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CHINA CHENGTONG DEVELOPMENT GROUP LIMITED
中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

ANNOUNCEMENT OF 2013 FINAL RESULTS

The board (the "Board") of directors (the "Directors") of China Chengtong Development Group Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Turnover	3	**15,500,313**	8,626,661
Cost of sales		**(15,410,873)**	(8,444,597)
Gross profit		**89,440**	182,064
Other income	4	**433,316**	149,765
Selling expenses		**(19,031)**	(12,824)
Administrative expenses		**(147,797)**	(100,625)
Fair value gain on investment properties		**4,999**	10,455
Fair value gain upon properties held for sale transferred to investment properties		**665**	4,790
Fair value gain/(loss) on held-for-trading securities		**1,009**	(181)
Gain on disposal of non-current assets classified as held for sale		**101,244**	—
Excess of fair value of the net identifiable assets over the cost of acquisition of subsidiaries		**—**	122,234
Finance costs	5	**(317,372)**	(103,415)

CONSOLIDATED INCOME STATEMENT *(continued)*
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	**2013** *HK$'000*	2012 *HK$'000*
Profit before income tax		**146,473**	252,263
Income tax expense	6	**(82,155)**	(43,127)
Profit for the year	7	**64,318**	209,136
Profit for the year attributable to:			
Owners of the Company		**50,727**	184,526
Non-controlling interests		**13,591**	24,610
		64,318	209,136
Earnings per share	9		
— Basic		**HK1.05 cents**	HK4.41 cents
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 *HK$'000*	2012 *HK$'000*
Profit for the year	**64,318**	209,136
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of financial statements of foreign operations	**81,996**	10,631
Total comprehensive income for the year	**146,314**	219,767
Total comprehensive income attributable to		
Owners of the Company	**125,061**	193,532
Non-controlling interests	**21,253**	26,235
	146,314	219,767

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**209,097**	145,752
Prepaid land lease payments		**54,496**	54,866
Investment properties		**187,760**	175,558
Deposits paid	10	**358,144**	338,850
		809,497	715,026
Current assets			
Properties held for sale		**111,641**	162,371
Properties under development		**283,996**	218,295
Properties held for development		**313,968**	303,601
Inventories		**5,583**	19,528
Trade and other receivables	11	**11,709,593**	6,504,106
Loans receivable under finance lease arrangement	12	**—**	12,552
Amount due from a non-controlling shareholder of a subsidiary		**20,488**	18,450
Loan to a related party		**50,880**	-
Prepaid land lease payments		**2,026**	1,960
Entrusted loan receivables	13	**363,744**	649,219
Held-for-trading securities		**2,108**	1,101
Derivative financial instruments		**—**	2,521
Short-term investments	14	**2,814,314**	104,550
Pledged bank deposits		**676,073**	355,895
Bank balances and cash		**2,557,297**	1,973,076
		18,911,711	10,327,225
Non-current assets classified as held for sale		**—**	83,320
Total current assets		**18,911,711**	10,410,545

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AS AT 31 DECEMBER 2013

	Notes	2013 HK$'000	2012 HK$'000
Current liabilities			
Trade and other payables	15	**7,287,370**	2,943,433
Deposits received from sale of properties		**59,306**	21,051
Deposit received from disposal of an investment property		**—**	94,095
Taxation payable		**62,515**	21,474
Bank borrowings	16	**9,273,700**	5,194,634
Unsecured other loan		**600**	600
Corporate bonds	17	**761,528**	—
Total current liabilities		**17,445,019**	8,275,287
Net current assets		**1,466,692**	2,135,258
Total assets less current liabilities		**2,276,189**	2,850,284
Non-current liabilities			
Deferred tax liabilities		**58,569**	47,327
Corporate bonds	17	**—**	731,984
		58,569	779,311
Net assets		**2,217,620**	2,070,973
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**484,074**	484,074
Share premium and reserves		**1,483,309**	1,357,915
		1,967,383	1,841,989
Non-controlling interests		**250,237**	228,984
Total equity		**2,217,620**	2,070,973

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values.

The consolidated financial statements are presented in Hong Kong dollars and the functional currency of the Company is Renminbi ("RMB"). The Company uses Hong Kong dollars as its presentation currency because the Company is a public company incorporated in Hong Kong with its shares listed on the Stock Exchange of Hong Kong Limited.

2. ADOPTION OF HKFRSs

Adoption of new and revised HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations ("the new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements

Other than as noted below, the application of the new HKFRSs has no material impact on the Group's reported profits or loss, total comprehensive income or equity for any year presented.

2. ADOPTION OF HKFRSs *(continued)*

HKFRSs (Amendments) — Annual Improvements 2010-2012 Cycle

The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 — Disclosures — offsetting financial assets and financial liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

Some of the disclosures are specifically required for financial instruments in the financial statements. The Group has provided those disclosures in the consolidated financial statements.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in the existing HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of the standard does not change the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

2. ADOPTION OF HKFRSs *(continued)*

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 12 disclosures are provided in the consolidated financial statements. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as 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 (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

The standard requires additional disclosures about fair value measurements and these are included in the consolidated financial statements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

2. ADOPTION OF HKFRSs *(continued)*

New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Financial Instruments: Recognition and measurement — novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC) Interpretation 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Except for the above, the directors of the Company anticipate that the application of the other new/revised HKFRSs will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the executive directors, being the Group's chief operating decision makers, review operating results and financial information on a company by company basis. Each company is identified as an operating segment in accordance with HKFRS 8. When the group companies are operating in similar business model with similar target group of customers, the group companies are aggregated into same segments.

The Group's chief operating decision makers have identified the reportable segments of the Group as follows:

(1) Property development — holding land for property development projects

(2) Property investment — providing rental services and holding investment properties for appreciation

(3) Financial leasing — providing financial leasing service including arranging sales and leaseback transaction

(4) Trading of coal — trading of coal

(5) Bulk commodity trade — trading of bulk commodity

(6) Hotel and marine travelling services — providing hotel and marine travelling services

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2013

	Property investment *HK$'000*	Property development *HK$'000*	Financial leasing *HK$'000*	Trading of coal *HK$'000*	Bulk commodity trade *HK$'000*	Hotel and marine travelling services *HK$'000*	Total *HK$'000*
Turnover as presented in consolidated income statement	**2,009**	**71,168**	**962**	**81,116**	**15,283,607**	**61,451**	**15,500,313**
Result							
Segment result *(Note (a))*	**(10,695)**	**3,810**	**(3,364)**	**73**	**34,906**	**7,335**	**32,065**
Fair value gain on investment properties *(Note (b))*							**4,999**
Fair value gain upon properties held for sale transferred to investment properties *(Note (b))*							**665**
Fair value gain on held-for-trading securities							**1,009**
Gain on disposal of non-current assets classified as held for sale							**101,244**
Interest income from entrusted loan receivables							**84,757**
Unallocated finance costs							**(42,032)**
Unallocated corporate expenses							**(48,694)**
Unallocated other income							**12,460**
Profit before income tax							**146,473**

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

For the year ended 31 December 2013 (continued)

