

The logo for CVM Minerals Limited, consisting of the letters 'CVM' in a bold, sans-serif font. The 'C' and 'V' are connected, and the 'M' is separate. The logo is rendered in a light blue color with a subtle gradient and a slight shadow effect.

CVM Minerals Limited
南亞礦業有限公司

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立的有限公司)

Stock Code 股份代號: 705

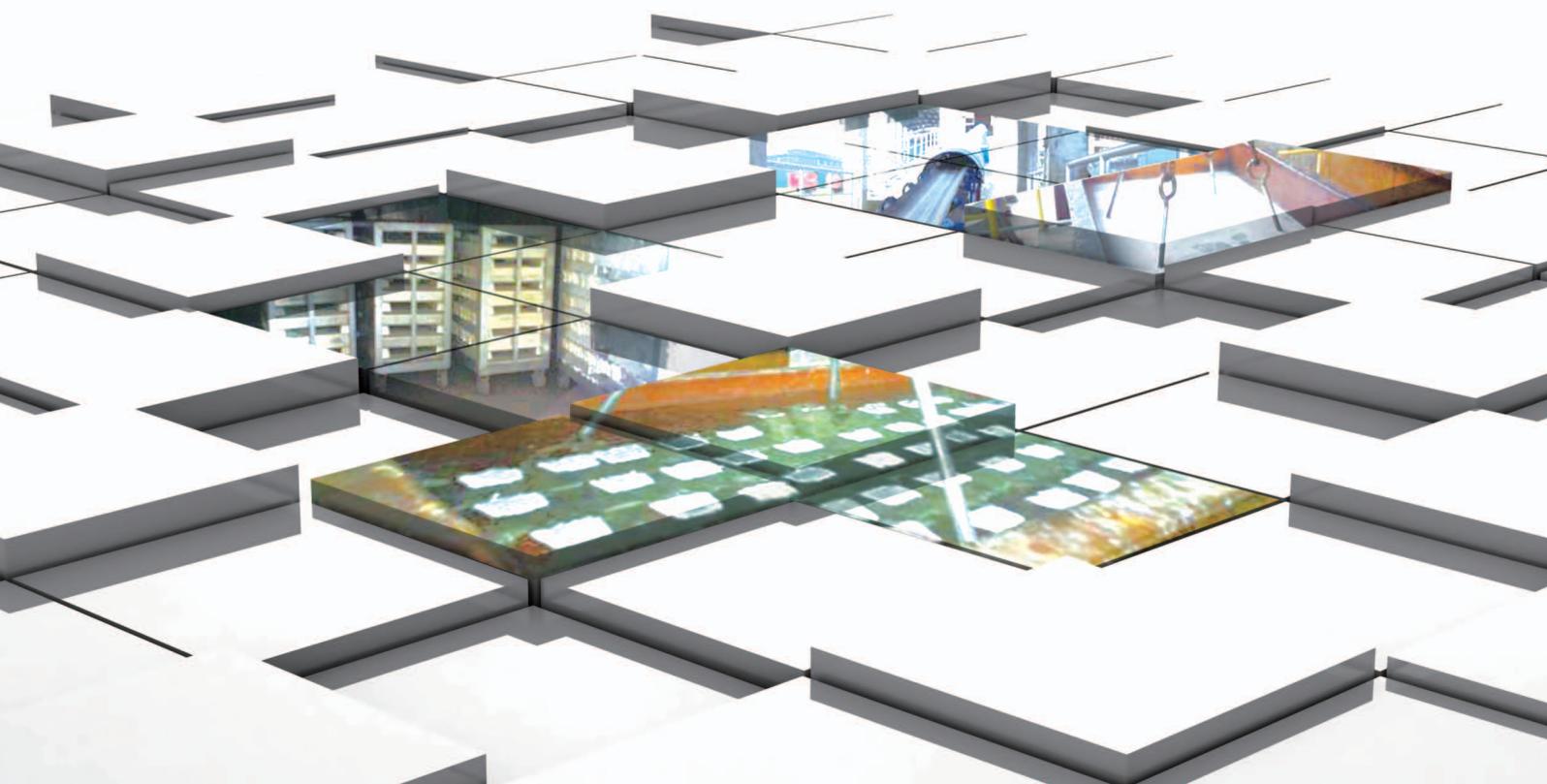
Annual Report **2012** 年報

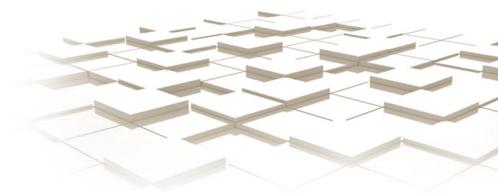
The logo for JENBO, featuring the number '23' in a large, stylized font with a degree symbol, followed by the Chinese characters '真室' in a bold, blue font. Below this, the word 'JENBO' is written in a smaller, blue, sans-serif font.

23度恒温天然珍稀矿泉水

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Board of Directors

Executive Directors

Mr. Ji Kuang (*Executive Chairman*)
Mr. Lim Ooi Hong (*Vice Chairman*)
Mr. Leung Wai Kwan (*Group Chief Executive Officer*)
Mr. Liang Hai Yang
Mr. Li Zi Cong
(Appointed effective from 11 September 2012)

Independent Non-executive Directors

Ms. Wong Choi Kay
Mr. Chong Lee Chang
Mr. Tony Tan

Company Secretary

Ms. Au Man Wai Annie

Audit Committee

Ms. Wong Choi Kay (*Chairperson*)
Mr. Chong Lee Chang
Mr. Tony Tan

Remuneration Committee

Ms. Wong Choi Kay (*Chairperson*)
Mr. Lim Ooi Hong
Mr. Chong Lee Chang

Nomination Committee

Mr. Lim Ooi Hong (*Chairman*)
Ms. Wong Choi Kay
Mr. Chong Lee Chang

Authorised Representatives

Mr. Leung Wai Kwan
Ms. Au Man Wai Annie

Legal Advisers

As to Hong Kong Law
Michael Li & Co.
Richards Butler
in association with Reed Smith LLP

As to Malaysian Law
Tan, Goh & Associates

As to Indonesian Law
Wibowo Hadiwijaya & Co

董事會

執行董事

嵇匡先生(*執行主席*)
Lim Ooi Hong 先生(*副主席*)
梁維君先生(*集團行政總裁*)
梁海洋先生
李子聰先生
(自二零一二年九月十一日起獲委任)

獨立非執行董事

Wong Choi Kay 女士
Chong Lee Chang 先生
Tony Tan 先生

公司秘書

歐敏慧小姐

審核委員會

Wong Choi Kay 女士(*主席*)
Chong Lee Chang 先生
Tony Tan 先生

薪酬委員會

Wong Choi Kay 女士(*主席*)
Lim Ooi Hong 先生
Chong Lee Chang 先生

提名委員會

Lim Ooi Hong 先生(*主席*)
Wong Choi Kay 女士
Chong Lee Chang 先生

授權代表

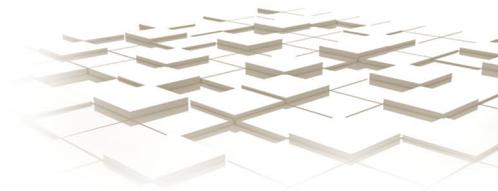
梁維君先生
歐敏慧小姐

法律顧問

香港法律
李智聰律師事務所
齊伯禮律師行
(禮德律師行聯營行)

馬來西亞法律
Tan, Goh & Associates

印尼法律
Wibowo Hadiwijaya & Co



Auditor

Baker Tilly Hong Kong Limited
Certified Public Accountants

核數師

天職香港會計師事務所有限公司
執業會計師

Principal Bankers

Bank Kerjasama Rakyat Malaysia Berhad

RHB Bank Berhad
HSBC Bank Malaysia Berhad
Standard Chartered Bank (Hong Kong) Limited
Dah Sing Bank Limited

主要往來銀行

馬來西亞人民銀行
(Bank Kerjasama Rakyat Malaysia Berhad)
RHB Bank Berhad
HSBC Bank Malaysia Berhad
渣打銀行(香港)有限公司
大新銀行有限公司

Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

股份過戶登記處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心17樓1712-1716舖

Registered Office and Branch Office in Hong Kong

Suite 5103A, 51st Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

註冊辦事處及香港分辦事處

香港
灣仔
港灣道18號
中環廣場
51樓5103A室

Head Office and Principal Office in Malaysia

3rd Floor, Wisma Ho Wah Genting
No. 35, Jalan Maharajalela
50150 Kuala Lumpur
Malaysia

馬來西亞總辦事處及主要辦事處

3rd Floor, Wisma Ho Wah Genting
No. 35, Jalan Maharajalela
50150 Kuala Lumpur
Malaysia

Smelter Address in Malaysia

Lot P.T. 14133, Kamunting Raya
Industrial Estate Phase III
Mukim Assam Kumbang
34000 Taiping
State of Perak
Malaysia

馬來西亞冶煉廠地址

Lot P.T. 14133, Kamunting Raya
Industrial Estate Phase III
Mukim Assam Kumbang
34000 Taiping
State of Perak
Malaysia

Stock Code

705

股份代號

705

Listing Date

22 December 2008

上市日期

二零零八年十二月二十二日

Company Website

www.cvmminerals.com

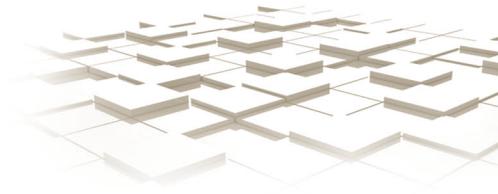
公司網址

www.cvmminerals.com

Financial Summary

財務概要

For the Year Ended 31 December 2012
截至二零一二年十二月三十一日止年度



A five-year financial summary of the results and of the assets and liabilities of CVM Minerals Limited (“CVM” or the “Company”) and its subsidiaries (collectively referred to as the “Group”) is set out below. This summary does not form part of the audited financial statements.

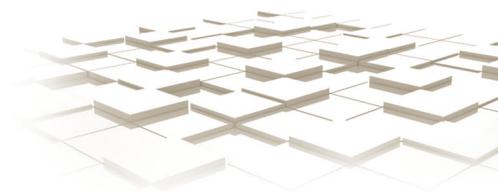
南亞礦業有限公司(「南亞礦業」或「本公司」)及其附屬公司(統稱「本集團」)五個財政年度的業績及資產負債概要載於下文。本概要並非經審核財務報表一部份。

		Year ended 31 December 截至十二月三十一日止年度				
		2012	2011	2010	2009	2008
		二零一二年	二零一一年	二零一零年	二零零九年	二零零八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
			(Restated)			
			(經重列)			
Results	業績					
Turnover	營業額	14,531	11,186	8,497	-	-
Cost of sales	銷售成本	(54,684)	(28,358)	(16,339)	-	-
Gross loss	毛虧損	(40,153)	(17,172)	(7,842)	-	-
Other revenue	其他收益	846	338	1,198	2,163	25
Other net gains	其他收益淨額	5,733	7,332	840	3,931	(404)
Selling and distribution expenses	出售及分銷開支	(94)	(367)	(207)	-	-
Administrative expenses	行政開支	(40,728)	(37,315)	(32,945)	(20,109)	(9,151)
Finance costs	融資成本	(82,414)	(62,562)	(7,458)	(78)	(968)
Other operating expenses	其他經營開支	(538,335)	(103,102)	-	-	-
Loss before taxation	除稅前虧損	(695,145)	(212,848)	(46,414)	(14,093)	(10,498)
Taxation	稅項	30,564	-	(4)	(11)	-
Loss for the year	年內虧損	(664,581)	(212,848)	(46,418)	(14,104)	(10,498)
Attributable to:	以下各項應佔：					
Owners of the Company	本公司擁有人	(593,133)	(207,378)	(46,315)	(14,104)	(10,498)
Non-controlling interests	非控股權益	(71,448)	(5,470)	(103)	-	-
Loss for the year	年內虧損	(664,581)	(212,848)	(46,418)	(14,104)	(10,498)
Loss per share (cents)	每股虧損(港仙)					
Basic	基本	(13.74)	(6.32)	(2.13)	(0.78)	(0.77)

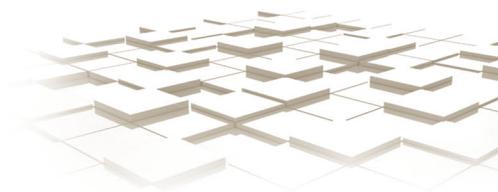
Financial Summary

財務概要

For the Year Ended 31 December 2012
截至二零一二年十二月三十一日止年度



		As at 31 December				
		於十二月三十一日				
		2012	2011	2010	2009	2008
		二零一二年	二零一一年	二零一零年	二零零九年	二零零八年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
		(經重列)	(經重列)	(經重列)	(經重列)	(經重列)
Assets and liabilities	資產及負債					
Total assets	資產總值	1,004,176	1,287,377	967,849	492,567	285,945
Total liabilities	負債總值	(848,845)	(690,502)	(605,663)	(373,176)	(153,577)
Net assets	淨資產	155,331	596,875	362,186	119,391	132,368
Total equity	權益總額	155,331	596,875	362,186	119,391	132,368



JI KUANG
Executive Chairman

嵇匡
執行主席

On behalf of the Board of Directors (the "Board") of CVM Minerals Limited (the "Company" or "CVM") and its subsidiaries (the "Group"), I am pleased to present the Annual Report and the financial statements of the Group for the financial year ended 31 December 2012.

Financial Performance

The Group registered an after tax loss of approximately HK\$664.6 million, which was a substantial increase of HK\$451.7 million as compared to the previous financial year. The after tax loss of approximately HK\$664.6 million for the year ended 31 December 2012 (2011: HK\$212.8 million) was mainly as a result of loss from operations of HK\$74.4 million (2011: HK\$47.2 million), non-operational items of impairment losses and write offs of HK\$538.3 million (2011: HK\$103.1 million) and finance costs of HK\$82.4 million (2011: HK\$62.6 million).

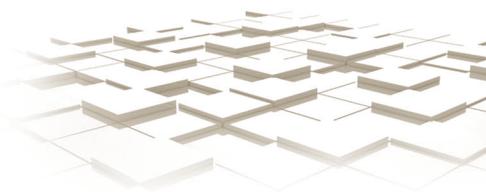
Loss from operations increased as compared to the previous year due to higher cost of production and under-utilisation of the Group's capacity in its Smelter operations. There were impairment losses of goodwill and exploration and evaluation assets amounting to HK\$141.6 million (2011: HK\$79.5 million) and HK\$166.1 million (2011: HK\$22.7 million) respectively when the Group's comparative figures of 2011 were restated as if initial accounting had been completed at the acquisition date of April 2011. Higher finance costs were incurred in the financial year as the Group increased its borrowings through the issues of additional convertible bonds.

本人謹代表南亞礦業有限公司(「本公司」或「南亞礦業」)及其附屬公司(「本集團」)董事會(「董事會」)呈上截至二零一二年十二月三十一日止財政年度的本集團年報及財務報表。

財務表現

本集團錄得除稅後虧損約664,600,000港元，較上一個財政年度大幅增加451,700,000港元。截至二零一二年十二月三十一日止年度，除稅後虧損約為664,600,000港元(二零一一年：212,800,000港元)，主要由於經營虧損74,400,000港元(二零一一年：47,200,000港元)、非經營項目減值虧損及撇銷538,300,000港元(二零一一年：103,100,000港元)及融資成本82,400,000港元(二零一一年：62,600,000港元)所致。

由於生產成本上漲以及本集團未能充分運用其冶煉廠業務之產能，故經營虧損較去年有所上升。當本集團於二零一一年的比較數字經重列(猶如已於二零一一年四月之收購日期完成初步會計處理)後，商譽以及勘探及評估資產分別錄得減值虧損141,600,000港元(二零一一年：79,500,000港元)及166,100,000港元(二零一一年：22,700,000港元)。融資成本於本財政年度上升，此乃由於本集團透過發行額外可換股債券導致其借款增加所致。



Operations Review

Magnesium Smelter

The Group's magnesium Smelter in the State of Perak, Malaysia ("Smelter") was unable to achieve its forecasted production level and experienced operating losses for a variety of reasons, mainly entirely outside the Group's control. The Group has experienced higher than anticipated production costs arising out of modifications to the plant set up during the early years, securing and training personnel in the operation of a first of its kind smelter for the region and higher raw material (ferrosilicon) and energy costs. This has been experienced against a backdrop of falling demand and weak prices for magnesium ingots, due in large part to the continuing recession in the US and Europe. To date, the Group's plant has proven uncompetitive by contrast to the output and pricing strategies of the more experienced Mainland Chinese producers. In a buyer's market, magnesium traders and users have progressively moved to buying on a spot or tender basis so as to protect themselves from pricing fluctuations, and away from the offtake agreements that would previously have locked in certain purchase commitments at prices that would have allowed the Group to have greater flexibility to set its own forecasts and the increased likelihood of achieving them. However, our sales and marketing efforts have been ongoing to increase our sales quantity and customer base.

During the financial year, various workshops in the Smelter namely the rotary kiln, reduction workshop and retort workshop had undergone further upgrading and modifications to improve their efficiency and performance. The Smelter's refining workshop also had undergone repair and maintenance works in the later part of the financial year when certain parts of the roof and walls needed repairs due to oxidization from the sulphuric gases released in the refining process. These upgrading and improvement work had temporarily affected the Smelter's performance in its production output.

Extraction and Bottling of Mineral Water Plant

In order to diversify and broaden the Group's earnings, the Company had indirectly invested in a company involved in the extraction and bottling of mineral water in the People's Republic of China ("PRC"). In this aspect, on 12 January 2012, an agreement (the "Agreement") was entered into between the Company's wholly owned subsidiary, Nice Tone Enterprises Ltd. ("NTEL") and Voice Key Group Limited ("First Vendor"), Chinacorp International Consultants Limited and Champion Tone Development Limited (collectively known as the "Vendors"), pursuant to which NTEL has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 51% of the issued share capital of Victory Dragon Holdings Limited ("Victory Dragon") for a consideration of HK\$200,000,000, which was satisfied by the payment of deposit in cash of HK\$10,000,000 to the First Vendor upon signing the Agreement and by the issue of an aggregate of 660,000,000 ordinary shares of the Company to the Vendors and HK\$106,840,000 of convertible bonds to the First Vendor.

營運回顧

鎂冶煉廠

本集團位於馬來西亞霹靂州的鎂冶煉廠(「冶煉廠」)未能達致其預測生產水平，並因多項主要屬本集團控制範圍以外的原因而錄得營運虧損。由於修建早年設立之廠房、招聘及培訓人員經營該地區的首創冶煉廠以及原材料(硅鐵)及能源成本上升，導致本集團生產成本較預期為高。營運虧損大部份原因是美國及歐州持續衰弱，導致市場對鎂錠的需求不斷下降及價格疲弱。現時，本集團的廠房在產量及定價策略方面的競爭力已證明不及中國內地較具經驗的生產商。在購買市場，鎂貿易商及用戶紛紛轉以現價或競投方式進行採購，從而免受價格波動的影響，以及不再訂立過往可讓本集團在設定其預測時更具靈活性及提高達致預測目標可能性的存在鎖定價格的購買承諾。我們一直加大銷售及營銷努力，以提高我們的銷量及擴大我們的客戶基礎。

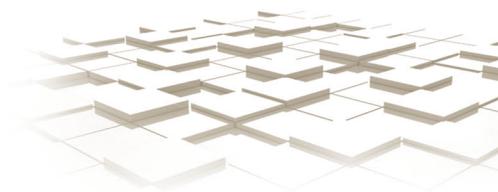
於本財政年度，冶煉廠內多個工場(即迴轉窯、還原工場及蒸餾工場)已進行進一步升級及改裝工程，以提高其效率及性能。鑑於冶煉廠精煉車間若干部份的屋頂及牆壁由於被精煉過程中釋放的硫酸氣體氧化而需要維修，故該車間亦於財政年度較後時間進行維修及保養工程。此等升級及改善工程均對冶煉廠的產量表現構成暫時性影響。

提取及裝瓶礦泉水廠房

為求多元化發展及擴闊本集團盈利來源，本公司間接投資於在中華人民共和國(「中國」)從事提取及裝瓶礦泉水業務的公司。就此，於二零一二年一月十二日，本公司全資附屬公司Nice Tone Enterprises Ltd. (「NTEL」)與Voice Key Group Limited(「第一賣方」)、中企國際顧問有限公司及Champion Tone Development Limited(統稱「賣方」)訂立協議(「協議」)，據此，NTEL有條件同意購買而賣方有條件同意出售凱龍集團有限公司(「凱龍」)已發行股本的51%，代價為200,000,000港元，透過於簽署協議時支付現金10,000,000港元予第一賣方作訂金、向賣方發行合共660,000,000股本公司普通股及向第一賣方發行106,840,000港元的可換股債券支付。

Chairman's Statement

主席報告



Under the terms of the acquisition, the First Vendor and Mr. Chu Yuk Lung, the ultimate beneficial owner of the First Vendor, guaranteed to the Group that the audited consolidated net profit of Victory Dragon and its subsidiary for the twelve months period commencing from the effective date of the acquisition shall be not less than Renminbi (“RMB”) 30 million (equivalent to approximately HK\$37.0 million).

The acquisition was approved by the members of the Company in the extraordinary general meeting held on 13 April 2012. The effective date of the acquisition was 18 April 2012.

The Company believes that this acquisition will be able to increase shareholders' wealth in the foreseeable future.

In view that the acquisition was only completed during the financial year of 2012, the effect of this acquisition to the Group's result was minimal. Victory Dragon managed to contribute to the Group's results approximately HK\$145,458 in gross profit and turnover of approximately HK\$2,148,213 since the date of the Company's acquisition.

Based on the current assessment of Victory Dragon and its subsidiary's (“Victory Dragon Group”) performance, the estimated consolidated net profit after tax and any extraordinary or exceptional items of Victory Dragon Group for the guaranteed period of twelve (12) months commencing from the effective date of the acquisition i.e. 18 April 2012 is expected to be lower than the Profit Guarantee. However, the actual shortfall between the audited profit of Victory Dragon Group and the Profit Guarantee has yet to be ascertained as at the latest practicable date of this Annual Report. Hence, the actual compensation by the First Vendor and Mr. Chu Yuk Lung is pending for the finalization of Victory Dragon's audited accounts. The audited accounts of Victory Dragon and Victory Dragon Group for the guaranteed period shall be available on or before 31 August 2013.

In light of the aforesaid, NTEL has commenced negotiations with the First Vendor and Mr. Chu Yuk Lung regarding the failure to meet the Profit Guarantee and remedy course of action to be taken.

根據收購事項之條款，第一賣方及第一賣方的最終實益擁有人朱浴龍先生已向本集團保證，由收購事項生效日期起計的十二個月期間，凱龍及其附屬公司之經審核綜合純利不得低於人民幣（「人民幣」）30,000,000元（相當於約37,000,000港元）。

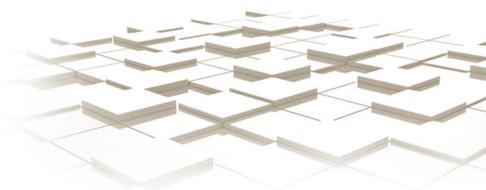
收購事項已於二零一二年四月十三日舉行之股東特別大會上獲本公司股東批准。收購事項之生效日期為二零一二年四月十八日。

本公司相信，此項收購事項將於可見將來提升股東財富。

鑑於收購事項於二零一二年財政年度內完成，此項收購事項對本集團業績的影響甚微。自本公司進行收購事項日期以來，凱龍為本集團業績貢獻毛利約145,458港元及營業額約2,148,213港元。

根據目前對凱龍及其附屬公司（「凱龍集團」）表現的評估，凱龍集團由收購事項生效日期（即二零一二年四月十八日）起計的十二（12）個月保證期的估計除稅並計及任何特殊或非經常項目後的綜合純利預期將少於溢利保證。然而，於本年報最後實際可行日期，本公司尚未落實凱龍集團的經審核溢利與溢利保證之間的實際差額。因此，第一賣方及朱浴龍先生之實際賠償金額仍有待凱龍的經審核賬目落實。凱龍及凱龍集團於保證期的經審核賬目將於二零一三年八月三十一日或之前落實。

鑑於上述事項，NTEL與第一賣方及朱浴龍先生已就未能達致溢利保證以及將予採取的補救措施展開商討。



Indonesian Subsidiaries Operations

PT. Commerce Venture Iron Ore (“PTCV Iron”) and PT. Commerce Venture Coal (“PTCV Coal”), both indirectly held subsidiaries of the Company since November 2010, had been undertaking various feasibility studies in relation to the mining and extraction of coal, iron ore and manganese in Indonesia. PTCV Iron and PTCV Coal have exploration mining permits which must be obtained to conduct stages of general surveys, explorations and feasibility studies in Indonesia, pursuant to the Indonesian mining law. PTCV Coal holds exploration mining permits for (i) coal exploration in an area of 10,000 hectares in Beutong and Tadu Raya Subdistrict, Nagan Raya Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 7 October 2013 (“Permit 1”); and (ii) manganese exploration in an area of 3,710 hectares in Bakongan Subdistrict, South Aceh Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 28 January 2014 (“Permit 2”).

PTCV Iron holds exploration mining permits for (i) coal exploration in an area of 9,825 hectares in Kuala and Tadu Raya Subdistrict, Nagan Raya Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 5 March 2014 (“Permit 3”); and (ii) iron ore exploration in an area of 450 hectares in Penanggalan Subdistrict, Subulussalam City, Nanggroe Aceh Darussalam Province of Indonesia, valid until 14 December 2012 (“Permit 4”). The Group had submitted application for renewal for Permit 4 and is currently waiting for the Authority’s approval. The approval is not known at the time of this report.

Based on Indonesian mining law (Law No. 4 of 2009), an exploration mining permit for coal can be given for a maximum period of 7 years while an exploration mining permit for iron or manganese can only be given for a maximum period of 8 years. Production operation mining permits are guaranteed to be granted for undertaking the production operation stage activity which may be valid for up to 20 years and may be extended two times for 10 years each time. In the opinion of the Directors of the Company, applications for extension will be granted to the Group ultimately without material additional costs.

PT. Laksbang Mediatama (“PTLM”), an indirectly held subsidiary of the Company since April 2011, is the legal holder of an Operation and Production Mining Business License (“Production Operation Mining”) for manganese in an area of 195 hectares in Jatimulyo Village, Girimulyo Subdistrict, Kulon Progo Regency, Daerah Istimewa Yogyakarta Province, Indonesia, (“Mining area”) during the year. The permit is used for mining activities including construction, mining, processing and refining or smelting as well as hauling and sales of manganese in the Mining area. The Production Operation Mining permit is valid for a period of 10 years from 24 February 2011 and is capable of being extended for two further terms of 10 years each at maximum. PTLM had undertaken various feasibility studies in relation to the mining of and exploration for manganese in the Mining area.

印尼附屬公司業務

本公司自二零一零年十一月以來的間接附屬公司PT. Commerce Venture Iron Ore (「PTCV Iron」) 與PT. Commerce Venture Coal (「PTCV Coal」) 已就在印尼開採及提取煤炭、鐵礦石及錳進行多項可行性研究。PTCV Iron及PTCV Coal擁有根據印尼開採法律於印尼進行一般階段性調查、勘探及可行性研究所需的勘探開採許可證。PTCV Coal持有的勘探開採許可證可(i)於印尼Nanggroe Aceh Darussalam省Nagan Raya Regency的Beutong及Tadu Raya分區10,000公頃面積從事煤炭勘探，有效期至二零一三年十月七日(「1號許可證」)；及(ii)於印尼Nanggroe Aceh Darussalam省South Aceh Regency的Bakongan分區3,710公頃面積從事錳勘探，有效期至二零一四年一月二十八日(「2號許可證」)。

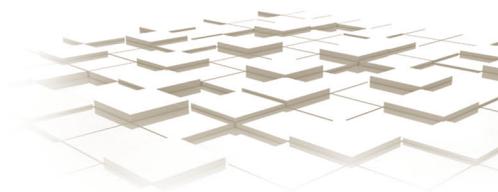
PTCV Iron持有的勘探開採許可證可(i)於印尼Nanggroe Aceh Darussalam省Nagan Raya Regency的Kuala及Tadu Raya分區9,825公頃面積從事煤炭勘探，有效期至二零一四年三月五日(「3號許可證」)；及(ii)於印尼Nanggroe Aceh Darussalam省Subulussalam市Penanggalan分區450公頃面積從事鐵礦石勘探，有效期至二零一二年十二月十四日(「4號許可證」)。本集團已申請重續4號許可證，目前正待當局批文。本集團於本報告日期尚未獲悉相關批文情況。

根據印尼開採法律(二零零九年第4號法律)，煤炭的勘探開採許可證給予的最長期限為七年，而鐵礦石或錳的勘探開採許可證給予的最長期限僅為八年。進行生產經營階段活動的公司保證均可獲發生產經營開採許可證，該許可證有效期最長為20年，並可續領兩次，每次10年。本公司董事認為，本集團的延期申請將最終獲批而毋須產生重大額外費用。

年內，本公司自二零一一年四月以來的間接附屬公司PT. Laksbang Mediatama (「PTLM」) 合法持有錳經營及生產開採商業許可證(「生產經營開採」)，涉及面積195公頃，位於印尼Daerah Istimewa Yogyakarta省Kulon Progo Regency的Girimulyo分區Jatimulyo村(「礦區」)。許可證乃可於礦區用作採礦活動，包括建築、採礦、選礦及提煉或冶煉以及錳的運輸及銷售。生產經營開採許可證有效期自二零一一年二月二十四日起計10年，最多可再續期兩次，每次10年。PTLM已進行有關在礦區開採及勘探錳的各種可行性研究。

Chairman's Statement

主席報告



No exploration activities were conducted in the Mining area as the Group lost contact with the legal representative of PTLM in 2012. This brought to a halt to the daily operations and mining activities of PTLM. No income was derived from the Mining area during the years 2011 and 2012.

Prospects

The Board expects the repairs of the refining workshop to be completed in the second quarter of 2013 and production to resume in the third quarter of 2013, subject to the magnesium industry outlook. In 2013, the Smelter will continue to focus on increasing sales, lower its operating cost and increase shareholders' return. At the same time, the Group will endeavor to operate the Smelter efficiently to bring down operating costs and eliminate all unnecessary cost so that our production cost is competitive. We also plan to further improve our marketing network and to allocate more resources to areas e.g. human capital, internal controls and research and development, which will help us yield better profit margin in the future.

The price trends of magnesium in the global market for the financial year 2012 ranges from US\$2,900 to US\$3,300 per metric ton, with an annual average of US\$2,950 per metric ton for deliveries to markets outside USA. The price of magnesium for deliveries to USA is currently averaging US\$3,500 per metric ton. We anticipate these prices to be stable with an upward bias for the financial year 2013 in view of the recovering world economy.

In respect of the extraction and bottling of mineral water business, the Group will continue with the upgrading of its production line and automation of the bottling process to increase production capacity. We believe that these improvements will contribute to higher volume of sales and better profit margins. Marketing efforts will continue to play a significant part in projecting our various brands of mineral water especially in the high-end market segment.

The Group's subsidiaries in Aceh Province, Indonesia which are holding the various exploration mining permits for iron ore, coal and manganese are now operating at a slower mode as the Group is trying to reallocate its limited cash resources. The Group's subsidiary in Yogyakarta Province, Indonesia which holds the Production Operation Mining permit for manganese will be nominating a new legal representative to replace the existing representative to restart the daily operations and exploration activities. The nomination of the replacement representative which will take place sometime in the second quarter of 2013 and will take place once our shortlisted candidate has undergone the various screening process by the Board and relevant regulators.

於二零一二年，由於本集團與PTLM的法律代表失去聯絡，故並無於礦區進行勘探活動，令PTLM的日常經營及採礦活動陷入停滯狀態。截至二零一一年及二零一二年止年度，礦區均無產生任何收入。

展望

董事會預期於二零一三年第二季度完成精煉車間的維修，並於二零一三年第三季度恢復生產，惟須視乎鎂行業的前景而定。於二零一三年，冶煉廠將繼續專注於提高銷售額、降低營運成本以及提高股東回報。同時，本集團將致力以具效率的方式營運冶煉廠，以降低營運成本及消除一切不必要的成本，從而令我們的生產成本具競爭力。我們亦計劃進一步改善營銷網絡並投放更多資源於人力資本、內部監控及研發等方面，以於日後為我們帶來更高的利潤率。

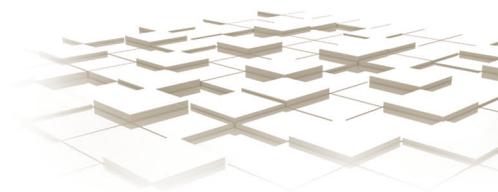
於二零一二年財政年度，鎂於全球市場的價格趨勢介乎每公噸2,900美元至3,300美元，而交付至美國以外市場的年度平均價格為每公噸2,950美元。目前，交付至美國的鎂的平均價格為每公噸3,500美元。隨著全球經濟逐步復甦，我們預期有關價格於二零一三年財政年度將維持穩定，並會有所上升。

就提取及裝瓶礦泉水業務而言，本集團將繼續升級其生產線及自動化裝瓶工序以提高產能。我們相信，此等改進將提升銷量並改善利潤率。我們將繼續加大市場推廣力度，以(特別是於高端市場分部)推廣本集團各品牌礦泉水。

本集團位於印尼亞齊省的附屬公司持有多項鐵礦石、煤炭及錳的勘探開採許可證，目前由於本集團正試圖重新分配其有限現金資源，故其營運步伐有所放緩。本集團位於印尼Yogyakarta省的附屬公司持有錳的生產經營開採許可證，其將提名一名新法律代表取代現有代表，以重新展開其日常營運及勘探活動。替任代表之提名將於二零一三年第二季度前後進行，而入圍候選人將於通過董事會及有關監管機構各項篩選過程後取代現有代表。

Chairman's Statement

主席報告



In the meantime, the Company will also continuously explore profitable ventures to invest in order to diversify the Group's earnings and enhance the Group's future prospect.

Corporate Governance

The Board is committed to high standards of corporate governance to safeguard the interests of shareholders and stakeholders. The Corporate Governance Report included in this Annual Report describes how the Company applies the principles of corporate governance in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company has complied with the code provisions in the Code during the financial year 2012 save as disclosed in this Annual Report.

Internal Control

The Board has overall responsibility for the Group's internal control and risk management systems and for reviewing their effectiveness. These procedures aimed to safeguard assets and ensure proper accounting records are maintained so that the financial information pertaining to the business and for publication is transparent and reliable. The risk management procedures are designed to manage key vulnerabilities. However, they cannot eliminate all the commercial risks and guarantee that there will be no shortfall in achieving the business objectives.

Risk in today's world moreover is multifaceted. We are pleased to report that the Group has instituted an ongoing process for identifying, evaluating and managing the significant risks endemic to our industry. The process of our Internal Control system in this Annual Report reports on the process in place and is regularly reviewed by the Board, Audit Committee and our Internal Auditors.

與此同時，本公司亦將繼續探索有利可圖的投資渠道，拓展本集團的盈利來源，改善本集團的未來前景。

企業管治

董事會致力提高企業管治水平，以保障股東及利益相關人士的利益。本年報所載企業管治報告說明了本公司如何按照香港聯合交易所有限公司證券上市規則企業管治常規守則（「守則」）應用企業管治原則。本公司已於二零一二年財政年度內遵守守則內的守則條文，惟於本年報內披露者除外。

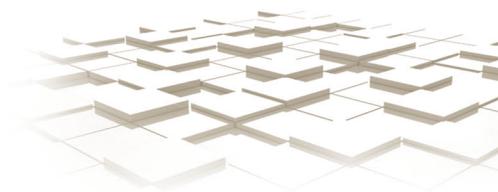
內部監控

董事會全面負責本集團的內部監控及風險管理制度以及檢討其有效性。有關程序旨在保障資產及確保存置適當的會計記錄，以保證所刊發有關業務的財務資料均屬透明可靠。風險管理程序為管理主要弱點而設計，惟有關措施無法消除所有商業風險，亦無法保證一定能實現業務目標。

鑑於現時國際市場風險變化多端，我們欣然宣佈，本集團已實施一項程序，以識別、評估及控制有關行業的主要風險。本集團的現有內部監控制度程序已於本年報呈報，並由董事會、審核委員會及內部核數師定期檢討。

Chairman's Statement

主席報告



Appreciation and Acknowledgement

On behalf of the Board, I would like to extend a warm welcome to Mr. Li Zi Cong who joined the Board on 11 September 2012 as an Executive Director. We look forward to Mr. Li's invaluable contribution in the Board's decision making process.

I would also like to express my gratitude to the shareholders for their continued support and loyalty, as well as the management and the staff for their professionalism, enthusiasm and unwavering commitment towards ensuring the success of the Group. My heartfelt gratitude also goes to our customers, suppliers, bankers, business associates, all our stakeholders and the various relevant authorities for their cooperation and continued support. Last but not least, I would also like to record my appreciation to my fellow colleagues on the Board for their invaluable contribution and wise counsel throughout the year.

Thank you.

On behalf of the Board of the Company

JI KUANG

Executive Chairman

Kuala Lumpur, Malaysia, 28 March 2013

致謝

本人謹此代表董事會衷心歡迎李子聰先生於二零一二年九月十一日加入董事會出任執行董事。我們期待李先生為董事會就決策作出寶貴貢獻。

最後，本人亦藉此機會感謝股東一直以來的支持及忠誠，以及管理層及員工為確保本集團成功而作出的專業貢獻、熱忱及堅持不撓。本人亦衷心感謝客戶、供應商、銀行、業務夥伴、所有利益相關人士及眾多相關部門的配合及持續支持。此外，本人謹感謝董事會同仁這一年來的寶貴貢獻及睿智見解。

謝謝各位。

代表本公司董事會

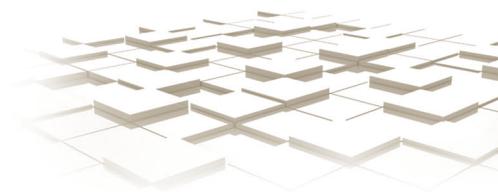
執行主席

嵇匡

馬來西亞，吉隆坡，二零一三年三月二十八日

Management Discussion and Analysis

管理層討論及分析



The Company, via its wholly-owned subsidiary, CVM Magnesium Sdn. Bhd. (“CVMSB”), operates in the State of Perak, Malaysia and is the first primary magnesium producer in South East Asia. Except for mining of dolomite and producing magnesium ingots, the Group has ventured into exploration of iron ore, coal and manganese.

In the month of April 2012, in order to source for profitable business and to diversify from the mineral industry, the Group had acquired subsidiaries engaged in the extraction and bottling of mineral water in the People’s Republic of China (the “PRC”).

Business Review

The Perak Magnesium Smelter (the “Smelter”)

The financial year of 2012 was a difficult year for most businesses; almost every sector of the economy was struggling with the uncertainties surrounding the global economy. The nonferrous metals industry was also confronted with difficult challenges in its operating environment and faced downward trend pricing pressure during the financial year of 2012.

The Smelter had undergone hot and cold tests during the second half of 2011. These testing concluded in early 2012. However, the Smelter underwent further maintenance and improvement work (“new improvement works”) for the financial year 2012 in order to improve future production and achieve higher quality grades in its output. Moreover, no dolomite was extracted from the dolomite hills due to the Smelter temporarily slowdown of production of magnesium ingots (2011: 201.83 metric tonnes (“MT”) was produced).

The Mineral Water Bottling Plant in the PRC (“Bottling Plant”)

In order to diversify and broaden the Group’s earnings, the Company had indirectly invested in a company involved in the extraction and bottling of mineral water in the PRC. In this aspect, on 12 January 2012, an agreement (the “Agreement”) was entered into between the Company’s wholly-owned subsidiary, Nice Tone Enterprises Ltd. (“NTEL”) and Voice Key Group Limited (“First Vendor”), Chinacorp International Consultants Limited and Champion Tone Development Limited (collectively known as the “Vendors”), pursuant to which NTEL has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 51% of the issued share capital of Victory Dragon Holdings Limited (“Victory Dragon”) for a consideration of HK\$200,000,000, which was satisfied by the payment of deposit in cash of HK\$10,000,000 to the First Vendor upon signing the Agreement and by the issue of an aggregate of 660,000,000 ordinary shares of the Company to the Vendors and HK\$106,840,000 of convertible bonds to the First Vendor.

本公司通過其全資附屬公司CVM Magnesium Sdn. Bhd. (「CVMSB」)於馬來西亞霹靂州營運，乃是東南亞首家主要鎂生產商。除開採白雲石及生產鎂錠外，本集團開展鐵礦石、煤炭及錳的勘探。

於二零一二年四月，為物色有利可圖業務並多元化發展至礦產業以外業務，本集團已收購在中華人民共和國(「中國」)從事提取及裝瓶礦泉水業務的附屬公司。

業務回顧

霹靂州鎂冶煉廠(「冶煉廠」)

二零一二年財政年度，大部份業務均面對重重困難，不明朗因素籠罩全球經濟下，各行各業艱苦經營。於二零一二年財政年度，有色金屬行業經營環境亦充滿挑戰，並面對價格下調壓力。

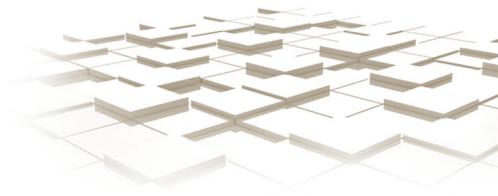
冶煉廠已於二零一一年下半年進行冷熱測試。有關測試於二零一二年年初完成。然而，冶煉廠於二零一二年財政年度進一步進行保養及改善工程(「新改善工程」)，務求改善未來生產情況及提升產品質量品位。此外，由於冶煉廠暫時放緩鎂錠生產，故並無從白雲山開採白雲石(二零一一年：已生產201.83公噸(「公噸」))。

中國礦泉水裝瓶廠(「裝瓶廠」)

為求多元化發展及擴闊本集團盈利來源，本公司間接投資於在中國從事提取及裝瓶礦泉水業務的公司。就此，於二零一二年一月十二日，本公司全資附屬公司Nice Tone Enterprises Ltd. (「NTEL」)與Voice Key Group Limited (「第一賣方」)、中企國際顧問有限公司及Champion Tone Development Limited (統稱「賣方」)訂立協議(「協議」)，據此，NTEL有條件同意購買而賣方有條件同意出售凱龍集團有限公司(「凱龍」)已發行股本的51%，代價為200,000,000港元，透過於簽署協議時支付現金10,000,000港元予第一賣方作訂金、向賣方發行合共660,000,000股本公司普通股及向第一賣方發行106,840,000港元的可換股債券支付。

Management Discussion and Analysis

管理層討論及分析



The Company believes that this acquisition will be able to increase shareholders' wealth in the foreseeable future.

After the acquisition, the Company redesigned the packaging of the brand of mineral water including the existing image of bottle and reposition to high end market segment. The new design gave customers a clear impression that the product is for high-end customers. Furthermore, the Company invested in a new production line and to further automate the bottling process in order to increase production capacity and also increase its sales volumes and reduce its unit cost substantially. These improvements for mineral water business had completed in third quarter of 2012. Sales of mineral bottled water was affected during the improvement of the plant. Victory Dragon managed to contribute to the Group's results approximately HK\$145,458 in gross profit and turnover of approximately HK\$2,148,220 since the date of the Company's acquisition.

Based on the current assessment of Victory Dragon and its subsidiary's ("Victory Dragon Group") performance, the estimated consolidated net profit after tax and any extraordinary or exceptional items of Victory Dragon Group for the guaranteed period of twelve (12) months commencing from the effective date of the acquisition i.e. 18 April 2012 is expected to be lower than the Profit Guarantee. However, the actual shortfall between the audited profit of Victory Dragon Group and the Profit Guarantee has yet to be ascertained as at the latest practicable date of this Annual Report. Hence, the actual compensation by the First Vendor and Mr. Chu Yuk Lung is pending for the finalization of Victory Dragon's audited accounts. The audited accounts of Victory Dragon and Victory Dragon Group for the guaranteed period shall be available on or before 31 August 2013.

In light of the aforesaid, NTEL has commenced negotiations with the First Vendor and Mr. Chu Yuk Lung regarding the failure to meet the Profit Guarantee and remedy course of action to be taken.

Kindly refer to the Company's announcement dated 18 April 2013 for further details.

本公司相信，此項收購將於可見將來提升股東財富。

於收購後，本公司重新設計礦泉水品牌的包裝，包括瓶身的現有形象，並重新定位至高端市場分部。新設計給客戶留下本公司的礦泉水乃高端產品的清晰印象。此外，本公司投資新生產線，並進一步將裝瓶工序自動化，以提升產能及提高銷量，大幅減少單位成本。礦泉水業務的此等改進已於二零一二年第三季度完成。瓶裝礦泉水業務的銷量於改善廠房期間受到影響。自本公司進行收購日期以來，凱龍為本集團業績貢獻毛利約145,458港元及營業額約2,148,220港元。

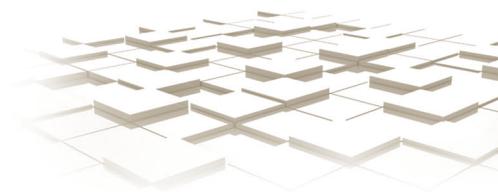
根據目前對凱龍及其附屬公司(「凱龍集團」)表現的評估，凱龍集團由收購事項生效日期(即二零一二年四月十八日)起計的十二(12)個月保證期的估計除稅並計及任何特殊或非經常項目後的綜合純利預期將少於溢利保證。然而，於本年報最後實際可行日期，本公司尚未落實凱龍集團的經審核溢利與溢利保證之間的實際差額。因此，第一賣方及朱浴龍先生之實際賠償金額仍有待凱龍的經審核賬目落實。凱龍及凱龍集團於保證期的經審核賬目將於二零一三年八月三十一日或之前落實。

鑑於上述事項，NTEL與第一賣方及朱浴龍先生已就未能達致溢利保證以及將予採取的補救措施展開商討。

有關進一步詳情請參閱本公司日期為二零一三年四月十八日的公佈。

Management Discussion and Analysis

管理層討論及分析



Indonesian subsidiaries operations

The Group's subsidiaries in Indonesia which holds the various exploration mining permits for iron ore, coal and manganese are now operating at a much slower mode as the Group is trying to reallocate its limited cash resources.

The Board had announced on 19 October 2012 on the updated status of the Company's investment in PT Laksbang Mediatama ("PTLM") since completion of the acquisition in April 2011 ("Acquisition"). As disclosed in the Circular dated 22 March 2011, PTLM is the holder of an exploration mining permit for the exploration of manganese in an area of 195 hectares at Jatimulyo Village, Girmulyo Subdistrict, Kulon Progo Regency, Daerah Istimewa Yogyakarta Province, Indonesia. The exploration process has commenced since the completion of Acquisition. Nevertheless, the exploration activities had slowed down because there were conflicts between the directors of PTLM and the legal representative of PTLM. According to the legal requirements in Indonesia, the legal representative of PTLM is responsible for daily operations of PTLM and the exploration activities.

In order to resolve such conflicts, the Company had decided that the members of the board of directors of PTLM shall be re-nominated and re-elected according to the relevant legal requirements in Indonesia. However, having made all reasonable enquiries, the Board found that the legal representative of PTLM could no longer be contactable. This caused the suspension in the daily operations of PTLM including its exploration project. In view thereof, the Company will replace the legal representative of PTLM to restart the daily operation and exploration activities of PTLM.

In light of the circumstances that the legal representative of PTLM is not contactable and the board of directors of PTLM will be re-nominated, the Company has decided to slow down all exploration activities of PTLM. At the same time, PTLM will remain in a state of readiness to restart exploration as soon as the issues have been resolved. The Company will actively monitor the status and will discuss with the relevant parties to resolve the issues. Further announcement(s) will be made by the Company on any significant progress as and when appropriate in compliance with the relevant Listing Rules.

Kindly refer to the Company's announcement dated 19 October 2012.

印尼附屬公司業務

本集團的印尼附屬公司持有各項鐵礦石、煤炭及錳勘探開採許可證，目前營運步伐有所放緩，原因是本集團正在試圖重新分配其有限現金資源。

於二零一二年十月十九日，董事會就本公司於PT Laksbang Mediatama(「PTLM」)之投資自於二零一一年四月收購事項(「收購事項」)完成後之最新情況作出公佈。誠如日期為二零一一年三月二十二日之通函所披露，PTLM持有勘探開採許可證，可於印尼Daerah Istimewa Yogyakarta省Kulon Progo Regency的Girmulyo分區Jatimulyo村面積195公頃之地區進行錳勘探。勘探程序自收購事項完成後展開。然而，由於PTLM之董事與PTLM之法律代表曾有分歧，以致勘探進度放緩。根據印尼之法律規定，PTLM之法律代表負責PTLM之日常營運及勘探活動。

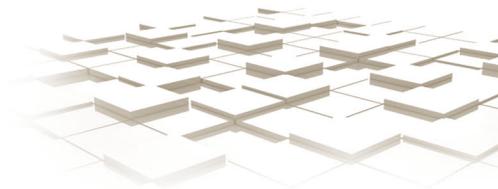
為解決有關分歧，本公司決定根據印尼之相關法律規定重新提名及重選PTLM之董事會成員。然而，董事會經作出一切合理查詢後，發現已無法聯絡PTLM之法律代表。此情況導致包括勘探項目在內之PTLM日常營運被迫暫停。因此，本公司將更換PTLM之法律代表，以重新啟動PTLM之日常營運及勘探活動。

鑑於無法聯絡PTLM之法律代表及將重新提名PTLM之董事會，本公司決定減慢PTLM所有勘探活動之進度。同時，PTLM將維持準備狀態，待問題獲得解決後盡快恢復勘探工作。本公司將積極監察有關情況並與有關各方商討，以解決問題。本公司將於適當時候就任何重大進展另行作出公佈，以遵守相關上市規則。

有關詳情，請參閱本公司日期為二零一二年十月十九日的公佈。

Management Discussion and Analysis

管理層討論及分析



Financing of the Smelter

In order to finance the operations of the Smelter, CVMSB obtained banking facilities totalling approximately Malaysian Ringgit (“RM”) 184.6 million (equivalent to approximately HK\$450.5 million), which comprises a ten-years term loan from Bank Kerjasama Rakyat Malaysia Berhad (“Bank Rakyat”).

As at 31 December 2012, the total utilised facilities amounted to approximately RM172.6 million (equivalent to approximately HK\$437.6 million) (2011: approximately RM171.3 million (equivalent to approximately HK\$420.0 million)).

On 25 July 2011, CVMSB has negotiated a re-scheduling of the loan repayment with Bank Rakyat. The monthly instalments have been revised to RM670,000 (equivalent to approximately HK\$1.7 million) with effect from August 2011 to December 2013 and increasing to RM4.2 million (equivalent to approximately HK\$10.7 million) from January 2014 to the end of the term of the loan in 2018.

Capital raising exercise

On 28 January 2011, the Company entered into a conditional warrant placing agreement with UOB Kay Hian (Hong Kong) Limited (“UOB Kay Hian”) pursuant to which UOB Kay Hian agreed to place 163,900,000 warrants at the price of HK\$0.005 per warrant.

Please refer to the Company’s announcement dated 28 January 2011 for further details.

On 1 September 2011, the Company entered into a conditional warrant placing agreement with Cheong Lee Securities Limited (“Cheong Lee”) pursuant to which Cheong Lee agreed to place 543,636,000 warrants at the price of HK\$0.001 per warrant.

Please refer to the Company’s announcement dated 2 September 2011 for further details.

The Company had announced on 1 August 2012 that the appointed placing agent, Cheong Lee had procured three placees, who and their ultimate beneficial owners are independent third parties of the Company, to subscribe for an aggregate of 835,000,000 ordinary shares of the Company at HK\$0.05 each raising the net proceeds of approximately HK\$40.55 million which will be used for the Group’s general working capital.

Please refer to the Company’s announcements dated 5 July 2012 and 1 August 2012 for further details.

冶煉廠融資

為向冶煉廠的業務營運提供資金，CVMSB取得銀行信貸合共約184,600,000馬來西亞令吉（「馬幣」）（相當於約450,500,000港元），包括來自Bank Kerjasama Rakyat Malaysia Berhad（「Bank Rakyat」）的十年期定期貸款。

於二零一二年十二月三十一日，已動用信貸總額約172,600,000馬幣（相當於約437,600,000港元）（二零一一年：約171,300,000馬幣（相當於約420,000,000港元））。

於二零一一年七月二十五日，CVMSB與Bank Rakyat磋商重訂償還貸款的期限。每月分期還款金額已修訂為670,000馬幣（相當於約1,700,000港元），自二零一一年八月起至二零一三年十二月生效，並自二零一四年一月起至二零一八年貸款年期結束期間增加至4,200,000馬幣（相當於約10,700,000港元）。

集資活動

於二零一一年一月二十八日，本公司與大華繼顯（香港）有限公司（「大華繼顯」）訂立一項有條件認股權證配售協議，據此，大華繼顯同意按每份認股權證0.005港元之價格配售163,900,000份認股權證。

有關進一步詳情，請參閱本公司日期為二零一一年一月二十八日之公佈。

於二零一一年九月一日，本公司與昌利證券有限公司（「昌利」）訂立一項有條件認股權證配售協議，據此，昌利同意按每份認股權證0.001港元之價格配售543,636,000份認股權證。

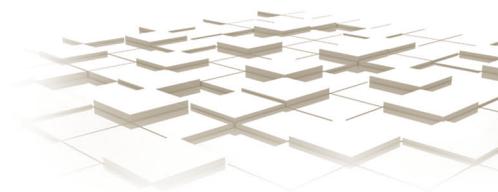
有關進一步詳情，請參閱本公司日期為二零一一年九月二日之公佈。

本公司於二零一二年八月一日宣佈，所委任配售代理昌利已促成三名承配人（本身及彼等之最終實益擁有人均為本公司獨立第三方）按每股0.05港元之價格認購合共835,000,000股本公司普通股，籌集所得款項淨額約為40,550,000港元將用作本集團的一般營運資金。

有關進一步詳情，請參閱本公司日期為二零一二年七月五日及二零一二年八月一日的公佈。

Management Discussion and Analysis

管理層討論及分析



Licences, approvals and permits

The Malaysian legal advisers of the Company have opined that CVMSB has obtained all major/material licences, approvals and permits in relation to the operation of the Smelter.

The PRC legal advisers of the Company have opined that Victory Dragon and its subsidiary have obtained all major/material licences, approvals and permits in relation to the operation of the Bottling Plant.

Outlook

The Company is excited about the future of the Bottling Plant and its prospect in contributing higher sales and profit to the Group. The extraordinary economic development in the PRC in the past decade has made it the world's second largest economy and created higher disposable income to its citizen. In view of changing lifestyle, higher disposable income and increase awareness of health risks in the PRC municipal water supplies, the sale of bottled mineral water is expected to increase. The Group hopes to capture this growth in the bottled mineral water market by becoming a brand which is recognised by the public in the PRC.

The Bottling Plant intends to have a comprehensive development of its mineral water resources with the aim of increasing its profit margin and create substantial long term growth.

The Bottling Plant had throughout the year carried out promotion and advertising through billboards, sponsorships and exhibitions to achieve the above plans.

In 2013, Victory Dragon will invest in new production line of sparkling water products and will place emphasis on expanding the premium sector of the natural mineral water in Guangdong province. Furthermore, the Company will also consider expanding the bottled mineral water business in Hong Kong and South East Asia in the future.

The Smelter will intensify its production and marketing efforts for the next financial year to capture new demand from customers. However, in view of the current challenging economic environment and with stronger and more experienced competitors, the Smelter will continue to face pressure to lower its cost of production and to improve its gross margin. The Group also plans to improve its marketing network and to allocate more resources to human capital, internal controls and research and development which may yield higher profit in the future.

In the meantime, the Group is always on the look-out for new and profitable ventures for its long term growth plans.

牌照、批文及許可證

本公司的馬來西亞法律顧問認為，CVMSB已就有關冶煉廠的營運獲得一切主要／重要牌照、批文及許可證。

本公司的中國法律顧問認為，凱龍及其附屬公司已就有關裝瓶廠的營運獲得一切主要／重要牌照、批文及許可證。

展望

本公司對裝瓶廠未來為本集團貢獻更高銷售額及溢利的前景抱有熱切期望。中國在過去十年經濟快速發展，成為全球第二大經濟體系，其居民可支配收入得到提升。由於生活方式不斷轉變，可支配收入有所提升，加上對中國市級供水的健康風險更為關注，預期瓶裝礦泉水銷量將會增加。本集團希望成為中國大眾認可的品牌，得以抓緊瓶裝礦泉水市場的增長機遇。

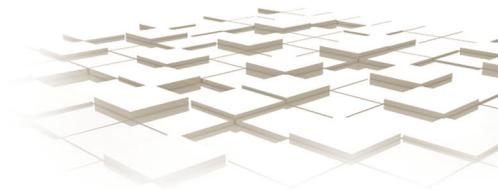
裝瓶廠擬全面發展礦泉水資源，旨在提高其利潤及促進長期高增長。

裝瓶廠亦於年內不斷透過廣告牌、贊助及展覽等途徑進行推廣及宣傳，以求落實上述計劃。

於二零一三年，凱龍將投資有氣水產品的新生產線，並將專注於擴展廣東省天然礦泉水的高端領域。此外，本公司亦將考慮日後於香港及東南亞拓展瓶裝礦泉水的業務。

於下個財政年度，冶煉廠將加強其生產及營銷力度，以把握客戶的新需求。然而，鑑於現行經濟環境充滿挑戰，加上競爭對手實力強勁且經驗豐富，冶煉廠將繼續面對須減省生產成本及改善毛利的壓力。本集團亦計劃改善其營銷網絡及將更多資源投入人力資本、內部控制及研發方面，日後或會為本集團帶來更豐厚利潤。

與此同時，本集團將為長遠增長計劃不斷探索全新有利可圖的機遇。



Financial Review

Turnover and other revenue

The Group's turnover for the financial year ended 31 December 2012 was HK\$14,531,302 (2011: HK\$11,185,489). The Group received interest income of HK\$81,490 from money deposited with approved financial institutions and rental income from leasing of drilling machines of HK\$116,637 for the financial year ended 31 December 2012 (2011: HK\$338,407 and nil, respectively).

Cost of sales

The cost of sales amounted to HK\$54,684,477 (2011: HK\$28,357,777) which mainly includes staff costs, depreciation and amortisation. The increase in the cost of sales is mainly due to increase in all components of the cost of sales.

Administrative expenses

The administrative expenses increased by 9.1% to approximately HK\$40.7 million for the financial year ended 31 December 2012 from approximately HK\$37.3 million in 2011. This was mainly due to the expenses incurred for professional parties on corporate exercises carried out during the financial year and inclusion of administrative expenses from the newly acquired subsidiaries. Higher expenses were incurred as more professional parties were engaged in 2012 due to the major transaction of acquiring Victory Dragon.

Exploration, development and mining production activities

Geological exploration

As at 31 December 2012, the Group has 5 exploration rights, covering an area of approximately 24,180 hectares, namely two exploration rights for coal covering an area of approximately 19,825 hectares, one exploration right for iron ore covering an area of approximately 450 hectares and one exploration right for manganese covering an area of approximately 3,710 hectares, all of them are located in Aceh Province, Indonesia. The Group also has 1 production operation mining permit right for manganese covering an area of approximately 195 hectares in Yogyakarta Province, Indonesia.

At the date of this announcement, the permit for the exploration right for iron ore is still pending renewal by the Authorities in Aceh Province.

