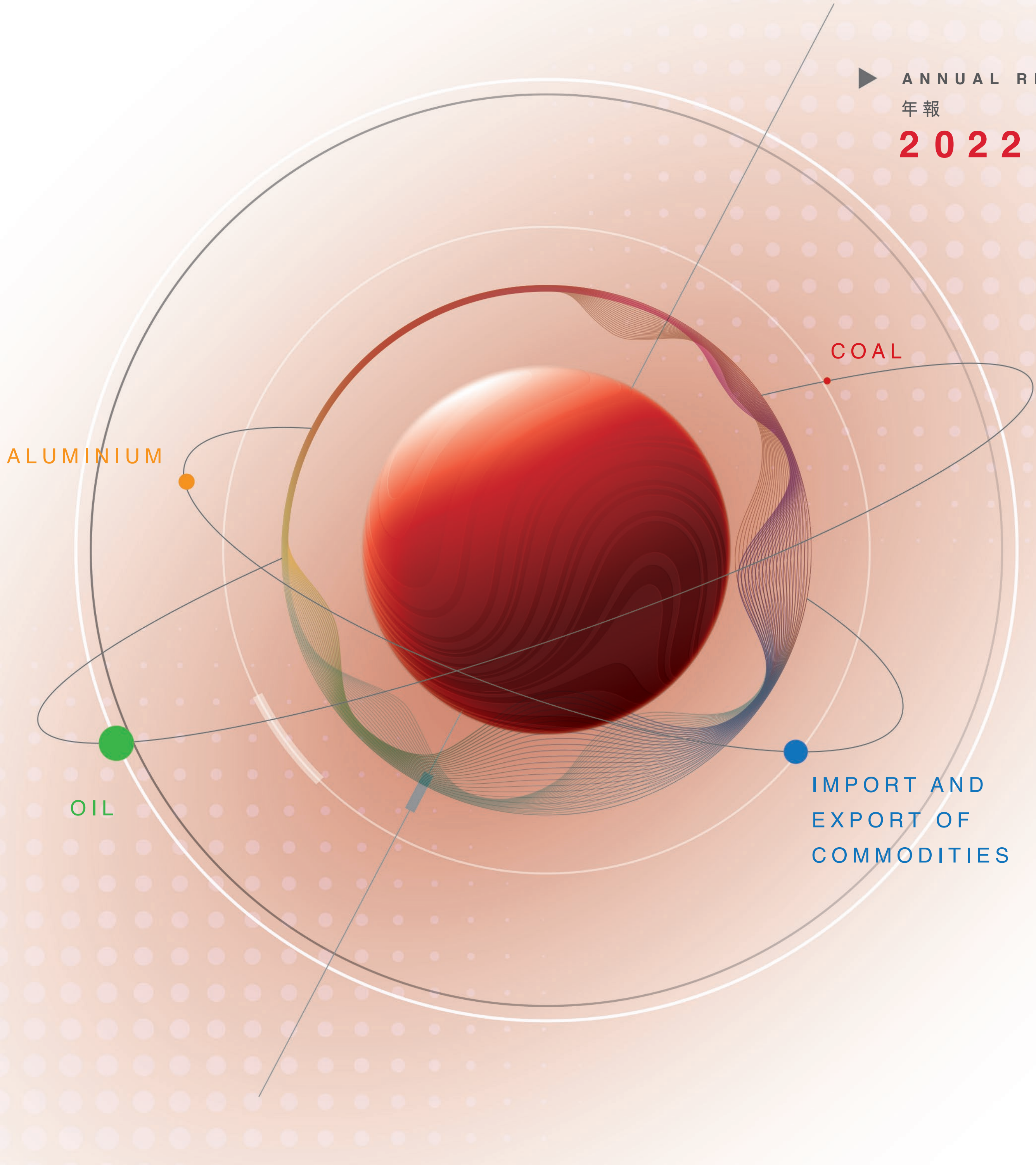
中信資源控股有限公司
CITIC Resources Holdings Limited

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

Stock Code 股份代號：1205

ANNUAL REPORT
年報
2022



OIL
原油

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

主要收入推動因素，位於哈薩克斯坦、中國和印尼的油田具有穩定的生產和開發。

COAL
煤

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

於Coppabella和Moorvale煤礦合營項目（國際海運市場中低揮發性噴吹煤的主要生產商）擁有14%參與權益及於具有重大資源潛力的澳大利亞煤礦勘探業務中擁有若干權益。

IMPORT AND EXPORT OF COMMODITIES
進出口商品

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

進出口商品業務，立足於強大的專長及健全的營銷網絡，專注於國際貿易。

ALUMINIUM
鋁

(1) a 22.5% participating interest in the Portland Aluminium Smelter joint venture, one of the largest and most efficient aluminium smelting operations in the world; and (2) a 9.6117% equity interest in Alumina Limited (ASX: AWC), one of Australia's leading companies with significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations.

(1)於波特蘭鋁廠合營項目（世界上最大及最高效的電解鋁業務之一）擁有22.5%參與權益；及(2)於Alumina Limited（澳大利亞證券交易所：AWC）擁有9.6117%股權，而此公司為澳洲一間具領導地位的公司，在全球的鋁土礦開採、氧化鋁提煉和電解鋁生產等領域均擁有重要的投資。

INFORMATION IN THIS REPORT

Unless otherwise stated or the context otherwise requires, this report was prepared based on the information available to the Company for the year ended 31 December 2022 or as at the date on which this report has been approved by Board being 29 March 2023.

Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, the following changes to the Board and senior management of the Company have taken place on 18 April 2023:

(a) Mr. Sun Yufeng has resigned as an executive director of the Company, Chairman, Chief Executive Officer, Authorised Representative, chairman of the Nomination Committee and member of the Remuneration Committee and the Risk Management Committee; and

(b) Mr. Hao Weibao has been appointed as an executive director of the Company, Chairman, Chief Executive Officer, Authorised Representative, chairman of the Nomination Committee and member of the Remuneration Committee and the Risk Management Committee.

Please refer to Page 20 of this report for the biographies of Mr. Hao Weibao.

For further details, please refer to the announcement of the Company published on 18 April 2023.

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Corporate Information

Board of Directors [Note]

Executive Directors [Note]

Mr. Sun Yufeng *(Chairman and Chief Executive Officer)* (assumed the role of Chief Executive Officer from 30 September 2022) [Note]
Mr. Suo Zhengang (retired as Executive Director, Vice Chairman and Chief Executive Officer from 30 September 2022)

Non-executive Director

Mr. Chan Kin

Independent Non-executive Directors

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

Audit Committee

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

Remuneration Committee [Note]

Mr. Gao Pei Ji *(Chairman)*
Dr. Fan Ren Da, Anthony
Mr. Look Andrew
Mr. Sun Yufeng (appointed on 30 September 2022) [Note]
Mr. Suo Zhengang (retired on 30 September 2022)

Nomination Committee [Note]

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

Risk Management Committee [Note]

Mr. Look Andrew *(Chairman)*
Dr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Sun Yufeng (appointed on 30 September 2022) [Note]
Mr. Suo Zhengang (retired on 30 September 2022)

Company Secretary

Mr. Wat Chi Ping Isaac

Registered Office

Clarendon House
2 Church Street, Hamilton HM 11, Bermuda

Head Office and Principal Place of Business

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67/F, International Commerce Centre
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Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central, Hong Kong

Principal Bankers

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

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

"Road of hardships to greatness – comprehensively improve management standard and promote high-quality development"

Dear Shareholders,

2022 was an extraordinary year. The global industrial and supply chains were severely impacted by the intensified international geopolitical conflicts. The world's energy and resource production, pattern of trade and supply structure have been reshaped. Coupled with the contagion of inflation, the global economic development encountered great difficulties and the business environment became more complex and severe, and uncertainties increased. Under the leadership of the Board, the management and all staff of the Group continued to strive for success in the past year and continued to prioritize stability while pursuing progress. Through hedging against adverse effects by adopting effective management measures, maintaining the stability of the team, promoting the application of new technologies and techniques, optimizing management operational arrangements and improving efficiency, comprehensively strengthening risk prevention and control capabilities, and further exploring the potential in its operations, the Company has created a new landscape of overall improvement in its management standard and high-quality development for its business.

In 2022, the Group seized the opportunity of high commodities prices, endeavored to tap into market potential in depth and continued to reduce costs and increase efficiency. Thus, the Group achieved a historic breakthrough in operating performance, realising a consolidated operating revenue of approximately HK$5,866.2 million, representing a year-on-year increase of approximately 34.9%; net profit attributable to ordinary shareholders of the Company of approximately HK$1,335.5 million, representing a year-on-year increase of approximately 21.0%. Various financial indicators and the financial position have been improved.

On behalf of the Board, I would like to express my highest appreciation to my fellow management and all of my colleagues for their relentless efforts and achievements over the past year. In addition, on behalf of the Group, I would also like to extend my heartfelt gratitude to all our shareholders, customers, suppliers, financial institutions and business partners for their support and trust throughout these years.

Oil and Gas Business

Oil and gas upstream development business is one of the Group's major core businesses. During the year under review, the Group's oil and gas business division worked cohesively and endeavored to overcome difficulties. According to the overall deployment, the Group explored and realised development potential through scientifically introducing various reserves and production enhancement measures, improving safety management system, strengthening compliance management, arranging for hidden danger investigation, promoting application of new processes and new technologies, thus enhancing the operating efficiency of the oil and gas business, and securing safe and environmentally friendly production. The Yuedong oilfield made steady adjustments to development plan, and the drilling operation of new wells in D platform has commenced successfully. With increasing production brought about by new wells gradually commencing, coupled with increasing exploration and development efforts, as well as technological and innovative efforts, the decline rate of old wells was slowed down and operating cost was reduced. The selling price of asphalt products from the Karazhanbas oilfield has been significantly increased through public bidding due to early preparation for the production upgrade. The Seram oilfield in Indonesia actively promoted the Lofin-2 gas trial, and reduced its comprehensive costs through refined management. These progresses not only enhanced the Group's operating efficiency, but also consolidated the foundation for the Group's high-quality development, demonstrating the corporate comprehensive competitiveness. In 2022, the Group's oil and gas business achieved operation output of 17,961,000 barrels and working interest output of 9,663,000 barrels, representing an increase of approximately 1.6% and 1.6%, respectively when compared to 2021. The oil and gas business achieved annual revenue of approximately HK$1,854.2 million, representing a year-on-year increase of approximately 37.5%, and contributed net profit attributable to ordinary shareholders of the Company of approximately HK$611.8 million, representing a year-on-year increase of approximately 32.0%.

Non-oil-and-gas Businesses

The Group's non-oil-and-gas businesses include aluminium smelting, coal, import and export trading as well as investment in AWC, which are important sources of income and profit for the Group. In 2022, taking advantage of the favorable market environment and fully exercising its rights as a shareholder of each joint venture project in the non-oil-and-gas businesses, the Company urged the project operators to optimize their operation modes, increase production capacity and reduce costs. At the same time, benefiting from the increase in coal price and the fair value gain on derivative financial instruments under the Australian Power Hedging Agreement, the overall results of the non-oil-and-gas businesses continued to improve. The coal business achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$454.5 million, representing a year-on-year increase of approximately 361.7%; and the aluminum smelting business achieved net profit attributable to ordinary shareholders of the Company of approximately HK$164.7 million, representing a year-on-year decrease of approximately 37.4%. The sales volume of aluminum smelting at the PSA was approximately 61,000 tonnes, representing a year-on-year increase of approximately 3.5%. The Australian Power Hedging Agreement achieved a fair value gain of approximately HK$96.1 million; and the profit attributable to equity investments in AWC increased significantly, with dividends of approximately HK$152.3 million distributed to the Group. The Company's non-oil-and-gas businesses achieved annual revenue of approximately HK$4,012.0 million, representing a year-on-year increase of approximately 33.7%, and contributed net profit attributable to ordinary shareholders of the Company of approximately HK$705.2 million, representing a year-on-year increase of approximately 12.6%.

Environmental, Social and Governance ("ESG")

Sustainable development is an essential condition for enterprises to secure future competitiveness. The Group has been proactively performing corporate social responsibilities and integrating the concept of sustainable development into all aspects of the Group's operations. In 2022, the Group continued its efforts in environmental protection, human resources, operational management, community investment, etc. By implementing a series of environmental protection and emission reduction projects such as refined node management on power saving, as well as constantly improving the ESG-related performances, the Group achieved good results, and its competitiveness of sustainable development has been further consolidated.

The Group put efforts into promoting long-term career development of employees, strengthened internal training for employees, optimized the welfare policy for employees, implemented the safety work protocols for employees in an all-round way and protected employees' rights. At the same time, adhering to the concept of "Working and Growing Together", the Group enhanced its performance of sustainable development jointly with suppliers and contractors. In addition, the Group implemented a comprehensive anti-corruption policy and organized anti-corruption training for employees to prevent corruption incidents. The Group also attaches importance to the management of community development where it operates, and continues to actively contribute to public welfare undertakings such as poverty alleviation, community development and volunteer service together with all stakeholders, establishing good corporate image. The Group has published its "Environmental, Social and Governance Report" for eight consecutive years, and has elaborated and promoted the benefits of sustainable development to internal and external stakeholders.

Looking ahead to 2023, the impact of the COVID-19 is gradually fading away and the countries in the world are returning to normalcy. However, there is still no sign of easing for the Russia-Ukraine crisis. International geopolitics is undergoing profound changes. The international and domestic economic outlook is still not optimistic. Fraught with difficult external and business environment, commodity prices continue to fluctuate. Facing the new landscape and new challenges, the Group will stick to its three core objectives of "mitigating risks, improving quality and efficiency, and optimizing management". Through deepening of reform and vigorous innovation, the Group continues to pragmatically pursue cost reduction and efficiency improvement. Meanwhile, the Group will also strengthen the integrated management of risk control, compliance and internal control, optimize the management system and procedures of the Company, and improve the Company's business process informatization construction. The Group strives to capture new development opportunities, constantly improves production efficiency and economic benefits, and aims to reward our shareholders and investors with better results!

Sun Yufeng *Note*
Chairman

Hong Kong, 29 March 2023

Note: Mr. Sun Yufeng resigned as an executive director of the Company, Chairman, Chief Executive Officer, Authorised Representative, chairman of the Nomination Committee and member of the Remuneration Committee and the Risk Management Committee on 18 April 2023. Please refer to page 1 of this report.

Management's Discussion and Analysis

The Board of Company presents the 2022 annual results of the Group.

Financial Review

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

Operating results and ratios

	Year ended 31 December		
	2022	**2021**	**Increase**
Revenue	**5,866,160**	4,349,406	34.9%
EBITDA [1]	**2,503,511**	1,852,577	35.1%
Adjusted EBITDA [2]	**3,123,158**	2,426,863	28.7%
Profit attributable to ordinary shareholders of the Company	**1,335,537**	1,103,366	21.0%
Adjusted EBITDA coverage ratio [3]	**13.9 times**	16.1 times	
Earnings per share (Basic) [4]	**HK17.00 cents**	HK14.04 cents	

Financial position and ratios

	Year ended 31 December		
	2022	**2021**	**Increase/ (decrease)**
Cash and deposits	**2,130,203**	1,925,573	10.6%
Total assets *	**12,439,567**	12,703,740	(2.1%)
Total debt [5]	**2,644,413**	3,726,714	(29.0%)
Net debt [6]	**514,210**	1,801,141	(71.5%)
Equity attributable to ordinary shareholders of the Company	**7,745,431**	6,944,417	11.5%
Current ratio [7]	**2.7 times**	2.3 times	
Net debt to net total capital [8]	**6.2%**	20.6%	
Net asset value per share [9]	**HK$0.99**	HK$0.88	

1 profit before tax + finance costs + depreciation + amortisation
2 EBITDA + (share of finance costs, depreciation, amortisation, income tax expense and non-controlling interests of a joint venture)
3 adjusted EBITDA/(finance costs + share of finance costs of a joint venture)
4 profit attributable to ordinary shareholders of the Company/weighted average number of ordinary shares in issue during the year
5 bank and other borrowings + lease liabilities
6 total debt – cash and deposits
7 current assets/current liabilities
8 net debt/(net debt + equity attributable to ordinary shareholders of the Company) x 100%
9 equity attributable to ordinary shareholders of the Company/number of ordinary shares in issue at end of year
* including capital expenditure in respect of exploration, development and mining production activities during the year, totalling HK$391,955,000 (2021: HK$521,535,000)

Global economic activity is experiencing a broad-based and unexpectedly sharp slowdown, with the highest inflation in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook.

Notwithstanding the challenging macroeconomic environment, compared to 2021, the average Dated Brent and Ural oil prices increased by approximately 42.4% and approximately 10% to US$100.9 per barrel and US$76 per barrel respectively. The revenue of the Group climbed up by approximately 34.9% year-on-year. The Group recorded a profit attributable to ordinary shareholders of the Company of approximately HK$1,335.5 million in 2022 as compared to approximately HK$1,103.4 million in 2021. Such increase in profit attributable to ordinary shareholders of the Company was primarily attributable to the following factors:

- a satisfactory improvement in operating results of the oil and gas business of the Group in 2022, including a substantial share of profit of approximately HK$320.1 million (2021: HK$306.3 million) from the Group's investment in Karazhanbas oilfield and a profit attributable to ordinary shareholders of the Company of approximately HK$593.5 million (2021: HK$424.8 million) from the Group's investment in Hainan-Yuedong Block, China. The improvement in operating results from the oil and gas business of the Group as a whole was mainly attributable to an increase in average realised crude oil price, application of new technology and stringent ongoing costs control during the year; and

- a significant improvement in operating results of the Group's coal segment in 2022, mainly due to an increase in the average selling price of coal as compared to the year ended 31 December 2021, as well as the recording of a significant fair value gain of approximately HK$96.1 million on derivative financial instruments of electricity hedging agreements in Australia.

In the operation and management of its existing assets, the Group will adhere to the concept of green and low-carbon development in the whole process and endeavour to save energy and reduce emissions. In the meantime, the Group will strive to explore the business opportunities in the areas of new energy and new materials. The Group will conduct research and explore new development directions around green energy and metal mineral resources. The Group is committed to promoting the low-carbon and green development of the resources and energy industries, with a view to providing reliable energy and materials to society and bringing greater returns to shareholders while achieving high-quality and sustainable development of the Company.

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

Aluminium smelting

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

Revenue	HK$1,356.4 million	(2021:	HK$1,257.1 million)	▲	8%
Segment results	HK$237.4 million	(2021:	HK$364.9 million)	▼	35%

- Due to the higher aluminium demand resulting from the recovery in global major economies as well as disruptions to logistics in shipments of aluminium ingots, the average achieved selling price of aluminium increased by 4% as compared to 2021. In conjunction with increase in the sales volume of 3%, the segment recorded an increase in revenue. However, due to the increase in production costs such as the electricity and employees remuneration, the gross margin and the results for the year declined.

  The Group's aluminium smelting business is a net US$ denominated asset while certain costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange gain of HK$18.6 million (2021: a net exchange gain of HK$32.7 million).

- In April 2021, EHA3 was signed between the Group and various independent electricity suppliers. The EHA3 effectively allowed the PAS to hedge the spot price for electricity for a specific load from 1 August 2021 to 31 July 2026. In accordance with HKFRSs, EHA3 is accounted for as a financial derivative where movements in its fair value are recognised as gain or loss in the consolidated income statement. Pricing of the electricity include certain components which are linked to market inputs such as foreign exchange and the LME aluminium prices. For the year ended 31 December 2022, the EHA3 fair valuation gain amounted to approximately HK$96.1 million (2021: a valuation gain of HK$6.9 million), which was arrived based on its termination notice period between 3 to 6 months due to certain termination rights available under the agreements.

- Alcoa Australia Limited, which owns 55% participating interest in the PAS JV, announced on 15 March 2023 that the PAS will begin to immediately reduce its overall production due to operational instability. Such instability was related to the production of rodded anodes that are necessary to convey electricity into the smelting pots. The production at the PAS will be reduced to approximately 75% of the site's total consolidated capacity of 358,000 metric tonnes per year. Previously, the PAS had been operating at about 95% of its total capacity. The Company has been given to understand that Alcoa Australia Limited is currently taking approximately 25% of production capacity offline and working to restore stability at the PAS. As at the date of this report, the Company is still ascertaining the financial impact of this matter and will provide an update if the impact is determined to be material. For details, please refer to the announcement of the Company dated 16 March 2023.

Coal

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

-

Revenue	HK$1,368.7 million	(2021:	HK$740.7 million)	▲	85%
Segment results	HK$650.2 million	(2021:	HK$141.4 million)	▲	360%

The post-COVID-19 recovery of the global economy, ban on imports of energy sources from Russia as well as disruptions to coal supplies due to logistics challenges have resulted in an increase of 114% in the average achieved selling price of coal as compared to 2021. Despite the decrease in sales volume by 14% which is largely attributable to shipments delays, the segment recorded a significant improvement in revenue, gross margin and results for the year.

- The Group's coal business is a net US$ denominated asset while most of its costs are payable in A$. Fluctuations between A$ and US$ throughout the year caused a net exchange gain of HK$11.7 million (2021: a net exchange gain of HK$7.4 million).

Import of commodities

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

-

Revenue	HK$1,287.0 million	(2021: HK$1,003.4 million)	▲	28%
Segment results	A loss of HK$2.4 million	(2021: A gain of HK$28.6 million)		N/A

Attributable to an increase in both sales volume and selling price, the segment recorded an increase in revenue for the year. However, due to the increase in administrative costs, the segment results therefore dropped.

The Group's import of commodities business is a net A$ denominated asset while certain costs are payable in US$. Fluctuations between A$ and US$ throughout the year resulted in a net exchange loss of HK$0.7 million (2021: a net exchange gain of HK$1.5 million).

- In the second half of the year, a deed of termination was signed to cease the import and distribution arrangement with its business partner for steel products. In the fourth quarter of 2022, the Group gradually suspended its steel trading operations and sales of the Group's steel products was last transacted in November 2022. The Group is proactively communicating with its customers and is in the process of collecting the associated accounts receivables and settling its outstanding liabilities for the steel operations as at year-end. As at the date of this report, there was no material obstacle in the collection of trade receivables. There is no material impact on the Group's profitability from the cessation of the steel import and distribution operations. In 2022, the Group recorded a steel import trade volume of approximately 108,000 tonnes, with a net loss attributable to ordinary shareholders of the Company from steel trading operations of approximately HK$27.7 million (2021: net gain of HK$18.4 million).

- In April 2020, Weihai commenced the Claims in the Shandong High People's Court against, amongst others, CACT, a wholly-owned subsidiary of the Company. The Claims relate to three letters of credit issued in favour of CACT as payment for the sale by CACT to Decheng of certain quantity of aluminium stored at bonded warehouses at Qingdao Port, China in 2014. Weihai arranged for the issuance of the letter of credits as payment on behalf of Decheng and it has subsequently disputed the authenticity of the warehouse receipts for the aluminium stored at the bonded warehouses at Qingdao Port.

  In December 2020, the Shandong High People's Court ruled that CACT is not liable for Weihai's losses as there was no evidence of any intention to commit fraud on the part of CACT (the "**First Instance Judgement**"). Weihai subsequently submitted an appeal to the Supreme Court of the People's Republic of China ("**SPC**"), appealing against the decision of the Shandong High People's Court.

  The SPC held in December 2022 that the Shandong High People's Court did not clearly ascertain the facts of the Claims based on the evidence made available; the SPC has therefore ordered that the First Instance Judgement be rescinded and the cases be remanded to the Shandong High People's Court for a retrial.

  CACT has been informed that the cases have been relisted at the Shandong High People's Court for hearing at a date to be determined later. As at the date of this report, CACT has not been informed of the date for the hearing.

  CACT refutes the Claims and had engaged local counsel in China to defend the Claims and any new trial accordingly.

  For details, please refer to the announcements of the Company dated 1 September 2020, 7 January 2021, 21 May 2021 and 27 February 2023.

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

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

  As at 31 December 2022, in respect of the PSC, the Seram Block had estimated proved oil reserves of 2.6 million barrels (2021: 3.0 million barrels) as determined in accordance with the standards of the PRMS.

- During the year, the segment results of CITIC Seram recorded a profit of HK$43.0 million (2021: HK$48.1 million). The following table shows a comparison of the performance of the Seram Block for the years stated:

		2022 (41%)	2021 (41%)	Change
Average benchmark Mean of Platts Singapore (MOPS):				
Platts HSFO 180 CST Singapore	(US$ per barrel)	**77.0**	60.6	▲ 27%
Platts HSFO 380 CST Singapore	(US$ per barrel)	**72.8**	59.4	▲ 23%
Average crude oil realised price	(US$ per barrel)	**84.9**	65.1	▲ 30%
Sales volume	(barrels)	**167,000**	198,000	▼ 16%
Revenue	(HK$ million)	**110.4**	100.7	▲ 10%
Total production	(barrels)	**170,000**	197,000	▼ 14%
Daily production	(barrels)	**466**	540	▼ 14%

  A 10% increase in revenue was a result of a 16% decrease in the sales volume coupled with a 30% increase in the average crude oil realised price.

