



DING HE MINING HOLDINGS LIMITED

鼎和礦業控股有限公司

(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

2015 年報
ANNUAL REPORT

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Du Jian Jun (*Chairman*)
Mr. Ji Kuang (*Co-Vice Chairman*)
Mr. Li Po Wai (*Co-Vice Chairman*)
Mr. Leung Wai Kwan (*Chief Executive Officer*)
Ms. Meng Xiao Ying
Mr. Fan Weipeng
Mr. Yin Shibo

Independent Non-executive Directors

Mr. Chan Kin Ho Philip
Ms. Tian Jinghua
Ms. Li Zhenzhen
Mr. Liu Bo

COMPANY SECRETARY

Ms. Sharon Kwan

AUDIT COMMITTEE

Mr. Chan Kin Ho Philip (*Chairman*)
Ms. Tian Jinghua
Ms. Li Zhenzhen
Mr. Liu Bo

REMUNERATION COMMITTEE

Mr. Chan Kin Ho Philip (*Chairman*)
Ms. Tian Jinghua
Ms. Li Zhenzhen
Mr. Liu Bo

NOMINATION COMMITTEE

Mr. Chan Kin Ho Philip (*Chairman*)
Ms. Tian Jinghua
Ms. Li Zhenzhen
Mr. Liu Bo

AUTHORISED REPRESENTATIVES

Mr. Leung Wai Kwan
Ms. Sharon Kwan

董事會

執行董事

杜建軍先生 (*主席*)
嵇匡先生 (*聯席副主席*)
李寶偉先生 (*聯席副主席*)
梁維君先生 (*行政總裁*)
孟小英女士
范偉鵬先生
尹仕波先生

獨立非執行董事

陳建豪先生
田晶華女士
李珍珍女士
劉波先生

公司秘書

關紫芳女士

審核委員會

陳建豪先生 (*主席*)
田晶華女士
李珍珍女士
劉波先生

薪酬委員會

陳建豪先生 (*主席*)
田晶華女士
李珍珍女士
劉波先生

提名委員會

陳建豪先生 (*主席*)
田晶華女士
李珍珍女士
劉波先生

授權代表

梁維君先生
關紫芳女士

CORPORATE INFORMATION

公司資料

LEGAL ADVISERS

As to Hong Kong Law
Michael Li & Co.

As to Malaysian Law
Tan, Goh & Associates

As to Indonesian Law
Wibowo Hadiwijaya & Co
Ombun Suryono Sidauruk & Partners

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants

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

REGISTERED OFFICE AND HEAD OFFICE IN HONG KONG

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Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

BRANCH OFFICE IN MALAYSIA

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50150 Kuala Lumpur
Malaysia

STOCK CODE

705

COMPANY WEBSITE

www.dinghemining.com.hk

法律顧問

香港法律
李智聰律師事務所

馬來西亞法律
Tan, Goh & Associates

印尼法律
Wibowo Hadiwijaya & Co
Ombun Suryono Sidauruk & Partners

核數師

天職香港會計師事務所有限公司
執業會計師

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
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告士打道 128 號
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股份代號

705

公司網址

www.dinghemining.com.hk

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

		Year ended 31 December 截至十二月三十一日止年度				
		2015	2014	2013	2012	2011
		二零一五年	二零一四年	二零一三年	二零一二年	二零一一年
		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
Results	業績					
Turnover	營業額	26,246	39,678	20,901	14,531	11,186
Cost of sales	銷售成本	(42,483)	(60,591)	(47,066)	(54,684)	(28,358)
Gross loss	毛虧損	(16,237)	(20,913)	(26,165)	(40,153)	(17,172)
Other revenue	其他收入	98	370	432	846	338
Other net gains	其他收益淨額	(155)	10,490	44,991	5,733	7,332
Selling and distribution expenses	出售及分銷開支	(952)	(5,462)	(7,561)	(94)	(367)
Administrative expenses	行政開支	(42,325)	(39,560)	(35,019)	(40,728)	(37,315)
Finance costs	融資成本	(45,493)	(50,952)	(84,145)	(82,414)	(62,562)
Other operating expenses	其他經營開支	(13,886)	(243,810)	(345,687)	(538,335)	(103,102)
Loss before taxation	除稅前虧損	(118,950)	(349,837)	(453,154)	(695,145)	(212,848)
Taxation	稅項	565	23,351	40,171	30,564	–
Loss for the year	年內虧損	(118,385)	(326,486)	(412,983)	(664,581)	(212,848)
Attributable to:	以下人士應佔：					
Owners of the Company	本公司擁有人	(110,997)	(279,820)	(322,358)	(593,133)	(207,378)
Non-controlling interests	非控股權益	(7,388)	(46,666)	(90,625)	(71,448)	(5,470)
Loss for the year	年內虧損	(118,385)	(326,486)	(412,983)	(664,581)	(212,848)
Loss per share (cents)	每股虧損(港仙)					
Basic and diluted	基本及攤薄	(3.29)	(14.27)	(22.80)	(200.69)	(6.32)
					(Restated) (經重列)	
Assets and liabilities	資產及負債					
Total assets	資產總值	244,740	295,686	589,058	1,004,176	1,287,377
Total liabilities	負債總值	(339,259)	(594,739)	(793,641)	(848,845)	(690,502)
Net (liabilities)/assets	(負債淨額)/ 資產淨值	(94,519)	(299,053)	(204,583)	155,331	596,875
Total (deficit)/equity	(虧損總額)/ 權益總額	(94,519)	(299,053)	(204,583)	155,331	596,875

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Ding He Mining Holdings Limited (“**Ding He**” or “**Company**”, together with its subsidiaries, the “**Group**”), I am hereby to present the Group’s annual results for the financial year ended 31 December 2015.

FINANCIAL PERFORMANCE

Turnover of the Group for the year ended 31 December 2015 was HK\$26,246,238 (2014: HK\$39,678,262), a decrease of 33.9% as compared to last year. Loss for the year and loss per share were HK\$118,384,897 (2014: HK\$326,485,766) and HK\$3.29 cents (2014: HK\$14.27 cents) respectively.

BUSINESS

During the financial year of 2015, the nonferrous metals industry continued to confront the difficulty of operating environment and face downward pricing pressure. Considering the keen competition in the magnesium mining industry and the depressed magnesium price, the smelter plant of the Group which situates in the States & Perak, Malaysia (the “**Smelter**”) is maintaining its manufacturing operation of refining magnesium crown for sale, instead of a full production line to manufacture magnesium ingots. Turnover for the year was HK\$25,662,642 (2014: HK\$38,730,049).

The investment plan of Victory Dragon Holdings Limited and its subsidiary, 龍川升龍礦泉有限公司 (Long Chuan Shen Long Mineral Water Co. Ltd.) (“**Long Chuan**”) in a new production line for sparkling water is still in abeyance due to the limited cash resources available for the Group. The plan will go ahead in year 2016 depending on the Group’s financial position in the year 2015. The turnover of extraction and bottling of mineral water was HK\$583,596 (2014: HK\$948,213).

On 21 July 2015, the Company and Kingston Securities Limited (the “**Placing Agent**”) entered into the placing agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 612,000,000 placing shares under the general mandate to not less than six independent third parties at the placing price of HK\$0.185 per placing share (the “**Share Placement**”). The Share Placement has been completed on 7 August 2015 and the net proceeds from the Share Placement were approximately HK\$109.9 million, which have been applied toward for the repayment of indebtedness and the general working capital of the Group.