During the financial year ended 31 December 2012, the Group's geological exploration expenditure amounting to approximately HK\$0.2 million (2011: approximately HK\$4.0 million) was incurred on general survey and geological survey for the above rights.

財務回顧

營業額及其他收入

本集團截至二零一二年十二月三十一日止財政年度的營業額為14,531,302港元(二零一一年: 11,185,489港元)。截至二零一二年十二月三十一日止財政年度, 本集團就存放於認可金融機構的存款收取利息收入81,490港元及就租賃鑽探機收取租金收入116,637港元(二零一一年: 分別為338,407港元及零)。

銷售成本

銷售成本54,684,477港元(二零一一年: 28,357,777港元)主要包括員工成本、折舊及攤銷。銷售成本增加主要由於銷售成本全部組成部份均有所上升所致。

行政開支

行政開支由二零一一年約37,300,000港元增加9.1%至截至二零一二年十二月三十一日止財政年度約40,700,000港元, 主要由於財政年度內進行企業行動而產生專業人士開支以及計入新收購附屬公司的行政開支所致。由於進行收購凱龍之主要交易以致於二零一二年委聘更多專業人士, 故所產生開支有所增加。

勘探、發展及礦務生產活動

地質勘探

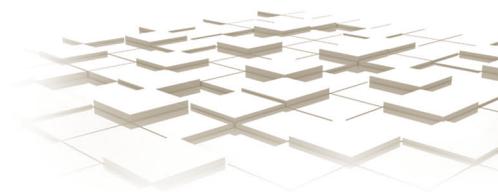
於二零一二年十二月三十一日, 本集團擁有合共五個勘探權, 覆蓋範圍約24,180公頃(即兩個覆蓋範圍約19,825公頃的煤炭勘探權、一個覆蓋範圍約450公頃的鐵礦石勘探權及一個覆蓋範圍約3,710公頃的錳勘探權), 所有勘探權均位於印尼亞齊省。本集團亦擁有一個覆蓋範圍約195公頃的錳生產經營開採許可證, 位於印尼Yogyakarta省。

於本公佈日期, 鐵礦石勘探權的許可證仍待亞齊省當局批准重續。

截至二零一二年十二月三十一日止財政年度, 本集團的地質勘探支出約為200,000港元(二零一一年: 約4,000,000港元), 乃產生自上述權利的一般調查及地質調查。

Management Discussion and Analysis

管理層討論及分析



Mining of dolomite

As at 31 December 2012, the Group did not extract any dolomite from the dolomite hills. Hence, the accumulated dolomite extracted up to 31 December 2012 remained at 19,970 MT (2011: approximately 19,970 MT).

The expenditure incurred on dolomite mining production activities for the financial year ended 31 December 2012 was approximately HK\$1.1 million (2011: approximately HK\$1.6 million).

Iron ore, coal and manganese

As the Group is still undertaking exploration of iron ore, coal and manganese, it has not undertaken any development or mining production activities in respect of these minerals in the financial year ended 31 December 2012. The expenditure incurred on these activities was therefore nil.

Estimated Proved Reserves

The updated mineral reserves of the Company and its subsidiaries as at 31 December 2012 and 2011 were as follows:

開採白雲石

於二零一二年十二月三十一日，本集團概無從白雲山開採任何白雲石。因此，截至二零一二年十二月三十一日，累積白雲石輸出19,970公噸(二零一一年：約19,970公噸)。

截至二零一二年十二月三十一日止財政年度，白雲石開採生產活動產生的支出約為1,100,000港元(二零一一年：約1,600,000港元)。

鐵礦石、煤炭及錳

由於本集團仍正就鐵礦石、煤炭及錳進行勘探，故並無於截至二零一二年十二月三十一日止財政年度就該等礦物進行任何開發或礦務生產活動。因此，用於該類活動的開支為零。

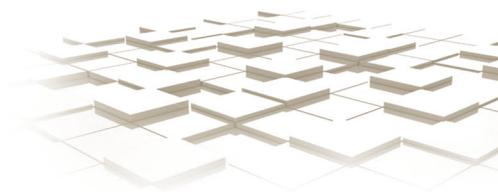
估計探明儲量

本公司及其附屬公司於二零一二年及二零一一年十二月三十一日之礦產儲量更新如下：

Minerals 礦產	Location 位置	Total Area 總面積	Reserves identified by JORC standard (000' tonnes) as at 31 December 2012 二零一二年 十二月三十一日 JORC 規則識別 之儲量(千噸)	Reserves identified by JORC standard (000' tonnes) as at 31 December 2011 二零一一年 十二月三十一日 JORC 規則識別 之儲量(千噸)
			Proved 證實	Proved 證實
Dolomite 白雲石	Lots: HS (D) 13756, PT13404 and HS (D) 13757, PT13405 Mukim: Sungai Siput District: Kuala Kangsar State: Perak Country: Malaysia 地段：HS(D)13756, PT13404 及 HS(D) 13757 · PT13405 區域：Sungai Siput 區：Kuala Kangsar 州：霹靂州 國家：馬來西亞	13 hectares 13公頃	19,970 ⁽¹⁾	19,970 ⁽¹⁾
Iron Ore 鐵礦石	City: Subulussalam Subdistrict: Penanggalan Province: Nanggroe Aceh Darussalam Country: Indonesia 城市：Subulussalam 分區：Penanggalan 省：Nanggroe Aceh Darussalam 國家：印尼	450 hectares ⁽²⁾ 450公頃 ⁽²⁾	Under Exploration 勘探中	Under Exploration 勘探中

Management Discussion and Analysis

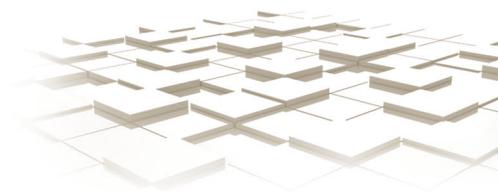
管理層討論及分析



Minerals 礦產	Location 位置	Total Area 總面積	Reserves identified by JORC standard (000' tonnes) as at 31 December 2012 二零一二年 十二月三十一日 JORC規則識別 之儲量(千噸)	Reserves identified by JORC standard (000' tonnes) as at 31 December 2011 二零一一年 十二月三十一日 JORC規則識別 之儲量(千噸)
			Proved 證實	Proved 證實
Coal 煤炭	Subdistrict: Beutong & Tadu Raya Regency: Nagan Raya Province: Nanggroe Aceh Darussalam Country: Indonesia 分區：Beutong 及 Tadu Raya 區：Nagan Raya 省：Nanggroe Aceh Darussalam 國家：印尼	10,000 hectares 10,000 公頃	Under Exploration 勘探中	Under Exploration 勘探中
Coal 煤炭	Subdistrict: Kuala & Tadu Raya Regency: Nagan Raya Province: Nanggroe Aceh Darussalam Country: Indonesia 分區：Kuala 及 Tadu Raya 區：Nagan Raya 省：Nanggroe Aceh Darussalam 國家：印尼	9,825 hectares 9,825 公頃	Under Exploration 勘探中	Under Exploration 勘探中
Manganese 錳	Subdistrict: Bakongan Regency: South Aceh Province: Nanggroe Aceh Darussalam Country: Indonesia 分區：Bakongan 區：South Aceh 省：Nanggroe Aceh Darussalam 國家：印尼	3,710 hectares 3,710 公頃	Under Exploration 勘探中	Under Exploration 勘探中
Manganese 錳	Village: Jatimulyo Subdistrict: Girimulyo Regency: Kulon Progo Province: Daerah Istimewa Yogyakarta Country: Indonesia 村：Jatimulyo 分區：Girimulyo 區：Kulon Progo 省：Daerah Istimewa Yogyakarta 國家：印尼	195 hectares 195 公頃	Under Exploration 勘探中	Under Exploration 勘探中

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Notes:

- (1) The average % of magnesium oxide (“MgO”) and Magnesium (“Mg”) are as follows:

South Hill 南山	Above Ground 地上	Below Ground (30 metres depth) 地下(30米深)
Average % of MgO MgO 所佔平均百分比	19.17%	18.59%
Average % of Mg Mg 所佔平均百分比	11.50%	11.15%
North Hill 北山	Above Ground 地上	Below Ground (30 metres depth) 地下(30米深)
Average % of MgO MgO 所佔平均百分比	20.06%	19.10%
Average % of Mg Mg 所佔平均百分比	12.04%	11.46%

- (2) At the latest practicable date of this Annual Report, the permit for the exploration right for iron ore is still pending renewal by the Authorities in Aceh Province.

附註：

- (1) 氧化鎂(「MgO」)及鎂(「Mg」)所佔平均百分比如下：

- (2) 於本年報最後實際可行日期，鐵礦石勘探權的許可證仍待亞齊省當局批准重續。

Net foreign exchange losses

The net losses of approximately HK\$0.2 million (2011: net gains of approximately HK\$0.4 million) on foreign exchange mainly represented the net realised losses on payments to suppliers and creditors in Malaysia and Indonesia offset against realised gains on money deposited by the Group with approved financial institutions in Malaysia.

Looking forward, the Group will be exposed to foreign currency risk primarily through exposures in sales and purchases that are denominated in foreign currencies other than the Group’s functional currency (e.g. US dollars (“US\$”), RM, RMB and Rupiah). The Group did not use any financial instruments for any hedging purposes during the financial year of 2012.

Finance costs

The Group’s finance costs mainly consisted of effective interest of approximately HK\$20.8 million (2011: approximately HK\$18.9 million) for convertible bonds issued by the Company, interest expense of approximately HK\$21.6 million (2011: approximately HK\$6.4 million) on loans from third parties and interest on the Group’s bank loans of approximately HK\$39.4 million (2011: approximately HK\$33.4 million).

外匯虧損淨額

外匯虧損淨額約200,000港元(二零一一年：收益淨額約400,000港元)主要指本集團支付予馬來西亞及印尼供應商及債權人的已變現虧損淨額抵銷存放於馬來西亞認可金融機構內存款的已變現收益。

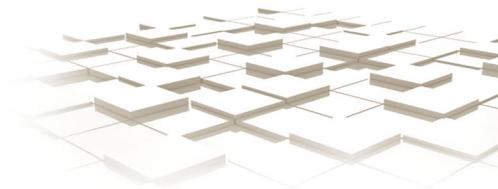
展望未來，本集團主要將面臨以本集團功能貨幣以外的外幣(例如美元(「美元」)、馬幣、人民幣及盧比亞)為單位的買賣所帶來匯兌風險。於二零一二年財政年度，本集團並無使用任何金融工具進行任何對沖活動。

融資成本

本集團的融資成本主要包括本公司所發行可換股債券的實際利息約20,800,000港元(二零一一年：約18,900,000港元)、來自第三方貸款的利息開支約21,600,000港元(二零一一年：約6,400,000港元)及本集團銀行貸款的利息約39,400,000港元(二零一一年：約33,400,000港元)。

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Loss before taxation

The Group incurred a loss before taxation of approximately HK\$695.1 million for the financial year ended 31 December 2012 (2011: approximately HK\$212.8 million) mainly as a result of loss from operations of approximately HK\$74.4 million (2011: approximately HK\$47.2 million) and finance cost of approximately HK\$82.4 million (2011: approximately HK\$62.6 million).

Loss from operations increased substantially as compared to the previous year was mainly due to higher cost of inventories sold.

Higher finance costs were incurred in the financial year ended 31 December 2012 as the Group has higher amount of convertible bonds outstanding of approximately HK\$135.0 million as compared to the previous financial year of approximately HK\$26.2 million.

Loss per share

The loss per share for the financial year ended 31 December 2012 increased to 13.74 HK cents (2011: 6.32 HK cents) as the loss attributable to owners of the Company increased substantially to approximately HK\$593.1 million coupled with the higher number of weighted average ordinary shares in issue during the financial year ended 31 December 2012.

Liquidity and financial resources

Net current liabilities of the Group stood at approximately HK\$562.0 million as at 31 December 2012 (2011: approximately HK\$454.6 million). Included in current liabilities were secured bank loans and finance lease creditors of approximately HK\$435.8 million (2011: approximately HK\$421.1 million). The borrowings from Bank Rakyat bears an interest rate of 8.6% per annum as at 31 December 2012 (2011: 8.6%) based on floating rate of Bank Rakyat's base financing rate plus 2% per annum. The Group had a gearing ratio of approximately 57.01 (which is calculated on the basis of total finance leases, borrowings and convertible bonds over total equity attributable to owners of the Company) as at 31 December 2012 due to the substantial decrease in total equity attributable to owners of the Company. The gearing ratio was approximately 1.36 as at 31 December 2011.

The Group's bank and cash balances as at 31 December 2012 was approximately HK\$1.1 million (2011: approximately HK\$28.2 million). The Group's prepayments, deposits and other receivables amounted to approximately HK\$11.6 million (2011: approximately HK\$26.1 million).

除稅前虧損

本集團於截至二零一二年十二月三十一日止財政年度產生除稅前虧損約695,100,000港元(二零一一年:約212,800,000港元),主要由於產生經營虧損約74,400,000港元(二零一一年:約47,200,000港元)及融資成本約82,400,000港元(二零一一年:約62,600,000港元)所致。

經營虧損較去年大幅增加,主要因已售存貨成本增加所致。

融資成本於截至二零一二年十二月三十一日止財政年度有所增加,乃因本集團之尚未行使可換股債券金額約為135,000,000港元,較上一個財政年度約26,200,000港元為高所致。

每股虧損

由於本公司擁有人應佔虧損大幅增加至約593,100,000港元,加上截至二零一二年十二月三十一日止財政年度的已發行普通股加權平均數上升,故截至二零一二年十二月三十一日止財政年度的每股虧損增加至13.74港仙(二零一一年:6.32港仙)。

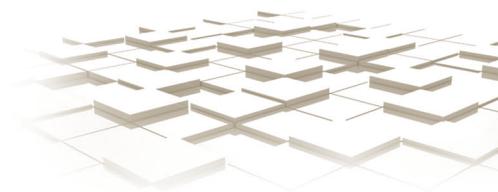
流動資金及財務資源

於二零一二年十二月三十一日,本集團的淨流動負債約為562,000,000港元(二零一一年:約454,600,000港元)。流動負債包括有抵押銀行貸款及融資租賃債項約435,800,000港元(二零一一年:約421,100,000港元)。於二零一二年十二月三十一日, Bank Rakyat 提供的借款年利率為8.6%(二零一一年:8.6%),即 Bank Rakyat 的基本融資利率加2%的浮動年利率。本集團於二零一二年十二月三十一日的資產負債比率約為57.01(按融資租賃承擔、借款及可換股債券總額除本公司擁有人應佔權益總額計算),此乃由於本公司擁有人應佔權益總額大幅減少。於二零一一年十二月三十一日的資產負債比率約為1.36。

於二零一二年十二月三十一日,本集團的銀行及現金結餘約為1,100,000港元(二零一一年:約28,200,000港元)。本集團的預付款項、按金及其他應收款項約為11,600,000港元(二零一一年:約26,100,000港元)。

Management Discussion and Analysis

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The Directors have taken and/or will take the following actions to mitigate the liquidity issues faced by the Group:

- (i) The Directors review the Group's cash position regularly and if need be, will re-negotiate with the unsecured loan holders to restructure the repayment terms;
- (ii) The Board had on 7 March 2013 appointed placing agent, Cheong Lee Securities Limited in relation to the placing of bonds in the principal amount of up to HK\$100.0 million ("Bonds"). The proceed will be used for the Group's general working capital. The principal terms of the Bonds are as follows:
 - (a) Maximum principal amount: HK\$100,000,000.
 - (b) Interest: 10% per annum payable annually.
 - (c) Maturity Date: the 2nd anniversary of the date of first issue.
 - (d) Redemption: the Company shall have the right at any time to redeem at 100% of the principal amount. Any outstanding Bonds on the Maturity Date shall be redeemed by the Company at 100% of the principal amount.
- (iii) The Group is seeking investors or strategic partners for the Group's projects in Indonesia.

Capital expenditure

The carrying amount of the Group's property, plant and equipment, and interest in leasehold land held for own use under operating lease as at 31 December 2012 had decreased by 26.5% and 25.7% respectively to approximately HK\$495.6 million and approximately HK\$10.1 million respectively (2011: approximately HK\$673.9 million and HK\$13.6 million respectively) mainly due to inclusion of property, plant and equipment of the newly acquired subsidiaries, offset against substantial impairment in value of the existing assets in the current year.

董事已經及／或將會採取下列行動減輕本集團所面臨的流動資金問題：

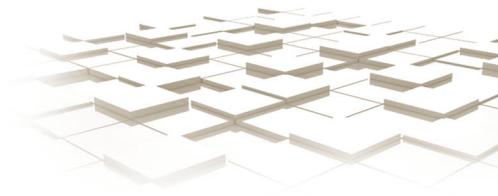
- (i) 董事定期審閱本集團的現金狀況，並將於有需要時與無抵押貸款持有人重新磋商以重組還款條款；
- (ii) 董事會於二零一三年三月七日宣佈，就配售本金額最高為100,000,000港元的債券（「債券」）委任昌利證券有限公司為配售代理。所籌集款項將用作本集團的一般營運資金。債券的主要條款如下：
 - (a) 最高本金額：100,000,000港元。
 - (b) 利率：年利率10厘，按年派付。
 - (c) 到期日：首次發行日兩週年當日。
 - (d) 贖回：本公司有權隨時以本金額之100%贖回債券。任何於到期日尚未行使之債券將由本公司以本金額之100%贖回。
- (iii) 本集團正就其在印尼的項目物色投資者或策略夥伴。

資本開支

於二零一二年十二月三十一日，本集團物業、廠房及設備的賬面值減少26.5%至約495,600,000港元以及根據經營租賃持作自用租賃土地權益的賬面值減少25.7%至約10,100,000港元（二零一一年：分別約673,900,000港元及13,600,000港元），此乃主要由於在本年度計入新收購附屬公司的物業、廠房及設備抵銷現有資產的嚴重減值所致。

Management Discussion and Analysis

管理層討論及分析



Charge on assets

The bank loans are granted to CVMSB and secured by way of:

- (i) a legal charge over the land and factory building to be erected thereon held by CVMSB;
- (ii) assignment of trade receivables derived by CVMSB;
- (iii) a debenture creating fixed and floating legal charge over all present and future assets of CVMSB excluding the performance bonds;
- (iv) assignment of all CVMSB's rights, entitlement and interest in and to all building contracts, design drawings and other contracts pertaining to the magnesium ingot project (the "Project");
- (v) an assignment of all CVMSB rights, benefits and interest under insurance undertaken by CVMSB as part of its operations for the Project;
- (vi) an assignment over the existing revenue accounts maintained at Bank Rakyat and monies standing to the credit of the revenue account in favour of the bank, the revenue account shall be operated solely by the bank;
- (vii) a first fixed charge/assignment over the retorts of CVMSB;
- (viii) an assignment over the insurance policies of the retorts of CVMSB; and
- (ix) any other securities as may be advised by the appointed legal counsel.

Human resources

As at 31 December 2012, the Group had a total of approximately 174 employees (2011: 224 employees). Total staff costs (including Directors' remuneration) for the financial year ended 31 December 2012 were approximately HK\$20.0 million (2011: HK\$12.4 million) representing approximately 21.0% (2011: 18.9%) of the Group's total cost of sales and administrative expenses. Employees are remunerated based on their performance, experience and industry practice. Bonuses (if paid) are rewarded based on individual staff performance and in accordance with the Group's overall remuneration policies. The Group's management reviewed the remuneration policies and packages on a regular basis.

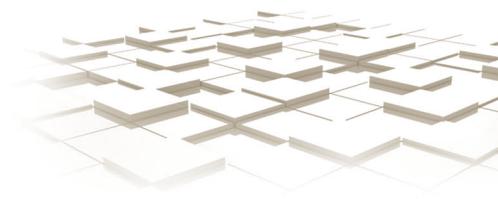
資產抵押

批予CVMSB的銀行貸款按以下方式擔保：

- (i) 就CVMSB所持土地及在其上興建之廠房設立法定押記；
- (ii) 轉讓來自CVMSB的應收賬款；
- (iii) 就CVMSB所有現有及未來資產(不包括履約保證)設立固定及浮動法定押記的債券；
- (iv) 轉讓CVMSB於與鎂錠項目(「該項目」)有關的所有樓宇合約、設計圖則及其他合約的一切權利、享有權及權益；
- (v) 轉讓CVMSB作為其於該項目業務一部份所承購保險的一切權利、利益及權益；
- (vi) 向銀行轉讓在Bank Rakyat開設的現有收入戶及該收入戶的進賬款項，收入戶僅由銀行操作；
- (vii) 就CVMSB的還原罐設立的第一固定抵押／轉讓；
- (viii) 轉讓CVMSB的還原罐的保單；及
- (ix) 所委任法律顧問可能提出的任何其他擔保。

人力資源

於二零一二年十二月三十一日，本集團共有僱員約174名(二零一一年：224名)。截至二零一二年十二月三十一日止財政年度的員工總成本(包括董事酬金)約為20,000,000港元(二零一一年：12,400,000港元)，佔本集團總銷售成本及行政開支約21.0%(二零一一年：18.9%)。僱員酬金按表現、經驗及行業慣例釐定，而花紅(倘支付)則按員工個別表現及根據本集團整體薪酬政策發放。本集團管理層定期檢討薪酬政策及待遇。



Capital commitments and contingent liabilities

As at 31 December 2012, the Company has issued corporate guarantees totalling approximately RM184,600,000 (equivalent to HK\$468,000,000) (2011: RM184,600,000 (equivalent to HK\$452,700,000)) to a bank in respect of bank loan facilities granted to CVMSB.

The directors of the Company do not consider it probable that a claim will be made against the Company under the corporate guarantees. The maximum liability of the Company as at 31 December 2012 under the corporate guarantees issued is approximately RM172,600,000 (equivalent to approximately HK\$437,494,000) (2011: approximately RM171,300,000 (equivalent to approximately HK\$420,000,000)).

In addition, as at 31 December 2012, the Company has issued a corporate guarantee totalling RM850,000 (equivalent to HK\$2,154,517) (2011: RM850,000 (equivalent to HK\$2,084,048)) to a supplier in respect of the purchase of liquefied petroleum gas made by CVMSB.

As at 31 December 2012, the Company has issued corporate guarantees totalling RM763,373 (equivalent to HK\$1,934,942) (2011: RM1,272,026 (equivalent to HK\$3,118,783)) for finance lease creditors in respect of the purchase of motor vehicles and equipment by CVMSB.

The Company has not recognised any deferred income in respect of the corporate guarantees as its fair value cannot be reliably measured and its transaction price was nil for the years ended 31 December 2012 and 2011.

資本承擔及或然負債

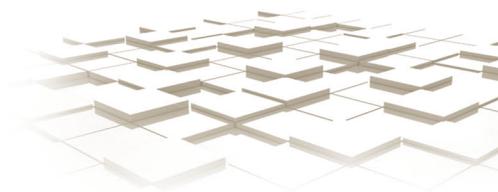
於二零一二年十二月三十一日，本公司已就CVMSB獲授之銀行貸款融資向銀行發出公司擔保合共約184,600,000馬幣(相當於468,000,000港元)(二零一一年：184,600,000馬幣(相當於452,700,000港元))。

本公司董事認為，不大可能因上述公司擔保而對本公司造成申索。本公司於二零一二年十二月三十一日發出公司擔保的負債上限約為172,600,000馬幣(相當於約437,494,000港元)(二零一一年：約171,300,000馬幣(相當於約420,000,000港元))。

此外，於二零一二年十二月三十一日，本公司就CVMSB購置液化石油氣向一名供應商發出公司擔保合共850,000馬幣(相當於2,154,517港元)(二零一一年：850,000馬幣(相當於2,084,048港元))。

於二零一二年十二月三十一日，本公司就CVMSB購置汽車及設備的融資租賃債項發出公司擔保合共763,373馬幣(相當於1,934,942港元)(二零一一年：1,272,026馬幣(相當於3,118,783港元))。

截至二零一二年及二零一一年十二月三十一日止年度，本公司並無確認公司擔保的任何遞延收入，乃因其公平值無法可靠地計量且其交易價格為零。



The Company is committed to enhancing the corporate governance and transparency of the Group by applying the principles in the code provisions of the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements and to fulfill its commitment to maintain a high standard of corporate governance. To the best knowledge and belief of the Directors, the Company has complied with the code provisions in the Code during the year ended 31 December 2012 save as disclosed in this report.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”) as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the year ended 31 December 2012.

Chairman and Chief Executive Officer

Under the code provision A.2.1 of the Code, the roles of the Chairman of the Company and Chief Executive Officer of the Company should be separate and performed by different individuals.

The positions of the Chairman and the Group Chief Executive Officer are held by separate individuals with a view to maintain an effective segregation of duties between the management of the Board and the day-to-day management of the Group’s business and operations. One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board always acts in the best interests of the Group. The Chairman shall ensure that the Board works effectively and fully discharges its responsibilities, and that all key issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. With the support of the Group Chief Executive Officer and the company secretary of the Company (the “Company Secretary”), the Chairman seeks to ensure that all directors are properly briefed on issues arising at any board meeting and have received adequate and reliable information in a timely manner.

本公司已採用聯交所證券上市規則(「上市規則」)附錄14所載企業管治常規守則(「守則」)之守則條文原則，致力提高本集團之企業管治及透明度。董事會不時檢討其企業管治常規，以符合股東不斷提升的期望、遵守越趨嚴謹的監管規定，及履行本公司達致卓越企業管治的承諾。就董事所知及所信，截至二零一二年十二月三十一日止年度，除本報告披露者外，本公司一直遵守守則之守則條文。

董事進行證券交易

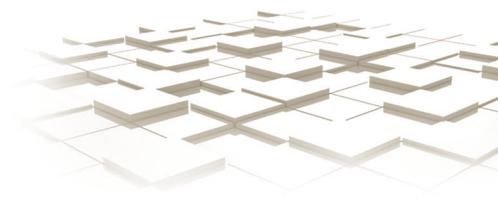
本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易的操守守則。經向董事會全體董事作出具體查詢後，本公司確認全體董事於截至二零一二年十二月三十一日止年度全面遵守標準守則規定的相關準則。

主席及行政總裁

根據守則之守則條文A.2.1條，本公司主席與本公司行政總裁的角色應有區分及由不同人士擔任。

為有效區分董事會管理層與負責本集團日常業務及營運之管理層，主席及集團行政總裁之職務由不同人士擔任。主席之其中一個重要角色為領導董事會，以確保董事會一直以本集團之最佳利益行事。主席須確保董事會有效運作、完全履行其責任，並確保所有重大問題能及時於董事會討論。全體董事均已就載入會議議程之任何建議事項獲徵詢意見。在集團行政總裁及本公司的公司秘書(「公司秘書」)之協助下，主席會確保全體董事均適當地知悉將於任何董事會會議上出現的問題，並及時獲取充足及可靠的資料。

Corporate Governance Report 企業管治報告



Board of Directors

The Board currently comprises eight Directors, five of whom are Executive Directors and three of whom are Independent Non-executive Directors.

Composition of the Board:

Executive Directors:

Name	Other positions in the Company
Mr. Ji Kuang	Executive Chairman
Mr. Lim Ooi Hong	Vice Chairman Chairman of the Nomination Committee Member of the Remuneration Committee
Mr. Leung Wai Kwan	Group Chief Executive Officer
Mr. Liang Hai Yang	—
Mr. Li Zi Cong	—

Independent Non-executive Directors:

Name	Other positions in the Company
Ms. Wong Choi Kay	Chairperson of the Audit Committee Chairperson of the Remuneration Committee Member of the Nomination Committee
Mr. Chong Lee Chang	Member of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee
Mr. Tony Tan	Member of the Audit Committee

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience which can meet the requirements of the business of the Company. The brief biographical details of the Directors are set out under the section “Directors and Senior Management” on pages 42 to 47.

During the year, the Directors and the Independent Non-executive Directors provided the Group with a wide range of valuable business experience, knowledge and professionalism. The active participation of the Independent Non-executive Directors in the Board and committee meetings brought independent judgement on issues relating to the Group’s strategy, performance and management process, taking into account the interests of all shareholders of the Company (“Shareholders”).

董事會

董事會現時由八名董事組成，其中五名為執行董事，另外三名為獨立非執行董事。

董事會成員：

執行董事：

姓名	於本公司的其他職位
嵇匡先生	執行主席
Lim Ooi Hong 先生	副主席 提名委員會主席 薪酬委員會成員
梁維君先生	集團行政總裁
梁海洋先生	—
李子聰先生	—

獨立非執行董事：

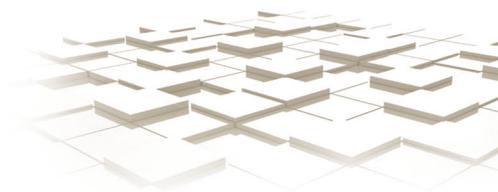
姓名	於本公司的其他職位
Wong Choi Kay 女士	審核委員會主席 薪酬委員會主席 提名委員會成員
Chong Lee Chang 先生	審核委員會成員 薪酬委員會成員 提名委員會成員
Tony Tan 先生	審核委員會成員

本公司定期檢討董事會之組成，以確保其專業知識、技能及經驗達致平衡，並能符合本公司之業務需要。董事之履歷詳情載於第42頁至第47頁之「董事及高級管理層」一節。

年內，董事及獨立非執行董事為本集團提供廣泛寶貴的營商經驗、知識及專業精神。獨立非執行董事積極參與董事會及委員會會議，對本集團之策略、表現及管理程序之事宜提供獨立判斷，並顧及本公司全體股東（「股東」）之利益。

Corporate Governance Report

企業管治報告



Responsibilities of the Board:

The Board is responsible for the leadership and control of the Company. The Board determines the overall strategies, monitors and controls operating and financial performance, sets objectives and business development plans and makes key decisions of the Company. The day-to-day management and operation are delegated to the Executive Directors and senior management. The delegated functions are closely supervised by the Board to ensure effectiveness and compliance with the Company's overall strategies. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management.

All directors have full and timely access to all relevant information in relation to the Company as well as the advices and services of the Company Secretary, if and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

There are established procedures for directors to seek independent professional advices for them to discharge their duties and responsibilities, where appropriate at the Company's expense.

For the year ended 31 December 2012, the Company held 5 Board meetings and the attendance record is set out below:

Name	Meeting attendance/ Number of meetings held
姓名	出席次數/ 會議舉行次數
Mr. Ji Kuang (<i>Executive Chairman</i>) (appointed on 7 August 2012) 嵇匡先生(執行主席)(於二零一二年八月七日獲委任)	3/3
Mr. Lim Ooi Hong (<i>Vice Chairman</i>) Lim Ooi Hong 先生(副主席)	5/5
Mr. Leung Wai Kwan (<i>Group Chief Executive Officer</i>) 梁維君先生(集團行政總裁)	5/5
Mr. Liang Hai Yang (appointed on 7 August 2012) 梁海洋先生(於二零一二年八月七日獲委任)	2/3
Mr. Li Zi Cong (appointed on 11 September 2012) 李子聰先生(於二零一二年九月十一日獲委任)	2/2
Ms. Wong Choi Kay Wong Choi Kay 女士	3/5
Mr. Chong Lee Chang Chong Lee Chang 先生	5/5
Mr. Tony Tan Tony Tan 先生	5/5
Mr. Goh Sin Huat (<i>Executive Chairman</i>) (resigned on 7 August 2012) Goh Sin Huat 先生(執行主席)(於二零一二年八月七日辭任)	2/2

There is no financial, business, family or other material relationships among members of the Board.

董事會之責任：

董事會負責領導及監控本公司、釐定本公司的整體策略、監管及控制營運及財務表現、訂立目標及業務發展計劃以及作出重要決策。執行董事及高級管理層獲授權負責日常管理及營運，而董事會會密切監督有關授權職務，確保有效運作且符合本公司的整體策略。高級管理層須獲董事會批准，方可訂立任何重大交易。

全體董事均可全面及適時取得所有本公司的相關資料，以及於需要時獲取公司秘書提供的意見及服務，以確保董事會程序及所有適用的規則及規例已妥為遵守。

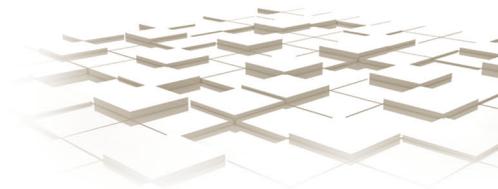
本公司設有既定程序，讓董事在適當情況下就履行彼等的職務及職責尋求獨立專業意見，費用由本公司承擔。

截至二零一二年十二月三十一日止年度，本公司曾舉行5次董事會會議，出席記錄載列如下：

董事會成員之間並無財務、業務、家族或其他重大關係。

Corporate Governance Report

企業管治報告



Regular Board meetings each year are scheduled in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to current Board practice, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The Articles of Association of the Company also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his associates have a material interest.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors are continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, in discharging of Directors' duties, Directors are allowed to seek independent professional advice in appropriate circumstances at a reasonable cost to be borne by the Company.

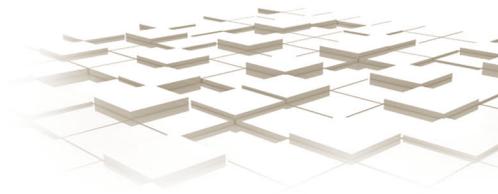
To comply with the new requirement under the Code in respect of the responsibilities for performing the corporate governance duties, the Board is responsible to develop and review the policies and practices of the Company on corporate governance; to review and monitor the training and continuous professional development of directors and senior management; to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct applicable to the directors and employees and to review the Company's compliance with the code provisions set out in the Code and disclosure in the corporate governance report.

董事會定期會議的舉行日期於每年預先編定，以便更多董事出席會議。召開董事會會議一般會給予全體董事至少14天之通知，以便彼等均有機會提出商討事項列入議程。公司秘書協助主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行董事會定期會議（及就可行情況下，亦適用於其他董事會會議）前至少3天呈送予全體董事。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

根據董事會現行慣例，倘主要股東或董事在董事會將予考慮之事項中存有董事會認為屬重大之利益衝突，則有關事項會於正式召開之董事會會議上處理。本公司的章程細則亦規定，除當中所述之例外情況外，董事須就批准該名董事或其任何聯繫人士擁有重大利益之任何合約或安排之會議上放棄投票，彼亦不會被計算於該等會議之法定人數內。

每位董事有權查閱董事會文件及相關資料，並可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級行政人員。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持優秀企業管治常規。此外，董事在履行職務時，獲准在適當情況下尋求獨立專業意見，有關合理費用由本公司承擔。

為符合守則項下有關履行企業管治職責的新規定，董事會須負責制定及審閱本公司的企業管治政策及常規；檢討及監督董事及高級管理層的培訓及持續專業發展；檢討及監察本公司的政策及常規有否遵守法律及監管規定；制訂、檢討及監督適用於董事及僱員的行為守則，以及檢討本公司是否符合守則所載的守則條文及企業管治報告所載的披露規定。



Independence of the Independent Non-executive Directors:

The Company has received confirmation from each of the Independent Non-executive Directors regarding his/her independence pursuant to the requirements of Rule 3.13 of the Listing Rules. Based on these confirmations, the Board considers each of the Independent Non-executive Directors to be independent.

Terms of Non-executive Directors:

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the memorandum and articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

Directors' Induction and Continuous Professional Development

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organized by professional bodies. Written materials on new or changes to salient laws and regulations applicable to the Company were provided to the Directors.

獨立非執行董事的獨立身份：

本公司已接獲各獨立非執行董事根據上市規則第3.13條之規定就其獨立身份發出的確認函。根據此等確認函，董事會認為各獨立非執行董事均為獨立人士。

非執行董事任期：

守則條文A.4.1條規定非執行董事的委任應有指定任期，並須接受重新選舉。本公司獨立非執行董事的委任並無指定任期，惟須根據本公司組織章程大綱及細則條文輪席退任及於本公司股東週年大會上接受重新選舉。因此，本公司認為已採取足夠措施，確保本公司的企業管治常規不遜於守則的規定。

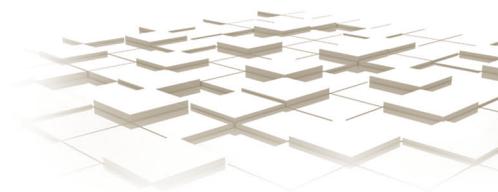
董事入職及持續專業發展

每位新獲委任之董事加入董事會時均收到全面之入職資料，範圍涵蓋作為董事之一般、法定及監管責任，以確保彼足夠瞭解其於上市規則及其他相關監管規定下之責任。

董事均定期獲知會相關法例、規則及規例之修訂或最新消息。此外，本公司一直鼓勵董事及高級行政人員報讀由專業團體舉辦有關上市規則、公司條例／法及企業管治常規之廣泛專業發展課程及講座。本公司亦會就適用於本公司的特別法例及規例的新增或變動向董事提供書面資料。

Corporate Governance Report

企業管治報告



According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Code on continuous professional development during the year:

根據本公司存置之記錄，為符合守則關於持續專業發展之新規定，董事於年內曾接受以下重點為上市公司董事之角色、職能及職責之培訓：

		Corporate Governance/ Updates on laws, rules and regulations		
		企業管治／關於法例、規則及規例之更新		
		Notes 附註	Reading materials 閱讀材料	Attend briefing(s) 出席簡報會
Executive Directors		執行董事		
Ji Kuang	嵇匡	1	✓	✓
Lim Ooi Hong	Lim Ooi Hong		✓	✓
Leung Wai Kwan	梁維君		✓	✓
Liang Hai Yang	梁海洋	1	✓	✓
Li Zi Cong	李子聰	2	✓	
Independent Non-executive Directors		獨立非執行董事		
Wong Choi Kay	Wong Choi Kay		✓	✓
Chong Lee Chang	Chong Lee Chang		✓	✓
Tony Tan	Tony Tan		✓	✓

Notes:

1. Appointed on 7 August 2012.
2. Appointed on 11 September 2012.

附註：

1. 於二零一二年八月七日獲委任。
2. 於二零一二年九月十一日獲委任。

Directors and Officers' Liabilities Insurance

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Board Committees:

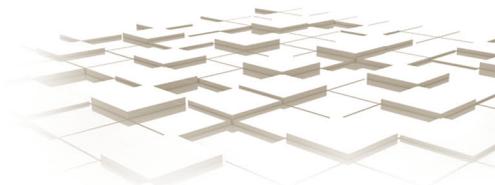
Various Board Committees have been set up to assist the Board to manage the overall strategies of the Company. These include the Remuneration Committee, the Nomination Committee and the Audit Committee.

董事及高級人員責任保險

本集團已為董事及高級人員設立涵蓋其法律責任之適當保險，以保障本集團董事及高級人員因本集團業務產生之風險。

董事委員會：

本公司已成立不同的董事委員會協助董事會統籌本公司整體策略，包括薪酬委員會、提名委員會及審核委員會。



Remuneration Committee

The Remuneration Committee comprises three members namely, Ms. Wong Choi Kay (Independent Non-executive Director), Mr. Lim Ooi Hong (Vice Chairman) and Mr. Chong Lee Chang (Independent Non-executive Director). Ms. Wong Choi Kay acts as the chairperson of the Remuneration Committee.

The role and function of the Remuneration Committee are set out in its terms of reference which are posted on the websites of Stock Exchange and the Company. Primary terms include recommendations to the Board on policy and structure of remuneration of the Directors and senior management whereby the Board has the final authority to approve the remuneration of directors and senior management, determination of the remuneration packages of each Director and member of the senior management by reference to corporate goals, ensuring that no Directors or any of their associates are involved in deciding their own remuneration packages and objectives and compensation arrangements relating to dismissal or removal of Directors. The remuneration package of each Director is determined by reference to the prevailing market conditions, his duties and responsibilities to the Company and the Company's remuneration policy.

During the year ended 31 December 2012, the Remuneration Committee had held one Remuneration Committee meeting and the attendance record is set out below:

Name 姓名		Meeting attendance/ Number of meeting(s) held 出席次數／會議舉行次數
Ms. Wong Choi Kay (Chairperson)	Wong Choi Kay 女士 (主席)	1/1
Mr. Goh Sin Huat (resigned as member on 7 August 2012)	Goh Sin Huat 先生 (於二零一二年八月七日辭任成員)	1/1
Mr. Lim Ooi Hong (appointed as member on 7 August 2012)	Lim Ooi Hong 先生 (於二零一二年八月七日獲委任為成員)	0/0
Mr. Chong Lee Chang	Chong Lee Chang 先生	1/1

During the year under review, the Remuneration Committee had considered and recommended the remuneration package of the newly appointed Directors, Mr. Ji Kuang, Mr. Liang Hai Yang and Mr. Li Zi Cong to the Board for approval. The Remuneration Committee had also reviewed the remuneration of the Board during the year ended 31 December 2012, and, having taken into consideration of the current situation of the economy and the results of the Group had recommended to the Board that the monthly salary of Mr. Lim Ooi Hong has been revised to RM5,000 (equivalent to HK\$12,674) with effect from 30 August 2012.

薪酬委員會

薪酬委員會由 Wong Choi Kay 女士 (獨立非執行董事)、Lim Ooi Hong 先生 (副主席) 及 Chong Lee Chang 先生 (獨立非執行董事) 三名成員組成。Wong Choi Kay 女士為薪酬委員會主席。

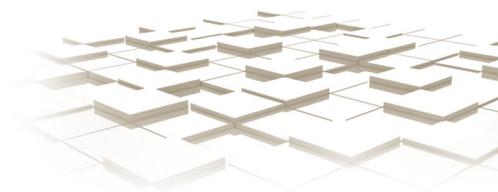
薪酬委員會的職責及職能載於其職權範圍 (其刊登於聯交所及本公司網站)，主要包括就董事及高級管理層薪酬政策及安排向董事會提供建議 (據此董事會擁有批准董事及高級管理層薪酬的最終權利)，參考企業目標釐定各董事及高級管理人員的薪酬待遇，確保概無董事或彼等任何聯繫人士參與釐定本身的薪酬待遇及目的以及有關辭退或罷免董事的賠償安排。各董事之薪酬待遇乃根據當時市況，董事本身於本公司的職務及職責以及本公司之薪酬政策而釐定。

截至二零一二年十二月三十一日止年度，薪酬委員會曾舉行一次薪酬委員會會議，出席記錄載列如下：

於回顧年度內，薪酬委員會已考慮及建議董事會批准新委任董事嵇匡先生、梁海洋先生及李子聰先生的薪酬待遇。截至二零一二年十二月三十一日止年度，薪酬委員會亦已檢討董事會之薪酬，並考慮到現時之經濟情況及本集團業績，向董事會建議 Lim Ooi Hong 先生的月薪修訂為 5,000 馬幣 (相等於 12,674 港元)，自二零一二年八月三十日起生效。

Corporate Governance Report

企業管治報告



Pursuant to B.1.5 of the Code, the remuneration of the members of the senior management by band for the year ended 31 December 2012 is set out below:

根據守則B.1.5條，截至二零一二年十二月三十一日止年度，高級管理人員之薪酬範圍載列如下：

Emolument bands 薪酬範圍		No. of senior management 高級管理人員數目
HK\$300,000 to HK\$400,000	300,000 港元至 400,000 港元	1
HK\$400,001 to HK\$500,000	400,001 港元至 500,000 港元	1
HK\$600,001 to HK\$700,000	600,001 港元至 700,000 港元	1

For particulars regarding Directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 10 to the financial statements.

根據上市規則附錄16須予披露之董事酬金以及五名最高薪酬僱員的詳情載於財務報表附註10。

Nomination Committee

The Nomination Committee comprises three members namely, Mr. Lim Ooi Hong (Vice Chairman), Ms. Wong Choi Kay (Independent Non-executive Director) and Mr. Chong Lee Chang (Independent Non-executive Director). Mr. Lim Ooi Hong acts as the chairman of the Nomination Committee.

提名委員會

提名委員會由Lim Ooi Hong先生(副主席)、Wong Choi Kay女士(獨立非執行董事)及Chong Lee Chang先生(獨立非執行董事)三名成員組成。Lim Ooi Hong先生為提名委員會主席。

The role and function of the Nomination Committee are set out in its terms of reference which are posted on the websites of the Stock Exchange and the Company. Primary terms include review and supervision of the structure, size and composition of the Board, developing the criteria for identifying and assessing the qualification of and evaluating candidates for directorship, making recommendations to the Board on the selection of nominated directorship and matters related to appointment or re-appointment of Directors.

提名委員會的職責及職能載於其職權範圍(其刊登於聯交所及本公司網站)，主要包括檢討及監督董事會的架構、人數及組成、制訂識別及評估候選董事資格的標準以及就甄選董事候選人及委任或重新委任董事之事宜向董事會提出建議。

Pursuant to the Articles of Association, all Directors appointed to fill a casual vacancy should be subject to re-election by the Shareholders at the forthcoming general meeting of the Company after their appointment, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation (but will be eligible for re-election) such that all Directors should be subject to retirement by rotation at least once every three years.

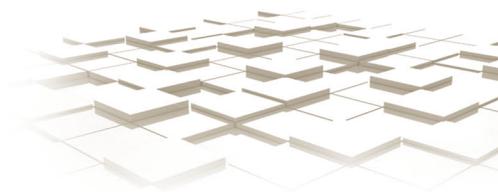
根據章程細則，獲委任填補臨時空缺之所有董事須於獲委任後之本公司應屆股東大會上再經股東重選，惟不計入於該次大會輪值退任的董事名單內。此外，於本公司各股東週年大會上，三分之一的董事須輪值退任(惟可膺選連任)，故所有董事最少每三年輪值退任一次。

Mr. Leung Wai Kwan (Group Chief Executive Officer), Ms. Wong Choi Kay (Independent Non-executive Director) and Mr. Chong Lee Chang (Independent Non-executive Director) shall retire by rotation, and being eligible, have offered themselves for re-election at the forthcoming annual general meeting pursuant to the Articles of Association and the Code.

根據章程細則及守則，梁維君先生(集團行政總裁)、Wong Choi Kay女士(獨立非執行董事)及Chong Lee Chang先生(獨立非執行董事)須輪值退任，且符合資格並願意於應屆股東週年大會上膺選連任。

Corporate Governance Report

企業管治報告



The Nomination Committee follows a set of procedures when recommending candidates for the directorship. The primary criteria of selecting a candidate include assessing the:

- integrity, objectivity, and intelligence of the person, with reputations for sound judgement and open mind, and a demonstrated capacity for thoughtful group decision-making;
- qualification and career experience; and
- understanding of the Company and its Group mission.

When a candidate is proposed for a directorship, he or she shall be evaluated on the basis of the criteria set out in the procedures mentioned above. Selection of the suitable candidate is based on a majority vote. Each committee member will be asked to express his or her view before voting. After the voting, the Chairman will present the proposal of the Nomination Committee to the Board.

During the year ended 31 December 2012, the Nomination Committee had held one Nomination Committee meeting and the attendance record is set out below:

提名委員會在推薦董事候選人時會遵從既定程序。挑選候選人的主要標準包括評估以下各項：

- 該人士是否具備所需的誠信、客觀判斷能力及才智、能否作出果斷的判斷和接納不同意見以及能否作出對集團有利的決策；
- 資格及工作經驗；及
- 了解本公司及本集團使命。

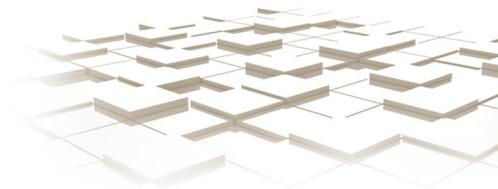
建議董事候選人後，會按上述程序所載標準評估，然後經大多數投票通過選出合適候選人。投票前，各委員會成員須發表意見。投票後，主席將向董事會呈報提名委員會的建議。

截至二零一二年十二月三十一日止年度，提名委員會曾舉行一次提名委員會會議，出席記錄載列如下：

Name 姓名		Meeting attendance/ Number of meeting(s) held 出席次數／會議舉行次數
Mr. Lim Ooi Hong (appointed as Chairman on 7 August 2012)	Lim Ooi Hong 先生 (於二零一二年八月七日獲委任為主席)	0/0
Mr. Goh Sin Huat (resigned as Chairman on 7 August 2012)	Goh Sin Huat 先生 (於二零一二年八月七日辭任主席)	1/1
Ms. Wong Choi Kay	Wong Choi Kay 女士	1/1
Mr. Chong Lee Chang	Chong Lee Chang 先生	1/1

During the year under review, the Nomination Committee had considered and recommended the appointment of (i) Mr. Ji Kuang as the Executive Chairman; (ii) Mr. Lim Ooi Hong as the Vice Chairman, Chairman of the Nomination Committee and member of the Remuneration Committee (iii) Mr. Leung Wai Kwan as the Group Chief Executive Officer; (iv) Mr. Liang Hai Yang as the Executive Director; (v) Mr. Li Zi Cong as the Executive Director; (vi) Ms. Wong Choi Kay as the Chairperson of the Remuneration Committee, and the resignation of Mr. Goh Sin Huat as the Executive Chairman, the Chairman of the Nomination Committee and member of the Remuneration Committee to the Board for approval.

於回顧年度內，提名委員會已考慮及建議董事會批准委任 (i) 嵇匡先生為執行主席；(ii) Lim Ooi Hong 先生為副主席、提名委員會主席及薪酬委員會成員；(iii) 梁維君先生為集團行政總裁；(iv) 梁海洋先生為執行董事；(v) 李子聰先生為執行董事；(vi) Wong Choi Kay 女士為薪酬委員會主席，以及 Goh Sin Huat 先生辭任執行主席、提名委員會主席及薪酬委員會成員。



Audit Committee

The Audit Committee, comprising three members namely, Ms. Wong Choi Kay (Chairperson and Independent Non-executive Director), Mr. Chong Lee Chang (Independent Non-executive Director) and Mr. Tony Tan (Independent Non-executive Director), has reviewed the accounting principles and practices adopted by the Group and has discussed and reviewed the internal controls and financial reporting matters, including the review of the financial results of the Group for the year ended 31 December 2012, with the management of the Company.

The role and function of the Audit Committee are set out in its terms of reference which are posted on the websites of Stock Exchange and the Company. Primary terms include:

On external audit:

- make recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor's independence as well as the objectives and effectiveness of the audit process in accordance with applicable standards;
- discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved; and
- develop and implement policy on the engagement of the external auditor to provide non-audit services.

On annual financial results:

- monitor integrity of the interim and annual financial statements and interim and annual reports and accounts, and review significant financial reporting judgements contained therein before submission to the Board;
- review the Group's financial and accounting policies and practices;
- review external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or system of control and management response; and
- consider any significant or unusual items that are, or may need to be, reflected in the interim and annual reports and accounts and give due consideration to any matters that have been raised by the Group.

審核委員會

由三名成員 Wong Choi Kay 女士(主席兼獨立非執行董事)、Chong Lee Chang 先生(獨立非執行董事)及 Tony Tan 先生(獨立非執行董事)組成的審核委員會已經審閱本集團採納的會計原則及慣例，並已與本公司管理層討論及檢討內部監控及財務報告事宜，包括審閱本集團截至二零一二年十二月三十一日止年度的財務業績。

審核委員會的職責及職能載於其職權範圍(其刊登於聯交所及本公司網站)，主要包括：

外聘審核：

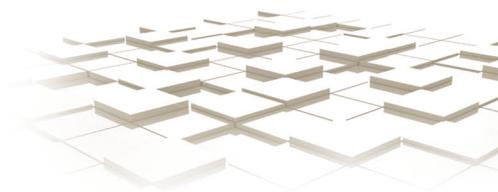
- 就委任、重新委任及罷免外聘核數師向董事會提供建議以及批准聘用外聘核數師的薪酬及條款；
- 根據適用準則檢討及監察外聘核數師的獨立身份以及審核程序的目標及成效；
- 開始審核工作前，與外聘核數師討論審核及報告責任之性質及範圍，而倘涉及超過一間會計師事務所，則亦須協調相關事務所之合作；及
- 制定及實施有關聘用外聘核數師提供非核數服務之政策。

年度財政業績：

- 監察中期及年度財務報表與中期及年度報告及賬目是否公平呈報，並在呈交董事會前審閱其中所載的重要財務報告判斷；
- 檢討本集團財務及會計政策與慣例；
- 審閱外聘核數師之管理層函件以及跟進核數師向管理層所提出有關會計記錄、財務賬目或監控系統的任何重大查詢以及管理層之回應；及
- 考慮中期及年度報告及賬目所反映或可能需要反映的任何重大或不尋常事項，並審慎考慮本集團提出的任何事宜。

Corporate Governance Report

企業管治報告



On internal control and risk management:

- review the Group's financial controls and its internal control and risk management systems;
- discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programmes and budget;
- consider any findings of major investigation of internal control matters as delegated by the Board or on its own initiative and management's responses thereto;
- ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Group; and
- report to the Board on the matters raised in the Code.

The Company cancelled the quarterly results for the year ended 31 December 2012 thus the Audit Committee did not meet four times a year according to its terms of reference. During the year ended 31 December 2012, the Audit Committee had held two Audit Committee meetings and the attendance record is set out below:

Name 姓名		Meeting attendance/ Number of meetings held 出席次數/會議舉行次數
Ms. Wong Choi Kay (Chairperson)	Wong Choi Kay 女士 (主席)	1/2
Mr. Chong Lee Chang	Chong Lee Chang 先生	2/2
Mr. Tony Tan	Tony Tan 先生	2/2

As summarised below, the Audit Committee had considered, reviewed and/or discussed:

1. the auditing and financial reporting matters;
2. the continuing connected transactions of the Group;
3. the re-appointment of Baker Tilly Hong Kong Limited as the Company's external auditors for the financial year ended 31 December 2012;
4. the revision of the terms of reference of the Audit Committee and make recommendation to the Board;

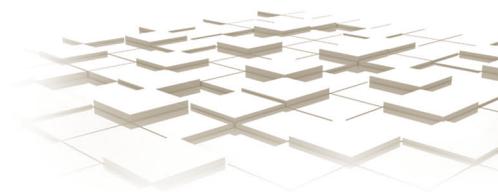
內部監控及風險管理：

- 檢討本集團的財務監控以及內部監控與風險管理系統；
- 與管理層討論內部監控系統，並確保管理層已履行職責，實施有效的內部監控系統，包括有否足夠資源、本集團負責會計及財務申報人員的資格及經驗以及相關培訓項目和預算；
- 考慮任何應董事會的委派或主動研究內部監控事宜的重大調查的結果以及管理層的相關回應；
- 協調內部及外聘核數師之間的合作，並確保內部審核工作獲足夠資源，且在本集團有適當定位；及
- 向董事會報告與守則相關的事宜。

由於本公司取消編製截至二零一二年十二月三十一日止年度的季度業績，故審核委員會並無按其職權範圍一年舉行四次會議。截至二零一二年十二月三十一日止年度，審核委員會曾舉行兩次審核委員會會議，出席記錄載列如下：

審核委員會已考慮、審閱及/或討論的事項概述如下：

1. 審核及財務申報事項；
2. 本集團的持續關連交易；
3. 續聘天職香港會計師事務所有限公司為本公司截至二零一二年十二月三十一日止財政年度的外聘核數師；
4. 修訂審核委員會的職權範圍及向董事會提出建議；



5. the interim and annual financial results;
6. the report on the Group's internal audit and audit activity status prepared by independent professional parties; and
7. the appointment of an independent internal auditor including the terms of engagement.

In addition, the Audit Committee had reviewed, discussed and approved the annual results of the Group for the year ended 31 December 2012.

Auditors' remuneration

For the year ended 31 December 2012, the fees for audit services rendered by Messrs. Baker Tilly Hong Kong Limited were as follows:

Auditors	Fees ('000)
Messrs. Baker Tilly Hong Kong Limited	HK\$991

No remuneration was paid to Messrs. Baker Tilly Hong Kong Limited for provision of non-audited related services as Messrs. Baker Tilly Hong Kong Limited did not provide such services to the Company.

Internal Control

The Board acknowledges its responsibility for maintaining a sound and effective internal control system for the Company to safeguard investments of the Shareholders and assets of the Company at all times.

The Board has conducted a review of the effectiveness of the system of internal control of the Group in 2012. The Board has not taken a different view from that of the Audit Committee regarding the selection, resignation or dismissal of the external auditors.

Internal Control System

The system of internal control aims to help achieve the Company's business objectives, safeguard assets and maintain proper accounting records for the provision of reliable financial information. The system is designed to provide reasonable, but not absolute assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives are being sought.

5. 中期及年度財務業績；
6. 由獨立專業人士編製有關本集團內部核數及審計活動情況的報告；及
7. 委任獨立內部核數師(包括任期)。

此外，審核委員會已審閱、討論及批准本集團截至二零一二年十二月三十一日止年度之年度業績。

核數師酬金

截至二零一二年十二月三十一日止年度，天職香港會計師事務所有限公司提供的核數服務費用如下：

核數師	費用(千元)
天職香港會計師事務所有限公司	991 港元

天職香港會計師事務所有限公司並無向本公司提供非審計相關服務，故本公司並無向其支付相關酬金。

內部監控

董事會知悉其有責任為本公司維持良好有效之內部監控系統，以於任何時候保障股東的投資及本公司的資產。

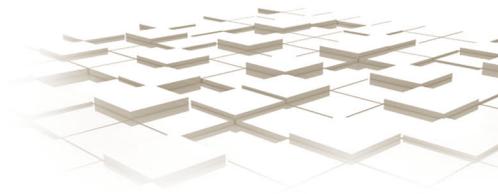
董事會已檢討本集團二零一二年內部監控系統的成效。董事會並無就甄選、辭退或罷免外聘核數師與審核委員會意見相佐。

內部監控系統

內部監控系統旨在協助本公司達致業務目標、保障資產及妥善保存會計記錄以提供可靠財務資料。該系統專為合理但非絕對保證在達致業務目標過程中，避免財務報表出現重大錯誤陳述或資產損失，以及控制但非消除業務風險而設。

Corporate Governance Report

企業管治報告



The following are the key processes which the Board has adopted in reviewing the adequacy and integrity of the system of internal control for the Company:

- Monitoring mechanisms and management style

There are periodic meetings of the Board attended by the Directors. The Board Committees and the management of the Company represent the main platform by which the Company's performance and conduct are monitored. The daily operations of business are entrusted to the Executive Chairman, the Group Chief Executive Officer and the management team. Under the purview of the Executive Chairman and the Group Chief Executive Officer, the respective heads of each operating department of the Company are empowered with the responsibility to manage their respective operations.

The Board is responsible for setting the business direction and for overseeing the conduct of the Company's operations with the aid of the various Board Committees.

- Enterprise risk management framework

The Board recognises that an effective risk management framework will allow the Company to identify, evaluate and manage risks that affect the achievement of the Company's business objectives within defined risk parameters in a timely and effective manner.

Through scheduled periodic meetings, the Board will identify the risks affecting the Company and evaluates the effectiveness of the existing controls to determine whether any mitigation action plans need to be formulated accordingly. The Company's risk management framework is progressively being built up as the operations of the Smelter are rammed up.

Internal audit:

The Company's internal audit function is outsourced to a professional internal audit service provider and this ensures that the outsourced internal auditor is independent and has no involvement in the operations of the Company. The outsourced internal auditor which is responsible for the review and appraisal on the effectiveness of risk management, internal control and corporate governance processes in the Company, reports directly to the Audit Committee.