  Production decreased by 14% year-on-year due to natural decline of existing wells.

  Cost of sales per barrel increased by 4% as compared to 2021 due to the decreased production volume compared to last year.

  In 2022, the Seram oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$18.3 million, representing a year-on-year decrease of approximately 52.8%.

- In January 2021, CITIC Seram was advised by SKK MIGAS (a special task force established by the government of Indonesia to manage the upstream oil and gas business activities of the country) to offer a 10% participating interest under the PSC to a Regional-Owned Company, MEA appointed by Local Government of Maluku. MEA will set up a subsidiary to receive such 10% participating interest. Based on a letter issued by The Minister of Energy and Mineral Resources in the Republic of Indonesia, the price for the 10% participating interest was 10% of the performance bond provided by the PSC at the time of extension.

  In March 2021, CITIC Seram submitted an offer letter to MEA and at the same time received letter of intent from MEA. As at the date of this report, the proposed transfer of 10% participating interest was suspended as no unanimous agreement was reached among the joint partners. Currently all the joint partners are waiting to get the extension time granted by the Government of Indonesia to settle the 10% participating interest.

- In December 2022, CITIC Seram commenced exploration activities in the Lofin-2 area, and expected to produce natural gas in February 2025.

Crude oil (the Hainan-Yuedong Block, China)

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

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

  As at 31 December 2022, the Yuedong oilfield had estimated proved oil reserves of 27.0 million barrels (2021: 29.5 million barrels) as determined in accordance with the standards of the PRMS.

- During the year, the segment results of CITIC Haiyue recorded a profit of HK$903.1 million (2021: HK$598.7 million), being a 51% increase. The following table shows a comparison of the performance of the Yuedong oilfield for the years stated:

		2022	2021	
		(Tincy Group's share)		Change
Average benchmark quote:				
Platts Dubai crude oil	(US$ per barrel)	**96.2**	69.4	▲ 39%
Average crude oil realised price	(US$ per barrel)	**93.8**	69.3	▲ 35%
Sales volume	(barrels)	**2,366,000**	2,317,000	▲ 2%
Revenue	(HK$ million)	**1,743.7**	1,247.5	▲ 40%
Total production	(barrels)	**2,340,000**	2,310,000	▲ 1%
Daily production	(barrels)	**6,411**	6,330	▲ 1%

- A 40% increase in revenue was a result of a 35% increase in the average crude oil realised price coupled with a 2% increase in sales volume filtered from increase in production when compared to 2021. Tincy Group managed to maintain a stable level of production as compared to 2021 in light of both the continuing natural decline of existing wells and an increase in number of production wells in the Yuedong oilfield.

  Cost of sales per barrel increased by 28% as compared to 2021, attributable to (a) increase in depreciation, depletion and amortisation per barrel of 9% as a result of an increase in number of production wells; and (b) special oil gain levy charged as the crude oil realised prices were higher than the threshold for such levy during the year.

  In 2022, the Yuedong oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$593.5 million, representing a year-on-year increase of approximately 39.7%.

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

Bauxite mining and alumina refining

- The Group has an interest in a world-class global portfolio of upstream mining and refining operations in the aluminium sector through 278,900,000 ordinary shares (2021: same), representing 9.6117% equity interest in AWC, a leading Australian company listed on the ASX (Stock Code: AWC). Other subsidiaries of CITIC Limited have a total 9.3070% equity interest in AWC. AWC is treated as an associate of the Group. As at 31 December 2022, the investment cost of AWC amounted to approximately HK$3,291.9 million (2021: same), while the carrying amount of the investment in AWC was approximately 22.4% (2021: 22.8%) of the Group's total assets.

  AWC has significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations through its 40% ownership of the Alcoa World Alumina and Chemicals joint venture ("**AWAC**"), the world's largest alumina producer. The investment in AWC is considered as strategic investment which aligned with the strategy of the Group's business.

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

Share of profit of an associate	HK$102.4 million	(2021: HK$116.2 million)	▼ 12%

  The Group recorded a share of profit in respect of its interest in AWC. During the year, the Group recorded a decrease in share of profit of AWC, which is principally attributable to reduced alumina production and higher cash costs of production as a result of increased energy and caustic prices charged by AWAC.

  During the year, the Group received a dividend of approximately HK$152.3 million (2021: HK$137.1 million) from AWC.

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

- As at 31 December 2022, there is a decline in the market value of the Group's investment in AWC compared to its carrying value by 21%. In accordance with HKFRSs, the management had performed a recoverable value assessment for the asset and adopted a fair valuation approach using the volume weighted average share price of the investment at A$1.57 per share and a price premium of 20%, which reflects the actual worth of an asset more accurately. The value of the asset is derived fundamentally and is not solely determined by market forces. Based on the assessment result, the Group recorded an impairment on investment in AWC of approximately HK$45.2 million (2021: nil) at the end of 2022 accordingly.

  For further details of AWC, please refer to note 20 to the Financial Statements.

Crude oil and bitumen (the Karazhanbas oilfield, Kazakhstan)

- CITIC Oil & Gas Holdings Limited, an indirect wholly-owned subsidiary of the Company, and JSC KazMunaiGas Exploration Production, through CCEL, jointly own, manage and operate KBM. Effectively, by holding 100,000 ordinary shares in CCEL (2021: same), the Group owns 50% of the issued voting shares of KBM (which represents 47.31% of the total issued shares of KBM). As at 31 December 2022, the investment cost of CCEL amounted to approximately HK$1,924.8 million (2021: same), while the carrying amount of the investment in CCEL was approximately 19.1% (2021: 16.3%) of the Group's total assets.

CCEL is an investment holding company and its operating subsidiaries are principally engaged in the development, production and sale of oil and holds the right to explore, develop, produce and sell oil from the Karazhanbas oilfield until 2035, production and sale of road bitumen and clarified oil, and provision of oilfield related services in Kazakhstan. The investment in CCEL is considered as strategic investment which aligned with the strategy of the Group's business.

As at 31 December 2022, the Karazhanbas oilfield had estimated proved oil reserves approximately of 141.8 million barrels (2021: 156.2 million barrels) as determined in accordance with the standards of the PRMS.

In 2022, the KBM oilfield achieved a net profit attributable to ordinary shareholders of the Company of approximately HK$320.1 million, representing a year-on-year increase of approximately 4.5%.

- The Company has resolved to dispose of its entire equity interest in CCEL held indirectly through a wholly-owned subsidiary of CITIC Oil & Gas and the shareholder's loans provided by CITIC Oil & Gas. The public tender for such proposed disposal on Shanghai United Assets and Equity Exchange commenced in August 2022 with an initial tender price of approximately RMB1,922,560,800 and it remained open as at the date of this report. Up to the date of this report, there was no bidder. For details, please refer to the announcements of the Company dated 8 December 2021, 26 August 2022 and 28 October 2022.

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

Share of profit of a joint venture	HK$320.1 million	(2021: HK$306.3 million)	▲ 5%

- In February 2023, KBM, an indirect subsidiary of a joint venture of the Company, has received the final tax audit results from the local tax authority in Kazakhstan, claiming for tax payment, penalties and late charges in the aggregate amount of approximately KZT39.10 billion (equivalent to approximately US$87.74 million) (the "**Tax Claims**"). The Company has been informed that, having considered the advice from its legal counsel and tax advisor, KBM refutes the majority of the Tax Claims primarily relating to the withholding tax on dividends paid to CCPL and the deductibility of certain fees and interests incurred by KBM. The disputed amount of the Tax Claims in aggregate is approximately KZT37.40 billion (equivalent to approximately US$83.92 million). As at the date of this report, KBM has filed the complaint and application for administrative review against the final tax audit results. For details, please refer to the announcement of the Company dated 27 February 2023.

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

		2022 (50%)	2021 (50%)	Change
Crude oil				
Average benchmark end-market quotes:				
Urals Mediterranean crude oil	(US$ per barrel)	**76.0**	69.2	▲ 10%
Dated Brent crude oil	(US$ per barrel)	**100.9**	70.9	▲ 42%
Average crude oil realised price	(US$ per barrel)	**75.8**	67.0	▲ 13%
Sales volume	(barrels)	**6,287,000**	5,504,000	▲ 14%
Revenue	(HK$ million)	**3,718.7**	2,878.5	▲ 29%
Total production	(barrels)	**7,154,000**	7,001,000	▲ 2%
Daily production	(barrels)	**19,600**	19,200	▲ 2%
Bitumen*				
Average selling price	(US$/tonne)	**183.5**	133.6	▲ 37%
Sales volume	(tonnes)	**223,000**	203,000	▲ 10%
Revenue	(HK$ million)	**318.8**	211.6	▲ 51%
Total production	(tonnes)	**223,000**	203,000	▲ 10%

* The information of bitumen for 2021 are full year basis.

Revenue of crude oil increased by 29% when compared to 2021 as a result of 14% increase in sales volume and 13% increase in the average crude oil realised price. The average crude oil realised price was impacted by the increased sales discount caused by Russia-Ukraine conflict. Revenue of bitumen increased by 51% when compared to 2021 as a result of 10% increase in sales volume of bitumen and 37% increase in the average selling price of bitumen. Production of crude oil and bitumen increased by 2% and 10%, respectively when compared to 2021.

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

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

Cost of sales per barrel was increased by 7% when compared to 2021, of which (a) direct operating costs per barrel increased by 11% mainly as a result of an increase in wages and salaries; and (b) depreciation, depletion and amortisation per barrel decreased by 5%.

Selling and distribution costs per barrel increased by 30% when compared to 2021. As export duty and rent tax are charged at progressive rates which are determined by reference to average oil prices, export duty per barrel and rent tax per barrel increased by 22% and 55%, respectively, in line with increases in average oil prices.

For further details of CCEL, please refer to note 21 to the Financial Statements.

Liquidity, financial resources and capital structure

Cash and Deposits

In 2022, the Group continues to maintain strong financial position, with cash and deposits amounting to approximately HK$2,130.2 million as at 31 December 2022 (31 December 2021: HK$1,925.6 million), which the portion of the Group's cash and deposits are denominated in RMB, US$, HK$, A$, KZT, Euro and Indonesian Rupiahs.

Borrowings

As at 31 December 2022, the Group had total debt of approximately HK$2,644.4 million (31 December 2021: HK$3,726.7 million), which comprised:

- unsecured bank borrowings of approximately HK$1,412.8 million;
- unsecured other borrowings of approximately HK$1,170.0 million; and
- lease liabilities of approximately HK$61.6 million

As at 31 December 2022, the Group has no borrowing which is determined at fixed interest rates.

Most of the transactions in the Group's import and export of commodities business are debt-funded. However, in contrast to term loans, these borrowings are self-liquidating, transaction-specific and of short durations, as well as match the terms of the underlying transactions. Upon receipt of sales proceeds following the completion of a transaction, the related borrowings would be repaid accordingly.

The significant decrease in the Group's borrowings was mainly due to the voluntary prepayment of bank loans amounted to US$130.0 million (equivalent to approximately HK$1,014.0 million) from its surplus cash in 2022. The Group had also refinanced the A loan (as defined below) amounting to US$150.0 million (equivalent to approximately HK$1,170.0 million) with CITIC Finance International Limited (a fellow subsidiary of the Company,"**CITIC Finance**") in order to reduce the cost of funding.

The Group aims to maintain the cash and deposits and undrawn banking facilities at US$232.7 million (equivalent to approximately HK$1,815.1 million) at a reasonable level to meet the debt repayments and capital expenditures in the coming year.

On 29 December 2022, the Company entered into a facility agreement with CITIC Finance in respect of an unsecured 3-year revolving loan facility of US$150.0 million (equivalent to approximately HK$1,170.0 million) (the "**A Loan**"). The proceeds of the A Loan were used for refinancing the prepayment of the remaining balance of US$110.0 million (equivalent to approximately HK$858.0 million) of the C Loan (as defined below) on 29 December 2022 and the partial prepayment of US$40.0 million (equivalent to approximately HK$312.0 million) of the B Loan (as defined below) on 30 December 2022. As at 31 December 2022, the outstanding balance of the A Loan was US$150.0 million (equivalent to approximately HK$1,170.0 million).

In December 2019, the Company entered into an unsecured 4-year committed US$200.0 million (equivalent to approximately HK$1,560.0 million) credit facility agreement comprising of a US$100.0 million term loan and a US$100.0 million revolving loan in the form of a self-arranged club loan with 5 financial institutions (the "**B Loan**") commencing from 31 December 2019. The purpose of the B Loan is to refinance existing indebtedness and/or general corporate funding requirement to support the operation and growth of the business of the Group. On 30 September 2022 and 30 November 2022, a partial repayment of the B Loan in the amount of US$60.0 million (equivalent to approximately HK$468.0 million) was made by utilizing the Company's internal sources. On 30 December 2022, the remaining balance of the B Loan in the amount of US$40.0 million (equivalent to approximately HK$312.0 million) was fully prepaid by refinancing from a drawdown of the A Loan. As at 31 December 2022, there was no outstanding balance of the B Loan.

In March 2021, the Company entered into a facility agreement with CITIC Finance in respect of an unsecured 3-year term loan facility of US$150.0 million (equivalent to approximately HK$1,170.0 million) (the "**C Loan**"). The proceeds of the C Loan were used for refinancing the partial prepayment in the amount of US$150.0 million (equivalent to approximately HK$1,170.0 million) of an existing loan. On 31 March 2022 and 30 June 2022, a partial prepayment of the C Loan in the amount of US$40.0 million (equivalent to approximately HK$312.0 million) was made by utilizing the Company's internal sources. On 29 December 2022, the remaining balance of the C Loan amounting to US$110.0 million (equivalent to approximately HK$858.0 million) was fully prepaid by refinancing from a drawdown of the A Loan. As at 31 December 2022, there was no outstanding balance of the C Loan.

In June 2021, a wholly-owned subsidiary of the Company entered into an unsecured 3-year committed US$200.0 million (equivalent to approximately HK$1,560.0 million) credit facility agreement with China CITIC Bank International Limited (a fellow subsidiary of the Company) (the "**D Loan**"), effective as from 24 June 2021. The proceeds of the D Loan were mainly used for the prepayment of the remaining outstanding balance of the existing loan amounting to US$200.0 million (equivalent to approximately HK$1,560.0 million). On 30 June 2022 and 31 August 2022, a partial prepayment of the D Loan in the amount of US$30.0 million (equivalent to approximately HK$234.0 million) was made by utilizing the Company's internal sources. As at 31 December 2022, the outstanding balance of the D Loan was US$170.0 million (equivalent to approximately HK$1,326.0 million).

The Group leases certain plant and machinery for its aluminium and coal mining operations under finance leases. The lease liabilities arising from these finance leases as at 31 December 2022 were approximately HK$14.2 million (31 December 2021: HK$21.2 million).

As at 31 December 2022, the Group's net debt to net total capital ratio was 6.2% (31 December 2021: 20.6%). Of the Group's total debt, approximately HK$126.9 million was repayable within one year, including trade finance and lease liabilities.

Share capital

There was no movement in the share capital of the Company in 2022.

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, embedded derivatives and electricity hedge agreements. Their purpose is to manage the foreign currency risk, price risk, interest rate risk and inflation risk arising from the Group's operations and sources of finance.

Opinion

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

Employees and remuneration policies

As at 31 December 2022, the Group had 206 full time employees, including management and administrative staff (31 December 2021: 179).

In addition, the Group would share the expenses of the subcontractor remuneration in respect of its investments as an operator (including the Seram Block, Indonesia and Hainan-Yuedong Block, China) and jointly owned investments (PAS and CMJV and some exploration rights), involving approximately 1,548 employees in total (2021: 1,519) and amounting to approximately HK$201.1 million (2021: HK$177.8 million).

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 superannuation legislation of Australia for those employees in Australia who are eligible to participate; and

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

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

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

Board of Directors and Senior Management

Directors

Mr. Sun Yufeng [Note]	*Chairman, Executive Director and Chief Executive officer*
Mr. Chan Kin	*Non-executive Director*
Dr. Fan Ren Da, Anthony	*Independent Non-executive Director*
Mr. Gao Pei Ji	*Independent Non-executive Director*
Mr. Look Andrew	*Independent Non-executive Director*

Directors – Biographies

Executive Director

Note: Mr. Sun Yufeng resigned and Mr. Hao Weibao was appointed as an executive director of the Company, Chairman, Chief Executive Officer, Authorised Representative, chairman of the Nomination Committee and member of the Remuneration Committee and the Risk Management Committee on 18 April 2023. Apart from the biography of Mr. Sun Yufeng, this section also includes the biography of Mr. Hao Weibao.

Mr. Sun Yufeng, aged 58, joined in 2019 as an executive director of the Company and the Chairman. Mr. Sun has assumed the additional role of Chief Executive Officer since 30 September 2022. He is the chairman of the Nomination Committee and a member of the Risk Management Committee and Remuneration Committee. 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. Sun holds a bachelor's degree in English Literature from the Shanghai International Studies University and a master's degree in Business and Administration from the University of Delaware in the United States. Mr. Sun has acted as the vice chairman and general manager of CITIC Metal Group Limited since 2016. Mr. Sun is a non-executive co-chairman of Ivanhoe Mines Ltd., a company listed on the Toronto Stock Exchange (Stock Code: IVN) and OTC Markets (Stock Code: IVPAF). He also holds directorships in several metal mining processing and trading companies, including Western Superconducting Technologies Co., Ltd. and Companhia Brasileira de Metalurgia e Mineração (CBMM) etc. Mr. Sun was a director of MMG South America Management Company Limited, a Joint venture which owns Las Bambas copper mine project, from April 2014 to June 2019. Mr. Sun joined CITIC Group Corporation in 1987 and CITIC Metal Co. Ltd. in 1999, where he served as general manager and chairman of CITIC Metal Co. Ltd. respectively between 2003 and 2016. Mr. Sun has over 35 years' experience in business management and investment.

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

Mr. Hao Weibao, aged 54, joined in 2023 as an executive director of the Company, the Chairman and the CEO. He is the Authorised Representative, the chairman of the Nomination Committee and a member of the Remuneration Committee and the Risk Management Committee. He is also a director of several subsidiaries of the Company. Mr. Hao is responsible for the strategic and corporate development, and the overall management and operations of the Group. Mr. Hao holds a Bachelor degree of Economics from Jiangxi University of Finance and Economics, a Masters in Business Administration degree from Chinese University of Hong Kong and a Doctor of Philosophy degree awarded by the University of Chinese Academy of Sciences. Mr. Hao joined CITIC Limited (stock code: 267) (a company listed on the Main Board of the Stock Exchange) and its subsidiaries (the "**CITIC Group**") since April 2008 and has been serving as the vice chairman and general manager of CITIC Metal Group Co., Ltd. (中信金屬集團有限公司) since April 2023, the parent company of CITIC Metal Co., Ltd. (中信金屬股份有限公司, one of the first batch of listed companies in the main board registration system of the Shanghai and Shenzhen Stock Exchanges (stock code: 601061)). He served as the assistant to the general manager, subsequently as the deputy general manager and then as the general manager of CITIC Investment Holdings Limited (中信投資控股有限公司) between 2008 and 2015, during which period Mr. Hao also served as the general manager of CITIC Environment Protection (Investment) Co. Ltd. (中信環保(投資)股份有限公司). He served as the party secretary, chairman and general manager of CITIC Environment Investment Group Co., Limited (中信環境投資集團有限公司) from 2015 to 2023. Prior to joining the CITIC Group, Mr. Hao held several positions at Sinopec Engineering Incorporation (中國石化工程建設公司) from July 1992 to November 1997, and was mainly in charge of financial and project management. Mr. Hao worked at China International United Petroleum and Chemical Company Limited ("**UNIPEC**") as a director and the chief financial officer of the United Kingdom branch ("**UK Branch**") from December 1997 to April 2002, the deputy general manager of the UK Branch from April 2002 to June 2006, the deputy manager of the crude oil department of the head office from September 2005 to March 2007, the acting general manager of the UK Branch from June 2006 to February 2007, and the vice chief accountant of the head office from March 2007 to March 2008. During his employment at UNIPEC, he was mainly responsible for financial management, futures market operation and internal risk control. Mr. Hao has over 30 years' experience in overseas business management, financial management, investment and project management, international financing and international trade.

Non-executive Director

Mr. Chan Kin, aged 56, joined in 2017 as a non-executive director of the Company. Mr. Chan holds an AB degree from Princeton University and a master's degree in Business Administration from the Wharton School of University of Pennsylvania where he was a Palmer Scholar. He is the founder, a partner and chief investment officer of Argyle Street Management Limited ("**ASM Limited**"). He is the chairman and a deemed executive non independent director of TIH Limited (Stock Code: T55) and a non-executive director of OUE Limited (Stock Code: LJ3), both companies listed on the Singapore Exchange. He has been appointed as a member of the board of commissioners of PT Lippo Karawaci Tbk (Stock Code: LPKR), a real estate company listed on Indonesia Stock Exchange since April 2019. Mr. Chan ceased to act as a non-executive director of Mount Gibson Iron Limited (Stock Code: MGX), a company listed on the ASX and The ONE Group Hospitality, Inc. (Stock Code: STKS), a company listed on the Nasdaq Stock Market in January 2018 and January 2019 respectively. Mr. Chan is a responsible officer of ASM Limited and is licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activity. He is also a licensed representative in Singapore for TIH Investment Management Pte Ltd. Mr. Chan has over 33 years' experience in international capital markets, investment banking, corporate advisory and major transactions, particularly in Asia.

Independent Non-executive Directors

Dr. Fan Ren Da, Anthony, aged 62, joined in 2000 as an independent non-executive director of the Company. He is the chairman of the Audit Committee and a member of the Remuneration Committee, Nomination Committee and the Risk Management Committee. Dr. Fan holds a master's degree in Business Administration from the United States of America and a PhD degree in Economics. He is the chairman and managing director of AsiaLink Capital Limited. He is also an independent non-executive director of Uni-President China Holdings Ltd. (Stock Code: 220), Shanghai Industrial Urban Development Group Limited (Stock Code: 563), Semiconductor Manufacturing International Corporation (Stock Code: 981), China Development Bank International Investment Limited (Stock Code: 1062), Technovator International Limited (Stock Code: 1206), China Dili Group (Stock Code: 1387), Neo-Neon Holdings Limited (Stock Code: 1868) and Hong Kong Resources Holdings Company Limited (Stock Code: 2882), all listed on the Main Board of the Stock Exchange. Dr. Fan has been re-designated from an independent non-executive director to an executive director and resigned as the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of Tenfu (Cayman) Holdings Company Limited (stock code: 6868), a company listed on the Stock Exchange, with effect from May 2021. Dr. Fan has also been appointed as a non-executive director of Hilong Holding Limited (stock code:1623) since July 2022. Dr. Fan ceased to act as an independent non-executive director of Lerthai Group Limited (formerly known as LT Commercial Real Estate Limited) (Stock Code: 112), Guodian Technology & Environment Group Corporation Limited (Stock Code: 1296), CGN New Energy Holdings Co., Ltd. (Stock Code: 1811) and Raymond Industrial Limited (Stock Code: 229), in June 2017, August 2017, June 2018 and May 2021, respectively. He is also the founding president of The Hong Kong Independent Non-Executive Director Association. Dr. Fan held senior positions with various international financial institutions.

Mr. Gao Pei Ji, aged 75, joined in 2011 as an independent non-executive director of the Company. He is the chairman of the Remuneration Committee and a member of the Audit Committee, Nomination Committee and the Risk Management Committee. 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. He is also an independent non-executive director of CGN Mining Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1164). 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. Look Andrew, aged 58, joined in 2015 as an independent non-executive director of the Company. He is the chairman of the Risk Management Committee and a member of the Audit Committee and the Remuneration Committee. Mr. Look holds a bachelor of commerce degree from the University of Toronto and has over 32 years' experience in the equity investment analysis of Hong Kong and China stock markets. From 2000 to 2008, Mr. Look served in Union Bank of Switzerland as the head of Hong Kong research, strategy and product. He was rated as the best Hong Kong strategist and best analyst by the Asiamoney magazine, a leading monthly financial and capital markets publication for corporate and finance readers and investors, in 2001, 2002, 2003, 2005, 2006 and 2007. Mr. Look has been appointed as an independent non-executive director and members of the audit committee, and remuneration committee as well as the chairman of nomination committee of L.K. Technology Holdings Limited (Stock Code: 558) since 1 April 2022. He currently serves as independent non-executive directors of Hung Fook Tong Group Holdings Limited (Stock Code: 1446), Ka Shui International Holdings Limited (Stock Code: 822) and EC Healthcare (formerly known as Union Medical Healthcare Limited) (Stock Code: 2138), all of which listed on the main board of the Stock Exchange. Mr. Look was also independent non-executive directors of TCL Communication Technology Holdings Limited (a company delisted on the Stock Exchange on 30 September 2016) from September 2010 to September 2016, Affluent Partners Holdings Limited (Stock Code: 1466) from September 2014 to December 2016 and Cowell e Holdings Inc. (Stock Code: 1415) from April 2017 to December 2018, all of which listed on the main board of the Stock Exchange.

