacted by cyclical market volatility, demand contraction and softer energy and commodities prices. Total revenue of HK$39,319.2 million was recorded, representing a decrease of 8.0% over last year, with underlying EBIT dropping by 58.9% over last year to HK$492.4 million. A loss attributable to shareholders of HK$1,465.4 million was recorded for the year after taking into account of (i) a one-off expense of HK$91.5 million arising from the Offer; and (ii) a non-cash asset impairment loss of HK$1,688.8 million in respect of the Group's oil assets in China. As of 31 December 2013, the Group's total assets amounted to HK$27,886.0 million and equity attributable to shareholders was HK$11,667.7 million.

Business Review

The Group continues to position itself as an integrated provider of strategic natural resources and key commodities with businesses across energy, metals and the import and export of commodities sectors.

Crude oil

Thanks to the Group's conscious efforts to enhance oilfield productivity by means of more efficient deployment of suitable oil recovery techniques and better management of new wells, the Karazhanbas oilfield in Kazakhstan continued to be the major driver of the Group's crude oil business in 2013 with stable daily production at around 37,500 barrels (100% project basis) maintained. Going forward, medium to long term research and development plans have been devised with the aim of promoting sustainable development and production efficiency from the oilfield.

In addition, encouraging progress was made at the Yuedong oilfield in Liaoning Province, China, with the second artificial island, the subsea pipelines, the power supply system and the onshore oil/water processing plant put into operation together with the first artificial island in early November 2013. Following the release of a lower reserves estimate for the oilfield, the Board considered it prudent to provide for a non-cash asset impairment loss of HK$1,688.8 million, although the Group remains confident about the long term development of the project. Further construction and installation works will be progressively carried out to completion when the project will be expected to become a positive revenue contributor to the Group's oil portfolio.

In Indonesia, production in the Seram Block remained stable following new drilling and other measures implemented to supplement the natural decline of existing wells. The Group intends to drill new wells and carry out necessary repairs to existing wells to sustain and improve production. The Group will also continue exploration activities for reserves prospects in the Lofin area.

Coal

With the acquisition of an additional 7% interest in the CMJV in March 2013, the Group's coal asset investments now comprise a 14% interest in the CMJV and certain interests in a number of coal exploration operations in Australia where the Group works together with a subsidiary of Peabody Energy Corporation.

Profitability of the Group's coal segment was inevitably affected by tepid selling prices resulting from the sluggish steel industry. Taking into consideration the positive prospects brought about by long term sustainable demand for quality low volatile pulverized coal injection coal, in particular from emerging markets such as China, the Group is optimistic about the long term outlook for its coal business which remains a core business and a sector where the Group will continue to monitor suitable opportunities and investments.

Metals

The Group's strategic metal investments include interests in the Portland Aluminium Smelter joint venture, Alumina and CITIC Dameng Holdings Limited ("CDH").

During the year, revenue from the Group's aluminium segment came under strong pressure from softer selling prices due to oversupply of the metal. Nonetheless, these same conditions brought about an opportunity for the Group to acquire a strategic equity interest in Alumina, one of the Australia's leading companies with significant global interests in bauxite mining and alumina refining operations. The investment in Alumina enables the Group to gain exposure to a wealth of quality deposits of bauxite and a world-class global portfolio of upstream mining and refining operations.

The manganese segment is represented by the Group's interest in CDH. Owing to lower average product selling prices following global curtailment in steel production, CDH incurred a consolidated net loss and accordingly the Group recorded a share of loss for the year in respect of its interest in CDH.

Import and export of commodities

Sustained by long term international trading experience and strong worldwide connections with both suppliers and customers, the Group's import and export of commodities business delivered a satisfactory performance with relatively stable revenue amid the bearish commodities market. The Group will continue to leverage its strong expertise and established marketing networks, particularly in China, to identify and increase sales opportunities in the current uncertain economic conditions.

Financial Management

As a continuing effort to proactively manage its liability and improve its capital structure, the Group completed the Offer in February 2013 with a total principal amount of US$201.08 million of the Notes repurchased. Although a one-off expense of HK$91.5 million was incurred, the repurchase has effectively lowered the Group's future finance costs and partly addressed the refinancing needs of the Group in respect of the Notes. The Group will continue to proactively manage its liability in respect of the remaining outstanding Notes which are due in May 2014.

Outlook

Recurring concerns over international financial markets and continuing fragile worldwide economic recovery continue to strain the energy and commodities markets in 2014. In spite of these short term challenges, the Group, with the support from 中國中信集團有限公司 (CITIC Group Corporation) and strong business relationships worldwide, is well positioned to continue its long term goal to achieve sustainable growth through its focused diversification strategy.

Looking ahead, the Group intends to continue to develop and optimise its existing business investments. In particular, the commissioning of the second artificial platform at the Yuedong oilfield in late 2013 marked another major milestone in the development of the Group's oil asset portfolio. Apart from organic growth, the Group will also continue to assess potential investment opportunities to further expand its asset base and create value for shareholders.

Board Member Changes

In July 2013, Mr. Ju Weimin resigned from the posts of the chairman and a non-executive director of the Company and I was appointed the chairman of the Board and of the Company and an executive director of the Company at the same time. In September 2013, Mr. Zhang Jijing resigned as a non-executive director of the Company. On behalf of the Board, I would like to thank Mr. Ju and Mr. Zhang for their invaluable contribution to the Group.

Appreciation

2013 was a year full of challenges. I, on behalf of the Board, would like to express my deep thanks to my fellow directors, management and staff for their unremitting efforts and hard work for the business development of the Group. For myself and on behalf of the Board, I would like to express our sincere gratitude to our shareholders, customers, suppliers, bankers and business associates for their continued support.

Kwok Peter Viem
Chairman

Hong Kong, 21 February 2014

Management's Discussion and Analysis

The board of directors (the "**Board**") of CITIC Resources Holdings Limited (the "**Company**") presents the 2013 annual results of the Company and its subsidiaries (collectively, the "**Group**").

Financial Review

Group's financial results: **HK$'000**

Operating results and ratios

	Year ended 31 December 2013	2012 Restated	Decrease
Revenue	**39,319,183**	42,747,432	(8.0%)
Underlying EBIT [1]	**492,402**	1,197,238	(58.9%)
EBITDA [2]	**880,873**	1,465,591	(39.9%)
Loss attributable to shareholders	**(1,465,436)**	(1,283,923)	N/A
Loss per share (Basic) [3]	**(HK 18.63 cents)**	(HK 16.32 cents)	N/A
Gross profit margin [4]	**1.2%**	1.7%	
EBITDA coverage ratio [5]	**1.2 times**	1.9 times	

Financial position and ratios

	31 December 2013	2012 Restated	Increase/ (decrease)
Cash and cash equivalents	**6,994,039**	8,387,248	(16.6%)
Total assets *	**27,885,981**	26,307,512	6.0%
Total debt [6]	**13,689,009**	10,110,927	35.4%
Net debt [7]	**6,694,970**	1,723,679	288.4%
Equity attributable to shareholders	**11,667,692**	13,228,170	(11.8%)
Current ratio [8]	**1.5 times**	5.5 times	
Net debt to net total capital [9]	**36.5%**	11.5%	
Net asset value per share [10]	**HK$1.48**	HK$1.68	

1 loss before tax + finance costs + asset impairment losses + one-off expense of HK$91,498,000 arising from the partial repurchase of the Notes (as defined below)
2 underlying EBIT + depreciation + amortisation
3 loss attributable to shareholders / weighted average number of ordinary shares in issue during the year
4 gross profit / revenue x 100%
5 EBITDA / finance costs
6 bank and other borrowings + finance lease payables + bond obligations
7 total debt – cash and cash equivalents
8 current assets / current liabilities
9 net debt / (net debt + equity attributable to shareholders) x 100%
10 equity attributable to shareholders / number of ordinary shares in issue at end of year
* including the capital expenditure of the Group's exploration, development and mining production activities of HK$2,646,143,000 (2012: HK$956,174,000)

Management's Discussion and Analysis

Although the continuing fragile global economic recovery brought about reduced demand for energy and commodities and thus weaker product selling prices and sales in 2013, the Group's focused diversification strategy has to a certain extent managed to alleviate the impact with revenue decreasing by only 8.0% to HK$39,319.2 million.

Pressure on margins and overall higher operating costs have affected the Group's performance with underlying EBIT dropping by 58.9% to HK$492.4 million.

After taking into account a one-off expense of HK$91.5 million arising from the partial repurchase of the Group's US$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**") as well as non-cash asset impairment losses, a loss attributable to shareholders of HK$1,465.4 million was recorded in 2013.

With effect from 1 January 2013, the functional currency of the Group's Australian operations changed from the Australian dollar ("**A$**") to the United States dollar ("**US$**"). Most of their assets and income are denominated in US$ while they have their liabilities and operating expenses in both US$ and A$. The change helps facilitate the Group's financial management and eliminates the impact arising from the difference in the exchange rate between A$ and the Hong Kong dollar ("**HK$**") (as a presentation currency of the Group's financial statements) when the Group consolidates its financial results.

There was sharp depreciation of A$ against US$ during the year, affecting the Group's Australian operations. Though the depreciation of A$ benefited aluminium smelting and coal operations through lower costs, it had an adverse impact on the assets denominated in A$, particularly cash. As the functional currency has been changed as aforesaid, assets and liabilities denominated in A$ are required to be translated into US$ using the exchange rate ruling at the end of each reporting period and the exchange differences are recorded in the consolidated income statement. As a result, a net exchange loss arising from the revaluation of the A$ cash balance was recorded in respect of the year.

The following is a description of the Group's operating activities in each of the business segments in 2013, with a comparison of their results against those in 2012.

Aluminium smelting

• Revenue	HK$1,065.4 million	(2012: HK$1,221.8 million)	▼	13%
Segment results	HK$ 93.2 million	(2012: HK$ 70.5 million)	▲	32%

The Group holds a 22.5% participating interest in the Portland Aluminium Smelter joint venture (the "**PAS JV**").

- The decrease in revenue was due to a decrease in both aluminium selling prices and sales volume during the year. Average selling price decreased by 9% while sales volume decreased by 4% when compared to 2012. The decrease was mainly due to oversupply of aluminium ingot caused by overcapacity of smelting facilities and slowdown in economic growth globally.

  The curtailment program introduced in 3Q 2009 to reduce production by 15% will continue due to current market conditions.

- Attributable to the effectiveness of ongoing cost saving measures, overall production costs decreased during the year, in particular for power, alumina, carbon materials and labour. However, these cost benefits were offset by softer selling prices which led to a lower gross profit margin.

  The Group's aluminium smelting business is a net US$ denominated asset while certain costs are payable in A$. Though the depreciation of A$ had a favourable impact on the aluminium smelting operation, fluctuations between A$ and US$ throughout the year caused a net exchange loss of HK$45.6 million (2012: HK$0.2 million).

- Included in "Other income and gains" in the consolidated income statement is a gain of HK$114.5 million (2012: HK$53.9 million) arising from the revaluation of an embedded derivative.

  The pricing mechanism used in an electricity supply agreement signed between the Group and the State Electricity Commission of Victoria, Australia (the "**ESA**") includes a component that is subject to the price of aluminium. In accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), the component is considered to be an embedded derivative. The embedded derivative is revalued at the end of each reporting period based on future aluminium prices with its fair value gain or loss recognised in the consolidated income statement. On 31 December 2013, the aluminium forward price had decreased as compared to that on 31 December 2012 and the revaluation of the embedded derivative resulted in an unrealised gain.

  The revaluation of the embedded derivative has no cash flow consequences for operations but introduces volatility into the consolidated income statement.

- Also included in "Other income and gains" in the consolidated income statement is a deferred exchange gain of HK$187.7 million (2012: N/A) arising from the prepayment of US$46.0 million under a term loan in respect of the Portland Aluminium Smelter (the "**PAS**") during the year. The gain was realised from the hedging reserve.

- On 1 March 2010, a base load electricity contract was signed between the Group (together with the other joint venture partners of the PAS JV) and Loy Yang Power (an independent electricity supplier) (the "**EHA**"). The EHA effectively allows the PAS to secure electricity supply from 2016 through 2036 when the ESA expires in 2016. The pricing mechanism used in the EHA includes a component that is subject to certain escalation factors which, in turn, are affected by the consumer price index, producer price index and labour costs.

Coal

Revenue	HK$735.4 million	(2012:	HK$475.9 million)	▲	55%
Segment results	a loss of HK$104.7 million	(2012: a profit of HK$	7.4 million (restated))		N/A

  In March 2013, the Group completed the acquisition of an additional 7% participating interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**"), a major producer of low volatile pulverized coal injection coal, for an aggregate purchase price of A$107.1 million (HK$865.1 million). As at 31 December 2013, the Group held a 14% participating interest in the CMJV and certain interests in a number of coal exploration operations in Australia where the Group works together with Peabody Energy Australia PCI Pty Limited ("**Peabody Energy Australia**"), a subsidiary of Peabody Energy Corporation.

  Further details of the transaction are set out in the announcements of the Company dated 25 January and 2 April 2013.

- The increase in revenue was mainly due to the Group's acquisition of an additional 7% participating interest in the CMJV. As a result of the acquisition, sales volume increased by 96% when compared to 2012. Average selling price on the other hand decreased by 21% due to the cyclical softening commodity market conditions brought about by the global economic slowdown, particularly the sluggish steel industry.

- Attributable to the cost cutting measures implemented by Peabody Energy Australia and the effect of the depreciation of the A$ on production costs which are in local currency, production costs per tonne decreased by 12%. Nevertheless, gross profit margin was still substantially affected by the greater drop in the average selling price.

  The Group's coal business is a net US$ denominated asset while all costs are payable in A$. Though the depreciation of A$ had a favourable impact on the coal operation, fluctuations between A$ and US$ throughout the year caused a net exchange loss of HK$7.5 million (2012: HK$0.4 million).

- During the year, an impairment loss of HK$23.2 million was provided in respect of certain exploration and evaluation assets in the CMJV and charged to the consolidated income statement. It related to the Codrilla project, a greenfield prospect in the Bowen Basin, Queensland, Australia, where development has been suspended since late 2012.

Import and export of commodities

• Revenue	HK$37,198.4 million	(2012: HK$40,545.2 million)	▼	8%
Segment results	HK$ 397.3 million	(2012: HK$ 558.6 million)	▼	29%

CITIC Australia Trading Pty Limited ("**CATL**") conducts the Group's import and export of commodities business. Despite the contraction in commodities prices and demand resulting from the slowdown in the global economy, the business line delivered another satisfactory result amid the bearish commodities market. With strong expertise and established marketing networks, particularly in China, CATL managed to maintain relatively stable revenue for the year though the segment results were inevitably affected by thinner gross profit margin.

- Exported products include aluminium ingot, coal, iron ore, alumina and copper sourced from Australia and other countries to China.

  Due to the softening average selling prices and sales volume for most commodities, revenue from exports decreased by 8% as compared to 2012. To address the lower demand from China for iron ore and coal, there was a shift in product emphasis during the year.

- Imported products include steel, vehicle and industrial batteries and tyres from China and other countries and regions into Australia.

  Revenue of the imports division for the year experienced a decrease mainly due to a decrease in sales volume during the year.

- 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$51.8 million (2012: gain of HK$1.7 million).

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

- CITIC Seram Energy Limited ("**CITIC Seram**"), an indirect wholly-owned subsidiary of the Company, owns a 51% participating interest in the production sharing contract which grants the right to explore, develop and produce petroleum from the Seram Island Non-Bula Block, Indonesia (the "**Seram Block**") until 2019. CITIC Seram is the operator of the Seram Block.

  As at 31 December 2013, the Seram Block had estimated proved oil reserves of 6.1 million barrels (2012: 6.5 million barrels) as determined in accordance with the standards of the Petroleum Resources Management System (the "**PRMS**").

- For the year, the segment results of CITIC Seram recorded a profit of HK$28.0 million (2012: HK$7.7 million), representing an increase of 264%. The following table shows a comparison of the performance of the Seram Block:

		2013 (51%)	2012 (51%)	**Change**
Average benchmark Mean of Platts Singapore (MOPS): Platts HSFO 180 CST Singapore	(US$ per barrel)	**95.2**	103.2	▼ 8%
Average crude oil realised price	(US$ per barrel)	**91.7**	99.8	▼ 8%
Sales volume	(barrels)	**430,000**	422,000	▲ 2%
Revenue	(HK$ million)	**308.0**	328.1	▼ 6%
Total production	(barrels)	**431,000**	430,000	▲ 0%
Daily production	(barrels)	**1,180**	1,180	▲ 0%

  Decrease in revenue was due to lower oil realised prices resulting from weak demand for heavy oil in the Asian region during the year although there was a slight increase in sales volume. Production remained stable following new drilling and other measures implemented to supplement the natural decline of existing wells.

- Operating costs per barrel were lower when compared to 2012 as the exchange rate of Indonesian rupiah against HK$ had dropped more than 20% since 2012. However, depreciation, depletion and amortisation per barrel increased because of new wells and the lower estimated proved oil reserves as at 31 December 2013 as compared to those as at 31 December 2012, which offset part of the benefit brought by the depreciation of Indonesian rupiah.

  During the year, due to a change of the drilling plan, an impairment loss of HK$88.5 million was provided in respect of certain oil and gas properties of CITIC Seram and charged to the consolidated income statement.

  In 2012, included in "Other expenses, net" in the consolidated income statement is a write-off of items of property, plant and equipment of HK$67.3 million. The amount represents the write-off of the net book value of exploration wells which were determined not to have any further production in the near future.

- During the year, three development wells were drilled in the Oseil area. The first new well was put into production in 1H 2013 and the second one is producing gas to generate power for operations in the area. The third well was completed in early 2014 and the results of tests have confirmed the oil extraction probabilities. Development drilling will continue in the area.

- Although no exploration drilling was conducted in the year, the Group intends to drill new wells and carry out necessary repairs to existing wells to sustain and improve production.

  The Group will also continue exploration activities for reserves prospects in the Lofin area. After detailed study in 2013 on the seismic data and the data from the first exploration well, exploration in the Lofin area will continue.

Crude oil (the Hainan-Yuedong Block, China)

- CITIC Haiyue Energy Limited ("**CITIC Haiyue**"), an indirect wholly-owned subsidiary of the Company, owns a 90% interest in Tincy Group Energy Resources Limited ("**Tincy Group**").

  Pursuant to a petroleum contract entered into with China National Petroleum Corporation ("**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 in the Bohai Bay Basin in Liaoning Province, China (the "**Hainan-Yuedong Block**") until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with CNPC.

  As at 31 December 2013, the Yuedong oilfield (the "**Yuedong oilfield**"), the principal field within the Hainan-Yuedong Block, had estimated proved oil reserves of 22.4 million barrels (2012: 18.6 million barrels) as determined in accordance with the standards of the PRMS.

- For the year, the segment results of CITIC Haiyue recorded a loss of HK$173.7 million (2012: HK$176.5 million). The following table shows a comparison of the performance of the Yuedong oilfield:

		(Tincy Group's share) **2013**	2012	**Change**
Average benchmark end-market quotes:				
Dated Brent crude oil	(US$ per barrel)	**109.6**	112.5	▼ 3%
Average crude oil realised price	(US$ per barrel)	**100.0**	99.3	▲ 1%
Sales volume	(barrels)	**15,000**	230,000	▼ 93%
Revenue	(HK$ million)	**12.1**	176.4	▼ 93%
Total production	(barrels)	**164,000**	136,000	▲ 21%
Daily production	(barrels)	**2,870**	370	▲ 676%

  Oil production has been temporarily suspended since late 4Q 2012 to facilitate the construction and testing of a production system that connects Platform A (the first artificial island), Platform B (the second artificial island) and the onshore oil/water processing plant.

  Oil production resumed in 4Q 2013 following the full commissioning of the production system. Benefiting from the operation of the production system, the impact of weather and sea conditions on future oil production will be largely reduced.

- During the year, the Group made encouraging progress on the construction and installation of production facilities.

  Production facilities on Platform B, the subsea pipelines, the power supply system and the onshore oil/water processing plant became operational during the year.

  Further construction and installation works will be progressively carried out to completion.

- The drilling of production wells on Platform B helped a 20% increase in the proved oil reserves. However, at the end of the year, following the release of a lower probable and possible oil reserves estimate by an independent oil and gas consulting firm for the Yuedong oilfield, an impairment loss of HK$1,688.8 million was provided in respect of certain oil and gas properties of CITIC Haiyue and charged to the consolidated income statement.

- Nonetheless, the Group remains confident about the project's long term development and capital expenditure will continue to be applied in respect of further development of the Yuedong oilfield. Depending on the data to be collected from future drillings and the evaluation of the seismic data, adjustments may be made to the development plan.

Manganese

- The Group has an interest in manganese mining and production through its 38.98% equity interest in CITIC Dameng Holdings Limited ("**CDH**"), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock Code: 1091). CDH is an associate of the Group and the Group remains 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, engaged in the production and sale of manganese products at various stages of the production chain.

- Share of loss of an associate HK$108.2 million (2012: HK$181.9 million) N/A

  The Group recorded a share of loss in the consolidated net loss incurred by CDH and its subsidiaries (collectively, the "**CDH Group**") for the year. The CDH Group's performance continued to be affected by the global curtailment in steel production. Average selling prices of major manganese products dropped further due to sluggish demand for steel products, although the gross profit margin was greatly improved through a change in product emphasis.

  Raw materials prices decreased and certain cost control measures have been implemented to improve efficiency and to reduce production costs.

  Detailed financial results of the CDH Group, including management's discussion and analysis, 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

- In February 2013, to enhance its strategic foothold in the aluminium industry, the Group subscribed for 219,617,657 ordinary shares of Alumina Limited ("**Alumina**"), representing 7.826% of all ordinary shares of Alumina in issue, for an aggregate subscription price of A$271.2 million (HK$2,196.9 million). At the same time, a wholly-owned subsidiary of 中國中信集團有限公司 (CITIC Group Corporation) ("**CITIC Group**") also subscribed for 146,411,771 ordinary shares of Alumina, representing 5.217% of all ordinary shares of Alumina in issue.

Alumina is a leading Australian company listed on the Australian Securities Exchange (the "**ASX**") and the New York Stock Exchange (the "**NYSE**"). It has significant global interests in bauxite mining and alumina refining operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture, the world's largest alumina producer. The subscription for shares of Alumina provides the Group with the opportunity to invest in one of Australia's leading companies with a world-class global portfolio of upstream mining and refining operations in the aluminium sector. The investment in Alumina is in line with the Company's strategy of investing in upstream resources assets.

Further details of the transaction are set out in the announcement of the Company dated 14 February 2013.

- Share of profit of an associate HK$5.4 million (2012: N/A)

  As the Group has significant influence on Alumina, Alumina is considered an associate of the Group. The Group accounts for its investment in Alumina using the equity method. Therefore, the Group's share of the consolidated results of Alumina is included in "Share of profit of associates" in the consolidated income statement while the Group's shareholding in Alumina is classified as "Investments in associates" in the consolidated statement of financial position.

Crude oil (the Karazhanbas oilfield, Kazakhstan)

- CITIC Oil & Gas Holdings Limited ("**CITIC Oil & Gas**"), an indirect wholly-owned subsidiary of the Company, owns the **Kazakhstan Interests** which mainly comprise 50% of the issued voting shares of JSC Karazhanbasmunai ("**KBM**") (which represents 47.3% of the total issued shares of KBM). JSC KazMunaiGas Exploration Production ("**KMG EP**") holds an identical interest in KBM. The Group and KMG EP manage and operate KBM jointly.

  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 Oil and Gas Field in Mangistau Oblast, Kazakhstan (the "**Karazhanbas oilfield**") until 2020.

  As at 31 December 2013, the Karazhanbas oilfield had estimated proved oil reserves of 262.6 million barrels (2012: 270.6 million barrels) as determined in accordance with the standards of the PRMS.

- Share of profit of a joint venture HK$360.9 million (2012: HK$608.8 million (restated)) ▼ 41%

  Prior to 1 January 2013, the Group's share of the consolidated results of CITIC Canada Energy Limited ("**CCEL**"), a jointly controlled entity owned equally between CITIC Oil & Gas and KMG EP, had been accounted for by the Group using the proportionate consolidation method. Upon the adoption of HKFRS 11 Joint Arrangements effective for annual periods beginning on 1 January 2013, the Group was required to retrospectively account for its share of the consolidated results of CCEL using the equity method. Therefore, effective 1 January 2013, the Group's share of the consolidated results of CCEL is included in "Share of profit of a joint venture" in the consolidated income statement while the Group's shareholding in CCEL is classified as "Investment in a joint venture" in the consolidated statement of financial position.

  The adoption of HKFRS 11 has affected most line items in the Group's consolidated financial statements and resulted in decreases in, including but not limited to, revenue, underlying EBIT, EBITDA, total assets and liabilities.

The Group's share of the consolidated results of CCEL for 2012 and the Group's shareholding in CCEL as at 31 December 2012 have been restated to conform to HKFRS 11.

- The following table shows a comparison of the performance of the Karazhanbas oilfield:

		2013 (50%)	2012 (50%)	**Change**
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	**108.3**	110.7	▼ 2%
Dated Brent crude oil	(US$ per barrel)	**109.6**	112.5	▼ 3%
Average crude oil realised price	(US$ per barrel)	**97.0**	99.5	▼ 3%
Sales volume	(barrels)	**7,420,000**	7,366,000	▲ 1%
Revenue	(HK$ million)	**5,584.8**	5,686.6	▼ 2%
Total production	(barrels)	**6,853,000**	6,805,000	▲ 1%
Daily production	(barrels)	**18,800**	18,600	▲ 1%

Revenue decreased slightly as compared to 2012, attributable to lower oil realised prices but a slight increase in sales volume. Total oil production slightly increased in the year.

The Group has devised medium to long term research and development plans with the aim of promoting sustainable development and production efficiency from the oilfield.

- At KBM level, mineral extraction tax ("**MET**") is charged at progressive rates based on production volume and classified as cost of sales. Rent tax is charged on export revenue while export duty was charged at US$40 per tonne of oil exported (increased to US$60 per tonne effective 1 May 2013), and both are classified as selling costs.

Overall cost of sales increased by 10% when compared to 2012. During the year, average lifting costs increased to US$19.5 (2012: US$17.4) per barrel, representing a 12% increase, mainly caused by rising salaries and wages; repairs and maintenance; and electricity, gas and water supplies. Also, depreciation, depletion and amortisation increased by 14% (as a result of lower estimated proved oil reserves at the end of the year). MET decreased by 3% as a result of lower sales revenue.

During the year, selling costs increased by 6% while transportation costs increased by 14% when compared to 2012. Rent tax decreased by 2% as a result of lower export revenue whereas export duty increased by 27% due to an increase in the charge rate.