以下為董事會檢討本公司內部監控系統是否足夠及完整時採用之主要程序：

- 監控機制及管理模式

董事須出席董事會的定期會議。本公司業績及表現主要由本公司董事委員會及管理層負責監督，而日常業務營運則由執行主席、集團行政總裁及管理團隊負責。執行主席及集團行政總裁授權本公司各營運部門的相關負責人管理所屬部門的營運。

董事會負責制定業務方向並在各董事委員會的協助下監督本公司業務營運。

- 企業風險管理架構

董事會深明有效的風險管理架構可讓本公司及時且有效地按既定風險參數識別、評估及控制可影響本公司達成業務目標之風險。

董事會將透過定期會議確定影響本公司之風險及評估現行監控系統的成效，以衡量是否須因應有關情況制定任何應對計劃。本公司的風險管理架構正隨著冶煉廠業務的加入而穩步建立。

內部審核：

本公司之內部審核工作已外判予專業內部審核服務供應商，確保外判內部核數師身份獨立且並無參與本公司業務。外判內部核數師負責檢討及評價本公司的風險管理、內部監控及企業管治程序的效能，直接向審核委員會報告。

Corporate Governance Report

企業管治報告



The Audit Committee has full and direct access to the outsourced internal auditor, reviews the reports on all audits performed and monitors the audit performance. The Audit Committee also reviews the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

The outsourced internal auditor will carry out internal audits on various operating units within the Company based on the audit plan approved by the Audit Committee. Based on these audits, the outsourced internal auditor will provide the Audit Committee with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

Weaknesses in the system of internal control that result in material losses:

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The management will continue to take adequate measures to strengthen the control environment in which the Company operates.

The improvement of the system of internal control is an on-going process and the Board maintains an on-going commitment to strengthening the Company's control environment and processes.

Directors' Responsibility for the Financial Statements

Each of the Directors understands and acknowledges his or her responsibility for the preparation and the true and fair presentation of the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the ability of the Company to continue as a going concern. The statement of auditors about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report.

審核委員會可隨時直接聯絡外判內部核數師，審閱所有審核工作報告及監督審核的工作。審核委員會亦會檢討外判內部核數工作的範疇、職能、競爭能力及資源是否充足。

外判內部核數師根據經審核委員會批准的審核計劃對本公司內各營運單位進行內部審核。外判內部核數師會根據此等審核，向審核委員會定期報告調查結果、建議及改善內部監控系統的管理跟進措施。

可導致重大虧損的內部監控系統弱點：

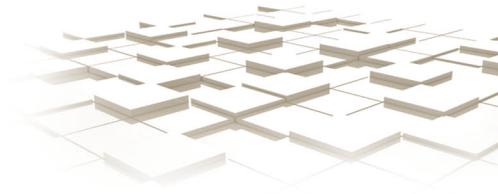
本財政年度內，並無因內部監控弱點而導致重大虧損。管理層將繼續採取足夠措施加強監控本公司的營運環境。

內部監控系統須不斷改良，董事會承諾將持續致力加強本公司監控環境及程序。

董事就財務報表須承擔的責任

各董事明白及深諳須根據香港會計師公會頒佈的香港財務報告準則及香港公司條例編製及真實公平呈列財務報表之責任。該責任包括設計、實施及保持與編製及真實而公平地呈列財務報表相關的內部控制，使財務報表不存在因欺詐或錯誤而導致的重大錯誤陳述，選擇及應用適當的會計政策及按情況作出合理會計估計。

據董事所知，並無有關可能導致本公司持續經營能力成疑的事項或條件的任何重大不明朗因素。核數師就其對財務報表之申報責任所作聲明載於獨立核數師報告。



Communication with Shareholders

The Board recognises the importance of good communication with Shareholders. Information in relation to the Group is disseminated to Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information and news are also made available on the website of the Company.

The Company's Annual General Meeting ("AGM") is a valuable forum for the Board to communicate directly with the Shareholders. The Executive Chairman actively participates at the AGM and personally chairs the meeting to answer any question to ensure effective communication with the Shareholders. The chairman of the Audit Committee, Remuneration Committee and Nomination Committee or in their absence, another member of the respective committees or failing that their respective duly appointed delegate, are also available to answer questions at the AGM. The chairman of any independent board committee formed as necessary or pursuant to the Listing Rules (or if no such chairman is appointed, at least a member of the independent board committee) will also be available to answer questions at any general meeting of the Shareholders to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

Separate resolutions are proposed at the general meetings for each substantial issue, including the re-election of retiring Directors.

The notice to Shareholders is to be sent in the case of an AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days before the meeting in the case of all other general meetings. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The Executive Chairman answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

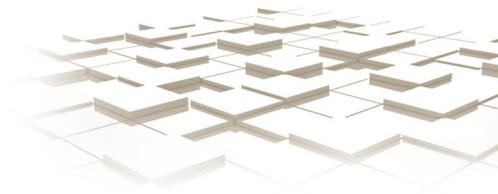
與股東之溝通

董事會深明與股東保持良好溝通之重要性。有關本集團之資料乃按時透過多種正式途徑向股東傳達，包括中期及年度報告、公佈及通函。該等刊發文件連同最近期之公司資料及消息亦已於本公司網站內登載。

本公司股東週年大會（「股東週年大會」）乃董事會直接與股東溝通之寶貴機會。為確保與股東之有效溝通，執行主席積極參與並親自主持股東週年大會以回應股東之任何查詢。審核委員會、薪酬委員會及提名委員會主席，或在主席缺席時由各自委員會之另一名成員（或如該等成員未能出席，則彼等各自正式委任的代表）於股東週年大會上回答提問。任何須予成立或根據上市規則成立之獨立董事委員會之主席（或倘並無委任該主席，則至少一名獨立董事委員會成員）亦會出席任何就批准關連交易或須獲獨立股東批准之任何其他交易而召開之股東大會，以回答提問。

每項重大事項（包括重選退任董事）均於股東大會提呈獨立決議案。

就股東週年大會而言，股東通告將於大會舉行前至少足20個營業日發送，而就所有其他股東大會而言，股東通告將於大會舉行前至少足10個營業日發送。以股數投票方式進行表決之詳細程序乃於大會開始時向股東解釋。執行主席會解答股東有關以股數投票方式表決之問題。股數投票結果將根據上市規則規定之方式刊發。



Shareholders' Right Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Section 113 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), the Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting. The related requisition must state the objects of the meeting, must be signed by the Shareholder(s) who requested to convene the meeting and deposited at the registered office of the Company.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders and other stakeholders may send their enquiries and concerns to the Board in writing whose contact details are as follows:

Suite 5103A, 51st Floor,
Central Plaza, 18 Harbour Road,
Wanchai, Hong Kong
Facsimile: (852) 2598 0188
Email: marketing@cvm magnesium.com

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for Shareholders to Put Forward Proposals at a General Meeting

In relation to a resolution relating to other matters in a general meeting, Shareholders are requested to follow the requirements and procedures as set out in Section 115A of the Companies Ordinance, whichever is applicable.

股東權利 股東召開股東特別大會的程序

根據香港法例第32章公司條例第113條，持有不少於本公司繳足股本二十分之一的股東可向董事會提出請求召開股東特別大會。有關請求書須列明會議的目的，並由要求召開大會的股東簽署及存置於本公司的註冊辦事處。

股東向董事會提出查詢的程序

股東及其他持份者可向董事會書面提出查詢及意見，聯絡詳情如下：

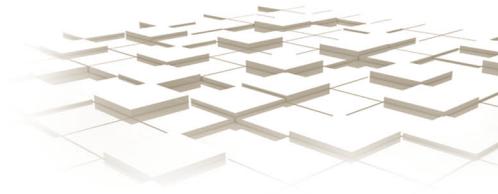
香港灣仔
港灣道18號中環廣場
51樓5103A室
傳真：(852) 2598 0188
電郵：marketing@cvm magnesium.com

股東亦可於本公司股東大會上向董事會提出查詢。

股東於股東大會上提呈議案之程序

倘於股東大會上提呈與其他事項有關的決議案，則股東須按照公司條例第115A條所載的規定及程序（以適用者為準）。

Directors and Senior Management 董事及高級管理層



Executive Directors

Mr. Ji Kuang

Mr. Ji Kuang (“Mr. Ji”), aged 52, Chinese, is an Executive Director and the Chairman of the Board of Directors (the “Board”) of the Company. He graduated from Nanjing University of Chinese Medicine with a Bachelor Degree of Chinese medicine in 1989. Mr. Ji has 20 years of experience in corporate management, property development, construction management and marketing. He was the chief manager of Federation of Returned Overseas Chinese Industry and Trade Group in Wuxi County and Federation of Returned Overseas Chinese Real Estate Development Company Limited in Wuxi City during the period from 1992 to 1999. He was then promoted to be the chairman of Federation of Returned Overseas Chinese Real Estate Development Company Limited in Wuxi City during the period from April 1999 to November 2009. He is the current chairman of the Wuxi Yuqi Datang Real Estate Company Ltd.. Mr. Ji is also the chairman of presidium of World Chinese-Overseas-Trade Union General Attestation (“WCUGA”) and a minister of the investment department of WCUGA. WCUGA was founded in 1986, which unites Chinese elites and Oversea-Chinese.

Mr. Lim Ooi Hong

Mr. Lim Ooi Hong (“Mr. Lim”), aged 36, Malaysian, is an Executive Director, Vice Chairman and the Chairman of the Nomination Committee of the Company. Mr. Lim graduated from RMIT University with a Bachelor’ Degree in Business (Business Administration) in 1998. Mr. Lim’s contribution to the development of the Company began from inception, as he was a member of the task force established in February 2004 to develop the magnesium business.

Prior to joining the Company, Mr. Lim was involved in special projects relating to the exploration and processing of zircon and kaolin, both non-ferrous metals, in Kalimantan, Indonesia and a tin mining project in Bentong, Pahang, Malaysia. Mr. Lim was appointed as managing director and chief executive officer of Ho Wah Genting Berhad (“HWGB”) on 30 August 2012, a public limited company incorporated under Malaysian law in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), a substantial shareholder of the Company.

執行董事

嵇匡先生

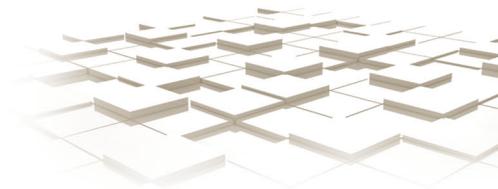
嵇匡先生(「嵇先生」)，52歲，中國籍，為本公司執行董事及董事會(「董事會」)主席。彼於一九八九年畢業於南京中醫藥大學，獲得中醫學士學位。嵇先生於企業管理、房地產開發、施工管理及市場營銷擁有20年經驗。彼於一九九二年至一九九九年期間擔任無錫縣僑聯工貿總公司及無錫市僑聯房產開發有限公司之總經理。彼其後於一九九九年四月至二零零九年十一月期間晉升為無錫市僑聯房產開發有限公司董事長。彼現為無錫玉祁大唐置業有限公司董事長。嵇先生亦為世界華人華僑華商聯合總會(「世界華人華僑華商聯合總會」)主席團主席及投資部部長。世界華人華僑華商聯合總會成立於一九八六年，集合世界各地華人精英及華僑。

Lim Ooi Hong 先生

Lim Ooi Hong 先生(「Lim 先生」)，36歲，馬來西亞籍，為本公司執行董事、副主席及提名委員會主席。Lim 先生於一九九八年畢業於墨爾本皇家理工大學並獲取商學(工商管理)學士學位。Lim 先生由其加入於二零零四年二月成立的專項小組發展鎂業務開始為本公司發展作出貢獻。

加入本公司前，Lim 先生曾參與印度尼西亞加里曼丹的銻石及瓷土(兩者均為有色金屬)的勘探及加工相關的專項和馬來西亞彭亨州(Pahang)文冬區(Bentong)的錫礦項目。於二零一二年八月三十日，Lim 先生獲委任為Ho Wah Genting Berhad(「HWGB」)(一間根據馬來西亞法律於馬來西亞註冊成立的公眾有限公司及於馬來西亞證券交易所(「馬來西亞交易所」)主板上市，為本公司主要股東)的董事總經理及行政總裁。

Directors and Senior Management 董事及高級管理層



Mr. Leung Wai Kwan

Mr. Leung Wai Kwan (“Mr. Leung”), aged 49, Chinese, is an Executive Director, Group Chief Executive Officer and Authorised Representative of the Company. Mr. Leung has been the Vice President, Business Development (Asia) of the Company since 1 March 2010. He continues in a business development role for the Company.

Mr. Leung holds a Bachelor Degree of Business Administration in Finance from The Queen’s University of Brighton, United States of America (“USA”). Prior to joining the Company in March 2010, he was a principal of a local audit firm and the managing director of a consulting firm providing services of secretarial, taxation and corporate finance consultancy. Mr. Leung was an executive director of two companies listed on the Main Board of the Stock Exchange for more than 7 years until 2004 and 2005 respectively, and has extensive experience in merger and acquisition activities, financial management and corporate compliance.

Mr. Liang Hai Yang

Mr. Liang Hai Yang (“Mr. Liang”), aged 50, Chinese, is an Executive Director of the Company. He graduated from Rochville University in USA with a Degree of Doctor of Business Administration in 1998. He was the vice chief manager of Tiancheng Group Haihong Company during the period of 1993 to 1995 and the vice chairman and chief executive officer of America Times East Media Group during the period of 1998 to 2001. Mr. Liang is the founder, president and chief editor of the magazine of World Chinese Elites since 2000. He is also the founder of Art Monograph and Art Manager. Mr. Liang is the Ambassador of Global Peace Culture of United Nations and the executive chairman and secretary of WCUGA.

Mr. Li Zi Cong

Mr Li Zi Cong (“Mr. Li”), aged 57, Chinese, is an Executive Director of the Company. He has more than 20 years experience in marketing, strategic management and business operation in mainland China. Mr. Li has been holding various senior management positions in a number of corporations. Prior to joining the Company, Mr. Li has been working for Wuxi Yuqi Datang Real Estate Company Ltd. as project manager since 2011.

梁維君先生

梁維君先生(「梁先生」)，49歲，中國籍，為本公司執行董事、集團行政總裁及授權代表。梁先生自二零一零年三月一日起擔任本公司業務發展(亞洲)副總裁。彼將繼續在本公司擔任業務開發職務。

梁先生畢業於美國皇家白禮頓大學，持有工商管理(財務)學士學位。於二零一零年三月加入本公司之前，彼曾為當地審計所的負責人，並在一間提供秘書服務、稅務及企業融資顧問服務的諮詢公司擔任董事總經理。彼曾擔任兩間聯交所主板上市公司的執行董事達七年之久，分別直至二零零四年及二零零五年為止，在併購活動、財務管理及公司合規等方面積累豐富經驗。

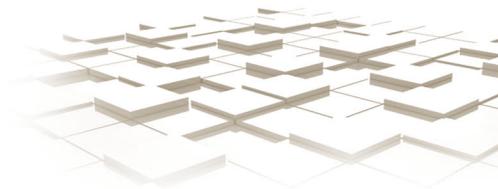
梁海洋先生

梁海洋先生(「梁先生」)，50歲，中國籍，為本公司執行董事。彼於一九九八年畢業於美國羅奇維爾大學，獲得經濟管理學博士學位。彼於一九九三年至一九九五年期間擔任中國天成集團海虹公司之副總經理及於一九九八年至二零零一年期間擔任美國時代東方傳媒集團之副主席兼首席執行官。於二零零零年，梁先生創辦《世界華人精英》雜誌，並同時擔任社長及總編輯。彼亦為《藝術家》及《藝術經理人》雜誌之創辦人。梁先生現為聯合國世界和平文化大使及世界華人華僑華商聯合總會之執行主席及秘書長。

李子聰先生

李子聰先生(「李先生」)，57歲，中國籍，為本公司執行董事。彼擁有超過20年於中國大陸從事市場、策劃管理及業務運作的經驗。李先生曾於多間公司擔任高級管理職務。在加入本公司之前，李先生於二零一一年開始擔任無錫玉祁大唐置業有限公司的項目經理。

Directors and Senior Management 董事及高級管理層



Independent Non-executive Directors

Ms. Wong Choi Kay

Ms. Wong Choi Kay ("Ms. Wong"), aged 46, Malaysian, has been an Independent Non-executive Director of the Company since 27 December 2007, the Chairperson of the Audit Committee and Remuneration Committee of the Company since 14 October 2008 and 30 March 2012 respectively. Ms. Wong obtained her Bachelor of Arts Degree from Queen's University, Kingston, Canada in 1988. She is a member of the Institute of Chartered Accountants of British Columbia, the Institute of Internal Auditors, a certified fraud examiner of the Association of Certified Fraud Examiners, Texas, USA and a member of the Institute of Corporate Directors, Corporate Governance College, Sauder School of Business and University of British Columbia, Canada.

Ms. Wong has more than 20 years of experience in forensic accounting, organisational design and development and Sarbanes-Oxley financial control reviews. Ms. Wong has provided consulting services to a number of mining companies, principally in the areas of corporate governance and due diligence. Some of the companies she has advised included Energy Metals Corporation, a uranium exploration company which is listed on Nasdaq and the Toronto Stock Exchange ("TSX"), Peregrine Diamonds Ltd which is also listed on the TSX and Peregrine Metals Ltd which is engaged in gold and copper exploration.

Prior to joining the Company, from 1990 to 1995, Ms. Wong was a senior associate and an internal control specialist at PricewaterhouseCoopers where she advised on various internal control or other specialized engagements for clients involved in mining businesses, including Teck-Cominco (zinc, metallurgical coal, gold, copper and specialty metals; listed on TSX and the New York Stock Exchange), and KAP Resources Ltd. Ms. Wong has also been an independent non-executive director of Nagacorp Ltd. (Stock Code: 3918) a company listed on the Stock Exchange from February 2005 to May 2009.

After leaving PricewaterhouseCoopers, Ms. Wong also worked for the Imperial Parking Group, Great Canadian Gaming Corporation, Vancouver International Airport Authority, Workers Compensation Board of British Columbia and the Royal Canadian Mounted Police. Additionally, Ms. Wong has consulted with a number of resource companies such as Oromin Explorations Ltd., Strathmore Minerals Corp., Yukon Zinc Corporation, Madison Minerals Ltd., Entrée Gold, Golden Predator Mines Inc. and Crosshair Explorations & Mining Corp.

獨立非執行董事

Wong Choi Kay 女士

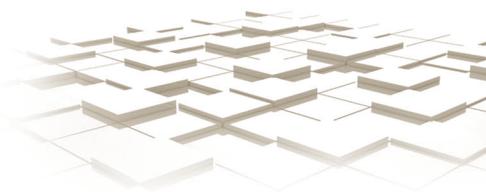
Wong Choi Kay 女士 (「Wong 女士」)，46 歲，馬來西亞籍，自二零零七年十二月二十七日起擔任本公司獨立非執行董事及自二零零八年十月十四日及二零一二年三月三十日起分別出任本公司審核委員會及薪酬委員會主席。Wong 女士於一九八八年獲加拿大金斯頓女皇大學文學學士學位。彼為英屬哥倫比亞省特許會計師公會、內部核數師公會成員、美國德克薩斯州執業舞弊稽核師協會的執業舞弊稽核師及加拿大英屬哥倫比亞大學尚德商學院企業管治學院的企業董事協會成員。

Wong 女士擁有逾 20 年的法務會計、組織設計與發展及薩奧財務控制審閱經驗。Wong 女士曾向多間採礦公司提供企業管治及盡職審查等諮詢服務。彼曾提供諮詢服務的公司包括 Energy Metals Corporation (一間鈾礦勘探公司，於納斯達克及多倫多證券交易所(「多倫多證交所」)上市的公司)、Peregrine Diamonds Ltd (於多倫多證交所上市的公司) 及 Peregrine Metals Ltd (從事金礦及銅礦勘探)。

加入本公司前，一九九零年至一九九五年期間，Wong 女士於羅兵咸永道會計師事務所出任高級審計員及內部控制專員期間，曾向多個從事礦產業務的客戶提供有關內部控制或其他專項諮詢服務的意見，其中包括 Teck-Cominco (鋅、冶金煤、金、銅及特殊金屬；於多倫多證交所及紐約證券交易所上市) 及 KAP Resources Ltd. 從二零零五年二月至二零零九年五月，Wong 女士亦為聯交所上市公司金界控股有限公司 (股份代號：3918) 獨立非執行董事。

於離開羅兵咸永道會計師事務所後，Wong 女士亦先後任職於 Imperial Parking Group、Great Canadian Gaming Corporation、溫哥華國際機場管理局、Workers Compensation Board of British Columbia 及加拿大皇家騎警隊。此外，Wong 女士亦擔任 Oromin Explorations Ltd.、Strathmore Minerals Corp.、Yukon Zinc Corporation、Madison Minerals Ltd.、Entrée Gold、Golden Predator Mines Inc. 及 Crosshair Explorations & Mining Corp 等多間資源公司顧問。

Directors and Senior Management 董事及高級管理層



Mr. Chong Lee Chang

Mr. Chong Lee Chang (“Mr. Chong”), aged 54, Malaysian, has been an Independent Non-executive Director of the Company since 27 December 2007. He graduated with a BA (honours) degree in law from the Manchester Metropolitan University in 1982. He was admitted to the Honourable Society of Lincoln’s Inn, London, in 1982 and was enrolled as a Barrister-at-Law in 1983. In 1984, he was admitted as an advocate and solicitor of the High Court of Malaya and is currently holding a legal practising certificate to practise law in Malaysia. Mr. Chong has more than 26 years of experience in legal practice in Malaysia.

Mr. Chong is the founding and senior partner of a Kuala Lumpur based law firm, Messrs. LC Chong & Co. His legal experience has included advising various companies from Asia and United Kingdom, including steel millers from China. He has served as an executive director of Antah Holdings Berhad (a public company listed on the Main Market of Bursa Malaysia) from June 2000 to October 2001 and also held directorship in Permanis Sdn. Bhd., the Malaysian franchise holder and bottler of Pepsi-Cola and Seven-Up. He was a director of Midwest Corporation Limited since May 2005, a company listed on the Australian Stock Exchange, whose main businesses are mining, exploring and processing iron ore. He resigned from Midwest Corporation in February 2009 after the company was wholly acquired by a Chinese company and delisted from the Australian Stock Exchange. On 25 June 2010, Mr. Chong was appointed as an independent non-executive director of Agritrade Resources Limited (Stock Code: 1131), a company listed on the Main Board of the Stock Exchange. Mr. Chong was appointed as an independent non-executive director of EITA Resources Berhad, a public company listed on Bursa Malaysia on 9 April 2012.

Mr. Chong was a non-executive director of Bingo Group Holdings Limited (Stock Code: 8220), a company listed on the GEM board of the Stock Exchange and was subsequently redesignated as an executive director with effect from 14 February 2013.

Mr. Chong is also the managing director of Guangxi Xin Wei Hotel Management Co., Ltd (廣西鑫偉酒店管理有限公司), a private foreign investment company in the PRC which owns the Nanning Marriott Hotel (南寧鑫偉萬豪酒店).

Chong Lee Chang 先生

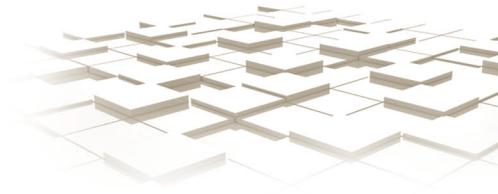
Chong Lee Chang 先生(「Chong 先生」)，54歲，馬來西亞籍，自二零零七年十二月二十七日起擔任本公司獨立非執行董事。彼於一九八二年曼切斯特城市大學獲法學學士(榮譽)學位。彼於一九八二年獲倫敦林肯法律學院錄取，並於一九八三年註冊成為大律師。一九八四年，彼獲授馬來亞高等法院大律師兼事務律師資格，現時持有法律執業證書於馬來西亞擔任執業律師。Chong 先生於馬來西亞法律實務方面擁有逾26年經驗。

Chong 先生為吉隆坡一間律師事務所 Messrs. LC Chong & Co 的創辦人及高級合夥人。其法律經驗包括向亞洲及英國多間公司(包括中國鋼廠)提供諮詢。自二零零零年六月至二零零一年十月，彼為 Antah Holdings Berhad (於馬來西亞交易所主板上市的公眾公司)的執行董事。彼亦為 Permanis Sdn. Bhd. 的董事，該公司為百事可樂及七喜於馬來西亞的專營權持有人及裝瓶公司。彼曾為 Midwest Corporation Limited (一間自二零零五年五月起於澳洲證券交易所上市的公司，主要從事鐵礦石開採、勘探及加工)的董事。二零零九年二月，彼於 Midwest Corporation 被中資公司完全收購及取消於澳洲證券交易所上市後辭任。二零一零年六月二十五日，Chong 先生獲委任為鴻寶資源有限公司(聯交所主板上市公司)(股份代號：1131)獨立非執行董事。Chong 先生於二零一二年四月九日獲委任為 EITA Resources Berhad (一間在馬來西亞證券交易所上市的公眾公司)的獨立非執行董事。

Chong 先生曾為比高集團控股有限公司(香港聯交所創業板上市公司)(股份代號：8220)的非執行董事，其後重新獲委任為執行董事，並自二零一三年二月十四日起生效。

Chong 先生亦為廣西鑫偉酒店管理有限公司董事總經理，該公司為一間在中國的私人外資公司，擁有南寧鑫偉萬豪酒店。

Directors and Senior Management 董事及高級管理層



Mr. Tony Tan

Mr. Tony Tan (“Mr. Tan”), aged 62, Malaysian, has been appointed as an Independent Non-executive Director and a member of the audit committee of the Company since 1 June 2011. Mr. Tan graduated from the University of Tasmania, Australia with a Bachelor of Arts Degree majoring in Political Science and Administration and then read law at Lincoln’s Inn England. He was called to the English Bar in July 1979. Mr. Tan was called to the Malaysian Bar in 1980 and is now an advocate and solicitor of the High Court of Malaya. He is the founding partner of the legal firm, Messrs N.K. Tan & Rahim. He has 32 years of experience in commercial law and is well-versed in conveyancing, litigation and general law.

Mr. Tan was an Independent Non-executive Director and the chairman of the Board of the Company from 9 November 2007 until 1 September 2010. He also served as the chairman of the nomination committee, chairman of the remuneration committee and member of the audit committee of the Company until his resignation from the Board on 1 September 2010.

Mr. Tan has served first as a non-executive director and then as an executive director of Antah Holdings Berhad, a public company listed on the Main Market of the Bursa Malaysia from 14 July 1999 until 30 August 2001.

Mr. Tan was also an independent non-executive director of HWGB from 4 July 2001 until 12 December 2007. He was re-appointed as an independent non-executive director to the board of HWGB on 1 September 2010 and resumed the position of chairman on the same date. He was re-designated as deputy chairman with effect from 10 January 2011. He is also a member of the audit committee, the chairman of nomination and remuneration committees of HWGB. He was re-designated as chairman of HWGB on 14 June 2011 and resigned all his positions in HWGB on 30 August 2012.

He is also an independent non-executive director of APFT Berhad, a public company listed on the Main Market of the Bursa Malaysia since 6 December 2010. He was appointed as a member of the audit committee and chairman of the nomination committee of APFT Berhad on 15 December 2010.

Mr. Tan was appointed as an independent non-executive director of Connectcounty Holdings Berhad, a public company listed on the ACE Market of Bursa Malaysia on 1 November 2011 and also as a member of its Audit Committee on 18 November 2011.

Tony Tan 先生

Tony Tan 先生(「Tan 先生」)，62歲，馬來西亞籍，自二零一一年六月一日起獲委任為獨立非執行董事及本公司審核委員會成員。Tan 先生畢業於澳洲塔斯馬尼亞大學，主修政治及管理，獲文學學士學位，並在英國林肯法律學院學習法律。彼於一九七九年七月取得英國大律師執業資格。Tan 先生於一九八零年取得馬來西亞律師公會大律師資格，現為馬來亞高等法院大律師兼事務所。彼為 Messrs N.K. Tan & Rahim 律師事務所的一名合夥人。彼於商法方面擁有32年的經驗，通曉物業轉易、訴訟及普通法。

Tan 先生於二零零七年十一月九日至二零一零年九月一日先後擔任本公司獨立非執行董事及董事會主席。彼亦曾擔任本公司提名委員會主席、薪酬委員會主席及審核委員會成員，直至二零一零年九月一日其辭任董事會職務為止。

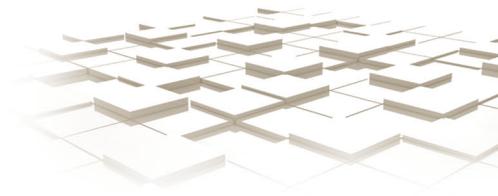
Tan 先生於一九九九年七月十四日至二零零一年八月三十日先後出任 Antah Holdings Berhad (一間於馬來西亞交易所主板上市的公眾公司) 的非執行董事及執行董事。

Tan 先生亦曾於二零零一年七月四日至二零零七年十二月十二日擔任 HWGB 的獨立非執行董事。彼於二零一零年九月一日獲 HWGB 董事會重新委任為獨立非執行董事，並於同日擔任主席職務。彼自二零一一年一月十日起重新獲委任為副主席。彼亦擔任 HWGB 審核委員會成員、提名委員會及薪酬委員會主席。彼於二零一一年六月十四日重新獲委任為 HWGB 的主席，惟於二零一二年八月三十日辭任彼於 HWGB 的所有職位。

彼亦為 APFT Berhad (一間於二零一零年十二月六日在馬來西亞交易所主板上市的公眾公司) 獨立非執行董事。彼於二零一零年十二月十五日獲委任為 APFT Berhad 的審核委員會成員及提名委員會主席。

Tan 先生獲委任為 Connectcounty Holdings Berhad (一間於二零一一年十一月一日在馬來西亞交易所創業板上市的公眾公司) 的獨立非執行董事，亦於二零一一年十一月十八日成為審核委員會的成員。

Directors and Senior Management 董事及高級管理層



Senior Management

Mr. Wong Keet Loy

Mr. Wong Keet Loy (“Mr. Wong”), aged 48, Malaysian, Chief Financial Officer, joined the Company since March 2010. He is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants. He holds a Diploma in Commerce (Financial Accounting).

He has over 20 years of experience in finance, corporate finance, banking and accounting in various industries.

Prior to joining the Company, Mr. Wong was the Chief Financial Officer of a USA owned timber plantation and manufacturing company. He has also been a Group Financial Controller in an engineering company as well as in a property development company during the course of his career. Both these companies are listed on the Main Board of Bursa Malaysia.

高級管理層

Wong Keet Loy 先生

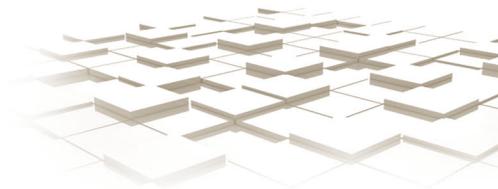
Wong Keet Loy 先生(「Wong 先生」)，48歲，馬來西亞籍，於二零一零年三月加入本公司，擔任首席財務總裁。彼為英國特許公認會計師公會資深會員及馬來西亞會計師公會特許會計師。彼持有商業文憑(財務會計)。

彼於多個行業的財務、企業融資、銀行及會計方面有逾20年經驗。

在加入本公司前，Wong 先生曾擔任一間美國擁有的木材種植和生產公司的首席財務總裁。在其職業生涯中，彼亦為一間工程公司及一間房地產開發公司的集團財務總監。兩間公司均於馬來西亞交易所主板上市。

Report of the Directors

董事會報告



The Directors hereby present their report together with the audited financial statements of the Group for the year ended 31 December 2012.

Principal Activities

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 17 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2012 are set out in the consolidated income statement on page 66.

Final Dividends

The Board did not recommend the payment of any dividend in respect of the year ended 31 December 2012 (2011: Nil).

Property, Plant and Equipment

Additions to property, plant and equipment of the Group for the year ended 31 December 2012 amounted to HK\$6,876,160 (2011: HK\$79,017,621).

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

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 30(b) to the financial statements.

Interest Capitalised

No interest on bank loans have been capitalised for the year ended 31 December 2012 (2011: Nil).

Reserves

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 30(a) to the financial statements respectively.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2012, calculated under section 79B of the Hong Kong Companies Ordinance, were represented by accumulated losses of HK\$950,725,908 (2011: HK\$500,788,592).

董事謹此提呈截至二零一二年十二月三十一日止年度的報告及本集團經審核財務報表。

主要業務

本公司為投資控股公司。其附屬公司的主要業務載於財務報表附註17。

業績及分派

本集團截至二零一二年十二月三十一日止年度的業績載於綜合收益表第66頁。

末期股息

董事會不建議就截至二零一二年十二月三十一日止年度派付任何股息(二零一一年：無)。

物業、廠房及設備

本集團截至二零一二年十二月三十一日止年度的物業、廠房及設備添置為6,876,160港元(二零一一年：79,017,621港元)。

本集團於本年度的物業、廠房及設備變動詳情載於財務報表附註13。

股本

本公司於本年度的股本變動詳情載於財務報表附註30(b)。

撥作資本之利息

截至二零一二年十二月三十一日止年度並無銀行貸款利息撥充資本(二零一一年：無)。

儲備

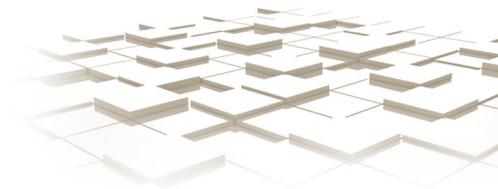
本集團及本公司於本年度的儲備變動詳情載於綜合權益變動表及財務報表附註30(a)內。

可供分派儲備

於二零一二年十二月三十一日，根據香港公司條例第79B條計算，本公司的可供分派儲備為累計虧損950,725,908港元(二零一一年：500,788,592港元)。

Report of the Directors

董事會報告



Directors

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Ji Kuang (*Executive Chairman*)
(appointed on 7 August 2012)
Mr. Lim Ooi Hong (*Vice Chairman*)
Mr. Leung Wai Kwan (*Group Chief Executive Officer*)
Mr. Liang Hai Yang (appointed on 7 August 2012)
Mr. Li Zi Cong (appointed on 11 September 2012)
Mr. Goh Sin Huat (resigned on 7 August 2012)

Independent Non-executive Directors

Ms. Wong Choi Kay
Mr. Chong Lee Chang
Mr. Tony Tan

The biographical details of the Directors are set out under the section "Directors and Senior Management" of this Annual Report.

In accordance with Article 104(A) of the Articles of Association, Mr. Leung Wai Kwan, Ms. Wong Choi Kay and Mr. Chong Lee Chang shall retire by rotation and being eligible, have offered themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

None of the Directors has any existing or proposed service contract with the Company or its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Directors' and Controlling Shareholder's Interests in Contracts

Save as disclosed under the headings "Continuing Connected Transactions" in the Report of the Directors and "Material Related Party Transactions" in note 37 to the financial statements, no Directors or controlling shareholder of the Company or their respective subsidiaries had a material interest, either directly or indirectly, in any contract of significance to the business of the Group and to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party, subsisted at the end of the year or at any time during the year.

Directors' Interests in Competing Business

Up to the date of this report, none of the Directors have any beneficial interest in other businesses which constitute, either directly or indirectly, a competing business of the Group.

董事

於本年度及截至本報告日期的董事如下：

執行董事

嵇匡先生 (*執行主席*)
(於二零一二年八月七日獲委任)
Lim Ooi Hong 先生 (*副主席*)
梁維君先生 (*集團行政總裁*)
梁海洋先生 (於二零一二年八月七日獲委任)
李子聰先生 (於二零一二年九月十一日獲委任)
Goh Sin Huat 先生 (於二零一二年八月七日辭任)

獨立非執行董事

Wong Choi Kay 女士
Chong Lee Chang 先生
Tony Tan 先生

董事的履歷詳情載於本年報「董事及高級管理層」一節。

根據章程細則第104(A)條，梁維君先生、Wong Choi Kay 女士及 Chong Lee Chang 先生須輪值退任，且符合資格並願意在應屆股東週年大會上膺選連任。

董事服務合約

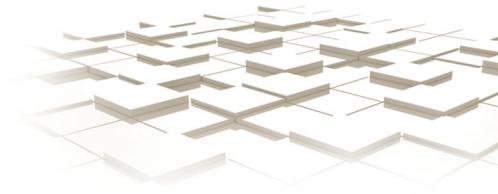
概無董事與本公司或其附屬公司現訂有或擬訂立僱傭公司不可於一年內不付賠償(法定賠償除外)而終止之服務合約。

董事及控股股東於合約的權益

除董事會報告「持續關連交易」一節及財務報表附註37「重大關連方交易」一節所披露者外，概無本公司董事或控股股東或彼等各自的附屬公司於本公司、其附屬公司、同系附屬公司或控股公司作為訂約方所簽訂的任何與本集團業務有重大關係且於年末或年內任何時間仍有效的合約中直接或間接擁有重大權益。

董事於競爭業務的權益

截至本報告日期，董事概無於其他屬本集團競爭業務的業務中直接或間接擁有任何實際權益。



Controlling Shareholder

HWGB, the largest shareholder of the Company, has ceased to be the controlling shareholder under the definition of the Listing Rules during the year ended 31 December 2012. In view thereof, HWGB's annual confirmation of its compliance with the non-competition undertaking was not required.

Employees and Remuneration Policies

As at 31 December 2012, the Group had a total of approximately 174 employees (2011: 215 employees). Total staff costs (including Directors' emoluments), incurred for the year ended 31 December 2012 amounted to approximately HK\$20.0 million (2011: HK\$12.4 million). Remuneration packages of the Directors are recommended by the Remuneration Committee and approved by the Board. Employee remuneration will be determined by the management with reference to the performance, experience and industry practice.

Share Option Scheme

The Company has a share option scheme (the "Scheme") which was adopted on 14 October 2008. The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to the employees; to provide eligible participants with the opportunity to acquire proprietary interests in the Company; and to promote the long term financial success of the Company by aligning the interests of grantees to the Shareholders. Under the Scheme, the Board shall be entitled at any time (except for the period as defined under the Listing Rules whereby price sensitive event or a price sensitive matter has been the subject of a decision) within 10 years commencing on the date of adoption of the Scheme to make an offer for the grant of an option to any employee (including any officer or director, whether executive or non-executive, of the Company or its subsidiaries), and any consultant, adviser, supplier, customer or subcontractor of the Company or any other person determined by the Board as appropriate.

控股股東

截至二零一二年十二月三十一日止年度內，根據上市規則的定義，本公司最大股東HWGB已不再為控股股東。因此，HWGB遵守不競爭承諾的年度確認並非必要。

僱員及薪酬政策

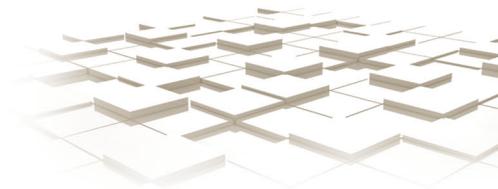
於二零一二年十二月三十一日，本集團共有約174名僱員（二零一一年：215名僱員）。截至二零一二年十二月三十一日止年度的員工成本（包括董事薪酬）總額約20,000,000港元（二零一一年：12,400,000港元）。董事薪酬由薪酬委員會建議並經董事會批准。僱員薪酬由管理層參考僱員表現及經驗以及行業慣例而釐定。

購股權計劃

本公司於二零零八年十月十四日採納一項購股權計劃（「該計劃」）。該計劃旨在吸引及挽留精英人才發展本公司業務；為僱員提供額外獎勵；為合資格人士提供認購本公司股本權益的機會；以及藉連繫承授人與股東的利益，促進本公司長期財務成就。根據該計劃，董事會有權自採納該計劃當日起計10年內隨時（不包括上市規則所界定之價格敏感事件或價格敏感事宜為決定對象之期間）向本公司任何僱員（包括本公司或其附屬公司的高級職員或執行或非執行董事）及本公司任何顧問、諮詢人、供應商、客戶或分包商或董事會決定的任何其他人士（如適用）授出購股權。

Report of the Directors

董事會報告



The shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 10% of the shares of the Company in issue from time to time. The maximum number of shares available for issue under options which may be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the issued shares of the Company, being 536,061,706 shares. The total number of shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the shares of the Company in issue, such further grant shall be subject to separate approval by the Shareholders in general meeting with the relevant grantee and his associates abstaining from voting.

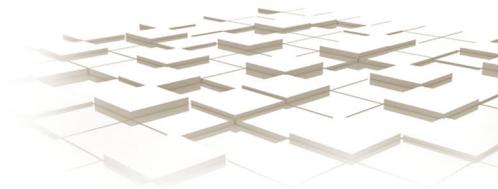
The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the shares of the Company 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 a share of the Company. An offer shall remain open for acceptance for a period of 28 days from the date of offer (or such longer period as the Board may specify in writing). HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of the option. The period within which the shares of the Company must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

For the year ended 31 December 2012, no option has been granted or agreed to be granted under the Scheme.

可能因行使根據該計劃及任何其他計劃授出的所有未行使並仍可獲行使的購股權而發行的股份數目，不得超過本公司不時已發行股份的10%。可能因行使根據該計劃及本公司任何其他計劃授出的購股權而發行的股份總數，不得超過本公司已發行股份的10%，即536,061,706股股份。各承授人於任何12個月期間行使所獲授的購股權（無論是否已行使或尚未行使）而獲發行及可獲發行的股份總數，不得超過本公司已發行股份的1%。進一步授出購股權須於股東大會上獲股東的獨立批准，且有關承授人及其聯繫人不得於會上投票。

任何特定購股權的認購價須為董事會於授出有關購股權時全權釐定的價格，惟認購價不得低於以下較高者：(i) 於授出日期本公司股份在聯交所每日報價表所列收市價；(ii) 緊接授出日期前五個營業日本公司股份在聯交所每日報價表所列收市價的平均價；及(iii) 本公司股份面值。購股權建議於建議日期起計28日期間（或董事會可書面訂明的較長期間）可供接納。承授人接納購股權建議時須向本公司支付1.00港元。董事會授出購股權時全權酌情釐定根據購股權認購本公司股份的期限，惟該期限不得超過授出有關購股權日期起計10年。

截至二零一二年十二月三十一日止年度，概無根據該計劃授出或同意授出購股權。



Interests and Short Position of Directors or Chief Executive of the Company in the Shares or Underlying Shares or Debentures of the Company and Its Associated Corporations

As at 31 December 2012, the interests and short positions of the Directors or Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the shares:

本公司董事或主要行政人員於本公司及其相聯法團之股份、相關股份或債券之權益及淡倉

於二零一二年十二月三十一日，本公司董事或最高行政人員於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」））之股份、相關股份及債券中擁有根據證券及期貨條例第352條的規定須由本公司存置之登記冊記錄或根據標準守則須知會本公司及聯交所之權益及淡倉如下：

股份之好倉：

Name of director	董事姓名	Nature of interest		Total number of shares	Approximate percentage of shareholding	Note
		Beneficial owner	Interest of spouse			
		實益擁有人	配偶權益	股份總數	持股概約百分比	附註
Leung Wai Kwan	梁維君	2,900,000	13,298,000	16,198,000	0.32%	—
Li Zi Cong	李子聰	215,000,000	—	215,000,000	4.28%	1

Note:

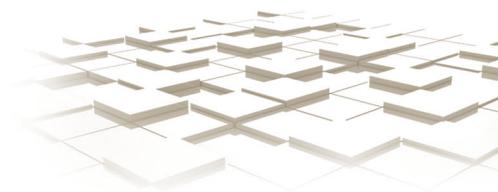
附註：

1. Mr. Li Zi Cong, being an Executive Director, has 215,000,000 shares of the Company through a controlled corporation.

1. 執行董事李子聰先生透過一間受控制法團擁有本公司215,000,000股股份。

At no time during the year ended 31 December 2012 was the Company or its subsidiaries a party to any arrangement to enable the Directors and the Chief Executive Officer of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debentures of the Company or its subsidiaries.

截至二零一二年十二月三十一日止年度，本公司或其附屬公司概無訂立任何安排，使本公司董事及行政總裁（包括其配偶及年齡未滿十八歲子女）可藉收購本公司或其附屬公司股份或相關股份或債券而獲益。



Interests and Short Position in the Shares and Underlying Shares of Substantial Shareholders

As at 31 December 2012, so far as is known to any Directors or the Chief Executive of the Company, the Shareholders, other than the Directors or the Chief Executive of the Company, who had an interest or short positions in the shares or the underlying shares of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

主要股東於股份及相關股份之權益及淡倉

於二零一二年十二月三十一日，就本公司任何董事或最高行政人員所知，股東（不包括本公司董事或主要行政人員）於本公司股份或相關股份擁有根據證券及期貨條例第336條規定須記錄於本公司存置之登記冊的權益及淡倉如下：

Name	名稱／姓名	Number of shares directly or indirectly held 直接或間接持有的股份數目	Approximate percentage of shareholding 持股概約百分比	Note 附註
Voice Key Group Limited	Voice Key Group Limited	744,764,507	14.85%	1
Chu Yuk Lung	朱浴龍	744,764,507	14.85%	2
HWGB	HWGB	744,150,000	14.84%	3
Silver Rhythm Sdn. Bhd.	Silver Rhythm Sdn. Bhd.	502,047,188	10.01%	4
Teoh Tek Siong	Teoh Tek Siong	507,047,188	10.11%	5
Tao Qian	陶乾	400,000,000	7.97%	–
Cheung Hei Man	張曦文	398,698,603	7.95%	–
Jui Hong Cheong	仇瀚樟	398,698,603	7.95%	–

Notes:

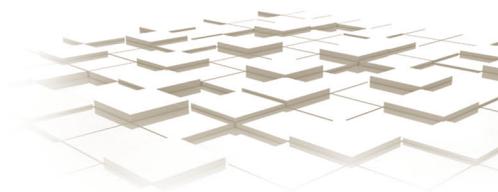
附註：

- As at 31 December 2012, Voice Key Group Limited ("Voice Key") holds 2,603 Shares and HK\$93,840,000 convertible bonds of the Company. Pursuant to the announcement of the Company dated 12 January 2012, the Company will issue an aggregate of 847,936,507 new Shares to Voice Key if there is an immediate exercise in full of the conversion rights attached to the Voice Key's convertible bonds. Voice Key will only convert the convertible bonds issued by the Company, in a manner that will (i) not upset the public float of Shares on the Stock Exchange; (ii) not result in change of the single largest shareholder of the Company upon any conversion of the convertible bonds; (iii) not trigger any general offer obligation under Rule 26 of the Takeovers Code. Such conversion will not result in a change of the control of the Company.
- Chu Yuk Lung owns 100% interest in the issued capital of Voice Key and is therefore deemed to be interested in the Shares and underlying shares in which Voice Key Group Limited is interested in.
- Ho Wah Genting Berhad ("HWGB") is a public company limited by shares incorporated under Malaysian law in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.
- Silver Rhythm Sdn. Bhd. is a private company limited by shares incorporated under Malaysian law in Malaysia.

- 於二零一二年十二月三十一日，Voice Key Group Limited（「Voice Key」）持有2,603股股份及價值93,840,000港元的本公司可換股債券。根據本公司日期為二零一二年一月十二日的公佈，倘即時全面行使Voice Key可換股債券所附換股權，本公司將向Voice Key發行合共847,936,507股新股份。Voice Key僅可以將(i)不會擾亂股份於聯交所的公眾持股量；(ii)兌換任何可換股債券後不會導致本公司的單一最大股東出現變動；(iii)不會觸發須根據收購守則第26條提出任何全面收購建議的責任的方式。兌換本公司所發行之可換股債券。有關兌換不會導致本公司控制權有變。
- 朱浴龍擁有Voice Key已發行股本的全部權益，因此被視為擁有Voice Key Group Limited所持股份及相關股份之權益。
- Ho Wah Genting Berhad（「HWGB」）為於馬來西亞根據馬來西亞法律註冊成立的公眾股份有限公司及於馬來西亞證券交易所主板上市。
- Silver Rhythm Sdn. Bhd. 為於馬來西亞根據馬來西亞法律註冊成立的私人股份有限公司。

Report of the Directors

董事會報告



5. Mr. Teoh Tek Siong owns 99% interest in the issued capital of Silver Rhythm Sdn. Bhd. and is therefore deemed to be interested in the 502,047,188 Shares held by Silver Rhythm Sdn. Bhd. in the Company. In addition, Mr. Teoh Tek Siong also holds 5,000,000 Shares.
6. All interests stated above represent long positions.

5. Teoh Tek Siong 先生擁有 Silver Rhythm Sdn. Bhd. 已發行股本的 99% 權益，故被視為擁有 Silver Rhythm Sdn. Bhd. 於本公司所持有 502,047,188 股股份之權益。此外，Teoh Tek Siong 先生亦持有 5,000,000 股股份。
6. 上述所有權益均屬好倉。

Purchase, Sale or Redemption of Listed Securities

For the year ended 31 December 2012, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

購買、出售或贖回上市證券

截至二零一二年十二月三十一日止年度，本公司或其附屬公司均無購買、出售或贖回本公司的任何上市證券。

Sufficiency of Public Float

The Company has maintained the prescribed minimum amount of public float from the date of its Listing and up to the latest practicable date of this Annual Report as required by the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report.

足夠公眾持股量

自上市日期起至截至本年報最後實際可行日期，根據本公司於截至刊發本報告前的最後實際可行日期從公開途徑所獲資料及就董事所知悉，本公司一直維持上市規則規定之最低公眾持股量。

Major Customers and Suppliers

As at 31 December 2012, the proportion of purchases and sales from major suppliers and major customers of the Group to the total purchases and sales, respectively, are as follows:

主要客戶及供應商

於二零一二年十二月三十一日，來自本集團主要供應商及主要客戶的買賣量與總買賣量的比例分別載列如下：

Purchases

The total purchases from the largest supplier and five largest suppliers of the Group represent 19.4% and 54.8% of the total purchases respectively. All transactions between the Group and its suppliers were conducted on normal commercial terms.

購買量

來自本集團最大供應商及五大供應商的總購買量分別佔總購買量的 19.4% 及 54.8%。本集團與其供應商之間的所有交易乃根據一般商業條款進行。

Sales

The total sales from the largest customer and five largest customers of the Group represent 58.9% and 85.2% of the total sales value respectively. All transactions between the Group and its customers were conducted on normal commercial terms.

銷售量

來自本集團最大客戶及五大客戶的總銷售量分別佔總銷售值的 58.9% 及 85.2%。本集團與其客戶之間的所有交易乃根據一般商業條款進行。

During the year, to the best of the Directors' knowledge, none of the Directors, senior management or their respective associates or any shareholders of the Company who holds more than 5% of the issued share capital of the Company had any interest in the five largest customers or the five largest suppliers of the Group.

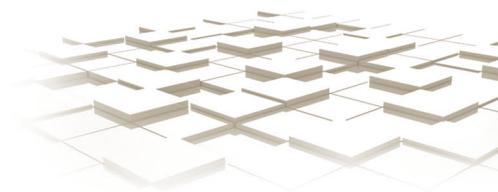
年內，據董事所知，概無持有超過 5% 本公司已發行股本的董事、高級管理層或彼等各自的聯繫人或本公司任何股東於本集團五大客戶或五大供應商中擁有任何權益。

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.

管理合約

本年度內，本公司並無就本公司整體業務或任何重要業務之管理及行政工作訂立或已有任何合約。



Non-adjusting after the Reporting Period Event

Placing of Bonds

The Board had on 7 March 2013 appointed placing agent, Cheong Lee Securities Limited in relation to the placing of bonds in the principal amount of up to HK\$100.0 million ("Bonds"). The proceed will be used for the Group's general working capital. The principal terms of the Bonds are as follows:

- (a) Maximum principal amount: HK\$100,000,000.
- (b) Interest: 10% per annum payable annually.
- (c) Maturity Date: the 2nd anniversary of the date of first issue.
- (d) Redemption: the Company shall have the right at any time to redeem at 100% of the principal amount. Any outstanding Bonds on the Maturity Date shall be redeemed by the Company at 100% of the principal amount.

Continuing Connected Transactions

Certain related party transactions as disclosed in note 37 to the financial statements also constituted continuing connected transactions of the Group within the meaning of the Listing Rules. These continuing connected transactions which the Group had entered into with HWGB, Ho Wah Genting Poipet Resorts Sdn. Bhd. ("HWGP"), HWG Tin Mining Sdn. Bhd. ("HWGTM") and Harta Perak Corporation Sdn. Bhd. ("HPC") in 2012 were for the following purposes:

- Renting of office premises for operations by CVMSB from HWGB
- Rental of drilling machines to HWGTM, a subsidiary of HWGB in which HWGB has 51% equity interest
- On demand purchase of air tickets from HWGP, an associate of HWGB in which HWGB has 40% equity interest
- Maintenance fee payment to HPC, a subsidiary of Perak State Development Corporation which is a shareholder of the Company for mining of dolomite

Although these transactions were "continuing connected transactions" as defined in the Listing Rules, all of them were either in relation to consumer goods or consumer services, or sharing of administrative services or de minimis transactions exempted under rules 14A.33(1) to 14A.33(3) of the Listing Rules from reporting, announcement and independent Shareholders' approval requirements.

報告期後之非調整事項

配售債券

董事會於二零一三年三月七日宣佈，就配售本金額最高為100,000,000港元的債券（「債券」）委任昌利證券有限公司為配售代理。所籌集款項將用作本集團的一般營運資金。債券的主要條款如下：

- (a) 最高本金額：100,000,000港元。
- (b) 利率：年利率10厘，按年派付。
- (c) 到期日：首次發行日兩週年當日。
- (d) 贖回：本公司有權隨時以本金額之100%贖回債券。任何於到期日尚未行使之債券將由本公司以本金額之100%贖回。

持續關連交易

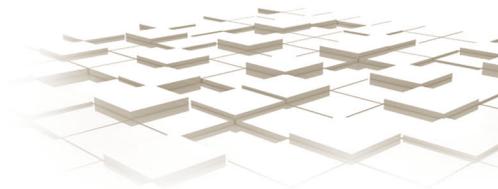
財務報表附註37所披露的若干關連方交易亦屬於上市規則所定義的本集團持續關連交易。本集團於二零一二年與HWGB、Ho Wah Genting Poipet Resorts Sdn. Bhd.（「HWGP」）、HWG Tin Mining Sdn. Bhd.（「HWGTM」）及Harta Perak Corporation Sdn. Bhd.（「HPC」）已訂立有關以下事項的持續關連交易：

- 向HWGB租用辦公室供CVMSB營運
- 向HWGB持有51%股權之附屬公司HWGTM收取鑽探機的租金收入
- 在需要時向HWGB持有40%股權的聯繫人HWGP購買機票
- 支付予本公司股東Perak State Development Corporation之附屬公司HPC作為開採白雲石之保養費

儘管上述交易為上市規則界定的「持續關連交易」，但該等交易均為有關消費商品或消費服務或分享行政服務或小額交易，可根據上市規則第14A.33(1)至第14A.33(3)條獲豁免遵守報告、公佈及獨立股東批准規定。

Report of the Directors

董事會報告



The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year.

Our Independent Non-executive Directors have reviewed the continuing connected transactions and are of the view that the continuing connected transactions have been entered into under the following circumstances:

- (a) in the ordinary and usual course of business;
- (b) on normal commercial terms or on terms no less favourable to the Group than terms offered to/by independent third parties; and
- (c) in accordance with the relevant agreements governing those transactions on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

Auditors

The financial statements for the year ended 31 December 2012 have been audited by Baker Tilly Hong Kong Limited. A resolution will be submitted at the current AGM of the Company to re-appoint Baker Tilly Hong Kong Limited as auditors of the Company.

On behalf of the Board
CVM Minerals Limited
Ji Kuang
Executive Chairman

Kuala Lumpur, Malaysia, 28 March 2013

本公司於有關年度已遵守上市規則第14A章的披露規定。

本公司獨立非執行董事已審閱上述持續關連交易且認為該等持續關連交易乃於下列情況訂立：

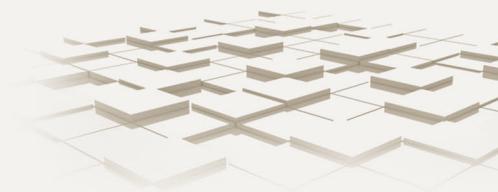
- (a) 一般日常業務中；
- (b) 按一般商業條款或按不遜於本集團給予獨立第三方或獨立第三方給予本集團的條款；及
- (c) 乃根據約定該等交易且條款公平合理的有關協議進行，符合股東整體利益。

核數師

天職香港會計師事務所有限公司已審核截至二零一二年十二月三十一日止年度的財務報表。本公司應屆股東週年大會上將提呈一份決議案以續聘天職香港會計師事務所有限公司為本公司核數師。

代表董事會
南亞礦業有限公司
執行主席
嵇匡

馬來西亞，吉隆坡，二零一三年三月二十八日



BAKER TILLY HONG KONG | 天職香港

Independent auditor's report to the shareholders of CVM Minerals Limited

(Incorporated in Hong Kong with limited liability)

We were engaged to audit the consolidated financial statements of CVM Minerals Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), set out on pages 66 to 188, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

致南亞礦業有限公司各股東

(於香港註冊成立的有限公司)

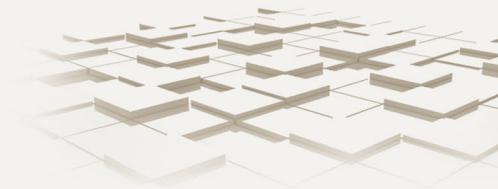
吾等已審核載於第66至188頁的南亞礦業有限公司(以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，該綜合財務報表包括於二零一二年十二月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則及香港公司條例編製呈列真實公平意見的綜合財務報表，並負責董事認為必要的內部監控，以便編製不會因欺詐或失誤而導致重大錯誤陳述的綜合財務報表。

核數師的責任

吾等的責任是根據吾等的審核就該等綜合財務報表發表意見。本報告乃根據香港公司條例第141條僅向閣下(作為實體)作出，不可用作其他用途。吾等概不就本報告內容，對任何其他人士負責或承擔責任。除無法取得下文述釋之充足適當審核憑據外，吾等已根據香港會計師公會頒佈的香港核數準則進行審核。該等準則要求吾等遵守相關道德規範，並規劃及執行審核，以合理確保此等綜合財務報表並無任何重大錯誤陳述。然而，由於不發表意見之基準數段內提述之事宜，吾等無法取得充足適當之審核憑據作為作出審核意見之依據。



Basis for disclaimer of opinion

1. Scope Limitation: valuations of exploration and evaluation assets, goodwill and property, plant and equipment and associated deferred tax liabilities

During the year 2012, the Group has undertaken several mining or extractive projects in Malaysia, Indonesia and the People's Republic of China (the "PRC"). The principal operations of the Group included: (a) mining of dolomite and manufacture of magnesium ingots in Malaysia; (b) exploration for iron ore, coal and manganese in Indonesia; and (c) extraction and bottling of mineral water in the PRC. Due to various material fundamental uncertainties faced by the Group, as disclosed in notes 2(b) and 15 to the consolidated financial statements, these principal operations, except for the operation of extraction and bottling of mineral water, are effectively suspended for various reasons. At the same time, the extraction and bottling of mineral water operations are not generating positive cash flow for the Group as anticipated by the management of the Company. Included in the consolidated statement of financial position as at 31 December 2012 are: (a) exploration and evaluation assets with an aggregate carrying value of HK\$359,332,880 (2011: (Restated) HK\$363,984,290); (b) goodwill arising from business combinations with an aggregate carrying value of HK\$111,180,501 (2011: (Restated) HK\$141,622,589); (c) property, plant and equipment with an aggregate carrying value of HK\$505,640,766 (2011: HK\$687,475,722); and (d) deferred tax liabilities associated with the fair value adjustment on the exploration and evaluation assets of HK\$72,619,757 (2011: (Restated) HK\$62,743,028).