Senior Management – Biographies

Mr. Zhao Hongbing, aged 55, joined Tincy Group Energy Resources Limited, a subsidiary of the Company, in 2017, and successively served as the chief geologist, technical deputy general manager and general manager. He joined the Company in 2021 as a vice president of the Company. He is also a general manager of 中信石油技術開發（北京）有限公司 (CITIC Petroleum Technology Development (Beijing) Limited), a wholly-owned subsidiary of the Company. Mr. Zhao holds a bachelor's degree in petroleum geology from the Northwest University. Before joining the Company, Mr. Zhao was engaged in Shengli Oil Field of the China Petroleum and Chemical Corporation. Mr. Zhao has over 34 years' experience in oil and gas industry.

Mr. Wang Xinli, aged 52, joined in 2012 as a vice president of the Company. In April 2021, he assumed the additional role of chief financial officer of the Company. He is a director of several subsidiaries and joint ventures of the Company. Mr. Wang holds a bachelor's degree in Accounting from the Beijing Institute of Machinery Industry. He is a qualified accountant of China. Prior to joining the Company, Mr. Wang was engaged in several subsidiaries of CITIC Group. Mr. Wang has over 29 years' experience in accounting and financial management aspects, especially in new project assessment.

Mr. Wat Chi Ping Isaac, aged 51, joined in 2019 as a chief legal officer and was appointed as the company secretary of the Company with effect from September 2021 upon approval of the Board. Mr. Wat has over 23 years of legal and compliance experience from private practice in law firms as well as serving as company counsels in renowned multinational companies and Chinese Central Government-owned enterprises. His exposure covers corporate finance transactions, public and private merger and acquisitions, private equity, investment funds, corporate restructuring, litigation and dispute resolution, intellectual property rights, internal control and risk management and regulatory compliance works. Prior to joining the Company, Mr. Wat worked at a number of major international law firms and served as a member of the senior management team and general counsel of CGN Energy International Holdings Co., Limited, general counsel and the company secretary of CGN New Energy Holdings Co., Ltd. (Stock Code: 1811, a company listed on the Stock Exchange) and the director – legal counsel of CITIC Securities International Company Limited. Mr. Wat became a qualified solicitor in Hong Kong and in England and Wales in November 1998 and March 1999, respectively.

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 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.

The Group will stick to its three core objectives of "mitigating risks, improving quality and efficiency, and optimizing management". Through deepening reform and vigorous innovation, the Group continues to pragmatically pursue cost reduction and efficiency improvement. Meanwhile, the Group will also strengthen the integrated management of risk control, compliance and internal control, optimize the management system and procedures of the Company, and improve the Company's business process informatization construction. The Group strives to capture new development opportunities, constantly improves production efficiency and economic benefits, to achieve long-term sustainable development and aims to reward our shareholders and investors with better results!

Compliance with the Corporate Governance Code

The Board is of the view that the Company has, for the year ended 31 December 2022, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the CG Code, save and except for the deviation from code provision C.2.1 of the CG code as disclosed in the section headed "Chairman and Chief Executive Officer" of this report. The Corporate Governance Report for the year ended 31 December 2022 and onward will be based on new CG Code which has been amended and re-numbered with effect from 1 January 2022.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct for dealings in the securities of the Company by its directors (the "**Securities Dealings Code**") that is based on the Model Code (or on terms no less exacting than the Model Code).

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

Board of Directors

As at 29 March 2023, the Board comprised a total of five members, with one executive director, one non–executive director and three independent non-executive directors.

Executive Director *Note*:

Mr. Sun Yufeng (Chairman and Chief Executive Officer)

Non-executive Director:

Mr. Chan Kin

Independent Non-executive Directors:

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

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

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, investment management, accounting and banking fields. 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 senior management on the Group's corporate goals and objectives, activities and business, strategic plans and financial situation. Each new director is also provided with a package of orientation materials in respect of a director's duties and responsibilities under the Listing Rules, 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 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.

Save for the vesting of both the roles of Chairman and Chief Executive Officer on the same person as disclosed in the section headed "Chairman and Chief Executive Officer" of this report, to the best of the knowledge of the Company, there is no financial, business, family or other material or relevant relationship between board members.

Under the leadership of the Chief Executive Officer, senior 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 senior management. It delegates appropriate aspects of its management and administrative functions to senior management. It also gives clear directions as to the powers of senior management, in particular, with respect to the circumstances where senior 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 budgets, material acquisitions and disposals, material connected transactions, material banking facilities, announcements of interim and final results and payment of dividends. The Board also acknowledges its responsibility for preparing the accounts of the Group.

The Company has put in place mechanism to ensure independent views and input are available to the Board. This is achieved by giving directors access to external independent professional advice from legal advisers and auditor, as well as the full attendance of all independent non-executive directors at all the meetings of the Board and its relevant committees held during the year.

Board Diversity

In order to maintain its competitive advantage and achieve a sustainable and balanced development, the Company recognises the benefits of having a diverse Board. The Board has adopted the Diversity Policy, pursuant to which the selection of candidates will be based on a range of objective criteria and a diversity of perspectives, including but not limited to gender, age, cultural and educational background and professional experience. The Board and the Nomination Committee will review the Diversity Policy on an annual basis.

Appointment to the Board is based on objective criteria of meritocracy and the selected candidates will be considered in terms of the attributes that they have and which enable them to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company. In assessing the suitability of a candidate as director, the Nomination Committee would consider character and integrity; qualities in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional and educational qualifications, skills, knowledge, expertise, experience and accomplishment that are relevant to the Group's business and corporate strategy; commitment to devote adequate time to effectively discharge duties as a member of the Board and relevant committees of the Company; requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; the Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and such other perspectives applicable to the Group. These factors are for reference only, and not meant to be exhaustive.

As at the date of this report, the Board comprises members of single gender. In order to achieve gender diversity on the Board level, the Board plans to propose the appointment of at least one director of different gender no later than 31 December 2024. The Company may recruit external candidates to ensure gender diversity in the Board. It may also offer equal opportunities in promoting its female employees to management positions and provide trainings to them in order to develop a pipeline of potential successors for the Board.

For the detailed gender ratio in the workforce (including senior management), please refer to page 93 of the ESG Report published by the Company on 28 April 2023.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. 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 senior management.

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.

During the period from 1 January 2022 to 30 September 2022, the Chairman and the Chief Executive Officer were two separate positions held by Mr. Sun Yufeng and Mr. Suo Zhengang, respectively. Since 30 September 2022, both positions were held by Mr. Sun Yufeng. The Board believed that with the support of the management, vesting the roles of both the Chairman and Chief Executive Officer on the same person can facilitate execution of the Group's business strategies and boost effectiveness of its operation [Note]. In addition, under the supervision by the Board which, apart from the executive director, comprises a non-executive director and three independent non-executive directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

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. The total number of non-executive directors represented half of the board members so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The non-executive directors take the lead where potential conflicts of interests arise. Their responsibilities include scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

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 to be 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.

Note: Upon resignation of Mr. Sun Yufeng as an executive director of the Company, Chairman and Chief Executive Officer on 18 April 2023, the roles of both the Chairman and Chief Executive Officer have been vested on the same person, Mr. Hao Weibao, the newly appointed executive director of the Company. In view of Mr. Hao's personal profile, extensive relevant industry knowledge and working experience in multinational corporations, the Board has confidence in vesting the roles of both the Chairman and Chief Executive Officer in Mr. Hao Weibao and believes that it will allow for more effective planning and execution of business strategies of the Group.

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 independent non-executive directors without the presence of other executive directors.

Directors' Continuous Professional Development

During the year, to develop and refresh their knowledge and skills, all the current 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. Sun Yufeng	–	✓
Mr. Suo Zhengang (Note)	–	✓
Non-executive Director:		
Mr. Chan Kin	✓	✓
Independent Non-executive Directors:		
Dr. Fan Ren Da, Anthony	✓	✓
Mr. Gao Pei Ji	✓	✓
Mr. Look Andrew	✓	✓

Note: Mr. Suo Zhengang has retired as an executive director of the Company, vice Chairman, a Chief Executive Officer and a member of the Remuneration Committee and the Risk Management Committee with effect from 30 September 2022.

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. All directors are invited to include matters in the agenda for regular board meetings. 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 2022.

If a substantial shareholder or a director has a material conflict of interest in a matter to be considered by the Board, the matter will be dealt with by a physical board meeting (and not by a written resolution). 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 the Remuneration Committee, the Nomination Committee, the Audit Committee and the Risk Management 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 relevant committee 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 directors (including executive directors, non-executive directors and independent non-executive directors) and senior management. It also reviews and/or approves matters relating to share schemes of the Company and/or its principal subsidiaries and provides its views on those matters as required under Chapter 17 of the Listing Rules.

The committee consults the Chairman and/or the Chief Executive Officer about their remuneration proposals for other executive directors, where applicable.

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)
Dr. Fan Ren Da, Anthony	(Independent Non-executive Director)
Mr. Look Andrew	(Independent Non-executive Director)
Mr. Sun Yufeng *Note*	(Executive Director)

Three meetings were held during the year. During the year, the committee approved the remuneration and director's fee payable to the directors. Also, the committee assessed the performance of each individual executive director and reviewed and approved the performance-based remuneration package of each individual executive director and approved the salary payable.

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 Nomination Committee has adopted the Diversity Policy in selecting and recommending suitable candidates of directorship. A summary of the Diversity Policy is set out on page 25 of this report.

The Nomination Committee shall identify and select candidates as directors pursuant to the criteria as set out above, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee. The Nomination Committee may use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. For appointment and re-election of directors of the Company at a general meeting, a circular, containing the proposed candidate's brief biography and any other information, as required pursuant to the applicable laws, rules and regulations, will be sent to shareholders of the Company. The procedures for shareholders of the Company to propose a person, other than a retiring director, for election as a director of the Company at a general meeting are set forth in the Bye-laws.

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, and considering candidates on merit and against objective criteria with due regard to the Diversity Policy. The committee is also responsible for reviewing the Diversity Policy and the measurable objectives on an annual basis, the progress on achieving the objectives, 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 Chief Executive Officer.

The criteria for the committee to select and recommend a candidate for directorship include the candidate's reputation for integrity, qualifications, skills and knowledge, experience, commitment in respect of available time, independence and gender diversity.

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

Members of the committee are:

Mr. Sun Yufeng [Note]	(Executive Director) (Chairman)
Dr. Fan Ren Da, Anthony	(Independent Non-executive Director)
Mr. Gao Pei Ji	(Independent Non-executive Director)

Two meetings were held during the year. During the year, the committee reviewed the structure, size and diversity of the Board and opined that the Board possesses a diversity and a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company. The committee has also assessed the independence of the independent non-executive directors and considers all of them to be independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules in the context of the length of service of each independent non-executive director, and the perspectives, skills and experience that such director can bring to the Board and to make recommendations to the Board on the re-appointment of Directors.

Audit Committee

The Board has established formal and transparent arrangements to consider how it should apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company's external auditor and internal auditor.

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

The committee monitors the integrity of the Company's accounts, financial statements, interim and annual reports, and reviews significant financial reporting judgements contained in them. The Company has in place a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the committee about possible improprieties in any matter related to the Company. The committee reports to the Board any suspected fraud and irregularities and 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:

Dr. Fan Ren Da, Anthony	(Independent Non-executive Director) (Chairman)
Mr. Gao Pei Ji	(Independent Non-executive Director)
Mr. Look Andrew	(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 auditor.

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 auditor, the financial statements for the year ended 31 December 2022 and the financial statements for the six months ended 30 June 2022, the accounting principles and practices adopted by the Group, statutory compliance, other financial reporting matters, and the adequacy and effectiveness of the Group's internal audit. The committee has also considered the adequacy of resources, staff qualifications and experience of the Company's accounting, internal audit and financial reporting functions and processes. In addition, it has considered the continuing connected transactions of the Company.

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

The committee has recommended to the Board (which endorsed the recommendation) that, subject to shareholders' approval at the forthcoming AGM, PricewaterhouseCoopers be re-appointed as the Company's external auditor for 2023.

Risk Management Committee

The purpose of the committee is to assist the Board to oversee the overall risk management and internal control of the Group and to assist the Board in establishing and setting risk management and internal control policies and regulations appropriate and relevant for the Group.

The committee is responsible for, amongst others, considering the overall objective and policies of the Group's comprehensive risk management and internal control; reviewing the risk philosophy and risk tolerance and appetite of the Group; overseeing the Group's overall risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business, strategic and other relevant risks faced by the Group from time to time; reviewing and assessing the effectiveness of the Group's risk control and risk mitigation tools and considering any other matters in relation to risk management and internal control responsibilities to be performed by the committee or the Board.

Members of the committee are:

Mr. Look Andrew	(Independent Non-executive Director) (Chairman)
Dr. Fan Ren Da, Anthony	(Independent Non-executive Director)
Mr. Gao Pei Ji	(Independent Non-executive Director)
Mr. Sun Yufeng *Note*	(Executive Director)

The committee meets at least once in each financial year of the Company and when there is any issue which requires its consideration. Two meetings were held in the year. During the year, the committee reviewed the risk management policies and regulations of the Group, in particular, considered the changes in the nature and extent of significant risks (including ESG risks), considered the risk on oil price movement, COVID-19 related risk and interest rate risks and the Group's ability to respond to changes in its business and the external environment, reviewed the internal control improvement of the Group and the effectiveness of the Group's processes for compliance with the Listing Rules, conducted a sensitivity analysis on market risks, and reviewed the major internal control weaknesses of the Group, the extent to which such internal control weaknesses have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, and any material impact on the Company's financial performance or condition, and made recommendations to the Board upon review of the effectiveness of risk management.

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

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

	Number of meetings held during the year Attended/Eligible to attend					
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	AGM held on 17 June 2022
Executive Directors:						
Mr. Sun Yufeng (Note 1)	5/5		2/2	1/3	2/2	1/1
Mr. Suo Zhengang (Note 2)	4/5			2/3	2/2	1/1
Non-executive Director:						
Mr. Chan Kin	5/5					1/1
Independent Non-executive Directors:						
Dr. Fan Ren Da, Anthony	5/5	2/2	2/2	3/3	2/2	1/1
Mr. Gao Pei Ji	5/5	2/2	2/2	3/3	2/2	1/1
Mr. Look Andrew	5/5	2/2		3/3	2/2	1/1

Note 1: Mr. Sun Yufeng has been appointed as a member of the Remuneration Committee with effect from 30 September 2022.

Note 2: Mr. Suo Zhengang has retired as an executive director of the Company, vice Chairman, a Chief Executive Officer and a member of the Remuneration Committee and the Risk Management Committee with effect from 30 September 2022.

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 compliance with the CG Code and disclosures in the corporate governance report;
(b) to determine the duties performed by the committees;
(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
(d) to review and monitor the training and continuous professional development of the directors and senior management; and
(e) 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. Senior management provides 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 also has access to board papers and related materials in order to make informed decisions on matters placed before it.

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.

Risk Management and Internal Control

The Board has overall responsibility for maintaining an adequate system of risk management and internal control and reviewing its effectiveness annually.

The Group has established a risk management and internal control system covering all the business units to monitor, assess and manage various risks in the Group's business activities. The Risk Management Committee has reviewed the quality, integrity and effectiveness of the risk management policies and regulations of the Group and approved the relevant revisions on risk management policies under the delegation of the Board. The system identifies, evaluates and manages the significant risks through regular risk assessments, including both compliance assessment and self-assessment on risk management and internal control.

The risk management and internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. The system provides reasonable, but not absolute, assurance against material misstatement or loss, and is designed to manage rather than eliminate the risks of failure to achieve business objectives.

The Company has taken appropriate measures to identify inside information and preserve its confidentiality until proper dissemination via the electronic publication system operated by the Stock Exchange. In order to ensure that the market and shareholders are fully and promptly informed about the material developments in the Company's business, the Board has adopted the Inside Information Disclosure Policy regarding the procedures of proper information disclosure. Employees are required to promptly report any inside information of which they become aware to their supervising manager for immediate referral for assessment by the Chief Executive Officer and the company secretary of the Company and determination as to whether, in the absence of any available safe harbor, an announcement shall be made by the Company. Release of inside information is subject to the approval of the Board. Unless duly authorized, all staff members of the Company shall not communicate inside information to any external parties and shall not respond to market speculation and rumours.

The Group's risk management and internal control system comprises five levels based on the corporate governance structure:

(a) the Board, responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives;
(b) the Risk Management Committee, responsible for reviewing the Group's risk management;
(c) management, responsible for the day-to-day risk management in all departments and subsidiaries of the Company;
(d) the risk and compliance department, responsible for supervising, monitoring and centralising the Group's risk management; and
(e) the members of the Group, responsible for performing the daily risk management task.

During the year, the risk and compliance department identified risk by multiple channels, including questionnaires, group discussion and scenario analysis, evaluated the risk as normal risk, significant risk and critical risk, and managed the risk with reference to the risk management policy. It also controlled the risks of subsidiaries through monthly risk management reporting and risk assessment as well as the monitoring of major projects and business. The result of the review, including COVID-19 related risk, strategic and investment risk, health, safety and environment risk, asset impairment risk, market risk, liquidity risk and litigation risk, has been summarised and reported to the Risk Management Committee and the Board with recommendations and follow-up results annually.

The Board has received from management a confirmation on the effectiveness of the risk management and internal control system. Since the last annual review, the outbreak and worldwide spread of COVID-19 pandemic led to global economy disruption, commodity prices slump, and sharp increase in health risks. The prevention methods and the results were reported to the Risk Management Committee during the year. The Company considered the risk management and internal control systems of the Group have been effective, adequate and appropriate.

Directors and officers liability insurance has been purchased and maintained to protect directors and officers of the Group against their potential legal liabilities to third parties that may be incurred in the course of performing their duties.

Internal Audit

The internal audit department carries out an analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control system, and performs independent internal audit reviews for all business units and functions in the Group on a systematic and ongoing basis. Under the internal audit charter of the Company, the internal audit department has unrestricted access to all parts of the Group's businesses and direct access to any level of management including the Chairman and the chairman of the Audit Committee as it considers necessary.

The internal audit department conducts regular and independent reviews of the effectiveness of the Group's risk management and internal control system. The Audit Committee reviews the findings and opinion of the internal audit department on the effectiveness of the system and reports to the Board if significant findings are noted.

During the year, the internal audit department prepared an annual internal audit plan in accordance with risk-based principles. Pursuant to the approved annual internal audit plan endorsed by the Audit Committee, detailed audit planning for each audit was devised, followed by field audits and discussions with management of the Company and subsidiaries. Special audits are conducted when required by the Board and senior management. Internal audit reports were prepared after completion of the audits, informing the Company and subsidiaries about the identified control deficiencies, together with recommendations for immediate rectification. Concerns which have been reported by the internal audit department were monitored by management by taking appropriate remedial actions. The internal audit report, which included audit findings and follow-up results, has been summarised, communicated and reported to the Audit Committee during the year.

Auditor's Remuneration

PricewaterhouseCoopers was reappointed by shareholders at the AGM held on 17 June 2022 as the Company's external auditor 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 2022.

For the year, PricewaterhouseCoopers charged the Group HK$7,964,000 for the provision of audit services and HK$541,000 for the provision of non-audit services. Non-audit services comprised works related to tax consultation, agreed-upon procedures on interim report, preliminary announcement and continuing connected transactions.

Dividend Policy

The Board approved and adopted a dividend policy which outlines the objective, procedure and general principles for the determination and payment of dividend or distribution by the Company to its shareholders (the "**Dividend Policy**"). Dividends or distributions by the Company shall be determined and declared in accordance with applicable legislation, the Bye-laws and the Dividend Policy. The Board may amend any provision in the Dividend Policy if it considers necessary.

Pursuant to the Dividend Policy, the Company may propose, recommend and declare dividends to shareholders from time to time. Final dividend declared by the Company shall be approved by shareholders at the AGM and the amount of dividend so approved shall not exceed the amount recommended by the Board. The Board may pay to shareholders such interim and/or special dividends as appear to the Board to be justified by the profits of the Company. There is no assurance that a dividend will be proposed or declared in any specific periods.

In determining the payment and amount of a dividend, the Board shall exercise care in the financial management of the Company, preserve a strong financial position, manage cash prudently and maintain an appropriate level of liquidity in the interest of preserving the long term strength and stability of the Company.

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 shall at all times have the right, by written requisition to the Board or the company secretary, to require a general meeting 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 and sign and deposit the requisition at the principal place of business of the Company for the attention of the company secretary.

The meeting shall be held within two months from the deposit of the requisition. If the Board fails to proceed to convene the meeting 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 meeting by themselves in accordance with the provisions of section 74(3) of the Companies Act, but any meeting 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 general meetings 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.

Company Secretary

The Company Secretary is a full-time employee of the Company and familiar with the day-to-day affairs of the Company. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters as well as ensuring good information flow between the Board members and the compliance of the policy and procedure of the Board.

Mr. Wat Chi Ping Isaac ("**Mr. Wat**") is the company secretary of the Company. For the biographies of Mr. Wat, please refer to the section headed "Board of Directors and Senior Management – Senior Management Biographies" of this report. During the year ended 31 December 2022, Mr. Wat has complied with the requirement of taking no less than 15 hours of the relevant professional training under Rule 3.29 of the Listing Rules.

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 AGMs and other general meetings. Shareholders are encouraged to participate in these meetings.

The Company has adopted a shareholders' communication policy with the objective of ensuring that the shareholders of the Company will have equal and timely access to information about the Company in order to enable the shareholders of the Company to exercise their rights in an informed manner and allow them to engage actively with the Company.

The Board will whenever it thinks fit and as required under the Bye-laws and the Listing Rules convene 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, circulars and press releases.

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, the chairman or member of each of the board committees, and external auditor 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 Board has reviewed the implementation and effectiveness of the shareholders' communication policy of the Company during the year. Having considered the multiple channels of communication and above specific measures in place, the Board is satisfied that the shareholders' communication policy of the Company has been properly in place for 2022 and is effective.

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 and the Company at http://www.hkexnews.hk and http://resources.citic respectively.

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 keeps contact with the media and holds briefings with investment analysts from time to time including following the announcement of financial results. Senior management also, whenever appropriate, 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 invaluable 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.

Constitutional Documents

During the year, the Company's bye-laws was amended and the new bye-laws was adopted by the shareholders of the Company at the 2022 AGM held on 17 June 2022. The purposes of making the amendments were to, among others, conform with latest amendments to the Listing Rules. For details, please refer to the circular of the Company dated 22 April 2022 and the announcements of the Company dated 25 March 2022 and 17 June 2022. Consolidated version of the Company's constitutional documents is available on the websites of the Stock Exchange and the Company.

Report of the Directors

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2022.

Principal Activities

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

Segment Information

An analysis of the Group's revenue and results by principal operating activities and the Group's revenue and on-current assets by geographical area of operations for the year ended 31 December 2022 is set out in note 4 to the Financial Statements.

Results and Dividends

The Group's profit for the year ended 31 December 2022 and the state of affairs of the Group at that date are set out in the Financial Statements on pages 58 to 155 of this report.

The Board has recommended, subject to approval by shareholders at the 2023 AGM, the payment of a final dividend of HK6.00 cents (2021: HK4.50 cents) per ordinary share for the year ended 31 December 2022, payable on or around 18 July 2023 to shareholders whose names appear on the register of members of the Company on 27 June 2023.

Business Review

A fair review of the Group's business and a description of the principal risks and uncertainties faced by the Group are provided in the Chairman's Statement and Management's Discussion and Analysis on pages 4 to 18 of this report. Particulars of important events affecting the Group that have occurred since the end of the year, and indication of likely future development in the Group's business can also be found in this section. An analysis of the Group's performance during the year using key financial performance indicators is set out on page 7 of this report. An account of the Company's relationship with its key stakeholders can be found on page 37 of this report.

Environmental Policies and Performance

The Group attaches importance to balancing the needs of business development and environmental protection, and endeavours to make continuous improvements through technological upgrading and performance evaluations.

The Group integrates environmental protection across all activities and operations. It promotes clean production and alleviates as far as possible the impact of the Group's operations on the environment. In respect of the Group's oilfield operations, the Group has enhanced resource utilisation efficiency and strengthened its efforts on nature conservation through a wide range of measures. Following the investment in the construction of the "Produced Water Treatment Plant Project" in 2019, the Karazhanbas oilfield has added energy-saving design to the six newly added boilers that were put into operation in 2020, aiming to realize waste heat recycling and actively reduce its own environmental impact. The Seram Block continues to use natural gas to replace diesel as the fuel for the turbines in its major production facilities, striving to reduce air pollutant emissions.

For more detailed information on the Company's environmental, social and governance, please read in conjunction with the Company's ESG Report to comprehensively understand the Company's environmental, social and governance performance.

Compliance with Laws and Regulations

The Company complies with the requirements under the Companies Act, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance.

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, is set out on page 156 of this report. 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 during the year are set out in note 13 to the Financial Statements.

Share Capital and Share Options

There was no movement in the Company's share capital during the year. Details of movements in the Company's share options during the year are set out in note 34 to the Financial Statements.

Pre-emptive Rights

There are no provisions for pre-emptive rights under 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 Group during the year are set out in the consolidated statement of changes in equity.