	Property investment	Property development	Financial leasing	Trading of coal	Bulk commodity trade	Hotel and marine travelling services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Notes:								
(a) Amounts included in the measure of segment results								
Interest income from bank deposits and short-term investments	**81**	**402**	**506**	**246**	**270,754**	**258**	**1,313**	**273,560**
Depreciation	**—**	**(322)**	**(185)**	**(7)**	**(789)**	**(12,783)**	**(258)**	**(14,344)**
Allowance for impairment of inventories	**—**	**—**	**—**	**—**	**—**	**(1,462)**	**—**	**(1,462)**
Finance costs	**—**	**—**	**—**	**—**	**(275,340)**	**—**	**(42,032)**	**(317,372)**
(b) Amounts regularly provided to the chief operating decision maker for the analysis of the segment's performance								
Fair value gain on investment properties	**4,999**	**—**	**—**	**—**	**—**	**—**	**—**	**4,999**
Fair value gain upon properties held for sale transferred to investment properties	**665**	**—**	**—**	**—**	**—**	**—**	**—**	**665**

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

For the year ended 31 December 2012

	Property investment *HK$'000*	Property development *HK$'000*	Financial leasing *HK$'000*	Trading of coal *HK$'000*	Bulk commodity trade *HK$'000*	Hotel and marine travelling services *HK$'000*	Total *HK$'000*
Turnover as presented in consolidated income statement	2,156	83,158	11,420	—	8,527,224	2,703	8,626,661
Result							
Segment result *(Note (a))*	(6,507)	14,166	13,474	(14,553)	88,869	1,847	97,296
Fair value gain on investment properties *(Note (b))*							10,455
Fair value gain upon properties held for sale transferred to investment properties *(Note (b))*							4,790
Fair value loss on held-for-trading securities							(181)
Excess of fair value of the net identifiable assets over the cost of acquisition of subsidiaries							122,234
Interest income from entrusted loan receivables							79,468
Unallocated finance costs							(37,327)
Unallocated corporate expenses							(29,659)
Unallocated other income							5,187
Profit before income tax							252,263

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

For the year ended 31 December 2012 (continued)

	Property investment	Property development	Financial leasing	Trading of coal	Bulk commodity trade	Hotel and marine travelling services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Notes:								
(a) Amounts included in the measure of segment results								
Interest income from bank deposits and short-term investments	6,083	588	5,950	267	29,683	1	1,460	44,032
Depreciation	(273)	(376)	(179)	(7)	(451)	—	(42)	(1,328)
Allowance for impairment of inventories	—	—	—	(5,476)	—	—	—	(5,476)
Finance costs	—	—	—	—	(66,088)	—	(37,327)	(103,415)
(b) Amounts regularly provided to the chief operating decision maker for the analysis of the segment's performance								
Fair value gain on investment properties	10,455	—	—	—	—	—	—	10,455
Fair value gain upon properties held for sale transferred to investment properties	4,790	—	—	—	—	—	—	4,790

Segment result does not include taxation credit/charge, while segment liabilities include the current and deferred taxation except for those recognised by the head office and the inactive subsidiaries.

3. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of administration costs incurred and other income generated by head office and the inactive subsidiaries, directors' salaries, gain on disposal of non-current assets classified as held for sales, fair value change of investment properties and held-for-trading securities and finance cost of corporate bonds and interest on deposit received from a buyer in a partial disposal of a subsidiary. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Other segment information

The Group's significant operations, external customers and non-current assets (other than financial assets) during the years ended 31 December 2013 and 2012 were located in Hong Kong (place of domicile) and the People's Republic of China ("the PRC"). Geographical information of revenue from external customers is based on the location of the customers and the geographical location of the non-current assets (other than financial assets) is based on the physical location of the assets.

	Revenue from external customers		**Non-current assets (other than financial assets)**	
	2013	2012	**2013**	*2012*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**10,559,017**	3,988,911	**816**	763
The PRC	**4,941,296**	4,637,750	**450,537**	375,413
	15,500,313	8,626,661	**451,353**	376,176

Revenues from customers of the corresponding years contributing over 10% of the total turnover of the Group are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A *(note 1)*	**—**	2,950,630
Customer B *(note 2)*	**9,691,889**	4,148,114
	9,691,889	7,098,744

Notes:

1. This is a customer for bulk commodity trade business for the year ended 31 December 2012 and revenue from this customer contributed less than 10% of the total turnover of the Group for the year ended 31 December 2013.

2. This is a customer for bulk commodity trade business.

3. SEGMENT INFORMATION *(continued)*

Turnover from major products and services

	2013	2012
	HK$'000	*HK$'000*
Rental income	**2,009**	2,156
Sales of properties	**71,168**	83,158
Service income from financial leasing*	**962**	11,420
Sales of coal	**81,116**	—
Bulk commodity trade	**15,283,607**	8,527,224
Hotel and marine travelling services	**61,451**	2,703
	15,500,313	8,626,661

* Service income from financial leasing included interest income for the year ended 31 December 2013 (2012: Service income from financial leasing included interest income from leasing arrangement and handling income. When a finance lease receivable is factored to a bank under a non-recourse arrangement, the handling income charged by the Group is recognised immediately and included in service income from financial leasing. Amount of HK$7,199,000 was included in the service income from financial leasing).

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Interest income from bank deposits and short-term investments	**273,560**	44,032
Interest income from entrusted loan receivables	**84,757**	79,468
Interest income from a related party	**3,335**	—
Interest income from a non-controlling shareholder of a subsidiary	**1,408**	3,396
Commission income from procurement services related to coal trading and arranging bulk commodity trade	**70**	6,050
Fair value gain on derivative financial instruments	**—**	2,521
Investment income on derivative financial instruments	**24,860**	2,964
Exchange gain	**45,197**	—
Others	**129**	4,689
Overdue charges under finance lease arrangements	**—**	2,732
Written back of accruals and other payables	**—**	3,913
	433,316	149,765

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on corporate bonds	**38,076**	37,327
Interest on notes payable	**5,911**	—
Interest on bank and other borrowings wholly repayable within five years	**33,641**	8,120
Interest on discounted bills with recourse	**235,837**	62,081
Interest on deposit received from a buyer in a partial disposal of a subsidiary	**3,956**	—
	317,421	107,528
Less : Amounts capitalised to properties under development	**(49)**	(4,113)
	317,372	103,415

6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax ("EIT") and Implementation Regulation, the PRC subsidiaries are subject to tax rate of 25%. The current tax also comprised land appreciation tax ("LAT") which is estimated in accordance with the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	2013	2012
	HK$'000	*HK$'000*
The taxation charge comprises:		
Current tax:		
Hong Kong	**7,064**	14,768
PRC EIT	**64,928**	23,116
PRC LAT	**467**	149
	72,459	38,033
Under-provision in prior years:		
PRC EIT	**70**	190
Deferred taxation		
Current year charge	**9,626**	4,904
Taxation charge for the year	**82,155**	43,127

7. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year is arrived at after charging/(crediting):		
Auditor's remuneration	**1,300**	700
Amortisation of prepaid land lease payments	**2,244**	—
Depreciation of property, plant and equipment	**14,468**	1,464
Less : Amounts capitalised in properties under development	**(124)**	(136)
	14,344	1,328
Minimum lease payments in respect of rented premises	**4,771**	4,452
Contributions to retirement benefits schemes (including directors' emoluments)	**2,901**	1,509
Staff costs (including directors' emoluments)	**39,308**	26,576
Total staff costs	**42,209**	28,085
Less: Amounts capitalised in properties under development	**(1,616)**	(1,622)
	40,593	26,463
Cost of inventories recognised as expenses	**15,400,419**	8,439,121
Exchange (gain)/loss	**(45,197)**	6,445
Provision for inventories*	**1,462**	5,476
Loss on disposal of property, plant and equipment	**144**	93
Written off of property, plant and equipment	**273**	—
Impairment of prepayment	**17,954**	—

* Provision for inventories for the year was included in "cost of sales" on the face of the consolidated income statement.