As required by Hong Kong Accounting Standard 36 "Impairment of assets" ("HKAS 36") issued by the HKICPA, at the end of the reporting period, the Group has identified that there were certain indications of impairment of the above named assets, and therefore, the Group appointed an independent valuer, GC Appraisals Services Company Limited ("GC Appraisals" or "the valuer") to perform valuations to assess the recoverable amounts of these assets as at the end of reporting period. As defined in HKAS 36, the recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The valuer was unable to find comparable recent transactions in similar extractive assets to determine the fair value less cost to sell of these assets. As an alternative, the valuer estimated the value in use as the recoverable amount of these assets. The estimation is prepared using an income-based approach and is based on the estimated reserves

不發表意見之基準

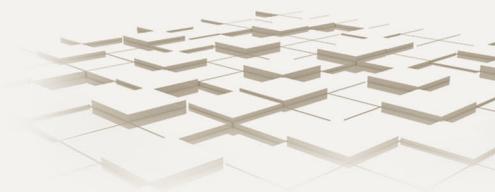
1. 審核範圍限制：勘探及評估資產、商譽以及物業、廠房及設備的估值以及相關遞延稅項負債

於二零一二年年度，貴集團已於馬來西亞、印尼及中華人民共和國（「中國」）參與多個開採或提取項目。貴集團的主要業務包括：(a) 於馬來西亞開採白雲石及生產鎂錠；(b) 於印尼勘探鐵礦石、煤及錳；及(c) 於中國提取及裝瓶礦泉水。由於貴集團面臨各種重大基本不明朗因素，誠如綜合財務報表附註2(b)及15所披露，此等主要業務基於各種原因已暫停運作，惟提取及裝瓶礦泉水業務除外。同時，提取及裝瓶礦泉水業務並無如貴公司管理層預期一般為貴集團產生正面現金流量。於二零一二年十二月三十一日，誠如綜合財務狀況表所載：(a) 勘探及評估資產的賬面總值為359,332,880港元（二零一一年：363,984,290港元（經重列））；(b) 業務合併產生的商譽賬面總值為111,180,501港元（二零一一年：141,622,589港元（經重列））；(c) 物業、廠房及設備的賬面總值為505,640,766港元（二零一一年：687,475,722港元）；及(d) 與勘探及評估資產公平值調整有關的遞延稅項負債為72,619,757港元（二零一一年：62,743,028港元（經重列））。

誠如由香港會計師公會頒佈的香港會計準則第36號「資產減值」（「香港會計準則第36號」）所規定，於報告期末，貴集團已確定上述資產出現若干減值跡象，故委任一名獨立估值師GC Appraisals Services Company Limited（「GC Appraisals」或「估值師」）就該等資產於報告期末的可收回金額進行估值。誠如香港會計準則第36號所界定，資產的可收回金額乃其公平值減出售成本與其使用價值兩者之較高者。由於估值師無法覓得類似開採性資產近期的可予比較交易資料，以確定此等資產的公平值減出售成本金額，故估值師則估計此等資產的使用價值為其可收回金額代替。估值乃按收入基準法，並根據於二零一一年編製的技術報告（「二零一一年技術報告」）所載此等開採場地的估計儲量以及假設貴集團有能力勘探此等礦物資源（尤其是於印尼勘探鐵礦石、煤炭及錳以及於馬來西亞經營

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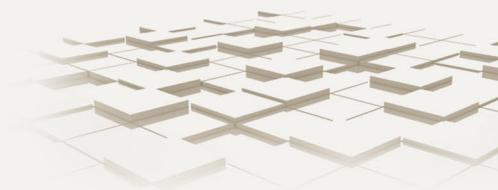


of these extractive sites from a technical report prepared in 2011 ("Technical Report 2011") and assumptions as to the Group's ability to explore for these mineral resources, particularly exploration for iron ore, coal and manganese in Indonesia, and to operate the plant for production of magnesium ingots in Malaysia. As a result, impairment losses on (a) exploration and evaluation assets of HK\$166,086,731 (2011: HK\$22,656,172); (b) goodwill of HK\$141,622,589 (2011: HK\$79,525,907); and (c) property, plant and equipment, included the interest in leasehold land, of HK\$188,182,602 (2011: HK\$Nil) have been recognised in the consolidated income statement for the year.

Taking into consideration that the Group has not incurred any exploration and evaluation expenditure on these extractive operations in order to obtain up-to-date technical data for these extractive operations in the current year and that the Group does not have sufficient working capital to finance these extractive operations, we are unable to assess the reliability of these valuations prepared for financial reporting purposes. In addition, we consider that the technical data in the Technical Report 2011 used to prepare the valuations is not up-to-date and we are unable to verify the Group's ability, both financially and technically, to undertake exploration for or exploitation of any of the resources under the relevant mining permits and to operate the plant for production of magnesium ingots in Malaysia. Accordingly, we are unable to assess whether the recoverable amount of these assets as at the end of the reporting period are reliably measured. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the impairment losses should be recognised in the current year, whether any further impairment losses should be recognised on these assets and whether the carrying amounts of the exploration and evaluation assets, goodwill and property, plant and equipment and associated deferred tax liabilities are free from material misstatement. Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence, would have had a consequential effect on the net assets of the group and on its loss for the current year.

鎂錠生產廠房)的前提下編製。因此，(a)勘探及評估資產減值虧損166,086,371港元(二零一一年：22,656,172港元)；(b)商譽減值虧損141,622,589港元(二零一一年：79,525,907港元)；及(c)物業、廠房及設備(包括租賃土地權益)減值虧損188,182,602港元(二零一一年：零港元)的減值虧損已於年內的綜合收益表內獲確認。

考慮到 貴集團於本年度並無為取得此等提取業務的最新技術數據，而就此等提取業務產生任何勘探及評估開支，加上 貴集團並無足夠營運資金以撥付此等提取業務，故吾等無法評估此等為財務報告用途而編製的估值是否可靠。此外，吾等認為編製該估值所採用的二零一一年技術報告的技術數據並非最新數據，且吾等無法確認 貴集團是否具勘探或開採相關採礦許可證項下任何資源以及於馬來西亞經營鎂錠生產廠房所需的經濟能力及技術能力，因此，吾等無法評估此等資產於報告期末的可收回金額是否經可靠計量。吾等並無其他可執行的替代審核程序，以讓吾等信納此等資產毋須於本年度確認減值虧損及毋須進一步確認減值虧損，且勘探及評估資產、商譽、物業、廠房及設備的結餘以及相關遞延稅項負債並無存在重大錯誤陳述。倘吾等取得充足適當的審核憑據，則任何因應上述情況而須作出之調整必然會對 貴集團本年度之資產淨值及虧損構成影響。



2. Scope Limitation: valuations of exploration and evaluation assets, goodwill and associated deferred tax liabilities in business combinations

As disclosed in note 32(a), the Group acquired a 51% equity interest in Step Pacific Development Limited and its subsidiaries ("Step Pacific Group") on 19 April 2011. Because of lack of sufficient information to complete the initial accounting in the year ended 31 December 2011, the Group has completed the initial accounting for this business combination in 2012. Exploration and evaluation assets with a fair value as at acquisition date of HK\$279,610,200, goodwill of HK\$141,622,589, non-controlling interests of HK\$115,283,002 and deferred tax liabilities associated with the fair value adjustment on the exploration and evaluation assets of HK\$46,093,957 were restated and recognised in this business combination.

As disclosed in note 32(b), the Group acquired a 51% equity interest in Victory Dragon Holdings Limited and its subsidiaries ("Victory Dragon Group") on 18 April 2012. In the year 2012, the Group has completed the initial accounting for this business combination. Exploration and evaluation assets with a fair value as at acquisition date of HK\$161,763,000, goodwill of HK\$111,180,501 and deferred tax liabilities associated with the fair value adjustment on the exploration and evaluation assets of HK\$40,440,750 are recognised in this business combination.

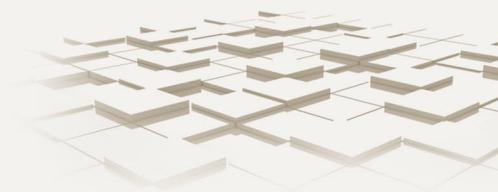
The Group appointed independent valuers, Norton Appraisals Limited and GC Appraisals, to perform valuations to assess the fair value as at the acquisition date of exploration and evaluation assets owned and operated by Step Pacific Group and Victory Dragon Group, respectively. These valuers estimated the fair values of these assets using an income-based approach based on the estimated reserves of those mines located in Indonesia from the Technical Report 2011 and the water well located in the PRC from a technical report prepared in 2003 ("Technical Report 2003") and assumptions as to the Group's ability to undertake the exploration for and exploitation of these natural resources.

2. 審核範圍限制：業務合併中勘探及評估資產、商譽以及相關遞延稅項負債的估值

誠如附註32(a)所披露，貴集團於二零一一年四月十九日收購Step Pacific Development Limited及其附屬公司(「Step Pacific集團」)的51%股權。由於貴集團於截至二零一一年十二月三十一日止年度缺乏足夠資料完成初步會計工作，故貴集團已於二零一二年完成上述業務合併的初步會計工作。於收購日期的勘探及評估資產的公平值279,610,200港元、商譽141,622,589港元、非控股權益115,283,002港元及與勘探及評估資產公平值調整有關的遞延稅項負債46,093,957港元已經重列，並於此業務合併中確認。

誠如附註32(b)所披露，貴集團於二零一二年四月十八日收購凱龍集團有限公司及其附屬公司(「凱龍集團」)的51%股權。貴集團已於二零一二年完成此業務合併的初步會計工作。於收購日期的勘探及評估資產的公平值161,763,000港元、商譽111,180,501港元及與勘探及評估資產公平值調整有關的遞延稅項負債40,440,750港元已於此業務合併中確認。

貴集團已委任獨立估值師普敦國際評估有限公司及GC Appraisals，以分別就Step Pacific集團及凱龍集團所擁有及經營的勘探及評估資產於收購日期的公平值進行估值。估值師乃按收入基準法，並根據二零一一年技術報告所載位於印尼的礦山的估計儲量、於二零零三年編製的技術報告(「二零零三年技術報告」)所載位於中國的水井的估計儲量以及假設貴集團有能力勘探及提取此等天然資源的前題下估量此等資產的公平值。



Taking into consideration that the Group has not incurred any exploration and evaluation expenditure on these extractive operations in order to obtain up-to-date technical data for these extractive operations in the current year and that the Group does not have sufficient working capital to finance these extractive operations, we are unable to assess the reliability of these valuations prepared for financial reporting purposes. In addition, we consider that the technical data in the Technical Report 2011 and the Technical Report 2003 used to prepare the valuations are not up-to-date and we are unable to verify the Group's ability, both financially and technically, to undertake exploration for or exploitation of any resources under the relevant mining permits. Accordingly, we are unable to assess whether the fair values as at the acquisition dates and at the reporting year end 2012 and the restated balances in respect of Step Pacific Group in 2011 are measured reliably in accordance with the requirements of Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" issued by the HKICPA. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the recognition of these exploration and evaluation assets, goodwill and associated deferred tax are free from material misstatement. Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence, would have had a consequential effect on the net assets of the group and on its loss for the current year.

3. Scope Limitation: incomplete records for the mineral water extraction and bottling operations

As disclosed in note 32(b) to the consolidated financial statements, the Group has acquired, through the business combination of Victory Dragon Group in 2012, an operation for the extraction and bottling of mineral water in the PRC. Certain books and records relating to the acquisition of the mineral water operations were incomplete or missing and the inventory costing system was not able to generate reliable information for financial reporting purposes. We are unable to obtain sufficient audit evidence on:

(a) *Turnover and trade receivables*

The Group has reported revenue from sales of bottled mineral water amounting to HK\$2,148,220 (2011: HK\$Nil) during the period since its acquisition

考慮到 貴集團於本年度並無為取得此等提取業務的最新技術數據，而就此等提取業務產生任何勘探及評估開支，加上 貴集團並無足夠營運資金以撥付此等提取業務，故吾等無法評估此等為財務報告用途而編製的估值是否可靠。此外，吾等認為編製該估值所採用的二零一一年技術報告及二零零三年技術報告的技術數據並非最新數據，且吾等無法確認 貴集團是否具根據相關採礦許可證勘探或開採任何資源所需的經濟能力及技術能力，因此，吾等無法評估於收購日期及二零一二年報告年度末的公平值及有關 Step Pacific 集團於二零一一年的經重列結餘是否根據香港會計師公會頒佈的香港財務報告準則第3號（經修訂）「業務合併」的規定可靠地計量。吾等並無其他可執行的替代審核程序，以讓吾等信納此等勘探及評估資產、商譽以及相關遞延稅項的確認並無存在重大錯誤陳述。倘吾等取得充足適當的審核憑據，則任何因應上述情況而須作出之調整必然會對 貴集團本年度之資產淨值及虧損構成影響。

3. 審核範圍限制：提取及裝瓶礦泉水業務的記錄不完整

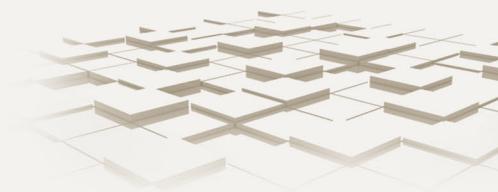
誠如綜合財務報表附註32(b)所披露，貴集團已於二零一二年透過與凱龍集團進行業務合併收購提取及裝瓶礦泉水業務。收購礦泉水業務的若干相關賬冊及記錄屬不完整或遺失，且存貨成本核算制度未能就財務申報用途產生可靠資料。吾等未能就以下事項獲取足夠審核憑據：

(a) *營業額及應收賬款*

貴集團報告於自收購事項以來期間來自銷售瓶裝礦泉水錄得收益2,148,220港元（二零一一年：零港元）以及於報告期末錄得

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and trade receivables of HK\$461,356 (2011: HK\$Nil) as at the end of the reporting period. We are unable to obtain sufficient delivery notes and trade receivables settlement records to verify the sales during the period since its acquisition and the respective trade receivables balances as at 31 December 2012.

(b) *Cost of inventories sold and inventories*

The Group has recognised cost of inventories amounting to HK\$2,002,755 (2011: HK\$Nil) during the period since its acquisition and has inventory balances of HK\$755,415 (2011: HK\$Nil) as at the end of the reporting period. Inventories are stated at the lower of cost and net realisable value. Cost is calculated using a weighted average cost formula and comprises all costs of purchase, costs of conversion and other direct costs incurred in bringing the inventories to their location and condition. However, we are unable to verify the weighted average cost formula because the inventory cost system used by the Group for this operation is unable to generate reliable data to enable us to verify the calculations of the closing balances of these inventories and the respective cost of inventories sold for the year.

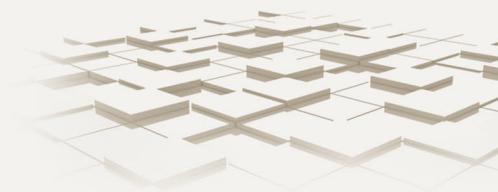
We are unable to perform alternative audit procedures to satisfy ourselves as to whether the turnover and cost of inventories sold recognised during the period since its acquisition are fairly accounted for and the closing balances of trade receivables and inventories are fairly stated. Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence, would have had a consequential effect on the net assets of the Group and on its loss for the current year.

應收賬款461,356港元(二零一一年：零港元)。吾等無法獲得充足的交貨單及應收賬款的結算記錄以確認自收購事項以來期間之銷售額以及於二零一二年十二月三十一日的各個應收賬款結餘。

(b) *已出售存貨成本及存貨*

貴集團自收購事項以來期間確認存貨成本2,002,755港元(二零一一年：零港元)，並於報告期末錄得存貨結餘755,415港元(二零一一年：零港元)。存貨以成本值與可變現淨值兩者中的較低者列賬。成本乃採用加權平均成本公式計算，包括所有採購成本、兌換成本及將存貨運至現址及變成現狀所產生的其他直接成本。然而，由於貴集團就此業務應用的存貨成本核算制度未能產生可靠數據以確認此等存貨的期末結餘及年內出售存貨的相應成本計算，故吾等無法確認加權平均成本公式。

吾等無法執行其他替代審核程序，以讓吾等信納自收購事項以來期間確認的營業額及已出售存貨成本乃有根據，以及應收賬款及存貨的期末結餘乃經準確列賬。倘吾等取得充足適當的審核憑據，則任何因應上述情況而須作出之調整必然會對貴集團本年度之資產淨值及虧損構成影響。



4. Scope Limitation: material fundamental uncertainties relating to the going concern basis of presentation of consolidated financial statements

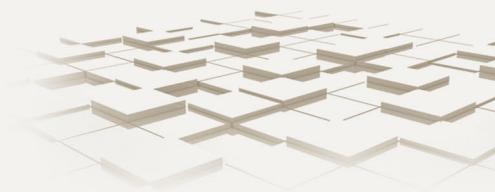
As disclosed in note 2(b) to the consolidated financial statements, the Group and the Company has encountered a number of circumstances giving rise to material fundamental uncertainties. The Group and the Company are principally sustained in their daily operations by bank loans, unsecured loans, convertible bonds and placing of shares. The Group and the Company are pursuing certain finance measures set out in note 2(b) to the consolidated financial statements, and therefore, the directors of the Company have prepared the consolidated financial statements on a going concern basis. However, we are unable to obtain sufficient audit evidence for us to assess the validity of the going concern assumption which depends on the continuing financial support of the Group's bankers and creditors and the Group's ability to generate adequate working capital in future. The existence of these material fundamental uncertainties casts significant doubt on the Group's and the Company's ability to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect a realisation basis which includes, where appropriate, writing down the Group's and the Company's assets to net realisation value, and providing for any contractual commitments that become effective at the end of the reporting period. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

4. 審核範圍限制：以持續經營基準呈列綜合財務報表的重大基本不明朗因素

誠如綜合財務報表附註2(b)所披露，貴集團及貴公司面臨多種導致重大基本不明朗因素的情況。貴集團及貴公司主要以銀行貸款、無抵押貸款、可換股債券及配售股份持續經營其日常業務。貴集團及貴公司正執行綜合財務報表附註2(b)所載的若干措施，因此，貴公司董事已按持續經營基準編製綜合財務報表。然而，吾等未能取得充足審核憑據以評估持續經營的假設是否屬實（其視乎貴集團往來銀行及債權人的持續財政支持以及貴集團日後產生足夠的營運資金的能力）。此等重大基本不明朗因素導致貴集團及貴公司的持續經營能力成疑。

倘若持續經營假設為不適當，則可能需要作出調整以反映變現基準（當中包括撇銷貴集團及貴公司的資產至可變現金額淨值（如適當）以及就任何於報告期末生效的合約承擔計提撥備）。此外，貴集團及貴公司或需就可能進一步產生之負債計提撥備，並分別重新分類非流動資產及非流動負債為流動資產及流動負債。



5. Scope Limitation: valuation and impairment assessment of the Company's investments in subsidiaries and amounts due from subsidiaries

Included in the Company's statement of financial position are gross investments in subsidiaries of HK\$457,898,800 (2011: (Restated) HK\$457,821,136), amounts due from subsidiaries of HK\$592,133,807 (2011: HK\$343,068,999) and an impairment provision of HK\$840,699,394 (2011: HK\$432,829,859) respectively. As required by HKAS 36 issued by the HKICPA, at the end of the reporting period, the Company should assess whether there are any indications of impairment on the carrying amounts of these balances. As reported in the basis for disclaimer of opinion, there are material fundamental uncertainties that may affect our ability to assess the validity of the going concern assumption and operations of these subsidiaries. We are unable to satisfy ourselves as to whether any further impairment losses should be recognised on these balances and whether the carrying amounts of investments in subsidiaries and amounts due from these subsidiaries are fairly stated at the end of the reporting period. Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence, would have had a consequential effect on the net assets of the Group and on its loss for the current year.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been prepared in accordance with the Hong Kong Companies Ordinance.

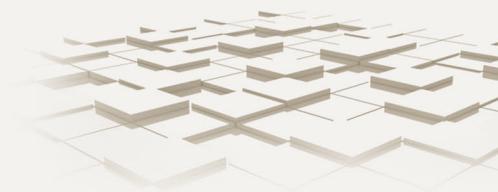
5. 審核範圍限制：貴公司於附屬公司的投資及應收附屬公司款項的估值及減值評估

貴公司財務狀況表分別包括於附屬公司的投資總額 457,898,800 港元(二零一一年：457,821,136 港元(經重列))、應收附屬公司款項 592,133,807 港元(二零一一年：343,068,999 港元)及減值撥備 840,699,394 港元(二零一一年：432,829,859 港元)。誠如由香港會計師公會頒佈的香港會計準則第 36 號所規定，於報告期末，貴公司須評估上述結餘的賬面值有否出現任何減值跡象。誠如於不發表意見之基準內所報告，現有的重大基本不明朗因素或會影響吾等評估持續經營假設是否屬實及有關附屬公司業務的能力。吾等無法信納是否毋須就此等結餘確認任何進一步減值虧損，及附屬公司投資的賬面值以及應收有關附屬公司的款項於報告期末是否獲公平列賬。倘吾等取得充足適當的審核憑據，則任何因應上述情況而須作出之調整必然會對貴集團本年度之資產淨值及虧損構成影響。

不發表意見

由於在不發表意見之基準數段所述事宜之重要性，吾等無法取得充足適當之審核憑據作為作出審核意見之依據。因此，吾等並無就綜合財務報表是否已根據香港財務報告準則真實而公平地反映貴公司及貴集團於二零一二年十二月三十一日之財務狀況及貴集團截至該日止年度之溢利及現金流量發表意見。於其他各方面，吾等認為，綜合財務報表已根據香港公司條例妥善編製。

Independent Auditor's Report 獨立核數師報告



Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence on the multiple matters described in paragraphs from 1 to 5 above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books and records had been kept.

呈報香港公司條例第 141(4) 條及第 141(6) 條項下之事項

僅就上文第一至第五段所述的多項事項而未能獲得充足適當審核憑據而言：

- 吾等並未取得吾等認為對進行審核而言屬必要之所有資料及解釋；及
- 吾等未能確定賬冊及記錄是否已妥善存置。

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong

Fok Wai Ming

Practising certificate number P03902

19 April 2013

天職香港會計師事務所有限公司

執業會計師

香港

霍偉明

執業證書編號 P03902

二零一三年四月十九日

Consolidated Income Statement

綜合收益表

For the financial year ended 31 December 2012 截至二零一二年十二月三十一日止財政年度
(Expressed in Hong Kong dollars) (以港元列值)

		Notes 附註	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)
Turnover	營業額	4	14,531,302	11,185,489
Cost of sales	銷售成本		(54,684,477)	(28,357,777)
Gross loss	毛虧損		(40,153,175)	(17,172,288)
Other revenue	其他收入	5	845,749	338,407
Other net gains	其他收益淨額	6	5,732,730	7,331,987
Selling and distribution expenses	出售及分銷開支		(94,312)	(367,243)
Administrative expenses	行政開支		(40,728,294)	(37,315,107)
Loss from operations	經營虧損		(74,397,302)	(47,184,244)
Finance costs	融資成本	7(a)	(82,414,094)	(62,561,975)
Other operating expenses	其他經營開支	7(c)	(538,333,695)	(103,101,725)
Loss before taxation	除稅前虧損	7	(695,145,091)	(212,847,944)
Income tax credit	所得稅抵免	8	30,564,021	—
Loss for the year	年內虧損		(664,581,070)	(212,847,944)
Attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人		(593,133,228)	(207,377,657)
Non-controlling interests	非控股權益		(71,447,842)	(5,470,287)
Loss for the year	年內虧損		(664,581,070)	(212,847,944)
Loss per share	每股虧損	11	(13.74 cents 仙)	(6.32 cents 仙)
Basic and diluted	基本及攤薄			

The notes on pages 75 to 188 form part of the consolidated financial statements.

第75至188頁所載附註為綜合財務報表一部份。

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the financial year ended 31 December 2012 截至二零一二年十二月三十一日止財政年度
(Expressed in Hong Kong dollars) (以港元列值)

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)
Loss for the year	年內虧損	(664,581,070)	(212,847,944)
Other comprehensive income/(loss) for the year	年內其他全面收益／(虧損)		
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	換算海外附屬公司財務報表的匯兌差異，扣除零稅項	<u>12,475,530</u>	<u>(10,974,854)</u>
Total comprehensive loss for the year	年內全面虧損總額	<u>(652,105,540)</u>	<u>(223,822,798)</u>
Attributable to:	以下人士應佔：		
Owners of the Company	本公司擁有人	<u>(580,942,887)</u>	(218,597,002)
Non-controlling interests	非控股權益	<u>(71,162,653)</u>	<u>(5,225,796)</u>
Total comprehensive loss for the year	年內全面虧損總額	<u>(652,105,540)</u>	<u>(223,822,798)</u>

The notes on pages 75 to 188 form part of the consolidated financial statements. 第75至188頁所載附註為綜合財務報表一部份。

Consolidated Statement of Financial Position

綜合財務狀況表

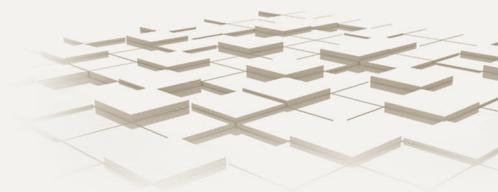
At 31 December 2012 於二零一二年十二月三十一日
(Expressed in Hong Kong dollars) (以港元列值)

	Notes 附註	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)	2010 二零一零年 HK\$ 港元 (Restated) (經重列)
Non-current assets				
非流動資產				
Property, plant and equipment	13(a)			
– Property, plant and equipment		495,555,018	673,894,736	636,628,871
– Interest in leasehold land held for own use under operating lease		10,085,748	13,580,986	14,120,778
Goodwill	14	111,180,501	141,622,589	79,525,907
Exploration and evaluation assets	15	359,332,880	363,984,290	108,052,441
Mining deposit	16	228,125	220,664	227,055
		976,382,272	1,193,303,265	838,555,052
Current assets				
流動資產				
Inventories	18	10,458,201	39,741,240	4,653,186
Trade receivables	19	1,975,723	–	8,795,408
Prepayments, deposits and other receivables	20	11,564,524	26,089,992	67,995,495
Contingent consideration receivable	21	2,699,019	–	–
Pledged deposit	22	14,833	48,338	3,811,658
Cash at bank and in hand		1,081,207	28,194,751	44,039,009
		27,793,507	94,074,321	129,294,756
Current liabilities				
流動負債				
Trade and other payables	23	52,407,776	26,878,722	62,147,931
Obligations under finance leases	24(a)	1,094,496	1,138,117	907,296
Amounts due to related parties	25	1,643,743	660,969	1,087,093
Derivative component of convertible bonds	26	–	–	5,421,106
Convertible bonds	26	–	–	116,380,749
Bank loans – secured	27	434,661,748	419,997,065	399,873,440
Unsecured loans from third parties	28	100,000,000	100,000,000	–
		589,807,763	548,674,873	585,817,615
Net current liabilities		(562,014,256)	(454,600,552)	(456,522,859)
Total assets less current liabilities		414,368,016	738,702,713	382,032,193

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2012 於二零一二年十二月三十一日
(Expressed in Hong Kong dollars) (以港元列值)



	Notes 附註	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)	2010 二零一零年 HK\$ 港元 (Restated) (經重列)
Non-current liabilities				
		非流動負債		
Obligations under finance leases	24(a)	1,376,725	2,924,904	3,196,685
Convertible bonds	26	135,040,770	26,159,373	-
Unsecured loan from a third party	28	50,000,000	50,000,000	-
Deferred tax liabilities	29	72,619,757	62,743,028	16,649,071
		259,037,252	141,827,305	19,845,756
Net assets		155,330,764	596,875,408	362,186,437
		資產淨值		
Capital and reserves	30	資本及儲備		
Share capital		125,317,014	87,942,014	62,988,889
Reserves		(112,650,527)	355,021,435	255,891,251
Total equity attributable to owners of the Company		12,666,487	442,963,449	318,880,140
		本公司擁有人應佔權益總額		
Non-controlling interests		142,664,277	153,911,959	43,306,297
		非控股權益		
Total equity		155,330,764	596,875,408	362,186,437
		權益總額		

Approved and authorised for issue by the board of directors on 19 April 2013.

經董事會於二零一三年四月十九日批准及授權發行。

Lim Ooi Hong
Lim Ooi Hong
Director
董事

Leung Wai Kwan
梁維君
Director
董事

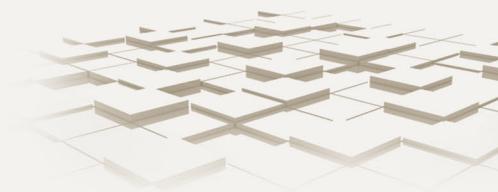
The notes on pages 75 to 188 form part of the consolidated financial statements.

第75至188頁所載附註為綜合財務報表一部份。

Statement of Financial Position

財務狀況表

At 31 December 2012 於二零一二年十二月三十一日
(Expressed in Hong Kong dollars) (以港元列值)

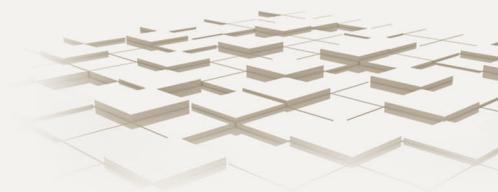


			2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)	2010 二零一零年 HK\$ 港元
Non-current assets	非流動資產				
Property, plant and equipment	物業、廠房及設備	13(b)	855,209	957,992	145,847
Investments in subsidiaries	於附屬公司投資	17	<u>209,333,213</u>	<u>368,060,276</u>	<u>437,032,383</u>
			<u>210,188,422</u>	<u>369,018,268</u>	<u>437,178,230</u>
Current assets	流動資產				
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	20	1,791,523	6,319,323	4,328,727
Pledged deposits	質押存款		-	-	3,784,248
Cash at bank and in hand	銀行及手頭現金		<u>378,355</u>	<u>19,640,985</u>	<u>12,912,192</u>
			<u>2,169,878</u>	<u>25,960,308</u>	<u>21,025,167</u>
Current liabilities	流動負債				
Other payables and accrued expenses	其他應付款項及應計開支	23	15,592,202	7,639,407	2,005,763
Obligations under finance leases	融資租賃承擔	24(b)	169,157	163,077	-
Derivative component of convertible bonds	可換投債券的衍生部份	26	-	-	5,421,106
Convertible bonds	可換股債券	26	-	-	116,380,749
Unsecured loans from third parties	來自第三方無抵押貸款	28	<u>100,000,000</u>	<u>100,000,000</u>	<u>-</u>
			<u>115,761,359</u>	<u>107,802,484</u>	<u>123,807,618</u>
Net current liabilities	流動負債淨額		<u>(113,591,481)</u>	<u>(81,842,176)</u>	<u>(102,782,451)</u>
Total assets less current liabilities	總資產減流動負債		<u>96,596,941</u>	<u>287,176,092</u>	<u>334,395,779</u>

Statement of Financial Position

財務狀況表

At 31 December 2012 於二零一二年十二月三十一日
(Expressed in Hong Kong dollars) (以港元列值)



	Notes 附註	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)	2010 二零一零年 HK\$ 港元
Non-current liabilities				
Obligations under finance leases	24(b)	433,891	603,048	-
Convertible bonds	26	135,040,770	26,159,373	-
Unsecured loan from a third party	28	50,000,000	50,000,000	-
		<u>185,474,661</u>	<u>76,762,421</u>	<u>-</u>
Net (liabilities)/assets		<u>(88,877,720)</u>	<u>210,413,671</u>	<u>334,395,779</u>
Capital and reserves				
Share capital	30	125,317,014	87,942,014	62,988,889
Reserves		<u>(214,194,734)</u>	<u>122,471,657</u>	<u>271,406,890</u>
Total (deficit)/equity		<u>(88,877,720)</u>	<u>210,413,671</u>	<u>334,395,779</u>

Approved and authorised for issue by the board of directors on 19 April 2013.

經董事會於二零一三年四月十九日批准及授權刊發。

Lim Ooi Hong
Lim Ooi Hong
Director
董事

Leung Wai Kwan
梁維君
Director
董事

The notes on pages 75 to 188 form part of the consolidated financial statements.

第75至188頁所載附註為綜合財務報表一部份。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

		Attributable to owners of the Company 本公司擁有人應佔							Non-controlling interests	Total equity	
		Share capital	Share premium	Exchange reserve	Capital reserve	Convertible bond equity reserve	Other reserve	Accumulated losses	Total		
		股本	股份溢價	匯兌儲備	資本儲備	可換股債券權益儲備	其他儲備	累積虧損	總額	非控股權益	
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
		港元	港元	港元	港元	港元	港元	港元	港元	港元	
		(Note 30(d)(i))	(Note 30(d)(ii))	(Note 30(d)(iii))	(Note 30(d)(iv))	(Note 30(d)(v))	(Note 30(d)(vi))	(Note 30(d)(vii))	(Note 30(d)(viii))	(Note 30(d)(ix))	
		(附註30(d)(i))	(附註30(d)(ii))	(附註30(d)(iii))	(附註30(d)(iv))	(附註30(d)(v))	(附註30(d)(vi))	(附註30(d)(vii))	(附註30(d)(viii))	(附註30(d)(ix))	
At 1 January 2010	於二零一零年一月一日	45,100,000	68,090,412	4,941,013	-	-	30,856,527	(29,597,269)	119,390,683	-	119,390,683
Changes in equity for 2010:	二零一零年權益變動：										
Loss for the year	年內虧損	-	-	-	-	-	-	(46,315,021)	(46,315,021)	(103,127)	(46,418,148)
Other comprehensive income	其他全面收益	-	-	24,397,938	-	-	-	-	24,397,938	(250)	24,397,688
Total comprehensive loss	全面虧損總額	-	-	24,397,938	-	-	-	(46,315,021)	(21,917,083)	(103,377)	(22,020,460)
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	-	43,409,674	43,409,674
Shares issued pursuant to a share placing	根據股份配售而發行的股份	9,000,000	116,996,696	-	-	-	-	-	125,996,696	-	125,996,696
Shares issued pursuant to an acquisition	根據收購而發行的股份	8,888,889	86,520,955	-	-	-	-	-	95,409,844	-	95,409,844
At 31 December 2010	於二零一零年十二月三十一日	62,988,889	271,608,063	29,338,951	-	-	30,856,527	(75,912,290)	318,880,140	43,306,297	362,186,437
At 1 January 2011	於二零一一年一月一日	62,988,889	271,608,063	29,338,951	-	-	30,856,527	(75,912,290)	318,880,140	43,306,297	362,186,437
Changes in equity for 2011:	二零一一年權益變動：										
Loss for the year	年內虧損	-	-	-	-	-	-	(207,377,657)	(207,377,657)	(5,470,287)	(212,847,944)
Other comprehensive loss	其他全面虧損	-	-	(11,219,345)	-	-	-	-	(11,219,345)	244,491	(10,974,854)
Total comprehensive loss	全面虧損總額	-	-	(11,219,345)	-	-	-	(207,377,657)	(218,597,002)	(5,225,796)	(223,822,798)
Shares issued pursuant to a share placing	根據股份配售而發行的股份	30(b) 8,500,000	67,082,000	-	-	-	-	-	75,582,000	-	75,582,000
Acquisition of subsidiaries	收購附屬公司	32(a) 16,328,125	231,859,375	-	-	-	-	-	248,187,500	115,283,002	363,470,502
Capital contribution from non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	548,456	548,456
Warrants issued pursuant to the warrant placing	根據認股權證配售而發行的認股權證	30(c) -	-	-	1,363,136	-	-	-	1,363,136	-	1,363,136
Exercise of warrants	行使認股權證	30(b) 125,000	1,250,000	-	(25,000)	-	-	-	1,350,000	-	1,350,000
Equity component of convertible bonds	可換股債券權益部份	26(b) -	-	-	-	16,197,675	-	-	16,197,675	-	16,197,675
At 31 December 2011 (as restated)	於二零一一年十二月三十一日 (經重列)	87,942,014	571,799,438	18,119,606	1,338,136	16,197,675	30,856,527	(283,289,947)	442,963,449	153,911,959	596,875,408
At 1 January 2012	於二零一二年一月一日										
As previously reported	過往呈報	87,942,014	532,611,938	18,072,409	1,338,136	16,197,675	30,856,527	(283,289,947)	403,728,752	38,217,583	441,946,335
Adjustments to fair value of assets	資產公平值調整	-	39,187,500	47,197	-	-	-	-	39,234,697	115,694,376	154,929,073
As restated	經重列	87,942,014	571,799,438	18,119,606	1,338,136	16,197,675	30,856,527	(283,289,947)	442,963,449	153,911,959	596,875,408
Changes in equity for 2012:	二零一二年權益變動：										
Loss for the year	年內虧損	-	-	-	-	-	-	(593,133,228)	(593,133,228)	(71,447,842)	(664,581,070)
Other comprehensive income	其他全面收益	-	-	12,190,341	-	-	-	-	12,190,341	285,189	12,475,530
Total comprehensive loss	全面虧損總額	-	-	12,190,341	-	-	-	(593,133,228)	(580,942,887)	(71,162,653)	(652,105,540)
Acquisition of subsidiaries	收購附屬公司	32(b) 16,500,000	42,900,000	-	-	-	-	-	59,400,000	59,914,971	119,314,971
Shares issued pursuant to a share placing	根據股份配售而發行的股份	30(b) 20,875,000	19,831,250	-	-	-	-	-	40,706,250	-	40,706,250
Equity component of convertible bonds	可換股債券權益部份	26(c) -	-	-	-	50,539,675	-	-	50,539,675	-	50,539,675
At 31 December 2012	於二零一二年十二月三十一日	125,317,014	634,530,688	30,309,947	1,338,136	66,737,350	30,856,527	(876,423,175)	12,666,487	142,664,277	155,330,764

The notes on pages 75 to 188 form part of the consolidated financial statements.

第75至188頁所載附註為綜合財務報表一部份。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

	Notes 附註	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Operating activities	經營業務		
Loss before taxation		(695,145,091)	(212,847,944)
Adjustments for:	調整項目：		
— Amortisation of exploration and evaluation assets	— 勘探及評估資產攤銷	7(d) 206,419	207,108
— Amortisation of interest in leasehold land held for own use under operating lease	— 根據經營租賃持作自用的租賃土地權益攤銷	7(d) 147,259	147,753
— Depreciation	— 折舊	7(d) 26,147,058	24,685,791
— Finance costs	— 融資成本	7(a) 82,414,094	62,561,975
— Foreign exchange losses/(gains)	— 匯兌虧損/(收益)	2,813,448	(691,815)
— Gain on repayment of convertible bonds	— 償還可換股債券收益	6 -	(6,871,105)
— Impairment on exploration and evaluation assets	— 勘探及評估資產減值	7(c) 166,086,731	22,656,172
— Impairment on goodwill	— 商譽減值	7(c) 141,622,589	79,525,907
— Impairment on interest in leasehold land	— 租賃土地權益減值	7(c) 3,807,309	-
— Impairment on other receivable and prepayments	— 其他應收款項及預付款項減值	7(c) 24,041,442	-
— Impairment on property, plant and equipment	— 物業、廠房及設備減值	7(c) 184,375,293	-
— Interest income	— 利息收入	5 (81,490)	(338,407)
— Net loss/(gain) on disposal of property, plant and equipment	— 出售物業、廠房及設備虧損/(收益)淨額	6,7(d) 151,844	(53,628)
— Write down of inventories	— 存貨撇減	18(b) 645,177	11,534,063
— Write offs:	— 撇銷：		
Exploration and evaluation assets	勘探及評估資產	7(c) 242,849	919,646
Property, plant and equipment	物業、廠房及設備	7(c) 45,063	-
Inventories	存貨	7(c) 18,112,419	-
Operating loss before changes in working capital	營運資金變動前經營虧損	(44,367,587)	(18,564,484)
Decrease/(increase) in inventories	存貨減少/(增加)	10,739,102	(46,622,117)
(Increase)/decrease in trade receivables	貿易應收賬款(增加)/減少	(1,975,723)	8,547,844
Decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少	2,260,464	10,137,317
Decrease in trade and other payables	貿易及其他應付款項減少	(1,869,608)	(6,946,195)
Decrease in amounts with related parties	應付關連方款項減少	(61,510)	(395,526)
Cash used in operating activities	經營業務動用現金	(35,274,862)	(53,843,161)
Tax paid	已付稅項	-	-
Net cash used in operating activities	經營業務動用現金淨額	(35,274,862)	(53,843,161)

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

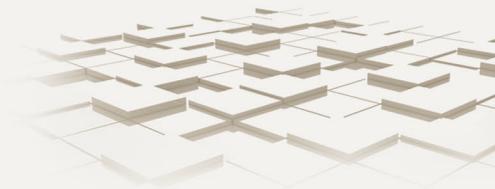
	Notes 附註	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Investing activities			
Acquisition of subsidiaries, net of cash acquired	32	(9,973,980)	(10,987,355)
Decrease in pledged deposit		35,139	3,762,548
(Increase)/decrease in advance payment to a contractor		(7,422,009)	30,195,364
Decrease in payables for construction in progress		-	(38,860,815)
Increase in deposits for purchase of property, plant and equipment		(3,720,176)	-
Payment for purchase of property, plant and equipment		(6,876,161)	(79,017,621)
Proceeds from disposal of property, plant and equipment		635,462	153,950
Interest received		81,490	338,407
Net cash used in investing activities		(27,240,235)	(94,415,522)
Financing activities			
Capital element of finance lease rentals paid		(1,703,279)	(1,093,751)
Capital injection from non-controlling interests		-	548,456
Proceeds from the issue of shares, net of expenses incurred	30(b)	40,706,250	75,582,000
Proceeds from the issue of warrants	30(c)	-	1,363,136
Proceeds from exercise of warrants	30(b)	-	1,350,000
Proceeds from new bank loans, net of transaction costs		-	45,456,432
Proceeds from finance lease obligations		-	1,177,184
Proceeds from the issue of convertible bonds, net of expenses incurred		36,075,000	41,925,000
Proceeds from new unsecured loans	28	-	50,000,000
Increase/(decrease) in amount due with a related party		1,022,092	(4,651)
Interest on finance lease rentals paid		(190,337)	(257,688)
Interest paid		(40,769,756)	(37,929,942)
Repayment of bank loans		-	(30,576,568)
Repayment of convertible bonds	26(a)	-	(16,000,000)
Net cash generated from financing activities		35,139,970	131,539,608
Net decrease in cash and cash equivalents		(27,375,127)	(16,719,075)
Cash and cash equivalents at beginning of the year		28,194,751	44,039,009
Effect of foreign exchange rate changes		261,583	874,817
Cash and cash equivalents at end of the year		1,081,207	28,194,751

The notes on pages 75 to 188 form part of the consolidated financial statements. 第75至188頁所載附註為綜合財務報表一部份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(Expressed in Hong Kong dollars) (以港元列值)



1 Company Information

CVM Minerals Limited (the “Company”) is a company incorporated and domiciled in Hong Kong. The address of its registered office is Suite 5103A, 51/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The address of its principal place of business is 3/F., Wisma Ho Wah Genting, No. 35, Jalan Maharajalela, 50150 Kuala Lumpur, Malaysia. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the “Group”). The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 17 to the consolidated financial statements.

2 Significant Accounting Policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange (“Listing Rules”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group and the Company for the current and prior accounting periods reflected in the consolidated financial statements.

A summary of the significant accounting policies adopted by the Group and the Company is set out below.

1 公司資料

南亞礦業有限公司(「本公司」)是一間於香港註冊成立及登記的公司。其註冊辦事處地址為香港灣仔港灣道18號中環廣場51樓5103A室。其主要營業地點地址為3/F., Wisma Ho Wah Genting, No.35, Jalan Maharajalela, 50150 Kuala Lumpur, Malaysia。本公司股份在香港聯合交易所有限公司(「聯交所」)主板上市。

綜合財務報表包括本公司及其附屬公司(統稱「本集團」)。本公司主要從事投資控股業務，而其附屬公司之主要業務載於綜合財務報表附註17。

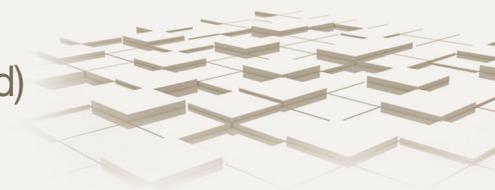
2 重大會計政策

(a) 遵例聲明

綜合財務報表乃根據香港會計師公會(「香港會計師公會」)所頒佈的所有適用香港財務報告準則(「香港財務報告準則」，乃包括所有適用的個別香港財務報告準則、香港會計準則及詮釋、香港公認會計原則及香港公司條例規定的統稱)編製。綜合財務報表亦符合聯交所證券上市規則(「上市規則」)的適用披露規定。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則，該等準則於本集團及本公司本會計期間首次生效或可供提早採納。附註3提供資料說明綜合財務報表中所反映任何會計政策的變動，而變動乃因首次應用適用於本集團及本公司於本會計期間及以往會計期間的該等準則所導致。

本集團及本公司採納的重大會計政策概述如下。



2 Significant Accounting Policies (continued)

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the Company's functional currency.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 38.

2 重大會計政策(續)

(b) 綜合財務報表的編製基準

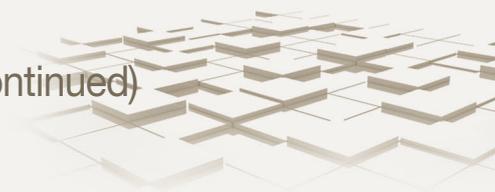
綜合財務報表以本公司的功能貨幣港元(「港元」)呈列。

綜合財務報表乃使用歷史成本基準編製。

在編製符合香港財務報告準則的綜合財務報表時，管理層需作出判斷、估計及假設，其將影響政策的應用，以及對資產、負債、收入及支出的報告數額構成影響。該等估計及相關假設乃根據以往經驗及管理層應當時情況認為合理的多項其他因素作出的，其結果構成了管理層在無法依循其他途徑及時得知資產與負債的賬面值時所作出判斷的基礎。實際結果可能有別於估計數額。

管理層會不斷審閱各項估計和相關假設。倘會計估計的修訂只影響某一期間，該修訂則會在該期間內確認；倘修訂對當前及未來期間均有影響，則在作出修訂的期間及未來期間確認。

管理層在應用香港財務報告準則時所作出對綜合財務報表有重大影響的判斷以及估計不確定性的主要來源於附註38論述。



2 Significant Accounting Policies (continued)

(b) Basis of preparation of the consolidated financial statements

(continued)

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Company in light of the fact that:

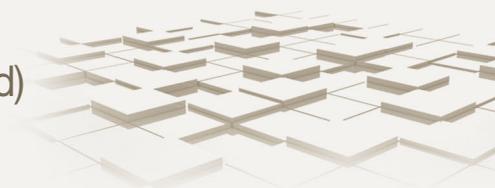
- (i) The Group incurred a loss for the year attributable to owners of the Company of HK\$593,133,228 (2011: HK\$207,377,657) for the year ended 31 December 2012 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$562,014,256 (2011: (Restated) HK\$454,600,552) and the Company's current liabilities exceeded its current assets by HK\$113,591,481 (2011: (Restated) HK\$81,842,176);
- (ii) At 31 December 2012, the Group has cash at bank and in hand of HK\$1,081,207 which is insufficient to settle accrued salaries of HK\$1,846,000;
- (iii) Included in current liabilities in the consolidated financial statements are unsecured loans from third parties of HK\$100,000,000 (2011: HK\$100,000,000) which are scheduled for repayment in May 2013;
- (iv) A secured bank loan of HK\$434,661,748 (2011: HK\$419,997,065) will be due immediately if the Group is unable to fulfill the covenants set out in the facilities agreement;
- (v) As explained in Note 13(d) to the consolidated financial statements, the production plant in Malaysia was suspended during the year ended 31 December 2012;
- (vi) As detailed in Notes 15(b) and 15(c) to the consolidated financial statements, there were no exploration activities conducted in the current year for iron ore, coal and manganese. This was because the Group is trying to reallocate its limited cash resources;

2 重大會計政策(續)

(b) 綜合財務報表的編製基準(續)

在編製綜合財務報表時，本公司董事已審慎考慮本集團及本公司的未來流動資金及表現，以及：

- (i) 本集團於截至二零一二年十二月三十一日止年度產生本公司擁有人應佔年度虧損593,133,228港元(二零一一年：207,377,657港元)及截至該日止，本集團流動負債超出其流動資產562,014,256港元(二零一一年：454,600,552港元(經重列))及本公司流動負債超出其流動資產113,591,481港元(二零一一年：81,842,176港元(經重列))；
- (ii) 於二零一二年十二月三十一日，本集團有銀行及手頭現金1,081,207港元，其不足以支付應計薪金1,846,000港元；
- (iii) 計入綜合財務報表的流動負債包括來自第三方的無抵押貸款100,000,000港元(二零一一年：100,000,000港元)，計劃於二零一三年五月償還；
- (iv) 倘本集團未能履行融資協議所載契諾，有抵押銀行貸款434,661,748港元(二零一一年：419,997,065港元)將會即時到期償還；
- (v) 誠如綜合財務報表附註13(d)所解釋，位於馬來西亞的生產廠房已於截至二零一二年十二月三十一日止年度內暫停營運；
- (vi) 誠如綜合財務報表附註15(b)及15(c)所解釋，本年度並無就鐵礦石、煤炭及錳進行勘探活動，此乃由於本集團正在嘗試重新分配其有限的現金資源；



2 Significant Accounting Policies (continued)

(b) Basis of preparation of the consolidated financial statements

(continued)

- (vii) As explained in Note 15(b) to the consolidated financial statements, exploration mining permits for iron ore and manganese in Aceh, Indonesia expired in the year. The operations and future profitability of the Group might be affected by expiration of the permits; and
- (viii) As explained in Note 17 to the consolidated financial statements, the Group lost contact with the legal representative of PT. Laksbang Mediatama (“PTLM”) in 2012, PTLM holds a production operating mining permit for manganese in Indonesia. This brought to a halt to the daily operations and mining activities of PTLM. The operations and future profitability of the Group might be affected by the lost of contact with the PTLM’s legal representative.

The directors of the Company have taken the following actions to mitigate the liquidity issues faced by the Group and the Company:

- (i) The unsecured loan holders have agreed to extend the repayment of HK\$100,000,000 by one year to April 2014;
- (ii) Subsequent to the end of the reporting period, on 20 March 2013, the Company entered into a placing agreement with Cheong Lee Securities Limited in relation to the placing of bonds in the principal amount of up to HK\$100,000,000 which will be used for the Group’s general working capital;
- (iii) As further explained in Note 15(b) to the consolidated financial statements, the Group has submitted applications for extensions of certain expired exploration mining permits. At the approval date of the consolidated financial statements, one year extension for the exploration mining permit for manganese has been granted; and

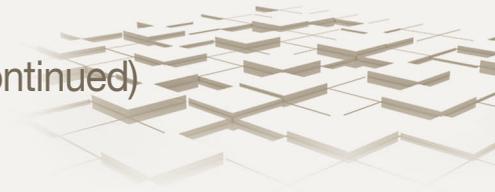
2 重大會計政策(續)

(b) 綜合財務報表的編製基準(續)

- (vii) 誠如綜合財務報表附註15(b)所解釋，於印尼亞齊省的鐵礦石及錳勘探採礦許可證於年內屆滿。本集團的業務及未來盈利能力或會因該許可證屆滿而受到影響；及
- (viii) 誠如綜合財務報表附註17所解釋，本集團於二零一二年與PT. Laksbang Mediatama (「PTLM」)的法律代表失去聯絡，而PTLM持有在印尼的錳生產經營開採許可證，令PTLM的日常經營及採礦活動陷入停滯狀態。本集團的業務及未來盈利能力或會因與PTLM的法律代表失去聯絡而受到影響。

本公司董事已採取下列行動減輕本集團及本公司所面臨的流動資金問題：

- (i) 無抵押貸款持有人已同意延遲償還100,000,000港元一年至二零一四年四月；
- (ii) 於報告期末後，於二零一三年三月二十日，本公司與昌利證券有限公司就配售本金額為100,000,000港元的債券訂立配售協議，有關款項將用作本集團的一般營運資金；
- (iii) 如綜合財務報表附註15(b)進一步解釋，本集團已申請將若干到期的勘探採礦許可證續期。於綜合財務報表批准日期，錳之勘探採礦許可證已獲批准續期一年；及



2 Significant Accounting Policies (continued)

(b) Basis of preparation of the consolidated financial statements

(continued)

- (vi) The Group is seeking investors or strategic partners for the Group's projects in Indonesia.

The directors of the Company consider that taking into account the above, the cash requirements of the Group for the next twelve months from the end of the reporting period and the Group's ability to attain future profitable operations in its wholly owned subsidiary, CVM Magnesium Sdn. Bhd. ("CVMSB") and indirectly owned subsidiary, 龍川升龍礦泉有限公司 (Long Chuan Shen Long Mineral Water Co., Limited) ("Long Chuan") and all existing banking facilities will be continuously available for the Group's use, the Group and the Company will have sufficient working capital to meet in full their financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of all assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

2 重大會計政策(續)

(b) 綜合財務報表的編製基準(續)

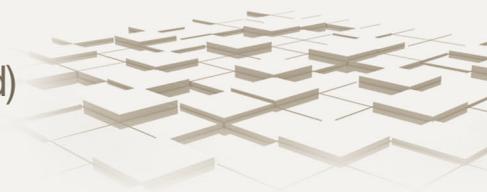
- (iv) 本集團正就其在印尼的項目尋求投資者或戰略夥伴。

本公司董事認為，經考慮以上各點，本集團由報告期結束起計未來12個月的現金需求、本集團日後自其全資附屬公司CVM Magnesium Sdn. Bhd. (「CVMSB」)及間接附屬公司龍川升龍礦泉有限公司(「龍川」)的營運獲利的能力，以及全部現有銀行信貸將可持續供本集團動用後，本集團及本公司將有足夠營運資金悉數償還於可見將來到期償還的財務負債。因此，綜合財務報表乃按持續經營基準編製。

倘本集團無法持續經營，則須作出調整以撇減所有資產值至其可收回金額，並就可能產生的未來負債作出撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。該等潛在調整的影響並未反映在綜合財務報表內。

(c) 附屬公司及非控股權益

附屬公司是指受本集團控制之實體。倘本集團直接或間接有權支配該實體的財務及經營政策並自其業務獲益，即屬擁有控制權。在評估是否持有控制權時，亦會考慮現時可行使的潛在投票權。



2 Significant Accounting Policies (continued)

(c) Subsidiaries and non-controlling interests (continued)

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

2 重大會計政策(續)

(c) 附屬公司及非控股權益(續)

於附屬公司的投資自取得有關控制權當日起至該控制權終止當日止期間於綜合財務報表綜合入賬。集團內公司間的結餘、交易以及集團內公司間交易所產生的未變現溢利在編製綜合財務報表時全數抵銷。倘無證據顯示集團內公司間交易出現減值，則未變現虧損按等同於未變現收益的方式抵銷。

非控股權益是指並非由本公司直接或間接擁有附屬公司的權益，而本集團並沒有與該等權益的持有人協定任何可導致本集團整體上就該等權益而承擔符合金融負債定義的合同義務的額外條款。就每項業務合併而言，本集團可選擇以公平值或其於附屬公司的可予識別資產淨值的比例份額以計量非控股權益。

非控股權益與本公司擁有人應佔權益在綜合財務狀況表的權益項目中分別列示。本集團業績劃分為非控股權益應佔年內溢利或虧損總額及全面收益總額與本公司擁有人應佔年內溢利或虧損總額及全面收益總額，於綜合收益表及綜合全面收益表中分別列示。

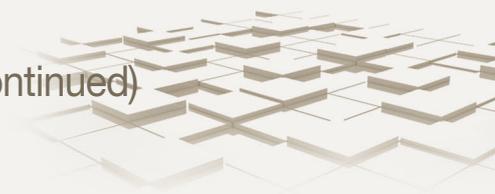
本集團於附屬公司的權益變更，如不構成失去控制權，則該等變更將被視為權益交易，於綜合權益的控股權益及非控股權益將會被調整，以反映其權益轉變，但不會調整商譽及確認收益或損失。

如本集團失去附屬公司控制權，該權益變更會被視為出售該附屬公司之所有權益，其收益或虧損將於損益內確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



2 Significant Accounting Policies (continued)

(c) Subsidiaries and non-controlling interests (continued)

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(iii)).

(d) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (revised 2008), Business combinations, are recognised at their fair values, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12, Income Taxes and HKAS 19, Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2, Share-based payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5, Non-current assets held for sale and discontinued operations are measured in accordance with that standard.

2 重大會計政策(續)

(c) 附屬公司及非控股權益(續)

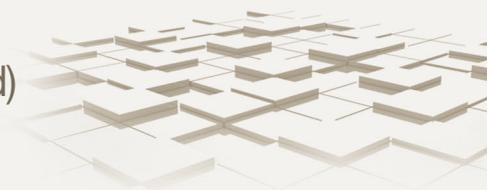
於本公司的財務狀況表中，附屬公司投資按成本扣除減值虧損(見附註2(i)(iii))列賬。

(d) 業務合併

收購業務使用收購方法呈列。業務合併所轉移的代價乃按計算為本集團轉讓資產於收購日期的公平值、本集團轉予被收購方前擁有人的負債與本集團為換取被收購方控制權而發行的股本權益總和的公平值計值。收購相關成本一般於產生時於損益中確認。

於收購日期，根據香港財務報告準則第3號(二零零八修訂)業務合併，達成確認條件的被收購方可識別資產、負債及或然負債已按其公平值確認，惟以下情況除外：

- 遞延稅項資產或負債及與僱員福利安排有關的負債或資產分別根據香港會計準則第12號所得稅及香港會計準則第19號僱員福利確認及計量；
- 與本集團代替被收購方的股份付款獎勵有關的負債或權益工具乃根據香港財務報告準則第2號以股份為基礎付款計量；及
- 根據香港財務報告準則第5號持作出售非流動資產及已終止經營業務被列為持作出售的資產(或出售組別)乃根據該準則計量。



2 Significant Accounting Policies (continued)

(d) Business combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the Group also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends when the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

The measurement period is the period after the acquisition date during which the Group may adjust the provisional amounts recognised for a business combination. The measurement period provides the Group with a reasonable time to obtain the information necessary to identify and measure the following as of the acquisition date:

- (a) the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree;
- (b) the consideration transferred for the acquiree (or the other amount used in measuring goodwill); and
- (c) the resulting goodwill or gain on a bargain purchase.