Distributable Reserves

In accordance with the Companies Act, the Company may pay dividends out of contributed surplus, retained profits and any other reserves provided that immediately following the payment of such distribution or payment, the Company is able to pay off its debts as and when they fall due. As at 31 December 2022, the Company had contributed surplus and retained profits amounting to HK$358,625,000 (2021: 358,625,000) and HK$6,137,767,000 (2021: 5,760,605,000), respectively.

Charitable Contributions

During the year, the Group did not make any charitable contributions (2021: Nil).

Major Customers and Major Suppliers

During the year, the amount of revenue attributable to the Group's five largest customers and to the largest customer accounted for 58.0% (2021: 39.8%) and 29.6% (2021: 28.7%), respectively, of the Group's total revenue for the year. The amount of purchases from the Group's five largest suppliers and from the largest supplier accounted for 37.3% (2021: 45.5%) and 9.8% (2021: 12.4%), respectively, of the Group's total purchases for the year.

None of the directors or any of their close associates (as defined in the Listing Rules) or any shareholder (which, to the best of the knowledge of the directors, owned more than 5% of the number of issued shares of the Company as at 31 December 2022) had any beneficial interest in any of 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. Sun Yufeng *Note*
Mr. Suo Zhengang (retired with effect from 30 September 2022)

Non-executive Director:
Mr. Chan Kin

Independent Non-executive Directors:
Dr. Fan Ren Da, Anthony
Mr. Gao Pei Ji
Mr. Look Andrew

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. Chan Kin and Dr. Fan Ren Da, Anthony will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM. *Note*

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 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.

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

Note: Mr. Hao Weibao was appointed as an executive director of the Company on 18 April 2023. In accordance with Bye-law 86(2), he will also retire and, being eligible, will offer himself for re-election at the forthcoming AGM.

Directors' Interests in Transactions, Arrangements and Contracts

During the year, no director and no entity connected with a director had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party.

Save as disclosed herein and so far as is known to the directors, as at 31 December 2022, none of the directors or their respective close associates (as defined In the Listing Rules) was materially interested in any subsisting contract or arrangement which is significant in relation to the businesses of the Group taken as a whole.

Save as disclosed in the sections headed "Connected Transactions"and "Continuing Connected Transactions"of this report, and note 39 to the Financial Statements in relation to the related party transactions of the Group during the year, no contract of significance, or contract of significance for the provision of services, between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of their subsidiaries has been entered into during the year or subsisted as at the end of the year.

Directors' Competing Interests

During the year ended 31 December 2022 and up to the date of this report, the following director of the Company is considered to have interests in the businesses which compete or is likely to compete, either directly or indirectly, with the business of the Group, pursuant to the Listing Rules as set out below:

Name	Entity whose business is considered to compete or likely to compete with the businesses of the Group	Description of business of the entity which is considered to compete or likely to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Sun Yufeng *Note*	– CITIC Metal Group Limited	– Commodity Trading and Mining	Director *Note*

As the Board is independent of the board of the above-mentioned entity and the above director of the Company cannot control the Board, the Group is therefore capable of carrying on its businesses independently of, and at arm's length from the businesses of this entity.

Save as disclosed above, none of the directors of the Company or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

Note: Mr. Sun Yufeng resigned and Mr. Hao Weibao was appointed as an executive director of the Company, Chairman, Chief Executive Officer, Authorised Representative, chairman of the Nomination Committee and member of the Remuneration Committee and the Risk Management Committee on 18 April 2023. Mr. Hao Weibao is the vice chairman and the general manager of CITIC Metal Group Limited.

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

As at 31 December 2022, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under such provisions of the SFO), or which are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which are required pursuant to the Model Code to be notified to the Company and the Stock Exchange are as follows:

Long positions in shares and underlying shares of the Company

Name of director	Nature of interest	Number of ordinary shares of HK$0.05 each held	Percentage of the total issued share capital of the Company
Mr. Chan Kin ("**Mr. Chan**")	Interest of controlled corporation	786,558,488*	10.01

* The figure represents an attributable interest of Mr. Chan through his interest in Argyle Street Management Holdings Limited ("**ASM Holdings**"). Mr. Chan is a significant shareholder of ASM Holdings.

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

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

Save as disclosed herein and in the section headed "Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares" (in case there is any disclosure therein) of this report, and so far as is known to the directors, as at 31 December 2022:

(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 in this report, 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.

Equity-linked Agreement

Save as disclosed in the section headed "Share Option Scheme" below in this report, the Company did not enter into any equity-linked agreement during the year and there was no equity-linked agreement subsisted as at the end of the year.

Permitted Indemnity Provision

The Bye-laws provide that every director of the Company is entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged Directors & Officers Liability and Company Reimbursement Insurance for the directors and officers of the Company and its subsidiaries, which was in effect throughout the year and remained in effect up to the date of this report.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Share Option Scheme

To enable the Company to continue to grant share options as an incentive or reward eligible persons, a new share option scheme was adopted by the Company on 27 June 2014 (the "**New Scheme**"). Further details of the New Scheme are set out in note 34 to the Financial Statements. Up to the date of this report, no share option has been granted under the New Scheme.

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

As at 31 December 2022, the interests and short positions of the substantial shareholders and other persons in the shares or underlying shares of the Company, as recorded in the register required to be kept under section 336 of the SFO, were as follows:

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Save as disclosed herein and in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" of this report, and so far as is known to the directors, as at 31 December 2022, 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.

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 number of issued shares is held by the public as at the date of this report.

Connected transactions

During the year, there were no discloseable connected transactions under the Listing Rules.

Continuing connected transactions

The following transactions between certain connected persons (as defined in the Listing Rules) of the Company and the Group were entered into and/or during the year ongoing for which relevant announcements and (if applicable) circulars had been made by the Company in accordance with the Listing Rules.

1. On 22 October 2021, the Company entered into the CITIC Bank PRC Financial Services Agreement with the Beijing branch of China CITIC Bank Corporation Limited (中信銀行股份有限公司) ("**CITIC Bank**"), a joint stock limited company incorporated in the People's Republic of China ("**PRC**"), whose H shares and A shares are listed on the Main Board of the Stock Exchange (stock code: 998) and the Shanghai Stock Exchange (stock code: 601998), respectively, which is a subsidiary of CITIC Group and a connected person of the Company, pursuant to which CITIC Bank agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time, within the PRC. In respect of the deposit services with CITIC Bank, the interest rates on RMB deposits placed by any Service Recipient at CITIC Bank are floating interest rates that will be determined with reference to the RMB benchmark deposit interest rates published by the People's Bank of China. The interest rates of foreign currency deposits are floating interest rates that will be determined with reference to LIBOR (or the reference interest rate as agreed by both parties in writing). The actual interest rates shall be agreed by both parties and in principle shall be not lower than the interest rate applicable to the same-grade deposit of the same term provided by other financial institutions in the PRC to the relevant Service Recipient.

   The CITIC Bank PRC Financial Services Agreement shall remain in force for a term of three years from 22 October 2021. Details of the CITIC Bank PRC Financial Services Agreement were disclosed in the announcement of the Company dated 22 October 2021.

2. On 22 October 2021, the Company entered into the CITIC Finance PRC Financial Services Agreement with CITIC Finance Company Limited (中信財務有限公司) ("**CITIC Finance**"), a subsidiary of CITIC Limited, and therefore a connected person of the Company, pursuant to which CITIC Finance agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time, within the PRC. In respect of the deposit services with CITIC Finance, the interest rates on RMB deposits placed by any Service Recipient at CITIC Finance are floating interest rates that will be determined with reference to the RMB benchmark deposit interest rates published by the People's Bank of China. The interest rates of foreign currency deposits are floating interest rates that will be determined with reference to LIBOR (or the reference interest rate as agreed by both parties in writing). The actual interest rates shall be agreed by both parties and in principle shall be not lower than the interest rate applicable to the same-grade deposit of the same term provided by other financial institutions in the PRC to the relevant Service Recipient.

The CITIC Finance PRC Financial Services Agreement shall remain in force for a term of three years from 22 October 2021. Details of the CITIC Finance PRC Financial Services Agreement were disclosed in the announcement of the Company dated 22 October 2021.

Under the CITIC Bank PRC Financial Services Agreement and the CITIC Finance PRC Financial Services Agreement (collectively, the "**PRC Financial Services Agreements**"), the annual caps in respect of the aggregate amount of daily maximum balance of deposits to be placed and maintained by the Group with CITIC Bank and CITIC Finance (including the interests accrued thereon) for the term of the PRC Financial Services Agreements for the year ended 31 December 2021, the year ended 31 December 2022, the year ending 31 December 2023 and the period ending 21 October 2024 had been fixed at HK$105 million, HK$105 million, HK$105 million and HK$105 million respectively. For the year ended 31 December 2022, the actual maximum amount of daily deposit balance (including the interests accrued thereon) was HK$10.0 million.

The comprehensive credit services under the PRC Financial Services Agreements involve the provision of financial assistance by CITIC Bank and CITIC Finance to the Group, which shall be on normal commercial terms or better, and no security will be granted by the Group over its assets in respect of such comprehensive credit services. Therefore, the comprehensive credit services are fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

The settlement services and other financial services under the PRC Financial Services Agreements shall be on normal commercial terms or on terms that are no less favourable than those offered by the other financial institutions in the PRC. During the term of the PRC Financial Services Agreements, the fees payable by the Group for the provision of each of the settlement services and other financial services under the PRC Financial Services Agreements did not exceed the de minimis threshold under Rule 14A.76 of the Listing Rules.

3. On 16 August 2021, the Company entered into the CITIC Bank International Financial Services Agreement with China CITIC Bank International Limited (中信銀行(國際)有限公司) ("**CITIC Bank International**"), an indirect non-wholly owned subsidiary of CITIC Bank, and therefore a connected person of the Company, pursuant to which CITIC Bank International agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time. In respect of the deposit services with CITIC Bank International, no Service Recipients shall be obliged to engage CITIC Bank International for deposit services if such interest rate is lower than the interest rate applicable to the same-grade deposit services provided by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

   The CITIC Bank International Financial Services Agreement shall remain in force for a term of three years from 30 September 2021 (i.e. the effective date of the agreement upon approval of the independent shareholders of the relevant special general meeting). Details of CITIC Bank International Financial Services Agreement were disclosed in the announcements of the Company dated 16 August 2021 and 30 September 2021 and the circular of the Company dated 9 September 2021.

4. On 16 August 2021, the Company entered into the CITIC Finance International Financial Services Agreement with CITIC Finance International Limited ("**CITIC Finance International**"), a wholly-owned subsidiary of CITIC Limited, and therefore a connected person of the company, pursuant to which CITIC Finance International agreed to provide financial services, including but not limited to deposit services to the Service Recipients, which comprise the Company and its subsidiaries from time to time. In respect of the deposit services with CITIC Finance International, the interest rate shall not be lower than the interest rate applicable to the same-grade deposit services provided by the major domestic commercial banks in Hong Kong to the relevant Service Recipient.

   The CITIC Finance International Financial Services Agreement shall remain in force for a term of three years from 30 September 2021 (i.e. the effective date of the agreement upon approval of the independent shareholders of the relevant special general meeting). Details of CITIC Finance International Financial Services Agreement were disclosed in the announcements of the Company dated 16 August 2021 and 30 September 2021 and the circular of the Company dated 9 September 2021.

   Under the CITIC Bank International Financial Services Agreement and the CITIC Finance International Financial Services Agreement (collectively, the "**Financial Services Agreements**"), the annual caps in respect of the aggregate amount of daily maximum balance of deposits to be placed and maintained by the Group with CITIC Bank International and CITIC Finance International (including the interests accrued thereon) for the term of the Financial Services Agreements for the year ended 31 December 2021, the year ended 31 December 2022, the year ending 31 December 2023 and the period ending 30 September 2024 had been fixed at HK$1.2 billion, HK$1.2 billion, HK$1.2 billion and HK$1.2 billion respectively. For the year ended 31 December 2022, the actual maximum amount of daily deposit balance (including the interests accrued thereon) was HK$1.18 billion.

   The credit services to be provided under the Financial Services Agreements involve the provision of financial assistance by CITIC Bank International and CITIC Finance International to the Group, which shall be on normal commercial terms or better, and no security will be granted by the Group over its assets in respect of such credit services. Therefore, the credit services are fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

   The settlement services, collection and payment services, and other financial services under the Financial Services Agreements shall be on normal commercial terms or on terms that are no less favourable than those offered by the major domestic banks in Hong Kong. During the term of the Financial Services Agreements, the fees payable by the Group for the provision of each of the settlement services, collection and payment services, and other financial services under the Financial Services Agreements did not exceed the de minimis threshold under Rule 14A.76 of the Listing Rules.

5. On 17 January 2020, CA Commodity Trading Pty Ltd ("**CACT**"), an indirect wholly-owned subsidiary of the Company, entered into the Agency Fee Agreement with Pacific Resources Trading Pte. Ltd., ("**PRT**") an indirect subsidiary of CITIC Group for the provision of marketing related services for PRT's products (the "**Marketing Services**"). The Agency Fee Agreement was expected to be renewed on an annual basis.

   At the time of entering into the Agency Fee Agreement in 2020, the then applicable percentage ratios were less than 0.1% and the services under the Agency Fee Agreement constituted a de minimis continuing connected transaction for the Company under the Listing Rules and were not subject to announcement, reporting and independent shareholders' approval requirements.

Based on the information available to the Company and the preliminary assessment of the unaudited management financial statements of CACT, the Board anticipated that the commission fee income for the financial year ended 31 December 2020 would exceed the abovementioned exemption threshold. The Company was therefore required to re-comply with the requirements under Chapter 14A of the Listing Rules.

On 25 January 2021 and 2 March 2022, CACT had renewed the annual Agency Fee Agreement with PRT for the provision of marketing related services to PRT's products, respectively. Save for the refreshment of a term of a calendar year of 2021 and 2022, all other terms and conditions under the Agency Fee Agreement dated 17 January 2020 as stated in the announcement of the Company dated 15 September 2020 remain the same. The Group does not expect to provide the Marketing Services in the year of 2023.

Under the Agency Fee Agreement, the annual caps of commission fee income for the provision of marketing related services for PRT's products for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 had been originally fixed at HK$5.0 million. On 8 June 2021, due to the increase in production capacities of the end users of PRT and the improvement of market conditions leading to higher demands for PRT products, the annual caps of commission fee income for the year ended 31 December 2021 and the year ended 31 December 2022 had been revised and increased to HK$10.0 million and HK$15.0 million, respectively. The aggregate annual amount of the agency fees paid/payable by PRT to CACT under the Agency Fee Agreement in 2022 was approximately HK$4.874 million, which did not exceed the annual cap for that year. Details of Agency Fee Agreement were disclosed in the announcements of the Company dated 15 September 2020, 21 September 2020 and 8 June 2021.

Pursuant to Rule 14A.55 of the Listing Rules, the aforesaid continuing connected transactions (the "**Continuing Connected Transactions**") have been reviewed by the Independent Non-Executive Directors who have confirmed that the Continuing Connected Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the relevant agreements governing them, on terms that are fair and reasonable, and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified report containing its findings and conclusions in respect of the above disclosed Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's report has been provided by the Company to the Stock Exchange.

The auditor confirmed that, based on the foregoing in respect of the disclosed Continuing Connected Transactions:

(i) nothing has come to auditor's attention that causes the auditor to believe that the disclosed Continuing Connected Transactions have not been approved by the Company's board of directors;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the Continuing Connected Transactions set out in the above, nothing has come to auditor's attention that causes the auditor to believe that the disclosed Continuing Connected Transactions have exceeded the annual cap as set by the Company.

Details of the related party transactions of the Company undertaken in the normal course of business during the year are disclosed under note 39 to the Financial Statements. Save as disclosed above, none of these related party transactions constitute discloseable connected/continuing connected transactions as defined under Chapter 14A of the Listing Rules. Certain transactions constitute continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules that are exempted from any disclosure requirement under Chapter 14A of the Listing Rules. In relation to those related party transactions that also constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules, they have complied with the applicable requirements under Chapter 14A of the Listing Rules.

Events after the Reporting Period

Save as disclosed in note 44 to the Financial Statements and the Company's positive profit alert announcement dated 27 February 2023 and the announcements of the Company dated 27 February 2023 in relation to the update on legal proceedings against CA Commodity Trading PTY Ltd and the tax audit results of KBM, respectively, there was no other important event or transaction affecting the Group and which is required to be disclosed by the Company to its shareholders from 1 January 2023 and up to the date of this report.

Updates on Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

Subsequent to the date of the 2022 interim report of the Company and as at the date of this report, the updates on the director's information are set out below:

Name of Director	Details of Changes
Mr. Sun Yufeng *Note*	Mr. Sun Yufeng has assumed the additional role of Chief Executive Officer and was appointed as a member of the Remuneration Committee with effect from 30 September 2022

Save for the information disclosed above, there is no other information required to be disclosed in this report pursuant to rule 13.51B(1) of the Listing Rules.

Audit Committee

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

Note: Subsequent to 29 March 2023 and before the latest practicable date prior to the printing of this report, certain changes to the Board and senior management of the Company have taken place. Please refer to page 1 of this report.

The Audit Committee has reviewed the Financial Statements with senior management and the external auditor of the Company.

Auditor

The Company ceased to engage Ernst & Young on 18 June 2021, and appointed PricewaterhouseCoopers on the same day. For details, please refer to the announcement of the Company dated 30 March 2021 and the circular of the Company dated 12 April 2021.

PricewaterhouseCoopers, who will retire at the conclusion of the forthcoming AGM, and, being eligible, offer themselves for re- appointment.

On behalf of the Board
Sun Yufeng *Note*
Chairman

Hong Kong, 29 March 2023

Note: Mr. Sun Yufeng resigned as an executive director of the Company, Chairman, Chief Executive Officer, Authorised Representative, chairman of the Nomination Committee and member of the Remuneration Committee and the Risk Management Committee on 18 April 2023. Please refer to page 1 of this report.

羅兵咸永道

To the shareholders of CITIC Resources Holdings Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of CITIC Resources Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 58 to 155, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (**the** "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is impairment of oil and gas properties held by the Group and its joint venture.

Key Audit Mater	How our audit addressed the Key Audit Matter
Impairment of oil and gas properties held by the Group and its joint venture	
Refer to Note 2.4, 3, 13 and 21 to the consolidated financial statements. As of 31 December 2022, the net carrying value of the Group's oil and gas properties mainly located in mainland China amounted to approximately HK$3,002 million as disclosed in Note 13 to the consolidated financial statements. The Group also has significant oil and gas properties located in Kazakhstan held by its joint venture. An impairment indication assessment was undertaken on the oil and gas properties by management as at 31 December 2022 to determine if the Group shall estimate the recoverable amount of the oil and gas properties. Management has determined that no impairment indication existed for the oil and gas properties held by the Group and its joint venture as at 31 December 2022.	In evaluating management's review of impairment indicators on oil and gas properties located in mainland China and Kazakhstan, we primarily undertook the following audit procedures: • Obtained an understanding of the management's internal control and processes of their review of impairment indicators on oil and gas properties; • Assessed whether management's review of impairment indicators is in accordance with the requirements of accounting standards including consideration of both external and internal sources of information in accordance with HKAS 36 "Impairment of Assets";

Key Audit Matters (continued)

<table>
<tr><th>Key Audit Mater</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Impairment of oil and gas properties held by the Group and its joint venture (Continued)</td></tr>
<tr><td>In the review of impairment indicators, management has considered external and internal sources of information in accordance with HKAS 36 "Impairment of Assets" as at 31 December 2022, including:

• Decline in recent actual price or forecast future prices;

• Lower actual production compared against budgeted production plan or increase in production costs;

• Decrease in reserve estimates;

• Significant adverse changes in the market, economic or legal environment in which the Group operates; and

• Increase in market interest rate.

As the information used in reviewing impairment indicators involves significant judgments, we regard this as a key audit matter.</td><td>• Compared estimates of future crude oil prices adopted by the Group against a range of published crude oil price forecasts;

• Considered budgeted production plan against actual production for the financial year 2022 and compared the future cost profiles against historical costs and relevant budgets of the Group;

• Evaluated the independence, competence, capability and objectivity of the management's experts engaged in the reserve estimates;

• Evaluated whether there were significant adverse changes in the market, economic or legal environment, such as any newly enacted laws, impacting oil and gas properties; and

• Compared prior year and recent market interest rate.

Based on the procedures we performed, we found the judgments made by management in their review of impairment indicators on oil and gas properties to be reasonable and consistent with the audit evidence we obtained.</td></tr>
</table>

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ivan Au.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2023

Year ended 31 December HK$'000

Consolidated Income Statement

	Notes	2022	2021
Revenue	5	**5,866,160**	4,349,406
Cost of sales		**(4,031,373)**	(3,162,643)
Gross profit		**1,834,787**	1,186,763
Other income, gains and losses, net	5	**174,958**	188,531
General and administrative expenses		**(304,763)**	(324,906)
Other expenses, net		**(69,007)**	(52,671)
Finance costs	9	**(141,816)**	(83,822)
Provision for impairment of trade and other receivables, net		**(41,394)**	(91)
Share of profit of:			
An associate		**102,398**	116,220
A joint venture		**320,147**	306,299
Profit before tax	6	**1,875,310**	1,336,323
Income tax expense	10	**(475,188)**	(222,176)
Profit for the year		**1,400,122**	1,114,147
Attributable to:			
Ordinary shareholders of the Company		**1,335,537**	1,103,366
Non-controlling interests		**64,585**	10,781
		1,400,122	1,114,147
Earnings per share attributable to ordinary shareholders of the Company	12	**HK cents**	HK cents
Basic		**17.00**	14.04
Diluted		**17.00**	14.04

Year ended 31 December HK$'000

Consolidated Statement of Comprehensive Income

	Notes	2022	2021
Profit for the year		**1,400,122**	1,114,147
Other comprehensive income			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year		**(6,000)**	(13,405)
Income tax effect		**1,800**	4,022
		(4,200)	(9,383)
Exchange differences on translation of foreign operations		**(251,582)**	77,158
Reclassification adjustments for foreign operations deregistered or disposed of, net		**–**	(3,967)
Share of other comprehensive income/(loss) of an associate, net of tax		**66,922**	(65,519)
Share of other comprehensive income of a joint venture		**2,161**	1,488
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(186,699)**	(223)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Re-measurement gain on defined benefit plan:			
Changes in fair value	31	**2,723**	11,996
Income tax effect		**(817)**	(3,599)
		1,906	8,397
Share of other comprehensive (loss)/income of a joint venture		**(21,170)**	8,647
Share of other comprehensive income of an associate		**1,803**	25,038
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		**(17,461)**	42,082
Other comprehensive (loss)/income for the year, net of tax		**(204,160)**	41,859
Total comprehensive income for the year		**1,195,962**	1,156,006
Attributable to:			
Ordinary shareholders of the Company		**1,154,612**	1,136,702
Non-controlling interests		**41,350**	19,304
		1,195,962	1,156,006

31 December HK$'000

Consolidated Statement of Financial Position

	Notes	2022	2021
Non-current assets			
Property, plant and equipment	13	**3,601,304**	3,838,772
Right-of-use assets	14(a)	**75,915**	83,123
Goodwill	15	**–**	24,682
Mining assets	16	**189,405**	112,049
Exploration, evaluation and development expenditure	17	**27,737**	112,627
Investment in an associate	20	**2,784,400**	2,893,101
Investment in a joint venture	21	**2,374,903**	2,073,765
Prepayments, deposits and other receivables	22	**29,626**	38,594
Time deposit	26	**102,972**	88,754
Deferred tax assets	32	**56,823**	187,832
Total non-current assets		**9,243,085**	9,453,299
Current assets			
Inventories	23	**560,457**	431,595
Trade receivables	24	**297,358**	704,889
Prepayments, deposits and other receivables	22	**105,469**	167,372
Derivative financial instruments	25	**102,995**	21,012
Cash and deposits	26	**2,130,203**	1,925,573
Total current assets		**3,196,482**	3,250,441
Current liabilities			
Accounts payable	27	**106,899**	135,803
Tax payable		**59,136**	54,113
Accrued liabilities and other payables	28	**869,273**	919,545
Derivative financial instruments	25	**–**	643
Bank and other borrowings	29	**96,166**	240,669
Lease liabilities	14(b)	**30,709**	26,463
Provisions for long-term employee benefits	31	**41,487**	46,667
Provisions	30	**75**	1,163
Total current liabilities		**1,203,745**	1,425,066
Net current assets		**1,992,737**	1,825,375

31 December HK$'000

Consolidated Statement of Financial Position

	Notes	2022	2021
Total assets less current liabilities		**11,235,822**	11,278,674
Non-current liabilities			
Bank and other borrowings	29	**2,486,640**	3,418,480
Lease liabilities	14(b)	**30,898**	41,102
Deferred tax liabilities	32	**328,871**	256,016
Provisions for long-term employee benefits	31	**15,268**	19,919
Provisions	30	**608,457**	619,833
Total non-current liabilities		**3,470,134**	4,355,350
Net assets		**7,765,688**	6,923,324
Equity			
Equity attributable to ordinary shareholders of the Company			
Issued capital	33	**392,886**	392,886
Reserves	35	**7,352,545**	6,551,531
		7,745,431	6,944,417
Non-controlling interests		**20,257**	(21,093)
Total equity		**7,765,688**	6,923,324