各位股東：

本人謹代表鼎和礦業控股有限公司(「**鼎和**」或「**本公司**」，連同其附屬公司，統稱「**本集團**」)董事(「**董事**」)會(「**董事會**」)欣然呈報本集團截至二零一五年十二月三十一日止財政年度的全年業績。

財務表現

截至二零一五年十二月三十一日止年度，本集團營業額為26,246,238港元(二零一四年：39,678,262港元)，較去年減少33.9%。年內虧損及每股虧損分別為118,384,897港元(二零一四年：326,485,766港元)及3.29港仙(二零一四年：14.27港仙)。

業務

於二零一五年財政年度，有色金屬行業的經營環境仍然困難重重，並面臨價格下行壓力。考慮到鎂礦產業競爭激烈以及鎂價受壓，本集團位於馬來西亞霹靂州的冶煉廠(「**冶煉廠**」)繼續維持生產精煉鎂球以供出售，而非生產鎂錠的全面生產線所致。本年度的營業額為25,662,642港元(二零一四年：38,730,049港元)。

由於本集團的現金資源緊絀，故投資於凱龍集團有限公司及其附屬公司龍川升龍礦泉有限公司(「**龍川**」)以開發一條製造有氣水的新生產線的計劃仍然擱置。因此，生產線自動化及新生產線運作的延遲阻礙此業務分部產生的銷售額。該計劃於二零一六年度是否取得進展取決於本集團於二零一五年度的財務狀況。提取及裝瓶礦泉水業務的營業額為583,596港元(二零一四年：948,213港元)。

於二零一五年七月二十一日，本公司與金利豐證券有限公司(「**配售代理**」)訂立配售協議，據此，本公司有條件同意根據一般授權，透過配售代理盡力向目前預期不少於六名獨立第三方配售最多612,000,000股配售股份，每股配售股份之配售價為0.185港元(「**股份配售**」)。股份配售於二零一五年八月七日完成，而股份配售籌集所得款項淨額約為109,900,000港元，將用作償還債項及本集團一般營運資金。

CHAIRMAN'S STATEMENT

主席報告

On 21 July 2015, the Company entered into an underwriting agreement with Kingston Securities Limited as underwriters in respect of an open offer of not less than 1,530,541,307 offer shares and not more than 1,853,089,603 offer shares at the subscription price of HK\$0.1 per offer share on the basis of one offer share for every two shares on the record date and payable in full on acceptance. The open offer has been completed at the date of 19 November 2015. The net proceeds from the open offer were approximately HK\$177.7 million, which have been applied towards second cash repayment of bank loan, repayment of matured convertible bonds and general working capital.

OUTLOOK

On 2 March 2016, the Company and Upbest Securities Company Limited (the “**Placing Agent**”) entered into a placement agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 1,101,924,000 placing shares under the general mandate to not less than six independent third parties at the placing price of HK\$0.1 per placing share (the “**Share Placement**”). Subject to completion in the Placing, it is expected that the maximum gross proceeds and net proceeds from the placing will be approximately HK\$110.2 million and HK\$106.9 million, respectively.

On 13 April 2016, the Company and the Placing Agent have agreed to terminate the Placing Agreement.

Currently, Directors are using best effort to further negotiate with creditors to restructure the repayment terms and revise the redemption terms. We shall continue to monitor the development and inform the shareholders of the Company in due courses.

After arm's length negotiations with Bank Rakyat, CVMSB subsequently received a letter from Bank Rakyat dated 19 April 2016 confirming that the settlement date of the balance outstanding of RM45.0 million should be on or before 30 June 2016 and in the event that there would be non-compliance on the condition, an event of default is deemed to have occurred and Bank Rakyat reserves all its rights in fact or in law.

於二零一五年七月二十一日，本公司與金利豐證券有限公司（作為包銷商）訂立一份包銷協議，內容有關按於記錄日期每持有兩股股份獲發一股發售股份的基準公開發售不少於1,530,541,307股發售股份且不少於1,853,089,603股發售股份，認購價為每股發售股份0.1港元，並須於接納時繳足股款。公開發售已於二零一五年十一月十九日完成。公開發售所得款項淨額約為177,700,000港元，已用於第二次現金償付銀行貸款、償付到期可換股債券及撥作一般營運資金。

展望

於二零一六年三月二日，本公司與美建證券有限公司（「**配售代理**」）訂立配售協議，據此，本公司已有條件同意透過配售代理按竭盡所能基準，於一般授權項下配售最多1,101,924,000股配售股份予不少於六名獨立第三方，配售價為每股配售股份0.1港元（「**股份配售**」）。待配售事項完成後，配售事項之所得款項總額上限及所得款項淨額預計分別約為110,200,000港元及106,900,000港元。

於二零一六年四月十三日，本公司與配售代理同意終配售協議。

目前，董事正盡最大努力與該等債權人進一步磋商以重組還款條款及修訂贖回條款。本公司將繼續密切監察事態發展，並將適時知會本公司股東。

經與Bank Rakyat公平磋商後，CVMSB其後接獲Bank Rakyat日期為二零一六年四月十九日之函件，確認尚未償還結餘45,000,000馬幣之結付日期應為二零一六年六月三十日或之前。倘不遵守有關條件，則被視為發生違約事件，而Bank Rakyat事實上或法律上均保留其一切權利。

CHAIRMAN'S STATEMENT

主席報告

At the same time, the Group actively expands the extraction and bottled mineral water business. On 23 March 2016, Long Chuan entered into a non-legally binding memorandum of understanding (the "MOU") with Yihua Department Store Limited (the "Customer") to which (i) Long Chuan shall supply bottled mineral water to the Customer under a brand to be jointly agreed by Long Chuan and the Customer; (ii) the Customer shall conduct due diligence on Long Chuan and the products; and (iii) the Customer intends to purchase not less than one million boxes of mineral water from Long Chuan in year 2016 with an initial order of 100,000 boxes subject to the entering into of agreement.

The pace of development of the Company will not stop because of the obstacle we encountered at the beginning of the mineral water business expansion plan. On 7 April 2016, the Company entered into a non-legally binding MOU with AA Minerals S.A. (the "Supplier"), pursuant to which the Supplier intends to sell and the Company intends to purchase gold concentrate mineral ores from Peru and the parties will negotiate to enter into long-term supply contract to supply gold concentrate mineral ores to the Group. Also, the Group has entered into a sales and purchase non-legal binding MOU with a new customer, pursuant to which the Customer intends to buy and the Company intends to sell gold concentrate mineral ores from Peru, and the Company will negotiate the MOU into a year length contract.

Last but not least, the Group is ever ready to look into the potential ventures for its long term growth plans when there is an opportunity to venture into profitable growth areas.

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to my fellow Directors, our staff and stakeholders for their continuous contributions to the Group.