- In 2011, the Kazakhstan tax authorities completed a tax inspection on KBM for the three years from 2006 to 2008 and issued a tax assessment, including underpaid taxes, administration penalty and interest on late payment, (the "**Tax Assessment**") to KBM. The Group's 50% share was HK$80.3 million. KBM had made provisions in 2011 for part of the Tax Assessment and the Group's share was HK$25.3 million.

Despite several appeals to the courts subsequently, KBM was held liable for the Tax Assessment until final judgment handed down in December 2013 when KBM received a decision which was in its favour. Accordingly, at the end of the year, KBM wrote back part of the provisions made in 2011 and the Group's share was HK$8.4 million.

Further details of the Tax Assessment are set out in note 40 to the financial statements.

Liquidity, Financial Resources and Capital Structure

Cash

As at 31 December 2013, the Group had cash and cash equivalents of HK$6,994.0 million.

During the year, the major cash inflows included the drawdown of an aggregate of HK$5,304.0 million under the term loan facilities (as described below).

During the year, the major cash outflows included:

- the aggregate consideration of HK$1,661.9 million plus accrued interest paid for the partial repurchase of the Notes;
- the payment of HK$845.6 million, being part of the purchase price of the additional 7% participating interest in the CMJV;
- the subscription price of HK$2,196.9 million paid for the 7.826% equity interest in Alumina; and
- the prepayment of the secured bank loan of HK$358.8 million (as described below).

Borrowings

As at 31 December 2013, the Group had total debt of HK$13,689.0 million, which comprised:

- unsecured bank loans of HK$7,158.5 million;
- unsecured other loan of HK$273.0 million;
- finance lease payables of HK$70.2 million; and
- bond obligations of HK$6,187.3 million.

A bank loan of HK$358.8 million, secured by the Group's 22.5% participating interest in the PAS JV and outstanding as at 31 December 2012, was fully prepaid in June 2013.

Most transactions of CATL are debt funded which means CATL is highly geared. However, in contrast to term loans, CATL's borrowings are self liquidating, transaction specific and of short durations, matching the term of the underlying trade. When sale proceeds are received at the completion of a transaction, the related borrowings are repaid accordingly.

In June 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured 3-year term loan facility of US$380 million (HK$2,964 million) (the "**A Loan**"). In December 2012, US$140 million (HK$1,092 million) was drawn to refinance the final repayment of an unsecured 5-year term loan facility of US$280 million (HK$2,184 million) which was signed in January 2008. The remaining sum of US$240 million (HK$1,872 million) was fully drawn in June 2013 to finance the general corporate funding requirements of the Company. The outstanding balance of the A Loan as at 31 December 2013 was US$380 million.

In September 2012, the Company, as borrower, entered into a facility agreement with a bank as lender in respect of an unsecured 5-year term loan facility of US$40 million (HK$312 million) (the "**B Loan**") to finance the general corporate funding requirements of the Company. The B Loan was fully drawn in September 2013 and the outstanding balance as at 31 December 2013 was US$40 million.

In November 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility of US$400 million (HK$3,120 million) (the "**C Loan**") to finance the general corporate funding requirements of the Company. The C Loan has a tenor of 5 years commencing from the date of first utilisation, being 14 May 2013, subject to a put option requiring repayment on the date falling 3 years from such date. The C Loan was fully drawn in August 2013 and the outstanding balance as at 31 December 2013 was US$400 million.

Further details of the bank and other borrowings are set out in note 31 to the financial statements.

The Group leases certain of its plant and machinery for its coal mine operation. The leases are classified as finance leases. Further details of the finance lease payables are set out in note 32 to the financial statements.

The bond obligations represent the outstanding amount of the Notes issued by CITIC Resources Finance (2007) Limited ("**CR Finance**"), a direct wholly-owned subsidiary of the Company. The obligations of CR Finance under the Notes are guaranteed by the Company. The net proceeds of the Notes were used by the Group to facilitate the acquisition of the Kazakhstan Interests and for general working capital requirements. Further details of the bond obligations are set out in note 33 to the financial statements.

A cash tender offer (the "**Offer**") to repurchase part of the Notes was launched in early 2013 with a view to lowering the finance costs and managing the refinancing needs of the Group in respect of the Notes. In February 2013, the Offer was completed and a total principal amount of US$201.08 million (HK$1,568.4 million) of the Notes was repurchased by CR Finance at an aggregate consideration of HK$1,661.9 million plus accrued interest. The repurchase of the Notes resulted in a one-off expense of HK$91.5 million and the Notes repurchased were cancelled. Further details of the Offer are set out in the announcements of the Company dated 4 January, 18 January, 4 February and 7 February 2013.

As at 31 December 2013, the Group's net debt to net total capital was 36.5% (2012: 11.5% (restated)). Of the total debt, HK$7,086.0 million was repayable within one year, including mainly the outstanding amount of the Notes and trade finance.

Share capital

During the year, the Company issued a total of 2,790,000 ordinary shares of HK$0.05 each in the share capital of the Company as a result of the exercise of share options at an exercise price of HK$1.018 per share. The proceeds of the subscription amounted to HK$2.8 million and were received in cash.

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, an embedded derivative and an electricity hedge agreement. The purpose is to manage the foreign currency risk, price risk, interest rate risk and inflation risk arising from its operations and sources of finance.

Further details of the financial risk management objectives and policies are set out in note 46 to the financial statements.

New investments

In February 2013, the Group subscribed for 219,617,657 ordinary shares of Alumina for an aggregate subscription price of A$271.2 million (HK$2,196.9 million). Further details of the transaction are set out in the announcement of the Company dated 14 February 2013.

In March 2013, the Group completed the acquisition of an additional 7% participating interest in the CMJV for an aggregate purchase price of A$107.1 million (HK$865.1 million). Further details of the transaction are set out in the announcements of the Company dated 25 January and 2 April 2013.

Opinion

The Board is of the opinion that, after taking into account the existing available borrowing facilities and internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements.

Employees and Remuneration Policies

As at 31 December 2013, the Group had around 340 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. 11/1992 of the Indonesian government for those employees in Indonesia who are eligible to participate;

(b) a defined scheme under the superannuation legislation of the Australian government 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 participants who contribute to the success of the Group's operations.

Board of Directors and Senior Management

Directors

Mr. Kwok Peter Viem	*Chairman and Executive Director*
Mr. Zeng Chen	*Vice Chairman, Executive Director and Chief Executive Officer*
Mr. Guo Tinghu	*Executive Director*
Ms. Li So Mui	*Executive Director*
Mr. Qiu Yiyong	*Non-executive Director*
Mr. Tian Yuchuan	*Non-executive Director*
Mr. Wong Kim Yin	*Non-executive Director*
Mr. Fan Ren Da, Anthony	*Independent Non-executive Director*
Mr. Gao Pei Ji	*Independent Non-executive Director*
Mr. Hu Weiping	*Independent Non-executive Director*
Mr. Ngai Man	*Independent Non-executive Director*

Directors – Biographies

Mr. Kwok Peter Viem, aged 65, was appointed the Chairman and an executive director of the Company in July 2013, having previously held the same positions between 2000 and 2007. He was also appointed a member of the nomination committee of the Company, a position which he also held between 2006 and 2007. He is also a director of several subsidiaries of the Company. He is responsible for the strategic planning and corporate development of the Group. Mr. Kwok holds a Bachelor of Arts Degree in Commerce from the National Taiwan University, a Master of Philosophy Degree in Management Studies from the University of Hong Kong and a Doctoral Degree in Finance from the University of California, Berkeley. He is a director of Cathay Financial Holding Co., Ltd. (Stock Code: 2882.TW) listed on the Taiwan Stock Exchange. Mr. Kwok held senior positions with various international financial institutions and has over 37 years' experience in banking and corporate finance. He is a member of the National Committee of the Chinese People's Political Consultative Conference and a vice chairman of Committee for Liaison with Hong Kong, Macao, Taiwan and Overseas Chinese.

Mr. Zeng Chen, aged 50, is the Vice Chairman of the Company. He has been an executive director and the Chief Executive Officer of the Company since 2004 and 2010 respectively. He was the President of the Company between 2010 and 2011. He is also a director of several subsidiaries of the Company. He is responsible for the strategic and corporate development, management and operations of the Group. Mr. Zeng holds a Master's Degree in International Finance from Shanghai University of Finance and Economics. He is the chairman of CITIC Australia Pty Limited ("**CA**") and a non-executive director of CDH (Stock Code: 1091) listed on the Main Board of the Stock Exchange and Alumina listed on the ASX (Stock Code: AWC) and the NYSE (Stock Code: AWCMY). Mr. Zeng ceased to act as a non-executive director of Macarthur Coal Limited (delisted from the ASX in December 2011) and Marathon Resources Limited (listed on the ASX) in October 2011 and January 2014 respectively. Mr. Zeng has over 25 years' experience in business operations and development, project investment, asset restructuring and the natural resources industry.

Mr. Guo Tinghu, aged 52, joined in 2011 as an executive director of the Company. He is also a director of several subsidiaries of the Company. He is responsible for the business development and operations of the Group. Mr. Guo holds a Bachelor of Engineering Degree from Northeastern University in Shenyang and a Master's Degree in Engineering from Central Iron and Steel Research Institute in Beijing. He is the managing director of CA. Mr. Guo has over 25 years' experience in business operations and trading in various commodities.

Board of Directors and Senior Management

Ms. Li So Mui, aged 59, joined in 2000 as an executive director and the Company Secretary of the Company. She is also a director of several subsidiaries of the Company. She is responsible for the financial management and general administration of the Group. Ms. Li holds a Master's Degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the Association of International Accountants. Ms. Li has over 36 years' experience in the accounting and banking field.

Mr. Qiu Yiyong, aged 57, is a non-executive director of the Company. He was an executive director of the Company between 2002 and 2010, and was re-designated as a non-executive director of the Company in 2010. Mr. Qiu holds a Bachelor of Economics Degree from Xiamen University. He is a director of Keentech Group Limited, and the chairman and an executive director of CDH. Prior to joining CITIC Group in 2000, Mr. Qiu was a director of two companies listed on the Main Board of the Stock Exchange. Mr. Qiu has over 32 years' experience in investment management and the natural resources industry.

Mr. Tian Yuchuan, aged 49, is a non-executive director of the Company. He was an executive director of the Company between 2001 and 2004, and rejoined the Company as an executive vice president in 2008. He was an executive director of the Company between 2009 and 2010, and was re-designated as a non-executive director of the Company in 2010. Mr. Tian holds a Bachelor of Arts Degree from Beijing Foreign Studies University. He is an executive director and the chief executive officer of CDH, and an independent non-executive director of China Renewable Energy Investment Limited (Stock Code: 987) listed on the Main Board of the Stock Exchange. Mr. Tian held senior positions in several subsidiaries of CITIC Group between 1986 and 2004. He held high-level positions in several companies listed on the Stock Exchange and the Shenzhen Stock Exchange between 2004 and 2007. Mr. Tian has over 28 years' experience in multi-national businesses, corporate management, international equity investments and corporate finance.

Mr. Wong Kim Yin, aged 43, joined in 2008 as a non-executive director of the Company. Mr. Wong holds an Executive Master's Degree in Business Administration from the University of Chicago Graduate School of Business. He is a director and the group chief executive officer of Singapore Power Limited. Prior to joining Singapore Power Limited in 2012, Mr. Wong was a senior managing director of Temasek Holdings (Private) Limited and was responsible for investment portfolios in transportation, industrials and energy industries between 2004 and 2011. He worked for The AES Corporation, a power company listed on the NYSE, between 1995 and 2002 and was responsible for investments across Asia Pacific.

Mr. Fan Ren Da, Anthony, aged 53, joined in 2000 as an independent non-executive director of the Company. He is also a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Fan holds a Master's Degree in Business Administration from the United States of America. He is the chairman and managing director of AsiaLink Capital Limited. He is also an independent non-executive director of LT Holdings Limited (Stock Code: 112), Uni-President China Holdings Ltd. (Stock Code: 220), Raymond Industrial Limited (Stock Code: 229), Shanghai Industrial Urban Development Group Limited (Stock Code: 563), China Development Bank International Investment Limited (Stock Code: 1062), Technovator International Limited (Stock Code: 1206), Guodian Technology & Environment Group Corporation Limited (Stock Code: 1296), Renhe Commercial Holdings Company Limited (Stock Code: 1387), Hong Kong Resources Holdings Company Limited (Stock Code: 2882) and Tenfu (Cayman) Holdings Company Limited (Stock Code: 6868), all listed on the Main Board of the Stock Exchange. Mr. Fan ceased to act as an independent non-executive director of Chinney Alliance Group Limited (Stock Code: 385) (listed on the Main Board of the Stock Exchange) and Shenzhen World Union Properties Consultancy Co., Ltd. (Stock Code: 002285) (listed on the Shenzhen Stock Exchange) in June 2011 and July 2012 respectively. Mr. Fan held senior positions with various international financial institutions.

Board of Directors and Senior Management

Mr. Gao Pei Ji, aged 67, joined in 2011 as an independent non-executive director of the Company. He is also a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Gao holds a LL.M. Degree from the Law School of University of California, Berkeley. He has been admitted to practise law in China since 1984. He is a foreign legal consultant to Clifford Chance, Hong Kong office, providing advisory services to the firm on issues in relation to China. He was a partner of Clifford Chance between 1993 and 2007. Mr. Gao has extensive and diversified experience in general practice, including banking and finance, direct investment, international trade, construction contracts, arbitration and litigation in relation to financial matters, and insolvency.

Mr. Hu Weiping, aged 63, joined in 2012 as an independent non-executive director of the Company. Mr. Hu holds a Bachelor of Chemical Engineering Degree from Zhengzhou University. He is an independent director of GD Power Development Co., Ltd. (Stock Code: 600795) listed on the Shanghai Stock Exchange; and an independent non-executive director of China Rongsheng Heavy Industries Group Holdings Limited (Stock Code: 1101) listed on the Main Board of the Stock Exchange. Mr. Hu held senior positions with several departments of the National Development and Reform Commission of the People's Republic of China (the "**NDRC**") since 1991 and was a deputy director general of the Department of Oil & Natural Gas (National Oil Reserve Office), National Energy Administration of the NDRC between 2008 and 2011. Mr. Hu has over 35 years' experience in chemical engineering and the natural resources industry.

Mr. Ngai Man, aged 68, joined in 2006 as an independent non-executive director of the Company. He is also a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Ngai has been a senior adviser to the chairmen of Charoen Pokphand Group and Chia Tai Group since 1988. He is also a director of Longtime Company Limited and Orient Telecom & Technology Holdings Limited. Mr. Ngai has over 41 years' experience in various industries in South-east Asia including telecommunications, trading, hotels and leisure, petrochemicals, real estate and agriculture. In 1995, he was recognised as an "honorary citizen" by the Shenzhen Municipal Government.

Senior Management – Biographies

Mr. Cha Johnathan Jen Wah, aged 49, joined in 2005 as the General Counsel of the Company. He is a solicitor admitted in Hong Kong and in England and Wales. Mr. Cha has over 23 years' experience in mergers and acquisitions, corporate finance, regulatory and general commercial work.

Mr. Chung Ka Fai, Alan, aged 46, joined in 1997 as the Chief Accountant of the Company. He is a certified practising accountant of CPA Australia. Prior to joining the Company, Mr. Chung worked for various multi-national companies. Mr. Chung has over 23 years' experience in the accounting field.

Mr. Luk Kar Yan, aged 46, joined in 2005 as a vice president of the Company. He is responsible for the financial management of the Group. Mr. Luk holds a Bachelor of Social Sciences Degree from the University of Hong Kong and a Master's Degree in Business Administration from the Hong Kong University of Science and Technology. He is an associate member of the HKICPA. Mr. Luk has over 24 years' experience in banking and corporate finance.

Mr. Yang Zaiyan, aged 55, joined in 2009 as a vice president of the Company. He is responsible for the management, planning and development of the Group's oil investments and portfolio. Mr. Yang holds a Bachelor of Engineering Degree from Huadong Petroleum Institute and is a senior geologist. Prior to joining the Company, Mr. Yang was engaged in CNPC and Sinochem Group organisations. Mr. Yang has over 31 years' experience in the oil and gas industry.

Corporate Governance Report

The Company is committed to maintaining a good and sensible framework of corporate governance and to complying with applicable statutory and regulatory requirements with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company.

Compliance with the Corporate Governance Code

The Board is of the view that the Company has, for the year ended 31 December 2013, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct for dealings in the securities of the Company by its directors (the "**Securities Dealings Code**") that is based on the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules (or on terms no less exacting than the Model Code).

All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the year.

Board of Directors

As at 21 February 2014, the Board comprised a total of 11 members, with four executive directors, three non-executive directors and four independent non-executive directors:

Executive Directors:

Mr. Kwok Peter Viem	(Chairman)	(appointed on 22 July 2013)
Mr. Zeng Chen	(Vice Chairman and Chief Executive Officer)	
Mr. Guo Tinghu		
Ms. Li So Mui		

Non-executive Directors:

Mr. Ju Weimin	(Chairman)	(resigned on 22 July 2013)
Mr. Qiu Yiyong		
Mr. Tian Yuchuan		
Mr. Wong Kim Yin		
Mr. Zhang Jijing		(resigned on 18 September 2013)

Independent Non-executive Directors:

Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Hu Weiping
Mr. Ngai Man

The Board possesses a balance of skills, experience and diversity of perspective appropriate to the requirements of the business of the Company. Directors take decisions objectively in the interests of the Company. The directors, individually and collectively, are aware of their responsibilities and accountability to shareholders and for the manner in which the affairs of the Company are managed and operated.

The Group has diversity of management expertise in the energy resources and commodities sectors, including oil, aluminium, coal and manganese, and the accounting and banking field. The Board has the required knowledge, experience and capabilities to operate and develop the Group's businesses and implement its business strategies.

On appointment, each new director is briefed by management on the Group's corporate goals and objectives, activities and business, strategic plans and financial situations. A new director is also provided with a package of orientation materials in respect of the directors' duties and responsibilities under the Listing Rules, the bye-laws of the Company (the "**Bye-laws**"), corporate governance and financial reporting standards. The company secretary is responsible for keeping all directors updated on the Listing Rules and other regulatory and reporting requirements.

All directors are subject to re-election at regular intervals. The Bye-laws provide that any director appointed by the Board to fill a casual vacancy or as an additional director shall hold office only until the general meeting of the Company or the annual general meeting of the Company (the "**AGM**"), whichever shall be the earlier, next following his/her appointment and such director shall be eligible for re-election at that meeting. In addition, every director is subject to retirement at least once every three years following his/her re-election with the result that, at each AGM, one-third of the directors shall retire from office by rotation.

To the best of the knowledge of the Company, there is no financial, business, family or other material or relevant relationship between board members or between the chairman and the chief executive officer.

Under the leadership of the chief executive officer, management is responsible for executing the Board's strategy and implementing its policies through the day-to-day management and operations of the Group's businesses.

The Board determines which functions are reserved to the Board and which are delegated to management. It delegates appropriate aspects of its management and administrative functions to management. It also gives clear directions as to the powers of management, in particular, with respect to the circumstances where management must report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. These arrangements are reviewed periodically to ensure that they remain appropriate to the needs of the Company.

Important matters are reserved to the Board for its decision, including long term objectives and strategies, extension of the Group's activities into new business areas, appointments to the Board and the board committees, annual internal controls assessment, annual budgets, material acquisitions and disposals, material connected transactions, material banking facilities, announcements of interim and final results and payment of dividends.

Chairman and Chief Executive Officer

The role of the chairman is separate from that of the chief executive officer so as to delineate their respective areas of responsibility, power and authority. The chairman focuses on the Group's strategic planning while the chief executive officer has overall executive responsibility for the Group's development and management. They receive significant support from the directors and the senior management team.

The chairman has a clear responsibility to ensure that the whole Board receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable. The Board, led by the chairman, sets the overall direction, strategy and policies of the Company.

The chairman provides leadership for the Board to ensure that it works effectively, performs its responsibilities and acts in the best interests of the Company. He is also responsible for overseeing effective functioning of the Board and application of good corporate governance practices and procedures. The chairman seeks to ensure that all directors are properly briefed on issues arising at board meetings. He also encourages the directors to make full and active contributions to the Board's affairs, to voice their concerns or different views and ensure that the decisions fairly reflect the consensus.

Non-executive Directors

The non-executive directors (including the independent non-executive directors) are seasoned individuals from diversified backgrounds and industries and one member has appropriate accounting and related financial management expertise as required by the Listing Rules. With their expertise and experience, they serve the relevant function of bringing independent judgement and advice on the overall management of the Company. They take the lead where potential conflicts of interests arise. Their responsibilities include maintaining a balance between the non-controlling interests and the Company as a whole.

All independent non-executive directors are invited to participate in board meetings so that they are able to provide at such meetings their experience and judgement on matters discussed in the meetings.

The non-executive directors are appointed for an initial term of one year and thereafter from year to year, subject to re-election at the general meeting of the Company or the AGM, whichever shall be the earlier, next following their appointment and thereafter retirement by rotation and re-election at the AGMs in accordance with the Bye-laws.

The Company has received an annual confirmation of independence from each of the independent non-executive directors. The Company is of the view that all of the independent non-executive directors meet the guidelines for assessing independence as set out in rule 3.13 of the Listing Rules and considers them to be independent.

During the year, the chairman has held a meeting with the non-executive directors (including independent non-executive directors) without executive directors present.

Directors' Continuous Professional Development

During the year, to develop and refresh their knowledge and skills, all directors have participated in appropriate continuous professional development training which covered updates on laws, rules and regulations and also directors' duties and responsibilities. The following shows the training of each of the directors received during the year:

		Attending seminars / Briefings	Reading materials
Executive Directors:			
Mr. Kwok Peter Viem	(appointed on 22 July 2013)	–	✓
Mr. Zeng Chen		✓	✓
Mr. Guo Tinghu		–	✓
Ms. Li So Mui		✓	✓
Non-executive Directors:			
Mr. Qiu Yiyong		✓	✓
Mr. Tian Yuchuan		✓	✓
Mr. Wong Kim Yin		–	✓
Independent Non-executive Directors:			
Mr. Fan Ren Da, Anthony		✓	✓
Mr. Gao Pei Ji		✓	✓
Mr. Hu Weiping		–	✓
Mr. Ngai Man		–	✓

Board Meetings

Meetings of the Board are held regularly and at least four times a year at about quarterly intervals to approve, among other things, the financial results of the Company. Regular board meetings are scheduled in advance to give the directors an opportunity to attend. Directors can attend board meetings either in person or by electronic means of communication.

There was satisfactory attendance for board meetings, which evidences prompt attention of the directors to the affairs of the Company. A total of five board meetings were held in 2013.

All directors are invited to include matters in the agenda for regular board meetings.

If a substantial shareholder or a director has a conflict of interest in a material matter, a board meeting will be held. Independent non-executive directors who, and whose associates, have no material interest in the transaction will be present at such board meeting.

Efforts are made to ensure that queries of the directors are dealt with promptly. All directors have access to the advice and services of the company secretary with a view to ensuring that board procedures and all applicable rules and regulations are followed. The directors also have separate and independent access to senior management to make further enquiries or to obtain more information where necessary.

Board Committees

The Board has established a remuneration committee, a nomination committee and an audit committee. They are each established with specific written terms of reference which deal clearly with their respective authority and responsibilities.

There was satisfactory attendance for meetings of the board committees during the year. The minutes of the committee meetings are circulated to all members of the Board unless a conflict of interest arises. The committees are required to report back to the Board on key findings, recommendations and decisions.

Remuneration Committee

The purpose of the committee is to make recommendations to the Board on the remuneration policy and structure for all directors and senior management of the Group and the remuneration of all directors of each member of the Group.

The committee is responsible for making recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policy on all directors and senior management and for determining remuneration packages of individual executive directors and senior management. It also makes recommendations to the Board on the remuneration of non-executive directors (including independent non-executive directors).

The committee consults the chairman and/or the chief executive officer about their remuneration proposals for other executive directors.

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.

Members of the committee are:

Mr. Gao Pei Ji	(Independent Non-executive Director)	(Chairman)	
Mr. Fan Ren Da, Anthony	(Independent Non-executive Director)		
Mr. Ngai Man	(Independent Non-executive Director)		
Mr. Zhang Jijing	(Non-executive Director)		(resigned on 18 September 2013)

Three meetings were held and one written resolutions was signed in the year. Also, during the year, the committee reviewed and approved the performance-based remuneration package of each individual executive director and approved the salary payable, as well as the grant of share options of the Company, to the chairman of the Board.

Nomination Committee

The purpose of the committee is to lead the process for Board appointments and for identifying and nominating for the approval of the Board candidates for appointment to the Board.

The committee is responsible for reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, skills, knowledge and professional experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, considering candidates on merit and against objective criteria with due regard to the diversity policy of the Board (the "**Policy**"). The committee is also responsible for reviewing the Policy and the measurable objectives, the progress on achieving the objective, assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the vice chairman and the chief executive officer of the Company.

The committee consults the chairman of the Board about his proposals relating to the process for Board appointments and for identifying and nominating candidates as members of the Board.

The criteria for the committee to select and recommend a candidate for directorship include the candidate's skills, knowledge, experience and integrity and whether he/she can demonstrate a standard of competence commensurate with his/her position as a director of the Company.

Members of the committee are:

Mr. Ngai Man	(Independent Non-executive Director)	(Chairman)	
Mr. Fan Ren Da, Anthony	(Independent Non-executive Director)		
Mr. Gao Pei Ji	(Independent Non-executive Director)		
Mr. Kwok Peter Viem	(Executive Director)		(appointed on 22 July 2013)
Mr. Ju Weimin	(Non-executive Director)		(resigned on 22 July 2013)
Mr. Zhang Jijing	(Non-executive Director)		(resigned on 18 September 2013)

During the year, the committee resolved to recommend to the Board the appointment of the chairman of the Board.

Audit Committee

The purpose of the committee is to establish formal and transparent arrangements to consider how the Board applies financial reporting and internal control principles and maintain an appropriate relationship with the Company's external auditors and internal auditors.

The committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and considering any questions of its resignation or dismissal.

The committee reports to the Board any suspected fraud and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

Members of the committee are:

Mr. Fan Ren Da, Anthony	(Independent Non-executive Director)	(Chairman)
Mr. Gao Pei Ji	(Independent Non-executive Director)	
Mr. Ngai Man	(Independent Non-executive Director)	

The members of the committee possess appropriate professional qualifications and/or experience in financial matters. None of the committee members is or was a partner of the existing external auditors.

The committee meets as and when required to perform its responsibilities, and at least twice in each financial year of the Company. Two meetings were held in the year. During the year, the committee reviewed, together with senior management and the external auditors, the financial statements for the year ended 31 December 2012 and the financial statements for the six months ended 30 June 2013, the accounting principles and practices adopted by the Company, statutory compliance, other financial reporting matters, internal control systems and continuing connected transactions of the Company.

The committee has recommended to the Board (which endorsed the recommendation) that, subject to shareholders' approval at the forthcoming AGM, Ernst & Young be re-appointed as the Company's external auditors for 2014.