8. DIVIDENDS

No dividend in respect of the years ended 31 December 2013 and 2012 was proposed during the years ended 31 December 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to the owners of the Company of HK$50,727,000 (2012: HK$184,526,000) and on the weighted average number of 4,840,735,000 (2012: 4,183,807,713) ordinary shares in issue during the year.

There are no diluted earnings per share as there were no potential dilutive ordinary shares outstanding during both years.

10. DEPOSITS PAID

	2013	2012
	HK$'000	*HK$'000*
Deposits paid for acquisition of 85% (2012: 82%) of the equity interests in Alpha Fortune Industrial Limited *(note)*	**337,080**	325,950
Deposit paid for acquisition of property, plant and equipment	**21,064**	12,900
	358,144	338,850

Note:

On 13 August 2012, the Group entered into a framework agreement (the "Framework Agreement") with independent third parties (the "Vendors") in relation to the acquisition of 82% equity interests in Alpha Fortune Industrial Limited ("Alpha Fortune") at the aggregate considerations of RMB615,000,000 (equivalent to approximately HK$750,300,000). Alpha Fortune indirectly owns 60% of the equity interests in 廣西合山煤業有限責任公司 (the "Coal Mine Company") and its subsidiaries which principally engage in exploration and mining of coal mines resources in the PRC. The proposed acquisition of 82% equity interests in Alpha Fortune (the "Acquisition") constituted a very substantial acquisition under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Pursuant to the Framework Agreement, if the Vendors or each member of Alpha Fortune and its subsidiaries (collectively referred to as the "Target Group") breach the undertakings, warranties and exclusivity clauses of the Framework Agreement or the parties to the Framework Agreement are unable to enter into a formal sale and purchase agreement on or before 8 February 2013, the Group is entitled to terminate the Framework Agreement. Upon termination of the Framework Agreement, the deposits paid to the Vendors will be fully refundable to the Group.

To secure the performance of the refund obligations of the Vendors, the Vendors have (i) unconditionally pledges 49% of the equity interest in the Coal Mine Company in favour of the Group as security and (ii) provided joint and several guarantee in favour of the Group to secure the performance of the refund obligations of the Vendors as described above.

10. DEPOSITS PAID *(continued)*

Note: (continued)

The Group has commenced thorough due diligence review on the assets, financial and legal aspects etc. of the Target Group upon signing of the Framework Agreement. Given that the difference between the net asset value of the Coal Mine Company as at 31 December 2011 as represented by the Vendors in the Framework Agreement and the results of the due diligence review on the Target Group up to the 6 February 2013 did not comply with the relevant terms of the Framework Agreement, the Group has decided to terminate the Framework Agreement in accordance with the aforementioned termination clause of the Framework Agreement. A written notice of termination has been served by the Group to the Vendors on 6 February 2013.

The Group has negotiated with the Vendors regarding (i) the refund of the deposits; and (ii) a new proposal for the Acquisition.

On 18 June 2013, the Group has finalised a new proposal for the Acquisition and entered into a sales and purchase agreement (the "Sale and Purchase Agreement") with the Vendors regarding the Acquisition. Pursuant to the Sale and Purchase Agreement, the Group has conditionally agreed to acquire for, and the Vendors have conditionally agreed to dispose of 85% interests in the issued share capital of Alpha Fortune, at aggregate consideration of approximately RMB448,600,000 (equivalent to approximately HK$570,619,000).

On 31 October 2013, the Group entered a supplemental agreement with the Vendors to allow the Group to waive certain undertakings given by the Vendors in relation to (i) the collection of debt (and interests accrued thereon) due from 北京新領域投資有限公司 to the Target Group; and (ii) the repayment of relevant debt (and interests accrued thereon) due from the Target Group to 重慶國際信託投資有限公司 (or its assignee(s)) and the release of the related pledge in respect of 49% equity interest in the Coal Mine Company before the general meeting of the Company to approve the Sale and Purchase Agreement and the transactions contemplated thereunder or the obtaining of the written approval from the relevant shareholder in lieu of the aforementioned shareholders' approval at the general meeting of the Company (where permitted under the Listing Rules).

As of 31 December 2013, the Group has paid cash of RMB265,000,000 (equivalent to approximately to HK$337,080,000) to the Vendors as earnest and advance payment pursuant to the payment schedule as specified in the Framework Agreement. The consideration under the Sale and Purchase Agreement will be settled by (i) cash of approximately RMB155,332,000 (equivalent to approximately HK$197,582,000), (ii) issuance of consideration shares of approximately RMB23,586,000 (equivalent to approximately HK$30,001,000) at the issue price of HK$0.36 per share and (iii) setting off of debt of approximately RMB269,682,000 (equivalent to approximately HK$343,036,000), which includes the earnest and advance payment totalling RMB265,000,000 (equivalent to approximately HK$337,080,000).

The Acquisition has not yet been completed as of 31 December 2013 and the date of issuance of the consolidated financial statements.

Details in relation to the Framework Agreement, the termination of the Framework Agreement and the Sale and Purchase Agreement are set out in the Company's announcements dated 21 August 2012, 6 February 2013, 24 June 2013 and 31 October 2013 respectively.

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(note (a))*	**38,043**	455,316
Bills receivable from bulk commodity trade *(note (b))*	**11,498,904**	6,004,050
Trade and bills receivable	**11,536,947**	6,459,366
Prepayments and deposits *(note (c))*	**19,291**	6,127
Other receivables	**153,355**	38,613
Total trade and other receivables	**11,709,593**	6,504,106

Notes:

(a) As at 31 December 2013, trade receivables mainly arose from sales of coal. There is no credit period granted to customers of coal trading business.

As at 31 December 2012, trade receivables mainly arose from sales of coal and bulk commodity trade. There is a 7 days and a 2 to 15 days credit period granted to certain customers of coal trading business and bulk commodity trade business respectively.

As at 31 December 2013 and 2012, bulk commodity trading was mainly settled by cash or bills issued by PRC banks which are receivable in 1 year from the date of issuance.

The Group normally grants credit terms to its customers according to industry practice together with consideration of their creditability and repayment history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2013	2012
	HK$'000	*HK$'000*
Within three months	**38,043**	455,316

11. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

(a) *(continued)*

The following is an aged analysis of trade receivables presented which are past due but not impaired.

	2013	2012
	HK$'000	*HK$'000*
Less than one month past due	**37,991**	—
One to three months past due	**52**	455,316
	38,043	455,316

As at 31 December 2013, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$38,043,000 (2012: HK$455,316,000) which are past due at the reporting date for which the Group has not provided for impairment loss as the directors are of the view that such receivables can be fully recovered. The Group does not hold any collateral over these balances.

(b) Bills receivable represent banker's acceptances, i.e. time drafts accepted and guaranteed for payment by PRC banks.

These banker's acceptances are issued to the Group and are due within 1 year (2012: 1 year) from the date of issuance. Those banks issuing the banker's acceptances, which are state-owned banks or commercial banks in the PRC, are the primary obligors for payment on the due date of such banker's acceptances.