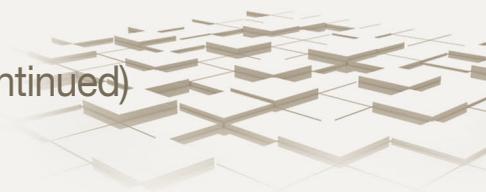
2 重大會計政策(續)

(d) 業務合併(續)

倘業務合併的初步會計處理於合併進行的報告期末尚未完成，則本集團會以不完整的會計處理於其財務報表匯報項目的臨時金額。於計量期間，本集團會追溯調整於收購日期確認的臨時金額，以反映就有關於收購日期出現的事實及情況(倘早獲知會，則會影響於該日期確認的金額計量)而獲得的最新資料。於計量期間，倘獲悉有關於收購日期出現的事實及情況的最新資料(倘早獲知會，則會影響於該日期確認的金額計量)，本集團亦會確認額外資產及負債。計量期間於本集團獲取其過往一直尋求有關於收購日期出現的事實及情況的資料或得悉不可獲得更多資料時結束。然而，計量期間不得超過自收購日期起計一年。

計量期間為於收購後的一段時間，期間，本集團可調整因業務合併而確認的臨時金額。計量期間給予本集團一段合理時間以獲取確定及計量以下項目於收購日期的價值的必需資料：

- (a) 已收購可識別資產、已假設負債及於被收購方的任何非控股權益；
- (b) 轉讓予被收購方代價(或用於計算商譽的其他金額)；及
- (c) 所產生的商譽或議價購入收益。



2 Significant Accounting Policies (continued)

(d) Business combination (continued)

During the measurement period, the Group recognises adjustments to the provisional amounts as if the accounting for the business combination had been completed at the acquisition date. Thus, the Group will revise the comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with HKAS 39, Financial instruments: Recognition and measurement, or HKAS 37, Provisions, contingent liabilities and contingent assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2 重大會計政策(續)

(d) 業務合併(續)

於計量期間，本集團確認向臨時金額作出的調整，猶如業務合併的會計處理早於收購日期完成。因此(如有需要)本集團將修訂過往期間於財務報表呈列的比較資料，包括於完成初步會計處理後作出已確認的折舊、攤銷或其他收入影響的更改。

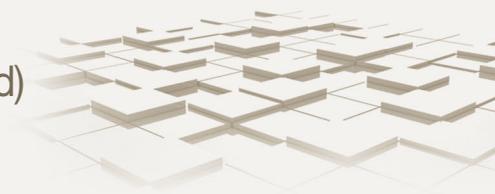
倘本集團於業務合併中轉讓之代價包括或然代價安排產生之資產或負債，或然代價乃按其收購日期之公平值計量並被視為於業務合併中所轉讓代價的一部份。或然代價之公平值變動(如符合計量期間調整資格)可追溯調整，並對商譽或議價收購收益作出相應調整。計量期間調整為於計量期間就於收購日期存在之事實及情況獲得額外資料而引致之調整。計量期間不超過收購日期起計一年。

不合資格作為計量期間調整的或然代價公平值變動的其後會計處理取決於或然代價是如何分類。分類為權益的或然代價不會在其後報告日期重新計量以及其後之結算乃於權益內列賬。分類為資產或負債之或然代價乃根據香港會計準則第39號金融工具：確認及計量或香港會計準則第37號撥備、或然負債及或然資產(如適用)在其後報告日期重新計量，並在損益中確認相應的收益或虧損。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



2 Significant Accounting Policies (continued)

(d) Business combination (continued)

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

(e) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)(iii)).

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(iii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(v)).

2 重大會計政策(續)

(d) 業務合併(續)

非控股權益可初步按公平值或非控股權益分佔被收購方可識別資產淨值之公平值比例計量。計量基準視乎每項交易而作出選擇。

(e) 商譽

商譽為第(i)項超出第(ii)項的部份：

- (i) 所轉讓代價的公平值、於被收購公司的任何非控股權益的金額及本集團之前於被收購公司所持股權的公平值總額；
- (ii) 被收購公司可識別資產與負債之公平值淨額(於收購日期計量)。

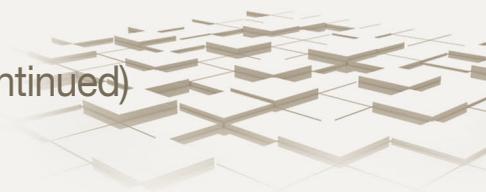
如第(ii)項大於第(i)項，則超出部份於損益內即時確認為議價購入收益。

商譽按成本減累計減值虧損列賬。業務合併產生的商譽分配予預期將受益於合併的協同效應的各現金產生單位或多組現金產生單位，並每年接受減值測試(見附註2(i)(iii))。

(f) 物業、廠房及設備

物業、廠房及設備以成本減累計折舊及減值虧損(見附註2(i)(iii))列賬。

物業、廠房及設備的自建項目成本包括原材料成本、直接勞工成本、拆卸及移除項目並修復項目所在地的初期估計成本(若相關)，以及生產成本和借貸成本的適當部份(見附註2(v))。



2 Significant Accounting Policies (continued)

(f) Property, plant and equipment

(continued)

Depreciation is calculated to write off the cost of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Buildings	10–40 years
— Plant and machinery	4–10 years
— Motor vehicles	4–10 years
— Furniture and fittings	10 years
— Office equipment	4–10 years
— Computer equipment	3–5 years
— Retorts	25 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

Depreciation method, useful life of an asset and its residual value, if any, are reviewed annually and adjusted if appropriate.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2 重大會計政策(續)

(f) 物業、廠房及設備(續)

折舊按直線法及以下預計可用年期計算，以撇銷物業、廠房及設備的成本(已扣除估計剩餘價值(如有))：

— 樓宇	10至40年
— 廠房及機器	4至10年
— 汽車	4至10年
— 傢俬及裝置	10年
— 辦公室設備	4至10年
— 計算機設備	3至5年
— 還原罐	25年

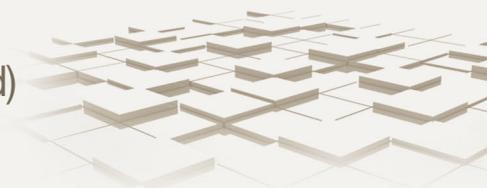
如果物業、廠房和設備項目的組成部份有不同的可用期限，有關項目成本會合理分配至各部份，且各部份會分開計提折舊。

本集團會每年檢討折舊法、資產的可用期限及剩餘價值(如有)並進行適當調整。

報廢或出售物業、廠房及設備項目所產生的損益以出售所得款項淨額與項目賬面值之間的差額釐定，並於報廢或出售日期於損益表確認。

(g) 租賃資產

倘本集團決定根據由一項或多項交易組成的安排於協定期內轉讓特定資產使用權以換取一筆或多筆款項，則有關安排屬於或包含租賃。有關決定乃根據有關安排性質評估作出，而不論有關安排是否為合法形式的租賃。



2 Significant Accounting Policies (continued)

(g) Leased assets (continued)

- (i) *Classification of assets leased to the Group*
Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.
- (ii) *Assets acquired under finance leases*
Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 2(f). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(i)(iii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.
- (iii) *Operating lease charges*
Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

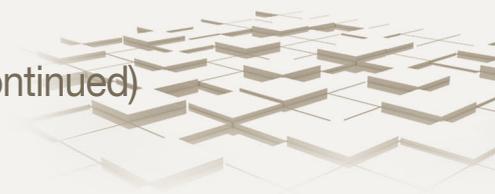
The cost of acquiring land held under an operating lease is amortised on a straight line basis over the period of the lease term.

2 重大會計政策(續)

(g) 租賃資產(續)

- (i) *本集團所租用資產的分類*
本集團根據租賃持有絕大部份擁有權風險與回報已轉讓予本集團的資產分類為根據融資租賃持有的資產。未將絕大部份擁有權風險與回報轉讓予本集團的租約則分類為經營租賃。
- (ii) *按融資租賃收購的資產*
倘本集團根據融資租賃收購資產使用權，則所租賃資產的公平值或有關資產最低租金付款現值的較低者會列作物業、廠房及設備，而相關負債(扣除財務費用)將列作融資租賃承擔。折舊於相關租期或資產可用期限(若本集團有可能取得資產所有權)內按撇銷資產成本的比率撥備(見附註2(f))。減值虧損按附註2(i)(iii)所載會計政策計算。租金付款所包含的融資費用將於租期內計入損益表，使各會計期間的費用佔剩餘承擔的比率大致相同。
- (iii) *經營租賃費用*
如本集團使用根據經營租賃持有的資產，則根據租約支付的款項會在租期內會計期間的損益表分期等額扣除，惟倘有其他方式能更清楚反映租賃資產所產生收益的模式則除外。獲得的租賃優惠於損益表確認計入淨租金付款總額一部份。

收購根據經營租賃所持有土地的成本於租期內按直線法攤銷。



2 Significant Accounting Policies (continued)

(h) Exploration and evaluation assets

(i) Exploration and evaluation assets

Exploration and evaluation assets comprises costs which are directly attributable to: researching and analysing existing exploration data; conducting geological studies, exploratory drilling and sampling; examining and testing extraction and treatment methods; and compiling prefeasibility and feasibility studies. Exploration and evaluation assets also includes the costs incurred in the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects.

Exploration and evaluation expenditure is capitalised if the project is technically and commercially feasible and the Group has sufficient resources and the intention to complete the project. If a project does not prove viable, all irrecoverable costs associated with the project are expensed in profit or loss. Capitalised exploration and evaluation expenditures are stated in the statement of financial position at cost less accumulated amortisation and impairment losses (see Note 2(i)(ii)).

Upon the commencement of quarrying activities, the capitalised exploration and evaluation expenditure is amortised using the straight line method over its estimated useful life of 20 years. Both the useful life of an asset and amortisation method are reviewed annually.

(ii) Exploration mining permits acquired in business combinations

Exploitation mining permits acquired in a business combination and recognised separately from goodwill are initially recognised at fair value at the acquisition date (which is regarded as their cost).

2 重大會計政策(續)

(h) 勘探及評估資產

(i) 勘探及評估資產

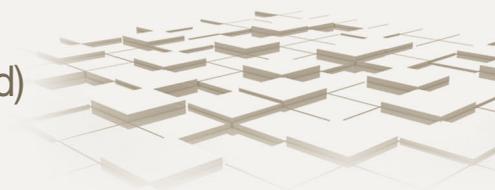
勘探及評估資產包括以下項目的直接應佔成本：研究及分析現有勘探數據；進行地質研究；勘探鑽井及收取樣本；檢測提取及處理方法；及編製事前可行性及可行性研究報告。勘探及評估資產亦包括進入有關權益區域支付的進場費及收購現有項目權益應予第三方費用所產生的成本。

倘項目技術上及商業上可行且本集團有足夠資源並有意完成該項目，則將勘探及評估開支資本化。倘證明項目不可行，則所有與項目相關的不可退還成本於損益表中列作開支。資本化的勘探及評估開支乃於財務狀況表內按成本減累計攤銷及減值虧損(見附註2(i)(ii))列賬。

開展採石業務後，資本化的勘探及評估開支於20年估計使用年限使用直線法進行攤銷。資產的使用年限及攤銷方法每年均作檢討。

(ii) 業務合併中收購的勘探開採許可證

在業務合併中收購並與商譽分開確認的勘探開採許可證，初步按其於收購日期的公平值(視為其成本)確認。



2 Significant Accounting Policies (continued)

(h) Exploration and evaluation assets

(continued)

(ii) Exploration mining permits acquired in business combinations (continued)

Subsequent to initial recognition, exploitation mining permits are stated at cost less accumulated amortisation and impairment losses. Exploitation mining permits are amortised on a unit-of-production basis. The units of the exploitation mining permits are reviewed annually in accordance with the production plans of the Group and the proved and probable reserves (see the accounting policy in respect of impairment losses of exploration and evaluation assets (Note 2(i)(ii)).

(iii) Water and mining permits acquired in a business combination

Water and mining permits acquired in a business combination and recognised separately from goodwill are initially recognised at fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, water and mining permits are stated at cost less accumulated amortisation and impairment losses (see Note 2(i)(ii)). Water and mining permits are amortised on a unit-of-production basis. The units of the water and mining permit are reviewed annually in accordance with the production plan of the Group.

(i) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

2 重大會計政策(續)

(h) 勘探及評估資產(續)

(ii) 業務合併中收購的勘探開採許可證(續)

於初步確認後，勘探開採許可證按成本減累計攤銷及減值虧損列賬。勘探開採許可證按單位產量法攤銷。本集團每年根據生產計劃及探明儲量及可能儲量檢討勘探開採許可證的單位(請參閱有關勘探及評估資產減值虧損的會計政策(附註2(i)(ii)))。

(ii) 業務合併中收購的泉水及開採許可證

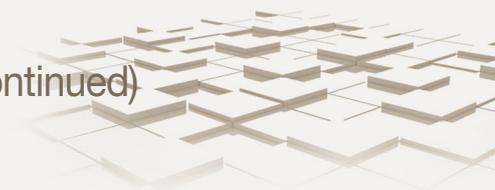
在業務合併中收購並與商譽分開確認的泉水及開採許可證，初步按其於收購日期的公平值(視為其成本)確認。

於初步確認後，泉水及開採許可證按成本減累計攤銷及減值虧損列賬(見附註2(i)(ii))。泉水及開採許可證按單位產量法攤銷。本集團每年根據生產計劃檢討泉水及開採許可證的單位。

(i) 資產減值

(i) 應收款項的減值

本集團於各報告期末評估以成本或攤銷成本列賬的應收款項，確定是否存在減值的客觀證據。減值的客觀證據包括本集團發現有以下一項或多項虧損事項的顯著數據：



2 Significant Accounting Policies (continued)

(i) Impairment of assets (continued)

(i) Impairment of receivables (continued)

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2 重大會計政策(續)

(i) 資產減值(續)

(i) 應收款項的減值(續)

- 債務人有重大財務困難；
- 違約，如拖欠或逾期償還利息或本金還款；
- 債務人可能破產或進行其他財務重組；及
- 科技、市場、經濟或法律環境出現對債務人不利的重大轉變。

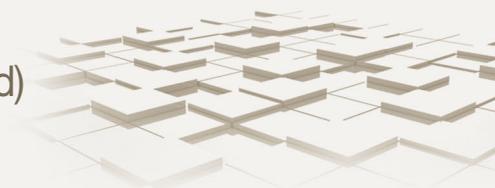
倘出現上述任何該等跡象，則按資產賬面值與估計未來現金流量現值(倘貼現影響重大，則以金融資產的原有實際利率(即於首次確認該等資產時計算的實際利率)貼現)的差額釐定及確認減值虧損。倘按攤銷成本列賬的該等金融資產具備類似的風險特徵，例如類似的逾期情況等，且並無個別評估為減值，則有關資產會整體進行評估。整體評估減值的金融資產的未來現金流量按與該組資產具有類似信貸風險特徵的資產過往虧損紀錄計算。

倘減值虧損金額於往後期間減少，而有關減少可與確認減值虧損後發生的事件客觀相關，則減值虧損會在損益表撥回。撥回減值虧損不得導致資產賬面值超出過往年度倘無確認減值虧損應有的賬面值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



2 Significant Accounting Policies (continued)

(i) Impairment of assets (continued)

(i) Impairment of receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of receivables whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicates that the carrying amount may not be recoverable:

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or

2 重大會計政策(續)

(i) 資產減值(續)

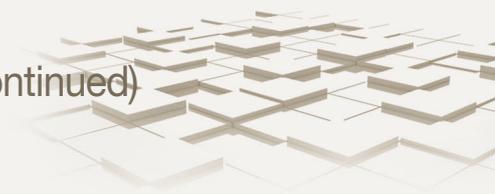
(i) 應收款項的減值(續)

除就視為不確定可否收回但非不可收回應收款項所確認的減值虧損外，減值虧損會自相關資產直接撇銷，因此呆賬的減值虧損會於撥備賬記錄。倘本集團確認短期內不大可能收回應收賬款，有關款項會視為不可收回，並自應收款項中直接撇銷，且會撥回在撥備賬中有關該債務的任何金額。先前自撥備賬扣除的隨後可收回金額會於撥備賬撥回。撥備賬的其他改變及先前直接撇銷的隨後可收回金額均於損益表確認。

(ii) 勘探及評估資產減值

勘探及評估資產的賬面值每年進行檢討，當下列某一事件或情況轉變顯示賬面值可能無法收回時，作出減值調整：

- 本集團擁有的特定區域的開發權於期內屆滿或即將屆滿，並且預期不會再更新；
- 在特定區域進一步勘探及評估礦產資源所產生大額開支不在預算及計劃之內；
- 本集團在特定區域進行的礦產資源勘探及評估並無發現有利可圖的礦產資源數量，故決定終止該特定區域的勘探及評估活動；或



2 Significant Accounting Policies (continued)

(i) Impairment of assets (continued)

(ii) Impairment of exploration and evaluation assets (continued)

- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

(iii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- investments in subsidiaries;
- intangible asset; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 重大會計政策(續)

(i) 資產減值(續)

(ii) 勘探及評估資產減值(續)

- 有充分數據顯示，儘管可能會於特定區域開發，但勘探及評估資產的賬面值似乎不大可能透過成功開發或銷售而獲全數收回。

當資產的賬面值超過其可收回金額時，會於損益賬內確認減值虧損。

(iii) 其他資產減值

本集團會於各報告期末檢討內部及外來資料，以辨別下列資產是否有可能出現減值現象，或(商譽除外)識別以往所確認減值虧損是否仍然存在或可能減少：

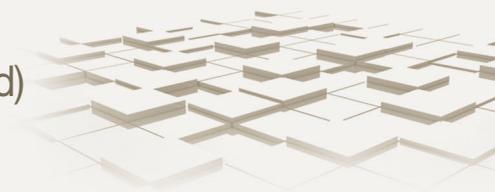
- 物業、廠房及設備；
- 分類為根據經營租賃所持有租賃土地的預付利息；
- 於附屬公司的投資；
- 無形資產；及
- 商譽。

倘出現任何減值跡象，便須估計資產的可收回金額。就商譽而言，不論是否存在任何減值跡象，本集團也會每年評估可收回金額。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



2 Significant Accounting Policies (continued)

(i) Impairment of assets (continued)

(iii) Impairment of other assets (continued)

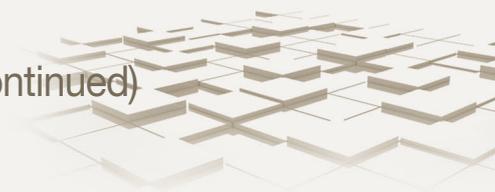
- Calculation of recoverable amount
The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).
- Recognition of impairment losses
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.
- Reversals of impairment losses
In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

2 重大會計政策(續)

(i) 資產減值(續)

(iii) 其他資產減值(續)

- 計算可收回金額
資產的可收回金額是公平值減出售成本及使用價值兩者之較高者。在評估使用價值時，估計未來現金流量會按可反映當時市場對貨幣時間值及該資產特定風險的稅前貼現率貼現至現值。倘資產無法產生大致上獨立於其他資產所產生者的現金流入，則須按能夠獨立產生現金流入的最基本資產組別(即現金產生單位)釐定可收回金額。
- 確認減值虧損
當資產或所屬現金產生單位的賬面值高於可收回金額時，便會在損益表內確認減值虧損。就現金產生單位確認的減值虧損會先撥作減少獲分配現金產生單位的任何商譽的賬面值，然後再按比例撥作減少該單位(或一組單位)中資產的賬面值，但資產賬面值不會減少至低於其個別公平值減銷售成本或使用價值(如可確定)的數額。
- 撥回減值虧損
就商譽以外的資產而言，倘用作釐定可收回金額的估計出現有利的改變，則會撥回減值虧損。商譽的減值虧損不會撥回。



2 Significant Accounting Policies (continued)

(i) Impairment of assets (continued)

(iii) Impairment of other assets (continued)

- Reversals of impairment losses (continued)

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 重大會計政策(續)

(i) 資產減值(續)

(iii) 其他資產減值(續)

- 撥回減值虧損(續)

可撥回的減值虧損僅限於過往年度如無確認任何減值虧損而應有的資產賬面值。減值虧損撥回會於撥回確認的年度計入損益表。

(j) 存貨

存貨以成本值及可變現淨值兩者中的較低者入列賬。

成本乃採用加權平均成本公式計算，包括所有採購成本、兌換成本及將存貨運至現址及變成現時狀況所產生的其他成本。

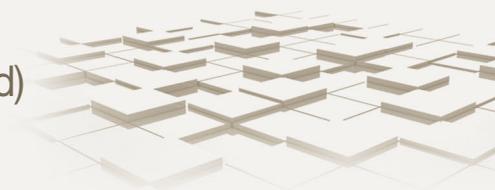
可變現淨值乃日常業務過程中的估計銷售價減去完工的估計成本及銷售所需的估計成本。

於存貨出售時，該等存貨之賬面值會於確認有關收益期間確認為支出。存貨撇減至可變現淨值的金額及所有存貨虧損一概在撇減或虧損產生期間確認為開支。撥回任何存貨撇減金額，在作出撥回期間確認為減少已確認為開支的存貨金額。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



2 Significant Accounting Policies (continued)

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 2(i)(i)), except where the receivables are interest free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts, if any.

(l) Convertible bonds

(i) Convertible bonds that contain an equity component

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognised in equity, net of any tax effects.

2 重大會計政策(續)

(k) 貿易及其他應收款項

貿易及其他應收款項首先按公平值確認，其後用實際利率法按攤銷成本減呆賬減值撥備(見附註2(i)(i))入賬，惟倘應收款項屬向關連方提供的無固定還款期免息貸款或其折現影響並不重大，則會按成本減呆賬減值撥備(如有)入賬。

(l) 可換股債券

(i) 含股本部份的可換股債券

倘持有人可選擇轉換為權益股本的可換股債券於轉換時發行的股份數目與將於當時收取的代價不會改變，則入賬列作包含負債部份及股本部份的複合金融工具。

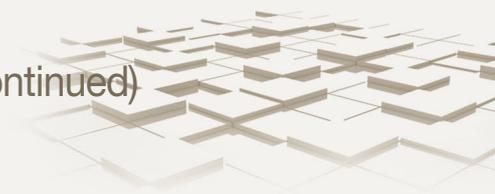
首次確認可換股債券負債部份及以將來支付利息及本金，按首次確認時適用於相類似債務(惟不含轉換權)的市場利率折現而得出的現值計量。任何高於首次確認負債部份的所得款項將會確認為股本部份。有關發行複合金融工具的交易成本將按所得款項的分配比例分配到負債及股本部份。

負債部份其後將用實際利率法以攤銷成本列帳。直至票據獲轉換或屆滿時負債解除為止。股本部份於扣除稅項影響後於權益內確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



2 Significant Accounting Policies (continued)

(i) Convertible bonds (continued)

(i) Convertible bonds that contain an equity component (continued)

If the bond is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the capital reserve is released directly to accumulated losses.

(ii) Convertible bonds that do not contain an equity component

All other convertible bonds which do not exhibit the characteristics mentioned in (i) above are accounted for as follows:

At initial recognition the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments (see Note 2(m)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible bond are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently remeasured in accordance with Note 2(n). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

If the bond is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

2 重大會計政策(續)

(i) 可換股債券(續)

(i) 含股本部份的可換股債券(續)

當債券被轉換時，資本儲備及轉換時負債部份的賬面值將作為發行股份的代價轉入股本及股份溢價中。當債券被贖回時，資本儲備將直接轉入累計虧損中。

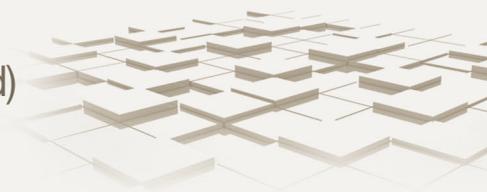
(ii) 不含股本部份的可換股債券

不具上文(i)所述特性的所有其他可換股債券按如下方式列賬：

於首次確認可換股債券衍生部份時計算其公平值及列賬為衍生金融工具部份(見附註2(m))。任何超過首次確認為衍生部份款額的所得款項以負債部份記賬。與發行可換股債券有關的交易成本按其所得款項比例分配至負債及衍生部份。負債部份的交易成本初步確認為負債的一部份。而衍生部份的交易成本則即時於損益賬確認。

衍生部份其後根據附註2(n)再計算。負債部份其後按攤銷成本列賬。而利息支出按實際利息方法計算並於損益賬負債部份確認。

若債券被轉換，衍生及負債部份的賬面值會轉移至股本及股份溢價，並作為發行股份的代價。若債券被贖回，已付款額與衍生及負債部份的賬面值之差異將於損益賬確認。



2 Significant Accounting Policies (continued)

(m) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(n) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost using the effective interest method.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(q) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employee. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2 重大會計政策(續)

(m) 衍生金融工具

衍生金融工具初步按公平值確認。公平值於各報告期末重新計量。重新計量公平值的收益或虧損隨即於損益確認。

(n) 計息借款

計息借款首先按公平值減應佔交易成本確認，而初次確認後則按攤銷成本列賬，而初次確認的金額與贖回價值之間的差額連同任何應付利息及費用，會於借款期間按實際利息法於損益表確認。

(o) 貿易及其他應付款項

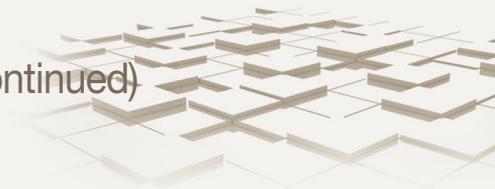
貿易及其他應付款項初步按公平值確認，其後按攤銷成本入賬，惟倘貼現影響不重大，則用實際利率法按成本入賬。

(p) 現金及現金等價物

現金及現金等價物包括銀行及手頭現金及可隨時換算為已知的現金額、價值波動風險不重大，並在購入後三個月內到期的銀行存款。

(q) 僱員福利

(i) 薪金、年終花紅、有薪年假、向界定供款退休計劃作出的供款及非現金福利的成本均在僱員提供有關服務的年度內計提。如延遲付款或結算會造成重大影響，則上述數額須按現值列賬。



2 Significant Accounting Policies (continued)

(q) Employee benefits (continued)

(i) (continued)

Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and contributions to the retirement schemes operated by the relevant authorities for employees of the subsidiaries in the Malaysia and the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(ii) Termination benefits and share-based payments

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Share-based payments (the Group may issue equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions).

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

2 重大會計政策(續)

(q) 僱員福利(續)

(i) (續)

根據香港《強制性公積金計劃條例》規定作出的強制性公積金供款及為馬來西亞及中華人民共和國(「中國」)附屬公司僱員參與有關政府部門管理的退休金計劃的供款，均於產生時在損益賬確認為開支，惟已計入尚未確認為開支的存貨成本的數額除外。

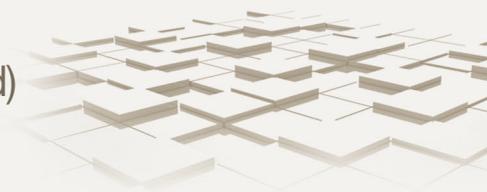
(ii) 終止僱傭福利及以股份為基礎的付款

終止僱傭福利僅於本集團具備正式而詳細及不可能撤回方案的情況下，明確顯示終止聘用或因採取自願離職措施而提供福利時，方可確認。

以股份為基礎的付款(本集團可向若干僱員可發行權益結算及現金結算的以股份為基礎付款。權益結算的以股份為基礎付款乃於授出日期按權益工具的公平值(不包括非以市場為基礎的歸屬條件)計量。根據本集團將最終歸屬的股份估計，於權益結算的以股份為基礎付款的授出日期定的公平值於歸屬期間按直線基準支銷，並就非以市場為基礎的歸屬條件的影響獲調整)。

(r) 所得稅

本年度所得稅包括本期稅項以及遞延稅項資產與負債的變動。本期稅項以及遞延稅項資產與負債的改變均在損益表確認，但與業務合併或於其他全面收益或直接於權益確認的項目相關者則分別於其他全面收益或直接於權益確認。



2 Significant Accounting Policies (continued)

(r) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2 重大會計政策(續)

(r) 所得稅(續)

本期稅項是按本年度應課稅收入根據在報告期末已生效或實質上已生效的稅率計算的預期應付稅項，以及對過往期間應付稅項的任何調整。

遞延稅項資產及負債分別來自可扣稅及應課稅暫時差額，即編製財務報表所用的資產及負債賬面值與稅基的差額。未動用稅項虧損及未動用稅項抵免亦會產生遞延稅項資產。

除若干有限的例外情況外，所有遞延稅項負債及所有遞延稅項資產會於有可能產生未來應課稅溢利用作抵扣有關資產時確認。支持確認可抵扣暫時差額所產生遞延稅項資產的未來應課稅溢利，包括因撥回現有應課稅暫時差額而產生的金額，惟差額須與相同稅務機關及相同應課稅公司有關，並預期在預計撥回可抵扣暫時差額的同一期間或在遞延稅項資產所產生的稅項虧損可承前或結轉的期間內撥回。在判斷現有應課稅暫時差額是否足以支持確認因未動用稅項虧損及抵免所產生的遞延稅項資產時，亦會採用相同準則，即倘差額與相同稅務機關及相同應課稅公司有關，並預期在可動用稅項虧損或抵免的期間內撥回時方會計入有關差額。

2 Significant Accounting Policies (continued)

(r) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

2 重大會計政策(續)

(r) 所得稅(續)

可確認遞延稅項資產與負債的有限例外情況指不可扣稅商譽、首次確認並非業務合併一部份且不影響會計或應課稅溢利的資產或負債所產生的臨時差額，以及有關投資附屬公司的暫時差額。倘屬應課稅差額，僅限於本集團可控制撥回時間，且在可見將來不大可能撥回有關暫時差異，如為可扣稅差額，則僅限於很可能在將來撥回的差額。

已確認的遞延稅項金額按照各資產及負債項目賬面值的預期變現或結算方式並根據在結算日已生效或實質上已生效的稅率計算。遞延稅項資產及負債均不會貼現。

於各報告期末會檢討遞延稅項資產的賬面值，並會扣減至不再可能獲得足夠應課稅溢利以動用相關稅務優惠。倘可能有足夠應課稅溢利，則可撥回所扣減的金額。

本期稅項結餘及遞延稅項結餘以及有關改變均獨立呈列且不可抵銷。只有本公司或本集團可合法將本期稅項資產與本期稅項負債抵銷，且符合以下附帶條件時，本期稅項資產與遞延稅項資產可分別抵銷本期稅項負債與遞延稅項負債：

- 就本期稅項資產及負債而言，本公司或本集團擬按淨值基準結算或同時變現資產及清償負債；或

2 Significant Accounting Policies (continued)

(r) Income tax (continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 重大會計政策(續)

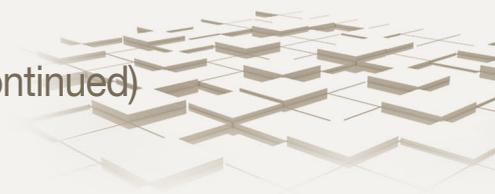
(r) 所得稅(續)

- 就遞延稅項資產及負債而言，倘該等資產及負債與相同稅務機構對以下其中一方所徵收所得稅有關：
 - 相同應課稅公司；或
 - 如屬不同應課稅公司，則計劃在預期清償或收回大部份遞延稅項負債或資產的各未來期間以淨值基準變現本期稅項資產及清償本期稅項負債或同時變現資產及清償負債的相關公司。

(s) 撥備及或然負債

當本集團或本公司須就已發生的事件承擔法律或推定責任，而履行責任可能須耗用經濟利益，且能夠準確估計相關金額時，會就時間或數額不確定的負債確認撥備。如貨幣的時間價值重大，則按預計履行責任所需支付的現值計提撥備。

倘不大可能需要耗用經濟利益，或未能準確估計有關數額，則有關責任須披露為或然負債，惟極不可能耗用經濟利益者除外。倘本集團的責任須視乎某宗或多宗未來事件是否發生才能確定是否存在，則該等責任亦會披露為或然負債，惟極不可能耗用經濟利益者除外。



2 Significant Accounting Policies (continued)

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) *Sale of goods*
Revenue is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue excludes value added tax and is after deduction of any trade discounts.
- (ii) *Interest income*
Interest income is recognised as it accrues using the effective interest method.
- (iii) *Rental income from operating leases*
Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the relevant exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the relevant exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are translated using the foreign exchange rates ruling at the transaction dates.

2 重大會計政策(續)

(t) 收益確認

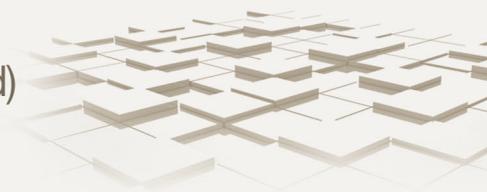
收益乃按已收取或應收取代價的公平值計量。倘經濟利益有可能流入本集團及收益及成本(倘適用)可準確計量，則收益乃以下列方式於損益中確認：

- (i) *銷售貨品*
收益指貨品所有權相關的重要風險及回報轉移予買方時確認。收益不包括增值稅，並已扣除任何營業折扣。
- (ii) *利息收入*
利息收入按實際利率法累計確認。
- (iii) *經營租約的租金收入*
經營租約的應收取租金收入按租期涵蓋的期間以平均分期款項於損益內確認，惟如有其他基準更能準確地反映租賃資產所產生的收益模式除外。

(u) 外幣換算

年內的外匯交易按交易日之有關匯率換算。以外幣計值的貨幣資產及負債均以報告期末的有關匯率換算。匯兌盈虧於損益表內確認。

按歷史成本以外幣計值的非貨幣資產及負債，按交易日的外幣匯率換算。



2 Significant Accounting Policies (continued)

(u) Translation of foreign currencies

(continued)

The results of relevant operations in other jurisdictions are translated into HK\$ at the exchange rates approximating the relevant exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into HK\$ at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised directly in other comprehensive income and accumulated separately in equity in the exchange reserve.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (I) has control or joint control over the Group;
 - (II) has significant influence over the Group; or
 - (III) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (I) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (II) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

2 重大會計政策(續)

(u) 外幣換算(續)

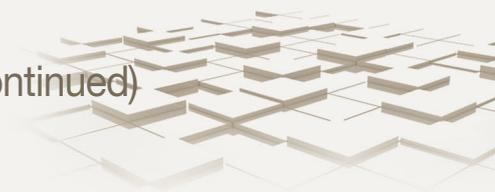
其他司法權區有關業務的業績按與交易日有關匯率相若的匯率換算為港元。財務狀況表項目(包括綜合二零零五年一月一日或以後收購的海外業務所產生的商譽)則按報告期末的收市外幣匯率換算為港元。所產生的匯兌差額於其他全面收益直接確認及與外匯儲備單獨累計為權益。

(v) 借貸成本

與收購、建造或生產需長時間方可作擬定用途或銷售的資產直接相關的借貸成本會資本化並作為該資產成本一部份。其他借貸成本於所產生期間支銷。

(w) 關連方

- (i) 如任何人士符合下列情況，則該名人士本身或其近親為本集團的關連方：
 - (I) 對本集團有控制權或共同控制權；
 - (II) 對本集團有重大影響力；或
 - (III) 為本集團或本集團母公司的主要管理人員。
- (ii) 如符合下列任何情況，任何實體為本集團的關連方：
 - (I) 該實體及本集團屬同一集團的成員公司(即各母公司、附屬公司及同系附屬公司為彼此的關連方)。
 - (II) 一間實體為另一間實體的聯營公司或合營企業(或該另一間實體為其集團成員公司的聯營公司或合營企業)。



2 Significant Accounting Policies (continued)

(w) Related parties (continued)

- (ii) (continued)
- (III) Both entities are joint ventures of the same third party.
- (IV) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (V) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (VI) The entity is controlled or jointly controlled by a person identified in (i).
- (VII) A person identified in (i)(I) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management (being the chief operating decision maker) ("CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segment which are not individually materials may be aggregated if they share a majority of these criteria.

2 重大會計政策(續)

(w) 關連方(續)

- (ii) (續)
- (III) 兩間實體均為同一第三方的合營企業。
- (IV) 一間實體為第三方實體的合營企業，而另一間實體為該第三方實體的聯營公司。
- (V) 該實體為就本集團或與本集團有關連實體的僱員利益而設立的離職後福利計劃。
- (VI) 該實體受(i)所指人士控制或共同控制。
- (VII) (i)(I)所指人士對任何實體有重大影響力或為該實體(或該實體的母公司)的主要管理人員。

任何人士的近親家庭成員是指與該實體交易時預期可影響該名人士或受該名人士影響的家庭成員。

(x) 分部報告

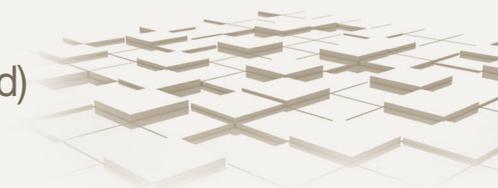
經營分部及綜合財務報表內報告的各分部項目的金額，乃取自本集團最高行政管理層(即主要經營決策者(「主要經營決策者」))定期獲提供用作向本集團各項業務及地點分配資源並評估其表現的財務資料。

個別重大的經營分部不會為財務報告目的而合計，除非有關分部具有類似經濟特性並且具有類似的產品及服務性質、生產工序性質、客戶類型或類別、分銷產品或提供服務的方法，以及監管環境性質。個別非重大的經營分部倘符合上述大多數準則則可予合計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



3 Changes in Accounting Policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following development is relevant to the Group's consolidated financial statements.

- Amendments to HKFRS 7, Financial instruments: Disclosures — Transfers of financial assets

The impact of the development is discussed below:

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 40).

4 Turnover

Turnover represents the sales value of magnesium ingots and bottled mineral water supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

Sales of bottled mineral water
Sales of magnesium ingots

銷售瓶裝礦泉水
銷售鎂錠

3 會計政策變動

香港會計師公會已頒佈多項香港財務報告準則之修訂及詮釋，並於本集團的本會計期間首次生效。其中，下列改進與本集團綜合財務報表有關連。

- 香港財務報告準則第7號之修訂，金融工具：披露 — 轉讓金融資產

改進之影響討論如下：

香港財務報告準則第7號之修訂規定，財務報表須就未完全取消確認之已轉讓金融資產及對完全取消確認之已轉讓資產之任何持續採用情況作出若干披露，而不論有關轉讓交易何時發生。然而，實體毋須於採納首年提供比較期間之披露事項。本集團於過往期間或本期間並無進行任何根據修訂本須於本會計期間作出披露之重大金融資產轉讓。

本集團並無採用於當前會計期間尚未生效的任何新準則或詮釋(見附註40)。

4 營業額

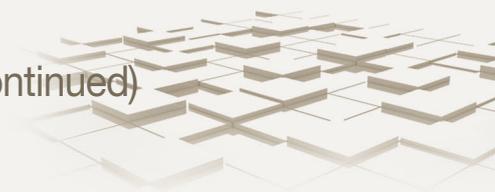
營業額指年內向客戶供應鎂錠及瓶裝礦泉水的銷售價值。於年內確認為營業額之各重大收入類別金額如下：

	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Sales of bottled mineral water	2,148,220	—
Sales of magnesium ingots	12,383,082	11,185,489
	14,531,302	11,185,489

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



5 Other Revenue

5 其他收入

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)
Interest income	利息收入	81,490	338,407
Rental income from drilling machines	來自鑽探機的租金收入	116,637	-
Sundry income	雜項收入	647,622	-
		845,749	338,407

6 Other Net Gains

6 其他收益淨額

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)
Compensation received from a contractor (Note)	來自一名承包商的賠償(附註)	5,950,711	-
Gain on repayment of convertible bonds (Note 26(a))	償還可換股債券的收益(附註26(a))	-	6,871,105
Net foreign exchange (losses)/gains	匯兌(虧損)/收益淨額	(217,981)	407,254
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益淨額	-	53,628
		5,732,730	7,331,987

Note: It represents a one-off compensation received from a contractor for its failure to complete agreed maintenance work for the production plant in Malaysia.

附註：此為來自一名承包商因其未能完成馬來西亞生產廠房協定的維修工程所支付的一筆過賠償。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

7 Loss Before Taxation

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs:

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Interest on bank loans *:	銀行貸款利息*:		
– wholly repayable within 5 years	– 須於五年內悉數償還	7,224,463	7,428,912
– wholly repayable after 5 years	– 須於五年後悉數償還	32,140,471	25,924,235
		39,364,934	33,353,147
Effective interest on convertible bonds	可換股債券實際利息	20,806,072	18,901,298
Interest on unsecured loans from third parties wholly repayable within 5 years	來自第三方須於五年內悉數償還的無抵押貸款的利息	21,628,594	6,374,083
Amortisation of loan transaction costs (Note 27)	貸款交易成本攤銷(附註27)	424,157	457,410
Finance charges on obligations under finance leases	融資租賃承擔的財務費用	190,337	257,688
Other borrowing costs	其他借貸成本	–	1,757,932
Interest on the late repayment of convertible bonds	逾期償還可換股債券的利息	–	1,460,417
		43,049,160	29,208,828
		82,414,094	62,561,975

* The analysis shows the finance costs on bank loans, including terms loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the years ended 31 December 2012 and 2011, the interest on bank loans which contain a repayment on demand clause amounted to HK\$39,364,934 and HK\$33,353,147, respectively.

7 除稅前虧損

除稅前虧損已扣除/(計入):

(a) 融資成本:

* 分析列示銀行貸款(包括載有按要求償還條款的有期貨款)的融資成本乃根據貸款協議所載協定預定償還日期進行。截至二零一二年及二零一一年十二月三十一日止年度,載有按要求償還條款的銀行貸款利息分別為39,364,934 港元及33,353,147 港元。

(b) Staff costs (including directors' remuneration (Note 9):

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Salaries, wages, bonuses and other benefits	薪金、工資、花紅及其他福利	19,012,799	11,703,433
Contributions to defined contribution retirement plan	向界定供款退休計劃供款	979,485	692,912
		19,992,284	12,396,345

(b) 員工成本(包括董事薪酬)(附註9):

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

7 Loss Before Taxation (continued)
(c) Other operating expenses7 除稅前虧損(續)
(c) 其他經營開支

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)
Impairment losses:	減值虧損：		
— exploration and evaluation assets (Note 15)	— 勘探及評估資產 (附註15)	166,086,731	22,656,172
— goodwill (Note 14)	— 商譽(附註14)	141,622,589	79,525,907
— interest in leasehold land (Note 13(a))	— 租賃土地權益(附註13(a))	3,807,309	—
— other receivable and prepayments	— 其他應收款項及預付款項	24,041,442	—
— property, plant and equipment (Note 13(a))	— 物業、廠房及設備 (附註13(a))	184,375,293	—
		519,933,364	102,182,079
Write offs:	撤銷：		
— exploration and evaluation assets (Note 15)	— 勘探及評估資產 (附註15)	242,849	919,646
— inventories	— 存貨	18,112,419	—
— property, plant and equipment	— 物業、廠房及設備	45,063	—
		18,400,331	919,646
		538,333,695	103,101,725

(d) Other items:

(d) 其他項目：

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Amortisation of exploration and evaluation assets	勘探及評估資產攤銷	206,419	207,108
Amortisation of interest in leasehold land held for own use under operating lease	根據經營租賃持作自用租賃土地權益攤銷	147,259	147,753
Auditors' remuneration	核數師酬金	1,501,735	934,397
Cost of inventories sold (Note 18(b))	已售存貨成本(附註18(b))	54,039,300	16,823,714
Depreciation	折舊	26,147,058	24,685,791
Operating lease charges in respect of:	有關下列各項的經營租賃支出：		
— equipment and machinery	— 設備及機器	38,937	—
— office equipment	— 辦公室設備	—	53,350
— office premises	— 辦公室物業	1,751,582	1,195,384
— staff housing	— 員工宿舍	23,642	22,907
Net loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損/(收益)淨額	151,844	(53,628)

The cost of inventories sold includes HK\$34,053,840 (2011: HK\$25,958,363) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

與員工成本、折舊及攤銷有關的已售存貨成本34,053,840港元(二零一一年：25,958,363港元)亦記入於上文或附註7(b)就各項類別開支分別披露的有關總金額中。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

8 Income Tax

- (a) Taxation in the consolidated income statement represents:

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Deferred tax	遞延稅項		
Reversal of temporary differences (Note 29)	撥回暫時差額(附註29)	(30,564,021)	—
Total income tax credit	所得稅抵免總額	(30,564,021)	—

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. The directors of the Company determine the effective tax rate of the Group is 16.5% (2011: 16.5%).

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year ended 31 December 2012. No provision for Hong Kong Profits Tax has been made as the Group did not have assessable profit which is subject to Hong Kong Profits Tax for the years ended 31 December 2012 and 2011.

Malaysian Income Tax is calculated at 25% (2011: 25%) of assessable profit for the year ended 31 December 2012. No provision of Malaysian Income Tax has been made as the Group did not have assessable profit which is subject to Malaysian Income Tax for the years ended 31 December 2012 and 2011.

In accordance with the tax laws of Indonesia, companies engaged in metal, mineral and coal mining are governed by a particular contract of work and this is used for computation of the domestic income tax relating to that contract of work. Since the natural resources located in Indonesia are still in a preliminary exploration phase, the management was unable to ascertain from the local tax authorities the tax rate that should be applied to its mining operations for the years ended 31 December 2012 and 2011. No provision for Indonesian Income Tax has been made as the Group did not have assessable profit which is subject to Indonesian Income Tax for the years ended 31 December 2012 and 2011.

8 所得稅

- (a) 綜合收益表中之稅項代表：

本集團須就於本集團成員公司註冊成立及經營業務所在司法權區所產生或賺取的溢利，按實體基準繳納所得稅。本公司董事確定本集團之實際稅率為16.5%（二零一一年：16.5%）。

香港利得稅乃根據截至二零一二年十二月三十一日止年度之估計應課稅溢利按16.5%（二零一一年：16.5%）計算。由於本集團截至二零一二年及二零一一年十二月三十一日止兩個年度並無賺取須繳納香港利得稅之應課稅溢利，故概無就香港利得稅計提撥備。

馬來西亞所得稅乃根據截至二零一二年十二月三十一日止年度之應課稅溢利按25%（二零一一年：25%）計算。由於本集團截至二零一二年及二零一一年十二月三十一日止兩個年度並無賺取須繳納馬來西亞所得稅之應課稅溢利，故概無就馬來西亞所得稅計提撥備。

根據印尼稅法，從事開採金屬、礦物及煤炭業務之公司須受個別工程合約監管，並用以計算有關該工程合約之國內所得稅。由於位於印尼之天然資源仍處於初步勘探階段，故管理層無法向當地稅務機關確定其採礦業務於截至二零一二年及二零一一年十二月三十一日止年度須應用之稅率。由於本集團截至二零一二年及二零一一年十二月三十一日止兩個年度並無賺取須繳納印尼所得稅之應課稅溢利，故概無就印尼所得稅計提撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

8 Income Tax (continued)

(a) (continued)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year ended 31 December 2012. No provision for PRC Enterprise Income Tax has been made as the Group did not have assessable profit which is subject to the PRC Income Tax for the year ended 31 December 2012.

Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), the Group is not subject to any income tax in this jurisdiction.

(b) The reconciliation between tax credit and accounting loss at applicable tax rates is as follows:

8 所得稅(續)

(a) (續)

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施細則，中國附屬公司截至二零一二年十二月三十一日止年度之稅率為25%。由於本集團截至二零一二年十二月三十一日止年度並無賺取須繳納中國企業所得稅之應課稅溢利，故概無就中國企業所得稅計提撥備。

根據英屬處女群島(「英屬處女群島」)規則及規例，本集團無需在該司法權區繳納任何所得稅。

(b) 按適用稅率計算之稅項抵免與會計虧損調節如下：

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Loss before taxation	除稅前虧損	(695,145,091)	(212,847,944)
Notional tax on loss before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	按有關稅務司法權區適用稅率計算之除稅前溢利名義稅項	(141,205,489)	(41,478,774)
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(2,214,732)	(1,156,834)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	114,588,380	24,494,600
Tax effect of unused tax losses not recognised	未確認之未動用稅項虧損之稅務影響	22,638,432	12,148,646
Tax effect of reversal of temporary differences previously recognised	撥回過往已確認暫時差額之稅務影響	(30,564,021)	-
Tax effect of temporary differences not recognised	未確認暫時差額之稅務影響	6,193,409	5,992,362
Actual tax credit	實際稅項開支	(30,564,021)	-

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

9 Directors' Remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

9 董事酬金

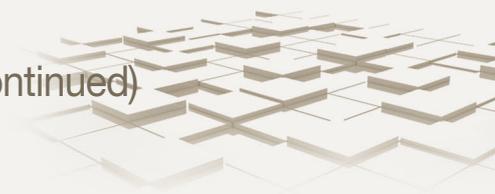
根據香港公司條例第161條披露的董事酬金如下：

		2012 二零一二年				
		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total	
Directors' fees		薪金、津貼及 實物利益	酌情花紅	退休計劃 供款	總計	
董事袍金		HK\$	HK\$	HK\$	HK\$	
		港元	港元	港元	港元	
Executive directors:	執行董事：					
Goh Sin Huat (resigned on 7 August 2012)	Goh Sin Huat (於二零一二年 八月七日辭任)	-	1,109,561	-	75,276	1,184,837
Ji Kuang (appointed on 7 August 2012)	嵇匡(於二零一二年 八月七日獲委任)	-	390,452	-	-	390,452
Li Zi Cong (appointed on 11 September 2012)	李子聰(於二零一二年 九月十一日獲委任)	-	152,000	-	-	152,000
Liang Hai Yang (appointed on 7 August 2012)	梁海洋(於二零一二年 八月七日獲委任)	-	192,258	-	-	192,258
Lim Ooi Hong	Lim Ooi Hong	-	517,354	-	55,046	572,400
Leung Wai Kwan	梁維君	-	480,000	40,000	13,750	533,750
Independent non-executive directors:	獨立非執行董事：					
Chong Lee Chang	Chong Lee Chang	109,374	-	-	-	109,374
Tony Tan	Tony Tan	107,289	-	-	-	107,289
Wong Choi Kay	Wong Choi Kay	102,568	-	-	-	102,568
Total	總計	319,231	2,841,625	40,000	144,072	3,344,928

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



9 Directors' Remuneration (continued)

9 董事酬金(續)

		2011 二零一一年				
		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total	
		薪金、津貼及 實物利益	酌情花紅	退休計劃 供款	總計	
		HK\$	HK\$	HK\$	HK\$	
		港元	港元	港元	港元	
Executive directors:	執行董事：					
Chong Wee Chong (resigned on 30 June 2011)	Chong Wee Chong (於二零一一年 六月三十日辭任)	-	229,065	-	256,553	
Goh Sin Huat	Goh Sin Huat	-	916,261	-	1,026,212	
Lim Ooi Hong	Lim Ooi Hong	-	509,034	-	570,118	
Leung Wai Kwan	梁維君	-	520,000	-	532,000	
Independent non-executive directors:	獨立非執行董事：					
Chong Lee Chang	Chong Lee Chang	109,793	-	-	109,793	
Lam Cheung Shu (resigned on 1 June 2011)	藍章澍 (於二零一一年 六月一日辭任)	50,700	-	-	50,700	
Tony Tan (appointed on 1 June 2011)	Tony Tan (於二零一一年 六月一日獲委任)	63,782	-	-	63,782	
Wong Choi Kay	Wong Choi Kay	112,145	-	-	112,145	
Total	總計	336,420	2,174,360	-	2,721,303	

10 Individuals with Highest Emoluments

Of the five individuals with the highest emoluments, two (2011: two) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the other three (2011: three) individuals are as follows:

10 最高薪酬人士

五名最高薪酬人士包括兩名(二零一一年：兩名)董事，彼等的薪酬已於附註9中披露。有關另外三名(二零一一年：三名)人士的薪酬總額如下：

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,419,674	2,681,389
Retirement scheme contributions	退休計劃供款	13,750	79,058
		1,433,424	2,760,447

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

10 Individuals with Highest Emoluments

(continued)

The emoluments of the three (2011: three) individuals with the highest emoluments are within the following bands:

		Number of individuals 人數	
		2012 二零一二年	2011 二零一一年
HK\$Nil to HK\$1,000,000	零港元至 1,000,000 港元	3	3
HK\$1,000,001 to HK\$1,500,000	1,000,001 港元至 1,500,000 港元	-	-
HK\$1,500,001 to HK\$2,000,000	1,500,001 港元至 2,000,000 港元	-	-
HK\$2,000,001 to HK\$2,500,000	2,000,001 港元至 2,500,000 港元	-	-
		3	3

During the year, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. No directors of the Company have waived or agreed to waive any emoluments during the years ended 31 December 2012 and 2011.

10 最高薪酬人士(續)

下表載列三名(二零一一年:三名)最高薪酬人士的薪酬範圍:

年內,本集團並無向本公司任何董事或最高薪酬的五名人士支付任何薪酬作為加入或加入本集團後的利誘或失去職位之賠償。截至二零一二年及二零一一年十二月三十一日止年度,概無本公司董事放棄或同意放棄領取任何薪酬。

11 Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$593,133,228 (2011: HK\$207,377,657) and the weighted average number of 4,316,013,890 (2011: 3,281,851,789) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

		2012 二零一二年	2011 二零一一年
Issued ordinary shares at 1 January	於一月一日的已發行普通股	3,517,680,556	2,519,555,556
Effect of issue of new shares pursuant to a share placing (Note 30(b)(ii))	根據股份配售而發行新股份的影響(附註30(b)(ii))	333,087,432	299,013,699
Effect of issue of new shares pursuant to an acquisition (Note 30(b)(ii))	根據收購而發行新股份的影響(附註30(b)(ii))	465,245,902	459,871,575
Effect of issue of new shares pursuant to exercise of warrants (Note 30(b)(ii))	根據行使認股權證而發行新股份的影響(附註30(b)(ii))	-	3,410,959
Weighted average number of ordinary shares at 31 December	於十二月三十一日的普通股加權平均數	4,316,013,890	3,281,851,789

11 每股虧損

(a) 每股基本虧損

每股基本虧損乃基於年內本公司擁有人應佔虧損593,133,228港元(二零一一年:207,377,657港元)及已發行普通股加權平均數4,316,013,890股(二零一一年:3,281,851,789股)計算如下:

普通股加權平均數:

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

11 Loss Per Share (continued)

(b) Diluted loss per share

The computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and warrants since their exercise would result in a decrease in loss per share.

12 Segment Reporting

The Group has identified the reportable segments set out below. The segment information reported internally to the Group's most senior executive management (being the chief operating decision maker) ("CODM") for the purposes of resource allocation and performance assessment is the same as those reported in the consolidated financial statements.

Mining of dolomite and manufacture of magnesium ingots This segment includes trading of magnesium ingots. Currently, the Group's trading activities are mainly carried out in the Japan and Malaysia.

Exploration for iron ore, coal and manganese This segment is engaged in the exploration for iron ore, coal and manganese in the Republic of Indonesia ("Indonesia"). The activities carried out in Indonesia are through indirectly owned subsidiaries.

Extraction and bottling of mineral water This segment is engaged in the extraction and bottling of mineral water in the PRC. The activities carried out in the PRC are through indirectly owned subsidiary.

Extraction and bottling of mineral water is a segment in the current year through the acquisition of Victory Dragon Holdings Limited and its subsidiary ("Victory Dragon Group") (see Note 32(b)).

11 每股虧損(續)

(b) 每股攤薄虧損

每股攤薄虧損的計算並無假設轉換本公司尚未轉換的可換股債券及認股權證，因其行使將會導致每股虧損減少。

12 分部呈報

本集團已確定下文載列的可呈報分部。為資源分配及表現評估目的而向本集團最高行政管理層，即主要經營決策者(「主要經營決策者」)內部申報的分部資料與該等綜合財務報表內所申報者相同。

開採白雲石及生產鎂錠 此分部包括鎂錠貿易。目前，本集團的貿易活動主要在日本及馬來西亞進行。

勘探鐵礦石、煤及錳 此分部在印度尼西亞共和國(「印尼」)從事勘探鐵礦石、煤及錳。在印尼的活動是通過間接擁有的附屬公司進行。

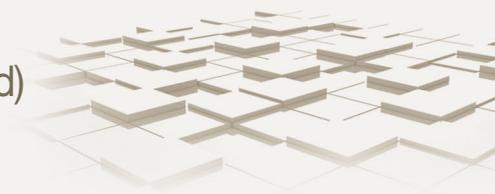
提取及裝瓶礦泉水 此分部在中國從事提取及裝瓶礦泉水。在中國的活動是通過一間間接擁有的附屬公司進行。

提取及裝瓶礦泉水乃透過於本年度收購凱龍集團有限公司及其附屬公司(「凱龍集團」)(見附註32(b))之分部。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



12 Segment Reporting (continued)

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current assets and current assets with the exception of pledged deposit, cash at bank and in hand and other corporate assets. Segment liabilities include non-current liabilities and current liabilities with the exception of secured bank loans, convertible bonds, deferred tax liabilities, unsecured loans from third parties and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from depreciation or amortisation of assets attributable to those segments.

12 分部呈報(續)

(a) 分部業績、資產及負債

基於評估分部業績及在分部間分配資源，本集團的主要經營決策者按以下基準監控每個可呈報分部應佔業績、資產及負債：

分部資產包括所有非流動資產及流動資產，但不包括質押存款、銀行結餘及現金以及其他公司資產。分部負債包括非流動負債及流動負債，但不包括有抵押銀行貸款、可換股債券、遞延稅項負債、來自第三方無抵押貸款及其他公司負債。

收入及支出乃參考可呈報分部產生的銷售額及該等分部所承擔的支出或該等分部應佔資產折舊或攤銷所產生的支出而分配至該等可呈報分部。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

12 Segment Reporting (continued)

(a) Segment results, assets and

liabilities (continued)

Segment loss represents loss resulted by each segment without allocation of central administration costs including interest on bank loans, convertible bonds and unsecured loans from third parties, and directors' emoluments, etc. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance.

12 分部呈報(續)

(a) 分部業績、資產及負債(續)

分部虧損指各分部所導致而未分配中央行政成本(包括銀行貸款、可換股債券及來自第三方無抵押貸款的利息以及董事酬金等)的虧損。這是就分配資源及評估分部表現而向本集團主要經營決策者報告的措施。

		Mining of dolomite and manufacture of magnesium ingots 開採白雲石 及生產鎂錠 HK\$ 港元	Exploration for iron ore, coal and manganese 勘探鐵礦石、 煤及錳 HK\$ 港元	Extraction and bottling of mineral water 提取及 裝瓶礦泉水 HK\$ 港元	Total 總計 HK\$ 港元
Year ended 31 December 2012	截至二零一二年 十二月三十一日止年度				
Reportable segment revenue (Note)	可呈報分部收入(附註)	12,383,082	-	2,148,220	14,531,302
Segment loss	分部虧損	(14,911,466)	(2,771,858)	(4,937,084)	(22,620,408)
Interest income	利息收入	58,087	434	54	58,575
Finance costs	融資成本	(39,955,365)	-	-	(39,955,365)
Depreciation and amortisation	折舊及攤銷	(25,862,411)	(214,719)	(302,599)	(26,379,729)
Exploration and evaluation assets written off	勘探及評估資產撇銷	-	(242,849)	-	(242,849)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備 的虧損	(151,844)	-	-	(151,844)
Impairment of — exploration and evaluation assets	減值 — 勘探及評估資產	(3,506,411)	(162,580,320)	-	(166,086,731)
— goodwill	— 商譽	-	(141,622,589)	-	(141,622,589)
— interest in leasehold land	— 租賃土地權益	(3,807,309)	-	-	(3,807,309)
— other receivable and prepayments	— 其他應收款項 及預付款項	(24,041,442)	-	-	(24,041,442)
— property, plant and equipment	— 物業、廠房及設備	(184,375,293)	-	-	(184,375,293)
Write down of inventories	存貨撇減	(645,177)	-	-	(645,177)
Write off of inventories	存貨撇銷	(18,112,419)	-	-	(18,112,419)
Write off of property, plant and equipment	物業、廠房及設備撇銷	(45,063)	-	-	(45,063)
Additions to segment non-current assets	分部非流動資產添置	2,025,949	836,539	280,787,159	283,649,647
As at 31 December 2012	於二零一二年 十二月三十一日				
Segment assets	分部資產	514,584,363	198,853,777	286,989,012	1,000,427,152
Segment liabilities	分部負債	(5,482,132)	(5,143,939)	(1,976,972)	(12,603,043)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

12 Segment Reporting (continued)

(a) Segment results, assets and liabilities (continued)

12 分部呈報(續)

(a) 分部業績、資產及負債(續)

		Mining of dolomite and manufacture of magnesium ingots 開採白雲石 及生產鎂錠 HK\$ 港元 (Restated) (經重列)	Exploration for iron ore, coal and manganese 勘探鐵礦石、 煤及錳 HK\$ 港元 (Restated) (經重列)	Extraction and bottling of mineral water 提取及 裝瓶礦泉水 HK\$ 港元 (Restated) (經重列)	Total 總計 HK\$ 港元 (Restated) (經重列)
Year ended 31 December 2011	截至二零一一年 十二月三十一日止年度				
Reportable segment revenue (Note)	可呈報分部收入 (附註)	11,185,489	-	-	11,185,489
Segment profit/(loss)	分部溢利/(虧損)	7,178,021	(9,169,024)	-	(1,991,003)
Interest income	利息收入	325,823	1,863	-	327,686
Finance costs	融資成本	(35,798,202)	-	-	(35,798,202)
Depreciation and amortisation	折舊及攤銷	(24,949,562)	(38,857)	-	(24,988,419)
Exploration and evaluation assets written off	勘探及評估資產撇銷	-	(919,646)	-	(919,646)
Gain on disposal of property, plant and equipment	出售物業、廠房及設備 的收益	43,632	12,214	-	55,846
Impairment of	減值				
— exploration and evaluation assets	— 勘探及評估資產	-	(22,656,172)	-	(22,656,172)
— goodwill	— 商譽	-	(79,525,907)	-	(79,525,907)
Write down of inventories	存貨撇減	(11,534,063)	-	-	(11,534,063)
Additions to segment non-current assets	分部非流動資產添置	79,529,537	421,852,175	-	501,381,712
As at 31 December 2011	於二零一一年 十二月三十一日				
Segment assets	分部資產	750,810,759	502,594,055	-	1,253,404,814
Segment liabilities	分部負債	(10,597,078)	(5,199,008)	-	(15,796,086)

Note:

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: Nil).