Attendance at Meetings of the Board and the Board Committees, and General Meetings

		Number of meetings held during the year Attended / Eligible to attend					
		Board	Remuneration committee	Nomination committee *	Audit committee	AGM held on 28 June 2013	SGM held on 6 December 2013
Executive Directors:							
Mr. Kwok Peter Viem	(appointed on 22 July 2013)	2/2				0/0	1/2
Mr. Zeng Chen		5/5				1/1	2/2
Mr. Guo Tinghu		5/5				1/1	2/2
Ms. Li So Mui		5/5				1/1	2/2
Non-executive Directors:							
Mr. Ju Weimin	(resigned on 22 July 2013)	3/3		1/1		1/1	0/0
Mr. Qiu Yiyong		5/5				1/1	0/2
Mr. Tian Yuchuan		5/5				1/1	2/2
Mr. Wong Kim Yin		4/5				1/1	2/2
Mr. Zhang Jijing	(resigned on 18 September 2013)	4/4	1/1	1/1		1/1	
Independent Non-executive Directors:							
Mr. Fan Ren Da, Anthony		5/5	3/3	1/1	2/2	1/1	2/2
Mr. Gao Pei Ji		5/5	3/3	1/1	2/2	1/1	2/2
Mr. Hu Weiping		5/5				1/1	2/2
Mr. Ngai Man		3/5	1/3	1/1	2/2	0/1	0/2

* by written resolutions signed by all the committee members

Corporate Governance Functions

The Board has the following responsibilities:

(a) to develop and review the Company's policies and practices on corporate governance; and to review the compliance with the CG Code and disclosures in the corporate governance report;

(b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(c) to review and monitor the training and continuous professional development of the directors and senior management; and

(d) to develop, review and monitor the code of conduct applicable to the directors and employees.

Financial Reporting

The directors acknowledge their responsibilities for preparing the financial statements for the Group. The directors are regularly provided with updates on the Company's businesses, potential investments, financial objectives, plans and actions.

The Board aims at presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. Management provides such explanation and information to the directors to enable the Board to make informed assessments of the financial and other matters put before the Board for approval.

The Board considers that, through a review made by the audit committee, the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function are adequate.

Internal Controls

The Board has overall responsibility for maintaining a sound and effective internal control system and for reviewing its effectiveness, particularly in respect of controls on financial, operational, compliance and risk management, to safeguard shareholders' investment and the Group's assets.

The internal control system is designed to provide reasonable, but not absolute, assurance. The system aims to eliminate, or otherwise manage, risks of failure in achieving the Company's objectives.

The internal audit team assesses and reports on the adequacy and effectiveness of the internal control system by performing necessary reviews and testing.

The chief financial officer reports to the audit committee once a year on key findings regarding internal controls. The audit committee, in turn, communicates any material issues to the Board.

During the year, the audit committee conducted a review of the effectiveness of the internal control system of the Group. The internal audit team reported that no serious deficiencies were identified. The Board therefore considered the internal control system of the Group effective and complied with the code provisions of the CG Code.

Auditors' Remuneration

Ernst & Young were re-appointed by shareholders at the AGM held on 28 June 2013 (the "**2013 AGM**") as the Company's external auditors until the next AGM. They are primarily responsible for providing audit services in connection with the financial statements of the Group for the year ended 31 December 2013.

For the year, Ernst & Young charged the Group HK$13,237,000 for the provision of audit services and HK$2,894,000 for the provision of non-audit services. The non-audit services included the tax advices and preparation of tax returns.

Shareholders' Rights

Procedures for shareholders to convene a special general meeting

Shareholders, holding at the date of the requisition not less than 10% of the paid-up capital of the Company carrying the right to vote at general meetings of the Company, shall at all times have the right, by written requisition to the Board or the company secretary, to require a general meeting (the "**SGM**") to be called by the Board for the transaction of any business specified in such requisition.

The requisitionists must state the purpose of the meeting and contact details in the requisition, sign and deposit the requisition at the principal place of business of the Company for the attention of the company secretary.

The SGM shall be held within two months from the deposit of the requisition. If the Board fails to proceed to convene the SGM within 21 days of such deposit, the requisitionists, or any of them representing more than 50% of the total voting rights of all of them, may convene the SGM by themselves in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended), but any SGM so convened shall not be held after the expiration of three months from the deposit of the requisition.

Procedures for putting forward proposals at general meetings

Shareholders holding not less than 5% of the total voting rights of all shareholders having a right to vote at the general meeting or not less than 100 shareholders can submit a written request stating a resolution to be moved at the AGM or a statement of not more than 1,000 words with respect to a matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The requisitionists must sign and deposit the written request or statement at the registered office of the Company and the principal place of business of the Company for the attention of the company secretary, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition.

If the written request is in order, the company secretary will ask the Board to include the resolution in the agenda for the AGM or, as the case may be, to circulate the statement for the general meeting, provided that the requisitionists have deposited a sum of money reasonably determined by the Board sufficient to meet the expenses in serving the notice of the resolution and/or circulating the statement submitted by the requisitionists in accordance with the statutory requirements to all the registered shareholders.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns with sufficient contact details to the Board at the principal place of business of the Company for the attention of the Investor Relations Department or e-mail to "ir@citicresources.com".

Communication with Shareholders and Investor Relations

To enhance transparency, the Company endeavours to maintain open dialogue with shareholders through a wide array of channels such as the AGMs and other general meetings. Shareholders are encouraged to participate in these meetings.

The Board will whenever it thinks fit and as required under the Bye-laws and the Listing Rules call general meetings for the purpose of asking shareholders to consider and, if thought fit, approving resolutions proposed by the Board; notably in relation to notifiable and/or connected transactions. In addition, the Company communicates with shareholders through the issue of announcements and press release.

A separate resolution is proposed for each substantially separate issue at a general meeting by the chairman of that meeting, including the election and re-election of a director.

The chairman of the Board, the chairman or member of each of the board committees and external auditors attend and answer questions at the AGM.

The chairman of the independent board committee is available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

The Company ensures compliance with the requirements about voting by poll contained in the Listing Rules and the Bye-laws. The representative of the share registrar of the Company is normally appointed as scrutineer of the votes cast by way of a poll. In relation to votes taken by way of a poll, their results are subsequently published on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.irasia.com/listco/hk/citicresources .

The Company is committed to providing clear and reliable information on the performance of the Group to shareholders through interim and annual reports. The website of the Company offers timely and updated information of the Group.

The Company holds press conferences with the media and briefings with investment analysts from time to time including following the announcement of financial results. Management also participates in investor conferences, one-on-one meetings, forums, luncheons, conference calls and non-deal road shows which enable the Company to better understand investors' concerns and expectations.

The Company maintains effective two-way communications with shareholders and other investors whose feedback is valuable to the Company in enhancing corporate governance, management and competitiveness. Comments and suggestions are welcome and can be sent to the principal place of business of the Company for the attention of the Investor Relations Department or e-mailed to "ir@citicresources.com".

Amendments to Bye-Laws and Adoption of New Bye-Laws

At the 2013 AGM, shareholders approved the amendments made to the Bye-laws to (i) reflect certain amendments to the Listing Rules, (ii) reflect certain amendments to the Companies Act 1981 of the laws of Bermuda, and (iii) incorporate certain housekeeping amendments (collectively, the "**Amendments**"). Details of the Amendments are set out in the circular of the Company dated 3 April 2013.

A new set of the Bye-laws which consolidates all of the Amendments and all previous amendments made to the Bye-laws was also adopted at the 2013 AGM. The new set of the Bye-laws is available on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.irasia.com/listco/hk/citicresources .

Report of the Directors

The directors present their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2013.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in notes 1 and 17 to the financial statements. During the year, there were no significant changes in the nature of the Group's principal activities.

The Group completed the following major acquisitions during the year:

(a) in February, the subscription for 219,617,657 ordinary shares of Alumina Limited ("**Alumina**") for an aggregate subscription price of A$271,228,000 (HK$2,196,945,000); and

(b) in March, the acquisition of an additional 7% participating interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") for an aggregate purchase price of A$107,057,000 (HK$865,095,000).

Segment Information

An analysis of the Group's revenue and results by principal operating activities and the Group's revenue and non-current assets by geographical area of operations for the year ended 31 December 2013 is set out in note 4 to the financial statements.

Results and Dividends

The Group's loss for the year ended 31 December 2013 and the state of affairs of the Group and of the Company at that date are set out in the financial statements on pages 41 to 145.

The directors do not recommend the payment of any dividend in respect of the year.

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the past five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 146. This summary does not form part of the audited financial statements.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group and of the Company during the year are set out in note 13 to the financial statements.

Share Capital and Share Options

Details of movements in the Company's share capital and share options during the year are set out in notes 36 and 37 to the financial statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the bye-laws of the Company (the "**Bye-laws**") or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 38(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

As at 31 December 2013, the Company had no reserves available for cash distribution. In accordance with the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution or payment of dividends to shareholders provided that the Company is able to pay off its debts as and when they fall due. The Company's share premium account, with a balance of HK$9,721,915,000 as at 31 December 2013, may be distributed in the form of fully paid bonus shares.

Charitable Contributions

During the year, the Group made charitable contributions totalling HK$31,000 (2012: HK$780,000).

Major Customers and Major Suppliers

In the year under review, sales to the Group's five largest customers accounted for 51.9% of the total sales for the year and sales to the largest customer included therein amounted to 13.0%. Purchases from the Group's five largest suppliers accounted for 82.9% of the total purchases for the year and purchases from the largest supplier included therein amounted to 73.1%.

中信金屬有限公司 (CITIC Metal Company Limited) ("**CITIC Metal**"), a wholly-owned subsidiary of 中國中信集團有限公司 (CITIC Group Corporation) ("**CITIC Group**"), is one of the Group's five largest customers. Details of the transactions are set out in the section headed "Continuing Connected Transactions" below.

Save as aforesaid, none of the directors or any of their associates or any shareholders (which, to the best of the knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Directors

The directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:

Mr. Kwok Peter Viem	(appointed on 22 July 2013)
Mr. Zeng Chen	
Mr. Guo Tinghu	
Ms. Li So Mui	

Non-executive Directors:

Mr. Ju Weimin	(resigned on 22 July 2013)
Mr. Qiu Yiyong	
Mr. Tian Yuchuan	
Mr. Wong Kim Yin	
Mr. Zhang Jijing	(resigned on 18 September 2013)

Independent Non-executive Directors:

Mr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Hu Weiping
Mr. Ngai Man

The non-executive directors, including independent non-executive directors, of the Company are appointed for an initial term of one year and thereafter from year to year and all of the directors, including executive directors, are subject to retirement by rotation and re-election in accordance with the Bye-laws.

In accordance with Bye-laws 87(1) and 87(2), Mr. Guo, Ms. Li, Mr. Fan and Mr. Gao will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting ("**AGM**").

The Company has received an annual confirmation of independence from each of the independent non-executive directors. The Company is of the view that all of the independent non-executive directors meet the guidelines for assessing independence as set out in rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and, as at the date of this report, still considers them to be independent.

Directors' Service Contracts

No director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' Remuneration

Directors' remuneration is determined by the Board with reference to the recommendations made by the remuneration committee. 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.

Directors' Interests in Contracts

During the year, no director had an interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

Save as disclosed herein and so far as is known to the directors, as at 31 December 2013, none of the directors or their respective associates was materially interested in any subsisting contract or arrangement which is significant in relation to the businesses of the Group taken as a whole.

Directors' Competing Interests

So far as is known to the directors, as at 31 December 2013, none of the directors or their respective associates had any interest in a business apart from the businesses of the Group which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

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

As at 31 December 2013, 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 Securities and Futures Ordinance (the "**SFO**")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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 for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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. Kwok Peter Viem	Directly beneficially owned	–	400,000,000	5.08
Ms. Li So Mui	Directly beneficially owned	2,388,000	–	0.03

Long positions in share options of the Company

Name of director	Number of share options directly beneficially owned
Mr. Kwok Peter Viem	400,000,000

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
Ms. Li So Mui	CITIC Dameng Holdings Limited	Ordinary shares	3,154	Directly beneficially owned	—
Mr. Qiu Yiyong	CITIC Dameng Holdings Limited	Share options	15,000,000	Directly beneficially owned	0.50
Mr. Tian Yuchuan	CITIC Dameng Holdings Limited	Share options	12,000,000	Directly beneficially owned	0.40
Mr. Gao Pei Ji	CITIC Pacific Limited	Ordinary shares	20,000	Directly beneficially owned	—

In addition to the above, one of the directors has non-beneficial shareholding interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed herein and in the section headed "Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares" below, and so far as is known to the directors, as at 31 December 2013:

(a) 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; and

(b) none of the directors was a director or employee of a company which had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above and in the section headed "Share Option Scheme" below, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate of the Group.

Share Option Scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the share option scheme are disclosed in note 37 to the financial statements.

The following table discloses movements in the Company's share options during the year:

Name and category of participant	Number of share options					Date of grant	Exercise period	Exercise price per share HK$
	At 1 January 2013	Exercised during the year (1)	Lapsed during the year (2)	Granted during the year (3)	At 31 December 2013			
Directors								
Mr. Kwok Peter Viem	—	—	—	400,000,000 (4)	400,000,000	06-11-2013	06-11-2014 to 05-11-2018	1.770
Mr. Zeng Chen	5,297,158	—	(5,297,158)	—	—	02-06-2005	02-06-2006 to 01-06-2013	1.018
Mr. Zeng Chen	5,301,374	—	(5,301,374)	—	—	28-12-2005	28-12-2006 to 27-12-2013	1.000
Ms. Li So Mui	2,165,524	(1,684,000)	(481,524)	—	—	02-06-2005	02-06-2006 to 01-06-2013	1.018
Mr. Zhang Jijing	10,594,315	—	(10,594,315)	—	—	02-06-2005	02-06-2006 to 01-06-2013	1.018
	23,358,371	(1,684,000)	(21,674,371)	400,000,000	**400,000,000**			
Eligible participants	11,700,408	(1,106,000)	(10,594,408)	—	—	02-06-2005	02-06-2006 to 01-06-2013	1.018
	35,058,779	(2,790,000)	(32,268,779)	400,000,000	**400,000,000**			

Notes:

(1) The weighted average closing price of the Company's shares immediately before the exercise date of the share options was HK$1.04 per share.

(2) No share option was cancelled during the year.

(3) The closing price of the Company's shares immediately before the date on which the share options were granted was HK$1.07 per share.

(4) The share options are subject to the following vesting conditions:

(i) 50% of the share options shall vest and be exercisable with effect from the first anniversary of the date of grant; and

(ii) the remaining 50% of the share options shall vest and be exercisable with effect from the second anniversary of the date of grant.

In respect of the share options granted during the year, their estimated fair value as at the date of grant was HK$12,000,000. The methodology to estimate such value is set out in note 37 to the financial statements.

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

As at 31 December 2013, 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, are as follows:

Name of shareholder	Nature of interest	Number of ordinary shares of HK$0.05 each held as long positions	Percentage of the total issued share capital of the Company
CITIC Group	Corporate	4,674,547,697 (1)	59.41
中國中信股份有限公司	Corporate	3,924,133,904 (2)	49.87
CITIC Projects Management (HK) Limited	Corporate	3,895,083,904 (3)	49.50
Keentech Group Limited	Corporate	3,895,083,904 (4)	49.50
CITIC Australia Pty Limited	Corporate	750,413,793 (5)	9.54
Temasek Holdings (Private) Limited	Corporate	901,909,243 (6)	11.46
Temasek Capital (Private) Limited	Corporate	576,247,750 (7)	7.32
Seletar Investments Pte. Ltd.	Corporate	576,247,750 (8)	7.32
Baytree Investments (Mauritius) Pte. Ltd.	Corporate	576,247,750 (9)	7.32

Notes:

(1) The figure represents an attributable interest of CITIC Group through its interest in 中國中信股份有限公司 (CITIC Limited) ("**CITIC Limited**") and CITIC Australia Pty Limited ("**CA**"). CITIC Group is a company established in China.

(2) The figure represents an attributable interest of CITIC Limited through its interest in CITIC Projects Management (HK) Limited ("**CITIC Projects**") and Extra Yield International Ltd. ("**Extra Yield**") which holds 29,050,000 shares representing 0.37% of the total issued share capital of the Company. CITIC Limited, a company established in China, is a wholly-owned subsidiary of CITIC Group. Extra Yield, a company incorporated in the British Virgin Islands (the "**BVI**"), is an indirect wholly-owned subsidiary of CITIC Limited.

(3) 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 Limited. Mr. Qiu Yiyong is a director of CITIC Projects.

(4) Keentech, a company incorporated in the BVI, is a direct wholly-owned subsidiary of CITIC Projects. Mr. Qiu Yiyong is a director of Keentech.

(5) CA, a company incorporated in Australia, is a direct wholly-owned subsidiary of CITIC Group. Mr. Zeng Chen is the chairman of CA and Mr. Guo Tinghu is the managing director of CA.

(6) The figure represents an attributable interest of Temasek Holdings (Private) Limited ("**Temasek Holdings**") through its interest in Temasek Capital (Private) Limited ("**Temasek Capital**") and Ellington Investments Pte. Ltd. ("**Ellington**") which holds 325,661,493 shares representing 4.14% of the total issued share capital of the Company. Temasek Holdings is a company incorporated in Singapore. Ellington, a company incorporated in Singapore, is an indirect wholly-owned subsidiary of Temasek Holdings.

(7) The figure represents an attributable interest of Temasek Capital through its interest in Seletar Investments Pte. Ltd. ("**Seletar**"). Temasek Capital, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Temasek Holdings.

(8) The figure represents an attributable interest of Seletar through its interest in Baytree Investments (Mauritius) Pte. Ltd. ("**Baytree**"). Seletar, a company incorporated in Singapore, is a direct wholly-owned subsidiary of Temasek Capital.

(9) Baytree, a company incorporated in Mauritius, is a direct wholly-owned subsidiary of Seletar.

Save as disclosed herein and so far as is known to the directors, as at 31 December 2013, 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.

Continuing Connected Transactions

During the year, the Group had the following continuing connected transactions.

(a) On 8 November 2010, CITIC Australia Commodity Trading Pty Limited ("**CACT**") entered into a cooperation agreement (the "**2011 Cooperation Agreement**") with CITIC Metal, which provides a framework to enable CACT to continue with the sale of iron ore and to engage in the sale of coal to CITIC Metal during the three years ended 31 December 2013, and in each case in accordance with the terms of the 2011 Cooperation Agreement and subject to their respective annual caps. The prices paid by CITIC Metal in respect of its purchase of iron ore and coal from CACT are determined on an arm's length basis and with reference to prevailing market prices.

CACT is an indirect wholly-owned subsidiary of the Company. CITIC Metal is a wholly-owned subsidiary of CITIC Group, and is a connected person of the Company. The transactions under the 2011 Cooperation Agreement constitute continuing connected transactions of the Company. Details of the 2011 Cooperation Agreement, transactions and annual caps for the three years ended 31 December 2013 are set out in the announcement of the Company dated 8 November 2010 and the circular of the Company dated 29 November 2010.

During the year, the total sales of iron ore and coal by CACT to CITIC Metal did not exceed their respective approved annual caps of US$500,000,000 (HK$3,900,000,000) and US$132,000,000 (HK$1,029,600,000).

(b) On 11 October 2013, CACT entered into a new cooperation agreement (the "**2014 Cooperation Agreement**") with CITIC Metal, which provides a framework to enable CACT to continue with the sale of iron ore and coal, and to engage in the sale of alumina and other commodities, to CITIC Metal during the three years ending 31 December 2016, and in each case in accordance with the terms of the 2014 Cooperation Agreement and subject to the annual caps. The prices payable by CITIC Metal in respect of its purchase of iron ore, coal, alumina and other commodities from CACT are determined on an arm's length basis and with reference to applicable prevailing market prices.

CITIC Metal is a connected person of the Company. The transactions under the 2014 Cooperation Agreement constitute continuing connected transactions of the Company. Details of the 2014 Cooperation Agreement, transactions and annual caps for the three years ending 31 December 2016 are set out in the announcement of the Company dated 11 October 2013 and the circular of the Company dated 4 November 2013.

The independent non-executive directors have reviewed the above continuing connected transactions and confirmed that the continuing connected transactions were entered into:

(a) in the ordinary and usual course of business of the Group;
(b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and
(c) in accordance with the relevant contract on terms that are fair and reasonable and in the interests of shareholders as a whole.

The Board has received a letter from the auditors of the Company confirming that nothing has come to their attention that the above continuing connected transactions:

(a) have not received the approval of the Board;
(b) are not, in all material respects, in accordance with the pricing policies of the Group;
(c) have not been entered into, in all material respects, in accordance with their respective contracts; and
(d) have exceeded their respective approved annual caps as disclosed above for the year.

The Company has complied with the applicable requirements under Chapter 14A of the Listing Rules in respect of continuing connected transactions engaged in by the Group.

The related party transactions are set out in note 43 to the financial statements. Apart from the continuing connected transactions disclosed above, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules that are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 June 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured 3-year term loan facility of US$380,000,000 (HK$2,964,000,000) (the "**A Loan**").

In September 2012, the Company, as borrower, entered into a facility agreement with a bank as lender in respect of an unsecured 5-year term loan facility of US$40,000,000 (HK$312,000,000) (the "**B Loan**").

In November 2012, the Company, as borrower, entered into a facility agreement with a syndicate of financial institutions as lenders in respect of an unsecured term loan facility of US$400,000,000 (HK$3,120,000,000) (the "**C Loan**"). The C Loan has a tenor of 5 years commencing from the date of first utilisation, being 14 May 2013, subject to a put option requiring repayment on the date falling 3 years from such date.

Pursuant to the provisions of each of the above facility agreements, if CITIC Group ceases to remain (directly or indirectly) the single largest shareholder of the Company or ceases to beneficially (directly or indirectly) own at least 35% of the entire issued share capital of the Company, then (a) in respect of the A Loan, the lenders holding 66-2/3% or more of the A Loan then outstanding may require mandatory prepayment of the A Loan together with all other sums due; (b) in respect of the B Loan, the lender may require mandatory prepayment of the B Loan together with all other sums due; and (c) in respect of the C Loan, the lenders holding 66-2/3% or more of the C Loan then outstanding may require mandatory prepayment of the C Loan together with all other sums due.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital is held by the public as at the date of this report.

Audit Committee

The Company has an audit committee which was established in compliance with rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors.

The audit committee has reviewed the financial statements with management of the Company.

Auditors

Ernst & Young shall retire, and a resolution for their reappointment as auditors of the Company will be proposed, at the forthcoming AGM.

On behalf of the Board
Kwok Peter Viem
Chairman

Hong Kong, 21 February 2014

EY 安永

To shareholders of CITIC Resources Holdings Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CITIC Resources Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 41 to 145, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

21 February 2014

Year ended 31 December HK$'000

Consolidated Income Statement

	Notes	2013	2012 Restated
REVENUE	5	**39,319,183**	42,747,432
Cost of sales		**(38,835,582)**	(42,030,817)
Gross profit		**483,601**	716,615
Other income and gains	5	**616,790**	588,230
Selling and distribution costs		**(26,210)**	(59,234)
General and administrative expenses		**(369,749)**	(375,379)
Other expenses, net		**(561,580)**	(99,868)
Finance costs	9	**(731,087)**	(769,635)
Share of profit/(loss) of:			
Associates		**(102,839)**	(181,893)
A joint venture		**360,891**	608,767
		(330,183)	427,603
Impairment of investment in an associate		**—**	(1,502,000)
Provision for impairment of items of property, plant and equipment	13	**(1,777,308)**	—
Provision for impairment of other assets	16	**(23,233)**	(21,289)
LOSS BEFORE TAX	6	**(2,130,724)**	(1,095,686)
Income tax credit/(expense)	10	**527,870**	(205,263)
LOSS FOR THE YEAR		**(1,602,854)**	(1,300,949)
ATTRIBUTABLE TO:			
Shareholders of the Company	11	**(1,465,436)**	(1,283,923)
Non-controlling interests		**(137,418)**	(17,026)
		(1,602,854)	(1,300,949)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS OF THE COMPANY	12	**HK cents**	HK cents
Basic		**(18.63)**	(16.32)
Diluted		**(18.63)**	(16.32)

Year ended 31 December HK$'000

Consolidated Statement of Comprehensive Income

	Notes	2013	2012 Restated
LOSS FOR THE YEAR		**(1,602,854)**	(1,300,949)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**696**	(6,900)
Reclassification adjustment for gains included in the consolidated income statement – gain on disposal	5	**(9,524)**	—
Income tax effect		**3,586**	2,070
		(5,242)	(4,830)
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	27	**(92,180)**	83,567
Reclassification adjustment for gains included in the consolidated income statement	27	**(198,038)**	(19,511)
Income tax effect	27	**83,109**	(17,856)
		(207,109)	46,200
Exchange differences on translation of foreign operations		**97,771**	172,439
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		**(114,580)**	213,809
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain on defined benefit plan:			
Changes in fair value		**28,904**	—
Income tax effect		**(8,671)**	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**20,233**	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(94,347)**	213,809
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,697,201)**	(1,087,140)
ATTRIBUTABLE TO:			
Shareholders of the Company	11	**(1,572,347)**	(1,072,854)
Non-controlling interests		**(124,854)**	(14,286)
		(1,697,201)	(1,087,140)

HK$'000

Consolidated Statement of Financial Position

	Notes	**31 December 2013**	31 December 2012 Restated	1 January 2012 Restated
NON-CURRENT ASSETS				
Property, plant and equipment	13	**6,732,880**	6,856,345	6,176,922
Prepaid land lease payments	14	**22,822**	22,874	—
Goodwill	15	**24,682**	24,682	24,682
Other assets	16	**992,643**	356,985	370,671
Investments in associates	20	**4,060,832**	1,825,041	3,496,690
Investment in a joint venture	21	**2,231,903**	1,924,829	1,339,183
Available-for-sale investments	22	**1,820**	26,047	32,584
Prepayments, deposits and other receivables	23	**440,414**	387,790	593,312
Derivative financial instruments	27	**—**	114,801	23,272
Deferred tax assets	35	**174,610**	122,146	94,587
Total non-current assets		**14,682,606**	11,661,540	12,151,903
CURRENT ASSETS				
Inventories	24	**1,300,099**	821,990	1,480,068
Trade receivables	25	**2,039,010**	1,849,673	1,716,364
Prepayments, deposits and other receivables	23	**2,612,248**	3,388,573	4,068,028
Equity investments at fair value through profit or loss	26	**3,029**	3,029	2,963
Derivative financial instruments	27	**38,817**	489	38,795
Other assets	16	**184,215**	194,970	—
Tax recoverable		**31,918**	—	—
Cash and cash equivalents	28	**6,994,039**	8,387,248	10,456,728
Total current assets		**13,203,375**	14,645,972	17,762,946
CURRENT LIABILITIES				
Accounts payable	29	**958,307**	822,541	973,657
Tax payable		**—**	97,253	1,356,700
Accrued liabilities and other payables	30	**826,255**	562,952	442,710
Derivative financial instruments	27	**—**	3,042	8,410
Bank and other borrowings	31	**883,032**	1,106,757	2,190,132
Finance lease payables	32	**15,614**	9,623	7,964
Bond obligations	33	**6,187,321**	—	—
Provisions	34	**76,812**	49,996	47,096
Total current liabilities		**8,947,341**	2,652,164	5,026,669
NET CURRENT ASSETS		**4,256,034**	11,993,808	12,736,277
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,938,640**	23,655,348	24,888,180

HK$'000

Consolidated Statement of Financial Position

	Notes	31 December 2013	31 December 2012 Restated	1 January 2012 Restated
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,938,640**	23,655,348	24,888,180
NON-CURRENT LIABILITIES				
Bank and other borrowings	31	**6,548,423**	1,341,101	1,452,305
Finance lease payables	32	**54,619**	33,760	42,446
Bond obligations	33	**—**	7,619,686	7,666,272
Deferred tax liabilities	35	**66,840**	674,687	636,171
Derivative financial instruments	27	**97,305**	195,907	240,574
Provisions	34	**464,007**	390,033	326,695
Other payable		**46,064**	53,460	104,611
Total non-current liabilities		**7,277,258**	10,308,634	10,469,074
NET ASSETS		**11,661,382**	13,346,714	14,419,106
EQUITY				
Equity attributable to shareholders of the Company				
Issued capital	36	**393,426**	393,287	393,287
Reserves	38(a)	**11,274,266**	12,834,883	13,892,989
		11,667,692	13,228,170	14,286,276
Non-controlling interests		**(6,310)**	118,544	132,830
TOTAL EQUITY		**11,661,382**	13,346,714	14,419,106

Zeng Chen
Director

Li So Mui
Director

Consolidated Statement of Changes in Equity

	Notes	Issued capital	Share premium account	Contributed surplus (note 38(a))	Capital reserve (note 38(a))
At 1 January 2012					
As previously reported		393,287	9,718,600	72,688	(38,579)
Prior year adjustments		—	—	—	—
As restated		393,287	9,718,600	72,688	(38,579)
Loss for the year (restated)		—	—	—	—
Other comprehensive income/(loss) for the year:					
Available-for-sale investments, net of tax		—	—	—	—
Cash flow hedges, net of tax		—	—	—	—
Exchange differences on translation of foreign operations (restated)		—	—	—	—
Total comprehensive income/(loss) for the year (restated)		—	—	—	—
Share of other reserve movements of an associate		—	—	—	—
At 31 December 2012 (restated)		393,287	9,718,600 *	72,688 *	(38,579) *
At 1 January 2013					
As previously reported		**393,287**	**9,718,600**	**72,688**	**(38,579)**
Prior year adjustments		—	—	—	—
As restated		**393,287**	**9,718,600**	**72,688**	**(38,579)**
Loss for the year		—	—	—	—
Other comprehensive income/(loss) for the year:					
Available-for-sale investments, net of tax		—	—	—	—
Cash flow hedges, net of tax		—	—	—	—
Exchange differences on translation of foreign operations		—	—	—	—
Re-measurement gain on defined benefit plan, net of tax		—	—	—	—
Total comprehensive income/(loss) for the year		—	—	—	—
Issue of shares upon exercise of share options	36	**139**	**3,315**	—	—
Transfer of share option reserve upon lapse of share options		—	—	—	—
Equity-settled share option arrangements	38(b)	—	—	—	—
Share of other reserve movements of an associate		—	—	—	—
At 31 December 2013		**393,426**	**9,721,915 ***	**72,688 ***	**(38,579) ***

* These reserve accounts comprise the consolidated reserves of HK$11,274,266,000 (2012: HK$12,834,883,000 (restated)) in the consolidated statement of financial position.