At 31 December 2013, HK$9,481,204,000 (2012: HK$4,919,862,000) of the bills receivable have been discounted to the banks with recourse. The Group is committed to underwrite any of the bills receivable that have been discounted and therefore continues to recognise these as bills receivable until the banks collect the debts. The proceeds from bills receivable that have been discounted to banks of HK$9,264,430,000 (2012: HK$4,841,842,000) are included in bank borrowings (note 16) until the debts are collected or the Group makes good any losses suffered by the banks.

(c) As at 31 December 2013, the balances included prepayment for purchases of coal amounted to HK$10,176,000 (2012: prepayment for purchases of bulk commodity trade of HK$3,548,000).

12. LOANS RECEIVABLE UNDER FINANCE LEASE ARRANGEMENT

As at 31 December 2013, the loans receivable under the finance lease arrangement were fully settled.

During the year ended 31 December 2012, the Group entered into a finance lease agreement pursuant to which a financial leasing customer (the "lessee") sold its equipment to the Group at RMB27,180,000 (equivalent to approximately HK$33,431,000) and leased back the equipment with the lease period of 3 years from the date of inception. In addition, the ownership of leased assets will be transferred to the lessee at a purchase option of RMB100 upon the settlement of the receivable and the interest accrued under the finance lease arrangement.

12. LOANS RECEIVABLE UNDER FINANCE LEASE ARRANGEMENT *(continued)*

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise amounts receivable:				
Within one year	**—**	13,483	**—**	12,552
Less : Unearned finance income	**—**	(931)	**—**	—
Present value of minimum lease payment receivables	**—**	12,552	**—**	12,552
Analysed for reporting purposes as:				
Current assets			**—**	12,552
Non-current assets			**—**	—
			—	12,552

As at 31 December 2012, effective interest rates ranged from approximately 8.81% to 16.19% per annum.

As at 31 December 2013 and 2012, the receivable under the finance lease arrangement is secured by the leased equipment and the Group has guarantees provided by the controlling shareholder of the lessee and independent third parties. The Group is not permitted to sell or re-pledge the collateral in absence of default by the lessee. The lessee is required to pay the Group through 33 monthly lease payments from 27 February 2011 up to 27 October 2013.

As at 31 December 2012, the fair value of receivable under the finance lease arrangement approximates to its carrying amount.

13. ENTRUSTED LOAN RECEIVABLES

As at 31 December 2013, the Group had entered into five (2012: five) entrusted loan arrangements with financial institutions, in which the Group acted as the entrusting parties and the financial institutions acted as the lenders to provide funding to specified borrowers. Details of the entrusted loan receivables are as follows:

	2013	2012
	HK$'000	*HK$'000*
Entrusted loan receivables:		
Principal	**362,520**	645,750
Interest receivables	**1,224**	3,469
	363,744	649,219
Receivable within one year	**363,744**	649,219

As at 31 December 2013, all entrusted loan receivables carry fixed-rate interest and the contractual maturity dates are within one year from the respective date of borrowing.

Effective interest rates (which are equal to contractual interest rates) of the Group's entrusted loan receivables ranged from 12% to 14% (2012: ranged from 10% to 18.5%).

As at 31 December 2013, no entrusted loan receivables have been past due or impaired. The entrusted loan receivables are mainly secured by land and buildings and personal guarantees provided by the specified borrowers or their related parties. The Group is not permitted to sell or re-pledge the collateral in the absence of default by the entrusted loan borrowers.

All the Group's entrusted loan receivables are denominated in RMB, which is the functional currency of the respective group companies.

14. SHORT-TERM INVESTMENTS

During the years ended 31 December 2013 and 2012, the Group purchased short-term investments from major banks in the PRC.

Within the short-term investments as at 31 December 2013, balance of HK$6,360,000 (2012: HK$92,250,000) was not subject to maturity and balance of HK$2,807,954,000 was subject to maturity of 1 year (At 31 December 2012: HK$12,300,000 was subject to maturity up to January 2013). For those short-term investments not subject to maturity, the Group is entitled to redeem the investments with the banks at anytime with immediate effect. The estimated return from these short-term investments ranged from 3.0% to 5.0% per annum (2012: 2.1% to 2.8% per annum). The accrued and unpaid interest will be received upon redemption of the investment from the bank. The directors of the Company consider that the carrying value of short-term investments approximate their fair value at end of the reporting period as it is highly liquid and credit risk involved is insignificant.

As at 31 December 2013, short-term investments of HK$2,807,954,000 (At 31 December 2012: Nil) were pledged to secure bills payable of the Group.

15. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables *(note (a))*	**6,387**	11,905
Other payables and accruals	**157,842**	93,072
Deposits received from buyers on disposal of subsidiaries *(note (b))*	**16,536**	43,050
Bills payable for purchase of bulk commodity *(note (c))*	**7,078,160**	2,755,038
Accrual of construction costs	**28,445**	40,368
	7,287,370	2,943,433

Notes:

(a) The aged analysis of the trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within one year	**4,676**	8,800
Over one year but less than two years	**1,711**	3,105
	6,387	11,905

(b) **For the year ended 31 December 2013**

On 25 July 2013, the Group entered into a memorandum with an independent third party and intended to sell the entire issued capital of a subsidiary, Chengtong Enterprise Investment Limited and certain of its subsidiaries (collectively referred to as the "Chengtong Enterprise Group"), at a preliminary purchase price amounted to RMB150,000,000 (equivalent to approximately HK$190,800,000). As at 31 December 2013, the Group has received RMB3,000,000 (equivalent to approximately HK$3,816,000) as earnest money from the purchaser and the purchaser had the exclusive right to purchase Chengtong Enterprise Group. The possible disposal constituted a discloseable transaction under the Listing Rules. The formal agreement is not yet signed as of the date of issuance of the consolidated financial statements. Details of the possible disposal of Chengtong Enterprise Group are set out in the Company's announcement dated 25 July 2013.

On 19 November 2013, the Group entered into a memorandum with an independent third party and intended to sell the entire issued capital of a subsidiary, Chengtong Dafeng Harbour Development Limited, at a preliminary purchase price amounted to RMB320,000,000 (equivalent to approximately HK$407,040,000). As at 31 December 2013, the Group has received RMB10,000,000 (equivalent to approximately HK$12,720,000) as earnest money from the purchaser. The formal agreement is not yet signed as of the date of issuance of the consolidated financial statements.

15. TRADE AND OTHER PAYABLES *(continued)*

Notes: (continued)

(b) *(continued)*

For the year ended 31 December 2012

On 19 December 2011, the Group entered into an agreement with an independent third party to dispose of 12% equity interest in a subsidiary, Chengtong Enterprise Investment Limited ("CT Enterprise") subject to the condition that the Group completed the reorganisation as detailed in the Company's announcement dated 20 December 2011.

Upon the completion of the reorganisation, CT Enterprise will hold indirectly 100% interest in 誠通實業投資有限公司 (unofficial translation as Chengtong Industrial Investment Limited "Chengtong Industrial")，諸城鳳凰置地有限公司 (unofficial translation as Zhucheng Phoenix Landmark Company Limited) and 常州誠通投資有限公司 (unofficial translation as Changzhou Chengtong Investment Limited "Changzhou Chengtong"). Changzhou Chengtong is newly incorporated and remained inactive during year ended 31 December 2012.