Du Jian Jun

Chairman and Executive Director

同時，本集團積極拓展提取及裝瓶礦泉水業務。於二零一六年三月二十三日，龍川與廣東益華百貨有限公司（「客戶」）訂立不具法律約束力的諒解備忘錄（「諒解備忘錄」），待訂立協議後，(i) 龍川將向客戶提供龍川與客戶共同協定品牌的瓶裝礦泉水；(ii) 客戶須對龍川及產品進行盡職調查；及(iii) 客戶擬於二零一六年自龍川購買不少於一百萬箱礦泉水並初步訂購 100,000 箱。

儘管本公司在礦泉水業務提取計劃初期面臨阻礙，但我們將不會停止發展的步伐。於二零一六年四月七日，本公司與 AA Minerals S.A.（「供應商」）訂立不具法律約束力的諒解備忘錄，據此，供應商有意出售而本公司有意購買秘魯黃金精礦石，且訂約各方將就訂立長期供應合約進行磋商，以向本集團供應黃金精礦石。此外，本公司已與一名新客戶訂立買賣不具法律約束力的諒解備忘錄，據此，客戶有意購買而本公司有意出售秘魯黃金精礦石，且本公司將就該諒解備忘錄進行磋商，以訂立一年期合約。

最後，本集團已蓄勢待發，於任何有利可圖的增長範疇探尋商機，制訂長遠發展計劃。

致謝

本人謹藉此機會衷心感謝各位董事、本公司員工及各持份者一直以來為本集團作出的貢獻。

主席兼執行董事

杜建軍

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Ding He Mining Holdings Limited (“**Ding He**” or the “Company”, together with its subsidiaries, the “**Group**”) operates in the State of Perak, Malaysia through its wholly owned subsidiary CVM Magnesium Sdn. Bhd. (“**CVMSB**”) which is the first primary magnesium producer in South East Asia. The Group is also engaged in the extraction and bottling of mineral water in the People’s Republic of China (the “**PRC**”) and the exploration of iron ore, coal and manganese in the Republic of Indonesia (“**Indonesia**”).

REVIEW ON EXPLORATION, DEVELOPMENT AND MINING PRODUCTION ACTIVITIES

Business Review

2015 was another difficult year for the Group. Plagued by the worldwide economy downturn and persistent keen competition in the magnesium market, together with the uncertainties in our subsidiary’s lingering legal proceedings in Indonesia and the shortage of cash resources, the Group experienced difficulty in exploring new business opportunities.

For the year ended 31 December 2015, the Group’s reportable business segments were (i) the mining of dolomite and manufacture of magnesium ingots; (ii) extraction and bottling of mineral water; and (iii) exploration for iron ore, coal and manganese.

Mining of Dolomite and Manufacture of Magnesium Ingots

Following the trend in 2014, the slowdown of the world economy and the depressed price for magnesium continued in the year of 2015. In the face of the challenges of keen competition from other manufacturers and the cost-effectiveness of the operation, the smelter plant of the Group which situates in the State of Perak, Malaysia (the “**Smelter**”) maintained its manufacturing operation of refining magnesium crown for sale, instead of a full production line to manufacture magnesium ingots.

The revenue generated by this business segment for the year ended 31 December 2015 recorded a decrease of approximately 33.7% to approximately HK\$25,663,000, compared to the year ended 31 December 2014 of approximately HK\$38,730,000.

Extraction of dolomite from the dolomite quarry has been halted since 2012. There was no dolomite extracted from the dolomite quarry for the year ended 31 December 2015 (2014: nil).

鼎和礦業控股有限公司(「**鼎和**」或「**本公司**」, 連同其附屬公司, 統稱「**本集團**」)通過其全資附屬公司兼東南亞首家主要鎂生產商CVM Magnesium Sdn. Bhd. (「**CVMSB**」)於馬來西亞霹靂州營運。本集團亦於中華人民共和國(「**中國**」)從事提取及裝瓶礦泉水業務, 以及於印度尼西亞共和國(「**印尼**」)從事勘探鐵礦石、煤及錳業務。

勘探、發展及礦務生產活動回顧

業務回顧

二零一五年對本集團而言仍是困難重重的一年。受全球經濟衰退及鎂金屬市場持續而激烈的競爭所影響, 加上我們附屬公司對印尼未決法律訴訟的不確定性及現金資源的短缺, 本集團在尋求新業務機遇方面遭遇困難。

截至二零一五年十二月三十一日止年度, 本集團的可呈報分部為(i)開採白雲石及生產鎂錠; (ii)提取及裝瓶礦泉水; 及(iii)勘探鐵礦石、煤及錳。

開採白雲石及生產鎂錠

受二零一四年趨勢所影響, 環球經濟放緩及鎂價格受壓持續至二零一五年。面對其他製造商的激烈競爭及營運成本效益等挑戰, 本集團位於馬來西亞霹靂州的冶煉廠(「**冶煉廠**」)繼續維持生產精煉鎂球以供出售, 而非使用全面生產線生產鎂錠。

截至二零一五年十二月三十一日止年度, 此業務分部產生的收入較截至二零一四年十二月三十一日止年度的約38,730,000港元減少約33.7%至約25,663,000港元。

本集團自二零一二年起已暫停於白雲石採石場開採白雲石。截至二零一五年十二月三十一日止年度, 概無於白雲石採石場開採白雲石(二零一四年: 無)。

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In light of a "Report and Valuation of the Malaysia Land and Factory Plant" issued by Raine & Horne to Bank Kerjasama Rakyat Malaysia Berhad ("**Bank Rakyat**") (the "**Report**") dated 29 September 2014, the market value of the property, plant and equipment and interests in leasehold land held for own use under operating lease was approximately RM85.0 million (equivalent to approximately HK\$153.3 million). In addition, according to the Valuation and Property Services Department (JPPH), during the year to the end of third quarter of 2015, the nationwide house price index rose by 5.43%, down from an annual rise of 7.88% in the previous year in Malaysia. In this regard, on 29 March 2016, the Directors considered following valuation decision on the Smelter for the year ended 31 December 2015: (i) the Report is the last most available detailed valuation report on market price performed by an independent professional, which can give reference for valuation; (ii) there were no significant changes since the Report was issued in terms of the company and property market in Malaysia. The Directors have already examined the Report and current property market information issued by JPPH and found no significant deterioration as compared to that of last year. The Directors will order a comparable market value valuation report and such report will be available before the Interim Financial Statements of 2016.

Extraction and Bottling of Mineral Water

In 2012, the Group acquired the controlling interests in Victory Dragon Holdings Limited and its subsidiary, 龍川升龍礦泉有限公司 (Long Chuan Shen Long Mineral Water Co. Ltd.) ("**Long Chuan**"). Long Chuan is engaged in the manufacturing, sale and distribution of bottled mineral water in the PRC which obtained the mining permit and water permit of the Longchuan Spring water ("**Longchuan Spring**") located at Longmu Town, Longchuan County, Guangdong Province, PRC, covering an aggregate mining area of approximately 0.3956km². Long Chuan is currently branding and marketing bottled mineral water in PRC under the brand name Jenbo.

During the year of 2015, the investment plan of Long Chuan in a new production line for sparkling water was still in abeyance due to the limited cash resources available for the Group.