Sun Yufeng
Director

Chan Kin
Director

Year ended 31 December HK$'000

Consolidated Statement of Changes in Equity

	Issued capital	Share premium account	Contributed surplus (note 35)	Capital reserve (note 35)	Exchange fluctuation reserve
At 1 January 2021	392,886	6,852	251,218	(38,579)	117,512
Profit for the year	–	–	–	–	–
Other comprehensive income/(loss) for the year:					
Cash flow hedges, net of tax	–	–	–	–	–
Exchange differences on translation of foreign operations	–	–	–	–	68,635
Reclassification adjustments for foreign operations deregistered or disposed of during the year	–	–	–	–	(3,967)
Share of other comprehensive loss of an associate	–	–	–	–	–
Share of other comprehensive income of a joint venture	–	–	–	–	–
Share of other comprehensive income of defined benefit plan of an associate	–	–	–	–	–
Share of other comprehensive income of defined benefit plan of a joint venture	–	–	–	–	–
Re-measurement gain on defined benefit plan, net of tax	–	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	–	–	64,668
At 31 December 2021	392,886	6,852	251,218	(38,579)	182,180
At 1 January 2022	**392,886**	**6,852**	**251,218**	**(38,579)**	**182,180**
Profit for the year	–	–	–	–	–
Other comprehensive income/(loss) for the year:					
Cash flow hedges, net of tax	–	–	–	–	–
Exchange differences on translation of foreign operations	–	–	–	–	**(220,749)**
Share of other comprehensive income of an associate, net of tax	–	–	–	–	–
Share of other comprehensive income of a joint venture	–	–	–	–	–
Share of other comprehensive income of defined benefit plan of an associate	–	–	–	–	–
Share of other comprehensive loss of defined benefit plan of a joint venture	–	–	–	–	–
Re-measurement gain on defined benefit plan, net of tax	–	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	–	–	**(220,749)**
Final dividend	–	–	–	–	–
At 31 December 2022	**392,886**	**6,852**	**251,218**	**(38,579)**	**(38,569)**

Year ended 31 December HK$'000

Consolidated Statement of Changes in Equity

Attributable to ordinary shareholders of the Company						
Cash flow hedge reserve (note 35)	Investment related reserve (note 35)	Defined benefit reserve (note 35)	Retained profits	Sub-total	Non-controlling interests	Total equity
25,691	(1,392,632)	29,306	6,415,461	5,807,715	(40,397)	5,767,318
–	–	–	1,103,366	1,103,366	10,781	1,114,147
(9,383)	–	–	–	(9,383)	–	(9,383)
–	–	–	–	68,635	8,523	77,158
–	–	–	–	(3,967)	–	(3,967)
–	(65,519)	–	–	(65,519)	–	(65,519)
–	1,488	–	–	1,488	–	1,488
–	25,038	–	–	25,038	–	25,038
–	8,647	–	–	8,647	–	8,647
–	–	8,397	–	8,397	–	8,397
(9,383)	(30,346)	8,397	1,103,366	1,136,702	19,304	1,156,006
16,308	(1,422,978)	37,703	7,518,827	6,944,417	(21,093)	6,923,324
16,308	**(1,422,978)**	**37,703**	**7,518,827**	**6,944,417**	**(21,093)**	**6,923,324**
–	**–**	**–**	**1,335,537**	**1,335,537**	**64,585**	**1,400,122**
(4,200)	**–**	**–**	**–**	**(4,200)**	**–**	**(4,200)**
(7,598)	**–**	**–**	**–**	**(228,347)**	**(23,235)**	**(251,582)**
–	**66,922**	**–**	**–**	**66,922**	**–**	**66,922**
–	**2,161**	**–**	**–**	**2,161**	**–**	**2,161**
–	**1,803**	**–**	**–**	**1,803**	**–**	**1,803**
–	**(21,170)**	**–**	**–**	**(21,170)**	**–**	**(21,170)**
–	**–**	**1,906**	**–**	**1,906**	**–**	**1,906**
(11,798)	**49,716**	**1,906**	**1,335,537**	**1,154,612**	**41,350**	**1,195,962**
–	**–**	**–**	**(353,598)**	**(353,598)**	**–**	**(353,598)**
4,510	**(1,373,262)**	**39,609**	**8,500,766**	**7,745,431**	**20,257**	**7,765,688**

Year ended 31 December HK$'000

Consolidated Statement of Cash Flows

	Notes	2022	2021
Cash flows from operating activities			
Profit before tax		**1,875,310**	1,336,323
Adjustments for:			
Interest income	5	**(42,489)**	(18,615)
Depreciation of property, plant and equipment	6	**450,498**	404,410
Depreciation of right-of-use assets	6	**27,631**	26,114
Amortisation of mining assets	6	**8,256**	1,908
(Reversal)/provision for long-term employee benefits	6	**(3,622)**	5,628
Gain on disposal of items of property, plant and equipment, net	6	**(262)**	(7,752)
Written off of property, plant and equipment	6	**–**	1,039
Loss on disposal of items of exploration, evaluation and development expenditure, net	6	**–**	124
Reclassification adjustments for foreign operations deregistered or disposed of, net	6	**–**	(3,967)
Reversal of write-down of inventories to net realisable value, net	6	**(54)**	(6,178)
Provision for impairment of exploration, evaluation and development expenditure	6	**–**	31,902
(Reversal)/provision for impairment of trade receivables	6	**(2,604)**	91
Reversal of provision for impairment of property, plant and equipment		**(31,200)**	–
Provision for impairment of other receivables, net		**43,998**	–
Provision for impairment of an associate		**45,178**	–
Provision for impairment of goodwill		**24,682**	–
The government loan forgiveness	5	**–**	(64,157)
Fair value (gain)/loss on derivative financial instruments, net	6	**(98,362)**	28,704
Finance costs	9	**141,816**	83,822
Share of profit of an associate		**(102,398)**	(116,220)
Share of profit of a joint venture		**(320,147)**	(306,299)
		2,016,231	1,396,877
Changes in inventories		**(146,900)**	(45,211)
Changes in trade receivables		**396,924**	(276,355)
Changes in prepayments, deposits and other receivables		**83,682**	(11,787)
Changes in accounts payable		**(29,350)**	19,968
Changes in accrued liabilities and other payables		**7,739**	34,890
Changes in provisions		**(11,767)**	(3,197)
Cash generated from operations		**2,316,559**	1,115,185
Income tax paid		**(163,184)**	(8,028)
Net cash flows from operating activities		**2,153,375**	1,107,157

Year ended 31 December HK$'000

Consolidated Statement of Cash Flows

	Notes	2022	2021
Net cash flows from operating activities		**2,153,375**	1,107,157
Cash flows from investing activities			
Interest received		**41,768**	18,057
Dividend income from an associate	20	**152,279**	137,051
Additions to items of property, plant and equipment		**(511,964)**	(438,169)
Additions to mining assets	16	**(222)**	(579)
Additions to exploration, evaluation and development costs	17	**(500)**	(515)
Proceeds from disposal of items of property, plant and equipment		**943**	8,690
Proceeds from disposal of items of exploration, evaluation and development costs		**–**	2,209
Repayment of loan from a joint venture		**23,400**	–
Release of pledged deposit		**–**	41,706
Addition in time deposits with original maturity of more than one year		**(21,941)**	(21,094)
Decrease/(increase) in time deposit with original maturity over three months		**58,939**	(58,939)
Increase in deposits with a fellow subsidiary		**(603,971)**	(559,910)
Net cash flows used in investing activities		**(861,269)**	(871,493)
Cash flows from financing activities			
Proceeds from bank borrowings	38(b)	**2,102,801**	3,243,101
Repayment of bank borrowings	38(b)	**(3,181,527)**	(4,372,012)
Receipt of a loan from government	38(b)	**–**	13,775
Repayment of a loan from government	38(b)	**–**	(14,242)
Principal portion of lease payments	38(b)	**(25,639)**	(31,012)
Interest portion of lease liabilities	38(b)	**(1,770)**	(2,586)
Dividend paid to shareholders	38(b)	**(353,580)**	–
Finance charges paid	38(b)	**(96,867)**	(91,486)
Net cash flows used in financing activities		**(1,556,582)**	(1,254,462)
Net decrease in cash and cash equivalents		**(264,476)**	(1,018,798)
Cash and cash equivalents at beginning of year		**1,306,724**	2,314,285
Effect of foreign exchange rate changes, net		**(75,926)**	11,237
Cash and cash equivalents at end of year		**966,322**	1,306,724
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**707,948**	748,355
Time deposits		**258,374**	558,369
	26	**966,322**	1,306,724

Notes to Financial Statements

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

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

(a) the operation of 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 and alumina; and the import of other commodity products, such as steel into Australia and New Zealand;

(d) the exploration, development, production and sale of crude oil from the Seram Block; and

(e) the exploration, development, production and sale of crude oil from the Hainan-Yuedong Block.

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. The immediate holding company of the Company, CITIC Limited, which is incorporated and listed in Hong Kong, produces consolidated financial statements available for public use.

1 Corporate and group information (continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries were as follows:

Name	Place of incorporation/ operation	Issued ordinary share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held				
Star Elite Venture Limited	BVI/Hong Kong	US$1	100	Investment holding
Star Choice Venture Limited	BVI/Hong Kong	US$1	100	Financing
Zenith Ease Limited	BVI/Hong Kong	US$1	100	Investment holding
Global Enterprises (HK) Limited	Hong Kong	HK$2	100	Provision of management services
CITIC Resources Australia Pty Limited	State of Victoria, Australia	A$430,298,351	100	Investment holding
Indirectly held				
Wing Lam (International) Timber Limited	Hong Kong	HK$60,000,000	100	Dormant
CITIC Australia (Portland) Pty Limited	State of Victoria, Australia	A$45,675,119	100	Aluminium smelting
CITIC Nominees Pty Limited	State of Victoria, Australia	A$2	100	Investment holding
CITIC Australia Coal Pty Limited	State of Victoria, Australia	A$220,605,959	100	Investment holding
CITIC Australia Coppabella Pty Limited	State of Victoria, Australia	A$5,000,002	100	Mining and production of coal
CITIC Bowen Basin Pty Limited	State of Victoria, Australia	A$378,353	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

1 Corporate and group information (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ operation	Issued ordinary share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held (continued)				
CITIC Moorvale West Pty Limited	State of Victoria, Australia	A$108,333	100	Exploration and development of coal mines
CA Olive Downs Pty Limited	State of Victoria, Australia	A$99,958	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
CITIC West/North Burton Pty Limited	State of Victoria,Australia	A$34,238	100	Exploration and development of coal mines
CA Trading Holding Pty Ltd	State of Victoria, Australia	A$4,710,647	100	Investment holding
CA Commodity Trading Pty Limited	State of Victoria, Australia	A$500,002	100	Import and export of commodities and manufactured goods
CA Steel Products Pty Limited	State of Victoria, Australia	A$2	100	Import of steel
北京千泉投資顧問有限公司 (Beijing Qian Quan Investment Consulting Co. Limited) *(wholly foreign-owned enterprise)*	Mainland China/ Limited liability	RMB1,243,173	100	Consulting
CITIC Indonesia Energy Limited	BVI/Hong Kong	US$1	100	Investment holding

1 Corporate and group information (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ operation	Issued ordinary share capital	Percentage of equity interest attributable to the Company	Principal activities
Indirectly held (continued)				
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 *(wholly foreign-owned enterprise)*	Hong Kong/ Mainland China/ Limited liability	HK$10,000,000	90	Exploration, development and operation of oilfields
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) *(wholly foreign-owned enterprise)*	Mainland China/ Limited liability	US$100,000	100	Oil technology development

2.1 Basis of preparation

The significant accounting policies applied in the preparation of the consolidated financial statements of the Group are set out below. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments and defined benefit pension plans plan assets which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

2.1 Basis of preparation (continued)

Profit or loss and each component of other comprehensive income are attributed to shareholders of the Company and also to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary in the Financial Statements to ensure consistency with the accounting policies adopted by the Group.

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

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

2.2 Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs which are effective for the current accounting period beginning on 1 January 2022:

Standard No.	Title
Annual Improvements Project	Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3	Reference to Conceptual Framework
Amendments to HKAS 16	Property, plant and equipment – Proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to HKFRS 16	Covid-19-related rent concessions
AG 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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

2.3 Issued but not yet effective hong kong financial reporting standards

The following new standards, amendments and interpretation to the Group which have been issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as of 31 December 2022 may impact the Group in future years but are not yet effective for the year ended 31 December 2022:

Standard No.	Title
Amendments to HKFRS 17	Insurance contracts[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies[1]
Amendments to HKAS 8	Definition of accounting estimates[1]
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction[1]
Amendments to HKAS 1	Classification of liabilities as current or non-current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)[2]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan[2]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for financial periods beginning on or after 1 January 2023
2 Effective for financial periods beginning on or after 1 January 2024
3 Effective date to be determined

The Group has not early adopted the new standards, amendments to existing standards and interpretations issued by HKICPA that are not yet effective for the year ended 31 December 2022 and is in the process of making an assessment of their impact. None of these is expected to have significant effect on the Financial Statements of the Group.

2.4 Summary of significant accounting policies

Investments in an associate 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 AWC is less than 20% during the year. However, the Group is able to exercise significant influence over AWC and therefore its investment in AWC has been accounted for as an associate of the Group.

A joint venture is a 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 an associate 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.

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 statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of its associate 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 associate or joint venture are eliminated to the extent of its investment in the associate 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 an associate 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 re-measured. Instead, the investment continues to be accounted for using the equity method. In all other cases, upon loss of significant influence over its associate 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 associate 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.

2.4 Summary of significant accounting policies (continued)

Contractual arrangements that do not give rise to joint control or control

The Group has interests 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 HKFRS 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.

The Group recognises in relation to its interests in joint operations:

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interests in joint operations 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 fair value at the acquisition date, which is the sum of the 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 at the acquisition date. 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.

2.4 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

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 derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is re-measured at fair value at its acquisition date 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 is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured 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.

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. Provision for impairment of goodwill is included in "other expenses, net" in the consolidated income statement.

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.

2.4 Summary of significant accounting policies (continued)

Fair value measurement

The Group measures its derivative financial instruments 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.

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.

2.4 Summary of significant accounting policies (continued)

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 recoverable amount of the asset or cash-generating unit is estimated. The recoverable amount is the higher of its 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.

Property, plant and equipment

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.

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, machinery, equipment and buildings used in the PAS, which include the furnace, water system, pot room and ingot mill, and buildings and structures, are estimated to have a useful life up to 2030.

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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 represents buildings and structures 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. Expenditure incurred in respect of the exploratory wells that discover potential economic reserves in areas where major capital expenditure will be required before production could begin and the major capital expenditure depends upon successful completion of further exploratory work remains capitalised, and are reviewed periodically for impairment.

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment (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. 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 by 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 interest 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.

Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure is recorded at cost less any impairment losses. 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.

Exploration, evaluation and development costs relating to current areas of interest are capitalised to the extent that such costs are expected to be recouped through successful development and production of the areas, by its sale, or of an area of interest or where activities in an area of interest have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves but active and significant work are continuing.

Where it is decided to abandon an area of interest, exploration, valuation and development expenditure capitalised in respect of that area of interest are written off in the year in which the decision is taken.

Provision for impairment of exploration, evaluation and development expenditure is included in "other expenses, net" in the consolidated income statement.

2.4 Summary of significant accounting policies (continued)

Mining assets

Mining assets

Expenditure is transferred from the "Exploration, evaluation and development expenditure" to "Mining assets" when the exploration and development work completed supports a decision to develop the area of interest for commercial production. Upon commercial production of the mining area commences, amortisation of the expenditure will be recognised in accordance with the manner in which economic benefits is expected to flow to the Group.

Mining assets are stated at cost, less accumulated amortisation and accumulated impairment losses. The initial cost of a mining asset comprises the capitalised expenditure transferred from the "Exploration, evaluation and development expenditure" plus any costs directly attributable to bringing the asset to commercial production.

Mining assets are amortised on a units-of-production basis over the expected economically recoverable reserve of the area of interest. Economically recoverable reserve of the area of interest includes proven and probable reserve based on the life of mine plans prepared by the manager of the mine. The assets' economically recoverable reserve and method of amortisation are reviewed at each year end and adjusted prospectively, if appropriate. Amortisation of mining assets are recorded as part of Cost of Goods Sold in the consolidated income statement.

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, 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.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

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 (i.e., removed from the consolidated statement of financial position) when:

(a) the rights to receive cash flows from the asset have expired; or

(b) 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 (i) the Group has transferred substantially all the risks and rewards of the asset; or (ii) 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach (continued)

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

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, payables, 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, and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost (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 one from the same lender but 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 amount 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.

2.4 Summary of significant accounting policies (continued)

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, embedded derivatives and electricity hedge agreements 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 re-measured 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 HKFRS 9 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.

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 profit or loss 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, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements.

2.4 Summary of significant accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

(a) There is "an economic relationship" between the hedged item and the hedging instrument.

(b) The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

(c) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for cash flow hedges are accounted for as follows.

(a) The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

(b) The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

    For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the consolidated income statement as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the consolidated income statement.

(c) If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the consolidated income statement as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

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.

(a) 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 consistently with the classification of the underlying hedged item.

(b) Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

Derivative instruments that are designated as effective hedging instruments are classified consistently 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, costs are determined on the weighted average basis. In the case of work in progress and finished goods, costs comprise 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. Provision for or write-back of inventories to net realisable value is included in "other expenses, net" in the consolidated income statement.

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 management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits with short maturity of generally within three months and 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.

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 are measured at the amount expected to be recovered from or paid to the tax 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.

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

(a) 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

(b) 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.

2.4 Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and 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 profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

(a) 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

(b) 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 profits will be available against which the temporary differences can be utilised.

The carrying amount of the 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 profits 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 profits 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 and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

Government grants

Government grants are recognised at their fair value where there is 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 periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated income statement by way of a reduced depreciation charge.

2.4 Summary of significant accounting policies (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from sale of goods is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of goods.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Other income

Handling service fee is recognised as other income in the consolidated income statement, when the services have been rendered.

2.4 Summary of significant accounting policies (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for Short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 years
Buildings	2 to 8 years
Plant and machinery	2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 Summary of significant accounting policies (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its Short-term leases of offices, machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on Short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of consolidated income statement so as to provide a constant periodic rate of return over the lease terms.

2.4 Summary of significant accounting policies (continued)

Employee benefits

Pension schemes

The Group operates a MPF Scheme for those employees in Hong Kong who are eligible to participate. 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 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 the defined benefit plan is recognised in the consolidated statement of financial position, and is measured as the present value of the defined benefit obligation at that date and any unrecognised actuarial gains (less unrecognised actuarial losses) less the fair 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. All re-measurements of defined benefit liabilities/assets are recognised in other comprehensive income.

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.

2.4 Summary of significant accounting policies (continued)

Employee benefits (continued)

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 Group and carried forward.

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.

Dividends

Dividends are recognised as liabilities when they are approved by shareholders in a general meeting.

Foreign currencies

The financial statements are presented in HK$ which is the Company's functional 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 was 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.

2.4 Summary of significant accounting policies (continued)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint venture, joint operations and associate are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK$ 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 judgments, 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.

The following is a review of the more significant assumptions and estimates as well as the accounting policies and methods used in the preparation of the Financial Statements.

Income tax

Determining income tax provisions requires the Group to make judgments 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 profits will be available against which the deductible temporary differences can be utilised. This requires significant judgments 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.

3 Significant accounting judgments and estimates (continued)

Equity accounting applied to AWC in which the Group holds less than 20% of equity voting rights

The Group considers that it has significant influence over AWC even though it owns less than 20% of the equity voting rights. This is because the Group is one of the largest shareholders of AWC and has, together with the assignments of the equity voting rights by the other subsidiaries of CITIC Limited, 18.9187% of the equity voting rights in AWC. Additionally, the Group has a board seat on the board of directors of AWC.

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, provisions for rehabilitation cost and abandonment cost, as well as estimates relating to certain oil and gas and mining revenues and expenses. Actual amounts could differ from those estimates and assumptions. Further details are set out in notes 13 and 30 to the Financial Statements.

Impairment of non-financial assets (other than goodwill)

The Group assesses at the end of each reporting period whether there are any indicators of impairment for all non-financial assets. Management's judgments are required in assessing whether an event has occurred that may indicate that the related asset values may not be recoverable. Internal and external sources of information are reviewed at each balance sheet date for indications.

For the impairment indication assessment undertaken on the oil and gas properties, below external and internal sources of information was considered:

(i) Decline in recent actual price or forecast future prices;

(ii) Lower actual production compared against budgeted production plan or increase in production costs;

(iii) Decrease in reserve estimates;

(iv) Significant adverse changes in the market, economic or legal environment in which the Group operates; and

(v) Increase in market interest rate.

3 Significant accounting judgments and estimates (continued)

Impairment of non-financial assets (other than goodwill) (continued)

The non-financial assets (other than goodwill) 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 note 13 to the Financial Statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Management's judgment 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 notes 10 and 32 to the Financial Statements.

Rehabilitation provisions

(i) Aluminium business unit

The Group has used the current CPI of 2.5% in projecting the future value of its rehabilitation costs. The discount rate is based on the long-term Australian Treasury 10-year bond rate 4.1% (2021: 1.6%) appropriate for Portland Aluminium Smelter to calculate the present value of the liability. Dismantling costs are based on the estimate prepared by the smelter's manager.

The valuation amount derived was translated from AUD into USD at the period end rate of 0.68 (2021: 0.73).

(ii) Coal business unit

The manager of the Coppabella and Moorvale coal mines provides estimated costs for closing and rehabilitating the mine sites. These estimates include the costs of dismantling the infrastructure and the costs of restoring the land in compliance with the requirements of the Environmental Laws of the State. The Group has applied CPI of 2.5% against management's estimated costs to project the future costs of rehabilitating the mine at the time when the life of the mine expires. This projected future cost was discounted to net present value using a discount rate, based on the long-term Australian Treasury 10-year bond rate of 4.1% (2021: 1.6%) appropriate for the coal mines project.

The valuation amount derived was translated from AUD into USD at the period end rate of 0.68 (2021: 0.73).

4 Operating segment information

For management purposes, the Group is organised into business units based on its 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 import of other commodity products and manufactured goods such as steel into Australia and New Zealand; and

(d) the crude oil segment comprises the operation of oilfields and the sale of crude oil in Indonesia and China.

Management monitors the results of the Group's operating segments separately for the purposes of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, and share of profit of an associate and a joint venture as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in an associate, investment in a joint venture, deferred tax assets, cash and deposits, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings, lease liabilities, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 31 December 2022, revenue for the import and export of commodities comprise of the import of steel products from various countries for distribution in Australia and New Zealand.

In the second half of the year, a Deed of Termination was signed to cease the import and distribution arrangement with its business partner for steel products. Sales of the Group's steel products was last transacted in November 2022. Management is in the process of collecting the associated trade receivables and settling its outstanding liabilities for the steel operations as at year-end.

Notwithstanding the cessation of its import and distribution of the steel products, other trading activities, such as commission earned for export of commodities, have continued during the year. In addition, management is in advanced negotiations with external parties to develop new trading product lines.

HK$'000

4 Operating segment information (continued)

Year ended 31 December 2022	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	1,356,359	1,368,675	1,286,964	1,854,162	5,866,160
Other income, gains and losses, net	119,629	18,153	4,210	10,109	152,101
	1,475,988	1,386,828	1,291,174	1,864,271	6,018,261
Segment results	237,360	650,168	(2,402)	946,121	1,831,247
Reconciliations:					
Interest income and unallocated gains and losses, net					22,857
Unallocated expenses					(259,523)
Unallocated finance costs					(141,816)
Share of profit of:					
An associate					102,398
A joint venture					320,147
Profit before tax					1,875,310
Segment assets	761,797	680,012	152,980	3,442,726	5,037,515
Reconciliations:					
Investment in an associate					2,784,400
Investment in a joint venture					2,374,903
Unallocated assets					2,242,749
Total assets					12,439,567
Segment liabilities	433,149	307,431	15,911	692,479	1,448,970
Reconciliations:					
Unallocated liabilities					3,224,909
Total liabilities					4,673,879

HK$'000

4 Operating segment information (continued)

Year ended 31 December 2022	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Other segment information:					
Depreciation and amortisation	28,355	47,216	–	394,786	470,357
Unallocated amounts					16,028
					486,385
(Reversal of impairment)/impairment in the consolidated income statement					
Reversal of write-down of inventories to net realisable value, net	–	–	(54)	–	(54)
Reversal of impairment of property, plant and equipment	(31,200)	–	–	–	(31,200)
Reversal of impairment of trade receivables	–	–	(2,604)	–	(2,604)
(Reversal)/provision of impairment of other receivables	–	(8,755)	37,062	15,691	43,998
Unallocated amounts	–	–	–	–	69,860
					80,000
Capital expenditure[1]	28,511	46,790	–	345,165	420,466
Unallocated amounts					1,008
					421,474
Additions to right-of-use assets	–	20,911	–	1,224	22,135

1 Capital expenditure consists of additions to property, plant and equipment, mining assets, exploration, evaluation and development expenditure.