HK$'000

Attributable to shareholders of the Company								
Exchange fluctuation reserve	Available-for-sale investments revaluation reserve	Hedging reserve	Share option reserve	Reserve funds (note 38(a))	Retained profits	Sub-total	Non-controlling interests	Total equity
(173,265)	8,301	249,556	47,989	11,892	4,099,456	14,389,925	435,153	14,825,078
—	—	—	—	—	(103,649)	(103,649)	(302,323)	(405,972)
(173,265)	8,301	249,556	47,989	11,892	3,995,807	14,286,276	132,830	14,419,106
—	—	—	—	—	(1,283,923)	(1,283,923)	(17,026)	(1,300,949)
—	(4,830)	—	—	—	—	(4,830)	—	(4,830)
—	—	46,200	—	—	—	46,200	—	46,200
169,699	—	—	—	—	—	169,699	2,740	172,439
169,699	(4,830)	46,200	—	—	(1,283,923)	(1,072,854)	(14,286)	(1,087,140)
—	—	—	14,741	6,931	(6,924)	14,748	—	14,748
(3,566) *	3,471 *	295,756 *	62,730 *	18,823 *	2,704,960 *	13,228,170	118,544	13,346,714
(3,566)	**3,471**	**295,756**	**62,730**	**18,823**	**2,811,571**	**13,334,781**	**405,839**	**13,740,620**
—	**—**	**—**	**—**	**—**	**(106,611)**	**(106,611)**	**(287,295)**	**(393,906)**
(3,566)	**3,471**	**295,756**	**62,730**	**18,823**	**2,704,960**	**13,228,170**	**118,544**	**13,346,714**
—	**—**	**—**	**—**	**—**	**(1,465,436)**	**(1,465,436)**	**(137,418)**	**(1,602,854)**
—	**(5,242)**	**—**	**—**	**—**	**—**	**(5,242)**	**—**	**(5,242)**
—	**—**	**(207,109)**	**—**	**—**	**—**	**(207,109)**	**—**	**(207,109)**
85,207	**—**	**—**	**—**	**—**	**—**	**85,207**	**12,564**	**97,771**
—	**—**	**—**	**—**	**—**	**20,233**	**20,233**	**—**	**20,233**
85,207	**(5,242)**	**(207,109)**	**—**	**—**	**(1,445,203)**	**(1,572,347)**	**(124,854)**	**(1,697,201)**
—	**—**	**—**	**(614)**	**—**	**—**	**2,840**	**—**	**2,840**
—	**—**	**—**	**(23,212)**	**—**	**23,212**	**—**	**—**	**—**
—	**—**	**—**	**1,080**	**—**	**—**	**1,080**	**—**	**1,080**
—	**—**	**—**	**7,283**	**573**	**93**	**7,949**	**—**	**7,949**
81,641 *	**(1,771) ***	**88,647 ***	**47,267 ***	**19,396 ***	**1,283,062 ***	**11,667,692**	**(6,310)**	**11,661,382**

Year ended 31 December HK$'000

Consolidated Statement of Cash Flows

	Notes	2013	2012 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,130,724)**	(1,095,686)
Adjustments for:			
Interest income	5	**(119,663)**	(273,709)
Gain on disposal of available-for-sale investments	5	**(9,524)**	—
Equity-settled share option expense	6	**1,080**	—
Depreciation	6	**287,849**	212,185
Amortisation of other assets	6	**98,848**	55,550
Amortisation of prepaid land lease payments	6	**1,774**	618
Loss on disposal/write-off of items of property, plant and equipment, net	6	**702**	65,700
Provision for impairment of items of property, plant and equipment	6	**1,777,308**	—
Provision for impairment of other assets	6	**23,233**	21,289
Provision for long term employee benefits	6	**10,639**	80,080
Write-down/(write-back) of inventories to net realisable value	6	**2,393**	(4,414)
Reversal of impairment of trade receivables, net	6	**(3,874)**	(9,084)
Fair value gains on derivative financial instruments, net	5	**(225,781)**	(213,305)
Fair value gains on cash flow hedges (transferred from equity)	6	**(198,038)**	(19,511)
Finance costs	9	**731,087**	769,635
Share of loss of associates		**102,839**	181,893
Share of profit of a joint venture		**(360,891)**	(608,767)
Impairment of investment in an associate	6	**—**	1,502,000
Loss on repurchase of fixed rate senior notes	6	**91,498**	—
Loss on purchase of fixed rate senior notes	6	**2,052**	2,722
		82,807	667,196
Decrease/(increase) in inventories		**(466,705)**	667,575
Increase in trade receivables		**(206,083)**	(112,732)
Decrease in prepayments, deposits and other receivables		**16,329**	7,262
Increase/(decrease) in accounts payable		**100,180**	(145,780)
Decrease in accrued liabilities and other payables		**(106,847)**	(47,883)
Decrease in provisions		**(98,164)**	(70,187)
Cash generated from/(used in) operations		**(678,483)**	965,451
Australian income tax paid		**(133,181)**	(1,502,964)
Net cash flows used in operating activities		**(811,664)**	(537,513)

Year ended 31 December HK$'000

Consolidated Statement of Cash Flows

	Notes	2013	2012 Restated
Net cash flows used in operating activities		**(811,664)**	(537,513)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**136,974**	234,980
Purchases of items of property, plant and equipment		**(1,336,272)**	(863,898)
Acquisition of a contractual arrangement	39	**(845,553)**	—
Acquisition of an associate	20	**(2,304,929)**	—
Additions to other assets	16	**(23,189)**	(18,819)
Additions to prepaid land lease payments	14	**(1,112)**	(24,729)
Proceeds from disposal of items of property, plant and equipment		**19,637**	4,295
Proceeds from disposal of available-for-sale investments		**32,552**	—
Net proceeds from disposal of partial investment in the Codrilla project		**60,604**	83,454
Dividend received from an associate		**—**	11,791
Repayment of loans from a joint venture		**638,224**	829,412
Proceeds from disposal of derivative financial instruments		**108,886**	180,838
Increase in non-pledged time deposits with original maturity of over three months when acquired		**(1,562,832)**	—
Net cash flows from/(used in) investing activities		**(5,077,010)**	437,324
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares	36	**2,840**	—
New bank and other borrowings		**13,081,118**	15,910,396
Repayment of bank and other borrowings		**(7,955,591)**	(17,235,142)
Capital element of finance lease payables		**(13,702)**	(11,357)
Interest paid		**(711,934)**	(714,985)
Repurchase of fixed rate senior notes, net		**(1,509,719)**	(75,262)
Purchase of fixed rate senior notes		**(38,431)**	—
Finance charges paid		**(1,041)**	(4,476)
Net cash flows from/(used in) financing activities		**2,853,540**	(2,130,826)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(3,035,134)**	(2,231,015)
Cash and cash equivalents at beginning of year		**8,387,248**	10,456,728
Effect of foreign exchange rate changes, net		**79,093**	161,535
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,431,207**	8,387,248
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	**2,696,366**	397,998
Non-pledged time deposits	28	**4,297,673**	7,989,250
Cash and cash equivalents as stated in the consolidated statement of financial position		**6,994,039**	8,387,248
Non-pledged time deposits with original maturity of over three months when acquired		**(1,562,832)**	—
Cash and cash equivalents as stated in the consolidated statement of cash flows		**5,431,207**	8,387,248

31 December HK$'000

Statement of Financial Position

	Notes	2013	2012
NON-CURRENT ASSETS			
Property, plant and equipment	13	**1,037**	877
Investments in subsidiaries	17	**10,074,809**	7,962,398
Total non-current assets		**10,075,846**	7,963,275
CURRENT ASSETS			
Prepayments, deposits and other receivables	23	**11,567**	102,857
Cash and cash equivalents	28	**4,199,646**	2,290,324
Total current assets		**4,211,213**	2,393,181
CURRENT LIABILITIES			
Accrued liabilities and other payables	30	**4,042**	2,236
NET CURRENT ASSETS		**4,207,171**	2,390,945
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,283,017**	10,354,220
NON-CURRENT LIABILITIES			
Bank borrowings	31	**6,291,024**	1,068,085
NET ASSETS		**7,991,993**	9,286,135
EQUITY			
Issued capital	36	**393,426**	393,287
Reserves	38(b)	**7,598,567**	8,892,848
TOTAL EQUITY		**7,991,993**	9,286,135

Zeng Chen
Director

Li So Mui
Director

Notes to Financial Statements

1. Corporate Information

CITIC Resources Holdings Limited is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company is located at Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, Hong Kong.

The principal activity of the Company is investment holding.

During the year, the Group was principally engaged in the following businesses:

(a) the operation of the Portland Aluminium Smelter (the "**PAS**") which sources alumina and produces aluminium ingots in Australia;

(b) the operation of coal mines and the sale of coal in Australia;

(c) 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, vehicle and industrial batteries and tyres in Australia;

(d) the exploration, development, production and sale of oil from the Seram Island Non-Bula Block, Indonesia (the "**Seram Block**"); and

(e) the exploration, development, production and sale of oil from the Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, China (the "**Hainan-Yuedong Block**").

Upon the adoption of Hong Kong Financial Reporting Standard 11 Joint Arrangements, the Group has determined that CITIC Canada Energy Limited ("**CCEL**") is a joint venture of the Group. As such, the Group is required to retrospectively account for its investment in CCEL using the equity method. Further details about the adoption of Hong Kong Financial Report Standard 11 are set out in note 21 to the financial statements.

In March 2013, the Group has acquired an additional 7% participating interest in the Coppabella and Moorvale coal mines joint venture (the "**CMJV**") for a cash consideration of A$107,057,000 (HK$865,095,000). Subsequent to this acquisition, the Group's interest in the CMJV increased to 14%. Further details are set out in note 39 to the financial statements.

Additionally, the Group acquired an aggregate 8.40% interest in Alumina Limited ("**Alumina**") for a total cash consideration of A$286,940,000 (HK$2,304,929,000) during the year. Alumina is principally involved in bauxite mining and alumina refining operations. Further details about Alumina and the Group's investment therein are set out in note 20 to the financial statements.

In the opinion of the directors, the ultimate holding company of the Company is 中國中信集團有限公司 (CITIC Group Corporation), a company established in China.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and certain equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollar (“**HK$**”) and all values are rounded to the nearest thousand (HK$’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Total comprehensive income is attributed to shareholders of the Company and also to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest, and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in Accounting Policy and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements 2009 – 2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, amendments to HKAS 1, HKAS 19 (2011), amendments to HKAS 36, HK(IFRIC) – Int 20 and certain amendments included in Annual Improvements 2009 – 2011 Cycle, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

HKFRS 10 replaces the portion of HKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC) – Int 12 Consolidation – Special Purpose Entities. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled by the Group.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group. The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

2.2 Changes in Accounting Policy and Disclosures (continued)

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK(SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements – joint operations and joint ventures, but removes the option to account for joint ventures using the proportionate consolidation method. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011). As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11, and concluded that the Group's investment in CCEL, which was previously classified as a jointly controlled entity under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under HKFRS 11 and be accounted for using the equity method. The change in accounting for investment in a joint venture has been applied retrospectively. The opening balances as at 1 January 2012 and comparative information for the year ended 31 December 2012 have been restated in the consolidated financial statements. The effect of HKFRS 11 is described in more detail in note 21, which includes quantification of the effect on these financial statements.

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 Consolidated and Separate Financial Statements, HKAS 31 Interests in Joint Ventures and HKAS 28 Investments in Associates. It also introduces a number of new disclosure requirements for these entities. Details of the subsidiaries, joint arrangements and associates are included in notes 17, 18, 20 and 21 to the financial statements.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use has already been required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption of HKFRS 13 has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in note 45 to the financial statements.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes.

2.2 Changes in Accounting Policy and Disclosures (continued)

HKAS 19 (2011) changes the accounting for defined benefit plans. The revised standard removes the choice to defer the recognition of actuarial gains and losses. All actuarial gains and losses are required to be recognised immediately in other comprehensive income. The interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a net interest amount under HKAS 19 (2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. Prior to the adoption of HKAS 19 (2011), the Group elected to recognise actuarial gains or losses as income or expense. Upon the adoption of HKAS 19 (2011), all actuarial gains and losses are recognised in other comprehensive income immediately.

The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group. Disclosures about the Group's impaired non-financial assets are included in notes 13 and 16 to the financial statements.

HK(IFRIC) – Int 20 addresses the recognition of waste removal costs that are incurred in surface mining activity during the production phase of a mine as an asset, as well as the initial measurement and subsequent measurement of the stripping activity asset. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the costs incurred are accounted for in accordance with HKAS 2 Inventories. To the extent that the benefit is improved access to ore and when criteria set out in the interpretation are met, the waste removal costs are recognised as a stripping activity asset under non-current assets. The interpretation is effective for annual reporting periods beginning on or after 1 January 2013. In accordance with the transitional provisions of HK(IFRIC) – Int 20, this new policy has been applied prospectively by the Group from the start of the comparative period, being 1 January 2012. As a result of the adoption of this interpretation, the Group has determined that deferred stripping costs of HK$152,302,000, previously recognised as inventories of HK$140,886,000 and prepayments of HK$11,416,000, as at 31 December 2012 did not meet the recognition criteria set out in HK(IFRIC) – Int 20 as they related to components of ore body that had already been extracted. Accordingly, a prior year adjustment has been made to derecognise these deferred stripping costs via retained profits. Opening retained profits as at 1 January 2012 and net profit for the year ended 31 December 2012 have been reduced by HK$103,649,000 and HK$2,962,000, respectively. There was a deferred tax effect of HK$45,691,000 in respect of this adjustment.

Annual Improvements 2009 – 2011 Cycle issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

(a) HKAS 1 Presentation of Financial Statements: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

2.2 Changes in Accounting Policy and Disclosures (continued)

(a) (continued)

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 Financial Instruments: Presentation: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

In addition, CITIC Resources Australia Pty Limited, an indirect wholly-owned subsidiary of the Company, and its subsidiaries (collectively, the "**CRA Group**") have changed their functional currency from the Australian dollar ("**A$**") to the United States dollar ("**US$**") with effect from 1 January 2013. The CRA Group is principally engaged in the operation of the PAS, the operation of coal mines and the sale of coal, and the import and export of various commodity products in Australia. In the opinion of the directors, this change in functional currency better reflects the nature of the operations within the CRA Group as most of its sales and purchases are transacted in US$. In addition, key new strategic investments have been assessed and will be reported in US$ going forward. The effect of this change has been accounted for prospectively by the CRA Group. The entities comprising the CRA Group have translated all their financial statement items into US$ using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items have been treated as their historical costs.

2.3 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.

HKFRS 9	Financial Instruments [4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 [4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities [1]
HKFRS 14	Regulatory Deferral Accounts [3]
HKAS 19 Amendments	Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions [2]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities [1]
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting [1]
HK(IFRIC) – Int 21	Levies [1]
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of HKFRSs issued in January 2014 [2]
Annual Improvements 2011 – 2013 Cycle	Amendments to a number of HKFRSs issued in January 2014 [2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Mandatory effective date not yet determined but is available for adoption

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "**Additions**") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("**FVO**"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on the FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (being the existing rights that give the Group ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries which are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

Investments in associates and a joint venture

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's equity voting rights in Alumina is less than 20% during the year. However, the Group is able to exercise significant influence over Alumina and therefore its investment in Alumina has been accounted as an associate of the Group.

A joint venture is joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets using the equity method, less any impairment losses.

2.4 Summary of Significant Accounting Policies (continued)

Investments in associates and a joint venture (continued)

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and a joint venture is included in the consolidated income statement and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of its associates or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of its investments in the associates or joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or a joint venture is included as part of the Group's investments in associates or a joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for using the equity method. In all other cases, upon loss of significant influence over its associates or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of its associates or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated income statement.

The results of associates and a joint venture are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates and a joint venture are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Contractual arrangement that does not give rise to joint control or control

The Group has interest in certain contractual arrangements that do not give rise to joint control or control. Despite not having joint control or control, the Group has rights to, and obligations for, the underlying assets and obligations of these arrangements. Therefore, the Group accounts for its rights and obligations arising from these contracts by applying each HKFRSs as appropriate.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

2.4 Summary of Significant Accounting Policies (continued)

Interests in joint operations (continued)

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivative in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration that is classified as an asset or liability as a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after assessment, recognised in the consolidated income statement as a gain on bargain purchase.

2.4 Summary of Significant Accounting Policies (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in this circumstance is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

2.4 Summary of Significant Accounting Policies (continued)

Fair value measurement (continued)

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the reporting period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the reporting period in which it arises.

2.4 Summary of Significant Accounting Policies (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person,

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than oil and gas properties, capital works and construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Plant and machinery, which include the furnace, water system, pot room and ingot mill, and buildings and structures used in the PAS, are estimated to have a useful life up to 2030.

Other property, plant and equipment are estimated to have the following useful lives:

Leasehold improvements	10 to 12 years or over the unexpired lease terms, whichever is shorter
Motor vehicles, plant, machinery, tools and equipment	5 to 19 years
Furniture and fixtures	4 to 5 years
Buildings and structures	10 to 30 years

Freehold land is not depreciated.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment, including any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress primarily represents building and structure under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Oil and gas properties

For oil and gas properties, the successful effort method of accounting is adopted. The Group capitalises initial acquisition costs of oil and gas properties. Impairment of initial acquisition costs is recognised based on exploratory experience and management judgement. Upon discovery of commercial reserves, acquisition costs are transferred to proved properties. The costs of drilling and equipping successful exploratory wells are all classified as development costs, including those renewals and betterment which extend the economic lives of the assets. The costs of unsuccessful exploratory wells and all other exploration costs are expensed as incurred.

Exploratory wells are evaluated for economic viability within one year of completion. Exploratory wells that discover potential economic reserves in areas where major capital expenditure will be required before production could begin and when the major capital expenditure depends upon successful completion of further exploratory work remain capitalised, and are reviewed periodically for impairment.

2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

Oil and gas properties (continued)

Oil and gas properties are stated at cost less accumulated depreciation and depletion, and any impairment losses. The depreciation and depletion of oil and gas properties with a life longer than or equal to the licence life is estimated on a unit-of-production basis, in the proportion of actual production for the period to the total estimated remaining reserves of the oilfield. The remaining reserves figure is the amount estimated up to the licence expiration date plus the production for the period. Oil and gas properties with a useful life less than the licence life are calculated based on a straight-line basis over each asset's estimated useful life that ranges from three to ten years. Costs associated with significant development projects are not depleted until commercial production commences and the reserves related to those costs are excluded from the calculation of depletion.

Capitalised acquisition costs of proved properties are amortised by the unit-of-production method on a property-by-property basis computed based on the total estimated units of proved reserves.

The Group estimates future dismantlement costs for oil and gas properties with reference to the estimates provided from either internal or external engineers after taking into consideration the anticipated method of dismantlement required in accordance with the current legislation and industry practices. The associated cost is capitalised and the liability is discounted. An accretion expense is recognised using the credit-adjusted risk-free rate in effect when the liability is initially recognised. No market risk premium has been included in the calculation of asset retirement obligation balances since no reliable estimate can be made.

Capital works

Capital works represent development expenditure in relation to the Group's mining activities, which are carried forward to the extent that such costs are expected to be recouped through successful development and production of the areas or by their sale.

Other assets

Other assets represent the Group's interest in an electricity supply agreement signed between the Group and the State Electricity Commission of Victoria, Australia (the "**ESA**"), exploration and evaluation assets, mining assets and the carbon emission units (the "**Emission Units**") received by the Group.

The ESA

The ESA provides steady electricity supply at a fixed tariff to the PAS for a period to 31 October 2016. The ESA is stated at cost less accumulated amortisation, provided on a straight-line basis over the term of the base power contract, and any impairment losses. The carrying value of the ESA is reviewed annually by the directors and, if necessary, adjusted to ensure its carrying value does not exceed its recoverable amount.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less any impairment losses. Exploration and evaluation assets include costs that are directly attributable to conducting topographical and geological surveys, exploratory drilling, sampling and trenching, and activities in relation to commercial and technical feasibility studies, and expenditure incurred to secure further mineralisation in existing ore bodies and to expand the capacity of a mine. Exploration expenditure incurred prior to acquiring legal rights to explore an area is written off as incurred. When the technical feasibility and commercial viability of extracting the ore are demonstrable, exploration and evaluation assets are amortised using the unit-of-production method.

If any project is abandoned during the evaluation stage, the total expenditures thereon will be written off. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

2.4 Summary of Significant Accounting Policies (continued)

Other assets (continued)

Mining assets

Mining tenements are amortised over the estimated useful lives of the mines in accordance with the production plan of the entities concerned and the proven and probable reserves of the mines using the unit-of-production method.

The Emission Units

The accounting policy in respect of the Emission Units is set out in "Government grant" below.

Stripping costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised and subsequently amortised over its useful life using the unit-of-production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, if the following criteria are met:

(a) future economic benefits (being improved access to the ore body) are probable;

(b) the component of the ore body for which access will be improved can be accurately identified; and

(c) the costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated income statement as operating costs as they are incurred.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial investments, or derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus attributable transaction costs on acquisition, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationship as defined by HKAS 39. Derivatives, including separated embedded derivative, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated income statement. Reassessment only occurs if there is either a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated income statement. The loss arising from impairment is charged to the consolidated income statement as finance costs for loans and as other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Available-for-sale financial investments (continued)

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised in the consolidated statement of comprehensive income as the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated income statement as other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is reclassified from the available-for-sale investments revaluation reserve to the consolidated income statement in other gains or other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively, and are recognised in the consolidated income statement as other income in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over its remaining life using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised or removed from the Group's consolidated statement of financial position when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises the associated liability of the transferred asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether the asset significant or not, it then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (without taking into account any future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the original effective interest rate in financing the financial asset (that is, the rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is charged to the consolidated income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is subsequently recovered, the recovery is credited to other expenses in the consolidated income statement.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously charged to the consolidated income statement, is removed from the consolidated statement of comprehensive income and recognised in the consolidated income statement.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

In the case of investments in equity instruments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously charged to the consolidated income statement – is removed from the consolidated statement of comprehensive income and recognised in the consolidated income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated income statement. Increases in their fair value after impairment are recognised directly in the consolidated statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Gains or losses on liabilities held for trading are recognised in the consolidated income statement. The net fair value gain or loss recognised in the consolidated income statement does not include interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, forward commodity contracts, interest rate swap contracts, an embedded derivative and an electricity hedge agreement to manage its foreign currency risk, price risk, interest rate risk and inflation risk. These derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by HKAS 39 is charged to the consolidated income statement as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

2.4 Summary of Significant Accounting Policies (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated income statement, except for the effective portion of cash flow hedges, which is recognised in the consolidated statement of comprehensive income and later reclassified to the consolidated income statement when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges of the Group are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the reporting periods for which they are designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

- The effective portion of the gain or loss on the hedging instrument is recognised directly in the consolidated statement of comprehensive income as the hedging reserve, while any ineffective portion is recognised immediately in the consolidated income statement.