鑑於 Raine & Horne 向 Bank Kerjasama Rakyat Malaysia Berhad ("**Bank Rakyat**") 發佈之日期為二零一四年九月二十九日之「馬來西亞土地及廠房報告及估值」(「**報告**」)·物業、廠房及設備以及根據經營租賃持作自用租賃土地權益之市值約為85,000,000馬幣(相當於約153,300,000港元)。此外,根據估算及物業服務處(估價處),截至二零一五年第三季度末止年度,全國房價指數增長5.43%,較馬來西亞去年之年度增長7.88%有所下降。就此,於二零一六年三月二十九日,董事考慮就冶煉廠於截至二零一五年十二月三十一日止年度之估值決策如下:(i)該報告為可獲得的最後一份最詳細的由獨立專業人士所編製的市價估值報告,可作為進行估值之參考;(ii)就本公司及馬來西亞物業市場而言,該報告已發佈,故並無重大變動。董事已審查估價處發佈之報告及當前物業市場資料且並無發現較去年有重大惡化。董事將徵求可比市價估值報告且該報告將於二零一六年中期財務報表之前備妥。

提取及裝瓶礦泉水

於二零一二年,本集團收購龍川升龍礦泉有限公司(「**龍川**」)的控股權益。龍川於中國從事製造、銷售及分銷瓶裝礦泉水業務。龍川已取得位於中國廣東省龍川縣龍母鎮之龍川泉水(「**龍川泉**」)的採礦許可證及取水許可證,總開採面積約為0.3956平方公里。龍川目前以「**真寶**」品牌在中國設立品牌並推廣瓶裝礦泉水。

於二零一五年,由於本集團的現金資源緊絀,故投資於龍川以開發一條製造有氣水的新生產線的計劃仍然擱置。

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In view thereof, the postponement of production line automation and new product line operation had hindered the sales generated by this business segment. In this regard, the Company is negotiating with certain convenient stores, fuel stations and supermarkets in PRC for the distribution of our bottled mineral water.

The revenue generated by this business segment for the year ended 31 December 2015 recorded a decrease of approximately 38.9% to approximately HK\$580,000, compared to the year ended 31 December 2014 of approximately HK\$950,000.

At 31 December 2015, the management performed a regular review and noted that the financial performance of Long Chuan for the year ended 31 December 2015 was similar to that during the same period of last financial year. The Directors have already examined the discounted cash flow from Long Chuan and found no significant deterioration as compared to that of last year.

Exploration for Iron Ore, Coal and Manganese

The current investment of the Company in Indonesia is the exploration of manganese resources in Yogyakarta Province under the non-wholly owned subsidiary, PT. Laksbang Mediatama ("PTLM").

The operation of PTLM (including the exploration project) has been suspended since 2012 due to the conflicts between the directors and legal representative of PTLM. In order to reinstate its operation and exploration activities, PTLM had applied to the Court in Yogyakarta for court ruling on the appointment of re-nominated directors and replacement of legal representative. In accordance with the legal opinion dated 15 March 2015 obtained from the lawyer of PTLM in Indonesia, the court has granted judgment on 19 November 2014 principally to stipulate PTLM to organise an extraordinary general meeting properly. PTLM is in the process of (i) identifying a legal firm to organise the extraordinary general meeting in accordance with the Indonesian laws and (ii) identifying suitable candidates with the appropriate experience and qualification to fill the vacancies as the legal representative and directors.

因此，生產線自動化及新生產線運作的延遲阻礙此業務分部產生的銷售額。有見及此，本公司正與中國若干便利店、油站及超級市場就分銷瓶裝礦泉水進行磋商。

截至二零一五年十二月三十一日止年度，此業務分部產生的收入較截至二零一四年十二月三十一日止年度的約950,000港元減少約38.9%至約580,000港元。

於二零一五年十二月三十一日，管理層進行定期審閱，發現龍川於截至二零一五年十二月三十一日止年度的財務業績與上一財政年度同期相若。董事已審查龍川的已貼現現金流量，與去年相比並無重大惡化。

勘探鐵礦石、煤及錳

本公司目前於印尼的投資為本公司之非全資附屬公司 PT. Laksbang Mediatama ("PTLM") 於Yogyakarta省勘探錳資源。

由於董事與PTLM的法律代表出現分歧，故PTLM(包括勘探項目)自二零一二年起暫停營運。為恢復PTLM的經營及勘探活動，PTLM已就委任重新提名董事及更換法律代表而向Yogyakarta省法院申請法院裁決。根據本公司於二零一五年三月十五日向PTLM的印尼律師取得的法律意見，法院已於二零一四年十一月十九日作出判決，主要為規定PTLM須適當地舉行股東特別大會。PTLM現正(i)物色一間律師事務所，以根據印尼法例舉行股東特別大會及(ii)物色具備適當經驗及資歷的合適候選人，以填補法律代表及董事的空缺。

MANAGEMENT DISCUSSION AND ANALYSIS

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As a result of the postponement of the third hearing and additional time is required to identify suitable candidates to fill the vacancies, the potential revenue generating from PTLM was further delayed whereas the estimated future cash inflow derived from the exploration activities of PTLM was deferred. The Directors have already examined the discounted cash flow from the exploration activities of PTLM and recorded an impairment loss recognised in the consolidated statement of profit or loss for the year ended 31 December 2015 is approximately HK\$3,740,000 (2014: approximately HK\$41,870,000). Therefore, the Directors considered that the book value is close to the fair value of the assets.

由於第三次聽證會延期並需額外時間物色合適人選填補空缺，進一步推遲PTLM所產生的潛在收入，亦因此推遲PTLM的勘探活動所產生的估計未來現金流入。董事已審查PTLM的勘探活動的已貼現現金流量並錄得於截至二零一五年十二月三十一日止年度的綜合損益表內所確認的減值虧損為約3,740,000港元(二零一四年：約41,870,000港元)。因此，董事認為資產的賬面值與公平值相若。

Estimated Proved Reserves

The updated mineral reserves of the Group as at 31 December 2015 and 2014 were as follows:

估計探明儲量

本集團於二零一五年及二零一四年十二月三十一日之礦產儲量更新如下：

Minerals	Location	Total area	Reserves identified by JORC standard (metric tonnes) as at 31 December 2015 proved	Reserves identified by JORC standard (metric tonnes) as at 31 December 2014 proved
			二零一五年十二月三十一日 JORC 規則識別之儲量 (公噸)(探明)	二零一四年十二月三十一日 JORC 規則識別之儲量 (公噸)(探明)
礦產	位置	總面積		
Dolomite 白雲石	Lots: HS (D) 13756, PT 13404 and HS (D) 13757, PT 13405 Mukim: Sungai Siput District: Kuala Kangsar State: Perak Country: Malaysia 地段：HS (D) 13756, PT 13404 及 HS (D) 13757, PT 13405 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⁾

MANAGEMENT DISCUSSION AND ANALYSIS

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Minerals	Location	Total area	Reserves identified by JORC standard (metric tonnes) as at 31 December 2015 proved 二零一五年十二月三十一日 JORC 規則識別之儲量 (公噸)(探明)	Reserves identified by JORC standard (metric tonnes) as at 31 December 2014 proved 二零一四年十二月三十一日 JORC 規則識別之儲量 (公噸)(探明)
礦產	位置	總面積	(公噸)(探明)	(公噸)(探明)
Manganese ⁽²⁾ 錳 ⁽²⁾	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	Exploration activities suspended 已停止勘探活動	Exploration activities suspended 已停止勘探活動

Notes:

附註:

(1) The average % of Magnesium Oxide ("MgO") and Magnesium ("Mg") are as follows:

(1) 氧化鎂("MgO")及鎂("Mg")所佔平均百分比如下:

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) For the year end 31 December 2015 and up to the date of this report, the operations in Yogyakarta, Indonesia, had been hampered due to the failure to contact the legal representative of PTLM.

(2) 截至二零一五年十二月三十一日止年度及截至本報告日期，於印尼Yogyakarta省之業務因無法聯絡PTLM法律代表而受到阻礙。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2015, the Group's audited consolidated turnover decreased by 33.9% to HK\$26,246,238 (2014: HK\$39,678,262) as compared to last year. Turnover attributable to (i) mining of dolomite and manufacture of magnesium ingots; (ii) exploration for iron ore, coal and manganese; and (iii) extraction and bottling of mineral water were 97.8%, 0% and 2.2% respectively (2014: 97.6%, 0% and 2.4% respectively).