HK$'000

4 Operating segment information (continued)

Year ended 31 December 2021	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Segment revenue:					
Sales to external customers	1,257,121	740,707	1,003,404	1,348,174	4,349,406
Other income, gains and losses, net	76,430	11,770	7,715	13,622	109,537
	1,333,551	752,477	1,011,119	1,361,796	4,458,943
Segment results	364,912	141,420	28,607	646,872	1,181,811
Reconciliation:					
Interest income and unallocated gains and losses, net					78,994
Unallocated expenses					(263,179)
Unallocated finance costs					(83,822)
Share of profit of:					
An associate					116,220
A joint venture					306,299
Profit before tax					1,336,323
Segment assets	554,361	602,759	622,664	3,759,396	5,539,180
Reconciliation:					
Investment in an associate					2,893,101
Investment in a joint venture					2,073,765
Unallocated assets					2,197,694
Total assets					12,703,740
Segment liabilities	436,538	258,612	66,916	803,860	1,565,926
Reconciliation:					
Unallocated liabilities					4,214,490
Total liabilities					5,780,416

HK$'000

4 Operating segment information (continued)

Year ended 31 December 2021	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Other segment information:					
Depreciation and amortisation	26,814	32,395	–	355,021	414,230
Unallocated amounts					18,202
					432,432
Impairment losses recognised in the consolidated income statement	91	31,902	–	1,039	33,032
Impairment losses reversed in the consolidated income statement	–	–	(1,510)	(4,668)	(6,178)
Capital expenditure[1]	140,752	5,329	–	516,206	662,287
Unallocated amounts					4,697
					666,984
Additions to right-of-use assets	3,549	10,399	–	10,000	23,948

[1] Capital expenditure consists of additions to property, plant and equipment, mining assets, exploration, evaluation and development expenditure.

HK$'000

4 Operating segment information (continued)

Geographical information

(a) Revenue from external customers

	2022	2021
Mainland China	**1,743,743**	1,247,524
Australia	**1,256,508**	978,617
Europe	**855,594**	520,924
Other Asian countries	**1,770,043**	1,214,270
Others	**240,272**	388,071
	5,866,160	4,349,406

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

(b) Non-current assets

	2022	2021
Hong Kong	**25,416**	38,217
Mainland China	**3,195,947**	3,464,537
Australia	**3,514,678**	3,625,394
Kazakhstan	**2,375,401**	2,073,991
Other Asian countries	**74,820**	63,328
	9,186,262	9,265,467

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

Information about major customers

During the year, revenue of HK$1,743,743,000 (2021: HK$1,247,524,000) was derived from sales to a customer of the crude oil segment, which amounted to more than 10% of the Group's revenue for the year.

During the year, revenue of HK$722,198,000 (2021: HK$532,381,000) and HK$372,122,000 (2021: HK$503,228,000) was derived from sales to two customers of the aluminium smelting segment respectively. One of these two customers amounted to more than 10% of the Group's revenue for the year.

HK$'000

5 Revenue, other income, gains and losses, net

Revenue from contracts with customers

(a) Disaggregated revenue information

2022	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Geographical markets					
Mainland China	–	–	–	1,743,743	1,743,743
Australia	–	20,670	1,235,838	–	1,256,508
Europe	722,198	133,396	–	–	855,594
Other Asian countries	619,073	1,040,551	–	110,419	1,770,043
Others	15,088	174,058	51,126	–	240,272
Revenue from contracts with customers	1,356,359	1,368,675	1,286,964	1,854,162	5,866,160

2021	Aluminium smelting	Coal	Import and export of commodities	Crude oil	Total
Geographical markets					
Mainland China	–	–	–	1,247,524	1,247,524
Australia	–	–	978,617	–	978,617
Europe	433,121	87,803	–	–	520,924
Other Asian countries	702,628	410,777	215	100,650	1,214,270
Others	121,372	242,127	24,572	–	388,071
Revenue from contracts with customers	1,257,121	740,707	1,003,404	1,348,174	4,349,406

All of the Group's revenue from the sale of goods was recognised at the point in time when control of the products was transferred to the customer.

HK$'000

5 Revenue, other income, gains and losses, net (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below.

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 to 120 days from delivery.

Other income, gains and losses, net

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

	2022	2021
Interest income	**42,489**	18,615
Handling service fees	**4,874**	7,308
Sale of scrap	**5,690**	4,382
Reclassification adjustments for foreign operations deregistered or disposed of, net	**–**	3,967
Gain on disposal of items of property, plant and equipment, net	**262**	7,752
Government subsidies	**–**	2,691
Fair value gain on derivative financial instruments	**96,127**	7,698
The government loan forgiveness	**–**	64,157
Exchange (losses)/gains, net	**(18,062)**	54,656
Others	**43,578**	17,305
	174,958	188,531

HK$'000

6 Profit before tax

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

	Notes	2022	2021
Cost of inventories sold		**4,031,373**	3,162,643
Depreciation of property, plant and equipment		**450,498**	404,410
Depreciation of right-of-use assets		**27,631**	26,114
Amortisation of mining assets	16	**8,256**	1,908
Lease payments not included in the measurement of lease liabilities	14(c)	**6,201**	9,018
Auditor's remuneration		**7,987**	7,900
Employee benefit expenses (including directors' remuneration (note 7)):			
Full time employees of the Group			
– Wages and salaries		**202,796**	204,069
– Pension cost – defined benefit plan		**1,693**	2,192
– (Reversal)/provision for long-term employee benefits		**(3,622)**	5,628
		200,867	211,889
– Welfares		**8,210**	7,538
– Pension scheme contributions***		**8,629**	9,444
		217,706	228,871
Employees by PAS & CMJV		**145,256**	121,247
Subcontractor		**55,825**	56,580
Non-executive directors		**1,970**	1,970
		420,757	408,668
Reclassification adjustments for foreign operations deregistered or disposed of, net		**–**	(3,967)
Gain on disposal of items of property, plant and equipment, net		**(262)**	(7,752)
Loss on disposal of items of exploration, evaluation and development expenditure, net		**–**	124
Written off of items of property, plant and equipment		**–**	1,039
Fair value (gain)/loss on derivative financial instruments, net		**(98,362)**	28,704
Exchange losses/(gains), net		**18,062**	(54,656)
Write-back of inventories to net realisable value**		**(54)**	(6,178)
(Reversal)/provision for impairment of trade receivables		**(2,604)**	91
Provision for impairment of exploration, evaluation and development expenditure**		**–**	31,902
Reversal of impairment of property, plant and equipment**		**(31,200)**	–
Provision for impairment of goodwill**		**24,682**	–
Provision for impairment of an associate**		**45,178**	–
Provision for impairment of other receivables, net		**43,998**	–

* Cost of inventories sold for the year included an aggregate amount of HK$680,296,000 (2021: HK$588,727,000) which comprised employee benefit expenses of HK$211,845,000 (2021: HK$184,922,000), reversal of write-back of inventories to net realisable value of HK$1,044,000 (2021: HK$9,569,000) and depreciation and amortisation of HK$467,352,000 (2021: HK$409,983,000).

** Included in "Other expenses, net" in the consolidated income statement.

*** As at 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes for the future years (2021: Nil).

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7 Directors' remuneration

Directors' and chief executive's remuneration, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation.

(a) Independent non-executive directors

The fees paid to the independent non-executive directors were as follows:

	2022	2021
Fan Ren Da, Anthony	**570**	570
Gao Pei Ji	**570**	570
Look Andrew	**540**	540
	1,680	1,680

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

(b) Executive directors and non-executive director

	Fees	Salaries	Housing allowances	Bonuses	Pension scheme contributions	Total remuneration
2022						
Executive directors:						
Sun Yufeng	–	1,800	298	–	230	2,328
Suo Zhengang (note)	218	1,953	267	1,832	245	4,515
	218	3,753	565	1,832	475	6,843
Non-executive director:						
Chan Kin	290	–	–	–	–	290
	508	3,753	565	1,832	475	7,133

Note: retired with effect from 30 September 2022.

Except for directors' fee, the unpaid portion of the total emoluments for directors will be determined based on an evaluation to be conducted and finalised in 2023. Such emoluments, when finalised, will be disclosed on an individual name basis in the consolidated financial statements for the year ending 31 December 2023.

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7 Directors' remuneration (continued)

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

	Fees	Salaries	Housing allowances	Bonuses	Pension scheme contributions	Total remuneration
2021						
Executive directors:						
Sun Yufeng	290	5,400	852	4,500	700	11,742
Suo Zhengang	290	4,586	736	3,822	754	10,188
Sun Yang	288	4,088	601	1,704	60	6,741
	868	14,074	2,189	10,026	1,514	28,671
Non-executive director:						
Chan Kin	290	—	—	—	—	290
	1,158	14,074	2,189	10,026	1,514	28,961

There was no arrangement under which a director waived or agreed to waive any remuneration in 2022 (2021: same).

8 Five highest paid employees

The five highest paid employees during the year included two (2021: three) directors and three (2021: two) senior management personnel. Details of the remuneration of these directors are set out in note 7 to the Financial Statements while details of the remuneration of the senior management personnel are set out below and in note 39(c) to the Financial Statements:

	2022	2021
Non-director individual		
Salaries	**6,992**	4,705
Bonuses	**5,191**	2,853
Pension scheme contributions	**180**	120
	12,363	7,678

HK$'000

9 Finance costs

An analysis of finance costs is as follows:

	Notes	2022	2021
Interest expense on bank and other borrowings	38(b)	113,589	78,439
Interest expense on lease liabilities	14(b)	1,770	2,586
		115,359	81,025
Other finance charges:			
Increase in discounted amounts of provisions arising from the passage of time	30	20,621	684
Others		5,836	2,113
		141,816	83,822

10 Income tax expense

	2022	2021
Current – Hong Kong	–	–
Current – Elsewhere		
Charge for the year	163,554	61,670
Underprovision/(overprovision) in prior years	2,586	(19)
	166,140	61,651
Deferred taxation	309,048	160,525
Total tax expense for the year	475,188	222,176

Assessable profits derived in Hong Kong is subject to a tax rate of 16.5% (2021:16.5%). No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2021: Nil).

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

Australia: The Group's subsidiaries incorporated in Australia were subject to Australian income tax at a rate of 30% (2021: 30%).

Indonesia: The corporate tax rate applicable to the subsidiary which is operating in Indonesia was 25% (2021: 25%). The Group's subsidiary owning a participating interest in the oil and gas properties in Indonesia was subject to branch tax at an effective tax rate of 15% (2021: 15%).

Mainland China: The Group's subsidiaries registered in Mainland China were subject to corporate income tax at a rate of 25% (2021: 25%).

Kazakhstan: The Group's subsidiary incorporated in Kazakhstan was subject to corporate income tax at the rate of 20% (2021: 20%).

HK$'000

10 Income tax expense (continued)

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory tax rate to the income tax expense at the Group's effective tax rate is as follows:

	2022	2021
Profit before tax	**1,875,310**	1,336,323
Profits attributable to an associate and a joint venture	**(422,545)**	(422,519)
	1,452,765	913,804
Tax at the Hong Kong statutory tax rate of 16.5% (2021: 16.5%)	**239,706**	150,778
Effect of different taxation rates in other jurisdictions	**194,151**	129,327
Underprovision/(overprovision) in prior years	**2,587**	(19)
Effect of non-taxable income	**(4,125)**	(2,993)
Effect of non-deductible expenses	**89,532**	87,905
Temporary differences not recognised	**(7,922)**	8,962
Utilisation of tax losses not recognised in prior year	**(38,741)**	(151,784)
Income tax expense	**475,188**	222,176

No unrecognised deferred tax assets from tax losses arising in Australia that are available for offsetting against future taxable profits of the companies in which the losses arose in 2022 (2021: HK$122,022,000). The amounts do not have expiry date under current tax legislation. Deferred tax assets have not been recognised in respect of tax losses because it has been arisen in companies that have been loss-making for some years and it is considered improbable that taxable profits will be available against which the tax losses can be utilised.

11 Dividend

	2022	2021
Proposed final dividend of HK6.00 cents (2021: HK4.50 cents) per ordinary share	**471,464**	353,598

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

HK$'000

12 Earnings per share attributable to ordinary shareholders of the Company

The calculation of the basic earnings per share amount was based on the profit for the year attributable to ordinary shareholders of the Company of HK$1,335,537,000 (2021: HK$1,103,366,000) and the weighted average number of ordinary shares in issue during the year, which was 7,857,727,149 (2021: 7,857,727,149) shares.

The Group had no potentially dilutive ordinary shares in issue during 2022 (2021: same).

13 Property, plant and equipment

2022	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 2022	10,525,640	9,369	11,447	1,911,526	25,908	788,423	71,981	456,526	13,800,820
Change in provision for rehabilitation cost	–	–	–	(8,334)	–	(7,075)	–	–	(15,409)
Change in provision for abandonment cost	33,910	–	–	–	–	–	–	–	33,910
Additions	–	–	–	19,026	348	3,085	53,425	344,868	420,752
Disposals/write-off	–	–	–	(5,678)	(57)	(224)	–	–	(5,959)
Transfers	669,799	–	–	385	–	–	–	(670,184)	–
Exchange realignment	(586,774)	–	–	(1,668)	(64)	(1,389)	–	(37,473)	(627,368)
At 31 December 2022	10,642,575	9,369	11,447	1,915,257	26,135	782,820	125,406	93,737	13,606,746
Accumulated depreciation and impairment:									
At 1 January 2021	7,471,820	–	6,063	1,688,608	21,167	632,550	41,580	100,260	9,962,048
Depreciation provided during the year	390,563	–	1,794	47,932	1,873	8,403	–	–	450,565
Disposals/write-off	–	–	–	(5,056)	(11)	(161)	–	–	(5,228)
Transfers	100,260	–	–	–	–	–	–	(100,260)	–
Reversal of impairment	–	–	–	(6,240)	–	(24,960)	–	–	(31,200)
Exchange realignment	(367,644)	–	–	(1,593)	(120)	(1,386)	–	–	(370,743)
At 31 December 2022	7,594,999	–	7,857	1,723,651	22,909	614,446	41,580	–	10,005,442
Net carrying amount:									
At 31 December 2022	3,047,576	9,369	3,590	191,606	3,226	168,374	83,826	93,737	3,601,304

HK$'000

13 Property, plant and equipment (continued)

2021	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 2021	9,817,496	9,372	10,041	1,763,994	22,812	784,885	139,255	421,798	12,969,653
Change in provision for rehabilitation cost	–	–	1,300	133,013	–	(15)	–	–	134,298
Change in provision for abandonment cost	24,090	–	–	–	–	–	–	–	24,090
Additions	28,181	–	63	8,468	3,096	3,790	–	463,904	507,502
Disposals/write-off	–	(3)	–	(5,526)	–	(13)	(56,959)	(1,039)	(63,540)
Transfers	439,740	–	–	10,946	–	–	(10,315)	(440,371)	–
Exchange realignment	216,133	–	43	631	–	(224)	–	12,234	228,817
At 31 December 2021	10,525,640	9,369	11,447	1,911,526	25,908	788,423	71,981	456,526	13,800,820
Accumulated depreciation and impairment:									
At 1 January 2021	6,993,893	–	4,243	1,650,464	19,582	624,103	98,539	97,296	9,488,120
Depreciation provided during the year	348,321	–	1,777	42,692	1,585	8,673	–	–	403,048
Disposals/write-off	–	–	–	(5,111)	–	(8)	(56,959)	–	(62,078)
Exchange realignment	129,606	–	43	563	–	(218)	–	2,964	132,958
At 31 December 2021	7,471,820	–	6,063	1,688,608	21,167	632,550	41,580	100,260	9,962,048
Net carrying amount:									
At 31 December 2021	3,053,820	9,369	5,384	222,918	4,741	155,873	30,401	356,266	3,838,772

HK$'000

14 Leases

The Group has lease contracts for various items of plant and machinery, and land and buildings used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 7 years, while plant and machinery generally have lease terms between 2 and 5 years. The Group has applied the short-term lease exemption to its two short-term leases for office premises.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land	Buildings	Plant and machinery	Total
As at 31 December 2020 and 1 January 2021	13,813	63,963	15,859	93,635
Additions	–	10,000	13,948	23,948
Remeasurement	–	(8,878)	–	(8,878)
Modification	–	69	–	69
Depreciation charge	(1,250)	(20,652)	(4,202)	(26,104)
Exchange realignment	396	175	(118)	453
As at 31 December 2021 and 1 January 2022	**12,959**	**44,677**	**25,487**	**83,123**
Additions	**–**	**18,744**	**3,391**	**22,135**
Disposal	**–**	**(355)**	**–**	**(355)**
Remeasurement	**–**	**123**	**–**	**123**
Depreciation charge	**(1,220)**	**(18,207)**	**(8,204)**	**(27,631)**
Exchange realignment	**(964)**	**(516)**	**–**	**(1,480)**
As at 31 December 2022	**10,775**	**44,466**	**20,674**	**75,915**

HK$'000

14 Leases (continued)

(b) Lease liabilities

The carrying amount of lease liabilities as at 31 December 2022 and 2021 are as follows:

	2022	2021
Current portion	**30,709**	26,463
Non-current portion	**30,898**	41,102

The maturity analysis of lease liabilities is disclosed in note 41 to the Financial Statements.

(c) The amounts recognised in consolidated income statement in relation to leases are as follows:

	2022	2021
Interest on lease liabilities	**1,770**	2,586
Depreciation of right-of-use assets	**27,631**	26,114
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December (included in cost of sales and general and administrative expenses)	**6,201**	9,018

15 Goodwill

	2022	2021
Cost:		
At 1 January and 31 December	**341,512**	341,512
Accumulated impairment:		
At 1 January	**316,830**	316,830
Impairment provided during the year	**24,682**	–
At 31 December	**341,512**	316,830
Net carrying amount:		
At 31 December	**–**	24,682

HK$'000

15 Goodwill (continued)

Impairment testing of goodwill

The Group's goodwill was related to its import and export of commodities cash-generating unit which is a reportable segment.

In 2021, the recoverable amount of the Group's import and export of commodities cash-generating unit was determined based on a value in use calculation, using cash flow projection based on financial budgets covering a 5-year period approved by management. The cash flows beyond the 5-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 projection was 17.02%.

As at 31 December 2022, goodwill of HK$24,682,000 has been impaired as a result of the cessation of steel business. Details are set out in note 4 to the Financial Statement.

16 Mining assets

	2022	2021
Cost:		
At 1 January	**828,100**	827,521
Additions	**222**	579
Transfer from exploration, evaluation and development expenditure (Note 17)	**85,390**	–
At 31 December	**913,712**	828,100
Accumulated amortisation and impairment:		
At 1 January	**716,051**	714,143
Amortisation provided during the year	**8,256**	1,908
At 31 December	**724,307**	716,051
Net carrying amount:		
At 31 December	**189,405**	112,049

HK$'000

17 Exploration, evaluation and development expenditure

	2022	2021
Cost:		
At 1 January	**173,910**	177,210
Additions	**500**	515
Transfer to mining assets (Note 16)	**(85,390)**	–
Written off	**(56,015)**	(3,815)
At 31 December	**33,005**	173,910
Accumulated amortisation and impairment:		
At 1 January	**61,283**	30,863
Impairment during the year	**–**	31,902
Written off	**(56,015)**	(1,482)
At 31 December	**5,268**	61,283
Net carrying amount:		
At 31 December	**27,737**	112,627

In 2021, management have recorded an impairment charge of HK$31,902,000 in relation to certain mining tenement in its exploration coal projects in which these mines have been dormant.

18 Investments in joint operations

As at 31 December 2022 and 2021, the Group had interests in the following joint operations:

(a) 41% participating interest in the PSC in Indonesia for 20 years from 1 November 2019; and

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

19 Interests in other contractual arrangements

As at 31 December 2022 and 2021, 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) 14% participating interest in the CMJV operations, the principal activities of which are the mining and sale of coal;
(c) 15% participating interest in the Bowen Basin Coal operations;
(d) 10% participating interest in the West Rolleston operations;
(e) 10% participating interest in the Moorvale West operations;
(f) 15% participating interest in the West Walker operations; and
(g) 13.335% participating interest in the West/North Burton operations.

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19 Interests in other contractual arrangements (continued)

The principal activity of each of the contractual arrangements stated in (c) to (g) is the exploration of coal.

The Group's interest in the assets and liabilities employed in the PAS JV was included in the consolidated statement of financial position under the classification shown below:

	2022	2021
Non-current assets	**2,561,747**	2,543,915
Current assets	**321,634**	172,786
Current liabilities	**(168,770)**	(127,834)
Non-current liabilities	**(240,916)**	(279,334)

The Group is committed to a total of HK$4,547,400 (2021: HK$12,909,000) in plant and equipment and exploration projects within one year.

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 classification shown below:

	2022	2021
Non-current assets	**899,696**	852,563
Current assets	**143,689**	85,075
Current liabilities	**(179,605)**	(95,963)
Non-current liabilities	**(128,124)**	(124,878)
Proportionate share of combined net assets employed in the remaining contractual arrangements	**735,656**	716,797

The Group is committed to a total of HK$11,099,400 (2021: HK$3,377,000) in plant and equipment and exploration projects within one year.

HK$'000

20 Investment in an associate

	2022	2021
Share of net assets	**2,784,400**	2,893,101

Particulars of the Group's associate as at 31 December 2022 and 2021 were as follows:

Name	Place of incorporation/operation	Issued ordinary share capital	Percentage of equity interest attributable to the Group		Principal activity
			2022	2021	
AWC	Australia/Australia	US$2,706,700,000	**9.6117**	9.6117	Investment holding

The Group's investments in AWC are indirectly held by the Company.

AWC, an Australian company listed on the ASX (Stock Code: AWC), has significant global interests in bauxite mining, alumina refining and selected aluminium smelting operations. AWC is considered as an associate of the Group and is accounted for using the equity method.

The following tables summarise the financial information of AWC and its subsidiaries and also illustrate the reconciliation to the carrying amount of the Group's investment in AWC in the Financial Statements:

	2022	2021
Current assets	**37,440**	82,680
Non-current assets	**29,815,161**	30,556,085
Current liabilities	**(10,140)**	(11,700)
Non-current liabilities	**(873,600)**	(527,280)
Net assets	**28,968,861**	30,099,785
Reconciliation to the Group's investment in an associate:		
Proportion of ownership	**9.6117%**	9.6117%
Proportionate share of net assets and carrying amount	**2,784,400**	2,893,101
Fair value of the Group's investment	**2,240,160**	2,943,876

	2022	2021
Revenue	**5,460**	–
Profit for the year	**811,200**	1,463,280
Other comprehensive loss for the year	**(295,620)**	(421,200)
Dividend received by the Group	**152,279**	137,051

20 Investment in an associate (continued)

The market value of the Group's investment in AWC is HK$2,240,160,000 based on the closing share price of A$1.52/ share (2021: HK$2,943,876,000 at A$1.87/share) at 31 December 2022. In view of the decrease in the market value of the investment during the year, management have performed an assessment to determine the recoverable value of the asset at the reporting date.

In assessing the recoverable value of the asset, management have adopted a fair valuation approach using the volume weighted average share price of the investment at A$1.57 per share and a price premium of 20%. The volume weighted average share price was calculated using a 4 week period covering the 2 weeks before and after the reporting date. A price premium is included to reflect nature of the asset given the size of the shareholding held, the additional voting rights and board seat granted to the Group in relation to the investment. The price premium is determined based on an external study of comparable sales transactions of shareholdings between 15% to 20% in developed economies over the last 5 years.

The fair valuation of the investment resulted in an impairment charge of HK$45,178,000 (2021: Nil) recorded as at 31 December 2022.

Notes:

The Australian Taxation Office (ATO) has undertaken a transfer pricing examination in respect of certain historical third-party alumina sales made by Alcoa of Australia Limited ("AoA") over a 20-year period. AWC's exposure to any additional taxes, interest and penalties are carried through its 40% ownership of AoA through AWAC. In the year 2020, AoA was issued Notices of Assessment (the Notices) asserting claims for additional income tax payable of approximately A$214 million and claims for compounded interest on the primary tax amount totalling approximately A$707 million. The ATO also issued a position paper with its preliminary view on the imposition of administrative penalties related to the tax assessment, which proposed penalties of approximately A$128 million.

Subsequent to the receipt of the Notices and in accordance with the ATO's dispute resolution practices, AoA paid 50% of the assessed primary income tax amount (exclusive of interest and any penalties), being approximately A$107 million, out of cash flows. In exchange, the ATO will not seek further payment prior to final resolution of the matter. AoA disagreed with the Notices and had also lodged formal objections and various submissions to the ATO proposing that the interest amount should be remitted and no penalties should be payable. To date, AoA has not received a determination from the objections team on the Notices, nor has it received a response to its submissions to ATO on the interest and penalties.

During the current year, AoA submitted statutory notices to the ATO requiring the ATO to make decisions on AoA's objections within a 60-day period. The ATO then issued its decision disallowing AoA's objections related to the income tax assessment, while the position on penalties and interest remains outstanding. Following which, AoA filed proceedings in the Australian Administrative Appeals Tribunal against the ATO to contest the Notices, a process which could last several years.