- Amounts recognised in the consolidated statement of comprehensive income are transferred to the consolidated income statement when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in the consolidated statement of comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

- If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in the consolidated statement of comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

2.4 Summary of Significant Accounting Policies (continued)

Derivative financial instruments and hedge accounting (continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are separated into current and non-current portions based on an assessment of the facts and circumstances, including the underlying contracted cash flows.

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current or separated into current and non-current portions consistent with the classification of the underlying item.

- Embedded derivative that is not closely related to the host contract is classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as effective hedging instruments are classified consistent with the classification of the underlying hedged item. The derivative instruments are separated into current and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Except for the costs of exported goods held for re-sale which are determined on the first-in first-out basis, cost is determined on the weighted average basis. In the case of work in progress and finished goods, cost comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash subject to an insignificant risk of changes in value and having a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash.

For the purpose of the consolidated and Company statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

2.4 Summary of Significant Accounting Policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.

Provision for long term employee benefits represents the estimated future payments in respect of past services provided by employees. Consideration is given to expected future wages and salary levels, past record of employee departure and period of service. Expected future payments are discounted using market yields at the reporting date and currency that match, as closely as possible, the estimated future cash flows.

Provision for rehabilitation cost represents the estimated costs of rehabilitation relating to the areas disturbed during the operation of the PAS and the coal mines in Australia. The Group is required to return the sites to the Australian authorities in their original condition. The Group has estimated and provided for the expected costs of removal and clean-up on a periodical basis, based on the estimates provided by the environmental authorities when they reviewed the sites.

Provision for abandonment cost represents the estimated costs of abandoning oil and gas properties. The provision for abandonment cost has been classified as non-current liabilities. The associated cost is capitalised and the liability is discounted. An accretion expense is recognised using the credit-adjusted risk-free rate in effect when the liability is initially recognised.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration the interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividend income derived from the Group's subsidiaries in Mainland China is subject to withholding tax under the prevailing tax rules and regulations.

2.4 Summary of Significant Accounting Policies (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instruments or a shorter period, when appropriate, to the net carrying amount of the financial assets;

(c) handling service fee, when the services have been rendered; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance lease, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the consolidated income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

2.4 Summary of Significant Accounting Policies (continued)

Employee benefits

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (the "**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using the Black-Scholes option pricing model or binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, in employee benefit expense over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

When the share options lapsed after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve is transferred to the retained profits.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 Summary of Significant Accounting Policies (continued)

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland 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 contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

The Group provides employee benefits on retirement, disability or death to its employees in the PAS located in Australia. The benefit has a defined benefit plan and defined contribution plan. The defined benefit plan provides defined lump sum benefits based on years of service and final average salary. The defined contribution plan receives fixed contributions from the joint venture manager, and joint venture manager's legal or constructive obligation is limited to these contributions. A liability in respect of defined benefit plan is recognised in the consolidated statement of financial position, and is measured as the present value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligations is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Contributions to defined contribution plan are recognised as an expense as they become payable.

In addition, the Group also operates a defined benefit plan for those employees in Indonesia who are eligible to participate. The Group uses an actuarial technique, the projected unit credit method, to determine the present value of its defined benefit obligations. The discount rate is determined by reference to market yields at the end of the reporting period based on local government bonds that have maturity dates approximating the terms of the Group's defined benefit obligations. The calculation is performed by a qualified actuary.

Re-measurements arising from defined benefit plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Paid leave carried forward

The Group provides paid leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, any paid leave that remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees of the subsidiaries and carried forward.

2.4 Summary of Significant Accounting Policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (being those that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Government grant

Government grant is recognised at its fair value where there is a reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed.

The Group is a liable entity under the Australian Carbon Pricing Mechanism, which commenced on 1 July 2012. The Group receives the Emission Units from the Australian Government as a result of the Clean Energy Legislation Package. The number of the Emission Units is calculated in accordance with the EHA (as defined in note 27 to the financial statements). The Emission Units take into account the granted carbon units and the purchased carbon units. For the first three years, the price of the Emission Units are fixed by the Australian Government. Thereafter, the price is determined by the secondary market. The granted carbon units are received twice annually and in return the Group is required to surrender the Emission Units equal to its actual emission over the compliance period.

The Group has adopted the carrying value method whereby the provision is based on the carrying amount of the Emission Units it already owns to account for the Emission Units. The Emission Units received are classified as intangible assets and carried at cost. The granted carbon units are initially recognised at fair value at their date of grant with a corresponding entry of a deferred income. The purchased carbon units are measured at cost upon initial recognition. A provision relating to the Group's obligations to surrender the Emission Units is recognised as emission incurs. The emission costs are included in cost of sales in the consolidated income statement whereas the deferred income is deducted from cost of sales to match against the emission costs incurred. The purchased carbon units are not amortised but impairment testing is required when a triggering event has occurred.

2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies

The financial statements are presented in HK$ which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially translated using their respective functional currency rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item. In other words, the translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively.

The functional currencies of certain overseas subsidiaries, joint ventures, joint operation and associates are currencies other than the HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their income statements are translated into HK$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component in the consolidated statement of comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries and joint operations are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries and joint operations which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatment of certain transactions and also assessment on the probability that adequate future taxable profits will be available to recover the deferred tax assets.

Employee benefits – share-based payments

The valuation of the fair value of share options granted requires judgement in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free rate during the life of the options and the number of share options that are expected to become exercisable. Where the actual outcome of the number of exercisable options is different from the previously estimated number of exercisable options, such difference will have an impact on the consolidated income statement in the remaining vesting period of the relevant share options.

Fair value of financial instruments

Where fair value of financial assets and financial liabilities cannot be derived from active markets, they are determined using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Applying equity accounting on an entity in which the Group holds less than 20% of the equity voting rights

The Group considers that it has significant influence over Alumina even though it owns less than 20% of the voting rights. This is because the Group is the single largest shareholder of Alumina with a 8.40% equity interest. Additionally, a director of the Company is also a director of Alumina. He participates in decision making in the key financial and operating policies of Alumina.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also a suitable discount rate to calculate the present value of those cash flows. Further details are set out in note 15 to the financial statements.

Oil and gas reserves and mining reserves

The most significant estimates in the oil and gas and mining operations pertain to the volumes of oil and gas reserves and mining reserves and the future development, purchase price allocation, provision for rehabilitation cost and abandonment cost, as well as estimates relating to certain oil and gas reserves and mining revenues and expenses. Actual amounts could differ from those estimates and assumptions. Further details are set out in notes 13 and 34 to the financial statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions at arm's length of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate to calculate the present values of those cash flows. Further details are set out in notes 13, 20 and 21 to the financial statements.

Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a loan/receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Further details are set out in note 25 to the financial statements.

Net realisable value of inventories

The Group performs regular review of the carrying amounts of its inventories with reference to aged analyses of the Group's inventories and projections of expected future saleability of goods, and also based on management's experience and judgement. Based on this review, write-down of inventories is made when the estimated net realisable values of inventories decline below their carrying amounts. Due to changes in the technological, market and economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.
As at 31 December 2013, impairment losses of HK$6,125,000 (2012: HK$3,732,000 (restated)) have been recognised for inventories.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management's judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are set out in note 35 to the financial statements.

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, vehicle and industrial batteries and tyres in 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 loss before tax except that interest income, finance costs, dividend income, fair value gains/(losses) on derivative financial instruments not relating to the operations, share of profit/(loss) of associates and a joint venture, and impairment on assets as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates, investment in a joint venture, available-for-sale investments, derivative financial instruments, deferred tax assets, equity investments at fair value through profit or loss, tax recoverable, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, derivative financial instruments, bank and other borrowings, finance lease payables, bond obligations, deferred tax liabilities, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Year ended 31 December HK$'000

4. Operating Segment Information (continued)

2013	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	1,065,424	735,350	37,198,353	320,056	39,319,183
Other income	152,866	8,060	50,562	5,104	216,592
	1,218,290	743,410	37,248,915	325,160	39,535,775
Segment results	93,186	(104,675)	397,326	(145,684)	240,153
Reconciliation:					
Interest income and unallocated gains					400,198
Provision for impairment of items of property, plant and equipment					(1,777,308) *
Provision for impairment of other assets					(23,233) #
Unallocated expenses					(497,499)
Unallocated finance costs					(731,087)
Share of profit/(loss) of:					
Associates					(102,839)
A joint venture					360,891
Loss before tax					(2,130,724)
Segment assets	1,280,489	1,711,497	2,742,037	6,117,463	11,851,486
Reconciliation:					
Investments in associates					4,060,832
Investment in a joint venture					2,231,903
Unallocated assets					9,741,760
Total assets					27,885,981
Segment liabilities	596,611	362,648	703,931	617,444	2,280,634
Reconciliation:					
Unallocated liabilities					13,943,965
Total liabilities					16,224,599
Other segment information:					
Depreciation and amortisation	95,133	96,026	703	193,736	385,598
Unallocated amounts					2,873
					388,471
Impairment losses reversed in the consolidated income statement	—	—	(3,874)	—	(3,874)
Capital expenditure	16,275	1,021,465	697	1,593,673	2,632,110
Unallocated amounts					14,033
					2,646,143 **

* Provision for impairment of items of property, plant and equipment related to the crude oil segment.

Provision for impairment of other assets related to the coal segment.

** Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments and other assets (but excluding the Emission Units).

Year ended 31 December HK$'000

4. Operating Segment Information (continued)

2012	Aluminium smelting	Coal Restated	Import and export of commodities	Crude oil Restated	Total Restated
Segment revenue:					
Sales to external customers	1,221,804	475,883	40,545,197	504,548	42,747,432
Other income	82,924	33,606	39,927	1,626	158,083
	1,304,728	509,489	40,585,124	506,174	42,905,515
Segment results	70,464	7,361	558,601	(168,779)	467,647
Reconciliation:					
Interest income and unallocated gains					430,147
Impairment of investment in an associate					(1,502,000)
Provision for impairment of other assets					(21,289) *
Unallocated expenses					(127,430)
Unallocated finance costs					(769,635)
Share of profit/(loss) of:					
An associate					(181,893)
A joint venture					608,767
Loss before tax					(1,095,686)
Segment assets	1,429,355	767,704	2,248,289	6,136,890	10,582,238
Reconciliation:					
Investment in an associate					1,825,041
Investment in a joint venture					1,924,829
Unallocated assets					11,975,404
Total assets					26,307,512
Segment liabilities	659,996	223,446	590,829	303,178	1,777,449
Reconciliation:					
Unallocated liabilities					11,183,349
Total liabilities					12,960,798
Other segment information:					
Depreciation and amortisation	93,233	28,167	792	138,441	260,633
Unallocated amounts					7,720
					268,353
Impairment losses reversed in the consolidated income statement	—	—	(13,498)	—	(13,498)
Capital expenditure	12,514	148,878	1,020	791,289	953,701
Unallocated amounts					2,473
					956,174 **

* Provision for impairment of other assets related to the coal segment.

** Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments and other assets (but excluding the Emission Units).

Year ended 31 December HK$'000

4. Operating Segment Information (continued)

Geographical information

(a) Revenue from external customers

	2013	2012 Restated
China	**33,109,633**	35,644,528
Australia	**1,522,259**	1,743,497
Europe	**1,157,921**	1,343,110
America	**24,908**	72,645
Other Asian countries	**3,497,645**	3,855,324
Others	**6,817**	88,328
	39,319,183	42,747,432

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

(b) Non-current assets

	2013	2012 Restated
Hong Kong	**4,925**	81,555
China	**6,829,751**	6,977,843
Australia	**3,786,320**	1,317,740
Kazakhstan	**2,250,652**	1,947,740
Other Asian countries	**641,885**	716,683
	13,513,533	11,041,561

The non-current assets information above is based on the location of the assets which exclude other assets, available-for-sale investments, derivative financial instruments and deferred tax assets.

Information about a major customer

Revenue of HK$5,110,400,000 (2012: HK$5,760,111,000) was derived from sales by the import and export of commodities segment to a single customer, representing more than 10% of the Group's revenue.

Year ended 31 December HK$'000

Notes to Financial Statements

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold during the year, after allowances for returns and trade discounts.

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

	Note	2013	2012 Restated
Revenue			
Sale of goods:			
Aluminium smelting		**1,065,424**	1,221,804
Coal		**735,350**	475,883
Import and export of commodities		**37,198,353**	40,545,197
Crude oil		**320,056**	504,548
		39,319,183	42,747,432
Other income and gains			
Interest income		**119,663**	273,709
Handling service fees		**48,049**	39,284
Fair value gains, net, on:			
Available-for-sale investments (transferred from equity on disposal)	22	**9,524**	—
Cash flow hedge (transferred from equity)		**187,742**	—
Derivative financial instruments		**225,781**	213,305
Sale of scrap		**6,751**	6,025
Others		**19,280**	55,907
		616,790	588,230
		39,935,973	43,335,662

Year ended 31 December HK$'000

6. Loss before Tax

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

	Notes	2013	2012 Restated
Cost of inventories sold *		**38,835,582**	42,030,817
Depreciation	13	**287,849**	212,185
Amortisation of other assets	16	**98,848**	55,550
Amortisation of prepaid land lease payments	14	**1,774**	618
Exploration and evaluation costs **		**799**	—
Minimum lease payments under operating leases on land and buildings		**30,842**	25,361
Auditors' remuneration		**13,237**	9,970
Employee benefit expenses (including directors' remuneration (note 7)):			
Wages and salaries		**370,714**	317,583
Equity-settled share option expense	37, 38(b)	**1,080**	—
Pension scheme contributions		**3,053**	2,815
Provision for long term employee benefits	34	**10,639**	80,080
		385,486	400,478
Loss on disposal/write-off of items of property, plant and equipment, net **		**702**	65,700
Exchange losses/(gains), net **		**352,789**	(3,476)
Write-down/(write-back) of inventories to net realisable value		**2,393**	(4,414)
Reversal of impairment of trade receivables, net **	25	**(3,874)**	(9,084)
Fair value gains on cash flow hedges (transferred from equity)	27	**(198,038)**	(19,511)
Provision for impairment of items of property, plant and equipment	13	**1,777,308**	—
Provision for impairment of other assets	16	**23,233**	21,289
Gain on disposal of available-for-sale investments	22	**(9,524)**	—
Impairment of investment in an associate	20	**—**	1,502,000
Loss on repurchase of fixed rate senior notes **	33	**91,498**	—
Loss on purchase of fixed rate senior notes **	33	**2,052**	2,722

* Cost of inventories sold for the year included an aggregate amount of HK$490,182,000 (2012: HK$477,710,000 (restated)) which comprised an employee benefit expense, provision for inventories, depreciation and amortisation of the ESA. This amount was also included in the respective expense items disclosed above.

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

Year ended 31 December HK$'000

Notes to Financial Statements

7. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group 2013	2012
Fees:		
Executive directors and non-executive directors	**635**	808
Independent non-executive directors	**1,385**	1,075
	2,020	1,883
Other emoluments of executive directors:		
Salaries, allowances and benefits in kind	**10,442**	11,016
Bonuses	**11,441**	19,201
Equity-settled share option expense	**1,080**	—
Pension scheme contributions	**227**	239
	23,190	30,456
	25,210	32,339

During the year, in respect of his service to the Group, a director was granted share options under the share option scheme of the Company. Further details of the share option scheme are set out in note 37 to the financial statements. The fair value of such share options, which has been charged to the consolidated income statement over the vesting period, was determined as at the date of grant, and the amount taken into the current year's financial statements was included in the above disclosure.

(a) Independent non-executive directors

The fees paid to the independent non-executive directors during the year are as follows:

	2013	2012
Fan Ren Da, Anthony	**395**	375
Gao Pei Ji	**370**	350
Hu Weiping [1]	**250**	—
Ngai Man	**370**	350
	1,385	1,075

There were no other emoluments payable to the independent non-executive directors during the year (2012: Nil).

1 Appointed on 31 December 2012

Year ended 31 December HK$'000

7. Directors' Remuneration (continued)

(b) Executive directors and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
2013						
Executive directors:						
Kwok Peter Viem [4]	—	528	—	1,080	8	1,616
Zeng Chen	—	4,202	5,134	—	15	9,351
Guo Tinghu	—	2,946	3,975	—	189	7,110
Li So Mui	—	2,766	2,332	—	15	5,113
	—	10,442	11,441	1,080	227	23,190
Non-executive directors:						
Ju Weimin [2]	125	—	—	—	—	125
Qiu Yiyong	170	—	—	—	—	170
Tian Yuchuan	170	—	—	—	—	170
Wong Kim Yin	170	—	—	—	—	170
Zhang Jijing [5]	—	—	—	—	—	—
	635	—	—	—	—	635
	635	10,442	11,441	1,080	227	23,825
2012						
Executive directors:						
Sun Xinguo [3]	—	1,620	2,160	—	9	3,789
Zeng Chen	—	4,041	10,216	—	14	14,271
Guo Tinghu	—	2,985	4,050	—	202	7,237
Li So Mui	—	2,370	2,775	—	14	5,159
	—	11,016	19,201	—	239	30,456
Non-executive directors:						
Mi Zengxin [1]	—	—	—	—	—	—
Ju Weimin [2]	208	—	—	—	—	208
Qiu Yiyong	150	—	—	—	—	150
Tian Yuchuan	150	—	—	—	—	150
Wong Kim Yin	150	—	—	—	—	150
Zhang Jijing	150	—	—	—	—	150
	808	—	—	—	—	808
	808	11,016	19,201	—	239	31,264

1 Resigned on 1 March 2012
2 Appointed on 1 March 2012 and resigned on 22 July 2013
3 Resigned on 1 September 2012
4 Appointed on 22 July 2013
5 Resigned on 18 September 2013

Year ended 31 December HK$'000

7. Directors' Remuneration (continued)

(b) Executive directors and non-executive directors (continued)

During the year ended 31 December 2013, Mr. Zhang Jijing elected not to receive any fee from the Group and Mr. Ju Weimin elected not to receive the fee from the Group for the period from 1 July 2013 to 21 July 2013 inclusive. During the year ended 31 December 2012, Mr. Mi Zengxin elected not to receive any fee from the Group.

Save as aforesaid, there was no arrangement under which a director waived or agreed to waive any remuneration in 2012 and 2013.

8. Five Highest Paid Employees

The five highest paid employees during the year included three (2012: four) directors and two (2012: one) senior management personnel. Details of the remuneration of these directors are set out in note 7 to the financial statements and details of the remuneration of these senior management personnel are as follows:

	2013	2012
Salaries, allowances and benefits in kind	**4,039**	1,536
Bonuses	**2,755**	2,375
Pension scheme contributions	**244**	67
	7,038	3,978

9. Finance Costs

An analysis of finance costs is as follows:

	Group	
	2013	2012 Restated
Interest expense on bank and other borrowings	**273,781**	206,770
Interest expense on fixed rate senior notes, net	**429,528**	521,802
Interest expense on finance leases	**4,872**	528
Total interest expense on financial liabilities not at fair value through profit or loss	**708,181**	729,100
Amortisation of fixed rate senior notes	**18,860**	23,027
	727,041	752,127
Other finance charges:		
Increase in discounted amounts of provisions arising from the passage of time (note 34)	**3,005**	13,032
Others	**1,041**	4,476
	731,087	769,635

Year ended 31 December HK$'000

10. Income Tax

	Group 2013	2012 Restated
Current – Hong Kong	—	—
Current – Elsewhere		
Charge for the year	**50,396**	213,810
Underprovision/(overprovision) in prior years	**4,021**	(267)
Deferred (note 35)	**(582,287)**	(8,280)
Total tax expense/(credit) for the year	**(527,870)**	205,263

The statutory rate of Hong Kong profits tax was 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2012: Nil).

Taxes on profits assessable elsewhere were calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Australia: Australian income tax was provided at the statutory rate of 30% (2012: 30%) on the estimated taxable profits arising in Australia during the year.

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 30% (2012: 30%). The Group's subsidiary owning a participating interest in the oil and gas properties in Indonesia was subject to a branch tax at the effective tax rate of 14% (2012: 14%).

China: The Group's subsidiaries registered in China were subject to corporate income tax at a rate of 25% (2012: 25%). No provision for China corporate income tax was made as the Group had no taxable profits arising in China during the year (2012: Nil).

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.

Year ended 31 December HK$'000

Notes to Financial Statements

10. Income Tax (continued)

A reconciliation of the tax expense/(credit) applicable to loss before tax at the Hong Kong statutory tax rate to the tax expense/(credit) at the Group's effective tax rate is as follows:

	Group	
	2013	2012 Restated
Loss before tax	**(2,130,724)**	(1,095,686)
Tax at the Hong Kong statutory tax rate of 16.5% (2012: 16.5%)	**(351,570)**	(180,788)
Higher tax rates on profits arising elsewhere	**(158,331)**	93,674
Adjustments in respect of current tax of previous periods	**4,021**	(267)
Profit and loss attributable to associates and a joint venture	**(42,579)**	(70,434)
Income not subject to tax	**(153,002)**	(55,166)
Expenses not deductible for tax	**150,602**	375,684
Tax losses not recognised	**22,989**	42,560
Tax expense/(credit) at the Group's effective rate	**(527,870)**	205,263

The share of tax attributable to associates and a joint venture, amounting to HK$142,046,000 (2012: HK$341,400,000 (restated)), was included in "Share of profit/(loss) of associates and a joint venture" in the consolidated income statement.

The Group has unrecognised deferred tax assets from tax losses arising in Hong Kong and China in an aggregate amount of HK$378,346,000 (2012: HK$238,186,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. In respect of tax losses arising in China, the losses are available for offsetting against future taxable profits for a maximum period of five years. Deferred tax assets have not been recognised in respect of these tax losses because they have arisen in companies that have been loss-making for some years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

11. Loss attributable to Shareholders of the Company

Of the Group's loss attributable to shareholders of the Company of HK$1,465,436,000 (2012: HK$1,283,923,000 (restated)), a loss of HK$1,295,427,000 (2012: HK$95,745,000) has been dealt with in the financial statements of the Company (note 38 (b)).

12. 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 year attributable to ordinary shareholders of the Company of HK$1,465,436,000 (2012: HK$1,283,923,000 (restated)) and the weighted average number of ordinary shares in issue during the year, which was 7,867,380,574 (2012: 7,865,737,149) shares.

No adjustment was made to the basic loss per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the share options outstanding during the years had an anti-dilutive effect on the basic loss per share amounts presented.

HK$'000

13. Property, Plant and Equipment

Group

2013	Notes	Oil and gas properties	Freehold land	Leasehold improvements	Motor vehicles, plant, machinery, tools and equipment	Furniture and fixtures	Buildings and structures	Capital works	Construction in progress	Total
Cost:										
At 1 January (restated)		4,734,424	25,122	4,278	1,678,497	16,295	546,125	140,113	1,669,861	8,814,715
Change in provision for abandonment cost	34	(8,144)	—	—	—	—	—	—	—	(8,144)
Additions		160,016	—	47	27,889	1,416	40,185	11,274	1,431,043	1,671,870
Acquisition of a contractual arrangement	39	—	—	—	142,061	—	117,792	71,593	—	331,446
Disposals/write-off		(597)	—	—	(2,093)	—	—	(49,126)	—	(51,816)
Transfers		2,432,348	—	—	(5,438)	—	—	—	(2,426,910)	—
Exchange realignment		89,524	—	44	621	—	(721)	—	34,245	123,713
At 31 December		7,407,571	25,122	4,369	1,841,537	17,711	703,381	173,854	708,239	10,881,784
Accumulated depreciation and impairment:										
At 1 January (restated)		622,405	—	3,780	988,855	13,656	317,974	11,700	—	1,958,370
Depreciation provided during the year	6	189,945	—	236	63,248	2,053	32,367	—	—	287,849
Acquisition of a contractual arrangement	39	—	—	—	50,351	—	73,281	—	—	123,632
Disposals/write-off		—	—	—	(1,137)	—	—	—	—	(1,137)
Provision for impairment	6	1,777,308	—	—	—	—	—	—	—	1,777,308
Exchange realignment		2,842	—	37	405	—	(402)	—	—	2,882
At 31 December		2,592,500	—	4,053	1,101,722	15,709	423,220	11,700	—	4,148,904
Net carrying amount:										
At 31 December		4,815,071	25,122	316	739,815	2,002	280,161	162,154	708,239	6,732,880

As at 31 December 2013, the net carrying amount of the Group's property, plant and equipment included plant and machinery of HK$85,690,000 (2012: HK$40,343,000) held under finance leases.

Freehold land of the Group is located in Australia.

HK$'000

13. Property, Plant and Equipment (continued)

Group

2012 Restated	Oil and gas properties	Freehold land	Leasehold improvements	Motor vehicles, plant, machinery, tools and equipment	Furniture and fixtures	Buildings and structures	Capital works	Construction in progress	Total
Cost:									
At 1 January	4,574,124	10,939	4,046	1,637,406	14,727	518,814	48,418	1,105,049	7,913,523
Additions	185,644	14,068	212	25,722	1,600	16,915	91,475	576,990	912,626
Disposals/write-off	(67,328)	—	—	(19,270)	(32)	—	—	—	(86,630)
Transfers	27,611	—	—	—	—	—	—	(27,611)	—
Exchange realignment	14,373	115	20	34,639	—	10,396	220	15,433	75,196
At 31 December	4,734,424	25,122	4,278	1,678,497	16,295	546,125	140,113	1,669,861	8,814,715
Accumulated depreciation and impairment:									
At 1 January	491,203	—	3,362	930,025	9,348	290,963	11,700	—	1,736,601
Depreciation provided during the year (note 6)	130,543	—	404	56,261	4,339	20,638	—	—	212,185
Disposals/write-off	—	—	—	(16,604)	(31)	—	—	—	(16,635)
Exchange realignment	659	—	14	19,173	—	6,373	—	—	26,219
At 31 December	622,405	—	3,780	988,855	13,656	317,974	11,700	—	1,958,370
Net carrying amount:									
At 31 December	4,112,019	25,122	498	689,642	2,639	228,151	128,413	1,669,861	6,856,345

As at 31 December 2013, there was a significant year-on-year decrease in the commercial reserves of the Hainan-Yuedong Block in a reserves report issued by an independent oil and gas consulting firm. Accordingly, the Group has assessed that the recoverable amounts of the oil and gas properties as at 31 December 2013 has reduced. As a result, the carrying amount of these assets was written down to their recoverable amounts of HK$4,892,650,000 and an impairment loss of HK$1,688,770,000 was charged to the consolidated income statement. The estimates of recoverable amounts were based on these assets' value in use, using a discounted cash flow model. The future cash flows are adjusted for risks specific to these assets and discounted using a pre-tax discount rate of 13.22%.

Besides, due to a change of the drilling plan, the Group has fully written off certain oil and gas properties of the Seram Block, amounting to HK$88,538,000, and charged to the consolidated income statement during the year. The estimates of recoverable amounts were based on these assets' value in use, using a discounted cash flow model. The future cash flows are adjusted for risks specific to these assets and discounted using a pre-tax discount rate of 14.55%.