During the year, the Group recorded a decrease of turnover by 33.7% to HK\$25,662,642 (2014: HK\$38,730,049) on sales of mining of dolomite and manufacture of magnesium ingots as compared to that of 2014 mainly due to that in face of the challenges of keen competition from other manufacturers and cost-effectiveness of operations.

In addition, the limited cash resources to market the bottled mineral water affected the performance of the segment of extraction and bottling of mineral water. Accordingly, sales of bottled mineral water fell 38.5% to HK\$583,596 (2014: HK\$948,213).

Cost of sales

Cost of sales of the Group for the year ended 31 December 2015 amounted to HK\$42,482,963 (2014: HK\$60,591,754) which mainly includes staff costs, manufacturing overhead, depreciation and amortisation and write off of inventories. The decrease in the cost of sales is mainly due to the decrease in production activities throughout the financial year.

Finance costs

The financial costs of the Group for the year mainly consisted of effective interest and default interest of HK\$20,667,905 (2014: HK\$19,467,369) for convertible bonds issued by the Company and interest on bank loans HK\$21,813,102 (2014: HK\$30,402,027).

財務回顧

營業額

截至二零一五年十二月三十一日止年度，本集團之經審核綜合營業額較去年減少33.9%至26,246,238港元（二零一四年：39,678,262港元）。應佔(i)開採白雲石及生產鎂錠；(ii)勘探鐵礦石、煤及錳；及(iii)提取及裝瓶礦泉水之營業額分別為97.8%、0%及2.2%（二零一四年：分別為97.6%、0%及2.4%）。

於年內，本集團就開採白雲石及生產鎂錠錄得的銷售營業額較去年同期減少33.7%至25,662,642港元（二零一四年：38,730,049港元），乃主要由於面對其他製造商的激烈競爭及營運成本效益等挑戰。

此外，營銷瓶裝礦泉水之現金資源緊拙影響提取及裝瓶礦泉水分部之表現。因此，銷售瓶裝礦泉水減少38.5%至583,596港元（二零一四年：948,213港元）。

銷售成本

截至二零一五年十二月三十一日止年度，本集團銷售成本42,482,963港元（二零一四年：60,591,754港元），主要包括員工成本、生產費用、折舊及攤銷以及存貨撇銷。銷售成本減少主要由於生產活動於整個財政年度有所減少所致。

融資成本

本集團於年內之融資成本主要包括本公司所發行可換股債券之實際利息及拖欠利息20,667,905港元（二零一四年：19,467,369港元）及銀行貸款利息21,813,102港元（二零一四年：30,402,027港元）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Other operating expenses

During the year ended 31 December 2015, other operating expenses of the Group was HK\$13,886,428 (2014: HK\$243,810,022), comprised wholly the impairment losses on exploration and evaluation assets (“**E&E Assets**”) of HK\$3,736,391 (2014: HK\$108,208,053), impairment on other receivable and prepayments was HK\$3,000,000 (2014: HK\$1,767,649), no impairment on interests in leasehold land held for own use under operating leases was recorded (2014: HK\$2,858,305) and no impairment on property, plant and equipment (“**PPE**”) was recorded (2014: HK\$130,976,015).

During the year ended 31 December 2015, raw material and finished goods and property, plant and equipment of HK\$2,199,487 (2014: HK\$Nil) and HK\$4,950,550 (2014: HK\$Nil) were written off, respectively.

Loss before taxation

For the year ended 31 December 2015, the Group incurred a loss before taxation of HK\$118,950,160 (2014: HK\$349,837,025) mainly resulting from the charging of finance costs of HK\$45,492,651 (2014: HK\$50,952,015), staff costs of HK\$9,488,466 (2014: HK\$9,238,703) and impairment losses and write-offs of HK\$13,886,428 (2014: HK\$243,810,022).

Loss per Share

The loss per share for the financial year ended 31 December 2015 decreased substantially to HK\$3.29 cents (2014: HK\$14.27 cents) as the loss attributable to owners of the Company dropped 60.3% to HK\$110,997,358 (2014: HK\$279,819,910).

其他經營開支

截至二零一五年十二月三十一日止年度，本集團之其他經營開支為13,886,428港元(二零一四年：243,810,022港元)，包括勘探及評估資產(「**勘探及評估資產**」)減值虧損3,736,391港元(二零一四年：108,208,053港元)、其他應收款項及預付款項減值3,000,000港元(二零一四年：1,767,649港元)、經營租賃項下持作自用租賃土地權益並無錄得減值(二零一四年：2,858,305港元)及物業、廠房及設備(「**物業、廠房及設備**」)並無錄得減值(二零一四年：130,976,015港元)。

截至二零一五年十二月三十一日止年度，原料及製成品2,199,487港元(二零一四年：零港元)以及物業、廠房及設備4,950,550港元(二零一四年：零港元)已被撇銷。

除稅前虧損

截至二零一五年十二月三十一日止年度，本集團產生除稅前虧損118,950,160港元(二零一四年：349,837,025港元)，主要由於產生融資成本45,492,651港元(二零一四年：50,952,015港元)、員工成本9,488,466港元(二零一四年：9,238,703港元)以及減值虧損及撇銷13,886,428港元(二零一四年：243,810,022港元)所致。

每股股份虧損

由於本公司擁有人應佔虧損減少60.3%至110,997,358港元(二零一四年：279,819,910港元)，故截至二零一五年十二月三十一日止財政年度之每股虧損大幅減少至3.29港仙(二零一四年：14.27港仙)。

MANAGEMENT DISCUSSION AND ANALYSIS

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FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities and fund raising activities.

Capital Raising Exercises

On 21 July 2015, the Company and Kingston Securities Limited (the “**Placing Agent**”) entered into a placing agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 612,000,000 placing shares under the general mandate to not less than six independent third parties at the placing price of HK\$0.185 per placing share (the “**Share Placement**”). The Share Placement was completed on 7 August 2015 and the net proceeds from the Share Placement were approximately HK\$109.9 million, which have been applied toward for the repayment of indebtedness and the general working capital of the Group.

During the period from 7 August 2015, being the date of completion of the Share Placement, to 31 March 2016, the Group has applied the net proceeds from the Share Placement as follows:

財務狀況

本集團主要通過經營活動現金流入及集資活動撥付其流動資金及資本需求。

集資活動

於二零一五年七月二十一日，本公司與金利豐證券有限公司（「**配售代理**」）訂立配售協議，據此，本公司有條件同意根據一般授權，透過配售代理盡力向不少於六名獨立第三方配售最多612,000,000股配售股份，每股配售股份之配售價為0.185港元（「**股份配售**」）。股份配售於二零一五年八月七日完成，而股份配售籌集所得款項淨額約為109,900,000港元，已用作償還債項及本集團一般營運資金。

於二零一五年八月七日（即股份配售完成日期）至二零一六年三月三十一日止期間，本集團從股份配售所得款項淨額用作以下用途：

		Amount utilised 已動用 金額 HK\$'000 千港元
Repayment of short term third parties loans and bank loan with interest	償還短期第三方貸款及計息銀行貸款	48,100
Repayment of convertible bonds with interest	償付帶息可換股債券	34,000
Working capital and other general corporate purposes	營運資金及其他一般企業用途	27,800
Total	合計	109,900

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On 21 July 2015, the Company entered into an underwriting agreement with Kingston Securities Limited (as underwriter) in respect of an open offer of not less than 1,530,541,307 offer shares and not more than 1,853,089,603 offer shares at the subscription price of HK\$0.1 per offer share on the basis of one offer share for every two shares on the record date and payable in full on acceptance. The open offer was completed on 19 November 2015. The net proceeds from the Open Offer were approximately HK\$177.7 million, which have been applied towards second cash repayment of bank loan, repayment of matured convertible bonds and general working capital.