AoA's obligation to make any further payment of the primary tax amount, or payment of any penalty or interest amount, will be determined through the objection and court processes available to AoA. If AoA is ultimately fully successful, the 50% part-payment to the ATO would be refunded. Further interest on the unpaid amounts will continue to accrue during the dispute. AWC understands that AoA will defend its position in respect of the ATO's Notices and any penalties imposed.

HK$'000

21 Investment in a joint venture

	2022	2021
Share of net assets	**2,374,903**	2,073,765

Particulars of the Group's joint venture as at 31 December 2022 and 2021 were as follows:

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

CCEL is an investment holding company and its operating subsidiaries are principally engaged in the exploration, development, production and sale of crude oil, production and sale of road bitumen and clarified oil, and provision of oilfield related services in Kazakhstan.

The following tables summarise the financial information of CCEL and its subsidiaries and also illustrate the reconciliation to the carrying amount of the Group's investment in CCEL in the consolidated financial statements:

	2022	2021
Cash and cash equivalents	**492,043**	324,842
Other current assets	**1,035,641**	778,732
Current assets	**1,527,684**	1,103,574
Non-current assets	**7,274,211**	7,772,368
Financial liabilities, excluding accounts payable and other payables	**(743,615)**	(910,973)
Other current liabilities	**(597,396)**	(409,839)
Current liabilities	**(1,341,011)**	(1,320,812)
Non-current financial liabilities, excluding accounts payable, other payables and provisions	**(1,078,238)**	(1,726,582)
Other non-current liabilities	**(1,390,145)**	(1,456,675)
Non-current liabilities	**(2,468,383)**	(3,183,257)
Net assets	**4,992,501**	4,371,873
Non-controlling interests	**(242,696)**	(224,342)
	4,749,805	4,147,531
Reconciliation to the Group's investment in a joint venture:		
Proportion of ownership	**50%**	50%
Proportionate share of net assets and carrying amount	**2,374,903**	2,073,765

HK$'000

21 Investment in a joint venture (continued)

	Year ended 31 December	
	2022	2021
Revenue	**8,074,985**	6,180,255
Interest income	**21,570**	6,438
Depreciation and amortisation	**(766,143)**	(715,942)
Interest expense	**(126,850)**	(63,554)
Income tax expense	**(341,280)**	(329,816)
Profit for the year attributable to:		
Shareholders of CCEL	**640,293**	612,598
Non-controlling interests of CCEL	**35,066**	31,402
Other comprehensive (loss)/profit attributable to:		
Shareholders of CCEL	**(38,018)**	20,267
Non-controlling interests of CCEL	**(9,255)**	72

KBM has received the final tax audit results from the local tax authority in Kazakhstan, claiming for tax payment, penalties and late charges in the aggregate amount of approximately KZT39.10 billion (equivalent to approximately US$87.74 million) (the "**Tax Claims**").

KBM has sought legal and tax advice since the Tax Claims arose. The Company has been informed that, having considered the advice from its legal counsel and tax advisor, KBM refutes the majority of the Tax Claims primarily relating to the withholding tax on dividends paid to CCPL and the deductibility of certain fees and interests incurred by KBM. The disputed amount of the Tax Claims in aggregate is approximately KZT37.40 billion (equivalent to approximately US$83.92 million).

If KBM does not agree with the final tax audit results by the local tax authority, it may file a complaint against the final tax audit results and apply to the Ministry of Finance of Kazakhstan for administrative review within 30 business days. KBM may further initiate administrative proceedings before the court if it does not agree with the administrative review results. As at the date of this Report, KBM has filed the complaint and application for administrative review against the final tax audit results.

HK$'000

22 Prepayments, deposits and other receivables

	2022	2021
Prepayments	**32,637**	22,367
Deposits and other receivables	**157,530**	208,446
	190,167	230,813
Impairment allowance	**(55,072)**	(24,847)
	135,095	205,966
Portion classified as current assets	**(105,469)**	(167,372)
Non-current portion	**29,626**	38,594

Included in the Group's other receivables was an amount due from CCEL of HK$12,426,000 (2021: HK$35,826,000), which was interest free and repayable on demand and the other receivables from Decheng compensation of nil (2021: HK$39,225,000).

At 31 December 2022, other receivables of HK$55,072,000 (2021: HK$24,847,000) were impaired and fully provided. The amount of HK$13,773,000 was written off during the year ended 31 December 2022 (2021: HK$11,646,000).

The carrying amounts of deposits and other receivables approximate their fair value.

The carrying amount of the Group's deposits and other receivables are mainly denominated in Australian dollars and Renminbi which accounted for 47% (2021: 34%) and 21% (2021: 33%) respectively.

23 Inventories

	2022	2021
Raw materials	**229,239**	170,022
Work in progress	**26,365**	22,411
Finished goods	**304,853**	239,162
	560,457	431,595

HK$'000

24 Trade receivables

	2022	2021
Trade receivables	**301,985**	712,720
Impairment	**(4,627)**	(7,831)
	297,358	704,889

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

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

	2022	2021
Within one month	**143,098**	331,680
One to two months	**212**	216,475
Two to three months	**85,617**	82,314
Over three months	**68,431**	74,420
	297,358	704,889

The carrying amounts of trade receivables approximate their fair values.

The carrying amount of the Group's trade receivables are mainly denominated in Australian dollars which accounted for 55% (2021: 73%) and 28% are denominated in US dollars (2021: 12%).

Movements in the loss allowance of trade receivables are as follows:

	2022	2021
At 1 January	**7,831**	8,304
(Reversal)/provision for impairment	**(2,604)**	91
Amount written off as uncollectible	**(156)**	(83)
Exchange realignment	**(444)**	(481)
At 31 December	**4,627**	7,831

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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24 Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	31 December 2022 Expected credit loss rate	Gross carrying amount	Expected credit loss
Current	**0.26%**	**277,313**	**719**
Less than 3 months past due	**2.50%**	**21,297**	**533**
Over 3 months past due	**100%**	**3,375**	**3,375**
	1.53%	**301,985**	**4,627**

	31 December 2021 Expected credit loss rate	Gross carrying amount	Expected credit loss
Current	0.00%	703,364	–
Less than 3 months past due	0.00%	157	–
Over 3 months past due	85.13%	9,199	7,831
	1.10%	712,720	7,831

25 Derivative financial instruments

	2022 Assets	2022 Liabilities	2021 Assets	2021 Liabilities
Forward currency contracts	**–**	**–**	6,000	–
Forward commodity contracts	**–**	**–**	–	643
Embedded derivatives	**–**	**–**	8,145	–
EHA3	**102,995**	**–**	6,867	–
	102,995	**–**	21,012	643

In April 2021, several EHA were entered into for the period from August 2021 to June 2026. These EHA have been accounted for as a financial instrument at fair value through profit or loss. The fair value of the EHA derivative asset is HK$102,995,000 (2021: HK$6,867,000) as at the reporting date.

As at 31 December 2022, the fair valuation of the EHA is based on the expected future cash flows of the hedge for the next 3 to 6 months. Notwithstanding that the terms of the EHA expire in June 2026, management considers that it is appropriate to value the EHA using its termination notice period between 3 to 6 months due to certain termination rights available under the agreements. Such termination rights may be exercised prior to the end of the agreements due to on-going challenges and risks of operating the aluminium smelter that are beyond the control of management.

25 Derivative financial instruments (continued)

A component of the cash flows under the hedge are linked to variability in the LME aluminium prices and foreign exchange rate. The future cash flows of the hedge are revalued using the forward market electricity prices, forecast aluminium prices and foreign exchange rates. These cash flows are then discounted to the net present value using a discount rate that reflects the credit risk of the hedge counterparty. The movement in the fair valuation of the EHA is recognised under in the profit or loss statement.

The valuation amount derived was translated from AUD into USD at the period end rate of 0.68 (2021: 0.73).

Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to note 41.

There were no reclassifications from the cash flow hedge reserve to profit or loss during the year in relation to the foreign currency forwards.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the change in fair value of the hedged items attributable to the hedge risks.

Hedge ineffectiveness arose from:

(a) differences in the timing of the cash flows of the forecast sales and the hedging instruments;

(b) the counterparties' credit risks differently impacting the fair value movements of the hedging instruments and the hedged items; or

(c) changes to the forecast amounts of cash flows of the hedged items and the hedging instruments.

HK$'000

26 Cash and deposits

	Note	2022	2021
Cash and bank balances		**707,948**	748,355
Time deposits		**361,346**	706,062
		1,069,294	1,454,417
Less: Time deposit with original maturity over three months		**–**	(58,939)
Time deposit with original maturity more than one year	(a)	**(102,972)**	(88,754)
Cash and cash equivalents		**966,322**	1,306,724
Deposits with a fellow subsidiary	(b)	**1,163,881**	559,910
Time deposit with original maturity over three months		**–**	58,939
Cash and deposits		**2,130,203**	1,925,573

Notes:

(a) Balance represented non-pledged time deposit with original maturity more than one year, which was set aside for abandonment cost.

(b) The deposits made to CITIC Finance International Limited, a fellow subsidiary of the Company's ultimate holding company. The deposits are unsecured, interest-bearing at market rates ranging from 1.94.% to 5.1% and for balance of HK$280,000,000, HK$215,703,000 and HK$360,261,000 which is withdrawable in January 2023, February 2023 and March 2023 respectively.

The bank balances and time deposits are placed with creditworthy banks with no recent history of default.

At the end of the year, the cash and bank balances and time deposits of the Group denominated in RMB and KZT were equivalent to HK$543,978,000 and HK$12,000 (2021: HK$313,592,000 and HK$54,000), respectively. Although RMB and KZT are not freely convertible into other currencies, the Group is permitted to exchange RMB and KZT for other currencies through banks which are authorised to conduct foreign exchange business under the foreign exchange control regulations of China and Kazakhstan, respectively.

HK$'000

27 Accounts payable

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

	2022	2021
Within one month	**106,895**	135,719
One to three months	**–**	61
Over three months	**4**	23
	106,899	135,803

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

The carrying amounts of trade payables approximate their fair value.

The carrying amount of the Group's trade payables are mainly denominated in Australian dollars which accounted for 51% (2021: 48%) and 45% are denominated in Renminbi (2021: 47%).

28 Accrued liabilities and other payables

	2022	2021
Other payables	**291,476**	288,617
Accrued liabilities	**577,795**	630,928
	869,271	919,545

Note:

In 2022, included in the balance of other payables and accrued liabilities were construction expenses of HK$207,733,000 (2021: HK$318,688,000) and accrued production cost of HK$44,650,000 (2021: HK$34,575,000).

In 2021, included in other payables was an amount related to litigation compensation, reimbursement and interests payable to Shengli Oilfield KEER Engineering and Construction Co., Ltd. ("KEER") totalling HK$22,509,000.

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

The carrying amounts of accrued liabilities and other payable approximate their fair values.

The carrying amount of the Group's other payables are mainly denominated in Renminbi which accounted for 38% (2021: 58%) and 36% are denominated in Australian dollars (2021: 33%).

HK$'000

29 Bank and other borrowings

	Notes	2022	2021
Bank borrowings – unsecured	(a)	**1,412,806**	2,489,149
Other borrowing – unsecured	(b)	**1,170,000**	1,170,000
		2,582,806	3,659,149

Notes:

(a) As at 31 December 2022, the bank borrowings included:

(i) trade finance totalling A$18,091,000 (HK$96,166,000), which is interest-bearing at the Bank Bill Swap Bid Rate (or cost of funds) plus margin, repayable in 2023.

(ii) bank loan denominated totalling US$168,000,000 (HK$1,316,640,000), which is a loan obtained from a subsidiary of Company's ultimate holding company, which is interest-bearing at London interbank offered rates ("LIBOR") plus margin per annum, repayable in 2024.

(b) The other borrowing denominated US$150,000,000 (HK$1,170,000,000), which is a loan obtained from a subsidiary of the Company's ultimate holding company, which is interest-bearing at Chicago Mercantile Exchange Term Secured Overnight Financing Rate ("CME Term SOFR") plus margin per annum, repayable in 2025.

	2022	2021
Bank loans repayable:		
Within one year	**96,166**	240,669
In the second year	**1,316,640**	925,600
In the third to fifth years, inclusive	**–**	1,322,880
	1,412,806	2,489,149
Other borrowing repayable:		
In the third to fifth years, inclusive	**1,170,000**	1,170,000
Total bank and other borrowings	**2,582,806**	3,659,149
Portion classified as current liabilities	**(96,166)**	(240,669)
Non-current portion	**2,486,640**	3,418,480

At 31 December 2022, 96% (2021: 95%) of the Group's bank and other borrowings are denominated in US dollars and 4% (2021: 5%) are denominated in Australian dollars.

HK$'000

30 Provisions

	2022	2021
At 1 January	**620,996**	472,080
Remeasurement		
– to profit or loss	**(9,348)**	8,799
– to property, plant and equipment	**18,501**	158,388
Increase in discounted amounts of provisions arising from the passage of time	**20,621**	684
Exchange realignment	**(42,238)**	(18,955)
At 31 December	**608,532**	620,996
Portion classified as current liabilities	**(75)**	(1,163)
Non-current portion	**608,457**	619,833

As at 31 December 2022, balance included the provision for rehabilitation cost of HK$344,336,000 (2021: HK$392,884,000) and provision of abandonment cost of HK$264,196,000 (2021: HK$228,112,000).

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

31 Provisions for long-term employee benefits

	2022	2021
At 1 January	66,586	76,685
(Reversal)/provisions	(3,622)	5,628
Re-measurement gain on defined benefit plan (note (a))	(2,722)	(11,996)
Exchange realignment	(3,487)	(3,731)
At 31 December	56,755	66,586
Portion classified as current liabilities	(41,487)	(46,667)
Non-current portion	15,268	19,919

Note (a):

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

Included in the provision for long-term employee benefits was defined benefit (assets)/liabilities as follows:

	2022			2021		
	Present value of obligation	Fair value of plan assets	Total	Present value of obligation	Fair value of plan assets	Total
As at 1 January	59,124	(68,795)	(9,671)	74,857	(74,723)	134
Current service cost	2,044	–	2,044	2,301	—	2,301
Interest expense/(income)	1,123	(1,474)	(351)	796	(905)	(109)
Total amount recognised in consolidated income statement	3,167	(1,474)	1,693	3,097	(905)	2,192
Remeasurements						
Return on plan assets, excluding amounts included in interest/(income)	–	1,084	1,084	—	(3,783)	(3,783)
(Gain)/loss from change in financial assumptions	(6,318)	–	(6,318)	(6,232)	—	(6,232)
Actuarial (gains)/losses arising from liability experience	2,511	–	2,511	(1,981)	—	(1,981)
Total amount recognised in other comprehensive income	(3,807)	1,084	(2,723)	(8,213)	(3,783)	(11,996)
Exchange differences	(3,401)	4,359	958	(3,916)	4,266	350
Contributions:						
Employers	–	(343)	(343)	—	(351)	(351)
Plan participants	624	(624)	–	741	(741)	—
Payments from plan:						
Benefit payments	(9,399)	9,399	–	(7,036)	7,036	—
Taxes, premiums and expenses paid	(335)	335	–	(406)	406	—
As at 31 December	45,973	(56,059)	(10,086)	59,124	(68,795)	(9,671)

HK$'000

31 Provisions for long-term employee benefits (continued)

The Group operates a defined benefit plan for its employees in Australia. The obligation calculated under the Australia DBP is the sum of the discounted value of the accrued liabilities for members of the defined benefit plan. The calculation is performed by Timothy Simon Jenkins of Mercer Consulting (Australia) Pty Ltd, a fellow member of the Institute of Actuaries of Australia and is fully qualified under the Australian laws and regulations.

The Australia DBP is administered by an independent trustee and was funded to 116% of the Group's obligation to the employees pursuant to the obligation stated in the Australia Actuary Report. The valuation revealed that the assets of the Australia DBP were sufficient to cover the aggregate vested liabilities as at the valuation date.

The total (asset)/liability disclosed above relates to funded plans as follows:

	2022	2021
Present value of funded obligations	**45,973**	59,124
Fair value of plan assets	**(56,059)**	(68,795)
Total surplus in defined benefit pension plans	**(10,086)**	(9,671)

The significant actuarial assumptions were as follows:

	2022	2021
Discount rate	**2.46%**	2%
Salary growth rate	**2.50%**	3%

HK$'000

31 Provisions for long-term employee benefits (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption		Impact on defined benefit obligation				
			Increase in assumption			Decrease in assumption	
			2022	2021		2022	2021
Discount rate	0.50%	Decrease by	1,186	1,700	Increase by	1,240	2,161
Salary growth rate	0.50%	Increase by	967	1,771	Decrease by	928	1,700

The Group accounts for its interest held with respect to defined benefits provided to certain of the employees at the Portland Aluminium Smelter.

Defined benefit members receive lump sum benefits on retirement, death, disablement and withdrawal. The defined benefit section is closed to new members. All new members receive only defined contribution, accumulation style benefits.

Categories of Plan Assets

Asset category	2022	2021
Cash and cash equivalents	9,485	12,191
Equity securities	13,034	19,477
Debt securities	14,516	19,282
Real estate	4,454	3,214
Private equity funds	2,300	1,849
Infrastructure	4,337	2,972
Structured debt	7,933	9,810
Total	56,059	68,795

HK$'000

32 Deferred tax

The movements in the Group's deferred tax assets and liabilities during the years ended 31 December 2022 and 2021 were as follows:

2022 Deferred tax assets	Accrual of expenses	Tax losses available for offsetting against future taxable profits	Hedge revaluation reserve	Total
At 1 January	128,474	364,411	20,119	513,004
(Charged)/credited				
– to profit and loss	38,095	(348,564)	–	(310,469)
– to other comprehensive income	–	78,273	1,800	80,073
Exchange	–	(2,345)	–	(2,345)
At 31 December	166,569	91,775	21,919	280,263

2022 Deferred tax liabilities	Property, plant and equipment and provision for impairment	Exploration, evaluation and development costs	Investment in an associate	Employee defined benefit reserve	Others	Total
At 1 January	(284,991)	(172,372)	(50,661)	(16,157)	(57,008)	(581,189)
(Charged)/credited						
– to profit and loss	(71,413)	110,214	28,517	–	(65,897)	1,421
– to other comprehensive income	–	–	4,095	(817)	–	3,278
Exchange	26,460	–	–	–	(2,281)	24,179
At 31 December	(329,944)	(62,158)	(18,049)	(16,974)	(125,186)	(552,311)

HK$'000

32 Deferred tax (continued)

2021 Deferred tax assets	Accrual of expenses	Tax losses available for offsetting against future taxable profits	Hedge revaluation reserve	Total
At 1 January	128,380	417,198	16,097	561,675
(Charged)/credited				
– to profit and loss	94	(55,087)	–	(54,993)
– to other comprehensive income	–	–	4,022	4,022
Exchange	–	2,300	–	2,300
At 31 December	128,474	364,411	20,119	513,004

2021 Deferred tax liabilities	Property, plant and equipment and provision for impairment	Exploration, evaluation and development costs	Investment in an associate	Employee defined benefit reserve	Others	Total
At 1 January	(163,966)	(163,293)	(69,053)	(12,558)	(56,480)	(465,350)
(Charged)/credited						
– to profit and loss	(114,151)	(9,079)	18,392	–	(694)	(105,532)
– to other comprehensive income	–	–	–	(3,599)	–	(3,599)
Exchange	(6,874)	–	–	–	167	(6,707)
At 31 December	(284,991)	(172,372)	(50,661)	(16,157)	(57,007)	(581,188)

For presentation purposes, certain deferred tax assets and deferred tax liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for the financial reporting purposes:

	2022	2021
Net deferred tax assets recognised in the consolidated statement of financial position	**56,823**	187,832
Net deferred tax liabilities recognised in the consolidated statement of financial position	**328,871**	256,016

HK$'000

32 Deferred tax (continued)

Pursuant to China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors by foreign investment enterprises established in Mainland China. The requirement, effective 1 January 2008, is applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is an applicable tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding tax on dividends declared by its subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008 onwards. As at 31 December 2022, no deferred tax has been recognised for withholding tax (2021: Nil) though the Group's subsidiaries registered in Mainland China recorded retained profit (2021: accumulated losses). As the Group is able to control the timing of reversal of temporary difference in relation to the undistributed profits of subsidiaries to the extent to which deferred taxes have not been recognised, it is probable that those temporary differences will not reverse in the foreseeable future.

33 Issued capital

Shares

	2022	2021
Authorised: 10,000,000,000 (2021: 10,000,000,000) ordinary shares of HK$0.05 each	**500,000**	500,000
Issued and fully paid: 7,857,727,149 (2021: 7,857,727,149) ordinary shares of HK$0.05 each	**392,886**	392,886

Share options

Detail of the New Scheme is set out in note 34 to the Financial Statements.

34 Share option scheme

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

(a) **Purposes:** The purposes of the New Scheme are to allow the Company (i) to be competitive and to be able to attract, retain and motivate appropriate personnel to assist the Group in attaining its strategic objectives by offering share options to enhance general remuneration packages; (ii) to align the interests of the directors and employees of the Group with the performance of the Company and the value of the shares of the Company; and (iii) to align the commercial interests of business associates, customers and suppliers of the Group with the interests and success of the Group.

(b) **Eligible persons:** The eligible persons include any employee (whether full-time or part-time), director, consultant, business associate (such as, but not limited to, suppliers of goods or services to the Group or customers of the Group) or adviser of the Group.

(c) **Total number of shares available for issue:** The total number of shares of the Company which may be issued upon the exercise of all options granted under the New Scheme and any other schemes of the Company shall not exceed 786,852,714 shares of the Company (representing 10% of the total number of shares of the Company in issue as at the date of adoption of the New Scheme being 7,868,527,149 shares.

(d) **Maximum entitlement of each eligible person:** Unless approved by the shareholders of the Company in general meeting (with such eligible person and his associate abstaining from voting), the total number of shares of the Company issued and to be issued upon the exercise of the options granted to an eligible person (including any 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.

(e) **Exercise period:** The period during which an option may be exercised is determined by the Board at its absolute discretion, except that no option may be exercised after 10 years from the date of grant.

(f) **Vesting period:** The minimum period for which an option must be held before it can be exercised is one year.

(g) **Consideration payable for application or acceptance of option:** No consideration will be payable by an eligible person upon acceptance of an option.

(h) **Exercise price:** The exercise price payable for each share of the Company under an option shall be not less than the greatest of (i) the closing price of the shares of the Company on 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 price 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 shares of the Company.

(i) **Remaining life:** The New Scheme remains in force until 26 June 2024 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 general meetings.

No share options were granted under the New Scheme.

35 Reserves

The contributed surplus represents the sum of (a) the excess of the nominal value of the share capital of the former holding company of the Group, which was 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; and (b) the transfer of HK$500,000,000 from the share premium account in 2017, and then net of distribution to shareholders.

The capital reserve arose from the acquisition of shares from non-controlling shareholders of CATL.

The cash flow hedge reserve for financial derivatives is used to record gains or losses on the valuation of hedging instruments designated in a cash flow hedge are recognised directly in equity, as described in note 2.4. Amounts are recognised in income statement when the associated hedge transaction affects consolidated income statement.

The investment related reserve comprised the share of other comprehensive income and other reserve movements of an associate and a joint venture.

The defined benefit reserve represents the actuarial valuation of the employee defined benefit assets as described in note 2.4. The unrealised gains/losses are recognised in equity and will only be realised to the consolidated income statement upon winding up of the assets for the purpose of repayment to the employees.

36 Litigation

(a) In 2019, KEER commenced a joint legal claim action against a general contractor of Tincy Group. Pursuant to the Shengli Oilfield Claim B, KEER was seeking a compensation from Tincy Group of RMB30,938,000 (HK$37,989,000) in respect of loss of construction contract and relevant warranty plus interest. Certain bank balances of RMB35,000,000 (HK$42,977,000) had been frozen as a blockade fund by the Dalian Court. The general contractor applied to the Dalian Court to withdraw its legal claim from the Shengli Oilfield Claim B. The general contractor was requested as a third party by the Dalian Court to participate in the litigation.

Pursuant to the civil judgment issued by the Dalian Court in December 2020, Tincy Group had to pay a compensation and reimbursement of RMB17,271,000 (HK$21,207,000) plus interest to KEER.

Based on a legal advice from its legal counsel, Tincy Group has justifiable arguments on determination of the contractual relationships amongst Tincy Group, KEER and the general contractor, any rights and obligations thereunder and judgment on compensation amount, in respect of which, Tincy Group lodged an appeal to the Dalian Court in January 2021. The appeal hearing had been held on 11 June 2021.

36 Litigation (continued)

(a) (continued)

In November 2021, the Liaoning High People's Court issued a civil judgment to reject the appeal and its decision on the relevant compensation was final and conclusive, while the compensation amount was not amended. Tincy Group had to pay a compensation and reimbursement of RMB17,271,000 (HK$21,207,000) plus interest and reimburse KEER with the relevant advanced expenses.