HK$'000

13. Property, Plant and Equipment (continued)

In assessing whether impairment is required for the carrying value of a potentially impaired asset, its carrying value is compared with its recoverable amount. Assets are tested for impairment either individually or as part of a cash-generating unit. The recoverable amount is the higher of the asset's fair value less costs of sales and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described above is value in use.

Company

	Leasehold improvements	Motor vehicles and equipment	Total
2013			
Cost:			
At 1 January	**1,339**	**3,329**	**4,668**
Additions	**39**	**762**	**801**
At 31 December	**1,378**	**4,091**	**5,469**
Accumulated depreciation:			
At 1 January	**1,017**	**2,774**	**3,791**
Depreciation provided during the year	**178**	**463**	**641**
At 31 December	**1,195**	**3,237**	**4,432**
Net carrying amount:			
At 31 December	**183**	**854**	**1,037**
2012			
Cost:			
At 1 January	1,328	3,302	4,630
Additions	11	27	38
At 31 December	1,339	3,329	4,668
Accumulated depreciation:			
At 1 January	743	2,218	2,961
Depreciation provided during the year	274	556	830
At 31 December	1,017	2,774	3,791
Net carrying amount:			
At 31 December	322	555	877

HK$'000

14. Prepaid Land Lease Payments

	Group 2013	2012
Carrying amount at 1 January	**24,111**	—
Additions	**1,112**	24,729
Amortisation provided during the year (note 6)	**(1,774)**	(618)
Exchange realignment	**703**	—
Carrying amount at 31 December	**24,152**	24,111
Current portion included in prepayments, deposits and other receivables (note 23)	**(1,330)**	(1,237)
Non-current portion	**22,822**	22,874

The leasehold land is situated in Liaoning Province, China and is held under a medium-term lease.

15. Goodwill

	Group 2013	2012
Cost:		
At 1 January and 31 December	**341,512**	341,512
Accumulated impairment:		
At 1 January and 31 December	**316,830**	316,830
Net carrying amount:		
At 31 December	**24,682**	24,682

Impairment testing of goodwill

As at 31 December 2013 and 2012, the Group's goodwill related to the import and export of commodities cash-generating unit which is a reportable segment.

The recoverable amount of the import and export of commodities cash-generating unit is determined based on a value in use calculation, using cash flow projections based on financial budgets covering a five-year period approved by senior management. The cash flows beyond the five-year period were extrapolated using a growth rate of 2%, which was determined with reference to the long term Customer Price Index of Australia and the nature of the business. The pre-tax discount rate applied to the cash flow projections was 16.35% (2012: 16.21%).

HK$'000

16. Other Assets

Group

Non-current assets

2013	Notes	ESA	Mining assets	Exploration and evaluation assets	Total
Cost:					
At 1 January		**1,039,777**	**82,362**	**150,681**	**1,272,820**
Change in provision for rehabilitation cost	34	**—**	**—**	**(7,608)**	**(7,608)**
Additions		**—**	**6,101**	**17,088**	**23,189**
Acquisition of a contractual arrangement	39	**—**	**661,845**	**109,993**	**771,838**
Transfers		**—**	**20,269**	**(20,269)**	**—**
At 31 December		**1,039,777**	**770,577**	**249,885**	**2,060,239**
Accumulated amortisation and impairment:					
At 1 January		**841,392**	**73,267**	**1,176**	**915,835**
Amortisation provided during the year	6	**51,804**	**47,044**	**—**	**98,848**
Acquisition of a contractual arrangement	39	**—**	**29,680**	**—**	**29,680**
Impairment during the year	6	**—**	**—**	**23,233**	**23,233**
At 31 December		**893,196**	**149,991**	**24,409**	**1,067,596**
Net carrying amount:					
At 31 December		**146,581**	**620,586**	**225,476**	**992,643**

Due to the poor economic environment, the weak global demand for steel and an oversupply of metallurgical coal, coal prices have decreased during the year. Accordingly, the mining plan of the CMJV was changed. As a result, the Group has impaired certain exploration and evaluation assets, amounting to HK$23,233,000, and charged to the consolidated income statement during the year. The estimates of recoverable amounts were based on these assets' value in use, using a discounted cash flow model. The future cash flows are adjusted for risks specific to these assets and discounted using a pre-tax discount rate of 13.36%.

HK$'000

16. Other Assets (continued)

Group (continued)

Non-current assets (continued)

2012	Notes	ESA	Mining assets	Exploration and evaluation assets	Total
Cost:					
At 1 January		1,017,302	77,809	96,405	1,191,516
Change in provision for rehabilitation cost		—	—	36,154	36,154
Additions		—	2,833	15,986	18,819
Exchange realignment		22,475	1,720	2,136	26,331
At 31 December		1,039,777	82,362	150,681	1,272,820
Accumulated amortisation and impairment:					
At 1 January		772,387	48,458	—	820,845
Amortisation provided during the year	6	51,925	3,625	—	55,550
Impairment during the year	6	—	20,114	1,175	21,289
Exchange realignment		17,080	1,070	1	18,151
At 31 December		841,392	73,267	1,176	915,835
Net carrying amount:					
At 31 December		198,385	9,095	149,505	356,985

Current asset

The Emission Units

	2013	2012
Cost:		
At 1 January	**194,970**	—
Additions	**329,690**	194,970
Amounts utilised during the year	**(340,445)**	—
At 31 December	**184,215**	194,970

31 December HK$'000

17. Investments in Subsidiaries

	Company 2013	2012
Unlisted shares, at cost	**173,133**	173,133
Due from subsidiaries	**15,057,663**	9,042,643
Due to subsidiaries	**(2,776,509)**	(78,227)
	12,454,287	9,137,549
Impairment	**(2,379,478)**	(1,175,151)
	10,074,809	7,962,398

The balances with subsidiaries are unsecured and interest free and have no fixed terms of repayment. In the opinion of the directors, the amounts due from subsidiaries included in the investments in subsidiaries above are considered as quasi-equity loans to the subsidiaries.

Particulars of the subsidiaries of the Company as at 31 December 2013 were as follows:

Name	Place of incorporation / registration and operations	Nominal value of issued share / paid-up capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held				
SEA Wood Investment Holdings Limited	British Virgin Islands ("**BVI**") / Hong Kong	US$10,000	100	Investment holding
Starbest Venture Limited	BVI / Hong Kong	US$1	100	Investment holding
Star Elite Venture Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC Resources Finance (2007) Limited ("**CR Finance**")	BVI / Hong Kong	US$1	100	Financing
Indirectly held				
Feston Manufacturing Limited	BVI / Hong Kong	US$10,000	100	Dormant
Nusoil Manufacturing Limited	BVI / Hong Kong	US$100	100	Investment holding
Wing Lam (International) Timber Limited	Hong Kong	HK$60,000,000	100	Dormant

17. Investments in Subsidiaries (continued)

Name	Place of incorporation / registration and operations	Nominal value of issued share / paid-up capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held (continued)				
Global Enterprises (HK) Limited	Hong Kong	HK$2	100	Provision of management services
Maxpower Resources Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC New Highland Petroleum Limited	BVI / Hong Kong	US$1	100	Investment holding
Toplight Resources Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC Resources Australia Pty Limited	State of Victoria, Australia	A$377,650,000	100	Investment holding
CITIC Portland Holdings Pty Limited	State of Victoria, Australia	A$196,791,454	100	Investment holding
CITIC Australia (Portland) Pty Limited	State of Victoria, Australia	A$45,675,119	100	Aluminium smelting
CITIC Portland Surety Pty Limited	State of Victoria, Australia	A$1	100	Investment holding
CITIC Nominees Pty Limited	State of Victoria, Australia	A$2	100	Investment holding
CITIC Portland Finance 1 Pty Limited ("**CPF1**")	State of Victoria, Australia	A$2	100	Financing
CITIC (Portland) Nominees I Pty Limited *	State of Victoria, Australia	A$2	100	Investment holding
CITIC (Portland) Nominees II Pty Limited *	State of Victoria, Australia	A$2	100	Investment holding
CITIC Nominees Pty Limited Partnership	State of Victoria, Australia	A$6,693,943	100	Investment holding

17. Investments in Subsidiaries (continued)

Name	Place of incorporation / registration and operations	Nominal value of issued share / paid-up capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held (continued)				
CITIC Australia Coal Pty Limited	State of Victoria, Australia	A$220,605,959	100	Investment holding
CITIC Australia Coal Exploration Pty Limited	State of Victoria, Australia	A$2,845,375	100	Exploration, development of coal mines and mining of coal
CITIC Australia Coppabella Pty Limited	State of Victoria, Australia	A$5,000,002	100	Mining and production of coal
CITIC Olive Downs Pty Limited	State of Victoria, Australia	A$99,958	100	Exploration and development of coal mines
CITIC Bowen Basin Pty Limited	State of Victoria, Australia	A$378,353	100	Exploration and development of coal mines
CITIC Capricorn Pty Limited	State of Victoria, Australia	A$9,549	100	Exploration and development of coal mines
CITIC Moorvale West Pty Limited	State of Victoria, Australia	A$108,333	100	Exploration and development of coal mines
CITIC West / North Burton Pty Limited	State of Victoria, Australia	A$34,238	100	Exploration and development of coal mines
CITIC West Rolleston Pty Limited	State of Victoria, Australia	A$196,390	100	Exploration and development of coal mines
CITIC West Walker Pty Limited	State of Victoria, Australia	A$91,812	100	Exploration and development of coal mines

17. Investments in Subsidiaries (continued)

Name	Place of incorporation / registration and operations	Nominal value of issued share / paid-up capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held (continued)				
CITIC Mining Equipment Pty Limited	State of Victoria, Australia	A$1	100	Equipment lease holding
CITIC Australia Trading Pty Limited ("**CATL**")	State of Victoria, Australia	A$4,710,647	100	Investment holding
CITIC Australia Commodity Trading Pty Limited	State of Victoria, Australia	A$500,002	100	Import and export of commodities and manufactured goods
CATL Sub-holdings Pty Limited	State of Victoria, Australia	A$1	100	Investment holding
CITIC Autoparts Pty Limited	State of Victoria, Australia	A$100	100	Import of tyres
Tyre Choice Pty Limited	State of Victoria, Australia	A$1	100	Dormant
CITIC Batteries Pty Limited	State of Victoria, Australia	A$2	100	Dormant
CITIC Nickel Pty Limited	State of Victoria, Australia	A$2	100	Investment holding
CITIC Nickel Australia Pty Limited	State of Victoria, Australia	A$2	100	Exploration and development of nickel mines
CITIC Nickel International Pty Limited	State of Victoria, Australia	A$2	100	Exploration and development of nickel mines
北京千泉投資顧問有限公司 # + (Beijing Springs Investment Consultants Co. Limited)	China	RMB1,243,173	100	Consulting

17. Investments in Subsidiaries (continued)

Name	Place of incorporation / registration and operations	Nominal value of issued share / paid-up capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held (continued)				
北京怡信美城商務信息諮詢有限公司 # + (Beijing Yi Xin Mei Cheng Commercial Information Consulting Co. Ltd.)	China	RMB500,000	100	Consulting
Cogent Assets Limited	BVI / Hong Kong	US$2	100	Investment holding
CITIC Petrochemical Holdings Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC Petrochemical Investments Limited	BVI / Hong Kong	US$1	100	Investment holding
Group Smart Resources Limited	BVI / Hong Kong	US$1	100	Investment holding
Highkeen Resources Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC Indonesia Energy Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC Seram Energy Limited	BVI / Indonesia	US$1	100	Exploration, development and operation of oilfields
CITIC Haiyue Energy Limited	BVI / Hong Kong	US$1	100	Investment holding
Tincy Group Energy Resources Limited	Hong Kong / China	HK$10,000,000	90	Exploration, development and operation of oilfields
CITIC Liaobin Investments Limited	BVI / Hong Kong	US$1	100	Investment holding

17. Investments in Subsidiaries (continued)

Name	Place of incorporation / registration and operations	Nominal value of issued share / paid-up capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held (continued)				
CITIC Liaobin Energy (HK) Limited	Hong Kong	HK$1	100	Investment holding
CITIC Oil & Gas Holdings Limited	BVI / Hong Kong	US$100	100	Investment holding
Renowned Nation Limited	BVI / Hong Kong	US$1	100	Investment holding
KBM Energy Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC Netherlands Energy Coöperatief U.A.	Netherlands / Hong Kong	EUR100	100	Investment holding
Perfect Vision Investments Limited	BVI / Hong Kong	US$1	100	Investment holding
KAZCITIC Investment LLP	Kazakhstan	KZT682,705,099	100	Property holding
Ample Idea Investments Limited	BVI / Hong Kong	US$1	100	Investment holding
中信石油技術開發(北京)有限公司 # + (CITIC Petroleum Technology Development (Beijing) Limited)	China	US$100,000	100	Oil technology development
CITIC PNG Investments Limited	BVI / Hong Kong	US$1	100	Investment holding
CITIC PNG Energy Limited	BVI / Hong Kong	US$1	100	Investment holding
Splendor Venture Limited	BVI / Hong Kong	US$1	100	Investment holding

* These two companies jointly own CITIC Nominees Pty Limited Partnership which owns the interest in the Portland Aluminium Smelter joint venture (the "**PAS JV**").

\# The statutory financial statements were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

\+ Limited liability company registered under China law

18. Investments in Joint Operations

As at 31 December 2013, the Group had interests in the following joint operations:

(a) 51% participating interest in the production sharing contract relating to the Seram Block; and

(b) the petroleum contract (as supplemented) for the exploration, development and production of petroleum from the Hainan-Yuedong Block.

19. Interests in Other Contractual Arrangements

As at 31 December 2013, the Group had interests in the following contractual arrangements:

(a) 22.5% participating interest in the PAS operations, the principal activity of which is aluminium smelting;

(b) 16% participating interest in the spent potlining operations at Portland, the principal activity of which is the processing of spent potlining;

(c) 14% participating interest in the CMJV operations, the principal activities of which are the mining and sale of coal;

(d) 50% participating interest in the CB Exploration operations, the principal activity of which is the exploration of coal;

(e) 10% participating interest in the Olive Downs operations, the principal activity of which is the exploration of coal;

(f) 15% participating interest in the Capricorn operations, the principal activity of which is the exploration of coal;

(g) 10% participating interest in the Moorvale West operations, the principal activity of which is the exploration of coal;

(h) 13.335% participating interest in the West / North Burton operations, the principal activity of which is the exploration of coal;

(i) 10% participating interest in the West Rolleston operations, the principal activity of which is the exploration of coal;

(j) 15% participating interest in the West Walker operations, the principal activity of which is the exploration of coal; and

(k) 15% participating interest in the Bowen Basin Coal operations, the principal activity of which is the exploration of coal.

31 December HK$'000

19. Interests in Other Contractual Arrangements (continued)

The contractual arrangements stated in (a), (b) and (d) above were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

During the year, the Group acquired an additional 7% participating interest in the CMJV, further details of which are set out in note 39 to the financial statements.

The Group's interests in the net assets employed in the PAS JV were included in the consolidated statement of financial position under the classifications shown below:

	2013	2012
Non-current assets	**2,050,409**	2,100,209
Current assets	**100,277**	115,393
Current liabilities	**(139,292)**	(134,889)
Non-current liabilities	**(331,898)**	(479,561)
Proportionate share of net assets employed in the PAS JV	**1,679,496**	1,601,152

The Group's interests in the combined net assets employed in the remaining contractual arrangements were included in the consolidated statement of financial position under the classifications shown below:

	2013	2012 Restated
Non-current assets	**855,777**	456,764
Current assets	**192,668**	126,122
Current liabilities	**(136,672)**	(112,793)
Non-current liabilities	**(87,032)**	(536)
Proportionate share of net assets employed in the remaining contractual arrangements	**824,741**	469,557

20. Investments in Associates

	Group	
	2013	2012
Share of net assets	**4,188,574**	2,237,233
Goodwill on acquisition	**1,374,258**	1,089,808
	5,562,832	3,327,041
Impairment *	**(1,502,000)**	(1,502,000)
	4,060,832	1,825,041
Market value of listed shares	**2,518,578**	1,013,996

* The impairment related to the Group's investment in CDH (as defined below).

31 December HK$'000

20. Investments in Associates (continued)

Particulars of the Group's associates as at 31 December 2013 were as follows:

Name	Place of incorporation and operations	Issued ordinary share capital	Percentage of equity interest attributable to the Group	Principal activities
Alumina #	Australia	HK$20,436,000,000	8.40	Investment holding
CITIC Dameng Holdings Limited ("**CDH**")	Bermuda / Hong Kong	HK$302,479,500	38.98	Investment holding

\# Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

During the year, the Group acquired an aggregate 8.40% interest in Alumina for a total cash consideration of A$286,940,000 (HK$2,304,929,000). Alumina is a leading Australian company listed on the Australian Securities Exchange (the "**ASX**") and the New York Stock Exchange.

The Group's investments in Alumina and CDH are indirectly held by the Company.

Alumina is an investment holding company and has significant global interests in bauxite mining and alumina refining operations. Alumina is considered a material associate of the Group and accounted for using the equity method. The following table illustrates the summarised financial information of Alumina and its subsidiaries and also the reconciliation to the carrying amount in the consolidated financial statements:

	2013
Current assets	**372,840**
Non-current assets	**25,075,248**
Current liabilities	**(478,920)**
Non-current financial liabilities, excluding accounts and other payables and provisions	**(847,080)**
Non-current liabilities	**(4,680)**
Net assets	**24,117,408**
Reconciliation to the Group's investment in the associate:	
Proportion of the Group's ownership	**8.40%**
Group's share of net assets of the associate (excluding goodwill)	**2,025,862**
Goodwill on acquisition	**284,450**
Carrying amount of the investment	**2,310,312**

31 December HK$'000

20. Investments in Associates (continued)

The following shows the operating result of Alumina for the period from the date on which the Group could exercise significant influence on Alumina to 31 December 2013 ("**Relevant Period**"):

	Relevant Period
Revenue	**2,340**
Profit	**64,071**
Other comprehensive income	**—**
Total comprehensive income	**64,071**

CDH is an investment holding company and its subsidiaries are engaged in manganese mining, ore processing and downstream processing operations in China. CDH is also considered a material associate of the Group and accounted for using the equity method. The following table illustrates the summarised financial information of CDH and its subsidiaries and also the reconciliation to the carrying amount in the consolidated financial statements:

	2013	2012
Current assets	**3,639,985**	4,136,016
Non-current assets	**7,100,267**	6,703,897
Current liabilities	**(2,935,845)**	(3,279,251)
Non-current financial liabilities, excluding accounts and other payables and provisions	**(2,289,926)**	(1,770,019)
Non-current liabilities	**(804,687)**	(813,315)
Net assets	**4,709,794**	4,977,328
Non-controlling interests	**(218,979)**	(295,335)
	4,490,815	4,681,993
Reconciliation to the Group's investment in the associate:		
Proportion of the Group's ownership	**38.98%**	38.98%
Group's share of net assets of the associate and carrying amount of the investment	**1,750,520**	1,825,041

31 December HK$'000

20. Investments in Associates (continued)

	Year ended 31 December 2013	2012
Revenue	**2,915,756**	2,986,444
Loss for the year attributable to:		
Shareholders of CDH	**(277,632)**	(466,631)
Non-controlling interests of CDH	**(74,443)**	(101,950)
Other comprehensive income attributable to:		
Shareholders of CDH	**66,062**	23,821
Non-controlling interests of CDH	**(1,913)**	2,064

21. Investment in a Joint Venture

	Group 2013	2012 Restated
Share of net assets	**3,631,838**	3,324,764
Impairment	**(1,399,935)**	(1,399,935)
	2,231,903	1,924,829

Particulars of the Group's joint venture as at 31 December 2013 was as follows:

Name	Place of incorporation and operations	Issued ordinary share capital	Percentage of equity interest attributable to the Group	Principal activity
CCEL	Canada	US$1	50	Investment holding

The Group's investment in CCEL is indirectly held by the Company.

The Group has a 50% equity interest in CCEL. CCEL is an investment holding company and its subsidiaries are principally engaged in the exploration, development, production and sale of oil and provision of oilfield related services in Kazakhstan. Under HKAS 31 Interests in Joint Ventures (prior to the transition to HKFRS 11), the Group's interest in CCEL was classified as a jointly controlled entity and the Group's proportionate share of the assets, liabilities, revenue, income and expenses of CCEL and its subsidiaries were consolidated in the financial statements of the Group. Upon the adoption of HKFRS 11, the Group has determined that CCEL is a joint venture and it is required to account for its equity interest in CCEL using the equity method.

HK$'000

21. Investment in a Joint Venture (continued)

The quantitative impact of applying HKFRS 11 is summarised below:

Impact on the consolidated income statement	Year ended 31 December 2012
Decrease in revenue	(5,686,532)
Decrease in cost of sales	2,467,625
Decrease in gross profit	(3,218,907)
Increase in other income and gains	852
Decrease in selling and distribution costs	1,953,844
Decrease in general and administrative expenses	213,419
Increase in other expenses, net	(2,579)
Decrease in finance costs	75,221
Increase in share of profit of a joint venture	608,767
Decrease in profit before tax	**(369,383)**
Decrease in income tax	333,343
Net impact on profit for the year	**(36,040)**
Decrease in profit attributable to non-controlling interests	36,040
Net impact on loss attributable to shareholders of the Company and loss per share	**—**

Impact on the consolidated statement of financial position	31 December 2012	1 January 2012
Decrease in property, plant and equipment	(7,177,578)	(7,540,610)
Increase in investment in a joint venture	1,924,829	1,339,183
Decrease in inventories	(323,411)	(335,034)
Decrease in trade receivables	(466,509)	(344,993)
Increase in prepayments, deposits and other receivables	2,563,021	3,396,756
Decrease in tax recoverable	(97,318)	(12,515)
Decrease in cash and cash equivalents	(133,102)	(322,339)
Decrease in accounts payable	141,249	188,470
Decrease in tax payable	71,849	361,793
Decrease in accrued liabilities and other payables	518,851	534,112
Decrease in provisions	752,636	422,117
Decrease in bank and other borrowings	965,735	963,094
Decrease in deferred tax liabilities	972,453	1,047,643
Net impact on equity	**(287,295)**	**(302,323)**
Decrease in equity attributable to non-controlling interests	287,295	302,323
Net impact on equity attributable to shareholders of the Company	**—**	**—**

Impact on the consolidated statement of cash flows	Year ended 31 December 2012
Decrease in net cash flows from operating activities	(1,036,879)
Decrease in net cash flows used in investing activities	1,133,840
Decrease in net cash flows used in financing activities	91,607
Net increase in cash and cash equivalents	**188,568**

31 December HK$'000

21. Investment in a Joint Venture (continued)

The following table illustrates the summarised financial information of CCEL and its subsidiaries and also the reconciliation to the carrying amount in the consolidated financial statements:

	2013	2012
Cash and cash equivalents	**536,341**	266,204
Other current assets	**3,020,501**	2,511,498
Current assets	**3,556,842**	2,777,702
Non-current assets	**13,082,367**	14,466,510
Financial liabilities, excluding accounts and other payables	**(6,323,141)**	(5,973,838)
Other current liabilities	**(1,686,191)**	(1,539,084)
Current liabilities	**(8,009,332)**	(7,512,922)
Non-current financial liabilities, excluding accounts and other payables and provisions	**(304,244)**	(1,931,470)
Non-current liabilities	**(3,331,365)**	(3,375,572)
Net assets	**4,994,268**	4,424,248
Non-controlling interests	**(530,462)**	(574,590)
	4,463,806	3,849,658
Reconciliation to the Group's investment in a joint venture:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of a joint venture and carrying amount of the investment	**2,231,903**	1,924,829

	Year ended 31 December	
	2013	2012
Revenue	**11,169,635**	11,373,064
Interest income	**3,732**	4,566
Depreciation and amortisation	**(2,128,714)**	(1,866,002)
Interest expense	**(92,307)**	(91,732)
Income tax	**(286,176)**	(666,687)
Profit for the year attributable to:		
Shareholders of CCEL	**721,782**	1,217,534
Non-controlling interests of CCEL	**40,213**	72,080
Other comprehensive income attributable to:		
Shareholders of CCEL	**(107,634)**	(46,241)
Non-controlling interests of CCEL	**(5,655)**	(3,190)

31 December HK$'000

22. Available-for-sale Investments

	Group 2013	2012
Non-current equity investments:		
Listed equity investments in Australia, at fair value	**1,820**	26,047

The fair values of the above investments were based on quoted market prices.

During the year, a gain of HK$9,524,000 (2012: nil) (note 5) in respect of the Group's available-for-sale investments was reclassified from the consolidated statement of comprehensive income to the consolidated income statement.

23. Prepayments, Deposits and Other Receivables

	Group		Company	
	2013	2012 Restated	**2013**	2012
Prepayments	**247,172**	283,683	**149**	97,356
Current portion of prepaid land lease payments (note 14)	**1,330**	1,237	**—**	—
Deposits and other receivables	**2,804,160**	3,491,443	**11,418**	5,501
	3,052,662	3,776,363	**11,567**	102,857
Portion classified as current assets	**(2,612,248)**	(3,388,573)	**(11,567)**	(102,857)
Non-current portion	**440,414**	387,790	**—**	—

Included in the other receivables was an amount due from CCEL of HK$2,348,695,000 (2012: HK$2,986,919,000 (restated)), which was interest free and repayable on demand.

None of the above assets was either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. Inventories

	Group 2013	2012 Restated
Raw materials	**176,160**	165,324
Work in progress	**14,010**	21,197
Finished goods	**1,109,929**	635,469
	1,300,099	821,990

31 December HK$'000

25. Trade Receivables

	Group 2013	2012 Restated
Trade receivables	**2,050,036**	1,864,575
Impairment	**(11,026)**	(14,902)
	2,039,010	1,849,673

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

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, was as follows:

	Group 2013	2012 Restated
Within one month	**1,034,139**	561,160
One to two months	**161,329**	574,456
Two to three months	**448,547**	418,939
Over three months	**394,995**	295,118
	2,039,010	1,849,673

The movements in the provision for impairment of trade receivables were as follows:

	Group 2013	2012
At 1 January	**14,902**	23,470
Impairment losses recognised (note 6)	**11,042**	786
Amount written back (note 6)	**(14,916)**	(9,870)
Exchange realignment	**(2)**	516
At 31 December	**11,026**	14,902

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$11,026,000 (2012: HK$14,902,000) with an aggregate carrying amount before provision of HK$11,026,000 (2012: HK$14,902,000). The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables are not expected to be recovered.

An aged analysis of the trade receivables that were not considered to be impaired was as follows:

	Group 2013	2012 Restated
Neither past due nor impaired	**2,028,247**	1,767,684
Less than one month past due	**8,728**	56,357
One to three months past due	**863**	22,787
Over three months past due	**1,172**	2,845
	2,039,010	1,849,673

31 December HK$'000

Notes to Financial Statements

25. Trade Receivables (continued)

Receivables that were neither past due nor impaired relate to a large number of diversified customers in respect of whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

As at 31 December 2012, included in the trade receivables was an amount due from the Group's fellow subsidiary of HK$324,315,000 which was repayable on similar credit terms to those offered to other customers of the Group.