During the period from 19 November 2015, being the date of completion of the Open Offer, to 31 March 2016, the Group has applied the net proceeds from the Open Offer as follows:

於二零一五年七月二十一日，本公司與金利豐證券有限公司（作為包銷商）訂立一份包銷協議，內容有關按於記錄日期每持有兩股股份獲發一股發售股份的基準公开发售不少於1,530,541,307股發售股份且不超過1,853,089,603股發售股份，認購價為每股發售股份0.1港元，並須於接納時繳足股款。公开发售於二零一五年十一月十九日完成。公开发售所得款項淨額約為177,700,000港元，已用於償付第二期現金銀行貸款、償付到期可換股債券及撥作一般營運資金。

於二零一五年十一月十九日（即公开发售完成日期）至二零一六年三月三十一日止期間，本集團從公开发售所得款項淨額用作以下用途：

		Amount utilised 已動用金額 HK\$'000 千港元
Repayment of second bank loans with interest	償還第二期計息銀行貸款	104,800
Repayment of convertible bonds with interest	償付帶息可換股債券	50,600
Working capital and other general corporate purposes	營運資金及其他一般企業用途	22,300
Total	合計	<u>177,700</u>

Bank Loans — Secured

As at 31 December 2015, the Company had secured bank loans of HK\$260,423,032 (2014: HK\$381,392,173).

The secured bank loans as at 31 December 2015 were interest bearing at 8.85% p.a. (2014: 8.6% p.a.). These bank loans were restructured on 25 July 2011 by 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\$1,586,032) with effect from August 2011 to December 2013 and increasing to RM4,200,000 (equivalent to HK\$9,942,287) from January 2014 to the second last repayment of the loans in 2018.

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 was 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.

有抵押銀行貸款

於二零一五年十二月三十一日，本集團的有抵押銀行貸款為260,423,032港元（二零一四年：381,392,173港元）。

於二零一五年十二月三十一日的有抵押銀行貸款按年利率8.85%（二零一四年：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 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1,586,032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9,942,287港元）。

本集團須履行契諾（與財務機構訂立的借款安排內常見契諾）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。本集團須於CVMSB在二零一一年二月或前後開始生產營運時符合該等契諾。

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During the year ended 31 December 2013, the Group defaulted on the repayments of bank loans since November 2013 and breached one of the covenants of the banking facilities. Upon discovery of the breach, the directors of the Company commenced a negotiation of the terms of the loans with Bank Rakyat. These negotiations were concluded on 24 February 2014 whereby Bank Rakyat agreed to extend a one year grace period without executing legal proceedings against the Company and CVMSB until 31 December 2014. CVMSB is required to repay monthly instalment of RM670,000 (equivalent to HK\$1,586,032) for the year ended 31 December 2014.

On 15 December 2014, the Group has accepted the restructuring proposal discussed and offered by Bank Rakyat in respect of the outstanding loans owing by CVMSB (the “**Proposal**”). Pursuant to the Proposal, the full and final settlement sum by CVMSB shall be reduced to RM113,040,000 (equivalent to approximately HK\$258,850,469) which is repayable to Bank Rakyat on or before 30 June 2015, in which (i) an amount of RM4,020,000 (equivalent to approximately HK\$9,205,404) must be settled to Bank Rakyat on or before 31 December 2014; (ii) a monthly sum of RM200,000 (equivalent to approximately HK\$457,980) shall be repayable to Bank Rakyat on the last day of each calendar month commencing from January 2015 to June 2015 and the final instalment of RM2,820,000 (equivalent to approximately HK\$6,457,522) will be paid as bullet payment latest by 30 June 2015; and (iii) a full and final settlement sum of RM105,000,000 (equivalent to approximately HK\$240,439,661) be repayable by CVMSB to Bank Rakyat on 30 June 2015.

During the year ended 31 December 2014 and due to continued negative cashflows, the Group defaulted on the repayments of bank loans of RM4,020,000 (equivalent to approximately HK\$9,205,404) and breached one of the covenants of the banking facilities. Upon discovery of the breach, the directors of the Company commenced a negotiation of the terms of the loans with Bank Rakyat. These negotiations were concluded on 12 January 2015, whereby Bank Rakyat has agreed to defer the repayment by CVMSB of the bank loan amounting at RM4,020,000 (equivalent to approximately HK\$9,205,404) to 16 January 2015, which was originally repayable on or before 31 December 2014. According to Bank Raykat, such deferral is final and Bank Raykat shall not allow any further delay and/or failure on the part of CVMSB to meet its payment obligation. However, the bank loan of RM4,020,000 (equivalent to approximately HK\$9,205,404) was defaulted again and not yet repaid up to March 2015.

於截至二零一三年十二月三十一日止年度，本集團自二零一三年十一月起未能償還銀行貸款及違反其中一份銀行融資契諾。發現有關違約後，本公司董事開始與Bank Rakyat磋商貸款的條款。此等磋商已於二零一四年二月二十四日結束，Bank Rakyat同意延長一年寬限期直至二零一四年十二月三十一日而不會對本公司及CVMSB提出法律訴訟。截至二零一四年十二月三十一日止年度，CVMSB須償還每月分期還款670,000馬幣（相當於1,586,032港元）。

於二零一四年十二月十五日，本集團已經接受Bank Rakyat就CVMSB結欠的未償還貸款所討論及提出的重組提案（「**該提案**」）。根據該提案，CVMSB的全部和最終的還款金額減少至113,040,000馬幣（相等於約258,850,469港元），並將於二零一五年六月三十日或之前償還予Bank Rakyat，其中(i)4,020,000馬幣（相等於約9,205,404港元）必須於二零一四年十二月三十一日或之前償還予Bank Rakyat；(ii)自二零一五年一月至二零一五年六月每個曆月的最後一日向Bank Rakyat每月還款200,000馬幣（相當於約457,980港元），及最後一期還款為2,820,000馬幣（相當於約6,457,522港元）將以期末整付形式最遲在二零一五年六月三十日支付；及(iii)CVMSB將於二零一五年六月三十日向Bank Rakyat償還全部和最終的還款金額105,000,000馬幣（相當於約240,439,661港元）。

截至二零一四年十二月三十一日止年度，由於持續出現負現金流量，故本集團未能償還銀行貸款4,020,000馬幣（相當於約9,205,404港元）及違反其中一份銀行融資契諾。發現有關違約後，本公司董事開始與Bank Rakyat重新磋商貸款的條款。此等磋商已於二零一五年一月十二日結束，Bank Rakyat已同意CVMSB延遲至二零一五年一月十六日償還該筆原定應於二零一四年十二月三十一日或之前償付總金額為4,020,000馬幣（相當於約9,205,404港元）之銀行貸款。根據Bank Rakyat，是次延期乃屬最終延期，Bank Rakyat不允許任何額外延誤及／或CVMSB不履行其還款義務。然而，銀行貸款4,020,000馬幣（相當於約9,205,404港元）再次拖欠且於二零一五年三月尚未償還。

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On 17 March 2015, the Company received a letter issued by Bank Rakyat indicating that the continued failure to fulfil the repayment obligations as set out in the Proposal constituted a breach of terms and therefore the above Proposal was terminated and/or allowed to be terminated. Accordingly, the total amount owed and repayable to Bank Rakyat was restored to RM203,141,864 (equivalent to approximately HK\$465,174,866) as at 28 February 2015 (the “**Outstanding Loan**”), which was required to be settled within 14 days from the date of that letter. According to Bank Rakyat, legal actions would be commenced against CVMSB including all its corporate guarantors if CVMSB failed, neglected or refused to settle the Outstanding Loan within the given period.