On 28 February 2013, the Group entered into a cancellation agreement with the buyer to terminate the disposal of 12% interest in CT Enterprise by the Group.

As at 31 December 2013, the Group refunded the deposit received from the buyer of RMB35,000,000 (equivalent to approximately HK$43,050,000) and paid fund usage charges of RMB3,200,000 (equivalent to approximately HK$3,956,000) to the buyer pursuant to the cancellation agreement. Details in relation to the cancellation agreement were set out in the Company's announcement dated 28 February 2013.

(c) As disclosed in note 21, gross amount of bills payable of HK$2,138,484,000 was subject to enforceable netting arrangements. The amounts are offsetting with pledged bank deposits and the net amount of bills payable of HK$7,078,160,000 was presented in the consolidated statement of financial position as at 31 December 2013.

The Group had no offsetting of bills payable as at 31 December 2012.

(d) As at 31 December 2013, gross amount of bills payable of approximately HK$6,512,870,000 were secured by gross bank deposits and short-term investments of approximately HK$2,765,927,000 and HK$2,807,954,000 respectively. As at 31 December 2012, all the bills payable were unsecured.

As at 31 December 2013, the ultimate holding company, CCHG, has provided corporate guarantees amounted to HK$1,356,000,000 (2012: HK$1,265,100,000) to the banks in respect of the banking facilities granted to a subsidiary of the Group in relation to the bills payable. As at 31 December 2013, the amount of these corporate guarantees which has been utilised for bills payable was amounted to HK$1,353,730,000 (2012: HK$831,288,000).

16. BANK BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Secured bank borrowings		
Discounted bills with recourse *(note (a))*	**9,264,430**	4,841,842
Short-term bank loans *(note (b))*	**9,270**	352,792
	9,273,700	5,194,634

(a) HK$9,481,204,000 (2012: HK$4,919,862,000) of the bills receivable have been discounted to banks with recourse to facilitate the operation of the bulk commodity trade. Accordingly, the Group continues to include these discounted bills receivable and has recognised the cash received as bank borrowings. Discounted bills with recourse are interest bearing at fixed rate with a range from 0.90% to 3.85% (2012: 1.11% to 3.90%) per annum. Total finance cost in relation to bulk commodity trade will be charged to profit or loss over the relevant period of the discounted bills with recourse amounted to HK$309,197,000 (2012: HK$175,059,000) and unamortised portion of finance cost in relation to these discounted bills as at 31 December 2013 amounting to HK$86,894,000 (2012: HK$118,060,000) will be charged to profit or loss in 2014. The interest rate is determined at the date of inception. All discounted bills with recourse are secured by bills receivables as at 31 December 2013 and 2012.

As at 31 December 2013, the Company has provided corporate guarantees amounted to HK$5,803,803,000 (2012: HK$4,067,792,000) to the banks in respect of the banking facilities granted to a subsidiary of the Group in relation to the discounted bills with recourse. As at 31 December 2013, the amount of these corporate guarantees which has been utilised for discounted bills with recourse was amounted to HK$2,739,071,000 (2012: HK$3,329,153,000).

(b) As disclosed in note 21, gross amount of bank borrowings of HK$1,712,669,000 was subject to enforceable netting arrangements. The amounts are offsetting with pledged bank deposits and the net amount of bank borrowings of HK$9,270,000 was presented in the consolidated statement of financial position as at 31 December 2013.

The Group had no offsetting of bank borrowings as at 31 December 2012.

As at the reporting date, short-term bank loans were secured by:

As at 31 December 2013, gross amount of short-term bank loans of approximately HK$1,712,669,000 (At 31 December 2012: HK$340,492,000) were secured by pledged bank deposits with gross amounts of approximately HK$1,705,146,000 (At 31 December 2012: HK$353,171,000).

As at 31 December 2012, a short-term bank loan of approximately HK$12,300,000 were secured by the land use right included in properties held for development with carrying amount of approximately HK$109,470,000. The loan was repaid and the pledge was released as at 31 December 2013.

17. CORPORATE BONDS

As at 31 December 2013, the corporate bonds are fixed rate bonds issued by the Company (the "Bonds"). The Bonds were issued on 19 May 2011 with a principal amount of RMB600,000,000 and a fixed interest at 4.5% per annum.

	2013	2012
	HK$'000	*HK$'000*
Corporate bonds	**761,528**	731,984

The Bonds will mature on 19 May 2014 but may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption), at their principal amount, together with interest accrued to the date for redemption. The redemption option of the Company will only be exercisable in the event of changes in laws or regulation in Hong Kong or the PRC, which leading the Group to pay additional amount for the additional tax imposed to the bondholders.

Net proceeds from the issue of the Bonds were reduced by transaction cost amounted to approximately RMB10,398,000 (equivalent to approximately HK$12,478,000). The effective interest of the Bonds is approximately 5.13% per annum.

18. CONTINGENT LIABILITIES

The Group was not subject to any contingent liabilities as at 31 December 2013 and 2012. The Company or any of its subsidiaries was not involved in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the directors of the Company to be pending or threatened against the Company or any of its subsidiaries.

19. GUARANTEES

At 31 December 2013, the Group had contingent liabilities in relation to guarantees of approximately HK$91,084,000 (At 31 December 2012: HK$39,397,000) given to banks in respect of mortgage loans granted to purchasers of certain property units.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. In the opinion of the directors, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they are not accounted for in these financial statements.

20. COMMITMENTS

(a) Capital commitments

	2013	2012
	HK$'000	*HK$'000*
Contracted but not provided for		
Purchase of property, plant and equipment	**27,017**	39,596

(b) Other commitments

As mentioned in note 10, on 18 June 2013, the Group entered into the Sale and Purchase Agreement in relation to the acquisition of 85% equity interests in Alpha Fortune at the aggregate considerations of approximately RMB448,600,000 (equivalent to approximately HK$570,619,000). As of 31 December 2013, the Group has paid cash of RMB265,000,000 (equivalent to approximately HK$337,080,000) to the Vendors as earnest and advance payment pursuant to the payment schedule as specified in the Framework Agreement. The consideration under the Sale and Purchase Agreement will be settled by (i) cash of approximately RMB155,332,000 (equivalent to approximately HK$197,582,000), (ii) issuance of consideration shares of approximately RMB23,586,000 (equivalent to approximately HK$30,001,000) at the issue price of HK$0.36 per share and (iii) setting off of debt of approximately RMB269,682,000 (equivalent to approximately HK$343,036,000), which includes the earnest and advance payment totalling RMB265,000,000 (equivalent to approximately HK$337,080,000).

21. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group has entered into the transactions subject to enforceable netting arrangements with the banks. The Group has pledged bank deposits, bank borrowings and bills payable with the banks that meet the offsetting criteria in paragraph 42 of HKAS 32. Consequently, the gross bank borrowings and bills payable are set off against the gross pledged bank deposits, result in the presentation of a net pledged bank deposit of HK$1,746,000, net bank borrowings of HK$9,270,000 and net bills payable of HK$45,411,000 in the Group's consolidated statement of financial position.

The Group had no offsetting of financial assets and financial liabilities as at 31 December 2012.

21. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(continued)*

Financial assets subject to offsetting

As at 31 December 2013

Description of types of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the financial position		Net settlement
				Financial instruments	Cash collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Pledged bank deposits	**3,798,218**	**(3,796,472)**	**1,746**	**–**	**–**	**1,746**

Financial liabilities subject to offsetting

As at 31 December 2013

Description of types of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the financial position		Net settlement
				Financial instruments	Cash collateral received	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	1,712,669	(1,703,399)	9,270	–	–	9,270
Bills payable	2,138,484	(2,093,073)	45,411	–	–	45,411
	3,851,153	(3,796,472)	54,681	–	–	54,681

MANAGEMENT DISCUSSION AND ANALYSIS

I. FINANCIAL RESULTS

Turnover of the Group for the year ended 31 December 2013 was approximately HK$15,500 million, representing a significant increase as compared with approximately HK$8,627 million for the year ended 31 December 2012. The increase was mainly attributable to the significant increase in the turnover from the Group's bulk commodity trade business.

The Group recorded profit attributable to shareholders of approximately HK$50.73 million for the year ended 31 December 2013, representing a significant decrease as compared with approximately HK$184.53 million for the year ended 31 December 2012, which was mainly attributable to the following factors:

(i) The absence of one-off gain derived from negative goodwill arising from the completion of acquisition of several subsidiaries by the Group in the year ended 31 December 2012; and

(ii) The segment result from the Group's bulk commodity trade business for the year ended 31 December 2013 substantially decreased as compared to the year ended 31 December 2012.

In addition, the finance cost and other income of the Group for the year ended 31 December 2013 amounted to approximately HK$317.37 million and approximately HK$433.32 million respectively, representing a significant increase as compared with approximately HK$103.42 million and approximately HK$149.77 million for the year ended 31 December 2012 respectively. The increase was mainly attributable to the relatively significant increase in the finance cost on discounted bills and interest income on pledged bank deposits and short-term investment resulting from the significant increase in the amounts of the bills and pledged deposits and short-term investment, which was due to the significant increase in the transaction amount of bulk commodity trade business.

II. BUSINESS REVIEW

(1) Bulk Commodity Trade

Chengtong Development International Trading Limited ("Chengtong International Trading") and 杭州瑞能金屬材料有限公司 (unofficial translation as Hangzhou Ruineng Metals Company Limited) ("Hangzhou Ruineng"), being two subsidiaries of the Group established in Hong Kong and Mainland China in the fourth quarter of 2011, engage in bulk commodity trade business in Hong Kong and Mainland China respectively.

In 2013, Chengtong International Trading and Hangzhou Ruineng achieved external sales of approximately HK$5,561 million and approximately HK$7,655 million respectively. Together with the results of bulk commodity trade business of its several other wholly-owned subsidiaries, the Group achieved total external sales of approximately HK$17,195 million, of which, approximately HK$15,275 million were the corresponding sales of the purchases made in accordance with the Group's expected purchase requirements. In 2013, those sales of approximately HK$15,275 million and the corresponding purchases of approximately HK$15,252 million were recognised as gross turnover and cost of sales in the consolidated income statement respectively. The operation of the remaining external sales of approximately HK$1,920.35 million and external purchases of approximately HK$1,912 million was the same as that of the previous year and accordingly its accounting treatment was consistently applied in 2013, i.e. its total gross profit of approximately HK$8.30 million was recognised as turnover in the consolidated income statement. As such, the turnover of the bulk commodity trade business and its gross profit were approximately HK$15,283.61 million and approximately HK$31.38 million in 2013 respectively, (2012: approximately HK$8,527.22 million and approximately HK$151.39 million respectively).

Bill receivables from bulk commodity trade were discounted to banks, and the finance cost of discounted bills with recourse is amortised to the profit and loss over the relevant period and those without recourse is charged in full to current profit and loss according to the Hong Kong Accounting Standards. During the year, consolidated finance cost of bulk commodity trade business totalled approximately HK$275 million (including interest expenses on discounted bills amortised or charged for the current year and bank loan interest) (2012: approximately HK$66.09 million).

In 2014, since the Group could not reach a consensus in relation to the operation mode and risk monitoring measures of bulk commodity trade business with the joint venture partner of Chengtong International Trading and Hangzhou Ruineng, the Group and the partner have agreed to cease to carry out new bulk commodity trade business through Chengtong International Trading and Hangzhou Ruineng. However, the Group will still continue to carry out bulk commodity trade through other wholly-owned subsidiaries of the Group subject to the market situation. Although it is expected that the Group's turnover will therefore be adversely affected for a short term, the Board is of the view that the Group's financial position will remain healthy.

(2) Property Development

(i) Zhucheng of Shandong Province

In 2013, residential apartments of approximately 13,666 square metres, underground ancillary apartments of approximately 409 square metres (2012: approximately 14,962 square metres and 661 square metres respectively), 9 underground and 35 above ground parking spaces (2012: 26 and 1 respectively) of CCT-Champs-Elysees Phase I were sold and delivered. This project recorded total net sales revenue of approximately RMB55.95 million (equivalent to approximately HK$71.17 million) and a total gross profit of approximately RMB12.14 million (equivalent to approximately HK$15.44 million) in 2013, as compared to total net sales revenue of approximately HK$77.19 million and a total gross profit of approximately HK$18.78 million in 2012. The leased area of CCT-Champs-Elysees Phase I increased from approximately 4,725 square metres in 2012 to approximately 4,849 square metres in 2013 and the rental income decreased from approximately HK$1.95 million in 2012 to approximately HK$1.48 million in 2013 due to the decline in the average rental per square metre in 2013.

As at 31 December 2013, the area of the unsold or sold-but-not-delivered spaces of CCT-Champs-Elysees Phase I included residential spaces of approximately 15,598 square metres and commercial spaces of approximately 2,361 square metres (excluding the leased area of approximately 4,849 square metres).

Construction works of section I and section II of CCT-Champs-Elysees Phase II have finished roofing in December 2013, and the project is expected to be completed and delivered at the end of 2014 or the beginning of 2015.

(ii) Dafeng of Jiangsu Province

During the year, no property of section I of the initial development area of "Chengtong International City" located in Dafeng city of Jiangsu Province was sold, which was mainly due to the impacts of national policy regulations, and the lack of major breakthrough in the development of Dafeng Harbour or substantial progress of relevant population policy. While in 2012, residential apartments and serviced apartments of approximately 650 square metres and 974 square metres respectively were sold and delivered, generating total net sales revenue of approximately RMB4.86 million (equivalent to approximately HK$5.98 million) and a total gross profit of RMB0.98 million (equivalent to approximately HK$1.21 million). As at 31 December 2013, the residential area of section I of the initial development area of "Chengtong International City" was sold out. The remaining saleable area of serviced apartments, commercial units (along with ancillary facilities) and office buildings were approximately 392 square metres, 6,364 square metres, and 3,176 square metres respectively.

Development of section II of Chengtong International City was the major task in 2013, which has currently entered into the completion and acceptance phase. Pre-sale of residential apartments of section II has commenced.

(3) Property Investment — Land Resources Development

During the year, tenancy agreement with a term of five months (rental income: approximately HK$0.53 million) and no tenancy agreement (rental income: nil) was concluded for lands and buildings erected thereon located in Changzhou and Shenyang respectively while rental income therefrom totalled approximately HK$0.21 million and nil respectively during the same period last year.

In December 2012, the Group entered into an agreement with Changzhou Land Reserve Centre to dispose of the land in Changzhou, together with the buildings erected thereon, for a consideration of approximately RMB149.99 million. The Group completed the transaction on 30 November 2013 and recorded gain on disposal amounting to approximately HK$101.24 million.