26. Equity Investments at Fair Value through Profit or Loss

	Group	
	2013	2012
Unlisted equity investments, at fair value:		
Australia	**3,029**	3,029

The above equity investments were classified as held for trading for both years.

27. Derivative Financial Instruments

	Group			
	2013		2012	
	Assets	**Liabilities**	Assets	Liabilities
Forward currency contracts	**36,982**	**—**	19	171
Forward commodity contracts	**1,835**	**—**	470	—
Interest rate swap contracts	**—**	**—**	—	2,871
Derivative financial instrument – embedded derivative	**—**	**81,439**	—	195,907
EHA (as defined below)	**—**	**15,866**	114,801	—
	38,817	**97,305**	115,290	198,949
Portion classified as non-current portion:				
Derivative financial instrument – embedded derivative	**—**	**(81,439)**	—	(195,907)
EHA (as defined below)	**—**	**(15,866)**	(114,801)	—
Non-current portion	**—**	**(97,305)**	(114,801)	(195,907)
Current portion	**38,817**	**—**	489	3,042

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

HK$'000

27. Derivative Financial Instruments (continued)

Forward currency contracts – cash flow hedges

The Group has transactional currency exposures. Such exposures primarily arise from sales and purchases by the Group's import and export of commodities segment in currencies other than the functional currencies of the related entities in that segment. Therefore, to enable the Group to manage such business operations, forward currency contracts are entered into to hedge current and anticipated future sales and purchases.

The terms of the forward currency contracts were negotiated to match the terms of related purchases and sales commitments. Forward currency contracts described above are considered to be cash flow hedges, and are accounted for in accordance with the accounting policies set out in note 2.4 to the financial statements.

As at 31 December, the terms of the outstanding forward currency contracts held by the Group were as follows:

	2013		2012	
	Weighted average exchange rate	Contractual amount	Weighted average exchange rate	Contractual amount
Forward currency contracts:				
(a) Sell A$ / Buy US$				
Within three months	**0.9362**	**925,548**	1.0351	232,964
(b) Buy A$ / Sell US$				
Within three months	**0.9120**	**357,357**	—	—

The amounts disclosed above were measured at the contracted rates.

The portion of gain or loss on the hedging instruments that is determined to be an effective hedge is recognised directly in the consolidated statement of changes in equity. When a cash flow occurs, the Group adjusts the initial measurement of the component recognised in the consolidated statement of financial position by the related amount in the consolidated statement of changes in equity.

Forward commodity contracts – cash flow hedges

The Group has also committed to the following contracts in order to protect the Group from adverse movements in aluminium prices.

Forward commodity contracts are normally settled other than by physical delivery of the underlying commodities and hence are classified as financial instruments. On maturity, the forward price is compared to the spot price and the difference is applied to the contracted quantity in calculating the gain or loss of the Group under such contract.

Aluminium forward contracts are entered into for the purpose of hedging the volatility of future aluminium prices. The contracts are considered to be cash flow hedges and are accounted for in accordance with the accounting policies set out in note 2.4 to the financial statements.

HK$'000

27. Derivative Financial Instruments (continued)

Forward commodity contracts – cash flow hedges (continued)

As at 31 December, the terms of the Group's outstanding forward commodity contracts were as follows:

	2013 Quantity hedged tonnes	2013 Average price per tonne HK$	2013 Contractual amount	2012 Quantity hedged tonnes	2012 Average price per tonne HK$	2012 Contractual amount
Aluminium forward contracts (sold):						
Three to twelve months	**3,400**	**14,890**	**50,630**	800	17,002	13,602
One to two years	**—**	**—**	**—**	200	17,002	3,400

Interest rate swap contracts – cash flow hedges

The Group has entered into interest rate swap contracts to hedge against unfavourable movements in interest rates payable on floating rate borrowings. The Group is obliged to pay interest at fixed rates and receive interest at floating rates on the notional principal amount of the interest rate swap contracts, with settlement being made on a net basis.

The contracts require settlement of net interest receivable or payable at specified intervals which coincide with the dates on which interest is payable on the underlying debts. Such net receipts or payments are recognised as an adjustment to interest expense at the time the floating rates are set for each interval. The floating rates for A$ denominated interest rate swap contracts are set by reference to the bank bill swap reference rates and those for US$ denominated interest rate swap contracts are set by reference to the London interbank offered rates ("**LIBOR**").

As at 31 December 2012, there was one interest rate swap contract in place which covered 50% of the outstanding balance of a term loan of US$46,000,000 (HK$358,821,000) borrowed by CPF1 and was timed to expire as each loan repayment fell due. The interest rate was fixed at 1.97% p.a. over the whole term of the contract and the floating interest rates were set by reference to 3-month LIBOR. This swap contract was terminated when the related term loan was fully prepaid during the year.

As at 31 December, the remaining term, notional principal amount and other major terms of the Group's outstanding interest rate swap contract were as follows:

	2013 Weighted average rate %	2013 Notional amount	2012 Weighted average rate %	2012 Notional amount
US$ interest rate swap contract:				
Within one year	**—**	**—**	1.97	179,411

31 December HK$'000

27. Derivative Financial Instruments (continued)

Interest rate swap contracts – cash flow hedges (continued)

The terms of the forward currency contracts, forward commodity contracts and interest rate swap contract have been negotiated to match the terms of the commitments. The cash flow hedges of expected future sales, expected future purchases and expected future interest payments were assessed to be highly effective and a net loss of HK$207,109,000 (2012: a net gain of HK$46,200,000), net of deferred tax, was included in the hedging reserve as follows:

	Year ended 31 December 2013
Total fair value loss included in the hedging reserve	**(92,180)**
Reclassified from the consolidated statement of comprehensive income and recognised in the consolidated income statement (note 6)	**(198,038)**
Deferred tax	**83,109**
Net loss on cash flow hedges	**(207,109)**

Derivative financial instrument – embedded derivative

The pricing mechanism used in the ESA includes a component that is subject to the price of aluminium. It has been determined that an embedded derivative exists and that the derivative component has been separated from its host agreement. The embedded derivative is revalued at the end of each reporting period based on future aluminium prices with its fair value gain or loss recognised in the consolidated income statement.

Electricity hedge agreement

In 2010, a base load electricity contract was signed between the Group (together with the other joint venture partners of the PAS JV) and Loy Yang Power (an independent electricity supplier) (the "**EHA**"). The EHA effectively allows the PAS to secure electricity supply from 2016 through 2036 when the ESA expires in 2016. The pricing mechanism used in the EHA includes a component that is subject to certain escalation factors which, in turn, are affected by the consumer price index, producer price index and labour costs.

28. Cash and Cash Equivalents

	Group		Company	
	2013	2012 Restated	**2013**	2012
Cash and bank balances	**2,696,366**	397,998	**8,142**	3,979
Time deposits	**4,297,673**	7,989,250	**4,191,504**	2,286,345
Cash and cash equivalents *	**6,994,039**	8,387,248	**4,199,646**	2,290,324

* As at 31 December 2013, the Group had a balance of HK$20,877,000 (2012: HK$2,859,000) at China CITIC Bank International Limited and HK$1,278,000 (2012: HK$14,136,000) at China CITIC Bank Corporation Limited while the Company had a balance of HK$199,000 (2012: HK$1,594,000) at China CITIC Bank International Limited and HK$364,000 (2012: HK$371,000) at China CITIC Bank Corporation Limited.

31 December HK$'000

28. Cash and Cash Equivalents (continued)

Cash at banks earns interest at the rates quoted by the banks. Time deposits are placed for periods ranging from one day to four months depending on the cash requirements of the Group, and earn interest at deposit rates prevailing from time to time. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

At the end of the reporting period, the cash and bank balances and time deposits of the Group and of the Company denominated in Renminbi ("**RMB**") amounted to HK$1,055,146,000 (2012: HK$209,247,000) and HK$989,873,000 (2012: HK$59,859,000), respectively, and the cash and bank balances and time deposits of the Group denominated in Kazakhstan Tenge ("**KZT**") amounted to HK$8,952,000 (2012: HK$10,011,000 (restated)). Although RMB and KZT are not freely convertible into other currencies, the Group is permitted to exchange RMB and KZT for other currencies through those banks which are authorised to conduct foreign exchange business under the foreign exchange control regulations of China and Kazakhstan.

29. Accounts Payable

An aged analysis of the accounts payable as at the end of the reporting period, based on the invoice date, was as follows:

	Group	
	2013	2012 Restated
Within one month	**935,078**	822,541
One to three months	**—**	—
Over three months	**23,229**	—
	958,307	822,541

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

30. Accrued Liabilities and Other Payables

	Group		Company	
	2013	2012 Restated	**2013**	2012
Other payables	**203,822**	232,844	**9**	110
Accruals	**532,297**	237,405	**4,033**	2,126
Deferred income	**90,136**	92,703	**—**	—
	826,255	562,952	**4,042**	2,236

Other payables are non-interest-bearing and have an average term of three months.

Included in the total amount of accrued liabilities and other payables is an interest expense of HK$1,732,000 (2012: HK$2,147,000) payable on a loan advanced by CITIC New Standard Investment Limited ("**CITIC New Standard**"), an indirect wholly-owned subsidiary of the ultimate holding company of the Company. As at 31 December 2013, the outstanding amount of the loan was US$35,000,000 (HK$273,000,000) (2012: US$37,000,000 (HK$288,617,000)) (note 31(d)).

31 December HK$'000

Notes to Financial Statements

31. Bank and Other Borrowings

	Notes	Group 2013	2012 Restated	Company 2013	2012
Bank loans:					
– secured @	(a)	—	358,821	—	—
– unsecured #	(b)	**7,158,455**	1,799,036	**6,291,024**	1,068,085
Other loans:					
– secured *	(c)	—	1,384	—	—
– unsecured #	(d)	**273,000**	288,617	—	—
		7,431,455	2,447,858	**6,291,024**	1,068,085

@ Floating rate but including the effects of a related interest rate swap contract as further detailed in note 27 to the financial statements
\# Floating rate
* Fixed rate

Notes:

(a) As at 31 December 2012, the secured bank loan was a loan of US$46,000,000 (HK$358,821,000), which was interest-bearing at LIBOR plus margin and secured by the Group's 22.5% participating interest in the PAS JV. The loan was fully prepaid during the year.

(b) The unsecured bank loans include:

(i) trade finance totalling US$92,260,000 (HK$719,627,000) and A$21,177,000 (HK$147,804,000), which is interest-bearing at LIBOR (or cost of funds) plus margin; and

(ii) loans totalling US$806,541,000 (HK$6,291,024,000), which are interest-bearing at LIBOR plus margin and include US$14,770,000 (HK$115,208,000) from China CITIC Bank International Limited.

(c) As at 31 December 2012, the secured other loan was a loan of A$171,000 (HK$1,384,000) obtained from the manager of the CMJV, which was interest-bearing at 6% p.a. The loan was fully repaid during the year.

(d) The unsecured other loan is a loan obtained from CITIC New Standard, an indirect wholly-owned subsidiary of the ultimate holding company of the Company and therefore a fellow subsidiary of the Company, which is interest-bearing at LIBOR plus 1.5% p.a. and repayable by instalments by 2 September 2017.

	Group 2013	2012 Restated	Company 2013	2012
Bank loans repayable:				
Within one year or on demand	**867,431**	1,089,772	—	—
In the second year	**2,918,612**	—	**2,918,612**	—
In the third to fifth years, inclusive	**3,372,412**	1,068,085	**3,372,412**	1,068,085
	7,158,455	2,157,857	**6,291,024**	1,068,085
Other loans repayable:				
Within one year	**15,601**	16,985	—	—
In the second year	**15,601**	15,601	—	—
In the third to fifth years, inclusive	**241,798**	257,415	—	—
	273,000	290,001	—	—
Total bank and other borrowings	**7,431,455**	2,447,858	**6,291,024**	1,068,085
Portion classified as current liabilities	**(883,032)**	(1,106,757)	—	—
Non-current portion	**6,548,423**	1,341,101	**6,291,024**	1,068,085

31 December HK$'000

Notes to Financial Statements

32. Finance Lease Payables

The Group leases certain of its plant and machinery for its coal mine operation. The leases are classified as finance leases and have remaining lease terms ranging from one to eight years.

At the end of the reporting period, the total future minimum lease payments under finance lease payables and their present values were as follows:

Group

	Minimum lease payments		Present values of minimum lease payments	
	2013	2012	**2013**	2012
Amounts payable:				
Within one year	**19,798**	13,702	**15,614**	9,623
In the second year	**16,955**	7,954	**13,711**	5,773
In the third to fifth years, inclusive	**41,790**	23,613	**37,262**	19,688
Beyond five years	**3,782**	8,754	**3,646**	8,299
Total minimum finance lease payments	**82,325**	54,023	**70,233**	43,383
Future finance charges	**(12,092)**	(10,640)		
Total net finance lease payables	**70,233**	43,383		
Portion classified as current liabilities	**(15,614)**	(9,623)		
Non-current portion	**54,619**	33,760		

33. Bond Obligations

	Group	
	2013	2012
Fixed rate senior notes, listed in Singapore	**6,187,321**	7,619,686
Portion classified as current liabilities	**(6,187,321)**	—
Non-current portion	**—**	7,619,686

On 17 May 2007, CR Finance, a direct wholly-owned subsidiary of the Company, issued US$1,000,000,000 6.75% senior notes due 2014 (the "**Notes**") at the issue price of 99.726% with interest payable semi-annually. The obligations of CR Finance under the Notes are guaranteed by the Company.

The Notes shall become immediately due and payable in the case of an event of default, and are subject to redemption on the occurrence of certain events. In addition, the Group may incur additional indebtedness when it is in compliance with the terms and conditions of the Notes.

HK$'000

33. Bond Obligations (continued)

During the year, CR Finance repurchased Notes in a total principal amount of US$201,080,000 (HK$1,568,424,000) at an aggregate consideration of US$213,061,000 (HK$1,661,876,000) plus accrued interest. The Notes repurchased were cancelled, following which the outstanding principal amount of the Notes was US$798,920,000 (HK$6,231,576,000). The repurchase of the Notes resulted in a one-off expense of HK$91,498,000 (note 6). During the year, the Group also purchased certain Notes in the principal amount of US$4,664,000 (HK$36,379,000) at the prevailing market prices and recorded a loss of HK$2,052,000 in total (note 6).

34. Provisions

Group

	Notes	Provision for long term employee benefits and others	Provision for rehabilitation cost	Provision for abandonment cost	Total
At 1 January 2013 (restated)		144,605	259,996	35,428	440,029
Provision	6, 13, 16	10,639	(7,608)	(8,144)	(5,113)
Acquisition of a contractual arrangement	39	155,786	45,274	—	201,060
Amounts utilised during the year		(98,164)	—	—	(98,164)
Increase in discounted amounts arising from the passage of time	9	—	1,529	1,476	3,005
Exchange realignment		(8)	10	—	2
At 31 December 2013		212,858	299,201	28,760	540,819
Portion classified as current liabilities		(71,197)	(5,615)	—	(76,812)
Non-current portion		141,661	293,586	28,760	464,007

The provisions were based on estimates of future payments made by management and discounted at rates in the range of 4.24% to 4.40%. Changes in assumptions could significantly affect these estimates.

The provision for long term employee benefits represents the estimated future payments in respect of past services provided by employees. Consideration was given to expected future wages and salary levels, past record of employee departures and period of service. Expected future payments were discounted using market yields at the reporting date and currency that matched, as closely as possible, the estimated future cash flows.

The provision for rehabilitation cost represents the estimated costs of rehabilitation relating to the areas disturbed during the operation of the PAS and the coal mines in Australia at the end of their useful lives up to 2030. The Group has estimated and provided for the expected costs of removal and clean-up on a periodical basis, based on the estimates provided by the environmental authorities when they reviewed the sites.

The provision for abandonment cost represents the estimated costs of abandoning oil and gas properties. These costs are expected to be incurred upon abandoning wells and removal of equipment and facilities, as the case may be.

HK$'000

35. Deferred Tax

The movements in the Group's deferred tax liabilities and assets during the year were as follows:

2013

Deferred tax liabilities	Depreciation allowance in excess of related depreciation	Change in fair value of financial instruments	Total
At 1 January (restated)	605,571	69,116	674,687
Deferred tax credited to the consolidated income statement during the year (note 10)	(529,823)	—	(529,823)
Deferred tax credited to equity during the year	—	(78,024)	(78,024)
At 31 December	75,748	(8,908)	66,840

Deferred tax assets	Losses available for offsetting against future taxable profits
At 1 January	122,146
Deferred tax credited to the consolidated income statement during the year (note 10)	52,464
At 31 December	174,610
Net deferred tax assets at 31 December	107,770

2012

Deferred tax liabilities	Depreciation allowance in excess of related depreciation Restated	Change in fair value of financial instruments	Total Restated
At 1 January	584,033	52,138	636,171
Deferred tax charged to the consolidated income statement during the year (note 10)	19,279	—	19,279
Deferred tax charged to equity during the year	—	15,786	15,786
Exchange realignment	2,259	1,192	3,451
At 31 December	605,571	69,116	674,687

31 December HK$'000

35. Deferred Tax (continued)

Deferred tax assets	Losses available for offsetting against future taxable profits
At 1 January	94,587
Deferred tax credited to the consolidated income statement during the year (note 10)	27,559
At 31 December	122,146
Net deferred tax liabilities at 31 December (restated)	552,541

Pursuant to China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in China. The requirement was effective from 1 January 2008 and is applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is an applicable tax treaty between China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding tax on dividends declared by its subsidiaries established in China in respect of earnings generated from 1 January 2008 onwards.

There are no income tax consequences attaching to the payment of dividends of the Company to its shareholders.

36. Share Capital

Shares

	2013	2012
Authorised: 10,000,000,000 (2012: 10,000,000,000) ordinary shares of HK$0.05 each	**500,000**	500,000
Issued and fully paid: 7,868,527,149 (2012: 7,865,737,149) ordinary shares of HK$0.05 each	**393,426**	393,287

During the year, pursuant to the exercise of share options at an exercise price of HK$1.018 per share, the Company issued a total of 2,790,000 ordinary shares of HK$0.05 each for a total cash consideration of HK$2,840,000 (before expenses). An amount of HK$614,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options. The new shares rank pari passu in all respects with the then existing shares of the Company.

Share options

Details of the share option scheme of the Company and the share options issued under such scheme are set out in note 37 to the financial statements.

37. Share Option Scheme

On 30 June 2004, a new share option scheme (the "**New Scheme**") was adopted by the Group to replace the share option scheme which was adopted by the Company on 21 August 1997 (the "**Old Scheme**"). The Old Scheme was terminated on 30 June 2004.

Pursuant to the New Scheme, the Company may grant options to eligible participants to subscribe for shares in the Company subject to the terms and conditions stipulated therein. A summary of the New Scheme is as follows:

(a)	Purpose	To enable the Company to grant options to Eligible Participants (as defined below) as incentives and rewards for their contributions to the Group.
(b)	Eligible Participants	Being employees or executives or officers of the Company or any of its subsidiaries (including their respective executive and non-executive directors) and consultants, business associates and advisers who will provide or have provided services to the Group.
(c)	Total number of shares available for issue under the New Scheme	The total number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme shall not exceed 30% of the total number of shares of the Company in issue.
(d)	Maximum entitlement of each Eligible Participant	The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant shall not exceed 1% of the total number of shares of the Company in issue at the date of grant.
(e)	Period during which the shares must be taken up under an option	The period during which an option may be exercised is determined by the board of directors of the Company (the "**Board**") at its absolute discretion, except that no option may be exercised after 10 years from the date of grant.
(f)	Minimum period for which an option must be held before it can be exercised	The minimum period for which an option must be held before it can be exercised is one year.
(g)	Basis of determining the exercise price	The exercise price payable in respect of each share must be at least the higher of (i) the closing price of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as stated in the Stock Exchange's daily quotations sheet on the date of grant (which must be a business day); (ii) the average closing prices of the shares of the Company on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.
(h)	Remaining life of the New Scheme	The New Scheme remains in force until 29 June 2014 unless otherwise terminated in accordance with the terms stipulated therein.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

37. Share Option Scheme (continued)

During the years ended 31 December 2013 and 2012, the movement of the share options was as follows:

	2013		2012	
	Weighted average exercise price per share HK$	Number of share options	Weighted average exercise price per share HK$	Number of share options
At 1 January	1.015	35,058,779	1.015	35,058,779
Exercised during the year	1.018	(2,790,000)		—
Lapsed during the year	1.015	(32,268,779)		—
Granted during the year	1.770	400,000,000		—
At 31 December	1.770	400,000,000	1.015	35,058,779

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period were as follows:

	Number of share options	Exercise price per share * HK$	Exercise period
2013	200,000,000	1.770	06-11-2014 to 05-11-2018
	200,000,000	1.770	06-11-2015 to 05-11-2018
	400,000,000		
2012	29,757,405	1.018	02-06-2006 to 01-06-2013
	5,301,374	1.000	28-12-2006 to 27-12-2013
	35,058,779		

* The exercise price of the share options is subject to adjustment in case of a rights issue or bonus issue, or other similar changes in the share capital of the Company.

On 6 November 2013, the Company granted to Mr. Kwok Peter Viem, a director of the Company, share options to subscribe for 400,000,000 ordinary shares of the Company at an exercise price of HK$1.770 per share under the New Scheme. The share options are subject to the following vesting conditions:

(i) 50% of the share options shall vest and be exercisable with effect from the first anniversary of the date of grant; and

(ii) the remaining 50% of the share options shall vest and be exercisable with effect from the second anniversary of the date of grant.

The fair values of the share options granted during the year were HK$2,400,000 (HK$0.012 each) and HK$9,600,000 (HK$0.048 each), respectively, based on different vesting periods. The Group recognised an equity-settled share option expense of HK$1,080,000 during the year (note 6).

37. Share Option Scheme (continued)

The fair values of equity-settled share options granted during the year were estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	—
Expected volatility (%)	29.84
Historical volatility (%)	29.84
Risk-free rate (%)	2.10 – 2.63
Expected life of share options (year)	1 – 2
Weighted average share price (HK$ per share)	1.07

The expected life of the share options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 400,000,000 share options outstanding under the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 400,000,000 additional ordinary shares of the Company, additional share capital of HK$20,000,000 and share premium of HK$688,000,000 (before expenses).

At the date of approval of the financial statements, the Company had 400,000,000 share options outstanding under the New Scheme, which represented 5.08% of the Company's shares in issue as at that date.

38. Reserves

(a) Group

Movements in the Group's reserves for the current and prior years are presented in the consolidated statement of changes in equity on pages 45 and 46 of the financial statements.

The contributed surplus of the Group represents the excess of the nominal value of the share capital of the holding company of the Group acquired by the Company pursuant to the Group reorganisation prior to the listing of the Company's shares over the nominal value of the share capital of the Company issued in exchange therefor.

The capital reserve arose from the acquisition of shares from non-controlling shareholders of CATL.

Reserve funds represented the Group's share of the statutory reserve and safety fund of the subsidiaries of CDH which are registered in China.

HK$'000

38. Reserves (continued)

(b) Company

	Notes	Share premium account	Contributed surplus	Exchange fluctuation reserve	Hedging reserve	Share option reserve	Accumulated losses	Total
At 1 January 2012		9,718,600	172,934	1,515	—	23,826	(928,338)	8,988,537
Exchange differences on translation of foreign operations		—	—	56	—	—	—	56
Loss for the year	11	—	—	—	—	—	(95,745)	(95,745)
At 31 December 2012 and 1 January 2013		**9,718,600**	**172,934**	**1,571**	**—**	**23,826**	**(1,024,083)**	**8,892,848**
Loss for the year	11	**—**	**—**	**—**	**—**	**—**	**(1,295,427)**	**(1,295,427)**
Other comprehensive income/(loss) for the year:								
Cash flow hedges, net of tax		**—**	**—**	**—**	**(2,890)**	**—**	**—**	**(2,890)**
Exchange differences on translation of foreign operations		**—**	**—**	**255**	**—**	**—**	**—**	**255**
Total comprehensive income/(loss) for the year		**—**	**—**	**255**	**(2,890)**	**—**	**(1,295,427)**	**(1,298,062)**
Issue of shares upon exercise of share options	36	**3,315**	**—**	**—**	**—**	**(614)**	**—**	**2,701**
Transfer of share option reserve upon lapse of share options		**—**	**—**	**—**	**—**	**(23,212)**	**23,212**	**—**
Equity-settled share option arrangements	6, 37	**—**	**—**	**—**	**—**	**1,080**	**—**	**1,080**
At 31 December 2013		**9,721,915**	**172,934**	**1,826**	**(2,890)**	**1,080**	**(2,296,298)**	**7,598,567**

The contributed surplus of the Company represents the excess of the then combined net assets of the subsidiaries acquired pursuant to the Group reorganisation detailed in note (a) above, over the nominal value of the share capital of the Company issued in exchange therefor. In accordance with the laws of Bermuda, the contributed surplus of the Company may be distributed in cash or in specie in certain prescribed circumstances.

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in share-based payments in the accounting policies set out in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or lapsed.

HK$'000

39. Acquisition of a Contractual Arrangement

On 28 March 2013, the Group completed the acquisition of an additional 7% participating interest in the CMJV from Winview Pty Limited. Subsequent to this acquisition, the Group holds a 14% participating interest in the CMJV. The total consideration of A$107,057,000 (HK$865,095,000) was settled in cash with a final payment of A$3,000,000 (HK$19,188,000) payable when the titles of certain mining tenements successfully transferred.

The fair values of the identifiable assets and liabilities employed in the contractual arrangement of the additional 7% participating interest in the CMJV as at 28 March 2013 were as follows:

	Notes	Fair value recognised on acquisition
Property, plant and equipment	13	**207,814**
Other assets	16	**742,158**
Inventories		**39,596**
Trade receivables		**19,273**
Other receivables		**124,024**
Cash and cash equivalents		**354**
Accounts payable		**(16,004)**
Accrued liabilities and other payables		**(51,060)**
Provisions	34	**(201,060)**
Total identifiable net assets at fair value		**865,095**
Satisfied by cash		**865,095**

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK$19,273,000 and HK$124,024,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK$19,273,000 and HK$124,024,000, respectively. No other receivables are expected to be uncollectible.

An analysis of the cash flows in respect of the acquisition of a contractual arrangement is as follows:

Cash consideration	**(865,095)**
Cash and bank balances acquired	**354**
Unpaid balance	**19,188**
Net outflow of cash and cash equivalents included in cash flows used in investing activities	**(845,553)**

Subsequent to the acquisition, the additional 7% participating interest in the CMJV contributed HK$316,321,000 to the Group's revenue but increased the Group's consolidated loss for the year by HK$41,473,000.