On 26 June 2015, the Group further accepted the latest restructuring proposal offered by Bank Rakyat, pursuant to which the total amount owed and repayable to Bank Rakyat by CVMSB agreed to be reduced to RM113,040,000 (equivalent to approximately HK\$203,932,888) by means of cash settlement of RM68,040,000 (equivalent to approximately HK\$122,749,414) and redemption of charged properties for RM45,000,000 (equivalent to approximately HK\$81,183,475). The first cash repayment of RM11,300,000 (equivalent to approximately HK\$20,386,073) was settled by the Group on 2 July 2015 (ie. within 7 working days from 26 June 2015) and the remaining balance of RM56,740,000 (equivalent to approximately HK\$102,363,341) was settled by the Group on 30 November 2015 as per the extended settlement deadline. Upon full repayment of the cash settlements to Bank Rakyat, CVMSB is entitled to redeem the charged properties for RM45,000,000 (equivalent to approximately HK\$81,183,475). The redemption shall take place within six months from 26 June 2015 and at the discretion of Bank Rakyat, extend for further six months if there is a proof of sale provided by CVMSB. An additional charge calculated at a rate of 3.85% per annum shall be imposed on the outstanding balance of RM45,000,000 (equivalent to approximately HK\$81,183,475) after full repayment of the above mentioned cash settlement and until the full redemption payment of the charged properties. On 26 November 2015, Bank Rakyat issued a letter to CVMSB informing CVMSB that Bank Rakyat has agreed to extend the redemption until 30 June 2016. Accordingly, from January 2016 onwards, CVMSB is required to pay a monthly charge of RM144,375 (equivalent to approximately HK\$260,464) to Bank Rakyat until full settlement of the redemption payment for the redemption. On 31 March 2016, the company issued a letter to Bank Rakyat for applying an extension of the submission deadline of the proof of sale to after 31 March 2016. Any breach of the above mentioned terms and conditions shall constitute an event of default and this revised restructuring proposal shall be terminated and Bank Rakyat has the right to proceed with legal actions against CVMSB and the Company.

於二零一五年三月十七日，本公司接獲Bank Rakyat發出的函件，指出本公司因持續未能履行該提案所載的償還責任而違反條款，故此，該提案經已終止及／或被終止。因此，於二零一五年二月二十八日所結欠及應償還予Bank Rakyat的總金額回復至203,141,864馬幣（相當於約465,174,866港元）（「未償還貸款」），並須於該函件日期起計14日內償付。根據Bank Rakyat，倘CVMSB於上述期間內未能、忘記或拒絕償還未償還貸款，其將會向CVMSB（包括所有公司擔保人）提出法律訴訟。

於二零一五年六月二十六日，本集團進一步接納Bank Rakyat提出的最新重組提案。據此，CVMSB所結欠及應償還予Bank Rakyat的總金額經協定後減少至113,040,000馬幣（相當於約203,932,888港元），將以現金償付68,040,000馬幣（相當於約122,749,414港元）及贖回已押記物業45,000,000馬幣（相當於約81,183,475港元）的方式償還。本集團已於二零一五年七月二日（即二零一五年六月二十六日起計7個工作天內）償付首筆現金還款11,300,000馬幣（相當於約20,386,073港元），且本集團已按照最後還款期限於二零一五年十一月三十日償付餘額56,740,000馬幣（相當於約102,363,341港元）。向Bank Rakyat償清現金結算款後，CVMSB將有權贖回45,000,000馬幣（相當於約81,183,475港元）的已押記物業。有關贖回將自二零一五年六月二十六日起計六個月內進行，而倘CVMSB提供有關銷售憑證，則Bank Rakyat可酌情再延長六個月。待償清上述現金結算款後，須按年息3.85%就未償還餘額45,000,000馬幣（相當於約81,183,475港元）加收費用，直至付清贖回已押記物業款項為止。於二零一五年十一月二十六日，Bank Rakyat致函CVMSB表示同意延長贖回期限至二零一六年六月三十日。因此，自二零一六年一月起，CVMSB須向Bank Rakyat每月支付144,375馬幣（相當於約260,464港元）直至全部贖回為止。於二零一六年三月三十一日，本公司致函Bank Rakyat申請延長提供銷售憑證的期限至二零一六年三月三十一日後。如違反任何上述條款及條件將構成違約事件，此經修訂重組提案將告終止，而Bank Rakyat有權對CVMSB及本公司提出法律訴訟。

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Convertible Bonds

As at 31 December 2015, convertible bonds of the Company was HK\$29,000,000 (2014: HK\$94,278,123).

During the year ended 31 December 2015, a principal amount of HK\$29,000,000 in the convertible bonds matured.

As at 31 December 2015, all the matured bonds (“**Matured Bonds**”) were defaulted and due for repayments. The directors of the Company represented that (i) the Company is currently in the course of arm’s length negotiations with the holders of the Matured Bonds in relation to the Proposed Alteration; (ii) as negotiated with the holders of the Matured Bonds, they verbally agreed not to redeem the Matured Bonds until the Proposed Alteration is confirmed; and (iii) the interest on the Matured Bonds will continue to be payable by the Company until the date of redemption pursuant to the terms of the Matured Bonds. As at the date of this report, the Proposed Alteration of the Matured Bonds have not been fixed and confirmed yet.

Liquidity and Financial Resources

As at 31 December 2015, net current liabilities of the Group stood at HK\$314,988,278 (2014: HK\$577,355,794). Included in current liabilities were secured bank loans and finance lease creditors of HK\$260,597,846 (2014: HK\$381,707,629). The bank loans from Bank Rakyat bear an interest rate of 8.85% per annum as at 31 December 2015 (2014: 8.6% per annum). The Group had negative gearing ratio (which is calculated on the basis of total finance leases, borrowings from Bank Rakyat, convertible bonds and unsecured loans from third parties over total deficit attributable to owners of the Company) of approximately 3.11 times (2014: 1.56 times) as at 31 December 2014 due to the substantial increase in total equity by way of loan capitalisation and placing of new shares under general mandate during the year.

The Group’s pledged deposits, bank and cash balances as at 31 December 2015 was HK\$11,964,081 (2014: HK\$381,670). The Group’s prepayments, deposits and other receivables amounted to HK\$3,647,537 (2014: HK\$1,567,332).