附註:

上文所呈報分部收入指來自外部客戶的收入。本年度並無分部間銷售(二零一一年: 無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

12 Segment Reporting (continued)

(b) Reconciliations of reportable segments revenue, profit or loss, assets and liabilities

12 分部呈報(續)

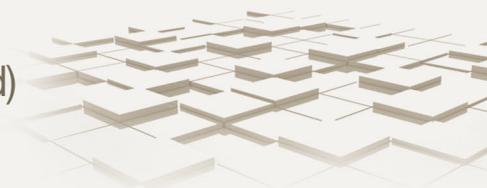
(b) 可呈報分部收入、損益、資產及負債的對賬

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)
Revenue	收入		
Reportable segment revenue	可呈報分部收入	14,531,302	11,185,489
Loss	虧損		
Reportable segment loss	可呈報分部虧損	(22,620,408)	(1,991,003)
Depreciation and amortisation	折舊及攤銷	(26,500,736)	(25,040,652)
Exploration and evaluation assets written off	勘探及評估資產撇銷	(242,849)	(919,646)
Finance costs	融資成本	(82,414,094)	(62,561,975)
Gain on repayment of convertible bonds	償還可換股債券的收益	-	6,871,105
Interest income	利息收入	81,490	338,407
Impairment of exploration and evaluation assets	勘探及評估資產減值	(166,086,731)	(22,656,172)
Impairment of goodwill	商譽減值	(141,622,589)	(79,525,907)
Impairment of interest in leasehold land	租賃土地權益減值	(3,807,309)	-
Impairment of other receivable and prepayments	其他應收款項及預付款項減值	(24,041,442)	-
Impairment of property, plant and equipment	物業、廠房及設備減值	(184,375,293)	-
Net (loss)/gain on disposal of property, plant and equipment	出售物業、廠房及設備的(虧損)/收益淨額	(151,844)	53,628
Write down of inventories	存貨撇減	(645,177)	(11,534,063)
Write off of inventories	存貨撇銷	(18,112,419)	-
Written off of property, plant and equipment	物業、廠房及設備撇銷	(45,063)	-
Other unallocated amounts	其他未分配金額	(24,560,627)	(15,881,666)
Consolidated loss before taxation	除稅前綜合虧損	(695,145,091)	(212,847,944)
Assets	資產		
Reportable segment assets	可呈報分部資產	1,000,427,152	1,253,404,814
Unallocated corporate assets:	未分配公司資產:		
Pledged bank deposits	質押銀行存款	14,833	48,338
Cash at bank and in hand	銀行結餘及現金	1,081,207	28,194,751
Others	其他	2,652,587	5,729,683
Consolidated total assets	綜合總資產	1,004,175,779	1,287,377,586
Liabilities	負債		
Reportable segment liabilities	可呈報分部負債	(12,603,043)	(15,796,086)
Unallocated corporate liabilities:	未分配公司負債:		
Bank loans, secured	有抵押銀行貸款	(462,382,223)	(427,042,362)
Convertible bonds	可換股債券	(138,260,770)	(26,159,373)
Unsecured loans from third parties	來自第三方無抵押貸款	(157,002,677)	(156,374,083)
Deferred tax liabilities	遞延稅項負債	(72,619,757)	(62,743,028)
Others	其他	(5,976,545)	(2,387,246)
Consolidated total liabilities	綜合總負債	(848,845,015)	(690,502,178)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



12 Segment Reporting (continued)

(c) Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, goodwill, exploration and evaluation assets and mining deposit ("specified non-current assets"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specific non-current assets is based on: (1) the physical location of the asset in case of property, plant and equipment; and (2) the location of the operations to which they are allocated, in case of intangible assets and goodwill.

		USA 美國		Malaysia 馬來西亞		The PRC 中國		Others* 其他*		Total 總計	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元	港元	港元	港元
Turnover	營業額	-	7,996,233	457,596	142,283	2,148,220	-	11,925,486	3,046,973	14,531,302	11,185,489

* Others principally included Japan and Singapore.

* 其他主要包括日本及新加坡。

		Hong Kong 香港		Malaysia 馬來西亞		The PRC 中國		Indonesia 印尼		Total 總計	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
		二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元	港元	港元	港元
			(Restated) (經重列)		(Restated) (經重列)				(Restated) (經重列)		(Restated) (經重列)
Specified non-current assets	指定非流動資產	855,209	957,993	497,059,054	690,011,102	279,976,835	-	198,491,174	502,334,170	976,382,272	1,193,303,265

(d) Information about major customers

Revenue from sales of goods to customers represents 10% or more of the Group's total revenue is shown as follows:

		2012 二零一二年	2011 二零一一年
		HK\$	HK\$
		港元	港元
Customer a	客戶 a	8,554,808	6,294,041
Customer b	客戶 b	3,341,419	2,314,364
Customer c	客戶 c	-	1,702,192

All revenue disclosed above is related to the "mining of dolomite and manufacture of magnesium ingots" reportable segment.

12 分部呈報(續)

(c) 地理資料

下表載列有關(i)本集團來自外部客戶的收入；及(ii)本集團物業、廠房及設備、商譽、勘探及評估資產以及採礦按金(「指定非流動資產」)的地理位置資料。客戶的地理位置乃根據所送貨品所在地而定。指定非流動資產的地理位置乃以：(1)資產所在地(倘屬物業、廠房及設備)；及(2)獲分配資產業務所在地(倘屬無形資產及商譽)分類。

(d) 有關主要客戶的資料

銷售商品予客戶所得收入佔本集團總收入10%或以上者載列如下：

上文披露的所有收入與「開採白雲石及製造鎂錠」可呈報分部有關。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

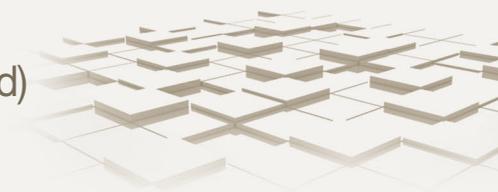
13 Property, Plant and Equipment
(a) The Group13 物業、廠房及設備
(a) 本集團

		Buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Retorts	Sub-total	Interest in leasehold land held for own use under operating lease 根據經營租賃持有自用的租賃土地權益	Total
		樓宇 HK\$ 港元	廠房及機器 HK\$ 港元	汽車 HK\$ 港元	傢俬及裝配 HK\$ 港元	辦公室設備 HK\$ 港元	電腦設備 HK\$ 港元	還原爐 HK\$ 港元	小計 HK\$ 港元	租賃土地權益 HK\$ 港元	總計 HK\$ 港元
Cost:	成本:										
At 1 January 2011	於二零一一年一月一日	147,442,030	398,743,842	2,961,895	6,311,397	22,042	81,661	81,804,925	637,367,792	14,831,962	652,199,754
Additions	添置	48,349,741	21,347,958	1,214,958	6,587,345	56,419	10,146	1,451,054	79,017,621	-	79,017,621
Additions through acquisition of subsidiaries	透過收購附屬公司添置(附註32(a))	-	-	-	-	-	-	-	-	-	-
(Note 32(a))		33,515	-	23,386	-	-	-	-	56,901	-	56,901
Disposals	出售	-	-	(206,101)	(11,089)	-	-	-	(217,190)	-	(217,190)
Exchange adjustments	匯兌調整	(4,151,606)	(11,223,408)	(84,431)	(174,961)	(865)	(281)	(2,302,556)	(17,938,128)	(417,474)	(18,355,602)
At 31 December 2011	於二零一一年十二月三十一日	191,673,680	408,868,392	3,909,707	12,712,692	77,576	91,526	80,953,423	698,286,996	14,414,488	712,701,484
At 1 January 2012	於二零一二年一月一日	191,673,680	408,868,392	3,909,707	12,712,692	77,576	91,526	80,953,423	698,286,996	14,414,488	712,701,484
Additions	添置	991,162	4,273,206	299,219	1,258,788	37,567	16,219	-	6,876,161	-	6,876,161
Additions through acquisition of subsidiaries	透過收購附屬公司添置(附註32(b))	-	-	-	-	-	-	-	-	-	-
(Note 32(b))		1,871,476	1,467,005	-	-	-	-	-	3,338,481	-	3,338,481
Disposals	出售	-	-	(1,156,031)	(94,925)	-	-	-	(1,250,956)	-	(1,250,956)
Write off	撇銷	-	-	-	(51,197)	-	-	-	(51,197)	-	(51,197)
Exchange adjustments	匯兌調整	6,476,346	13,862,956	104,205	425,116	(204)	(288)	2,737,298	23,605,429	487,400	24,092,829
At 31 December 2012	於二零一二年十二月三十一日	201,012,664	428,471,559	3,157,100	14,250,474	114,939	107,457	83,690,721	730,804,914	14,901,888	745,706,802
Accumulated depreciation, amortisation and impairment:	累計折舊、攤銷及減值:										
At 1 January 2011	於二零一一年一月一日	8,603	-	408,492	290,063	2,515	29,248	-	738,921	711,184	1,450,105
Charge for the year	年內支出	3,842,647	16,106,921	367,704	1,025,050	15,406	26,892	3,301,171	24,685,791	147,753	24,833,544
Written back on disposals	出售撥回	-	-	(112,069)	(4,799)	-	-	-	(116,868)	-	(116,868)
Exchange adjustments	匯兌調整	(145,213)	(590,230)	(14,066)	(44,891)	(29)	(79)	(121,076)	(915,584)	(25,435)	(941,019)
At 31 December 2011	於二零一一年十二月三十一日	3,706,037	15,516,691	650,061	1,265,423	17,892	56,061	3,180,095	24,392,260	833,502	25,225,762
At 1 January 2012	於二零一二年一月一日	3,706,037	15,516,691	650,061	1,265,423	17,892	56,061	3,180,095	24,392,260	833,502	25,225,762
Charge for the year	年內支出	4,159,260	16,938,433	376,515	1,339,617	18,138	24,946	3,290,149	26,147,058	147,259	26,294,317
Impairment	減值	52,331,793	107,342,683	415,320	3,152,469	-	-	21,133,028	184,375,293	3,807,309	188,182,602
Written back on disposals	出售撥回	-	-	(449,362)	(14,249)	-	-	-	(463,611)	-	(463,611)
Write off	撇銷	-	-	-	(6,134)	-	-	-	(6,134)	-	(6,134)
Exchange adjustments	匯兌調整	122,144	510,347	24,180	41,000	2,347	8	105,004	805,030	28,070	833,100
At 31 December 2012	於二零一二年十二月三十一日	60,319,234	140,308,154	1,016,714	5,778,126	38,377	81,015	27,708,276	235,249,896	4,816,140	240,066,036
Carrying amount:	賬面值:										
At 31 December 2012	於二零一二年十二月三十一日	140,693,430	288,163,405	2,140,386	8,472,348	76,562	26,442	55,982,445	495,555,018	10,085,748	505,640,766
At 31 December 2011	於二零一一年十二月三十一日	187,967,643	393,351,701	3,259,646	11,447,269	59,684	35,465	77,773,328	673,894,736	13,580,986	687,475,722

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



13 Property, Plant and Equipment (continued) 13 物業、廠房及設備(續)

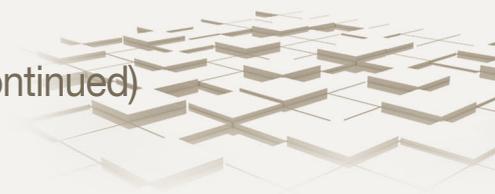
(b) The Company (b) 本公司

		Office equipment 辦公室設備 HK\$ 港元	Furniture and fittings 傢俬及裝配 HK\$ 港元	Computer equipment 電腦設備 HK\$ 港元	Motor vehicle 汽車 HK\$ 港元	Total 總計 HK\$ 港元
Cost:	成本：					
At 1 January 2011	於二零一一年一月一日	22,042	95,418	71,669	-	189,129
Additions	添置	-	3,800	-	858,446	862,246
At 31 December 2011	於二零一一年 十二月三十一日	22,042	99,218	71,669	858,446	1,051,375
At 1 January 2012	於二零一二年一月一日	22,042	99,218	71,669	858,446	1,051,375
Additions	添置	-	-	16,219	-	16,219
At 31 December 2012	於二零一二年 十二月三十一日	22,042	99,218	87,888	858,446	1,067,594
Accumulated depreciation:	累計折舊：					
At 1 January 2011	於二零一一年一月一日	2,515	11,685	29,082	-	43,282
Charge for the year	年內支出	2,204	9,700	23,890	14,307	50,101
At 31 December 2011	於二零一一年 十二月三十一日	4,719	21,385	52,972	14,307	93,383
At 1 January 2012	於二零一二年一月一日	4,719	21,385	52,972	14,307	93,383
Charge for the year	年內支出	2,204	9,922	21,031	85,845	119,002
At 31 December 2012	於二零一二年 十二月三十一日	6,923	31,307	74,003	100,152	212,385
Carrying amount:	賬面值：					
At 31 December 2012	於二零一二年 十二月三十一日	15,119	67,911	13,885	758,294	855,209
At 31 December 2011	於二零一一年 十二月三十一日	17,323	77,833	18,697	844,139	957,992

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



13 Property, Plant and Equipment (continued)

(c) The carrying amount of properties of the Group is as follows:

	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Interest in leasehold land held for own use under operating leases outside Hong Kong — long term	10,085,748	13,580,986

根據香港境外經營租賃
持作自用的租賃土地權益
— 長期

(d) Included in the Group's property, plant and equipment as at 31 December 2012 are buildings, plant and machinery, motor vehicles, retorts and interest in leasehold land held for own use under operating lease situated in Malaysia, with carrying amounts of HK\$138,629,527 (2011: HK\$187,917,103), HK\$284,356,114 (2011: HK\$393,165,680), HK\$1,100,203 (2011: HK\$2,399,467), HK\$55,982,445 (2011: HK\$77,773,328) and HK\$10,085,748 (2011: HK\$13,580,986), respectively located in Malaysia and operated by CVMSB. In light of the sustained operating losses of CVMSB and suspension of its production plant, the directors of the Company conducted a review on the recoverable amount of cash-generating units ("CGU") for mining of dolomite and manufacture of magnesium ingots based on value in use calculation and determined that impairment loss of HK\$188,182,602 was recognised (2011: Nil) and included in other operating expenses in the consolidated income statement. The cash flow projections were based on financial budget approved by management, covering a ten-year period, which represents approximately the remaining license period of the mining right to mine and extract magnesium dolomite from two pieces of land in the state of Perak, Peninsula Malaysia (the "Dolomite Land"), with zero growth rate, and a discount rate at 14.57% (2011: 13.02%) with reference to the valuation prepared by an independent qualified professional valuer, GC Appraisals Services Company Limited ("GC Appraisals") as at 31 December 2012. Other key assumptions applied in the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

13 物業、廠房及設備(續)

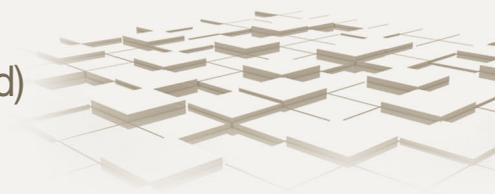
(c) 本集團物業的賬面值如下：

(d) 本集團於二零一二年十二月三十一日的物業、廠房及設備包括位於馬來西亞及由CVMSB經營的樓宇、廠房及機器、汽車、還原罐及於馬來西亞根據經營租賃持作自用的租賃土地權益，賬面值分別為138,629,527港元(二零一一年：187,917,103港元)、284,356,114港元(二零一一年：393,165,680港元)、1,100,203港元(二零一一年：2,399,467港元)、55,982,445港元(二零一一年：77,773,328港元)及10,085,748港元(二零一一年：13,580,986港元)。鑒於CVMSB的持續經營虧損及其廠房暫時停產，本公司董事按使用價值計算方法對開採白雲石及生產鎂錠的現金產生單位(「現金產生單位」)的可收回金額進行審閱，並釐定確認減值虧損188,182,602港元(二零一一年：無)，並計入綜合收益表中其他經營開支。現金流量預測乃基於管理層批准的財政預算及經參考由獨立合資格專業估值師，GC Appraisals Services Company Limited(「GC Appraisals」)於二零一二年十二月三十一日編制的估值釐定，涉及10年期(其相當於約於馬來西亞霹靂州兩塊土地(「白雲石土地」)開採及提取鎂質白雲石的開採權之餘下許可證限期)，按零增長率及貼現率為14.57%(二零一一年：13.02%)。計算使用價值所採用的其他主要假設與現金流入/流出的估計有關，其包括預算銷售及毛利率。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



13 Property, Plant and Equipment (continued)

(e) The significant portion of buildings, retorts and the interest in leasehold land held for own use under operating lease of the Group with an aggregate carrying amount of HK\$203,608,699 (2011: HK\$277,820,364) are pledged to a bank for banking facilities granted to the Group (see Note 27).

(f) Property, plant and equipment held under finance leases

The Group leases motor vehicles and equipment under finance leases expiring in 2 to 5 years. None of the leases includes contingent rentals. During the year, none of additions to property, plant and equipment of the Group were financed by new finance leases (2011: HK\$1,177,184). As at 31 December 2012, the carrying amount of motor vehicles and furniture and fittings held under finance leases of the Group was HK\$3,979,876 (2011: HK\$5,006,999).

The Company leases a motor vehicle under a finance lease expiring in 5 years. It does not include contingent rentals. During the year, none of additions to property, plant and equipment of the Company were financed by new finance leases (2011: HK\$858,446). As at 31 December 2012, the carrying amount of a motor vehicle held under a finance lease of the Company was HK\$758,294 (2011: HK\$844,139).

(g) At the end of the reporting period, the property ownership certificates in respect of the property interests held in the PRC have not been issued by the relevant PRC government authority. The carrying amount of the properties was HK\$1,838,366 (2011: Nil) at the end of the reporting period.

13 物業、廠房及設備(續)

(e) 樓宇、還原罐及本集團根據經營租賃持作自用的租賃土地權益賬面總值203,608,699港元(二零一一年: 277,820,364港元)已為授予本集團的銀行融資抵押予銀行(見附註27)。

(f) 根據融資租賃持有的物業、廠房及設備

本集團根據融資租賃租賃汽車及設備, 年期為2年至5年。概無租賃包括或然租金。年內, 本集團並無透過新融資租賃增加物業、廠房及設備(二零一一年: 1,177,184港元)。於二零一二年十二月三十一日, 本集團根據融資租賃持有的汽車及傢俬及裝配的賬面值為3,979,876港元(二零一一年: 5,006,999港元)。

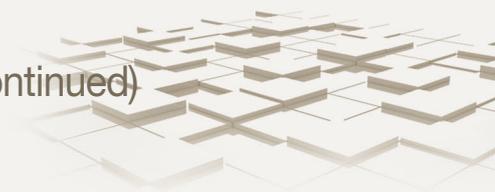
本公司根據融資租賃租賃汽車, 年期為5年。其並無包括或然租金。年內, 本公司並無透過新融資租賃增加物業、廠房及設備(二零一一年: 858,446港元)。於二零一二年十二月三十一日, 本公司根據融資租賃持有的汽車的賬面值為758,294港元(二零一一年: 844,139港元)。

(g) 於報告期末, 有關中國政府機關尚未發出於中國所持物業權益的物業所有權證。於報告期末, 該等物業的賬面值為1,838,366港元(二零一一年: 無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



14 Goodwill

14 商譽

		The Group 本集團 HK\$ 港元
Cost:	成本：	
At 1 January 2010	於二零一零年一月一日	—
Addition through acquisition of subsidiaries	透過收購附屬公司而增加	79,525,907
At 31 December 2010	於二零一零年十二月三十一日	79,525,907
At 1 January 2011	於二零一一年一月一日	79,525,907
Addition through acquisition of subsidiaries (Note 32(a))	透過收購附屬公司而增加 (附註32(a))	141,622,589
At 31 December 2011 (as restated)	於二零一一年十二月三十一日(經重列)	221,148,496
At 1 January 2012 (as restated)	於二零一二年一月一日(經重列)	221,148,496
Addition through acquisition of subsidiaries (Note 32(b))	透過收購附屬公司而增加 (附註32(b))	111,180,501
At 31 December 2012	於二零一二年十二月三十一日	332,328,997
Accumulated impairment losses:	累計減值虧損：	
At 1 January 2010, 31 December 2010 and 1 January 2011	於二零一零年一月一日、二零一零年 十二月三十一日及二零一一年一月一日	—
Impairment loss	減值虧損	79,525,907
At 31 December 2011 (as restated)	於二零一一年十二月三十一日(經重列)	79,525,907
At 1 January 2012 (as restated)	於二零一二年一月一日(經重列)	79,525,907
Impairment loss	減值虧損	141,622,589
At 31 December 2012	於二零一二年十二月三十一日	221,148,496
Carrying amount:	賬面值：	
At 31 December 2012	於二零一二年十二月三十一日	111,180,501
At 31 December 2011 (as restated)	於二零一一年十二月三十一日(經重列)	141,622,589
At 31 December 2010	於二零一零年十二月三十一日	79,525,907

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

14 Goodwill (continued)

- (a) The provisional goodwill arose in the acquisition of Step Pacific Development Limited and its subsidiaries ("Step Pacific Group") during the year ended 31 December 2011 as set out in Note 32(a). In the opinion of the directors of the Company, the goodwill represents the future economic benefits together with the current establishment of the operation arising from the potential growth in the mining business acquired.

A valuation report, prepared by an independent qualified professional valuer, Norton Appraisals Limited and received in the current year, shows that the fair value of exploration and evaluation assets of the acquired subsidiaries at the date of acquisition, determined based on the income-based method, was HK\$279,610,200 (see Note 15). The comparative figures of 2011 have been restated as if the initial accounting had been completed at the acquisition date.

The following table discloses the adjustments that have been made to the consolidated statement of financial position as at 31 December 2011.

14 商譽(續)

- (a) 截至二零一一年十二月三十一日止年度收購Step Pacific Development Limited及其附屬公司所產生的暫定商譽載於附註32(a)。本公司董事認為，商譽指已收購採礦業務的潛在增長所產生的未來經濟利益及現有業務營運。

獨立合資格專業估值師普敦國際評估有限公司所編製及於本年度收到的估值報告顯示，所收購附屬公司的勘探及評估資產於收購日的公平值按收入法釐定為279,610,200港元(見附註15)。二零一一年的可比較數字已經重列，猶如初步會計工作已於收購日期完成。

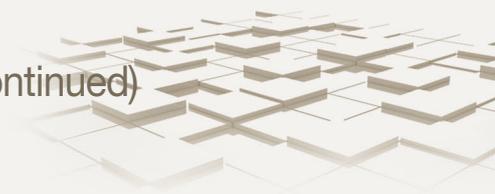
下表披露於二零一一年十二月三十一日已對綜合財務狀況表作出的調整。

		As previously reported	Adjustments to fair value of assets acquired in prior years 往年收購資產 公平值調整	As restated
		原先呈列 HK\$ 港元	公平值調整 HK\$ 港元	經重列 HK\$ 港元
Goodwill	商譽	220,209,759	(78,587,170)	141,622,589
Exploration and evaluation assets	勘探及評估資產	84,374,090	279,610,200	363,984,290
Deferred tax liabilities	遞延稅項負債	(16,649,071)	(46,093,957)	(62,743,028)
Total effect on assets and liabilities	對資產及負債的總影響	287,934,778	154,929,073	442,863,851
Exchange reserve	匯兌儲備	18,072,409	47,197	18,119,606
Non-controlling interests	非控股權益	38,217,583	115,694,376	153,911,959
Share premium	股份溢價	532,611,938	39,187,500	571,799,438
Total effect on equity	對權益的總影響	588,901,930	154,929,073	743,831,003

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



14 Goodwill (continued)

(b) The goodwill arose in the acquisition of Victory Dragon Group during the year ended 31 December 2012 as set out in Note 32 (b). In the opinion of the directors of the Company, the goodwill represents the future economic benefits together with the current establishment of the operation arising from the potential growth in the mineral water business acquired.

A valuation report, prepared by GC Appraisals, shows that the fair value of exploration and evaluation assets of the acquired subsidiary at the date of acquisition, determined based on the income-based method, was HK\$161,763,000 (see Note 15).

(c) Impairment tests for cash-generating units containing goodwill

At the end of the reporting period, goodwill is allocated to the Group's CGU identified according to country of operation and operating segment as follows:

Exploration for iron ore, coal and manganese	鐵礦石、煤炭及錳的勘探
Extraction and bottling of mineral water	提取及裝瓶礦泉水

(i) *Exploration for iron ore, coal and manganese*
The recoverable amounts of the CGUs of exploration for iron ore, coal and manganese are determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets and production forecasts as prepared by management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using zero growth rate. The discount rates applied to the cash flow projections are 26.94% (2011: 20%) for exploration iron ore, coal and manganese in Aceh, Indonesia and 20.35% (2011: 20%) for exploration for manganese in Yogyakarta Province, Indonesia. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

14 商譽(續)

(b) 截至二零一二年十二月三十一日止年度收購凱龍集團所產生的商譽載於附註32(b)。本公司董事認為，商譽指已收購礦泉水業務的潛在增長所產生的未來經濟利益及現有業務營運。

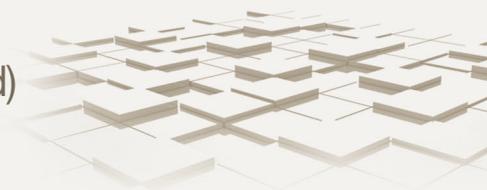
GC Appraisals所編製的估值報告顯示，所收購附屬公司的勘探及評估資產於收購日的公平值按收入法釐定為161,763,000港元(見附註15)。

(c) 含有商譽之現金產生單位之減值測試

於報告期末，本集團向按經營國家及經營分部識別之現金產生單位分配商譽：

	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元 (Restated) (經重列)
Exploration for iron ore, coal and manganese	-	141,622,589
Extraction and bottling of mineral water	111,180,501	-
	111,180,501	141,622,589

(i) *鐵礦石、煤炭及錳的勘探*
鐵礦石、煤炭及錳的勘探現金產生單位的可收回金額乃按使用價值計算。該計算以稅前現金流量預測計量，而其乃基於管理層編製的財政預算及生產預測，涉及5年期。逾5年期之現金流量乃按零增長率推算。就於印尼亞齊省的鐵礦石、煤炭及錳勘探以及於印尼Yogyakarta省的錳勘探的現金流量預測應用之貼現率分別為26.94%(二零一一年：20%)及20.35%(二零一一年：20%)。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。



14 Goodwill (continued)

(c) Impairment tests for cash-generating units containing goodwill (continued)

(i) Exploration for iron ore, coal and manganese (continued)

Taking into account the market situation and the performance of these mines as described in Note 15 and making reference to the valuation performed by GC Appraisals as at 31 December 2012, the Company's directors determined that there are impairment losses of HK\$141,622,589 (2011: HK\$79,525,907) on its CGUs containing goodwill for the year ended 31 December 2012.

(ii) Extraction and bottling of mineral water

This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

The recoverable amount of the CGU of extraction and bottling of mineral water is determined based on value in use calculation. The calculation use pre-tax cash flow projection based on financial budgets approved by management covering a five-year period, the CGU's cash flows beyond the five-year period are extrapolated using steady average growth rate of 15.56%. The discount rate applied to the cash flow projection is 24.15%. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

Taking into consideration the market situation and the performance of the mine as disclosed in Note 15, and making reference to the valuation performed by GC Appraisal as at 31 December 2012, the Company's directors determined that there are no impairment losses on its CGU containing goodwill to the year ended 31 December 2012.

14 商譽(續)

(c) 含有商譽之現金產生單位之減值測試(續)

(i) 鐵礦石、煤炭及錳的勘探(續)

截至二零一二年十二月三十一日止年度，本公司董事經慮及市況及附註15所述礦山的表現，並參考GC Appraisals於二零一二年十二月三十一日進行的估值後，釐定含有商譽之現金產生單位錄得減值虧損141,622,589港元(二零一一年：79,525,907港元)。

(ii) 提取及裝瓶礦泉水

此增長率乃按照相關行業增長預測釐定，且並無超出相關行業的平均長期增長率。

提取及裝瓶礦泉水現金產生單位的可收回金額乃按使用價值計算。該計算以除稅前現金流量預測計量，而其乃基於管理層批准涉及五年期的財政預算制訂，五年期後現金產生單位的現金流量乃按15.56%的穩定平均增長率推算。現金流量預測應用之貼現率為24.15%。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。

本公司董事層經慮及市況及附註15所述礦山的表現，並參考GC Appraisals於二零一二年十二月三十一日進行的估值後，釐定截至二零一二年十二月三十一止年度，含有商譽之現金產生單位並無錄得減值虧損。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

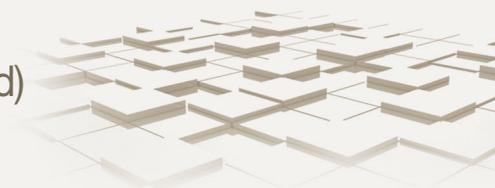
15 Exploration and Evaluation Assets
The Group15 勘探及評估資產
本集團

		Mining of dolomite and manufacture of magnesium ingots 開採白雲石及 生產鎂錠 HK\$ 港元	Exploration for iron ore, coal and manganese 勘探鐵礦石、 煤炭及錳 HK\$ 港元	Extraction and bottling of mineral water 提取及裝瓶 礦泉水 HK\$ 港元	Total 總計 HK\$ 港元
Cost:	成本:				
At 1 January 2010	於二零一零年一月一日	3,683,359	-	-	3,683,359
Arising on acquisition of subsidiaries	因收購附屬公司產生	-	103,196,172	-	103,196,172
Additions	添置	-	946,032	-	946,032
Exchange adjustments	匯兌調整	422,474	9,695	-	432,169
At 31 December 2010	於二零一零年十二月三十一日	4,105,833	104,151,899	-	108,257,732
At 1 January 2011	於二零一一年一月一日	4,105,833	104,151,899	-	108,257,732
Arising on acquisition of subsidiaries (Note 32(a))	因收購附屬公司產生 (附註32(a))	-	279,610,200	-	279,610,200
Additions	添置	-	252,884	-	252,884
Write off	撇銷	-	(919,646)	-	(919,646)
Exchange adjustments	匯兌調整	(115,567)	(46,116)	-	(161,683)
At 31 December 2011 (as restated)	於二零一一年十二月三十一日 (經重列)	3,990,266	383,049,221	-	387,039,487
At 1 January 2012 (as restated)	於二零一二年一月一日 (經重列)	3,990,266	383,049,221	-	387,039,487
Arising on acquisition of subsidiaries (Note 32(b))	因收購附屬公司產生 (附註32(b))	-	-	161,763,000	161,763,000
Write off	撇銷	-	(242,849)	-	(242,849)
Exchange adjustments	匯兌調整	134,924	-	-	134,924
At 31 December 2012	於二零一二年十二月三十一日	4,125,190	382,806,372	161,763,000	548,694,562
Accumulated amortisation and impairment:	累計攤銷及減值:				
At 1 January 2010	於二零一零年一月一日	-	-	-	-
Charge for the year	本年度支出	196,498	-	-	196,498
Exchange adjustments	匯兌調整	8,793	-	-	8,793
At 31 December 2010	於二零一零年十二月三十一日	205,291	-	-	205,291
At 1 January 2011	於二零一一年一月一日	205,291	-	-	205,291
Charge for the year	本年度支出	207,108	-	-	207,108
Impairment loss	減值虧損	-	22,656,172	-	22,656,172
Exchange adjustments	匯兌調整	(13,374)	-	-	(13,374)
At 31 December 2011	於二零一一年十二月三十一日	399,025	22,656,172	-	23,055,197
At 1 January 2012	於二零一二年一月一日	399,025	22,656,172	-	23,055,197
Charge for the year	本年度支出	206,419	-	-	206,419
Impairment loss	減值虧損	3,506,411	162,580,320	-	166,086,731
Exchange adjustments	匯兌調整	13,335	-	-	13,335
At 31 December 2012	於二零一二年十二月三十一日	4,125,190	185,236,492	-	189,361,682
Carrying amount:	賬面值:				
At 31 December 2012	於二零一二年十二月三十一日	-	197,569,880	161,763,000	359,332,880
At 31 December 2011 (as restated)	於二零一一年十二月三十一日 (經重列)	3,591,241	360,393,049	-	363,984,290
At 31 December 2010	於二零一零年十二月三十一日	3,900,542	104,151,899	-	108,052,441

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



15 Exploration and Evaluation Assets

(continued)

- (a) CVMSB has undertaken various feasibility studies in relation to the mining and extraction of dolomite in Peninsula Malaysia since 2004. On 15 June 2006, CVMSB entered into an agreement (the “Mining Agreement”) with Harta Perak Corporation Sdn. Bhd. (“HPC”), a subsidiary of the Perak State Development Corporation, a shareholder of the Company. Pursuant to the Mining Agreement, CVMSB has been granted, at no initial cost, an exclusive right to mine and extract magnesium dolomite from the Dolomite Land for a period of 20 years, with an option to renew for a further period of 10 years. The Mining Agreement can be terminated early by the Group by giving one month’s written notice to HPC. CVMSB is required to pay royalties to HPC based on the volume of dolomite extracted, subject to a monthly minimum payment (see Note 34(b)). Due to suspension of its production plant, CVMSB did not extract any dolomite from the Dolomite Land during the year ended 31 December 2012.

Mining activities for this dolomite project had started in 2010 and the amortisation charge relating to the project for the year is included in “administrative expenses” (2011: “administrative expenses”) in the consolidated income statement.

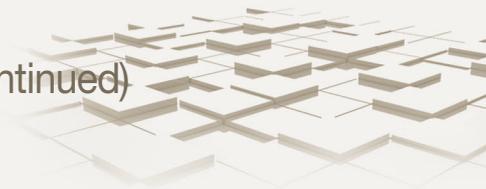
At 31 December 2012, the Group determined the recoverable amount of CGU for mining of dolomite and manufacture of magnesium ingots based on value in use calculation. That calculation uses cash flows projections based on financial budgets and production forecast as prepared by management, covering a ten-year period, which represents approximately the remaining licence period of the mining right to mine and extract magnesium dolomite from the Dolomite Land, with zero growth rate, and a discount rate of 14.57% (2011: 13.02%) with reference to the valuation performed by GC Appraisals as at 31 December 2012. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. Consequently, the recoverable amount of CGU in respect of the exploration and evaluation assets held by CVMSB was below its carrying amount, an impairment loss of HK\$3,506,411 (2011: Nil) has been recognised and included in other operating expenses in the consolidated income statement.

15 勘探及評估資產(續)

- (a) CVMSB自二零零四年起已就在馬來西亞半島開採及提取白雲石進行多項可行性研究。於二零零六年六月十五日，CVMSB與本公司股東霹靂州經濟發展機構(Perak State Development Corporation)的附屬公司Harta Perak Corporation Sdn. Bhd. (「HPC」)訂立協議(「採礦協議」)。根據採礦協議，CVMSB在毋須任何初期成本的情況下獲授於白雲石土地開採及提取鎂質白雲石的專有權，為期20年，可選擇續期10年。本集團可向HPC發出一個月書面通知提早終止採礦協議。CVMSB須根據所提取白雲石的數量按每月最低付款向HPC支付專利權費(見附註34(b))。截至二零一二年十二月三十一日止年度，由於CVMSB的生產廠房暫停營運，故其並無從白雲石土地開採任何白雲石。

本白雲石項目的開採活動已於二零一零年開始，而有關本年度項目的攤銷費用列入綜合收益表的「行政開支」(二零一一年：「行政開支」)內。

於二零一二年十二月三十一日，本集團按使用價值計算方法就開採白雲石及生產鎂錠釐定現金產生單位之可收回金額。該計算方法經參考GC Appraisals於二零一二年十二月三十一日進行之估值後，採用按管理層編製涉及10年期(其相當於自白雲石土地開採及提取鎂質白雲石的採礦權之餘下牌照期)、零增長率及貼現率14.57%(二零一一年：13.02%)之財政預算及生產預測。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。因此，有關CVMSB持有之勘探及評估資產的現金產生單位之可收回金額低於其賬面值，並已於綜合收益表其他經營開支項下確認及計入減值虧損3,506,411港元(二零一一年：無)。



15 Exploration and Evaluation Assets

(continued)

(b) PT. Commerce Venture Iron Ore (“PTCV Iron”) and PT. Commerce Venture Coal (“PTCV Coal”), both indirectly held subsidiaries of the Company, have exploration mining permits in relation to the mining and extraction of coal, iron ore and manganese in Indonesia.

PTCV Coal holds exploration mining permits for (i) coal exploration in an area of 10,000 (2011: 10,000) hectares in Beutong and Tadu Raya Subdistrict, Nagan Raya Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 7 October 2013 (“Permit 1”); and (ii) manganese exploration in an area of 3,710 (2011: 3,710) hectares in Bakongan Subdistrict, South Aceh Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 5 November 2012 (“Permit 2”).

PTCV Iron holds exploration mining permits for (i) coal exploration in an area of 9,825 (2011: 9,825) hectares in Kuala and Tadu Raya Subdistrict, Nagan Raya Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 5 March 2014 (“Permit 3”); and (ii) iron ore exploration in an area of 450 (2011: 1,500) hectares in Pananggalan Subdistrict, Subulussalam City, Nanggroe Aceh Darussalam Province of Indonesia, valid until 14 December 2012 (“Permit 4”).

Permit 2 and Permit 4 have expired in the year. The Group has submitted applications to the relevant local authorities for extension of these permits. Subsequent to 31 December 2012 and up to the approval date of the consolidated financial statements, a one year extension for Permit 2 has been granted on 28 January 2013 without additional costs incurred nor any changes in the mining area being covered by the permit, but the extension for Permit 4 has not been awarded to the Group.

According to Indonesian mining law (Law No. 4 of 2009), an exploration mining permit for coal can be given for a maximum period of 7 years while an exploration mining permits for iron or manganese can only be given for a maximum period of 8 years. Production operation mining permits are guaranteed to be granted for undertaking the production operation stage activity which may be valid for up to 20 years and may be extended two times for 10 years each time. In the opinion of the directors of the Company, applications for extension will be granted to the Group ultimately without material additional costs.

15 勘探及評估資產(續)

(b) 本公司間接附屬公司PT. Commerce Venture Iron Ore(「PTCV Iron」)與PT. Commerce Venture Coal(「PTCV Coal」)正就在印尼開採及提取煤炭、鐵礦石及錳進行多項可行性研究。

PTCV Coal持有的勘探開採許可證可(i)於印尼Nanggroe Aceh Darussalam省Nagan Raya Regency的Beutong及Tadu Raya分區10,000(二零一一年:10,000)公頃面積從事煤炭勘探,有效期至二零一三年十月七日(「1號許可證」);及(ii)於印尼Nanggroe Aceh Darussalam省South Aceh Regency的Bakongan分區3,710(二零一一年:3,710)公頃面積從事錳勘探,有效期至二零一二年十一月五日(「2號許可證」)。

PTCV Iron持有的勘探開採許可證可(i)於印尼Nanggroe Aceh Darussalam省Nagan Raya Regency的Kuala及Tadu Raya分區9,825(二零一一年:9,825)公頃面積從事煤炭勘探,有效期至二零一四年三月五日(「3號許可證」);及(ii)於印尼Nanggroe Aceh Darussalam省Subulussalam市Pananggalan分區450(二零一一年:1,500)公頃面積從事鐵礦石勘探,有效期至二零一二年十二月十四日(「4號許可證」)。

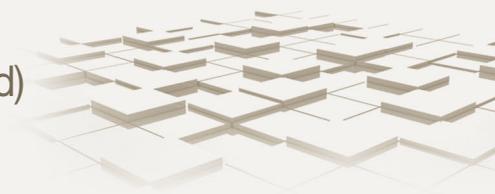
2號許可證及4號許可證已於年內屆滿。本集團已向相關地方政府機關申請為該等許可證續期。於二零一二年十二月三十一日後及直至綜合財務報表批准日期止,2號許可證於二零一三年一月二十八日獲批准續期一年,毋須產生額外成本,且礦區之任何變動均由該許可證涵蓋,惟本集團尚未獲批准續領4號許可證。

根據印尼開採法律(二零零九年第4號法律),煤炭的勘探開採許可證給予的最長期限為七年,而鐵礦石或錳的勘探開採許可證給予的最長期限僅為八年。生產經營開採許可證乃對進行生產經營活動給予保證,該許可證有效期最長為20年,並可續領兩次,每次10年。本公司董事認為,本集團的續期申請將最終獲批而毋須產生重大額外費用。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



15 Exploration and Evaluation Assets

(continued)

(b) (continued)

According to the legal opinion as regards the extension for Permit 4, it can be extended once only and for the period of one year. The Group applied for the extension which was approved in 2011. There are no provisions under current laws and/or regulations that the extension of exploration mining permit would be granted. The approval on the extension would be at the discretion of the Indonesian government authorities.

During the year ended 31 December 2012, the Group did not conduct any exploration in these mines due to its limited cash resources. No exploration and evaluation costs were capitalised and income was derived from these mines during the years ended 31 December 2012 and 2011.

At 31 December 2012, the Group determined the recoverable amounts of CGU for mining rights of coal, iron ore and manganese held by PTCV Iron and PTCV Coal based on value in use calculation. The calculation uses pre-tax cash flow projections based on financial budgets and production forecast as prepared by management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using zero growth rate. The discount rate applied to the cash flow projection is 26.94% (2011: 20%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. Taking into consideration the uncertainties as mentioned above and making reference to the valuation performed by GC Appraisal as at 31 December 2012, the Company's directors determined that the recoverable amounts of CGUs in respect of these Permit 1, Permit 3 and Permit 4 were above its carrying amount, reversal of impairment losses of HK\$6,960,000 (2011: loss: HK\$22,656,172) has been recognised and included in other operating expenses in the consolidated income statement.

15 勘探及評估資產(續)

(b) (續)

根據有關續領4號許可證之法律意見，該許可證僅可續領一次，為期一年。本集團於二零一一年獲批准有關續領。現有法例及／或規例並無條文規定勘探採礦許可證將獲批准續領。印尼政府機關將酌情批准續領。

截至二零一二年十二月三十一日止年度，由於本集團現金資源有限，故並無於此等礦山中進行任何勘探。截至二零一二年及二零一一年十二月三十一日止年度，此等礦山並無任何勘探及評估成本被資本化及並無產生任何收入。

於二零一二年十二月三十一日，本集團按使用價值計算方法就PTCV Iron及PTCV Coal持有之煤炭、鐵礦石及錳採礦權釐定現金產生單位之可收回金額。該計算方法採用管理層編製的財政預算及生產預測，按5年期之除稅前現金流量計算，逾5年期之現金流量乃按零增長率推算。現金流量預測應用之貼現率為26.94%（二零一一年：20%）。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。本公司董事經慮及上述不明朗因素，並參考GC Appraisals於二零一二年十二月三十一日進行的估值後，釐定有關此等1號許可證、3號許可證及4號許可證的現金產生單位之可收回金額高於其賬面值，並已於綜合收益表其他經營開支項下確認及計入撥回減值虧損6,960,000港元（二零一一年：虧損：22,656,172港元）。

15 Exploration and Evaluation Assets

(continued)

- (c) PTLM holds a production operation mining permit for manganese in an area of 195 hectares in the Jatimulyo Village, Girimulyo Subdistrict, Kulon Progo Regency, Daerah Istimewa Yogyakarta Province, Indonesia, ("Mining area"). The permit is used for mining activities including construction, mining, processing and refining or smelting as well as hauling and sales of manganese in the Mining area. The production operation mining permit is valid for a period of 10 years from 24 February 2011 and is capable of being extended for two further terms of 10 years each at the maximum. PTLM has undertaken various feasibility studies in relation to the mining of and exploration for manganese in the Mining area.

No exploration activities were conducted in the mines as the Group lost contact with the legal representative of PTLM in 2012. This brought to a halt to the daily operations and mining activities of PTLM (see Note 17). No exploration and evaluation costs were capitalised and no income was derived from the mine of manganese during the years ended 31 December 2012 and 2011.

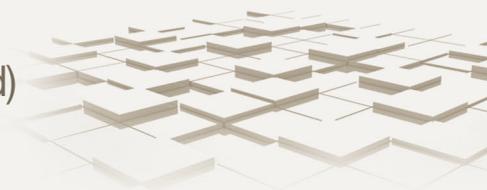
At 31 December 2012, the Group determined the recoverable amount of CGU for PTLM based on value in use calculation. The calculation uses cash flow projection based on financial budgets and production forecast as prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using zero growth rate. The discount rate applied to the cash flow projection is 20.35% (2011: 20%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. Taking into consideration the uncertainties mentioned in Note 17 and making reference to the valuation performed by GC Appraisal as at 31 December 2012, the Company's directors determined that an impairment loss of HK\$169,540,320 (2011: Nil) has been recognised and included in other operating expenses in the consolidated income statement.

15 勘探及評估資產(續)

- (c) PTLM持有錳生產經營開採許可證，涉及面積195公頃，位於印尼Daerah Istimewa Yogyakarta省Kulon Progo Regency的Girimulyo分區Jatimulyo村(「礦區」)。許可證乃用作採礦活動，包括建築、採礦、選礦及提煉或冶煉以及運輸及銷售礦區的錳。生產經營採礦許可證有效期為二零一一年二月二十四日起計10年，最多可再續期兩次，每次10年。PTLM正進行有關在礦區開採及勘探錳的各種可行性研究。

於二零一二年，由於本集團與PTLM的法律代表失去聯絡，故並無於礦山進行勘探活動，令PTLM的日常經營及採礦活動陷入停滯狀態(見附註17)。截至二零一二年及二零一一年十二月三十一日止年度，並無勘探及評估成本被資本化，且錳礦並無產生任何收入。

於二零一二年十二月三十一日，本集團按使用價值計算方法就PTLM釐定現金產生單位之可收回金額。該計算方法採用管理層編製涉及5年期的財政預算及生產預測，逾5年期之現金流量乃按零增長率推算。現金流量預測應用之貼現率為20.35%(二零一一年：20%)。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。本公司董事經慮及附註17所述之不明朗因素，並參考GC Appraisals於二零一二年十二月三十一日進行的估值後，確定已確認減值虧損169,540,320港元(二零一一年：無)，並計入綜合收益表中其他經營開支。



15 Exploration and Evaluation Assets

(continued)

- (d) As explained in Note 32 (b), the Group indirectly acquired Long Chuan during the year ended 31 December 2012. Long Chuan is engaged in the manufacturing and distribution of bottled mineral water and has its own factory locating in the PRC for manufacturing bottled mineral water in its own brand names, which are Jenbo and Royal Green.

Long Chuan holds a mineral water permit to extract maximum volume of water up to 33,000 meter cube per annum in relation to the Longchuan Spring (the "Water Permit") from 1 March 2007 to 16 February 2015. A mining permit to extract mineral water in the stipulated mining area for a period from 23 December 2011 to 23 December 2021 has been granted.

The Longchuan Spring is situated at Damiao Village Longmu Town Longchuan County Heyuan City (河源市龍川縣龍母鎮大廟村), the PRC, with an aggregate mining area of approximately 0.3956 km². It is well connected with the source of the East River (Dongjiang) which supplies fresh water to Hong Kong and parts of Guangdong Province. The Longchuan Spring is protected by a protection zone of 30 km in radius with no significant industrial pollution source within a radius of up to 50 km. Longchuan Spring contains six of the eight prescribed minerals in sufficient quantity to quality, including free carbon dioxide.

According to the technical report prepared by 廣東省地質技術工程諮詢公司 (unofficially translated as Guangdong Province Geological Engineering Consulting Firm) in July 2003 (the "Technical Report 2003"), the Longchuan Spring provides about 270,000 tons of minerals water annually and the water contains significant amounts of minerals including potassium, sodium, calcium, magnesium, lithium, strontium and zinc.

15 勘探及評估資產(續)

- (d) 如附註32(b)所解釋，本集團於截至二零一二年十二月三十一日止年度內間接收購龍川。龍川從事製造及分銷瓶裝礦泉水業務，並於中國擁有其自家廠房以製造其自家品牌瓶裝礦泉水(即真實及綠雅)。

龍川持有礦泉水許可證(「取水許可證」)，自二零零七年三月一日起至二零一五年二月十六日止於龍川泉最大提取水量為每年最多33,000立方米，並獲授予採礦許可證以自二零一一年十二月二十三日起至二零一一年十二月二十三日止期間在指定開採區域抽取礦泉水。

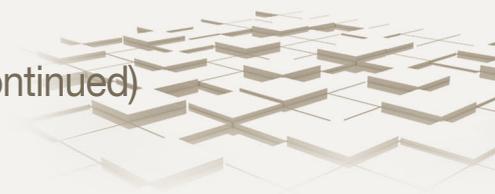
龍川泉位於中國河源市龍川縣龍母鎮大廟村，總開採面積約為0.3956平方公里，與東江水源相連，向香港及廣東省部份地區供應淡水。龍川泉保護區半徑綿延30公里，在長達50公里半徑範圍內無任何重大工業污染源。龍川泉含八種規定礦物中的六種(包括遊離二氧化碳)，從數量到質量均合乎要求。

根據廣東省地質技術工程諮詢公司於二零零三年七月編製的技術報告(「二零零三年技術報告」)，龍川泉每年提供約270,000噸礦泉水，該礦泉水含大量礦物，包括鉀、鈉、鈣、鎂、鋰、銻及鋅。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



15 Exploration and Evaluation Assets

(continued)

(d) (continued)

At 31 December 2012, the Group determined the recoverable amount of CGU for extraction and bottling of mineral water based on value in use calculation. The calculation uses cash flow projection based on financial budgets and production forecast as prepared by management covering a five-year period, the CGU's cash flows beyond the five-year period are extrapolated using steady average growth rate of 15.56%. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The discount applied to the cash flows projection is 24.15%. The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. Making reference to the valuation performed by GC Appraisal as at 31 December 2012, the Company's directors determined that no impairment loss has been recognised for the year ended 31 December 2012.

16 Mining Deposit

This amount represents a deposit of RM90,000 (equivalent to HK\$228,125) at 31 December 2012 (2011: RM90,000 (equivalent to HK\$220,664) paid to HPC pursuant to the Mining Agreement (see Note 15(a)) by the Group.

17 Investments in Subsidiaries

15 勘探及評估資產(續)

(d) (續)

於二零一二年十二月三十一日，本集團按使用價值計算方法就提取及裝瓶礦泉水釐定現金產生單位之可收回金額。該計算方法採用管理層編製涉及五年期的財政預算及生產預測，五年期後現金產生單位的現金流量乃按15.56%的穩定平均增長率推算。此增長率乃按照相關行業增長預測釐定，且並無超出相關行業的平均長期增長率。現金流量預測應用之貼現率為24.15%。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。本公司董事經參考GC Appraisals於二零一二年十二月三十一日進行的估值後，確定於截至二零一二年十二月三十一日止年度並無確認減值虧損。

16 採礦按金

此金額指於二零一二年十二月三十一日本集團根據採礦協議(見附註15(a))支付予HPC的按金90,000馬幣(相等於228,125港元)(二零一一年: 90,000馬幣(相等於220,664港元))。

17 於附屬公司的投資

		The Company		
		本公司		
		2012	2011	2010
		二零一二年	二零一一年	二零一零年
		HK\$	HK\$	HK\$
		港元	港元	港元
			(Restated)	(Restated)
			(經重列)	(經重列)
Unlisted shares, at cost	非上市股份，按成本	457,898,800	457,821,136	198,633,636
Impairment loss	減值虧損	(248,569,098)	(108,037,403)	-
		209,329,702	349,783,733	198,633,636
Amounts due from subsidiaries	應收附屬公司款項	592,133,807	343,068,999	238,398,747
Impairment loss	減值虧損	(592,130,296)	(324,792,456)	-
		3,511	18,276,543	238,398,747
		209,333,213	368,060,276	437,032,383

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

17 Investments in Subsidiaries (continued)

Details of the subsidiaries as at 31 December 2012 and 2011 are as follows:

17 於附屬公司的投資(續)

於二零一二年及二零一一年十二月三十一日，附屬公司詳情如下：

Name of company 公司名稱	Place of incorporation and operation 註冊成立及業務地點	Issued and paid up capital 已發行及繳足股本	Percentage of effective ownership interest 本公司應佔權益百分比				Principal activities 主要業務	Note 附註
			Direct 直接		Indirect 間接			
			2012 二零一二年	2011 二零一一年	2012 二零一二年	2011 二零一一年		
CVMSB	Malaysia 馬來西亞	RM36,000,000 36,000,000馬幣	100%	100%	-	-	Mining of dolomite and manufacturing of magnesium ingots 開採白雲石及生產鎂錠	(a)
CVM Marketing Limited	British Virgin Islands ("BVI") 英屬維京群島 (「英屬維京群島」)	US\$10,000 10,000美元	-	-	100%	100%	Investment holding 投資控股	(a)
CVM International Marketing Sdn. Bhd.	Malaysia 馬來西亞	RM2 2馬幣	-	-	100%	100%	Dormant 暫無營業	(a)
CVM Marketing Sdn. Bhd.	Malaysia 馬來西亞	RM100,000 100,000馬幣	60%	60%	-	-	Dormant 暫無營業	(a)
CVM International Limited	BVI 英屬維京群島	US\$10,000 10,000美元	100%	100%	-	-	Investment holding 投資控股	(a)
CVM Minerals Indonesia Sdn. Bhd.	Malaysia 馬來西亞	RM10,000 10,000馬幣	-	-	51%	51%	Investment holding 投資控股	(a)
PTCV Iron	Indonesia 印度尼西亞	RPH6,000,000,000 6,000,000,000印尼盾	-	-	48.45%	48.45%	Exploration for coal and iron ore 勘探煤炭及鐵礦石	(b)
PTCV Coal	Indonesia 印度尼西亞	RPH6,000,000,000 6,000,000,000印尼盾	-	-	48.45%	48.45%	Exploration for coal and manganese 勘探煤炭及錳	(b)
Step Pacific Development Limited	BVI 英屬維京群島	US\$10,000 10,000美元	51%	51%	-	-	Investment holding 投資控股	(a)
Stabil Megamas Sdn. Bhd.	Malaysia 馬來西亞	RM10,000 10,000馬幣	-	-	51%	51%	Investment holding 投資控股	(a)
PTLM	Indonesia 印度尼西亞	RPH10,000,000,000 10,000,000,000印尼盾	-	-	50.50%	50.50%	Exploration for manganese 勘探錳	(c)
Nice Tone Enterprises Ltd.	BVI 英屬維京群島	US\$10,000 10,000美元	100%	-	-	-	Investment holding 投資控股	(d)
Victory Dragon Holdings Limited 凱龍集團有限公司	Hong Kong 香港	HK\$6,000,000 6,000,000港元	-	-	51%	-	Investment holding 投資控股	(e)
Long Chuan 龍川	The PRC 中國	US\$1,400,000 1,400,000美元	-	-	51%	-	Extraction and bottling of mineral water 提取及裝瓶礦泉水	(f)
Chinese Loong Culture Development Group Limited 中華龍文化發展集團有限公司	Hong Kong 香港	HK\$1 1港元	100%	-	-	-	Dormant 暫無營業	(g)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

17 Investments in Subsidiaries (continued)

Notes:

- (a) Audited by Baker Tilly Monteiro Heng.
- (b) Audited by Johan, Malonda, Mustika and Rekan.
- (c) Audited by Achmad, Rasyid Hisbullah & Jerry.
- (d) No separate financial statements were prepared as it is not required to issue audited financial statements under the local statutory requirements.
- (e) Audited by Baker Tilly Hong Kong Limited.
- (f) Audited by 河源市翔龍合伙會計師事務所.
- (g) No audited financial statements would be prepared as it is not due for audit under the local statutory requirements.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The Company assesses at the end of the reporting period whether there is objective evidence that the amounts due from subsidiaries are impaired. In light of the continuing operating loss in the Group's operations in (i) the mining of dolomite and manufacture of magnesium, (ii) the exploration for iron ore, coal and manganese, and (iii) extraction and bottling of mineral water, the directors of the Company have reviewed the carrying amount of the investments in subsidiaries and assessed the recoverability of the amounts due from subsidiaries. Consequently, impairment losses of HK\$140,531,695 and HK\$267,337,840 (2011: HK\$108,037,403 and HK\$324,792,456), respectively, have been recognised during the year in respect of these two items.

During the year, the Group lost contact with the legal representative of PTLM. This brought to a halt to the daily operations and mining activities of PTLM. The directors of the Company decided to re-nominate the legal representative according to the relevant legal requirements of Indonesia. As at 31 December 2012 and up to the date of this report, the re-nomination has not yet been completed.

17 於附屬公司的投資(續)

附註：

- (a) 經 Baker Tilly Monteiro Heng 審核。
- (b) 經 Johan, Malonda, Mustika and Rekan 審核。
- (c) 經 Achmad, Rasyid Hisbullah & Jerry 審核。
- (d) 由於根據當地法定規定毋須刊登經審核財務報表，故並無編製獨立財務報表。
- (e) 經天職香港會計師事務所有限公司審核。
- (f) 經河源市翔龍合伙會計師事務所審核。
- (g) 由於根據當地法定規定尚未到期進行審核，故並無編製經審核財務報表。

應收附屬公司款項為無抵押、免息且無固定還款期。本公司於報告期末評估是否存在客觀證據顯示應收附屬公司款項出現減值。鑒於本集團(i)開採白雲石及生產鎂錠；(ii)勘探鐵礦石、煤炭及錳；以及(iii)提取及裝瓶礦泉水業務的持續經營虧損，本公司董事已審閱投資附屬公司的賬面值，並已於年內評估應收附屬公司款項的可收回金額。因此，本公司就該兩項項目於年內確認減值虧損分別140,531,695港元及267,337,840港元(二零一一年：108,037,403港元及324,792,456港元)。

年內，本集團與PTLM的法律代表失去聯絡。令PTLM的日常經營及採礦活動陷入停滯狀態。本公司董事決定根據印尼相關法律規定重新提名法律代表。於二零一二年十二月三十一日及截至本報告日期，重新提名尚未完成。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

18 Inventories

- (a) Inventories in the consolidated statement of financial position comprise:

Raw materials	原料
Work-in-progress	半成品
Finished goods	製成品

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

Carrying amount of inventories sold	已售存貨賬面值
Write down of inventories	存貨撇減
Write off of inventories	存貨撇銷

Because of fluctuations in the market price of magnesium during the year, there was a significant reduction in the net realisable value of inventories as at 31 December 2012. As a result, a write down of inventories of HK\$645,177 (2011: HK\$11,534,063) was made at year end.