If such acquisition had taken place at the beginning of the year, the Group's revenue and the consolidated loss for the year would have been HK$39,421,226,000 and HK$1,620,267,000, respectively.

HK$'000

40. Contingent Liabilities

(a) In 2011, the Kazakhstan tax authorities (the "**Tax Authorities**") completed a tax inspection on JSC Karazhanbasmunai ("**KBM**"), a subsidiary of CCEL, for the three years from 2006 to 2008. As a result, the Tax Authorities issued a tax assessment of KZT3,149,314,000 (HK$160,514,000) on KBM, representing underpaid taxes (primarily corporate income tax ("**CIT**") and excess profit tax ("**EPT**")) of KZT1,688,666,000 (HK$86,068,000), administration penalty of KZT880,961,000 (HK$44,901,000) and interest on late payment of KZT579,687,000 (HK$29,545,000).

The directors, based on the advice from KBM's legal counsel, believed KBM had justifiable arguments for its tax positions. Accordingly, KBM has made several appeals to the courts in 2012 and 2013 regarding this claim. As the outcome of this dispute was uncertain due to different interpretations of certain tax rules and regulations, KBM has made provisions in 2011 for part of the underpaid taxes, administration penalty and interest on late payment of KZT540,379,000 (HK$27,542,000), KZT270,190,000 (HK$13,771,000) and KZT182,046,000 (HK$9,279,000), respectively.

In 2013, KBM lodged a final appeal to the Supervisory Board of the Supreme Court of Kazakhstan (the "**Supreme Court**") and the appeal was concluded on 18 December 2013 with a favourable decision for KBM. The Supreme Court has reduced the claim amount for underpaid CIT to KZT265,374,000 (HK$13,526,000). In the meantime, it has ordered the Tax Department of Mangistau Region to re-consider KBM's request for cancellation of tax claim on underpaid EPT, administration penalty and interest on late payment. The judgment has yet to be announced. Accordingly, KBM has written back a prior year overprovision on CIT of KZT330,645,000 (HK$16,852,000) during the year and the Group's 50% share of this write-back amounted to HK$8,426,000.

(b) As at 31 December 2013 and 2012, the obligations of CR Finance under the Notes were guaranteed by the Company.

41. Operating Lease Commitments

As at 31 December 2013 and 2012, the Group had total future minimum lease payments under non-cancellable operating leases in respect of plant and machinery, and land and buildings falling due as follows:

	Group	
	2013	2012
Within one year	**203,122**	126,629
In the second to fifth years, inclusive	**633,570**	337,809
Beyond five years	**190,668**	100,718
	1,027,360	565,156

31 December HK$'000

42. Commitments

In addition to the operating lease commitments detailed in note 41 above, the Group's share of the capital expenditure commitments as at the end of the reporting period was as follows:

	Group	
	2013	2012
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**2,799,953**	4,226,373

In prior years, a subsidiary of the Company entered into a turnkey contract for the provision of integrated drilling in the Hainan-Yuedong Block with a total contract amount of RMB3,496,000,000 (HK$4,477,327,000), of which RMB1,637,168,000 (HK$2,096,721,000) had been settled up to 31 December 2013. The contract amount is subject to the actual work confirmed by the Group and the contractor.

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

	Group	
	2013	2012
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**58,746**	31,622
Authorised, but not contracted for:		
Minimum work programme	**247,112**	224,975

As at 31 December 2013 and 2012, capital commitments which were authorised but not contracted for fell due within one year.

As at 31 December 2013, the Company did not have any significant commitments.

43. Related Party Transactions and Connected Transactions

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with its related parties during the year:

(a)

	Notes	Group	
		2013	2012 Restated
Fellow subsidiaries:			
Sale of products	(i)	**520,709**	1,994,731
Interest expense	(ii)	**7,827**	6,465
Rental expense	(iii)	**3,934**	3,992
Ultimate holding company:			
Rental expense	(iii)	**2,341**	2,259
A joint venture:			
Rental income	(iv)	**3,072**	3,135

HK$'000

43. Related Party Transactions and Connected Transactions (continued)

(a) (continued)

Notes:

(i) The sales were made on normal commercial terms and conditions offered to the independent customers of the Group.

(ii) The interest expense was charged on a US$ loan at 1.5% p.a. (2012: 1.5% p.a.) over LIBOR.

(iii) The rental expense was charged by a fellow subsidiary of the Company and the ultimate holding company of the Company, respectively, based on mutually agreed terms.

(iv) The rental income was received from a joint venture of the Group based on mutually agreed terms.

(b) Details of directors' remuneration are set out in note 7 to the financial statements.

Compensation paid to senior management personnel of the Group during the year was as follows:

	2013	2012
Salaries, allowances and benefits in kind	**6,036**	5,820
Bonuses	**2,584**	2,582
Pension scheme contributions	**137**	124
	8,757	8,526

Number of executives by remuneration bands:		
Below HK$2,000,000	**2**	2
HK$2,000,001 – HK$4,000,000	**2**	2
	4	4

(c) On 1 October 2011, the Group entered into two 5-year lease agreements with one of its fellow subsidiaries, CITIC House Pty Limited, for the leasing of office premises.

On 26 December 2013, the Group entered into two 1-year lease agreements with its ultimate holding company for the leasing of office premises.

As at 31 December 2013 and 2012, the Group had total future minimum lease payments under non-cancellable operating leases with related parties falling due as follows:

	Group	
	2013	2012
Within one year	**6,056**	7,659
In the second to fifth years, inclusive	**6,848**	17,444
	12,904	25,103

Except for the rental income from a joint venture of the Group, the related party transactions disclosed above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

31 December HK$'000

44. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period were as follows:

Group – 2013

Financial assets	Financial assets at fair value through profit or loss – held for trading	Loans and receivables	Available-for-sale financial assets	Total
Available-for-sale investments	—	—	1,820	1,820
Financial assets included in prepayments, deposits and other receivables	—	2,675,995	—	2,675,995
Derivative financial instruments	38,817	—	—	38,817
Trade receivables	—	2,039,010	—	2,039,010
Equity investments at fair value through profit or loss	3,029	—	—	3,029
Cash and cash equivalents	—	6,994,039	—	6,994,039
	41,846	11,709,044	1,820	11,752,710

Financial liabilities	Financial liabilities at fair value through profit or loss – held for trading	Financial liabilities at amortised cost	Total
Accounts payable	—	958,307	958,307
Financial liabilities included in accrued liabilities and other payables	—	656,708	656,708
Derivative financial instruments	97,305	—	97,305
Bank and other borrowings	—	7,431,455	7,431,455
Finance lease payables	—	70,233	70,233
Bond obligations	—	6,187,321	6,187,321
	97,305	15,304,024	15,401,329

31 December HK$'000

Notes to Financial Statements

44. Financial Instruments by Category (continued)

Group – 2012

Financial assets	Financial assets at fair value through profit or loss – held for trading	Loans and receivables Restated	Available-for-sale financial assets	Total Restated
Available-for-sale investments	—	—	26,047	26,047
Financial assets included in prepayments, deposits and other receivables	—	3,358,154	—	3,358,154
Derivative financial instruments	115,290	—	—	115,290
Trade receivables	—	1,849,673	—	1,849,673
Equity investments at fair value through profit or loss	3,029	—	—	3,029
Cash and cash equivalents	—	8,387,248	—	8,387,248
	118,319	13,595,075	26,047	13,739,441

Financial liabilities	Financial liabilities at fair value through profit or loss – held for trading	Financial liabilities at amortised cost Restated	Total Restated
Accounts payable	—	822,541	822,541
Financial liabilities included in accrued liabilities and other payables	—	385,239	385,239
Derivative financial instruments	198,949	—	198,949
Bank and other borrowings	—	2,447,858	2,447,858
Finance lease payables	—	43,383	43,383
Bond obligations	—	7,619,686	7,619,686
	198,949	11,318,707	11,517,656

31 December HK$'000

Notes to Financial Statements

44. Financial Instruments by Category (continued)

Company

Financial assets	Loans and receivables 2013	2012
Financial assets included in prepayments, deposits and other receivables	**11,418**	5,501
Cash and cash equivalents	**4,199,646**	2,290,324
	4,211,064	2,295,825

Financial liabilities	Financial liabilities at amortised cost 2013	2012
Due to subsidiaries	**2,776,509**	78,227
Financial liabilities included in accrued liabilities and other payables	**2,882**	1,212
Bank borrowings	**6,291,024**	1,068,085
	9,070,415	1,147,524

45. Fair Value and Fair Value Hierarchy of Financial Instruments

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

Group	Carrying amounts		Fair values	
	2013	2012 Restated	**2013**	2012 Restated
Financial assets				
Available-for-sale investments	**1,820**	26,047	**1,820**	26,047
Derivative financial instruments	**38,817**	115,290	**38,817**	115,290
Equity investments at fair value through profit or loss	**3,029**	3,029	**3,029**	3,029
	43,666	144,366	**43,666**	144,366
Financial liabilities				
Derivative financial instruments	**97,305**	198,949	**97,305**	198,949
Bank and other borrowings	**7,431,455**	2,447,858	**7,444,412**	2,435,774
Finance lease payables	**70,233**	43,383	**67,263**	42,831
Bond obligations	**6,187,321**	7,619,686	**6,299,536**	8,028,969
	13,786,314	10,309,876	**13,908,516**	10,706,523

31 December HK$'000

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

Company	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
Financial liabilities				
Bank borrowings	**6,291,024**	1,068,085	**6,305,863**	1,071,111

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

Each principal subsidiary of the Group is responsible for the 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 instrument 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 listed equity investments and listed debt instruments were determined based on quoted prices in active markets as at the end of each reporting period without any deduction of transaction costs.

(b) The fair values of bank and other borrowings as well as finance lease payables were calculated by discounting the expected future cash flows using rates currently available for instruments which have similar terms, credit risk and remaining maturities. The Group's own non-performance risk for bank and other borrowings as well as finance lease payables as at 31 December 2013 was assessed to be insignificant.

(c) 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, the ESA and the EHA are measured using valuation techniques similar to forward pricing and swap models, which means using present value calculations. These valuation techniques use both observable and unobservable market inputs. The fair values of forward currency contracts, forward commodity contracts, interest rate swap contracts, the ESA and the EHA are the same as their carrying amounts.

    (i) The fair values of forward currency contracts, forward commodity contracts and interest rate swap contracts (which are not traded on any recognised exchange) are based on valuation techniques using only unobservable market inputs that are not significant to the overall valuation.

    (ii) The fair values of the ESA, the EHA and other investments that do not have an active market are based on valuation techniques using market data that is unobservable.

31 December HK$'000

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments:

Derivative financial Instruments Valuation techniques	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Embedded derivative – ESA Discounted cash flow method	Weighted average cost of capital ("**WACC**")	4.94% to 6.94%	1% increase (decrease) in WACC would result in a decrease (increase) in fair value by HK$1,464,000 (HK$1,838,000)
EHA Discounted cash flow method	WACC	7.17% to 9.17%	1% increase (decrease) in WACC would result in a decrease (increase) in fair value by HK$92,465,000 (HK$30,211,000)
	Inflation rate	1.50% to 3.50%	1% increase (decrease) in inflation rate would result in a decrease (increase) in fair value by HK$108,114,000 (HK$23,126,000)

Fair value hierarchy

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

Assets measured at fair value:

Group

	Fair value measurement using			
	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
2013				
Available-for-sale investments:				
Listed equity investments	**1,820**	**—**	**—**	**1,820**
Derivative financial instruments	**—**	**38,817**	**—**	**38,817**
Equity investments at fair value through profit or loss	**3,029**	**—**	**—**	**3,029**
	4,849	**38,817**	**—**	**43,666**
2012				
Available-for-sale investments:				
Listed equity investments	26,047	—	—	26,047
Derivative financial instruments	—	489	114,801	115,290
Equity investments at fair value through profit or loss	3,029	—	—	3,029
	29,076	489	114,801	144,366

31 December HK$'000

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

Fair value hierarchy (continued)

The movements in fair value measurements in Level 3 during the year were as follows:

Derivative financial instruments – EHA	2013	2012
At 1 January	**114,801**	23,272
Total gains/(losses) recognised in		
the consolidated statement of comprehensive income	**(114,801)**	91,015
Exchange realignment	—	514
At 31 December	—	114,801

The Company did not have any financial assets measured at fair value as at 31 December 2013 and 2012.

Liabilities measured at fair value:

Group

	Fair value measurement using			
	quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
2013				
Derivative financial instruments	—	—	**97,305**	**97,305**
2012				
Derivative financial instruments	—	3,042	195,907	198,949

The movements in fair value measurements in Level 3 during the year were as follows:

Derivative financial instruments	2013	2012
At 1 January	**195,907**	244,394
Total gains recognised in the consolidated income statement	**(114,468)**	(53,883)
Total losses recognised in		
the consolidated statement of comprehensive income	**15,866**	—
Exchange realignment	—	5,396
At 31 December	**97,305**	195,907

Company

The Company did not have any financial liabilities measured at fair value as at 31 December 2013 and 2012.

During the year, the Group did not have any transfer of fair value measurements between Level 1 and Level 2 nor any transfer into or out of Level 3 for both financial assets and financial liabilities (2012: Nil).

31 December HK$'000

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

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

Group

	Fair value measurement using quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
2013				
Bank and other borrowings	**—**	**7,444,412**	**—**	**7,444,412**
Finance lease payables	**—**	**67,263**	**—**	**67,263**
Bond obligations	**6,299,536**	**—**	**—**	**6,299,536**
	6,299,536	**7,511,675**	**—**	**13,811,211**
2012		Restated		
Bank and other borrowings	—	2,435,774	—	2,435,774
Finance lease payables	—	42,831	—	42,831
Bond obligations	8,028,969	—	—	8,028,969
	8,028,969	2,478,605	—	10,507,574

Company

	Fair value measurement using quoted prices in active markets (Level 1)	significant observable inputs (Level 2)	significant unobservable inputs (Level 3)	Total
2013				
Bank borrowings	**—**	**6,305,863**	**—**	**6,305,863**
2012				
Bank borrowing	—	1,071,111	—	1,071,111

31 December HK$'000

46. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise bank and other borrowings, finance lease payables, bond obligations, and cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and accounts payable, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts, forward commodity contracts, interest rate swap contracts, the ESA and the EHA. The purpose is to manage the foreign currency risk, price risk, interest rate risk and inflation risk arising from the Group's operations and its sources of finance. Details of the derivative financial instruments are set out in note 27 to the financial statements.

It is, and has been, throughout the year, the Group's policy that trading in financial instruments shall be undertaken with due care.

The main risks arising from the Group's financial instruments are foreign currency risk, price risk, interest rate risk, inflation risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group assesses the respective exposures of each of its operating units and enters into forward currency contracts of appropriate amounts to hedge those exposures. The forward currency contracts must be in the same currency as that of the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy to negotiate the terms of hedge derivatives to match the terms of the hedged item to maximise the effectiveness of the hedge.

The following table demonstrates the sensitivity of the Group's loss before tax and equity in response to changes in exchange rates to which the Group had significant exposure (with all other variables held constant).

	Increase / (decrease) in US$ rate %	Decrease / (increase) in loss before tax	Increase / (decrease) in equity *
2013			
If US$ weakens against A$	**(10)**	**255,583**	**248,399**
If US$ strengthens against A$	**10**	**(255,583)**	**(248,188)**
2012			
If US$ weakens against A$	(10)	(272,457)	(256,211)
If US$ strengthens against A$	10	333,022	313,170

* Excluding retained profits

31 December HK$'000

46. Financial Risk Management Objectives and Policies (continued)

Price risk

The Group is exposed to share price risk and commodity price risk.

Listed investments

As at 31 December 2013, the Group had an equity interest in Toro Energy Limited listed on the ASX. As at 31 December 2012, besides this, the Group also had an equity interest in Mount Gibson Iron Limited listed on the ASX. At the end of each reporting period, these listed investments were required to be marked to fair value.

The following table demonstrates the sensitivity of the Group's loss before tax and equity in response to changes in share prices of the Group's listed investments (with all other variables held constant).

	Increase / (decrease) in listed share prices %	Decrease / (increase) in loss before tax	Increase / (decrease) in equity
2013			
Available-for-sale investments	**(10)**	**—**	**(179)**
Available-for-sale investments	**10**	**—**	**179**
2012			
Available-for-sale investments	(10)	—	(2,300)
Available-for-sale investments	10	—	2,300

Aluminium

Aluminium is a globally traded base metal. The Group enters into sales and supply contracts with its customers where the prices are negotiated by referencing and linking to the aluminium price traded on the London Metal Exchange (the "**LME**"). Aluminium prices quoted on the LME are determined by market forces. The Group is therefore exposed to price risk influenced by changing market conditions. The Group mitigates such risk by entering into commodity derivatives to hedge against future adverse price changes. These financial instruments are considered to be cash flow hedges.

Management actively reviews the market sentiment and trend with references to expert views and forecasts. At management's discretion and judgement, derivatives are entered into to lock in favourable prices to hedge portions of its future sales and thus to mitigate adverse price risks.

31 December HK$'000

46. Financial Risk Management Objectives and Policies (continued)

Price risk (continued)

Aluminium (continued)

The following table demonstrates the sensitivity of the Group's loss before tax and equity in response to changes in market prices of aluminium (with all other variables held constant).

	Increase / (decrease) in LME aluminium price %	Decrease / (increase) in loss before tax	Increase / (decrease) in equity
2013			
Forward commodity contracts	**(10)**	**—**	**507**
Forward commodity contracts	**10**	**—**	**(507)**
2012			
Forward commodity contracts	(10)	—	1,539
Forward commodity contracts	10	—	(1,790)

Embedded derivative

The pricing mechanism used in the ESA includes a component that is subject to the price of aluminium. The component is considered to be an embedded derivative. The embedded derivative is revalued at the end of each reporting period based on future aluminium prices.

The following table demonstrates the sensitivity of the Group's loss before tax and equity in response to changes in market prices of aluminium (with all other variables held constant).

	Increase / (decrease) in LME aluminium price %	Decrease / (increase) in loss before tax	Increase / (decrease) in equity
2013			
Embedded derivative	**(10)**	**67,267**	**67,267**
Embedded derivative	**10**	**(66,791)**	**(66,791)**
2012			
Embedded derivative	(10)	106,853	106,880
Embedded derivative	10	(107,801)	(107,827)

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's US$ debt obligations with floating interest rates.

The Group's policy is to manage its interest costs using a mix of fixed and floating rate debts with respect to the prevailing interest rate environment. To manage this mix in a cost-effective manner, the Group enters into interest rate swap contracts, in which the Group agrees to exchange, at specified intervals, the difference between fixed and floating rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swap contracts are designated to hedge the underlying debt obligations. The Notes issued with a fixed coupon expose the Group to fair value interest rate risk.

31 December HK$'000

Notes to Financial Statements

46. Financial Risk Management Objectives and Policies (continued)

Interest rate risk (continued)

As at 31 December 2013, after taking into account the effect of an interest rate swap contract, 46% (2012: 78% (restated)) of the Group's debts, based on the carrying values of the debts reflected in the financial statements, bore interest at fixed rates.

The following table demonstrates the sensitivity of the Group's loss before tax and equity as well as the Company's equity in response to changes in interest rates of the Group's floating rate US$ debts (with all other variables held constant).

	Group			Company	
	Increase / (decrease) in interest rate basis points	Decrease / (increase) in loss before tax	Increase / (decrease) in equity	Increase / (decrease) in interest rate basis points	Increase / (decrease) in equity
2013					
US$ debts	**(100)**	**73,886**	**70,908**	**(100)**	**63,960**
US$ debts	**100**	**(73,886)**	**(70,908)**	**100**	**(63,960)**
2012		Restated	Restated		
US$ debts	(100)	20,334	17,510	(100)	10,920
US$ debts	100	(20,334)	(17,510)	100	(10,920)

Inflation risk

The Group entered into the EHA to secure a stable supply of electricity to the PAS from 2016 through 2036. The pricing mechanism used in the EHA includes a component that is subject to certain escalation factors which, in turn, are affected by the consumer price index, producer price index and labour costs. Therefore, the Group is exposed to inflation risk.

The following table demonstrates the sensitivity of the Group's loss before tax and equity in response to changes in inflation rate (with all other variables held constant).

	Increase / (decrease) in inflation rate %	Decrease / (increase) in loss before tax	Increase / (decrease) in equity
2013			
EHA	**(1)**	**—**	**23,127**
EHA	**1**	**—**	**(108,116)**
2012			
EHA	(1)	—	(299,206)
EHA	1	—	352,706

31 December HK$'000

46. Financial Risk Management Objectives and Policies (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investments, certain other receivables and derivative financial instruments, arises from default of the counterparties with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, collateral is usually not required. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Quantitative data in respect of the Group's exposure to credit risk arising from trade receivables is set out in note 25 to the financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's objectives are to maintain an optimal balance of cash holding and funding through the use of bank loans and other interest-bearing loans, to maintain liquidity and to maximise return to shareholders. As at 31 December 2013, 51.8% of the Group's debts would mature within one year (2012: 11.0% (restated)) based on the carrying values of the debts reflected in the financial statements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
2013					
Accounts payable	23,229	935,078	—	—	958,307
Financial liabilities included in accrued liabilities and other payables	1,124	—	552,363	46,064	599,551
Derivative financial instruments	—	—	—	97,305	97,305
Bank and other borrowings	—	878,336	181,812	6,889,819	7,949,967
Finance lease payables	—	—	19,798	62,527	82,325
Bond obligations	—	—	6,441,896	—	6,441,896
	24,353	1,813,414	7,195,869	7,095,715	16,129,351

31 December HK$'000

46. Financial Risk Management Objectives and Policies (continued)

Liquidity risk (continued)

Group

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
2012 Restated					
Accounts payable	—	822,541	—	—	822,541
Financial liabilities included in accrued liabilities and other payables	1,124	—	262,003	53,460	316,587
Derivative financial instruments	—	3,042	—	220,852	223,894
Bank and other borrowings	—	2,835	1,155,867	1,449,392	2,608,094
Finance lease payables	—	—	15,120	43,089	58,209
Bond obligations	—	1,685,698	420,631	6,441,892	8,548,221
	1,124	2,514,116	1,853,621	8,208,685	12,577,546

Company

	On demand	**Less than 3 months**	**3 to 12 months**	**Over 1 year**	**Total**
2013					
Due to subsidiaries	**2,776,509**	**—**	**—**	**—**	**2,776,509**
Financial liabilities included in accrued liabilities and other payables	**2,882**	**—**	**—**	**—**	**2,882**
Bank borrowings	**—**	**2,578**	**161,203**	**6,611,993**	**6,775,774**
	2,779,391	**2,578**	**161,203**	**6,611,993**	**9,555,165**
2012					
Due to subsidiaries	78,227	—	—	—	78,227
Financial liabilities included in accrued liabilities and other payables	683	—	—	—	683
Bank borrowing	—	529	27,584	1,152,118	1,180,231
	78,910	529	27,584	1,152,118	1,259,141

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

31 December HK$'000

46. Financial Risk Management Objectives and Policies (continued)

Capital management (continued)

The Group monitors capital with the inclusion of the parameter of liquidity by using the ratio of net debt to net total capital. Net debt is total debt less cash and cash equivalents while net total capital is equity attributable to shareholders of the Company plus net debt. The Group's current objective is to maintain this ratio at a reasonable level.

The ratio of net debt to net total capital as at the end of the reporting period was as follows:

	Group	
	2013	2012 Restated
Bank and other borrowings	**7,431,455**	2,447,858
Finance lease payables	**70,233**	43,383
Bond obligations	**6,187,321**	7,619,686
Less: Cash and cash equivalents	**(6,994,039)**	(8,387,248)
Net debt	**6,694,970**	1,723,679
Equity attributable to shareholders of the Company	**11,667,692**	13,228,170
Add: Net debt	**6,694,970**	1,723,679
Net total capital	**18,362,662**	14,951,849
Net debt to net total capital	**36.5%**	11.5%

47. Comparative Amounts

As explained in note 2.2 to the financial statements, due to the adoption of the new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in these financial statements have been revised or added to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1 January 2012 has been presented.

Mining assets as well as exploration and evaluation assets, being HK$158,600,000 (1 January 2012: HK$125,756,000) in aggregate, which were classified as property, plant and equipment as at 31 December 2012 were reclassified as other assets. In the opinion of the directors, such reclassification of the prior year comparative amounts provides better presentation as to the nature of the assets and accords with the presentation for the year.

48. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board on 21 February 2014.

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the past five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

Results

HK$'000

	Year ended 31 December				
	2013	2012 Restated	2011 Restated	2010 Restated	2009 Restated
Revenue	**39,319,183**	42,747,432	33,160,471	28,661,263	16,762,363
Profit/(loss) before tax	**(2,130,724)**	(1,095,686)	3,269,418	1,260,762	108,546
Income tax credit/(expense)	**527,870**	(205,263)	(1,184,842)	(103,988)	33,446
Profit/(loss) for the year	**(1,602,854)**	(1,300,949)	2,084,576	1,156,774	141,992
Attributable to:					
Shareholders of the Company	**(1,465,436)**	(1,283,923)	2,099,223	1,101,660	115,687
Non-controlling interests	**(137,418)**	(17,026)	(14,647)	55,114	26,305
	(1,602,854)	(1,300,949)	2,084,576	1,156,774	141,992

Assets, Liabilities and Non-controlling Interests

HK$'000

	31 December				
	2013	2012 Restated	2011 Restated	2010 Restated	2009 Restated
Non-current assets	**14,682,606**	11,661,540	12,151,903	14,207,429	12,496,199
Current assets	**13,203,375**	14,645,972	17,762,946	9,976,040	13,322,716
Total assets	**27,885,981**	26,307,512	29,914,849	24,183,469	25,818,915
Current liabilities	**8,947,341**	2,652,164	5,026,669	2,444,627	3,809,681
Non-current liabilities	**7,277,258**	10,308,634	10,469,074	11,425,276	12,723,929
Total liabilities	**16,224,599**	12,960,798	15,495,743	13,869,903	16,533,610
Non-controlling interests	**(6,310)**	118,544	132,830	135,920	850,597
Equity attributable to shareholders of the Company	**11,667,692**	13,228,170	14,286,276	10,177,646	8,434,708

Reserve Quantities Information

Proved Oil Reserves Estimate (Unaudited)

million barrels

2013	Indonesia (51%)	China (100%)	Kazakhstan (50%)	Total
At 1 January	**3.3**	**18.6**	**135.3**	**157.2**
Revision	**0.3**	**4.0**	**2.9**	**7.2**
Production	**(0.5)**	**(0.2)**	**(6.9)**	**(7.6)**
At 31 December	**3.1**	**22.4**	**131.3**	**156.8**

Investor Relations Contact

Suites 3001-3006, 30/F, One Pacific Place, 88 Queensway, 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

香港金鐘道88 號太古廣場一座30 樓 3001-3006 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://www.citicresources.com

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