On 25 July 2013, the Group entered into a memorandum and intended to sell the entire issued capital of Chengtong Enterprise Investment Limited and certain of its subsidiaries (collectively referred to as the "Chengtong Enterprise Group") at a preliminary purchase price of RMB150 million. The Group has received RMB3 million as earnest money from the purchaser and the purchaser has the exclusive right to purchase Chengtong Enterprise Group. The possible disposal, in essence, is the disposal by the Group of its land and buildings in Shenyang. The possible disposal constituted a discloseable transaction under the Listing Rules. The formal agreement is not yet signed as of the date of issuance of this announcement. Details of the possible disposal of Chengtong Enterprise Group are set out in the Company's announcement dated 25 July 2013.

(4) Hospitality and Marine Travel Services

The Group had completed the acquisition of several subsidiaries of China Chengtong Holdings Group ("CCHG") in December 2012, which are mainly engaged in hotel operation and provision of marine entertainment services in Hainan Province, the PRC. In 2013, the turnover from the provision of marine entertainment services was approximately HK$44.80 million, with a gross profit margin of approximately 62%, while the turnover from hospitality was approximately HK$16.58 million, with a gross profit margin of approximately 65%. The above, together with revenue from other businesses, generated a consolidated turnover of approximately HK$61.45 million and consolidated pre-tax profit of approximately HK$7.34 million for the Group. In 2012, such companies only contributed a consolidated turnover of approximately HK$2.70 million and consolidated pre-tax profit of approximately HK$1.85 million to the Group, mainly due to the consolidation of results in 2012 only after acquisition of such companies by the Group.

(5) Financial Leasing

In 2013, the Group's financial leasing business recorded turnover and gross profit of both approximately HK$0.96 million, representing a substantial decrease as compared with approximately HK$11.42 million in 2012, which was mainly attributable to the fact that there was no new financial leasing business during the year under review and the income was mainly rentals from financial leases previously entered into but not yet completed.

(6) Trading of Coal

Although the domestic coal market was still weak in 2013, the Group's trading of coal business recorded a turnover of approximately HK$81.12 million and turned around from making a loss to making a profit of approximately HK$73,000, while in the same period of last year, the Group only conducted business of provision of agency services, and no sale of coal was conducted and a net loss of approximately HK$14.63 million was made.

III. ACQUISITION OF GUANGXI COAL BUSINESS

In June 2013, the Group entered into a sale and purchase agreement with two independent third parties, pursuant to which the Group conditionally agreed to indirectly acquire 51% equity interest in the Coal Mine Company in Guangxi. The Coal Mine Company holds several coal mines, comprising the Heshan Mines, the Luocheng Mines and the Xingren Mines, which are located in three mining areas: (i) Heshan City, Guangxi, the PRC (中國廣西合山市); (ii) Mulao Autonomous County, Luocheng, Hechi City, Guangxi, the PRC (中國廣西河池市羅城仫佬族自治縣); and (iii) Xingren County, Buyi and Miao Autonomous Prefecture, Qianxi, Guizhou Province, the PRC (中國貴州黔西布依族苗族自治州興仁縣), respectively. The coals from these coal mines are mainly thermal coal for generation of energy. The aggregate consideration for the acquisition was RMB448,600,000, among which approximately RMB265,000,000 has been paid by the Group as at 31 December 2013.

On 31 October 2013, the Group entered a supplemental agreement with the Vendors to allow the Group to waive certain undertakings given by the Vendors in relation to (i) the collection of debt (and interests accrued thereon) due from 北京新領域投資有限公司 to the Target Group; and (ii) the repayment of relevant debt (and interests accrued thereon) due from the Target Group to 重慶國際信託投資有限公司 (or its assignee(s)) and the release of the related pledge in respect of 49% equity interest in the Coal Mine Company before the general meeting of the Company to approve the Sale and Purchase Agreement and the transactions contemplated thereunder or the obtaining of the written approval from the relevant shareholder in lieu of the aforementioned shareholders' approval at the general meeting of the Company (where permitted under the Listing Rules).

In January 2014, the Group has advanced a loan of RMB50 million to the Coal Mine Company for a term ending on 30 June 2014 at the interest rate of 5.6% per annum.

Further details of the acquisition are set out in the Company's announcements dated 24 June 2013 and 31 October 2013.

IV. OUTLOOK

It is expected that in 2014, the world economy will remain in a period of adjustment and the economic growth in emerging markets will slow down, while China is expected to sustain fast economic growth, thus bringing moderate room of expansion for various businesses of the Group. However, the management still anticipate the year 2014 to be a year full of challenges for the Group.

Coal is a major source for power generation and for other various uses, such as steel making and cement manufacturing. In spite of the continuing global economic turmoil and uncertainties, the slowdown of China economic growth as well as some structural problems such as over capacity and real estate bubble, coal consumption in the PRC in 2013 still recorded a slight increase. However, it is not easy to substitute coal with other clean energy in a short-term given the mining technologies, transportation and geographical distribution.

Since the Group acquired Dafeng Ruineng in the fourth quarter of 2010, trading of coal has become one of the principal activities of the Group. Although Dafeng Ruineng did not enter into any purchase for coal trading transaction to avoid any pricing risk for the year ended 31 December 2012, the Directors believe that Chinese economy will maintain rapid growth and the demand for energy and raw material will remain huge in the coming years. Therefore, although the coal market remains at the low point in a short-term, we are still positive for the rigid demands for coal in China. In the future, the Group will carefully assess the changes and demands in regional market, so as to expand the coal business steadily. Except for eastern China, the Group will consider to focus on the expansion of southern China business to coordinate the acquisition of Guangxi coal business by the Group in the future, so as to better perform the regional synergy effect, and to accelerate the development of coal trading. The management expects the acquisition of Guangxi coal business to be completed in 2014. Subsequently, the Group will be committed to reorganize its assets, optimize the operation management and internal control system, and upgrade the mining technologies and scale of certain coal mines, in order to improve the production efficiency.

The Group always pays much attention to monitoring risks. Formulating comprehensive risk management policies is an important foundation for future development. Although the Group has ceased to carry out bulk commodity trade through Chengtong International Trading and Hangzhou Ruineng, the non wholly-owned subsidiaries, in 2014, the Group is currently reviewing the operation mode and risk management system of bulk commodity trade carried out through the wholly-owned subsidiaries of the Group, so as to further expand the bulk commodity trade of the Group by formulating an advantageous operation mode and a more comprehensive risk management policy.

The Group had completed the acquisitions of several subsidiaries of CCHG in December 2012, which are mainly engaged in hotel operation and provision of marine entertainment services in Hainan province, the PRC. Thus far, these companies have recorded stable consolidated profits due to owning the right to use the sea areas nearby. Given that the tourism markets in Hainan province and Sanya continue to change for the better, in the year of 2014, these companies will overcome difficulties caused by impacts of increasingly severe weather such as the strike of typhoon on marine operation and other factors and completed tasks such as tapping into internal potentials, cost reduction and efficiency improvement. At the same time, it will accelerate the preparatory work of the reconstruction program of Yalongwan Hotel (亞龍灣酒店) in full swing with a view to commence construction in 2014.