During the year ended 31 December 2012, work-in-progress of approximately HK\$17,736,000 (2011: Nil) was written off. This was because these goods were manufactured for a long period of time without undergoing further refining process and being oxidized and unable to be further refined into commercially saleable goods. The delay in refining was due to the refining workshop was undergoing upgrading and some important spare parts were pending for change. Finished goods of approximately HK\$376,000 (2011: Nil) were written off due to quality of these goods had been deteriorated tremendously and could not be saleable as assessed by the management of the Group.

18 存貨

- (a) 綜合財務狀況表中的存貨包括：

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Raw materials	原料	6,770,260	6,473,544
Work-in-progress	半成品	192,484	17,391,362
Finished goods	製成品	3,495,457	15,876,334
		10,458,201	39,741,240

- (b) 確認為開支並計入損益的存貨金額分析如下：

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Carrying amount of inventories sold	已售存貨賬面值	54,039,300	16,823,714
Write down of inventories	存貨撇減	645,177	11,534,063
Write off of inventories	存貨撇銷	18,112,419	-
		72,796,896	28,357,777

由於年內鎂的市價波動，於二零一二年十二月三十一日存貨的可變現淨值大幅減少，故於年末撇減存貨645,177港元(二零一一年：11,534,063港元)。

截至二零一二年十二月三十一日止，半成品約17,736,000港元(二零一一年：無)已被撇銷，此乃由於該等產品已製成很長時間而未有進行進一步精煉過程，故已被氧化，無法進一步提煉成商業上可銷售產品。精煉過程延遲乃由於精煉車間進行升級及若干重要零件有待修改。製成品約376,000港元(二零一一年：無)已被撇銷，此乃由於該等產品的質量已嚴重惡化，並經本集團管理層評估為無法銷售。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

19 Trade Receivables

19 應收賬款

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Trade receivables	應收賬款	1,975,723	—

All of the trade receivables are expected to be recovered within one year.

預期所有應收賬款於一年內收回。

(a) Ageing analysis

An ageing analysis of trade receivables, based on the invoice date, is as follows:

(a) 賬齡分析

根據發票日期的應收賬款賬齡分析如下：

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Neither past due nor impaired	並無逾期或減值	—	—
Less than 1 month past due	逾期少於一個月	1,663,093	—
1 month to 2 months past due	逾期一個月至兩個月	116,691	—
More than 2 months but less than 12 months past due	逾期超過兩個月但少於十二個月	195,939	—
Amounts past due	逾期金額	1,975,723	—
Total	總計	1,975,723	—

Trade receivables derived from sales of magnesium ingots are due within 15 days from the date of the bill of lading for exports sales or date of invoice for local sales. Other than that the Group has a policy of allowing customers for domestic trading and distribution in the PRC with credit terms of normally cash on delivery.

來自銷售鎂錠的應收賬款自出口銷售的提單日期或本地銷售的發票日期起計15日內到期。除此以外，本集團的政策一般為提供貨到付款的信貸期予於中國本地買賣及分銷的客戶。

Further details on the Group's credit policy are set out in Note 33(b).

本集團信貸政策的進一步詳情載於附註33(b)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

19 Trade Receivables (continued)

(a) Ageing analysis (continued)

Receivables that were neither past due nor impaired related to independent customers that have a good track record with the Group. Based on past experience, the directors of the Company believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group does not hold any collateral over these balances.

- (b) At 31 December 2012, none of trade receivables (2011: Nil) were pledged as securities for banking facilities granted to the Group (see Note 27).

19 應收賬款(續)

(a) 賬齡分析(續)

並無逾期或減值之應收賬款與本集團有良好往績記錄之獨立客戶有關。根據過往經驗，本公司董事相信，對此等結餘毋須作出減值撥備，原因為信貸質素並無重大變動，且有關結餘仍被視為可全數收回。本集團並無就此等結餘持有任何抵押品。

- (b) 於二零一二年十二月三十一日，概無質押應收賬款(二零一一年：無)以作為取得授予本集團銀行融資的抵押品(見附註27)。

20 Prepayments, Deposits and Other Receivables

20 預付款項、按金及其他應收款項

		The Group 本集團		The Company 本公司	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Other receivables	其他應收款項	1,116,407	3,857,672	6,600	1,600
Advance payment to a contractor (Note 20(a))	向一名承包商墊款 (附註20(a))	17,026,976	9,604,967	-	-
Government grant receivables	政府補助金應收款項	-	922,714	-	-
Deposits for purchase of property, plant and equipment	購買物業、廠房及設備 的按金	3,720,176	-	1,000,000	-
Prepayments for raw materials and machinery (Note 20(b))	原料及機器的預付款項 (附註20(b))	7,001,389	3,986,129	-	3,986,129
Deposits and prepayments	按金及預付款項	6,727,941	7,713,859	784,923	2,331,594
Amount due from a related party (Note 20(c))	應收一名關連方款項 (附註20(c))	-	4,651	-	-
		35,592,889	26,089,992	1,791,523	6,319,323
Less: Impairment losses:	減：減值虧損：				
- advance payment to a contractor (Note 20(a))	- 向一名承包商 墊款 (附註20(a))	(17,026,976)	-	-	-
- prepayments for raw materials and machinery (Note 20(b))	- 原料及機器的 預付款項 (附註20(b))	(7,001,389)	-	-	-
		11,564,524	26,089,992	1,791,523	6,319,323

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

20 Prepayments, Deposits and Other

Receivables (continued)

Apart from certain of the Group's deposits and prepayments of HK\$5,519,869 as at 31 December 2012 (2011: HK\$4,976,918), and of the Company's deposits and prepayments of HK\$336,483 (2011: HK\$331,594) as at 31 December 2012, the remaining prepayments, deposits and other receivables of the Group and the Company are expected to be recovered or recognised as expenses within one year.

- (a) At 31 December 2012, the Group has advanced a total of HK\$17,026,976 (2011: HK\$9,604,967) to a contractor for ratification works in the production plant of magnesium ingots in Malaysia. This contractor was put under creditor's winding up in 2012. The Group's management assessed the recoverability of these advances was remote and has made a full provision against them as at 31 December 2012.
- (b) At 31 December 2012, the Group has made prepayments of HK\$7,001,389 (2011: HK\$3,986,129) to an entity for purchase of raw materials and machinery. No goods and/or machinery have been received by the Group from that entity in settlement of the prepayments made. The Group's management assessed the recoverability of these prepayments was remote after suspension of the production plant of magnesium ingots in Malaysia, and thus a full provision against them has been made as at 31 December 2012.
- (c) Amount due from a related party disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follows:

20 預付款項、按金及其他應收款項(續)

除本集團於二零一二年十二月三十一日的若干按金及預付款項5,519,869港元(二零一一年: 4,976,918港元)以及本公司的按金及預付款項336,483港元(二零一一年: 331,594港元)外, 預期本集團及本公司的其餘預付款項、按金及其他應收款項將於一年內收回或確認為開支。

- (a) 於二零一二年十二月三十一日, 本集團就馬來西亞的鎂錠生產廠房的認可工程向一名承包商墊付合共17,026,976港元(二零一一年: 9,604,967港元)。該名承包商於二零一二年被債權人清盤。本集團管理層評定收回此等墊款的機會甚微, 並已於二零一二年十二月三十一日作出全數撥備。
- (b) 於二零一二年十二月三十一日, 本集團購買原料及機器向一間實體支付預付款項7,001,389港元(二零一一年: 3,986,129港元)。本集團並無接獲該實體就償付所支付的預付款項的任何貨品及/或機器。於馬來西亞的鎂錠生產廠房暫停營運後, 本集團管理層評定收回此等預付款項的機會甚微, 故已於二零一二年十二月三十一日作出全數撥備。
- (c) 根據香港公司條例第161B條所披露, 應收一名關連方款項如下:

Name	Term of loan	The Group 本集團		Maximum amount outstanding during the year 年內尚未償還最高金額 HK\$ 港元
		Balance at 31 December 2012 於二零一二年十二月三十一日的結餘 HK\$ 港元	Balance at 1 January 2012 於二零一二年一月一日的結餘 HK\$ 港元	
HWG Tin Mining Sdn. Bhd. ("HWGTM")	Interest-free, unsecured and has no fixed terms of repayment 免息、無抵押且無固定還款期	-	4,651	4,651

HWGTM is a subsidiary of Ho Wah Genting Berhad which is a shareholder of the Company. The amount is non-trade in nature.

HWGTM為本公司股東Ho Wah Genting Berhad的附屬公司。該金額為非貿易性質。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

21 Contingent Consideration Receivable

21 應收或然代價

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Contingent consideration receivable	應收或然代價	2,699,019	—

The amount represents the contingent consideration relating to the acquisition of Victory Dragon Group (see Note 32(b)).

或然代價款項與收購凱龍集團有關(見附註32(b))。

22 Pledged Deposit

The Group's deposit of HK\$14,833 (2011: HK\$48,338) is pledged to a bank for loan facilities granted to the Group (see Note 27).

As at 31 December 2012 and 2011, the Company did not have any pledged deposits.

22 質押存款

本集團14,833港元(二零一一年: 48,338港元)的存款已就本集團獲授的貸款融資而抵押予銀行(見附註27)。

於二零一二年及二零一一年十二月三十一日, 本公司並無任何質押存款。

23 Trade and Other Payables

23 應付賬款及其他應付款項

		The Group 本集團		The Company 本公司	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Trade payables	應付賬款	156,144	1,651,591	—	—
Accrued exploration expenses	應計勘探開支	2,697,387	2,871,860	—	—
Accrued interest on bank loans	銀行貸款應計利息	27,720,475	7,045,297	—	—
Accrued interest on unsecured loans	無抵押貸款應計利息	7,002,677	6,374,083	7,002,677	6,374,083
Accrued interest on convertible bonds	可換股債券應計利息	3,220,000	—	3,220,000	—
Accrued salaries	應計薪金	1,845,841	998,344	794,714	478,480
Provision for litigation settlement (Note 36(b))	訴訟償付款項撥備(附註36(b))	2,325,420	—	2,325,420	—
Other payables and accrued expenses	其他應付款項及應計開支	7,439,832	7,937,547	2,249,391	786,844
		52,407,776	26,878,722	15,592,202	7,639,407

All of the above payables are expected to be settled or recognised as income within one year, or are repayable on demand.

預期上述所有應付款項將於一年內結清或確認為收入, 或須於要求時償還。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

23 Trade and Other Payables (continued)

An ageing analysis of trade payables is as follows:

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Current	即期	90,095	1,529,829
Due within 3 months	3個月內到期	-	105,663
Due after 3 months but within 12 months	3個月後但12個月內到期	66,049	16,099
		156,144	1,651,591

23 應付賬款及其他應付款項(續)

應付賬款的賬齡分析如下：

24 Obligations under Finance Leases

(a) The Group

At 31 December 2012, the Group had obligations under finance leases repayable as follows:

24 融資租賃承擔

(a) 本集團

於二零一二年十二月三十一日，本集團的應償還融資租賃承擔如下：

		2012 二零一二年		2011 二零一一年	
		Present value of the minimum lease payments 最低租賃 付款現值 HK\$ 港元	Total minimum lease payments 最低租賃 付款總值 HK\$ 港元	Present value of the minimum lease payments 最低租賃 付款現值 HK\$ 港元	Total minimum lease payments 最低租賃 付款總值 HK\$ 港元
Within 1 year	一年內	1,094,496	1,201,872	1,138,117	1,331,768
After 1 year but within 2 years	一年後但兩年內	756,341	804,263	1,207,103	1,331,768
After 2 years but within 5 years	兩年後但五年內	620,384	654,767	1,648,493	1,748,121
After 5 years	五年後	-	-	69,308	70,495
		1,376,725	1,459,030	2,924,904	3,150,384
		2,471,221	2,660,902	4,063,021	4,482,152
Less: total future interest expenses	減：未來利息開支總額		(189,681)		(419,131)
Present value of lease obligations	租賃承擔現值		2,471,221		4,063,021

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

24 Obligations under Finance Leases

(continued)

(b) The Company

At 31 December 2012, the Company had obligations under finance leases repayable as follows:

		2012 二零一二年		2011 二零一一年	
		Present value of the minimum lease payments 最低租賃 付款現值 HK\$ 港元	Total minimum lease payments 最低租賃 付款總值 HK\$ 港元	Present value of the minimum lease payments 最低租賃 付款現值 HK\$ 港元	Total minimum lease payments 最低租賃 付款總值 HK\$ 港元
Within one year	一年內	169,157	187,140	163,077	187,140
After 1 year but within 2 years	一年後但兩年內	175,236	187,140	169,156	187,140
After 2 years but within 5 years	兩年後但五年內	258,655	265,115	433,892	452,255
		433,891	452,255	603,048	639,395
		603,048	639,395	766,125	826,535
Less: total future interest expenses	減：未來利息開支 總額		(36,347)		(60,410)
Present value of lease obligations	租賃承擔現值		603,048		766,125

The policies of the Group and the Company are to lease certain of its motor vehicles and equipment under finance leases expiring in 2 to 5 years and 4 years, respectively (2011: 4 to 9 years and 5 years, respectively). As at 31 December 2012, the effective borrowing rate of the Group and the Company was in a range from 1.8% p.a. to 3.68% p.a. and 1.8% p.a., respectively (2011: a range from 1.8% p.a. to 3.68% p.a. and 1.8% p.a., respectively). Interest rates are fixed at the contract dates and thus expose the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group and the Company have an option to purchase the motor vehicles and equipment at nominal prices.

24 融資租賃承擔(續)

(b) 本公司

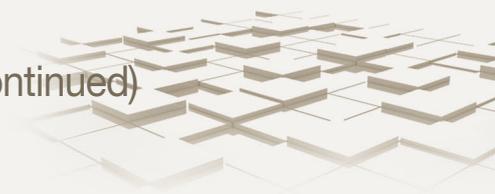
於二零一二年十二月三十一日，本公司的應償還融資租賃承擔如下：

本集團及本公司的政策是根據融資租賃租賃若干汽車及設備，年期分別為2至5年及4年(二零一一年：分別為4至9年及5年)。於二零一二年十二月三十一日，本集團及本公司實際借貸年利率分別為介乎1.8%至3.68%及1.8%(二零一一年：分別為介乎1.8%至3.68%及1.8%)。利率按合約日期釐定，因此，本集團及本公司承受公平值利率風險。所有租約按固定還款基準釐定，且並無就或然租賃付款訂立安排。於各租賃期末，本集團及本公司可選擇按名義價格購買汽車及設備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



25 Amounts due to Related Parties

25 應付關連方款項

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Trading account	貿易賬戶	621,651	660,969
Current account	現有賬戶	1,022,092	—
		1,643,743	660,969

The amounts are unsecured, interest free and have no fixed terms of repayment.

該款項為無抵押、免息且無固定還款期。

26 Convertible Bonds

26 可換股債券

(a) On 20 August 2010, the Company entered into a placing agreement with a placing agent, Cinda International Capital Limited (“Cinda”), for the issue of thirteen months 15% coupon convertible bonds with nominal value of HK\$116,000,000. On 27 August 2010, the Company and Cinda entered into the supplemental agreement to amend the terms of the placing agreement so as to allow the placing to be completed in tranches and to embed the cash settlement option in the convertible bonds.

(a) 於二零一零年八月二十日，本公司與配售代理信達國際融資有限公司(「信達」)訂立配售協議，以發行面值為116,000,000港元的十三個月15%票息可換股債券。於二零一零年八月二十七日，本公司與信達訂立補充協議，以修訂配售協議的條款，使配售可分段完成及將現金結算選擇權併入可換股債券。

The bondholders may convert the whole or part of the principal amount of the convertible bonds into fully paid ordinary shares with a par value of HK\$0.025 each of the Company at HK\$0.27 each for the period commencing from the date falling on the expiry of twelve months from the date of issuance of the convertible bonds up to three days before the maturity date. Maturity date is the date falling on the expiry of thirteen months from the issuance date of the convertible bonds.

債券持有人可於自發行可換股債券之日起至到期日前三日之日止十二個月屆滿當日的期間按每股0.27港元將可換股債券的全部或部份本金轉為本公司每股面值0.025港元之繳足股款普通股。到期日為自可換股債券發行日起計十三個月屆滿當日。

The convertible bonds contain two components, a liability component and a conversion option derivative. The fair value of the derivative component was estimated at the issuance date using a binomial model and the change in fair value of that component at the end of reporting period was recognised in the consolidated income statement. The residual amount is assigned as the liability component.

可換股債券包含兩部份，負債部份及換股權衍生工具。衍生工具部份的公平值在發行日採用二項式模型估計，而該部份於報告期末的公平值變動在綜合收益表確認。剩餘金額作為負債部份分配。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

26 Convertible Bonds (continued)

(a) (continued)

Drawdown date
提取日期

Drawdown amount
提取金額

26 可換股債券(續)

(a) (續)

7 September 2010
二零一零年
九月七日

27 September 2010
二零一零年
九月二十七日

20 October 2010
二零一零年
十月二十日

HK\$51,000,000
51,000,000 港元

HK\$50,000,000
50,000,000 港元

HK\$15,000,000
15,000,000 港元

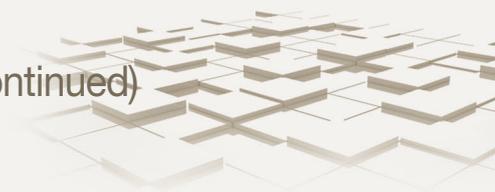
		Tranche 1 第一批 HK\$ 港元	Tranche 2 第二批 HK\$ 港元	Tranche 3 第三批 HK\$ 港元	Total 總計 HK\$ 港元
Liability component	負債部份				
At 1 January 2011	於二零一一年一月一日	51,489,255	50,118,239	14,773,255	116,380,749
Effective interest expenses payable for the year	本年度應付實際利息開支	7,798,246	8,006,760	2,664,244	18,469,250
Interest paid during the year	年內已付利息	(7,650,000)	(7,500,000)	(2,250,000)	(17,400,000)
Repaid by unsecured loans	以無抵押貸款償還	(50,000,000)	(50,000,000)	-	(100,000,000)
Repaid by cash	以現金償還	(1,000,000)	-	(15,000,000)	(16,000,000)
Gain on repayment	還款收益	(637,501)	(624,999)	(187,499)	(1,449,999)
At 31 December 2011, 1 January 2012 and 31 December 2012	於二零一一年十二月 三十一日、二零一二年 一月一日及二零一二年 十二月三十一日	-	-	-	-
		Tranche 1 第一批 HK\$ 港元	Tranche 2 第二批 HK\$ 港元	Tranche 3 第三批 HK\$ 港元	Total 總計 HK\$ 港元

Conversion option derivative	轉換權衍生工具				
At 1 January 2011	於二零一一年一月一日	2,358,573	2,300,607	761,926	5,421,106
Gain on repayment	還款收益	(2,358,573)	(2,300,607)	(761,926)	(5,421,106)
At 31 December 2011, 1 January 2012 and 31 December 2012	於二零一一年十二月 三十一日、二零一二年 一月一日及二零一二年 十二月三十一日	-	-	-	-

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



26 Convertible Bonds (continued)

(a) (continued)

26 可換股債券(續)

(a) (續)

		Liability component	Conversion option derivative 轉換權	Total
		負債部份 HK\$ 港元	衍生工具 HK\$ 港元	總計 HK\$ 港元
Summary	概要			
At 1 January 2011	於二零一一年一月一日	116,380,749	5,421,106	121,801,855
Interest charged	利息開支	18,469,250	-	18,469,250
Interest paid during the year	年內已付利息	(17,400,000)	-	(17,400,000)
Repaid by cash (Note)	以現金償還(附註)	(16,000,000)	-	(16,000,000)
Repaid by unsecured loans (Note)	以無抵押貸款償還(附註)	(100,000,000)	-	(100,000,000)
Gain on repayment	還款收益	(1,449,999)	(5,421,106)	(6,871,105)
		<u> </u>	<u> </u>	<u> </u>
At 31 December 2011, 1 January 2012 and 31 December 2012	於二零一一年十二月 三十一日、二零一二年 一月一日及二零一二年 十二月三十一日	-	-	-

Note During the year ended 31 December 2011, the directors of the Company renegotiated and restructured the convertible bonds with various holders. The convertible bonds were repaid partially by cash amounting to HK\$16,000,000, and partially by unsecured loans of HK\$100,000,000 (see Note 27), resulting in a gain of HK\$6,871,105.

The interest charged for the year ended 31 December 2011 was calculated by applying an effective interest rate with a range from 19.86% p.a. to 20.53% p.a. to the liability component up to the repayment date.

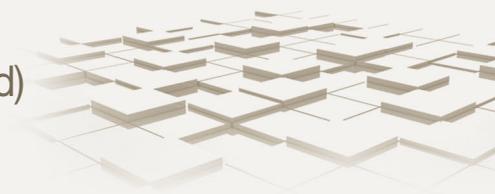
附註 截至二零一一年十二月三十一日止年度，本公司董事與多名持有人商討及重組可換股債券。可換股債券部份以現金16,000,000港元償還，部份以無抵押貸款100,000,000港元(見附註27)償還，因而產生收益6,871,105港元。

截至二零一一年十二月三十一日止年度的利息開支乃將介乎19.86%至20.53%的實際年利率應用於截至還款日的負債部份計算得出。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



26 Convertible Bonds (continued)

- (b) On 1 September 2011, the Company entered into a placing agreement with a placing agent, Cheong Lee Securities Limited for the issue of convertible bonds with maturity date on the third anniversary of the date of issue for an aggregate principal amount of HK\$80,000,000. The convertible bonds bear interest at 10% p.a. payable annually and are unsecured. As at the end of reporting period, the aggregate amount of convertible bonds being available was HK\$80,000,000 (2011: HK\$43,000,000).

The bondholders at any time before maturity can convert the whole or part of the principal amount of the convertible bonds into ordinary shares of the Company at the conversion price of HK\$0.10 per share.

Upon maturity any unredeemed and unconverted bonds will be redeemed at par value of the outstanding principal amount in cash.

The convertible bonds may be early redeemed at par value of the outstanding principal amount of the bond at any time at the option of the Company up to maturity provided that the Company has given not less than 7 business days' prior notice to the bondholder(s) of its intention to make that redemption.

26 可換股債券(續)

- (b) 於二零一一年九月一日，本公司與配售代理昌利證券有限公司訂立配售協議，內容有關發行本金總額80,000,000港元的可換股債券，可換股債券的到期日為發行日期三週年。可換股債券按年利率10%計息及無抵押，利息須每年支付。於報告期末，可供轉換的可換股債券合共金額為80,000,000港元(二零一一年：43,000,000港元)。

債券持有人可於到期前的任何時間按每股0.10港元的換股價將全部或部份可換股債券的本金額轉換成本公司的普通股。

任何未贖回及未轉換的債券將於到期後以現金按未償還本金額的面值贖回。

可換股債券可由本公司選擇，於直至到期日為止任何時間按債券未償還本金額的面值提早贖回，惟本公司須已給予債券持有人不少於7個營業日的事先通知，表示其有意進行該贖回。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

26 Convertible Bonds (continued)

(b) (continued)

The net proceeds received from the issuance of the convertible bonds have been split into the liability and equity components, as follows:

Drawdown date		2 December 2011	30 December 2011	16 January 2012	5 March 2012	23 March 2012	
提取日期		二零一一年 十二月二日	二零一一年 十二月三十日	二零一二年 一月十六日	二零一二年 三月五日	二零一二年 三月二十三日	
Drawdown amount		HK\$26,000,000	HK\$17,000,000	HK\$10,000,000	HK\$10,000,000	HK\$17,000,000	
提取金額		26,000,000 港元	17,000,000 港元	10,000,000 港元	10,000,000 港元	17,000,000 港元	
		Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Total
		第一批	第二批	第三批	第四批	第五批	總計
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
Nominal value of convertible bonds issued	已發行可換股債券面值	26,000,000	17,000,000	-	-	-	43,000,000
Capitalisation of transaction costs	交易成本資本化	(650,000)	(425,000)	-	-	-	(1,075,000)
Equity component	權益部份	(9,643,725)	(6,553,950)	-	-	-	(16,197,675)
Liability component	負債部份	15,706,275	10,021,050	-	-	-	25,727,325
Interest charged	利息開支	413,526	18,522	-	-	-	432,048
Liability component as at 31 December 2011	負債部份於二零一一年 十二月三十一日	16,119,801	10,039,572	-	-	-	26,159,373
At 1 January 2012	於二零一二年一月一日	16,119,801	10,039,572	-	-	-	26,159,373
Nominal value of convertible bonds issued	已發行可換股債券面值	-	-	10,000,000	10,000,000	17,000,000	37,000,000
Capitalisation of transaction costs	交易成本資本化	-	-	(250,000)	(250,000)	(425,000)	(925,000)
Equity component	權益部份	-	-	(1,640,925)	(1,783,275)	(2,789,475)	(6,213,675)
Liability component	負債部份	16,119,801	10,039,572	8,109,075	7,966,725	13,785,525	56,020,698
Interest charged	利息支出	5,177,802	3,395,510	1,367,436	1,206,999	1,890,225	13,037,972
Interest paid	已付利息	(2,600,000)	(1,700,000)	-	-	-	(4,300,000)
Liability component as at 31 December 2012	負債部份於二零一二年 十二月三十一日	18,697,603	11,735,082	9,476,511	9,173,724	15,675,750	64,758,670

The interest charged for the year is calculated by applying an effective interest rate with a range from 17.54% p.a. to 33.73% p.a. (2011: 32.03% p.a. to 33.73% p.a.) to the liability component for the number of days to the end of reporting period since the bonds were issued.

The directors of the Company estimate the fair value of the liability component of the convertible bonds at 31 December 2012 to be approximately HK\$67,007,000 (2011: HK\$26,011,000). This fair value has been calculated by discounting the future cash flows at the market rate.

26 可換股債券(續)

(b) (續)

發行可換股債券所得款項淨額已分為負債及權益部份如下：

年度利息支出乃採用介乎負債部份17.54%至33.73%(二零一一年:32.03%至33.73%)的實際年利率,按債券發行起至報告期結束止的天數計算。

本公司董事估計於二零一二年十二月三十一日可換股債券負債部份的公平值約為67,007,000港元(二零一一年:26,011,000港元)。該公平值乃按市場利率貼現未來現金流量計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

26 Convertible Bonds (continued)

- (c) On 18 April 2012, the Company issued convertible bonds with maturity date on the fifth anniversary of the date of issue for an aggregate principal amount of HK\$106,840,000 as part consideration for the acquisition of Victory Dragon Group (see Note 32(b)). The convertible bonds bear interest at 5% p.a. payable annually and are unsecured. As at the end of reporting period, the principal amount of convertible bonds being available was HK\$106,840,000 (2011: Nil).

The bondholder of the convertible bonds at any time before maturity can convert the whole or part of the principal amount of the convertible bonds in whole multiples of HK\$1,000,000 into ordinary shares of the Company at a fixed conversion price of HK\$0.126 per share.

Upon maturity any unredeemed and unconverted bonds will be redeemed at par value of the outstanding principal amount in cash.

The Company may at any time before the maturity date early redeem the convertible bonds.

The net proceeds received from the issuance of the convertible bonds have been split into the liability and equity components, as follows:

		Liability component	Equity component	Total
		負債部份 HK\$ 港元	權益部份 HK\$ 港元	總計 HK\$ 港元
Issue of convertible bonds	發行可換股債券	62,514,000	44,326,000	106,840,000
Effective interest charged	實際利率支出	7,768,100	-	7,768,100
At 31 December 2012	於二零一二年十二月三十一日	<u>70,282,100</u>	<u>44,326,000</u>	<u>114,608,100</u>

The interest for the year is calculated by applying an effective interest rate of 17.58% p.a. to the liability component for the number of days to the end of reporting period since the bonds were issued.

26 可換股債券(續)

- (c) 於二零一二年四月十八日，本公司發行本金總額106,840,000港元的可換股債券，作為收購凱龍集團之部份代價(見附註32(b))。可換股債券的到期日為發行日期五週年當日，按年利率5%計息及無抵押，利息須每年支付。於報告期末，可供轉換的可換股債券的本金額為106,840,000港元(二零一一年：無)。

可換股債券持有人可於到期前的任何時間按每股0.126港元的固定換股價將全部或部分本金額為1,000,000港元之整倍數的可換股債券轉換成本公司的普通股。

任何未贖回及未轉換的債券將於到期後以現金按未償還本金額的面值贖回。

本公司可於到期日前隨時提前贖回可換股債券。

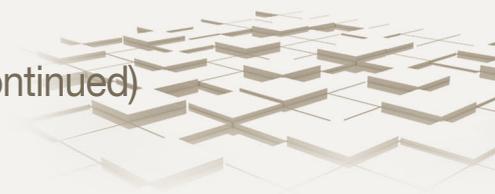
發行可換股債券所得款項淨額已分為負債及權益部份如下：

年度利息乃採用介乎負債部份17.58%的實際年利率，按債券發行起至報告期結束止的天數計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



26 Convertible Bonds (continued)

(d) The directors of the Company estimate the fair value of the liability component of the convertible bonds at 31 December 2012 to be approximately HK\$60,126,000. This fair value has been calculated by discounting the future cash flows at the market rate.

On 15 January 2013, total principal amount of HK\$43,840,000 was converted into 347,936,507 new ordinary shares of the Company of HK\$0.025 each.

26 可換股債券(續)

(d) 本公司董事估計於二零一二年十二月三十一日可換股債券負債部份的公平值約為60,126,000港元。該公平值乃按市場利率貼現未來現金流量計算。

於二零一三年一月十五日，本金總額為43,840,000港元之可換股債券已獲轉換為347,936,507股每股面值0.025港元之本公司新普通股。

27 Bank Loans — Secured The Group

27 有抵押銀行貸款 本集團

	2012 二零一二年			2011 二零一一年		
	Nominal value	Less: unamortised costs	Total	Nominal value	Less: unamortised costs	Total
	面值	減：未攤銷成本	總計	面值	減：未攤銷成本	總計
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	港元	港元	港元	港元	港元	港元
Bank loans, secured 有抵押銀行貸款	437,588,368	(2,926,620)	434,661,748	423,237,934	(3,240,869)	419,997,065

At 31 December 2012, interest bearing bank loans are due for repayment as follows:

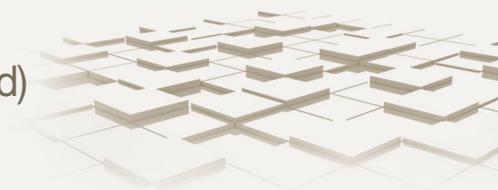
於二零一二年十二月三十一日，計息銀行貸款於以下期間到期償還：

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Portion of term loans due for repayment within 1 year 一年內到期償還的有期貸款部份		—	—
Term loans due for repayment after one year: 一年後到期償還的有期貸款：			
After 1 year but within 2 years 一年後但兩年內		82,704,194	—
After 2 years but within 5 years 兩年後但五年內		298,109,130	255,435,464
After 5 years 五年後		53,848,424	164,561,601
		434,661,748	419,997,065
		434,661,748	419,997,065

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



27 Bank Loans — Secured (continued)

The amounts due are based on the scheduled repayment dates set out in the loan agreement and ignore the effect of any repayment on demand clause.

27 有抵押銀行貸款(續)

到期金額乃按貸款協議所載預定償還日期為基準，並無計及任何可隨時要求償還條款的影響。

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Transaction costs	交易成本		
Cost:	成本：		
At 1 January	於一月一日	9,609,383	9,978,097
Exchange adjustments	匯兌調整	324,924	(368,714)
		9,934,307	9,609,383
At 31 December	於十二月三十一日		
Accumulated amortisation:	累計攤銷：		
At 1 January	於一月一日	6,368,514	6,189,969
Amortisation for the year	年內攤銷	424,157	457,410
Exchange adjustments	匯兌調整	215,016	(278,865)
		7,007,687	6,368,514
At 31 December	於十二月三十一日		
Unamortised transaction costs	未攤銷交易成本	2,926,620	3,240,869

The secured bank loans as at 31 December 2012 are interest bearing at 8.6% p.a. (2011: 8.6% p.a.). These bank loans were restructured on 25 July 2011 by Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat"). In accordance with the restructured bank loan agreement, the Group is required to repay the bank loans by monthly instalment of RM670,000 (equivalent to HK\$1,698,266) with effect from August 2011 to December 2013 and increasing to RM4,200,000 (equivalent to HK\$10,645,848) from January 2014 to the second last repayment of the loans in 2018.

於二零一二年十二月三十一日的有抵押銀行貸款按年利率8.6%(二零一一年：年利率8.6%)計息。此等銀行貸款於二零一一年七月二十五日由Bank Kerjasama Rakyat Malaysia Berhad(「Bank Rakyat」)進行重組。根據重組銀行貸款協議，本集團須於二零一一年八月至二零一三年十二月每月分期償還銀行貸款670,000馬幣(相當於1,698,266港元)，並由二零一四年一月至二零一八年的最後第二期還款之日增至4,200,000馬幣(相當於10,645,848港元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

27 Bank Loans — Secured (continued)

The bank loans are granted to CVMSB and secured by way of:

- (i) a legal charge over the land and factory building to be erected thereon held by CVMSB;
- (ii) assignment of trade receivables;
- (iii) a debenture creating fixed and floating legal charge over all present and future assets of CVMSB excluding the performance bonds;
- (iv) assignment of all CVMSB's rights, entitlement and interest in and to all building contracts, design drawings and other contracts pertaining to the magnesium ingot project (the "Project");
- (v) an assignment of all CVMSB's rights, benefits and interest under insurance undertaken by CVMSB as part of its operations for the Project;
- (vi) an assignment over the existing revenue accounts maintained at Bank Rakyat and monies standing to the credit of the revenue account in favour of the bank, the revenue accounts shall be operated solely by the bank;
- (vii) a first fixed charge/assignment over the retorts of CVMSB;
- (viii) an assignment over the insurance policies of the retorts of CVMSB; and
- (ix) any other securities as may be advised by the appointed legal counsel.

All of the Group's banking facilities are subject to the fulfilment of covenants, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group is required to comply with the covenants when CVMSB's production operation commences, which was in or around February 2011. Further details of the Group's management of liquidity risk are set out in Note 33(e). As at 31 December 2012, none of the covenants relating to the drawdown facilities had been breached (2011: Nil).

27 有抵押銀行貸款(續)

批予CVMSB的銀行貸款按以下方式擔保：

- (i) 就CVMSB所持土地及在其上興建之廠房設立法定押記；
- (ii) 轉讓應收賬款；
- (iii) 就CVMSB所有現有及未來資產(不包括履約保證)設立固定及浮動法定押記的債券；
- (iv) 轉讓CVMSB於與鎂錠項目(「該項目」)有關的所有樓宇合約、設計圖則及其他合約的一切權利、享有權及權益；
- (v) 轉讓CVMSB作為其於該項目業務一部份所承購保險的一切權利、利益及權益；
- (vi) 向銀行轉讓在Bank Rakyat開設的現有收入戶及該收入戶的進賬款項，收入戶僅由銀行操作；
- (vii) 就CVMSB的還原權設立的第一固定抵押／轉讓；
- (viii) 轉讓CVMSB的還原權的保單；及
- (ix) 所委任法律顧問可能提出的任何其他擔保。

本集團須履行契諾(通常見於與財務機構訂立的借款安排內)方可獲得各銀行信貸。倘本集團違反該等契諾，則須按要求償還已提用的信貸。本集團於CVMSB開始生產營運時(二零一一年二月或前後)須遵守該等契諾。有關本集團管理流動資金風險的進一步詳情載於附註33(e)。於二零一二年十二月三十一日，本集團並無違反有關提用信貸額度的契諾(二零一一年：無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

28 Unsecured Loans from Third Parties

28 來自第三方無抵押貸款

		The Group and the Company 本集團及本公司	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Within 1 year	一年內	100,000,000	100,000,000
After 1 year but within 2 years	一年後但兩年內	50,000,000	–
After 2 years but within 5 years	兩年後但五年內	–	50,000,000
		50,000,000	50,000,000
		150,000,000	150,000,000

The amounts due are based on the scheduled repayment dates set out in the loan agreements which do not have a repayment on demand clause.

On 13 June 2011, the Company entered into a loan agreement with an independent third party for an unsecured loan of HK\$50,000,000 at an interest rate of 12% p.a. payable half yearly. The loan is wholly repayable on or before June 2014.

On 14 October 2011, the Company entered into loan agreements with various holders of convertible bonds, pursuant to which the holders of convertible bonds agreed to make available to the Company with aggregate loan facilities of HK\$100,000,000. The Company applied these loans for repayment of the outstanding convertible bonds issued by the Company in September 2010 in the principal sum of respective amount and registered in the name of the lenders. The unsecured loans are recognised initially at fair value less attributable transaction costs. In the opinion of the directors of the Company, the principal value of the unsecured loans is approximate to its fair value. These loans are unsecured, interest bearing at 15% p.a. payable half-yearly and repayable within 12 months from the drawdown date.

到期款項乃以並無隨時要求償還條款的貸款協議所載訂定還款日期為準。

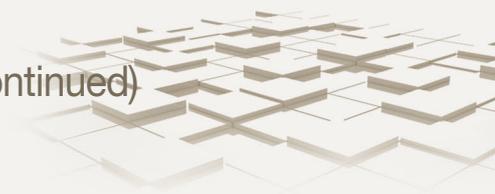
於二零一一年六月十三日，本公司與一名獨立第三方就50,000,000港元的無抵押貸款訂立貸款協議，年利率為12%，每半年支付。貸款須於二零一四年六月或之前悉數償還。

於二零一一年十月十四日，本公司與多名可換股債券持有人訂立貸款協議，據此，可換股債券持有人同意向本公司提供合共100,000,000港元貸款融資。本公司運用此等貸款償還本公司於二零一零年九月發行本金總額為相應金額並以貸款人名義登記的可換股債券的未償還款項。無抵押貸款於初始時按公平值減應佔交易成本確認。本公司董事認為，無抵押貸款的本金額與其公平值相若。此等貸款為無抵押、年利率15%、每半年還款及須於提取當日起計12個月內還款。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



28 Unsecured Loans from Third Parties

(continued)

In March 2012, the Company successfully negotiated with these lenders to defer the repayment by six months and eighteen days to May 2013 and to charge interest at 18% p.a. payable half-yearly with effect from October 2012.

Subsequent to the end of reporting period, on 26 March 2013, the Company has successfully negotiated with these lenders to defer the repayment by a year to April 2014 and to charge interest rate at 18% p.a. payable half yearly.

28 來自第三方無抵押貸款(續)

於二零一二年三月，本公司已成功與此等貸款人進行磋商，將還款期推遲六個月零八日至二零一三年五月，並自二零一二年十月起按年利率18%計息及每半年還款。

於報告期末後，於二零一三年三月二十六日，本公司已成功與此等貸款人進行磋商，將還款期推遲一年至二零一四年四月，並按年利率18%計息及每半年還款。

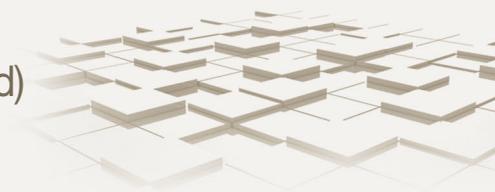
29 Deferred Taxation

The following are the major deferred tax balances recognised and movements thereon during the current and prior years:

29 遞延稅項

以下為於本年度及過往年度確認的主要遞延稅項結餘及其變動：

		The Group 本集團 Exploration and evaluation assets 勘探及評估資產 HK\$ 港元
Deferred tax liabilities	遞延稅項負債	
At 1 January 2010	於二零一零年一月一日	—
Arising on acquisition of subsidiaries	因收購附屬公司而產生	(16,649,071)
At 31 December 2010	於二零一零年十二月三十一日	(16,649,071)
At 1 January 2011	於二零一一年一月一日	(16,649,071)
Arising on acquisition of subsidiaries (Note 32(a))	因收購附屬公司而產生(附註32(a))	(46,093,957)
At 31 December 2011 (as restated)	於二零一一年十二月三十一日(經重列)	(62,743,028)
At 1 January 2012 (as restated)	於二零一二年一月一日(經重列)	(62,743,028)
Arising on acquisition of subsidiaries (Note 32(b))	因收購附屬公司而產生(附註32(b))	(40,440,750)
Credit to profit or loss (Note 8(a))	計入損益(附註8(a))	30,564,021
At 31 December 2012	於二零一二年十二月三十一日	(72,619,757)



29 Deferred Taxation (continued)

As at 31 December 2012, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$185,936,000 (2011: HK\$96,224,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions. The tax losses do not expire under current tax legislation. Other temporary differences are not material.

As at 31 December 2012, the Group has deductible temporary differences of approximately HK\$48,529,000 (2011: HK\$23,883,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

29 遞延稅項(續)

由於在相關司法權區內將不大可能有可用作抵免累計稅務虧損的未來應課稅溢利，故本集團於二零一二年十二月三十一日尚未就累計稅務虧損約185,936,000港元(二零一一年：96,224,000港元)確認遞延稅項資產。根據現有稅務法例，稅務虧損並無到期。其他暫時差異則不屬要項。

於二零一二年十二月三十一日，本集團擁有可扣減暫時差異約48,529,000港元(二零一一年：23,883,000港元)。由於應課稅溢利將不可能針對可用該等暫時差異而存在，故概無遞延稅項資產就該可扣減暫時差異而獲確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

30 Capital and Reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

		Share capital	Share premium	Capital reserve	Other reserve	Convertible bond equity reserve	Accumulated losses	Total
	Note	股本	股份溢價	資本儲備	其他儲備	可換股債券權益儲備	累計虧損	總計
	附註	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元
			(Note (d)(ii)) (附註(d)(ii))	(Note (d)(ii)) (附註(d)(ii))	(Note (d)(vi)) (附註(d)(vi))	(Note (d)(iv)) (附註(d)(iv))		
At 1 January 2011	於二零一一年一月一日	62,988,889	271,608,063	-	33,925,000	-	(34,126,173)	334,395,779
Changes in equity for 2011:	二零一一年權益變動:							
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	(466,662,419)	(466,662,419)
Shares issued pursuant to a share placing	根據股份配售而發行的股份	30(b)	8,500,000	67,082,000	-	-	-	75,582,000
Shares issued pursuant to an acquisition	根據收購而發行的股份	30(b)	16,328,125	231,859,375	-	-	-	248,187,500
Warrants issued pursuant to the warrant placing	根據認股權證配售而發行的認股權證	30(c)	-	-	1,363,136	-	-	1,363,136
Conversion of warrants to shares	認股權證轉換為股份	30(b)	125,000	1,250,000	(25,000)	-	-	1,350,000
Equity component of convertible bonds	可換股債券權益部份	26	-	-	-	16,197,675	-	16,197,675
At 31 December 2011 (as restated)	於二零一一年十二月三十一日(經重列)	87,942,014	571,799,438	1,338,136	33,925,000	16,197,675	(500,788,592)	210,413,671
At 1 January 2012	於二零一二年一月一日							
As previously reported	過往呈報	87,942,014	532,611,938	1,338,136	33,925,000	16,197,675	(500,788,592)	171,226,171
Adjustments to fair value	公平值調整	-	39,187,500	-	-	-	-	39,187,500
As restated	經重列	87,942,014	571,799,438	1,338,136	33,925,000	16,197,675	(500,788,592)	210,413,671
Changes in equity for 2012:	二零一二年權益變動:							
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	(449,937,316)	(449,937,316)
Shares issued pursuant to a share placing	根據股份配售而發行的股份	30(b)	20,875,000	19,831,250	-	-	-	40,706,250
Shares issued pursuant to an acquisition	根據收購而發行的股份	30(b)	16,500,000	42,900,000	-	-	-	59,400,000
Equity component of convertible bonds	可換股債券權益部份	26	-	-	-	50,539,675	-	50,539,675
At 31 December 2012	於二零一二年十二月三十一日	125,317,014	634,530,688	1,338,136	33,925,000	66,737,350	(950,725,908)	(88,877,720)

30 資本及儲備

(a) 權益組成部份的變動

本集團綜合權益各組成部份期初與期末結餘的對賬載於綜合權益變動表。本公司各個權益組成部份於本年度期初至期末的變動詳情如下：

本公司

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

30 Capital and Reserves (continued)

(b) Share capital

(i) Authorised and issued share capital

The Company

	Note 附註	2012 二零一二年		2011 二零一一年	
		Number of shares 股份數目	Amount 金額 HK\$ 港元	Number of shares 股份數目	Amount 金額 HK\$ 港元
Authorised:					
At 1 January and 31 December	法定： 於一月一日及 十二月三十一日	10,000,000,000	250,000,000	10,000,000,000	250,000,000
Issued and fully paid:					
At 1 January	已發行及繳足： 於一月一日	3,517,680,556	87,942,014	2,519,555,556	62,988,889
Shares issued pursuant to a share placing	根據股份配售而 發行的股份 (ii)	835,000,000	20,875,000	340,000,000	8,500,000
Shares issued pursuant to an acquisition	根據收購而發行 的股份 (ii)	660,000,000	16,500,000	653,125,000	16,328,125
Exercise of warrants	行使認股權證 (ii)	-	-	5,000,000	125,000
At 31 December	於十二月三十一日	5,012,680,556	125,317,014	3,517,680,556	87,942,014

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Issue of shares

On 14 February 2011, 340,000,000 ordinary shares of HK\$0.025 each were issued at a price of HK\$0.228 each for cash consideration of HK\$77,520,000.

On 19 April 2011, the Company issued 653,125,000 ordinary shares to the then shareholders of Step Pacific Development Limited pursuant to the agreement for the sale and purchase dated 23 February 2011 (see Note 32(a)).

On 27 April 2011, 5,000,000 warrants were exercised for 5,000,000 ordinary shares of HK\$0.025 each at a subscription price of HK\$0.27 each.

30 資本及儲備(續)

(b) 股本

(i) 法定及已發行股本

本公司

普通股持有人有權收取不時宣派的股息，並有權按每股一票在本公司大會上投票。所有普通股就本公司的剩餘資產而言享有同等權益。

(ii) 發行股份

於二零一一年二月十四日，340,000,000股每股面值0.025港元的普通股已按每股0.228港元的價格發行，現金代價為77,520,000港元。

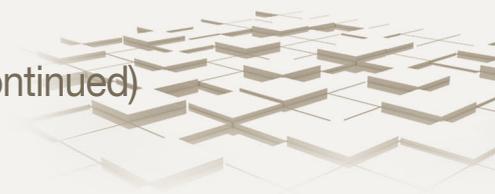
於二零一一年四月十九日，根據日期為二零一一年二月二十三日的買賣協議，本公司向Step Pacific Development Limited當時的股東發行653,125,000股普通股(見附註32(a))。

於二零一一年四月二十七日，5,000,000份認股權證按每股0.27港元的認購價獲行使以認購5,000,000股每股面值0.025港元的普通股。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



30 Capital and Reserves (continued)

(b) Share capital (continued)

(ii) Issue of shares (continued)

On 18 April 2012, the Company issued 660,000,000 ordinary shares to the shareholders of Victory Dragon Holdings Limited pursuant to the agreement for the sale and purchase dated 12 January 2012 (see Note 32(b)).

On 8 August 2012, 835,000,000 ordinary shares of HK\$0.025 each were issued at a price of HK\$0.05 each for cash consideration of HK\$41,750,000.

(c) Share warrants

On 17 February 2011, the Company issued 163,900,000 warrants at HK\$0.005 each to ten independent third parties raising HK\$819,500. The warrants entitle the holders to subscribe for 163,900,000 new shares of the Company at a subscription price of HK\$0.27 per share for a period of 12 months commencing from the date of issue of the warrants. On 27 April 2011, 5,000,000 warrants were exercised for 5,000,000 ordinary shares at a price of HK\$0.27 per share. The remaining 158,900,000 unexercised warrants lapsed after the close of business on 16 February 2012.

On 6 October 2011, the Company issued 543,636,000 warrants at HK\$0.001 each to seven independent third parties raising HK\$543,636. The warrants entitle the holders to subscribe for 543,636,000 new shares of the Company at a subscription price of HK\$0.1 per share for a period of 36 months commencing from the date of issue of the warrants. At 31 December 2012, the Company had 543,636,000 outstanding warrants. Exercise in full of such outstanding warrants would result in the issue of 543,036,000 additional shares.

30 資本及儲備(續)

(b) 股本(續)

(ii) 發行股份(續)

於二零一二年四月十八日，根據日期為二零一二年一月十二日的買賣協議，本公司向凱龍集團有限公司的股東發行660,000,000股普通股(見附註32(b))。

於二零一二年八月八日，835,000,000股每股面值0.025港元的普通股已按每股0.05港元的價格發行，現金代價為41,750,000港元。

(c) 認股權證

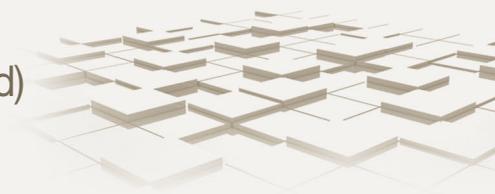
於二零一一年二月十七日，本公司按每股0.005港元的價格向十名獨立第三方發行163,900,000份認股權證，融資819,500港元。認股權證賦予持有人自發行認股權證之日起計十二個月期間按每股0.27港元的認購價認購本公司163,900,000股新股的權利。於二零一一年四月二十七日，5,000,000份認股權證按每股0.27港元的價格獲行使以認購5,000,000股普通股。餘下158,900,000份未行使認股權證於二零一二年二月十六日營業時間後失效。

於二零一一年十月六日，本公司按每股0.001港元的價格向七名獨立第三方發行543,636,000份認股權證，融資543,636港元。認股權證賦予持有人自發行認股權證之日起計三十六個月期間按每股0.1港元的認購價認購本公司543,636,000股新股的權利。於二零一二年十二月三十一日，本公司有543,636,000份尚未行使認股權證。悉數行使該等尚未行使認股權證將導致發行543,036,000股額外股份。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



30 Capital and Reserves (continued)

(d) Nature and purpose of reserves

- (i) *Capital reserve*
The capital reserve mainly represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium account upon the exercise of the warrants.
- (ii) *Share premium*
The application of the share premium account is governed by sections 48B and 49H of the Hong Kong Companies Ordinance.
- (iii) *Exchange reserve*
The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).
- (iv) *Convertible bond equity reserve*
The value of the unexercised equity component of convertible bonds issued by the Company is recognised in accordance with the accounting policies set out in Note 2(l).
- (v) *Other reserve*

The Group

Other reserve of the Group represents the reserve arising from the reverse acquisition on 14 October 2008.

On 14 October 2008, the Company acquired the entire issued and fully paid-up share capital of CVMSB, a company incorporated in Malaysia.

The consideration was satisfied by the allotment and issue of 338,249,999 new ordinary shares and the existing 1 share of the Company ("Consideration Shares") to the then shareholders of CVMSB, credited as fully paid at an issue price of HK\$0.10 per new share.

30 資本及儲備(續)

(d) 儲備的性質及目的

- (i) *資本儲備*
資本儲備主要指就發行本公司認股權證收取的所得款項淨額。儲備於行使認股權證後轉撥至股本及股份溢價賬中。
- (ii) *股份溢價*
股份溢價賬目的運用受到香港公司條例第48B條及49H條所規管。
- (iii) *匯兌儲備*
匯兌儲備包括海外營運財務報表所產生的一切匯兌差額。儲備根據載於附註2(u)的會計政策處理。
- (iv) *可換股債券權益儲備*
本公司發行的可換股債券的未行使權益部份的價值根據附註2(l)所載會計政策確認。
- (v) *其他儲備*

本集團

本集團的其他儲備指於二零零八年十月十四日反向收購產生的儲備。

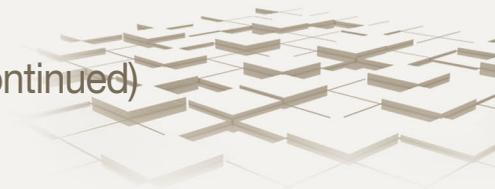
於二零零八年十月十四日，本公司收購CVMSB(於馬來西亞註冊成立的公司)全部已發行及繳足股本。

代價以向CVMSB當時股東配發及發行338,249,999股本公司新普通股及以本公司當時的1股股份(「代價股份」)償付，並按發行價每股新股0.10港元入賬列為繳足。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



30 Capital and Reserves (continued)

(d) Nature and purpose of reserves

(continued)

(v) *Other reserve (continued)*

The Company

Other reserve of the Company represents the difference between the value of the shares of CVMSB acquired over the nominal value of the shares used by the Company as consideration for the reverse acquisition on 14 October 2008. The application of the other reserve is governed by section 48C of the Hong Kong Companies Ordinance.

(vi) *Distributability of reserves*

At 31 December 2012, there were no realised profits available for distribution to owners of the Company (2011: Nil).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group is not subject to externally imposed capital requirements in either the current or prior years.

30 資本及儲備(續)

(d) 儲備的性質及目的(續)

(v) *其他儲備(續)*

本公司

本公司的其他儲備指所收購的CVMSB股份價值與本公司用作於二零零八年十月十四日反向收購代價的股份面值之間的差額。其他儲備的運用受到香港公司條例第48C條所規管。

(vi) *可分派儲備*

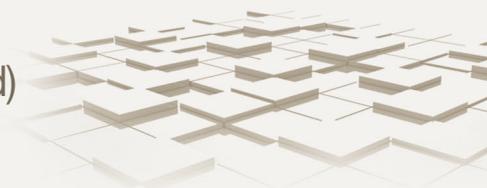
於二零一二年十二月三十一日，概無可供分派予本公司擁有人的已變現溢利(二零一一年：無)。

(e) 資本管理

本集團管理資本的主要目標為保障本集團持續經營的能力，以持續為擁有人帶來回報及為其他利益相關者帶來利益。

本集團積極及定期檢討及管理其資本架構，以在提高股東回報(可能導致較高借貸水平)與良好的資本狀況帶來的優勢及保障之間取得平衡。

本集團本年度或過往年度不受外部的資本規定規限。



31 Share Option Scheme

Pursuant to the written resolution passed on 14 October 2008, the Company adopted a share option scheme (the "Scheme") to (i) attract and retain the best quality personnel for the development of the Group's business; (ii) to provide additional incentives to the employees; (iii) to provide eligible persons with the opportunity to acquire proprietary interests in the Group; and (iv) to promote the long term financial success of the Group by aligning the interests of grantees to shareholders. The Scheme is to remain in force for a period of 10 years from the date of adoption of such scheme and will expire on 13 October 2018.

Under the Scheme, the Board of Directors of the Company (the "Directors") may at their discretion grant options to (i) Board of Directors or a duly authorised committee; or (ii) any person employed by the Company or any subsidiary; (iii) any consultant, adviser, supplier, customer or subcontractor of the Company or any other person determined by the Directors from time to time to subscribe for the shares of the Company (the "Shares").

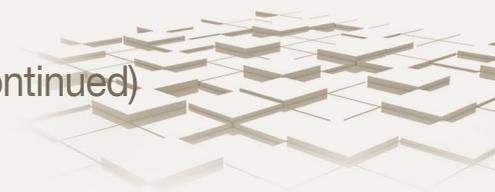
Options granted must be taken up within 28 days of the date of grant, upon payment of HK\$1 per option. The maximum number of Shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 10% of the shares in issue from time to time. The maximum number of Shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the Shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing rules. Options granted to substantial shareholders or independent non-executive directors in excess of issued share capital of the Company or with a value in excess of HK\$5 million must be approved in advance by the shareholders of the Company.

31 購股權計劃

本公司根據於二零零八年十月十四日通過之書面決議案採納購股權計劃(「該計劃」)，旨在(i)吸引及挽留精英人才發展本集團業務；(ii)為僱員提供額外獎勵；(iii)為合資格人士提供認購本集團專有權益的機會；及(iv)透過將承授人與股東的利益掛鉤，促進本集團長期財務成就。該計劃自採納當日起計十年內有效，於二零一八年十月十三日屆滿。

根據該計劃，本公司董事會(「董事會」)有權酌情不時向(i)董事會或正式獲委任的委員會；或(ii)本公司或任何附屬公司的任何僱員；(iii)本公司任何顧問、諮詢人、供應商、客戶或分包商或者董事不時釐定的任何其他人士授出可認購本公司股份(「股份」)的購股權。

授出的購股權須在授出日期後28日內支付每份購股權1港元付款方獲接納。可能根據該計劃授出的購股權所涉股份數目上限不得超過本公司採納該計劃當日本公司已發行股本10%。該上限可隨時更新，惟新上限合共不得超過股東在股東大會上批准當日本公司已發行股本10%。然而，可能因行使根據該計劃及本公司任何其他計劃授出的所有未行使並仍可獲行使的購股權而發行的股份總數，合共不得超過本公司不時已發行股份的10%。於任何十二個月期間可授予任何個別人士的購股權所涉股份數目上限不得超過本公司該十二個月期間屆滿當日已發行股份的1%，惟已根據上市規則獲本公司股東批准除外。向主要股東或獨立非執行董事授出的購股權超過本公司已發行股本或價值超過5,000,000港元，須事先獲本公司股東批准。



31 Share Option Scheme (continued)

Options granted may be exercised at any time from date of grant of the share option to the 10th anniversary of the date of grant as may be determined by the Directors. The exercise price is determined by the Directors, and will not be less than the higher of the closing price per share as stated in SEHK's daily quotations sheets on the date of the grant of the options, the average closing price per share as stated in the SEHK's daily quotations sheets for the five business days immediately preceding the date of the grant of the options, and the nominal value of a share.

No option has been granted by the Company under the Scheme since its adoption.

32 Business Combinations

(a) Acquisition of Step Pacific Group

On 23 February 2011, the Company entered into an agreement with Mr. Teoh Tek Siong and United Fortune Enterprises Limited (the "Vendors"), pursuant to which the Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 51% of the entire issued share capital of Step Pacific Development Limited for a consideration of HK\$220,000,000, which was satisfied by the payment of deposit in cash of HK\$11,000,000 to the Vendors upon signing the Agreement and by the issue of an aggregate of 653,125,000 ordinary shares of the Company to the Vendors (Note 30(b)(ii)). Step Pacific Group is principally engaged in the exploration for manganese in Indonesia.

The above acquisition was approved by the members of the Company in an extraordinary general meeting held on 8 April 2011. The effective date of the acquisition was 19 April 2011.