The bank amount of RMB35,000,000 (HK$42,977,000) has been unfrozen since December 2021 for the settlement of compensation and reimbursement. The compensation and reimbursement had been settled in January 2022. Tincy Group has discharged its obligations pursuant to the civil judgment issued by the Liaoning High People's Court. The court case was closed.

(b) In April 2020, Weihai City Commercial Bank Co., Ltd. ("Weihai") commenced three claims (the "Claims") in the Shandong High People's Court against, amongst others, a wholly-owned subsidiary of the Company, CA Commodity Trading Pty Ltd ("CACT"). The Claims relate to three letters of credit amounting to USD28,400,000 issued in favour of CACT as payment for the sale by CACT to Qingdao Decheng Minerals Co., Ltd. ("Decheng") of certain quantity of aluminium stored at bonded warehouses at Qingdao Port, China in 2014. Weihai arranged for the issuance of the letter of credits as payment on behalf of Decheng and it has subsequently disputed the authenticity of the warehouse receipts for the aluminium stored at the bonded warehouses at Qingdao Port.

In December 2020, the Shandong High People's Court ruled that CACT is not liable for Weihai's losses as there was no evidence of any intention to commit fraud on the part of CACT (the "First Instance Judgement"). Weihai subsequently submitted an appeal to the Supreme Court of the People's Republic of China ("SPC"), appealing against the decision of the Shandong High People's Court.

The SPC held in December 2022 that the Shandong High People's Court did not clearly ascertain the facts of the Claims based on the evidence made available; the SPC has therefore ordered that the First Instance Judgement be rescinded and the cases be remanded to the Shandong High People's Court for a retrial.

CACT has been informed that the cases have been relisted at the Shandong High People's Court for hearing at a date to be determined later. CACT notified the Board that the Claims by Weihai are without merit and groundless. CACT has engaged legal counsel in Mainland China to defend the Claims and any new trial accordingly.

HK$'000

37 Commitments

(a) The Group's capital expenditure commitments were as follows:

	2022	2021
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**157,802**	415,561

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

	2022	2021
Contracted, but not provided for:		
Capital expenditure in respect of infrastructure and acquisition of items of property, plant and equipment	**21,673**	48,066

38 Notes to the consolidated statement of cash flows

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$22,135,000 (2021: HK$23,948,000), in respect of lease arrangements for buildings and plant and machinery, non-cash reductions to property, plant and machinery and provision for rehabilitation cost of HK$15,409,000 (2021: additions of HK$134,298,000), in respect of remeasurement of provision for rehabilitation cost of plant and machinery, leasehold improvements and buildings and structures and non-cash additions to property, plant and machinery and provision for abandonment cost of HK$33,910,000 (2021: HK$24,090,000) in respect of remeasurement of provision for abandonment cost of oil and gas properties. Non-cash reduction to a loan from the government of HK$64,157,000 due to the loan forgiveness in 2021.

HK$'000

38 Notes to the consolidated statement of cash flows (continued)

(b) Changes in liabilities arising from financing activities:

	Bank and other borrowings	Lease liabilities	Dividends payable
At 1 January 2022	3,659,149	67,565	34
Changes from financing cash flows:			
New bank borrowings	2,102,801	–	–
Repayment of bank borrowings	(3,181,527)	–	–
Finance charges paid	(96,867)	–	–
Principal portion of lease payments	–	(25,639)	–
Interest portion of lease liabilities	–	(1,770)	–
Dividend paid	–	–	(353,580)
	(1,175,593)	(27,409)	(353,580)
Other changes:			
New leases	–	22,135	–
Modification/remeasurement	–	123	–
Disposal	–	(355)	–
Foreign exchange movement	(14,339)	(2,222)	–
Interest expense	113,589	1,770	–
Final dividend	–	–	353,598
At 31 December 2022	2,582,806	61,607	52

	Bank and other borrowings	Lease liabilities	Dividends payable	Loan from government
At 1 January 2021	4,814,866	85,853	34	67,585
Changes from financing cash flows:				
New bank borrowings	3,243,101	–	–	–
Repayment of bank borrowings	(4,372,012)	–	–	–
Finance charges paid	(91,486)	–	–	–
Principal portion of lease payments	–	(31,012)	–	–
Interest portion of lease liabilities	–	(2,586)	–	–
Receipt of a loan from government	–	–	–	13,775
Repayment of a loan from government	–	–	–	(14,242)
	(1,220,397)	(33,598)	–	(467)
Other changes:				
The government loan forgiveness	–	–	–	(64,157)
New leases	–	23,948	–	–
Modification/remeasurement	–	(9,867)	–	–
Foreign exchange movement	(13,759)	(1,357)	–	(2,961)
Interest expense	78,439	2,586	–	–
At 31 December 2021	3,659,149	67,565	34	–

HK$'000

39 Related party 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:

(a) Transactions with state-owned enterprises (other than companies within CITIC Group)

The Company is controlled by CITIC Group which owns 58.13% of the immediate holding company's number of issued shares. CITIC Group is subject to the control of the PRC Government which also controls a significant portion of the productive assets and entities in the PRC (collectively referred as 'state-owned enterprises'). Therefore, transactions with state-owned enterprises are regarded as related party transactions.

For the purpose of related party disclosure, the Group has identified to the extent practicable whether its customers and suppliers are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs. The Group has certain transactions with other state-owned enterprises including but are not limited to sales and purchases of goods and services, payments for utilities and depositing and borrowing money. In the ordinary course of the Group's businesses, transactions occur with state-owned enterprises.

(b) Transactions with the fellow subsidiaries

Save as disclosed in other notes to the Financial Statements, the Group had the following significant transactions and balances with fellow subsidiaries:

	2022	2021
Fellow subsidiaries:		
Interest expenses on lease liabilities	**64**	191
Interest expenses on bank and other borrowings	**82,237**	60,627
Interest income on deposits to a fellow subsidiary	**26,623**	1,242
Agency fees	**4,874**	7,308

The above transactions were made based on mutually agreed terms.

HK$'000

39 Related party transactions (continued)

(b) Transactions with the fellow subsidiaries (continued)

Significant balances with fellow subsidiaries:

	2022	2021
Fellow subsidiaries:		
Cash and deposits	**1,167,872**	562,081
Bank borrowing (note 29)	**1,316,640**	1,544,400
Other borrowing (note 29)	**1,170,000**	1,170,000
Lease liabilities	**2,208**	5,414

The above other borrowing is an unsecured loan having a tenor of 3 years commencing from December 2022 (2021: 1 year and 3 months commencing from Mar 2021). The loan is interest-bearing at CME Term SOFR plus margin (2021: interest-bearing at LIBOR plus margin).

(c) Details of directors' emoluments are set out in note 7 to the Financial Statements.

Compensation paid to senior management personnel of the Group was as follows:

	Year ended 31 December	
	2022	2021
Salaries	**6,992**	9,284
Housing allowances	**–**	240
Bonuses	**5,191**	5,379
Pension scheme contributions	**180**	275
Other benefits	**–**	1,046
	12,363	16,224

	Year ended 31 December	
	2022	2021
Number of senior management personnel by remuneration bands:		
HK$2,000,001 – HK$2,500,000	**1***	1
HK$3,000,001 – HK$3,500,000	**–**	2
HK$3,500,001 – HK$4,000,000	**–**	1*
HK$4,000,001 – HK$4,500,000	**–**	1*
HK$4,500,001 - HK$5,000,000	**1***	-
HK$5,000,001 - HK$5,500,000	**1***	-
	3	5

* included in the five highest paid employees as set out in note 8 to the Financial Statements

HK$'000

39 Related party transactions (continued)

(d) In October 2016, the Group entered into a 7-year lease agreement with CITIC House Pty Limited, a subsidiary of the Company's ultimate holding company, for the leasing of office premises. On 30 June 2021, the Group revised the above lease term into 2 years and 3 months.

On 16 December 2022, the Group entered into two 1-year lease agreements with the Company's ultimate holding company for the leasing of office premises, totalling of HK$3,162,000.

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

	2022	2021
Within one year	**5,171**	6,290
In the second to fifth years, inclusive	**–**	2,403
	5,171	8,693

40 Financial instruments by category

The carrying amount of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2022	2021
Financial assets at amortised cost		
– Financial assets included in deposits and other receivables	**102,458**	183,599
– Time deposit	**102,972**	88,754
– Trade receivables	**297,358**	704,889
– Cash and deposits	**2,130,203**	1,925,573
	2,632,991	2,902,815
Financial assets at fair value through profit or loss-designated as such upon initial recognition		
– Derivative financial instruments	**102,995**	15,012
Financial assets at fair value through other comprehensive income-designated and effective hedging instruments		
– Derivative financial instruments	**–**	6,000

HK$'000

40 Financial instruments by category (continued)

	2022	2021
Financial liabilities at amortised cost		
– Accounts payable	**106,899**	135,803
– Financial liabilities included in accrued liabilities and other payables	**291,476**	288,617
– Bank and other borrowings	**2,582,806**	3,659,149
– Lease liabilities	**61,607**	67,565
	3,042,788	4,151,134
Financial liabilities at fair value through profit or loss-designated as such upon initial recognition		
– Derivative financial instruments	**–**	643

41 Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank and other borrowings, lease liabilities, cash and deposits, and time deposit. 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 transaction, including electricity hedge agreements. Their purpose is to manage the price risk arising from the Group's operations and sources of finance.

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, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

HK$'000

41 Financial risk management objectives and policies (continued)

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.

The following table demonstrates the sensitivity of the Group's profit/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 profit before tax	(Decrease)/ increase in equity
2022			
If US$ strengthens against A$	**9**	**(36,010)**	**(36,010)**
If US$ weakens against A$	**(9)**	**23,127**	**23,127**

	Increase/ (decrease) in US$ rate %	(Decrease)/ increase in profit before tax	(Decrease)/ increase in equity
2021			
If US$ strengthens against A$	6	(19,477)	(11,497)
If US$ weakens against A$	(6)	19,477	12,737

Price risk

The Group commits to various commodities hedge contracts in order to protect itself from adverse movements in electricity prices.

HK$'000

41 Financial risk management objectives and policies (continued)

Price risk (continued)

Electricity

The Group enters into electricity hedge agreements to swap the market electricity price payable on the electricity consumed at the PAS to a fixed electricity price for a fixed tenure. These hedge agreements are treated as cash flow hedges as described in the Group's significant accounting policy note 2.4.

The Group's exposure to the market electricity price risk at balance date is as follows:

	Increase/ (decrease) in electricity price %	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
2022			
EHA3	**154**	**341,429**	**341,429**
EHA3	**(154)**	**(134,417)**	**(134,417)**

	Increase/ (decrease) in electricity price %	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
2021			
EHA3	81	103,794	103,794
EHA3	(81)	(103,794)	(103,794)

HK$'000

41 Financial risk management objectives and policies (continued)

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to the Group's floating rate US$debts.

The Group's policy is to manage its interest expenses 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 may enter into interest rate swap contracts in which it 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 against the interest rate exposure of the underlying debt obligations.

The following table demonstrates the sensitivity of the Group's profit/loss before tax and equity in response to changes in interest rates of the Group's floating rate US$debts (with all other variables held constant).

	Increase/ (decrease) in interest rate basis points	(Decrease)/ increase in profit before tax	(Decrease)/ increase in equity
2022			
US$debts	**100**	**(24,960)**	**(24,960)**
US$debts	**(100)**	**24,960**	**24,960**

	Increase/ (decrease) in interest rate basis points	(Decrease)/ increase in profit before tax	(Decrease)/ increase in equity
2021			
US$debts	100	(35,880)	(35,880)
US$debts	(100)	35,880	35,880

41 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.

A summary of the assumptions underpinning the company's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Performing	Loans whose credit risk is in line with original expectations	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1).
Underperforming	Loans for which a significant increase has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Lifetime expected losses (stage 2).
Non-performing (credit impaired)	Interest and/or principal repayments are 60 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3).
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery.	Asset is written off

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41 Financial risk management objectives and policies (continued)

Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which was mainly based on past due information unless other information was available without undue cost or effort, and year-end staging classification as at 31 December. For listed debt investments, the Group also monitored them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
2022					
Trade receivables*	–	–	–	301,985	301,985
Financial assets included in prepayments, deposits and other receivables					
– Normal**	47,386	–	–	–	47,386
Time deposit	102,972	–	–	–	102,972
Cash and deposits	2,130,203	–	–	–	2,130,203
	2,280,561	–	–	301,985	2,582,546

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
2021					
Trade receivables*	–	–	–	712,720	712,720
Financial assets included in prepayments, deposits and other receivables					
– Normal**	169,837	–	–	–	169,837
– Doubtful**	–	–	38,610	–	38,610
Time deposit	88,754	–	–	–	88,754
Cash and deposits	1,925,573	–	–	–	1,925,573
	2,184,164	–	38,610	712,720	2,935,494

* For trade receivables to which the Group applied the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Financial Statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables was considered to be "normal" when they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets had been considered to be "doubtful".

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41 Financial risk management objectives and policies (continued)

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 and other borrowings and lease liabilities, to preserve liquidity and to maximise returns to shareholders.

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:

	Less than 3 months	3 to 12 months	Over 1 year	Total
2022				
Accounts payable	**106,899**	**–**	**–**	**106,899**
Financial liabilities included in accrued liabilities and other payables	**275,699**	**–**	**–**	**275,699**
Bank and other borrowings	**97,488**	**–**	**2,658,360**	**2,755,848**
Lease liabilities	**8,749**	**23,993**	**32,817**	**65,559**

	Less than 3 months	3 to 12 months	Over 1 year	Total
2021				
Accounts payable	135,803	–	–	135,803
Financial liabilities included in accrued liabilities and other payables	–	288,617	–	288,617
Derivative financial instruments	643	–	–	643
Bank and other borrowings	3,966	320,942	3,432,000	3,756,908
Lease liabilities	8,398	20,911	47,125	76,434

41 Financial risk management objectives and policies (continued)

Fair value estimation

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

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

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

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

(b) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit quality. Derivative financial instruments, including forward currency contracts, forward commodity contracts, and embedded derivative in provisional pricing arrangements, and the EHA2 and EHA3, were measured using valuation techniques similar to forward pricing and discounted cash flow models, which means using present value calculations. The fair values of forward currency contracts, forward commodity contracts, embedded derivative in provisional pricing arrangements, and the EHA2 and EHA3 were the same as their carrying amounts.

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

    (ii) The fair values of the EHA2 and EHA3 were based on valuation techniques using market data that is observable, which are significant to the overall valuation of the derivative.

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41 Financial risk management objectives and policies (continued)

Fair value estimation (continued)

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy defined in HKFRS 13, Fair value measurement, with the fair value of each financial instrument recognised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments;
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data;
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

(i) Financial instruments carried at fair value

	As at 31 December 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Derivative financial instruments	–	**102,995**	–	**102,995**
Liabilities				
Derivative financial instruments	–	–	–	–

	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments	–	21,012	–	21,012
Liabilities				
Derivative financial instruments	–	643	–	643

During the year, the Group did not have any transfer of fair value measurements between Level 1 and Level 2 nor any transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

(ii) Fair values of financial instruments carried at cost or amortised cost

The carrying amounts of the Group's financial instruments carried at cost or amortised cost approximate their fair values as at 31 December 2022 (2021: Same).

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42 Capital risk 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 shareholders' 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.

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 ordinary 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:

	2022	2021
Bank and other borrowings	**2,582,806**	3,659,149
Lease liabilities	**61,607**	67,565
Less: cash and deposits	**(2,130,203)**	(1,925,573)
Net debt	**514,210**	1,801,141
Equity attributable to ordinary shareholders of the Company	**7,765,688**	6,944,417
Add: net debt	**514,210**	1,801,141
Net total capital	**8,279,898**	8,745,558
Net debt to net total capital	**6.2%**	20.6%

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43 Statement of financial position of the Company

The financial position of the Company as at the end of the reporting period was as follows:

	2022	2021
Non-current assets		
Property, plant and equipment	401	21
Prepayments, deposits and other receivables	–	1,907
Investments in subsidiaries	4,174,361	4,174,361
Due from subsidiaries	3,725,202	4,330,309
Total non-current assets	7,899,964	8,506,598
Current assets		
Prepayments, deposits and other receivables	4,185	6,316
Cash and deposits	874,194	943,232
Total current assets	878,379	949,548
Current liability		
Accrued liabilities and other payables	2,487	1,578
Total current liability	2,487	1,578
Net current assets	875,892	947,970
Total assets less current liabilities	8,775,856	9,454,568
Non-current liabilities		
Due to subsidiaries	709,077	994,150
Bank borrowings	1,170,000	1,945,840
Total non-current liabilities	1,879,077	2,939,990
Net assets	6,896,779	6,514,578
Equity		
Issued capital	392,886	392,886
Reserves	6,503,893	6,121,692
Total equity	6,896,779	6,514,578

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43 Statement of financial position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Contributed surplus	Exchange fluctuation reserve	Retained profits	Total
At 1 January 2021	6,852	358,625	946	3,099,423	3,465,846
Profit for the year	–	–	–	2,661,182	2,661,182
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	–	–	(5,336)	–	(5,336)
Total comprehensive income for the year	–	–	(5,336)	2,661,182	2,655,846
At 31 December 2021	6,852	358,625	(4,390)	5,760,605	6,121,692

	Share premium account	**Contributed surplus**	**Exchange fluctuation reserve**	**Retained profits**	**Total**
At 1 January 2022	**6,852**	**358,625**	**(4,390)**	**5,760,605**	**6,121,692**
Profit for the year	**–**	**–**	**–**	**730,760**	**730,760**
Other comprehensive income for the year:					
Exchange differences on translation of foreign operations	**–**	**–**	**5,039**	**–**	**5,039**
Total comprehensive income for the year	**–**	**–**	**5,039**	**730,760**	**735,799**
Final dividend	**–**	**–**	**–**	**(353,598)**	**(353,598)**
At 31 December 2022	**6,852**	**358,625**	**649**	**6,137,767**	**6,503,893**

44 Events after the reporting period

On 15 March 2023, Alcoa had announced that the Portland Aluminium Smelter, which the Group holds a 22.5% interest, will begin to immediately reduce its overall production due to operational instability. Production at the smelter will be reduced to approximately 75% of its total capacity of 358,000 metric tons per year. Previously, the smelter had been operating at about 95% of its total capacity. As at the date of this report, management is still assessing the financial implications arising from the reduction in production capacity including its impact on the valuation of the associated assets and the on-going profitability of the aluminium segment which the asset relates to. The carrying value of the assets of PAS JV is disclosed in note 19.

45 Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 29 March 2023.

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, is set out below. This summary does not form part of the audited financial statements.

Results

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	Year ended 31 December				
	2022	2021	2020	2019	2018
Revenue	**5,866,160**	4,349,406	2,850,058	3,425,510	4,427,317
Profit/(loss) before tax	**1,875,310**	1,336,323	(261,827)	631,340	950,765
Income tax expense	**(475,188)**	(222,176)	(98,690)	(236)	(465)
Profit/(loss) for the year	**1,400,122**	1,114,147	(360,517)	631,104	950,300
Attributable to:					
Ordinary shareholders of the Company	**1,335,537**	1,103,366	(363,848)	600,293	905,253
Non-controlling interests	**64,585**	10,781	3,331	30,811	45,047
	1,400,122	1,114,147	(360,517)	631,104	950,300

Assets, Liabilities and Non-controlling Interests

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	31 December				
	2022	2021	2020	2019	2018
Non-current assets	**9,243,085**	9,453,299	8,882,834	9,692,552	9,510,875
Current assets	**3,196,482**	3,250,441	3,392,465	2,975,458	4,168,872
Total assets	**12,439,567**	12,703,740	12,275,299	12,668,010	13,679,747
Current liabilities	**1,203,745**	1,425,066	1,189,560	2,074,900	3,013,672
Non-current liabilities	**3,470,134**	4,355,350	5,318,421	4,400,361	4,612,057
Total liabilities	**4,673,879**	5,780,416	6,507,981	6,475,261	7,625,729
Non-controlling interests	**20,257**	(21,093)	(40,397)	(60,640)	(87,465)
Equity attributable to ordinary shareholders of the Company	**7,745,431**	6,944,417	5,807,715	6,253,389	6,141,483

Reserve Quantities Information

Proved Oil Reserves Estimate (unaudited)

million barrels

2022	Indonesia (41%)	China (100%)	Kazakhstan (50%)	Total
At 1 January	1.2	29.5	78.1	108.8
Revision	–	0.7	–	0.7
Production	(0.1)	(3.2)	(7.2)	(10.5)
At 31 December	1.1	27.0	70.9	99.0

Glossary of Terms

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

A$	Australian dollar, the lawful currency of Australia
AGM	Annual general meeting of the Company
AoA	Alcoa of Australia Limited
AWC	Alumina Limited
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Audit Committee	Audit committee of the Company
Australia DBP	Defined benefit plan in Portland Aluminium Smelter located in Australia
Authorised Representative	authorised representative of the Company appointed pursuant to Rule 3.05 of the Listing Rules
Board	Board of directors
BVI	British Virgin Islands
Bye-laws	Bye-laws of the Company
CACT	CA Commodity Trading Pty Ltd
CATL	CA Trading Holding Pty Limited
CCEL	CITIC Canada Energy Limited
CCPL	CITIC Canada Petroleum Limited
CG Code	Corporate Governance Code contained in Appendix 14 to the Listing Rules
Chairman	Chairman of the Board
Chief Executive Officer	Chief executive officer of the Company
CITIC Group	中國中信集團有限公司 (CITIC Group Corporation)
CITIC Haiyue	CITIC Haiyue Energy Limited
CITIC Seram	CITIC Seram Energy Limited

Glossary of Terms

Claims	Three claims commenced by Weihai in the Shandong High People's Court in China against, among others, CACT
CITIC Oil and Gas	CITIC Oil & Gas Holdings Limited
CMJV	Coppabella and Moorvale coal mines joint venture
CNPC	China National Petroleum Corporation
Companies Act	Companies Act 1981 of the laws of Bermuda, as amended from time to time
Company	CITIC Resources Holdings Limited
COVID-19	Coronavirus disease 2019
Dalian Court	Dalian Maritime Court
Decheng	Qingdao Decheng Minerals Co., Ltd. (青島德誠礦業有限公司)
Diversity Policy	Nomination and diversity policy which sets out the criteria and procedures to be used for the selection, appointment and re-election of candidates to achieve diversity on the Board
ECL	Expected credit loss
EHA2	Hedging agreement with several subsidiaries of AGL Energy Limited, an integrated renewable energy company listed on the ASX (Stock Code: AGL), in relation to the supply of electricity to the PAS from 1 August 2017 to 31 July 2021
EHA3	Hedging agreement with the independent electricity suppliers, AGL Energy Limited, Alinta Energy Pty Limited and Origin Energy Limited, a company listed on ASX (Stock Code: ORG)
ESG Report	Environmental, social and governance report published by the Company on its website and the website of the Stock Exchange
Financial Statements	Consolidated financial statements
Group	CITIC Resources Holdings Limited and its subsidiaries
GST	Goods and services tax on most goods and services and other items sold or consumed in Melbourne, Australia
Hainan-Yuedong Block	Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, China
HK$	Hong Kong dollars, the lawful currency of Hong Kong

HKAS	Hong Kong Accounting Standard
HKFRSs	Hong Kong Financial Reporting Standards
HKICPA	Hong Kong Institute of Certified Public Accountants
IBR	Incremental borrowing rate
Karazhanbas oilfield	Karazhanbas Oil and Gas Field in Mangistau Oblast, Kazakhstan
KBM	JSC Karazhanbasmunai
KEER	勝利油田科爾工程建設有限公司 (Shengli Oilfield KEER Engineering and Construction Co., Ltd.)
KZT	Tenge, the lawful currency of Kazakhstan
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange
LME	London Metal Exchange
LIBOR	London interbank offered rates
MET	Mineral extraction tax
MPF Scheme	Defined scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
New Scheme	New share option scheme adopted by the Company on 27 June 2014
Nomination Committee	Nomination committee of the Company
Notices	Notices of assessment
PAS	Portland Aluminium Smelter
PAS JV	Portland Aluminium Smelter joint venture in Australia
PRC	the People's Republic of China
PRMS	Petroleum Resources Management System
PRT	Pacific Resources Trading Pte. Ltd., an indirect subsidiary of CITIC Group
PSC	Production sharing contract which grants the right to explore, develop and produce petroleum from the Seram Block

Remuneration Committee	Remuneration committee of the Company
Risk Management Committee	Risk management committee of the Company
RMB	Renminbi, the lawful currency of China
Seram Block	Seram Island Non-Bula Block, Indonesia
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shengli Oilfield Claim B	Joint legal claim action of KEER and a general contractor of Tincy Group in the Dalian Court against Tincy Group
Short-term leases	Leases with a lease term of 12 months or less
SOAP	Statement of audit position
SPPI	Solely payments of principal and interest
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tincy Group	Tincy Group Energy Resources Limited
US$	United States dollars, the lawful currency of the United States of America
Weihai	Weihai City Commercial Bank Co., Ltd. (威海市商業銀行股份有限公司)
Yuedong oilfield	Principal oilfield within Hainan-Yuedong Block, China

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

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