As for the segment of property development, in 2014, the Group will continue to develop the project of CCT-Champs-Elysees located in Zhucheng of Shandong province. Chengtong Dafeng Harbour Development Limited (誠通大豐海港開發有限公司) ("Dafeng Company"), whose equity interests is held by the Group as to 66.67% and holds "Chengtong International City" in Dafeng of Jiangsu province and other lands, intends to sell Dafeng Company as a whole in 2014 while the sale of units of section II of Chengtong International City will continue. The Group will cautiously expand the business of property development, property investment and land resources development to open up new sources of profit if the appropriate investment opportunities arise, so as to supplement the insufficiency of profitability during the downturn period of the coal industry.

Notwithstanding the fact that the Group slowed down its financial leasing business in 2013, taking into account its financing capacity under risk control, the Group will re-expand the business by taking initiative to provide financial leasing or sale-and-leaseback services for the Group's future huge internal investment in coal equipments in 2014.

Although the Group's business is relatively diversified, the Board will continue to concentrate its resources and commit to transforming itself into an integrated marketer of bulk commodity and energy, will recruit more professionals and entitle them to more incentive remuneration and profit distribution policies that are profit-linked, so as to achieve the diversification of business and the specialization of profit centers. At the same time, CCHG, the controlling shareholder will continue to support the Group in project capital injection, financing in the market and other aspects. The Board deeply believes that the Group can achieve its long-term business development goals and is confident of the development potential of the Group in the future.

GEARING RATIO

As at 31 December 2013, the Group's gearing ratio calculated on the basis of bank borrowings, other loan and corporate bonds of approximately HK$10,036 million and total assets of approximately HK$19,721 million was approximately 51% (as at 31 December 2012: 53%).

LIQUIDITY AND CAPITAL RESOURCES

The Group's financial position remained stable during the year under review. As at 31 December 2013, the Group had cash and bank balances including pledged bank deposits amounting to approximately HK$3,233 million (as at 31 December 2012: approximately HK$2,329 million), and current assets and current liabilities of approximately HK$18,912 million and HK$17,445 million respectively (as at 31 December 2012: approximately HK$10,411 million and HK$8,275 million respectively).

As at 31 December 2013, the Group's corporate bonds which were issued on 19 May 2011 amounted to approximately HK$762 million (as at 31 December 2012: approximately HK$732 million) and will mature on 19 May 2014. The Group's discounted bills with recourse and short-term bank loans of approximately HK$9,264 million and approximately HK$9.27 million respectively (as at 31 December 2012: approximately HK$4,842 million and HK$353 million respectively) were secured and repayable within one year with interest at commercial rate. The other loan from third parties of approximately HK$600,000 was unsecured, repayable on demand and interest-free.

The Group anticipates that it has adequate financial resources to meet its commitments and obligations for the coming year.

The Group will continue to employ conservative and effective financial planning, ensuring a solid financial position to support its future growth.

FOREIGN EXCHANGE RISK MANAGEMENT

The business activities and operation of the Group are mainly in Hong Kong and Mainland China, with transactions denominated in Hong Kong dollars, Renminbi and US dollars, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 31 December 2013, the Group employed a total of 349 employees, of which 15 were based in Hong Kong and 334 were based in Mainland China. Employee's remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties, and remain competitive under current market trend. Apart from the basic salary, discretionary bonus and other incentives are offered to employees to reward their performance and contributions. The emoluments of the Directors are decided by the remuneration committee of the Company (the "Remuneration Committee"), having regard to the Company's corporate goals, their individual performance and comparable market statistics. The Company has adopted a new share option scheme under which the Company may grant options to Directors and eligible employees to subscribe for the shares of the Company. The Group has also adopted a share award scheme ("Share Award Scheme") under which shares of the Company will be awarded, with the approval of the Board, to selected employees to recognise the contribution by them and to give them incentives thereto in order to retain them for the continual operation and development of the Group and attract suitable personnel for the growth and further development of the Group.

PLEDGE OF ASSET

As at 31 December 2013, gross amount of bills payable of approximately HK$6,513 million (as at 31 December 2012: Nil) were secured by gross bank deposits and short-term investments of approximately HK$2,766 million and HK$2,808 million respectively (as at 31 December 2012: Nil).

As at 31 December 2013, discounted bills with recourse of approximately HK$9,264 million (31 December 2012: approximately HK$4,842 million) were secured by bills receivable of approximately HK$9,481 million (31 December 2012: approximately HK$4,920 million).

As at 31 December 2013, gross amount of short-term bank loans of approximately HK$1,713 million (At 31 December 2012: HK$340.49 million) were secured by pledged bank deposits with gross amounts of approximately HK$1,705 million (as at 31 December 2012: HK$353.17 million).

As at 31 December 2013, the gross amounts of pledged bank deposits amounted to approximately HK$2,766 million, HK$1,705 million and HK$1.47 million were pledged for bills payable, bank borrowings and pledged against banking facilities granted to mortgagees respectively. (As at 31 December 2012: amount pledged for bills payable: nil, amount pledged for bank borrowings: HK$353.17 million and amount pledged against banking facilities granted to mortgagees: HK$2.72 million).

CONTINGENT LIABILITIES, GUARANTEES & COMMITMENTS

Please refer to notes 18, 19 and 20 to the consolidated financial statements in this announcement.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry to each of the directors of the Company, the Company has received confirmations from all directors of the Company that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2013, the Company has complied with provisions of Rules 3.10 and 3.10A of the Listing Rules that a sufficient number of independent non-executive directors shall be appointed by listed issuers and that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. For the detailed profile of the independent non-executive Directors, please refer to the annual report of the Company for the year ended 31 December 2013.

CORPORATE GOVERNANCE

The Board appreciates that good corporate governance is vital to healthy and sustainable development of the Group. In the opinion of the directors of the Company, the Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Code") for the year ended 31 December 2013.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, including Mr. Chan Sheung Lai as chairman, Mr. Lee Man Chun, Tony, and Mr. Chang Qing. The principal duties of the Audit Committee include the review of the Company's financial reporting procedures, internal controls and results of the Group. The audited consolidated financial statements of the Company for the year ended 31 December 2013 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

Pursuant to the provisions of the Code as set out in Appendix 14 of the Listing Rules, the Board has established the Remuneration Committee. The Remuneration Committee comprises two independent non-executive Directors, Mr. Lee Man Chun, Tony as chairman and Mr. Chan Sheung Lai and the chairman of the Board and an executive Director, Mr. Yuan Shao Li. The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the members of the Board and the senior management and other related matters.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") and was chaired by the chairman of the Board and an executive Director, Mr. Yuan Shao Li. Other members of the Nomination Committee include two independent non-executive Directors, Mr. Lee Man Chun, Tony and Mr. Chan Sheung Lai. The Nomination Committee is responsible for nominating potential candidates for directorship appointment and succession planning of the Board, reviewing the composition and structure of the Board regularly and making appropriate recommendation to the Board in order to ensure the balance of expertise, skills and experience among the members of the Board.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/chengtong. The annual report of the Company for the year ended 31 December 2013 will be available on both websites and dispatched to the shareholders of the Company in due course.

By order of the Board
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

Hong Kong, 5 March 2014

As at the date of this announcement, the executive Directors are Mr. Yuan Shaoli, Mr. Wang Hongxin, Mr. Wang Tianlin and Mr. Zhang Bin; and the independent non-executive Directors are Mr. Chang Qing, Mr. Lee Man Chun, Tony and Mr. Chan Sheung Lai.