31 購股權計劃(續)

購股權可自授出購股權當日至授出購股權十週年止期間(可由董事釐定)隨時行使。行使價由董事釐定，且不得低於授出購股權日期香港聯交所每日報價表所列每股收市價、緊接授出購股權日期前五個營業日香港聯交所每日報價表所列每股收市價的平均價或股份面值三者之較高者。

本公司自採納該計劃日期起概無根據該計劃授出任何購股權。

32 業務合併

(a) 收購Step Pacific集團

於二零一一年二月二十三日，本公司與Teoh Tek Siong先生及United Fortune Enterprises Limited(「賣方」)訂立協議，據此，本公司有條件同意購買而賣方有條件同意出售Step Pacific Development Limited全部已發行股本的51%，代價為220,000,000港元，有關代價於簽署該協議時向賣方支付現金按金11,000,000港元及向賣方發行合共653,125,000股本公司普通股的方式償付(附註30(b)(ii))。Step Pacific集團主要於印尼從事錳勘探業務。

以上收購事項經已由本公司股東於二零一一年四月八日舉行的股東特別大會上批准。收購事項的生效日期為二零一一年四月十九日。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

32 Business Combinations (continued)

(a) Acquisition of Step Pacific Group

(continued)

32 業務合併(續)

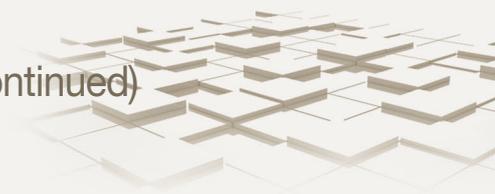
(a) 收購 Step Pacific 集團(續)

		Acquirees' carrying amount and provisional fair value at acquisition date previously reported	Acquirees' company restated fair value at acquisition date
		過往呈報 被收購方 於收購當日 的賬面值及 暫定公平值 HK\$ 港元	被收購方 公司於收購 當日重列 的賬面值 HK\$ 港元
Net assets acquired:	購入的資產淨額：		
Property, plant and equipment (Note 13)	物業、廠房及設備(附註13)	56,901	56,901
Exploration and evaluation assets (Note 15)	勘探及評估資產(附註15)	252,884	279,610,200
Prepayments, deposits and other receivables	預付款項、按金及其他 應收款項	209,350	209,350
Cash at bank and in hand	銀行結餘及現金	12,645	12,645
Other payables and accruals	其他應付款項及應計開支	(947,226)	(947,226)
Deferred tax liabilities	遞延稅項負債	-	(46,093,957)
		(415,446)	232,847,913
Non-controlling interests	非控股權益	205,687	(115,283,002)
Goodwill (Note 14)	商譽(附註14)	220,209,759	141,622,589
Total consideration	總代價	220,000,000	259,187,500
Satisfied by:	支付方法：		
Cash paid	已付現金	11,000,000	11,000,000
Share consideration, at fair value	股份代價，按公平值計算	209,000,000	248,187,500
		220,000,000	259,187,500
Net cash outflow arising on the acquisition:	收購產生的現金流出淨額：		
Cash consideration paid	已付現金代價	(11,000,000)	(11,000,000)
Bank balances and cash acquired	購入的銀行結餘及現金	12,645	12,645
		(10,987,355)	(10,987,355)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



32 Business Combinations (continued)

(a) Acquisition of Step Pacific Group

(continued)

Goodwill arising on the acquisition of Step Pacific Group in 2011 was determined on a provisional basis as management of the Company was in process to obtain sufficient information to complete the initial accounting. During the year and within one year of the acquisition date, the Company obtained independent valuation to access the fair values as at the acquisition date of identifiable assets, including the fair value of the exploration and evaluation assets, and an adjustment in the fair value of the above consideration, the provisional goodwill and other respective amounts were adjusted accordingly upon the completion of the initial accounting as set out in Note 14.

(b) Acquisition of Victory Dragon Group

Victory Dragon Holdings Limited, engaged in investment holding, is the sole owner of Long Chuan. Long Chuan is engaged in the manufacturing and distribution of bottled mineral water and planned to reposition to target the mid to high end market segment from its current market segment, to redesign the packaging to give customers a clear impression that this is a high-end product. It has obtained a mining permit of the Longchuan Spring water which is located at Longmu Town, Longchuan County, Guangdong Province, the PRC. It currently holds two brand names to sell bottled mineral water in the PRC, which are Jenbo and Royal Green.

32 業務合併(續)

(a) 收購Step Pacific集團(續)

於二零一一年收購Step Pacific集團而產生的商譽乃按暫定基準釐定，此乃由於本公司管理層正獲取足夠資料完成初步會計工作。於年內以及自收購日期起計一年內，本公司獲取有關可識別資產於收購日期的公平值的獨立估值，包括勘探及評估資產的公平值及上述代價的調整，暫定商譽及其他金額亦於附註14所載的初步會計工作完成後獲相應調整。

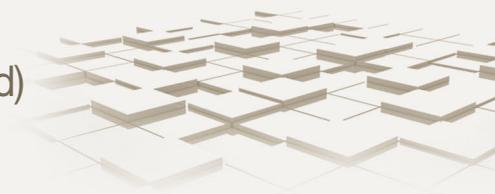
(b) 收購凱龍集團

凱龍集團有限公司從事投資控股業務，為龍川的唯一擁有人。龍川從事製造及分銷瓶裝天然礦泉水業務。龍川計劃將市場目標由現有市場重新定位為中高端市場，並將重新設計包裝以給客戶留下產品是一款高端產品的清晰印象。其已獲取位於中國廣東省龍川縣龍母鎮之龍川泉水的採礦許可證。其目前持有兩個在中國銷售瓶裝礦泉水的品牌：真寶及綠雅。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



32 Business Combinations (continued)

(b) Acquisition of Victory Dragon Group (continued)

On 12 January 2012, to further diversify the Group's business, an agreement was entered into between the Company's wholly owned subsidiary, Nice Tone Enterprises Ltd. ("NTEL") and Voice Key Group Limited ("First Vendor"), Chinacorp International Consultants Limited and Champion Tone Development Limited (collectively known as the "Vendors"), pursuant to which NTEL has conditionally agreed to purchase and the Vendors have conditionally agreed to sell 51% of the issued share capital of Victory Dragon Holdings Limited for a notional consideration of HK\$200,000,000, which was satisfied by the payment of deposit in cash of HK\$10,000,000 to the First Vendor upon signing the agreement and by the issue of 660,000,000 ordinary shares of the Company to the Vendors (see Note 30(b)(ii)) and convertible bonds with a principal amount of HK\$106,840,000 (see Note 26(c)) to the First Vendor. The acquisition was approved by the members of the Company in extraordinary general meeting held on 13 April 2012. The effective date of the acquisition and completion was 18 April 2012.

The acquired business contributed revenue of HK\$2,148,220 and a net loss of HK\$5,132,287 to the Group for the period from 19 April 2012 to 31 December 2012. Had the above acquisition occurred on 1 January 2012, the directors of the Company estimate that the Group's revenue and loss before taxation would be increased by HK\$175,895 and HK\$7,351,334, respectively. These amounts have been calculated using the Group's accounting policies and by assuming the control date of a subsidiary being held by Victory Dragon Holdings Limited remain unchanged.

32 業務合併(續)

(b) 收購凱龍集團(續)

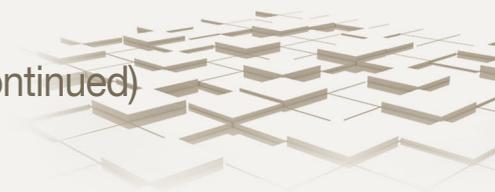
於二零一二年一月十二日，為使本集團業務進一步多元化發展，本公司全資附屬公司Nice Tone Enterprises Ltd. (「NTEL」) 與Voice Key Group Limited (「第一賣方」)、中企國際顧問有限公司及Champion Tone Development Limited (統稱「賣方」) 訂立協議，據此，NTEL有條件同意購買而賣方有條件同意出售凱龍集團有限公司已發行股本的51%，名義代價為200,000,000港元，透過於簽署協議時支付現金10,000,000港元予第一賣方作按金、向賣方發行660,000,000股本公司普通股(見附註30(b)(ii))及向第一賣方發行本金額為106,840,000港元的可換股債券(附註26(c))支付。收購事項已經獲本公司股東於二零一二年四月十三日舉行的股東特別大會上批准。收購事項的生效及完成日期為二零一二年四月十八日。

於二零一二年四月十九日至二零一二年十二月三十一日止期間，所收購業務為本集團貢獻收入2,148,220港元及虧損淨額5,132,287港元。倘上述收購於二零一二年一月一日落實，本公司董事估計本集團收入及除稅前虧損將分別增加175,895港元及7,351,334港元。有關金額乃採用本集團會計政策並假設凱龍集團有限公司所持附屬公司的控制日期維持不變計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



32 Business Combinations (continued)

(b) Acquisition of Victory Dragon Group (continued)

32 業務合併(續)

(b) 收購凱龍集團(續)

		Fair value as at acquisition date 於收購日期 的公平值 HK\$ 港元
Net assets acquired	購入的資產淨值	
Property, plant and equipment (Note 13)	物業、廠房及設備(附註13)	3,338,481
Exploration and evaluation assets (Note 15)	勘探及評估資產(附註15)	161,763,000
Inventories	存貨	213,659
Cash at bank and in hand	銀行結餘及現金	26,020
Other payables and accruals	其他應付款項及應計開支	(2,624,959)
Deferred tax liabilities (Note 29)	遞延稅項負債(附註29)	(40,440,750)
		122,275,451
Non-controlling interests	非控股權益	(59,914,971)
Goodwill (Note 14)	商譽(附註14)	111,180,501
		173,540,981
Total consideration	總代價	173,540,981
Satisfied by:	支付方法:	
Cash paid	已付現金	10,000,000
Shares consideration	股份代價	59,400,000
Convertible bonds	可換股債券	106,840,000
Contingent consideration (Note 21)	或然代價(附註21)	(2,699,019)
		173,540,981
Net cash outflow arising on the acquisition:	收購產生的現金流出淨額:	
Cash consideration paid	已付現金代價	(10,000,000)
Bank balances and cash acquired	購入的銀行結餘及現金	26,020
		(9,973,980)

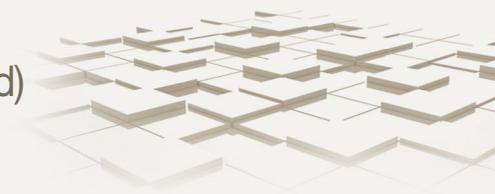
Pursuant to the Agreement, the First Vendor and the guarantor, Mr Chu Yuk Lung (the "Guarantor") irrevocably warrant and guarantee to the Group that the audited consolidated net profit after tax and any extraordinary and exceptional items ("Audited Profit") of Victory Dragon Group will not be less than RMB30,000,000 for the period of twelve months commencing from the date of completion ("Guaranteed Profit").

根據該協議，第一賣方及擔保人朱浴龍先生(「擔保人」)不可撤銷地向本集團承諾及擔保，凱龍集團自完成日期起計12個月期間之除稅並計及任何特殊及非經常項目後的經審核綜合純利(「經審核溢利」)將不少於人民幣30,000,000元(「保證溢利」)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



32 Business Combinations (continued)

(b) Acquisition of Victory Dragon Group (continued)

If the Guaranteed Profit is not achieved for the period of twelve months commencing from the date of completion, the Group will be entitled to deduct from the outstanding principal amount of the convertible bonds on a dollar for dollar basis which is equivalent to the difference between the Audited Profit and Guaranteed Profit. If Victory Dragon Group record a consolidated net loss after tax and any extraordinary and exceptional items for the period of twelve months commencing from the date of completion, the Group will be entitled to deduct from the outstanding principal amount of the convertible bonds which is equivalent to an amount of the summation of the loss and the Guaranteed Profit provided that the maximum compensation amount shall not exceed HK\$50,000,000.

The First Vendor (i.e. the bondholder) agrees that unless and until the delivery of the consolidated audited financial statements of Victory Dragon Group for the period of twelve months commencing from the date of completion of the acquisition showing that the Guaranteed Profit has been fulfilled, it will not convert, transfer or dispose of the convertible bonds such that the outstanding principal amount of the convertible bonds shall be less than HK\$50,000,000 or otherwise cause the outstanding principal amount of the convertible bonds below HK\$50,000,000.

The Group has recognised contingent consideration receivable of HK\$2,699,019, being the fair value of the profit guarantee at the acquisition date.

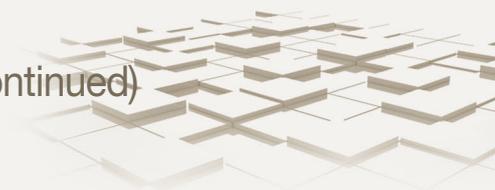
32 業務合併(續)

(b) 收購凱龍集團(續)

倘於自完成日期起計 12 個月期間內未能達致保證溢利，本集團將有權按等額現金基準自可換股債券的未償還本金額中扣除相等於經審核溢利與保證溢利之間的差額。倘凱龍集團於自完成日期起計 12 個月期間內錄得除稅及任何特殊及非經常項目後綜合虧損淨額，本集團將有權自可換股債券的未償還本金額中扣除相等於虧損及保證溢利總值的金額，惟最高補償金額不得超過 50,000,000 港元。

第一賣方(即債券持有人)同意，除非及直至凱龍集團呈交自完成收購日期起計 12 個月期間之綜合經審核財務報表，顯示已達致保證溢利，否則其將不會轉換、轉讓或出售可換股債券而致使可換股債券之未償還本金額少於 50,000,000 港元，或以其他方式致使可換股債券之未償還本金額少於 50,000,000 港元。

本集團已確認應收或然代價 2,699,019 港元，即保證溢利於收購日期之公平值。



33 Financial Risk Management and Fair Values

(a) Financial risk management objectives and policies

Management has adopted certain policies for financial risk management with the objective of:

- (i) ensuring that appropriate funding strategies are adopted to meet the Group's short term and long term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections of each project; and
- (ii) ensuring that appropriate strategies are also adopted to manage related interest and currency risk.

(b) Credit risk

The Group's and the Company's credit risk are primarily attributable to cash and cash equivalents, trade receivables, prepayments, deposits and other receivables. The exposure to this credit risk is monitored by management on an ongoing basis and management does not expect any counterparty to fail to meet its obligations.

Cash and cash equivalents are placed at financial institutions that have sound credit rating.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables derived from sales of magnesium ingots are due within 15 days from the date of the bill of lading for export sales or date of invoice for local sales. Other than that the Group has a policy of allowing customers for domestic trading and distribution in the PRC with credit terms of normally cash on delivery. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally the Group does not obtain collateral from customers.

33 金融風險管理及公平值

(a) 金融風險管理目標及政策

管理層已就金融風險管理採取若干政策，以實現以下目標：

- (i) 保證採用正確的融資策略以符合本集團的短期及長期資金需求，包括各項目的融資成本、負債水平及現金流量預測；及
- (ii) 保證亦採用合適的策略管理相關利率及貨幣風險。

(b) 信貸風險

本集團及本公司的信貸風險主要來自現金及現金等價物、貿易應收賬款、預付款項、按金及其他應收款項。本集團並無重大信貸風險。管理層會持續監控所面臨的信貸風險且預期不會有任何交易方違約。

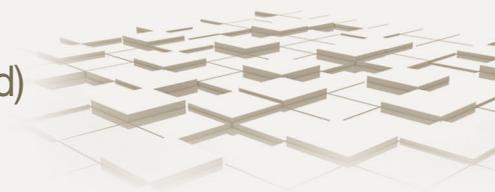
現金及現金等價物存放於擁有健全信貸評級的金融機構。

對於貿易應收賬款，本集團會對所有要求獲得超逾一定信貸額的客戶進行個別信貸評估。該等評估集中於客戶支付到期款項的過往記錄及現時的還款能力，並考慮客戶的個別資料及客戶經營所在地的經濟環境。來自銷售鎂錠的應收賬款自出口銷售的提單日期或本地銷售的發票日期起計15日內到期。除此以外，本集團的政策一般為提供貨到付款的信貸期予於中國本地買賣及分銷的客戶。結欠逾期6個月以上的債務人於獲授其他信貸前須清還所有未償還結餘。本集團一般不會取得客戶之任何抵押品。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



33 Financial Risk Management and Fair

Values (continued)

(b) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2012, 77% of the trade receivables was due from the Group's largest customer. As at 31 December 2011, there was no trade receivable.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in Note 36, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to the credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 36.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 19.

(c) Foreign currency risk

The Group is exposed to foreign currency risk through trade receivables and payables that are denominated in a currency other than the functional currency of the operations to which the transactions relate.

33 金融風險管理及公平值(續)

(b) 信貸風險(續)

本集團所面對的信貸風險主要受個別客戶的情況而非客戶營運的行業或所在地的影響。因此，重大集中信貸風險主要於本集團如對個別客戶承擔重大風險時產生。於二零一二年十二月三十一日，本集團有77%的貿易應收賬款為應收本集團最大客戶款項，於二零一一年十二月三十一日，本集團並無貿易應收賬款。

最高信貸風險為綜合財務狀況表中各金融資產的賬面值。除附註36所載本集團提供的財務擔保外，本集團並無提供任何其他可能導致本集團面臨信貸風險的擔保。於報告期末該等財務擔保所涉的最高信貸風險披露於附註36。

有關本集團貿易應收賬款所產生的信貸風險之進一步數量披露載於附註19。

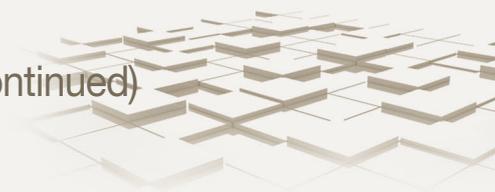
(c) 外匯風險

本集團因以與營運相關交易之功能貨幣以外貨幣計值的貿易應收賬款及應付賬款而面臨外匯風險。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



33 Financial Risk Management and Fair

Values (continued)

(c) Foreign currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the relevant subsidiaries. For presentation purposes, the amounts of the exposure are shown in HK\$, translated using the spot rate at year end date:

Exposure to foreign currencies (expressed in HK\$)

33 金融風險管理及公平值(續)

(c) 外匯風險(續)

(i) 所面臨的貨幣風險

下表詳述本集團及本公司於報告期末所面臨因以相關附屬公司功能貨幣以外貨幣計值的已確認資產或負債而產生的貨幣風險。所面臨的風險金額乃按年結日的即時匯率兌換港元作呈列之用：

所面臨的外匯風險(以港元列示)

		2012 二零一二年 United States Dollars 美元 HK\$ 港元	2011 二零一一年 United States Dollars 美元 HK\$ 港元
The Group	本集團		
Cash at bank and in hand	銀行結餘及現金	24,582	-
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	3,074,205	-
Trade and other payables	應付賬款及其他應付款項	(2,975,815)	(1,011,833)
Trade receivables	應收賬款	1,514,408	-
		1,637,380	(1,011,833)
		2012 二零一二年 United States Dollars 美元 HK\$ 港元	2011 二零一一年 United States Dollars 美元 HK\$ 港元
The Company	本公司		
Cash at bank and in hand	銀行結餘及現金	11,185	-
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	3,074,205	-
Trade and other payables	應付賬款及其他應付款項	(2,449,636)	-
		635,754	-

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

33 Financial Risk Management and Fair

Values (continued)

(c) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss before tax and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period, assuming all other variable risk variables remained constant. Other components of the equity would not be affected by changes in the foreign exchange rate:

		2012 二零一二年		2011 二零一一年	
		(Increase)/ decrease		(Increase)/ decrease	
		in loss before tax and accumulated losses		in loss before tax and accumulated losses	
		除稅前 虧損及 累計虧損		除稅前 虧損及 累計虧損	
		外匯匯率 上升/(下降)		外匯匯率 上升/(下降)	
		增加/減少 HK\$ 港元		增加/減少 HK\$ 港元	
The Group	本集團				
United States Dollars	美元	5% (5)%	81,869 (81,869)	5% (5)%	(50,592) 50,592
The Company	本公司				
United States Dollars	美元	5% (5)%	31,788 (31,788)	5% (5)%	— —

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of the foreign operations into the Group's presentation currency. The analysis is performed on the same basis as for 2011.

敏感度分析假設於重新計量本集團所持有使本集團於報告期末面臨外匯風險的金融工具時，已應用外匯匯率變動。有關分析不包括將海外業務財務報表換算為本集團呈報貨幣所產生的差額。有關分析與二零一一年基準相同。

33 金融風險管理及公平值(續)

(c) 外匯風險(續)

(ii) 敏感度分析

下表顯示本集團除稅後虧損與累計虧損隨外匯匯率合理可能變動(本集團於結算日因該等變動面臨重大風險)(假設所有其他風險變量保持不變)而大致變化。權益的其他組成部份不受外匯匯率變動影響：

33 Financial Risk Management and Fair Values (continued)

(c) Foreign currency risk (continued)

(ii) Sensitivity analysis (continued)

In addition, the operations of the Company's investments in Malaysia, Indonesia and the PRC are mainly transacted in Ringgit Malaysia ("RM"), Rupiah ("RPH") and Renminbi ("RMB") respectively. Any distributions from these investments in RM, RPH and RMB may expose the Company to a certain degree of risk resulting from fluctuation in these currencies against HK\$.

(d) Interest rate risk

The interest rate risk of the Group and the Company arise primarily from bank loans, unsecured loans from third parties and convertible bonds. Borrowings issued at variable rates and fixed rates expose the Group and the Company to cash flow interest rate risk and fair value interest rate risk, respectively.

The following table details the interest rate profile of the Group's and the Company's borrowings at the end of the reporting period.

The Group

		2012 二零一二年		2011 二零一一年	
		Effective interest rate	Amount	Effective interest rate	Amount
		實際年利率	金額 HK\$ 港元	實際年利率	金額 HK\$ 港元
Variable rate borrowings:	浮動利率借款：				
— Secured bank loans	— 質押銀行貸款	8.6% p.a.	434,661,748	8.6% p.a.	419,997,065
Fixed rate borrowings:	固定利率借款：				
— Convertible bonds	— 可換股債券	17.54% p.a.– 33.73% p.a.	135,040,770	19.86% p.a.– 33.73% p.a.	26,159,373
— Obligations under finance leases	— 融資租賃承擔	1.80% p.a.– 3.68% p.a.	2,471,221	1.80% p.a.– 3.68% p.a.	4,063,021
— Unsecured loans from third parties	— 來自第三方 無抵押貸款	12% p.a.– 18% p.a.	150,000,000	12% p.a.– 15% p.a.	150,000,000
			722,173,739		600,219,459

33 金融風險管理及公平值(續)

(c) 外匯風險(續)

(ii) 敏感度分析(續)

此外，本公司於馬來西亞、印尼及中國的投資業務主要分別以馬來西亞令吉(「馬幣」)、盧比亞(「印尼盾」)及人民幣(「人民幣」)進行交易。該等以馬幣、印尼盾及人民幣計值來自投資的任何分派可能因該等貨幣兌港元的匯率波動而使本公司承受一定程度的風險。

(d) 利率風險

本集團及本公司的利率風險主要來自銀行貸款、來自第三方無抵押貸款及可換股債券。貸款分別按浮動利率及固定利率計息，令本集團及本公司分別面臨現金流量利率風險及公平值利率風險。

下表詳列本集團及本公司借款於報告期末的利率組合。

本集團

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

33 Financial Risk Management and Fair

Values (continued)

(d) Interest rate risk (continued)

The Company

33 金融風險管理及公平值(續)

(d) 利率風險(續)

本公司

		2012 二零一二年		2011 二零一一年	
		Effective interest rate	Amount	Effective interest rate	Amount
		實際年利率	金額 HK\$ 港元	實際年利率	金額 HK\$ 港元
Fixed rate borrowings:	固定利率借款：				
— Convertible bonds	— 可換股債券	17.54% p.a.- 33.73% p.a.	135,040,770	19.86% p.a.- 33.73% p.a.	26,159,373
— Obligations under a finance lease	— 融資租賃承擔	1.80% p.a.	603,048	1.80% p.a.	766,125
— Unsecured loans from third parties	— 來自第三方 無抵押貸款	12% p.a.- 18% p.a.	150,000,000	12% p.a.- 15.2% p.a.	150,000,000
			285,643,818		176,925,498

Sensitivity analysis

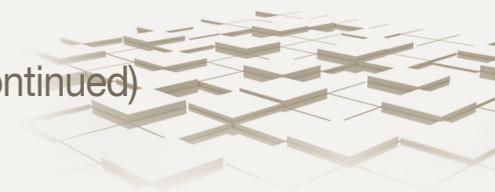
At 31 December 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax and equity by approximately HK\$4,347,000 (2011: HK\$4,200,000).

There are no effect on the Company's loss before tax for both year and equity.

敏感度分析

於二零一二年十二月三十一日，估計利率整體上升/下跌100個基點而所有其他變量維持不變，則本集團的除稅前虧損及權益會分別增加/減少約4,347,000港元(二零一一年：4,200,000港元)。

本公司於有關年度的除稅前虧損及權益並無受影響。



33 Financial Risk Management and Fair

Values (continued)

(d) Interest rate risk (continued)

Sensitivity analysis (continued)

The sensitivity analysis above indicates instantaneous change in the Group's and the Company's loss before tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group and the Company which expose the Group and the Company to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from variable rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss before tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2011.

(e) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations as and when they fall due and on its ability to obtain external financing for its committed future capital expenditures.

The Group had net current liabilities of HK\$562,014,256 (2011: (Restated) HK\$454,600,552) at 31 December 2012 which include secured bank loans and unsecured loans from third parties of HK\$434,661,748 (2011: HK\$419,997,065), HK\$135,040,770 (2011: HK\$26,159,373) and HK\$100,000,000 (2011: HK\$100,000,000), respectively. The directors of the Company closely monitor the cash flows of the Group and the Company and upon maturity, arrange renewal and refinancing of these borrowings, where necessary, to enable the Group to carry on its operations in the foreseeable future. As disclosed in Note 2(b) to the consolidated financial statements, the directors of the Company have taken action to mitigate the liquidity issues faced by the Group and the Company. Accordingly, the directors of the Company are of the opinion that the Group's and the Company's liquidity risk is minimal.

33 金融風險管理及公平值(續)

(d) 利率風險(續)

敏感度分析(續)

上述敏感度分析顯示假設利率變動於報告期末已發生及利率變動運用於重新計量本集團及本公司於報告期末所持有的令本集團及本公司面對公平值利率風險的金融工具時本集團及本公司除稅前虧損(及累計虧損)以及綜合股權的其他成分可能產生的即時變動。因本集團於報告期末持有的非衍生工具浮動利率產生的現金流利率風險對本集團除稅前虧損(及累計虧損)及綜合股權的其他成分的影響估計為對該等利率變動的利息開支或收入的年度影響。該分析與二零一一年之基準相同。

(e) 流動資金風險

本集團的流動資金主要視乎能否維持充足的經營現金流入以償還到期債務，以及能否就其已承擔的未來資本開支取得外部融資。

於二零一二年十二月三十一日，本集團的淨流動負債為562,014,256港元(二零一一年：(經重列)454,600,552港元)，包括有抵押銀行貸款及來自第三方無抵押貸款分別為434,661,748港元(二零一一年：419,997,065港元)、135,040,770港元(二零一一年：26,159,373港元)及100,000,000港元(二零一一年：100,000,000港元)。本公司董事密切監控本集團及本公司的現金流量，並於到期時安排該等借款的續訂及再融資(如須)，以使本集團於不久將來開展其業務。如綜合財務報表附註2(b)披露，本公司董事已採取措施緩和本集團及本公司面臨的流動資金問題。因此，本公司董事認為本集團及本公司的流動資金風險甚微。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

33 Financial Risk Management and Fair

Values (continued)

(e) Liquidity risk (continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if variable, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

33 金融風險管理及公平值(續)

(e) 流動資金風險(續)

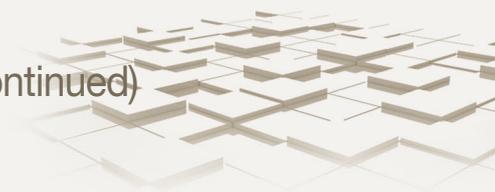
下表詳列本集團及本公司於報告期末的財務負債剩餘合約到期日(乃根據合約未貼現現金流量(包括按合約利率,若為浮動利率,則按報告期末的現有利率計算的利息付款)計算)及本集團及本公司須支付的最早日期:

		2012 二零一二年 Contracted undiscounted cash flow 合約未貼現現金流量					
Carrying amount at 31 December 於十二月三十一日 賬面值 HK\$ 港元	Total 總額 HK\$ 港元	Within 1 year or on demand 一年以內或 按要求時 HK\$ 港元	More than 1 year but less than 2 years 一年以上 但兩年以內 HK\$ 港元	More than 2 years but less than 5 years 兩年以上 但五年以內 HK\$ 港元	More than 5 years 五年以上 HK\$ 港元		
The Group	本集團						
Convertible bonds	可換股債券	135,040,770	233,250,000	13,342,000	56,342,000	163,566,000	-
Secured bank loans*	有抵押銀行貸款*	434,661,748	551,169,936	20,379,195	115,583,494	346,750,482	68,456,765
Obligations under finance leases	融資租賃承擔	2,471,221	2,660,902	1,201,872	804,263	654,767	-
Trade and other payables	貿易及其他應付款項	52,407,776	52,407,776	52,407,776	-	-	-
Amounts due to related parties	應付關連方款項	1,643,743	1,643,743	1,643,743	-	-	-
Unsecured loans from third parties	來自第三方無抵押貸款	150,000,000	167,950,820	111,950,820	56,000,000	-	-
		776,225,258	1,009,083,177	200,925,406	228,729,757	510,971,249	68,456,765

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



33 Financial Risk Management and Fair

Values (continued)

(e) Liquidity risk (continued)

33 金融風險管理及公平值(續)

(e) 流動資金風險(續)

		2011 二零一一年					
		Contracted undiscounted cash flow 合約未貼現現金流量					
Carrying amount at 31 December 於十二月 三十一日 賬面值 HK\$ 港元	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
		一年以內或 按要求時	一年以上 但兩年以內	兩年以上 但五年以內	五年以上	HK\$ 港元	
The Group	本集團						
Convertible bonds	可換股債券	26,159,373	55,900,000	4,300,000	4,300,000	47,300,000	-
Secured bank loans*	有抵押銀行貸款*	419,997,065	549,614,432	19,211,336	19,211,336	333,905,279	177,286,481
Obligations under finance leases	融資租賃承擔	4,063,021	4,482,152	1,331,768	1,331,768	1,748,121	70,495
Trade and other payables	貿易及其他 應付款項	26,878,722	26,878,721	26,878,721	-	-	-
Amounts due to related parties	應付關連方款項	660,969	660,969	660,969	-	-	-
Unsecured loans from third parties	來自第三方 無抵押貸款	150,000,000	176,625,917	117,762,295	6,000,000	52,863,622	-
		627,759,150	814,162,191	170,145,089	30,843,104	435,817,022	177,356,976

* The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause (see Note 27).

* 到期金額乃按貸款協議所載的預定償還日期為基準，並無計及任何可隨時要求償還條款的影響(請參閱附註27)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

33 Financial Risk Management and Fair

Values (continued)

(e) Liquidity risk (continued)

33 金融風險管理及公平值(續)

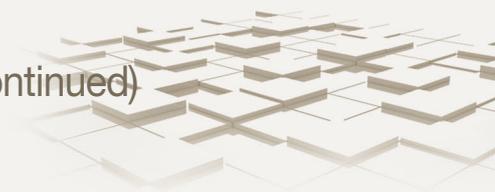
(e) 流動資金風險(續)

		2012 二零一二年 Contracted undiscounted cash flow 合約未貼現現金流量					
		Carrying amount at 31 December 於十二月三十一日 賬面值 HK\$ 港元	Total	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	
				Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	
				一年以內	一年以上但兩年以內	兩年以上但五年以內	五年以上
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
The Company	本公司						
Convertible bonds	可換股債券	135,040,770	233,250,000	13,342,000	56,342,000	163,566,000	-
Other payables and accrued expenses	其他應付款項及應計開支	15,592,202	15,592,202	15,592,202	-	-	-
Obligations under finance leases	融資租賃承擔	603,048	639,395	187,140	187,140	265,115	-
Unsecured loans from third parties	來自第三方無抵押貸款	150,000,000	167,950,820	111,950,820	56,000,000	-	-
		<u>301,236,020</u>	<u>417,432,417</u>	<u>141,072,162</u>	<u>112,529,140</u>	<u>163,831,115</u>	<u>-</u>
		2011 二零一一年 Contracted undiscounted cash flow 合約未貼現現金流量					
		Carrying amount at 31 December 於十二月三十一日 賬面值 HK\$ 港元	Total	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
The Company	本公司						
Convertible bonds	可換股債券	26,159,373	55,900,000	4,300,000	4,300,000	47,300,000	-
Other payables and accrued expenses	其他應付款項及應計開支	7,639,407	7,639,407	7,639,407	-	-	-
Obligations under finance leases	融資租賃承擔	766,125	826,535	187,140	187,140	452,255	-
Unsecured loans from third parties	來自第三方無抵押貸款	150,000,000	176,625,917	117,762,295	6,000,000	52,863,622	-
		<u>184,564,905</u>	<u>240,991,859</u>	<u>129,888,842</u>	<u>10,487,140</u>	<u>100,615,877</u>	<u>-</u>

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



33 Financial Risk Management and Fair

Values (continued)

(f) Categories of financial instruments

		The Group 本集團		The Company 本公司	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Financial assets	金融資產				
Loans and receivables (including trade and other receivables)	貸款及應收款項 (包括貿易及 其他應收款項)	17,335,306	52,333,082	2,173,389	42,236,850
Financial liabilities	金融負債				
Financial liabilities at amortised cost (including trade and other payables)	按攤銷成本計算 的金融負債 (包括貿易及其他 應付款項)	776,225,258	627,759,150	301,236,020	184,564,905

33 金融風險管理及公平值(續)

(f) 金融工具分類

(g) Fair values of financial instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements approximate to their values:

(g) 金融工具之公平值

除於下表所述者外，董事認為，於綜合財務報表中確認的金融資產及負債的賬面值與其價值相符：

		2012 二零一二年		2011 二零一一年	
		Carrying amount 賬面值 HK\$ 港元	Fair value 公平值 HK\$ 港元	Carrying amount 賬面值 HK\$ 港元	Fair value 公平值 HK\$ 港元
Financial assets	金融資產				
Contingent consideration receivable	應收或然代價	2,699,019	42,051,793	-	-
Financial liabilities	金融負債				
Obligations under finance leases	融資租賃承擔	2,471,221	2,660,902	4,063,021	4,482,152
Convertible bonds	可換股債券	135,040,770	127,133,000	26,159,373	26,011,000
Unsecured loans from third parties	來自第三方 無抵押貸款	150,000,000	185,338,149	150,000,000	179,884,184

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

33 Financial Risk Management and Fair

Values (continued)

(g) Fair values of financial instruments

(continued)

The fair value of contingent consideration receivable is estimated to be HK\$42,051,793 using a discount rate at 23.61% and estimated cash receivable from the profit guarantee.

The fair value of the liability components of convertible bonds is determined using a discount rate at 23.61% based on quoted bond with similar credit risk.

34 Commitments

(a) Capital commitments

Capital commitments outstanding as at 31 December 2012 and 2011 not provided for in the consolidated financial statements were as follows:

Contracted for	已訂約
Authorised but not contracted for	已授權但未訂約

(b) Future minimum royalty payments

Pursuant to the Mining Agreement (Note 15), the royalties to HPC are subject to a monthly minimum payment of RM30,000 (equivalent to HK\$76,100) (2011: RM30,000 (equivalent to HK\$76,355) for a period of 20 years, unless early terminated by the Group by giving one month's written notice to HPC. The total minimum royalties amounted to RM5,940,000 (equivalent to HK\$150,067,843) (2011: RM6,300,000 (equivalent to HK\$16,034,574) over the 20 years period.

33 金融風險管理及公平值(續)

(g) 金融工具之公平值(續)

應收或然代價的公平值按折現率23.61%及保證溢利之估計應收現金計算，估計為42,051,793港元。

可換股債券負債部份的公平值乃根據具有類似信貸風險的有關債券按折現率23.61%釐定。

34 承擔

(a) 資本承擔

於二零一二年及二零一一年十二月三十一日，並無於綜合財務報表中撥備的未償付資本承擔如下：

		The Group 本集團	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Contracted for	已訂約	20,013,500	20,098,652
Authorised but not contracted for	已授權但未訂約	-	-
		20,013,500	20,098,652

(b) 未來最低專利權費

根據採礦協議(附註15)，須按每月最低付款支付予HPC的專利權費為30,000馬幣(相等於76,100港元)(二零一一年：30,000馬幣(相等於76,355港元))，為期20年，除非本集團向HPC發出一個月書面通知提前終止。20年期間的最低專利權費總額為5,940,000馬幣(相等於150,067,843港元)(二零一一年：6,300,000馬幣(相等於16,034,574港元))。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

34 Commitments (continued)

(c) Operating lease commitments

At 31 December 2012, the total minimum lease payments under non-cancellable operating leases are payable as follows:

		The Group 本集團		The Company 本公司	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Within 1 year	1年以內	1,400,978	1,276,555	880,488	1,173,984
After 1 year but within 5 years	1年以上但於5年以內	322,268	914,848	-	880,488
		1,723,246	2,191,403	880,488	2,054,472

The Group is the lessee in respect of office premises held under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease when all terms are renegotiated. The leases do not include a contingent rental.

(d) Environmental contingencies

The Group has not incurred any significant expenditure for environment remediation and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include:

- (i) the exact nature and extent of the contamination at the mines and processing plants;
- (ii) the extent of required cleanup efforts;
- (iii) varying costs of alternative remediation strategies;
- (iv) changes in environmental remediation requirements; and

34 承擔(續)

(c) 經營租賃承擔

於二零一二年十二月三十一日，根據不可撤銷經營租賃的應付最低租金付款總額如下：

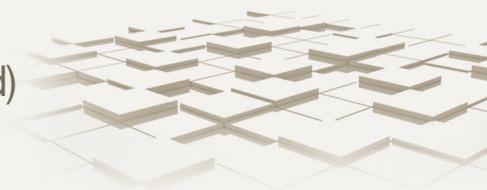
		The Group 本集團		The Company 本公司	
		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元	2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Within 1 year	1年以內	1,400,978	1,276,555	880,488	1,173,984
After 1 year but within 5 years	1年以上但於5年以內	322,268	914,848	-	880,488
		1,723,246	2,191,403	880,488	2,054,472

本集團為持作經營租賃的辦公室承租人。租約一般初步為期一年，並可選擇於重新議定所有條款後續約。所有租約均不包括或然租金。

(d) 環境或然負債

本集團並未因環境補救問題產生任何重大支出，亦無就任何與業務相關的環境補救問題產生任何應計提款項。根據現行法例，管理層相信不會發生任何對本集團財務狀況或經營業績有重大負面影響的負債。保護環境的法律及法規近年在整體上變得較為嚴格並且在未來會更加嚴格。環保負債涉及多項不明朗因素，可影響本集團估計最終補救成本的能力。該等不明朗因素包括：

- (i) 礦山及選礦廠所發生污染的實際性質和程度；
- (ii) 所需清理工作的程度；
- (iii) 替代補救措施的不同成本；
- (iv) 環境補救規定的改變；及



34 Commitments (continued)

(d) Environmental contingencies

(continued)

- (v) the identification of new remediation sites.

The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed for future environmental legislation cannot be reasonably estimated at present and could be material.

35 Major non-cash transactions

Part of the consideration for the acquisition of subsidiaries that occurred during the year comprised shares. Further details of the acquisition are set out in Note 32(b) above.

During the year ended 31 December 2011, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$1,177,184.

36 Contingent Liabilities

(a) Corporate guarantees issued

As at 31 December 2012, the Company has issued corporate guarantees totalling approximately RM184,600,000 (equivalent approximately to HK\$468,000,000) (2011: RM184,600,000 (equivalent approximately to HK\$452,700,000)) to a bank in respect of bank loan facilities granted to CVMSB.

The directors of the Company do not consider it probable that a claim will be made against the Company under the corporate guarantees. The maximum liability of the Company as at 31 December 2012 under the corporate guarantees issued is approximately RM172,600,000 (equivalent approximately to HK\$437,494,000) (2011: RM171,300,000 (equivalent approximately to HK\$420,000,000)).

In addition, as at 31 December 2012, the Company has issued a corporate guarantee totalling RM850,000 (equivalent approximately to HK\$2,150,000) (2011: RM850,000 (equivalent approximately to HK\$2,080,000)) to a supplier in respect of the purchase of liquefied petroleum gas made by CVMSB.

34 承擔(續)

(d) 環境或然負債(續)

- (v) 須實施補救措施的新地點的確認。

由於尚未確定可能發生污染之程度和所需採取之補救措施的確切時間和程度等因素，因此無法確定未來可能發生此類費用所需之金額，故目前無法合理地估計日後環境法規建議可能產生的環境負債，而有關負債可為重大。

35 主要非現金交易

年內收購附屬公司的部份代價包括股份。有關收購的進一步詳情載於上文附註32(b)。

截至二零一一年十二月三十一日止年度，本集團就有關資產訂立融資租賃安排，起租日的資本總值為1,177,184港元。

36 或然負債

已發出公司擔保

於二零一二年十二月三十一日，本公司已就CVMSB獲授之銀行貸款融資向銀行作出合共約184,600,000馬幣(相等於約468,000,000港元)(二零一一年：184,600,000馬幣(相等於約452,700,000港元))之公司擔保。

本公司董事認為，該公司擔保不大可能會對本公司造成申索。本公司於二零一二年十二月三十一日發出公司擔保的負債上限約為172,600,000馬幣(相等於約437,494,000港元)(二零一一年：171,300,000馬幣(相等於約420,000,000港元))。

此外，於二零一二年十二月三十一日，本公司就CVMSB購置液化石油氣向供應商發出公司擔保合共850,000馬幣(相等於約2,150,000港元)(二零一一年：850,000馬幣(相等於約2,080,000港元))。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

36 Contingent Liabilities (continued)

(a) Corporate guarantees issued

(continued)

As at 31 December 2012, the Company has issued corporate guarantees totalling RM763,373 (equivalent approximately to HK\$1,935,000) (2011: RM1,272,026 (equivalent approximately to HK\$3,119,000)) for finance lease creditors in respect of the purchase of motor vehicles and equipment by CVMSB.

The Company has not recognised any deferred income in respect of the corporate guarantees as its fair value cannot be reliably measured and its transaction price was nil for the years ended 31 December 2012 and 2011.

(b) Litigation

On 6 June 2012, the Company was served with a summons in the District Court of New Jersey by Magnesium.com Inc. ("MG.com") relating to breaches of a non-disclosure and non-circumvention agreement and a magnesium sale and purchase agreement. On 1 December 2012, a settlement was reached between the Company and MG.com by paying US\$300,000 in cash. A provision for litigation settlement of HK\$2,325,420 has been made in these consolidated financial statements for the year ended 31 December 2012 and full payment was made to MG.com on 15 February 2013.

37 Material Related Party Transactions

During the years ended 31 December 2012 and 2011, in addition to the transactions and balances disclosed in Notes 20 and 25 to the consolidated financial statements, the following related party transactions took place between the Group and related parties on terms mutually agreed by the parties concerned.

Name of party 關連方名稱	Relationship 關係
------------------------	--------------------

Ho Wah Genting Berhad ("HWGB")

A shareholder of the Company
本公司股東

Ho Wah Genting Poipet Resorts Sdn. Bhd. ("HWGP")

An associate of HWGB
HWGB的聯營公司

HWG Tin Mining Sdn. Bhd. ("HWGTM")

A subsidiary of HWGB
HWGB的附屬公司

Perak State Development Corporation ("PSDC")

A shareholder of the Company
本公司股東

Harta Perak Corporation Sdn. Bhd. ("HPC")

A subsidiary of PSDC
PSDC的附屬公司

36 或然負債(續)

(a) 已發出公司擔保(續)

於二零一二年十二月三十一日，本公司就CVMSB購置汽車及設備的融資租賃債項發出公司擔保合共763,373馬幣(相當於約1,935,000港元)(二零一一年：1,272,026馬幣(相當於約3,119,000港元))。

截至二零一二年及二零一一年十二月三十一日止年度，本公司並無確認公司擔保的任何遞延收入，乃因其公平值無法可靠地計量且其交易價格為零。

(b) 訴訟

於二零一二年六月六日，本公司獲送達由美國新澤西州地方法院發出的民事案件傳票，其乃由Magnesium.com Inc. ("MG.com")就違反一份不披露及不逾越協議以及一份鎂買賣協議發出。於二零一二年十二月一日，本公司已透過向MG.com支付300,000美元現金達成和解。此等截至二零一二年十二月三十一日止年度之綜合財務報表中已就訴訟和解計提撥備2,325,420港元，且已於二零一三年二月十五日向MG.com悉數支付。

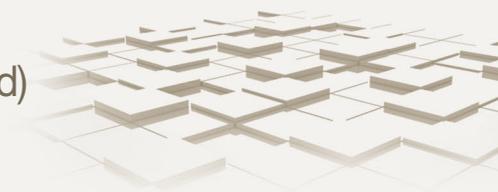
37 重大關連方交易

截至二零一二年及二零一一年十二月三十一日止年度，除綜合財務報表附註20及25所披露的交易及結餘外，以下關連方交易在本集團與關連方之間按有關雙方互相協定的條款進行。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



37 Material Related Party Transactions

(continued)

Particulars of significant transactions between the Group and the above related parties are as follows:

(a) Recurring transactions

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Office rent payable to: HWGB	應付辦公室租金予： HWGB	212,917	205,953
Rental income from drilling machines receivable from: HWGTM	應收下列關連方鑽探機 租金收入 HWGTM	116,637	-
Purchase of flight tickets from: HWGP	向下列關連方購買機票： HWGP	736,407	718,474
Maintenance fee payable to: HPC	應付維護費予： HPC	704,878	908,399

(b) Non-recurring transactions

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Disposal of a motor vehicle to: HWGTM	向其出售汽車： HWGTM	17,757	139,612

(c) Amount due (to)/from a member of staff

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Dato' Lim Hui Boon	拿督 Lim Hui Boon	(1,022,092)	9,901

The amount due is unsecured, interest-free and has no fixed terms of repayment.

該款項為無抵押、免息且無固定還款期。

(d) Amount due from a related party

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
HWGTM	HWGTM	4,651	4,651

37 重大關連方交易(續)

本集團與上述關連方進行的重大交易詳情如下：

(a) 經常交易

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Office rent payable to: HWGB	應付辦公室租金予： HWGB	212,917	205,953
Rental income from drilling machines receivable from: HWGTM	應收下列關連方鑽探機 租金收入 HWGTM	116,637	-
Purchase of flight tickets from: HWGP	向下列關連方購買機票： HWGP	736,407	718,474
Maintenance fee payable to: HPC	應付維護費予： HPC	704,878	908,399

(b) 非經常性交易

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Disposal of a motor vehicle to: HWGTM	向其出售汽車： HWGTM	17,757	139,612

(c) 應(付)/收員工款項

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Dato' Lim Hui Boon	拿督 Lim Hui Boon	(1,022,092)	9,901

該款項為無抵押、免息且無固定還款期。

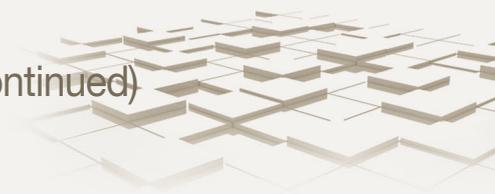
(d) 應收關連方款項

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
HWGTM	HWGTM	4,651	4,651

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



37 Material Related Party Transactions

(continued)

(e) Amounts due to related parties

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
HWGB	HWGB	484,465	138,442
HWGP	HWGP	137,186	522,527
		621,651	660,969

The amounts are trade in nature, unsecured, interest free and have no fixed terms of repayment.

該等款項為貿易性質、無抵押、免息且無固定還款期。

(f) Key management personnel remuneration

		2012 二零一二年 HK\$ 港元	2011 二零一一年 HK\$ 港元
Directors' fees	董事袍金	319,231	336,420
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	4,301,299	4,284,613
Retirement scheme contributions	退休金計劃供款	157,822	221,044
		4,778,352	4,842,077

(f) 主要管理人員酬金

38 Accounting Judgements and Estimates

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Going concern

As disclosed in Note 2, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration all relevant available information about the future of the Group, including proposed measures as described in Note 2 and cash flow projections for the year ending 31 December 2013. Such forecasts and projections about the future inherently involve uncertainties. Actual results could differ significantly and hence render the adoption of the going concern basis not appropriate.

38 會計判斷及估計

於本集團採用會計政策過程中，管理層已作出下列會計判斷：

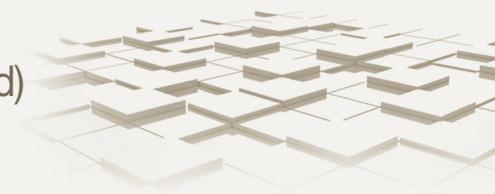
(a) 持續經營

誠如附註2所披露，綜合財務報表乃按持續經營基準編製。持續經營基準之合適性於考慮與本集團未來有關之所有相關可用資料(包括附註2所述之建議措施及截至二零一三年十二月三十一日止年度之現金流量預測)後進行評估。該等未來預期及預測本身涉及不確定性。實際業績可能出現重大差異，導致不適合採納持續經營基準。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



38 Accounting Judgements and Estimates

(continued)

(b) Current and deferred taxation

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entities within the Group recognise liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred taxation provisions in the financial period in which such determination is made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences will impact the recognition of deferred tax and tax in the periods in which such estimate is changed.

(c) Useful lives of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

38 會計判斷及估計(續)

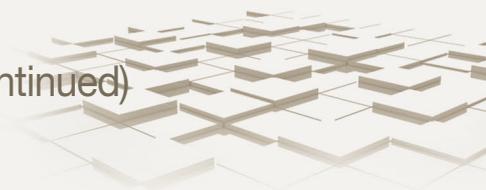
(b) 當期及遞延稅項

本集團須繳納多個司法權區的所得稅。於釐定所得稅撥備時須作出重大判斷。若干交易及計算難以於日常業務過程中明確作出最終的稅務釐定。本集團內實體根據是否須繳納額外稅項的估計確認潛在稅項負債。倘該等事宜的最終稅務結果與初步入賬的金額不同，該等差額將影響釐定有關金額的財政期間的當期及遞延稅項撥備。

有關若干暫時差額及若干稅項虧損的遞延稅項資產，乃於管理層認為日後可能會出現應課稅溢利以抵銷將影響更改有關估計期間所確認的遞延稅項及稅項的該等差額時方予以確認。

(c) 物業、廠房及設備的可用年限

管理層會釐定物業、廠房及設備的估計可用年限及相關折舊支出。此項估計乃以性質及功能相近資產的實際可用年限為基礎，並會由於重大技術革新及競爭對手因應行業週期而作出的行動而出現重大變化。若可用年限少於先前的估計年限，則管理層將提高折舊支出，或撇銷或撇減已廢棄或出售的技術陳舊或非策略性資產。



38 Accounting Judgements and Estimates

(continued)

(d) Impairment of property, plant and equipment

The Group reviews the carrying amounts of the assets at the end of each reporting date to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cashflow to assess the differences between the carrying amount and value in use and provided for impairment loss. In determining the value in use of certain assets and liabilities, the Group makes assumptions of the effects of uncertain future events on those assets and liabilities at the end of the reporting date. These estimates involve assumptions about such items as risk adjustment to cash flows or discount rate used, future changes in salaries and future changes in prices affecting other costs. The Group's estimates and assumptions are based on the expectations of future events and are reviewed periodically. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease in the provision of the impairment loss and affect the Group's net asset value.

(e) Impairment of goodwill, and exploration and evaluation assets

Determining whether exploration and evaluation assets and goodwill (collectively referred to as "CGU of exploration for iron ore, coal and manganese" and "CGU of extraction and bottling of mineral water") are impaired require estimation of the value in use of the CGUs to which these assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amounts of goodwill, and exploration and evaluation assets at the end of reporting period were HK\$111,180,501 and HK\$359,332,880 (2011: HK\$141,622,589 and (restated) HK\$363,984,290), respectively, after impairment losses of HK\$141,622,589 and HK\$166,086,731, were recognised during the year ended 31 December 2012 (2011: HK\$79,525,907 and HK\$22,656,172) respectively. Details of the impairment losses calculation are provided in notes 14 and 15 to the consolidated financial statements.

38 會計判斷及估計(續)

(d) 物業、廠房及設備減值

本集團於各結算日審閱資產的賬面值以釐定是否存在客觀的減值跡象。倘發現減值跡象，則管理層準備折現未來現金流量以評估賬面值與使用價值之間的差額及作出減值虧損撥備。在釐定若干資產及負債的使用價值時，本集團會假設不明確的未來事件對結算日的資產及負債產生的影響。此等估計涉及現金流量或所用貼現率的風險調整、未來薪金變化及影響其他成本的未來價格變動等項目的假設。本集團的估計及假設乃根據對未來事項的預期而作出，並會定期檢討。現金流量預測採取的假設的任何變動將增加或減少減值虧損撥備並影響本集團的資產淨值。

(e) 商譽以及勘探及評估資產減值

釐定勘探及評估資產及商譽(統稱為「勘探鐵礦石、煤及錳的現金產生單位」及「提取及裝瓶礦泉水的現金產生單位」)是否減值須估計該等資產獲分配使用現金產生單位的價值。演算法所使用的數值需要本集團估計預期現金產生單位產生的未來現金流量和適當的折現率，以便計算其現值。當實際的未來現金流量低於預期值時，可能產生重大的減值虧損。

於報告期末，商譽及勘探及評估資產的賬面值分別為111,180,501港元及359,332,880港元(二零一一年：141,622,589港元及(經重列)363,984,290港元)(分別扣除減值虧損141,622,589港元及166,086,731港元)，已於截至二零一二年十二月三十一日止年度確認(二零一一年：79,525,907港元及22,656,172港元)。減值虧損計算的詳情載於綜合財務報表附註14及15。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)

39 Comparative Figures

Certain comparative figures have been reclassified or restated. The changes included:

- the reclassification of certain income classified of HK\$6,924,733 under other revenue to other net gains, and certain expenses classified of HK\$919,646 under administrative expenses to other operating expenses in the consolidated income statement to conform to the current year presentation;
- the reclassification of convertible bonds classified of HK\$26,159,373 under current liabilities to non-current liabilities in the consolidated and company's statements of financial position to accord with convertible bond agreement; and
- the adjustments to restate the comparative figures as if the initial accounting for the acquisition of Step Pacific Group had been completed in 2011:

39 比較數字

若干比較數字經已重新分類或經重列，以與本年度的呈報方式保持一致。有關變動包括：

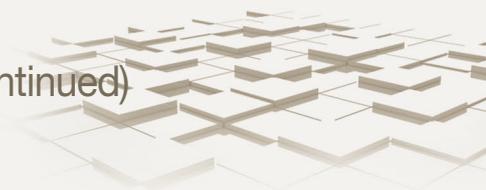
- 為符合本年度的呈列方式，重新分類綜合收益表中其他收入項下若干已分類收入6,924,733港元至其他收益淨額，以及重新分類綜合收益表中行政開支項下若干已分類開支919,646港元至其他經營開支；
- 為符合可換股債券協議，重新分類綜合及本公司財務狀況表中流動負債項下已分類可換股債券26,159,373港元至非流動負債；及
- 調整以重列比較數字，猶如收購Step Pacific集團之初步會計工作已於二零一一年完成：

		As previously reported	Adjustments to fair value of assets acquired in prior year	As restated
		過往呈報 HK\$ 港元	往年收購資產 公平值調整 HK\$ 港元	經重列 HK\$ 港元
Consolidated statement of financial position	綜合財務狀況表			
Goodwill	商譽	220,209,759	(78,587,170)	141,622,589
Exploration and evaluation assets	勘探及評估資產	84,374,090	279,610,200	363,984,290
Deferred tax liabilities	遞延稅項負債	(16,649,071)	(46,093,957)	(62,743,028)
Total effect on net assets	對資產淨值的總影響	<u>287,934,778</u>	<u>154,929,073</u>	<u>442,863,851</u>
Exchange reserve	匯兌儲備	18,072,409	47,197	18,119,606
Non-controlling interests	非控股權益	38,217,583	115,694,376	153,911,959
Share premium	股份溢價	532,611,938	39,187,500	571,799,438
Total effect on equity	對權益的總影響	<u>588,901,930</u>	<u>154,929,073</u>	<u>743,831,003</u>
The Company's statement of financial position	本公司財務狀況表			
Investments in subsidiaries	於附屬公司的投資	328,872,776	39,187,500	368,060,276
Total effect on net assets	對資產淨值的總影響	<u>328,872,776</u>	<u>39,187,500</u>	<u>368,060,276</u>
Share premium	股份溢價	532,611,938	39,187,500	571,799,438
Total effect on equity	對權益的總影響	<u>532,611,938</u>	<u>39,187,500</u>	<u>571,799,438</u>

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

(Expressed in Hong Kong dollars) (以港元列值)



40 Possible Impact of New and Revised Standards and Interpretations Issued but not yet Effective for the Year Ended 31 December 2012

Up to the date of issue of the consolidated financial statements, the HKICPA has issued a number of new and revised standards and Interpretations which are not yet effective for the year ended 31 December 2012 and which have not been adopted in the consolidated financial statements. These include the following which may be relevant to the Group and the Company.

40 已頒佈但尚未在截至二零一二年十二月三十一日止年度生效的新訂及經修訂準則及詮釋可能帶來的影響

截至有關綜合財務報表刊發日期，香港會計師公會已頒佈一系列截至二零一二年十二月三十一日止年度尚未生效且綜合財務報表亦未採納的新訂及經修訂準則及詮釋。其中與本集團及本公司相關的新訂及經修訂準則及詮釋如下：

		Effective for accounting periods beginning on or after 於下列日期或 其後開始的 會計期間生效
Amendments to HKFRS 5 香港財務報告準則第5號之修訂	Annual improvements to HKFRSs 2009–2011 cycle except for the amendments HKAS1 二零零九年至二零一一年週期的香港財務報告準則年度改進(香港會計準則第1號之修訂除外)	1 January 2013 二零一三年一月一日
Amendments to HKFRS 7 and HKFRS 9 香港財務報告準則第7號及香港財務報告準則第9號之修訂	Disclosures – Offsetting financial assets and financial liabilities 披露 – 抵銷金融資產及金融負債 Mandatory effective date of HKFRS 9 and transaction disclosures 香港財務報告準則第9號的強制性生效日期及過渡披露	1 January 2013 二零一三年一月一日 1 January 2015 二零一五年一月一日
HKFRS 9 (as revised in 2011) 香港財務報告準則第9號 (經二零一一年修訂)	Financial instruments 金融工具	1 January 2015 二零一五年一月一日
HKFRS 10 香港財務報告準則第10號	Consolidated financial statements 綜合財務報表	1 January 2013 二零一三年一月一日
HKFRS 13 香港財務報告準則第13號	Fair value measurement 公平值計量	1 January 2013 二零一三年一月一日
Amendments to HKAS 1 香港會計準則第1號之修訂	Presentation of items of other comprehensive income 其他全面收入項目的呈列	1 July 2012 二零一二年七月一日
HKAS 19 (as revised in 2011) 香港會計準則第19號 (經二零一一年修訂)	Employee benefits 僱員福利	1 January 2013 二零一三年一月一日
HKAS 27 (as revised in 2011) 香港會計準則第27號 (經二零一一年修訂)	Separate financial statements 獨立財務報表	1 January 2013 二零一三年一月一日
Amendments to HKAS 32 香港會計準則第32號之修訂	Offsetting financial assets and financial liabilities 抵銷金融資產及金融負債	1 January 2014 二零一四年一月一日
HK(IFRIC)-Int 20 香港(國際財務報告詮釋委員會) – 詮釋第20號	Stripping cost in the production phase of a surface mine 露天礦場生產階段之剝採成本	1 January 2013 二零一三年一月一日



40 Possible Impact of New and Revised Standards and Interpretations Issued but not yet Effective for the Year Ended 31 December 2012 *(continued)*

The Group is in the process of making an assessment of the impact of these amendments, which are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's or the Company's results of operations and financial position.

40 已頒佈但尚未在截至二零一二年十二月三十一日止年度生效的新訂及經修訂準則及詮釋可能帶來的影響 (續)

本集團正在評估該等修訂預期在首次應用期間產生的影響。迄今，本集團認為採納上述各項修訂不大可能對本集團或本公司的經營業績及財務狀況有重大影響。



CVM Minerals Limited
南亞礦業有限公司