可換股債券

於二零一五年十二月三十一日，本公司之可換股債券為29,000,000港元(二零一四年：94,278,123港元)。

截至二零一五年十二月三十一日止年度，本金額為29,000,000港元的可換股債券已到期。

於二零一五年十二月三十一日，所有到期債券(「**到期債券**」)已違約及到期償還。本公司董事表示，(i)本公司正與到期債券持有人就建議修改進行公平磋商；(ii)與到期債券持有人磋商後，彼等口頭同意於建議修改確認前不贖回到期債券；及(iii)根據到期債券條款，本公司將於贖回日期前繼續支付到期債券利息。於本報告日期，該等到期債券之建議修改尚未決定及確認。

流動資金及財務資源

於二零一五年十二月三十一日，本集團之淨流動負債為314,988,278港元(二零一四年：577,355,794港元)。流動負債包括有抵押銀行貸款及融資租賃債項260,597,846港元(二零一四年：381,707,629港元)。於二零一五年十二月三十一日，Bank Rakyat提供之銀行貸款年利率為8.85%(二零一四年：年利率為8.6%)。本集團於二零一四年十二月三十一日的資產負債比率(按融資租賃、Bank Rakyat之借款、可換股債券及來自第三方無抵押貸款總額除本公司擁有人應佔虧損總額計算)約為3.11倍(二零一四年：1.56倍)。資產負債比率大幅增加是由於年內根據一般授權項下，貸款資本化及配售新股份令權益總額大幅增加所致。

於二零一五年十二月三十一日，本集團之質押存款、銀行及現金結餘為11,964,081港元(二零一四年：381,670港元)。本集團之預付款項、按金及其他應收款項為3,647,537港元(二零一四年：1,567,332港元)。

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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;
- (ii) the Company announced on 2 March 2016 that the Company had entered into a placing agreement with a placing agent, pursuant to which the Company agreed to place up to 1,101,924,000 placing shares to not less than six independent third parties of the Group at HK\$0.10 per placing share. The maximum net proceeds arising from the share placing are estimated to be approximately HK\$106.9 million. On 23 March 2016, the Company entered into a supplemental placing agreement with the placing agent, both agreed that the number of placees can be less than six. Up to the approval date of the consolidated financial statements, the share placing is still conditional upon fulfilment of the conditions set out in the placing agreements and the Company's announcements dated 2 March 2016 and 23 March 2016;
- (iii) upon the Group fulfilled all the terms and conditions in the restructuring proposal as offered by Bank Rakyat on 26 June 2015, the total amount of bank loans owed and repayable to Bank Rakyat will be reduced to RM113.0 million (equivalent to approximately HK\$203.9 million), representing loans reduction amounting to approximately RM95.0 million (equivalent to approximately HK\$171.4 million). The first cash repayment of RM11.3 million (equivalent to approximately HK\$25.9 million) was settled by the Group on 2 July 2015. The second cash repayment of RM56.7 million (equivalent to approximately HK\$103.4 million) was settled by the Group on 30 November 2015. Under the restructuring proposal, the total amount of bank loans owed and repayable to Bank Rakyat will be RM45.0 million (equivalent to approximately HK\$81.2 million);
- (iv) to mitigate the risk of potential litigations, the Group is using their best efforts to (i) arrange to continue to pay the overdue interest to the bondholders in due course and (ii) further re-negotiate with bondholders for the extension of maturity dates and proposed alteration of terms of these convertible bonds; and
- (v) the Group is seeking investors or strategic partners for the Group's projects in Hong Kong, the PRC and the rest of the world.

董事已採取及／或將會採取下列行動減輕本集團所面臨之流動資金問題：

- (i) 董事定期審閱本集團之現金狀況；
- (ii) 本公司於二零一六年三月二日公告本公司與配售代理訂立配售協議，據此，本公司已有條件同意配售最多1,101,924,000股配售股份予不少於六名本集團之獨立第三方，配售價為每股配售股份0.10港元。預計股份配售之所得款項淨額最多約為106,900,000港元。於二零一六年三月二十三日，本公司與配售代理訂立補充配售協議，據此雙方同意承配人數目可少於六名。於綜合財務報表批准日期，股份配售仍待配售協議及本公司日期為二零一六年三月二日及二零一六年三月二十三日之公告所載條件達成後，方可作實；
- (iii) 於本集團達成Bank Rakyat於二零一五年六月二十六日提出的重組提案所載之全部條款及條件後，所結欠及應償還予Bank Rakyat的銀行貸款總金額將減少至113,000,000馬幣（相當於約203,900,000港元），即貸款減少金額約為95,000,000馬幣（相當於約171,400,000港元）。本集團已於二零一五年七月二日及二零一五年十一月三十日分別償付首筆現金還款11,300,000馬幣（相當於約25,900,000港元）及第二筆現金還款56,700,000馬幣（相當於約103,400,000港元）。根據重組提案，所結欠及應償還予Bank Rakyat的銀行貸款總金額將為45,000,000馬幣（相當於約81,200,000港元）；
- (iv) 為降低面臨潛在訴訟的風險。本公司正盡最大努力(i)適時安排向債券持有人繼續償還逾期利息及(ii)進一步與債券持有人就延長到期日及此等可換股債券的建議修改條款重新商討；及
- (v) 本集團正就其在中國、香港及世界其他地區的項目物色投資者或策略夥伴。

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管理層討論及分析

Capital expenditure

The carrying amount of the Group's property, plant and equipment, and interests in leasehold land held for own use under operating leases as at 31 December 2015 had decreased by 25.8% and 42.4% respectively to HK\$177,870,889 and HK\$3,173,431 respectively (2014: HK\$239,763,035 and HK\$5,508,271 respectively) mainly due to annual depreciation charge.

Charge on Assets

The bank loans are granted to the Group's wholly owned subsidiary, 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 HSBC Amanah Malaysia Berhad 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) corporate guarantee by Ding He Mining Holdings Limited.

資本開支

於二零一五年十二月三十一日，本集團物業、廠房及設備之賬面值減少25.8%至177,870,889港元以及根據經營租賃持作自用租賃土地權益之賬面值減少42.4%至3,173,431港元(二零一四年：分別為239,763,035港元及5,508,271港元)，此乃主要由於年度折舊支出所致。

資產抵押

批予本集團全資附屬公司CVMSB之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之債券；
- (iv) 轉讓CVMSB於與鎂錠項目(「該項目」)有關之所有樓宇合約、設計圖則及其他合約之一切權利、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之一切權利、利益及權益；
- (vi) 向銀行轉讓在HSBC Amanah Malaysia Berhad開設之現有收入戶及該收入戶之進賬款項，收入戶僅由銀行操作；
- (vii) 就CVMSB之還原權設立之第一固定抵押／轉讓；
- (viii) 轉讓CVMSB之還原權之保單；及
- (ix) 由鼎和礦業控股有限公司作出公司擔保。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Share Capital

As at 31 December 2015, the share capital of the Company was HK\$1,367,875,301 (as at 31 December 2014: HK\$989,710,234).

On 30 July 2014, 321,636,000 ordinary shares were issued by placing at HK\$0.15 each for cash consideration of HK\$48,245,400, net of expenses incurred.

On 14 August 2014, an aggregate of 565,631,172 ordinary shares and an aggregate of 565,631,177 convertible preference shares ("CPS") each were issued at a price of HK\$0.16 and HK\$0.16 each respectively in respect of the Loan Capitalisation.

On 10 April 2015, the Company's CPS with principal value of HK\$90,500,988 were converted into 565,631,177 ordinary shares of the Company at a conversion price of approximately HK\$0.16 per ordinary share. Accordingly, an aggregate amount of HK\$90,500,988 was released from convertible preference shares reserve, and was credited to share capital account.

On 7 August 2015, 612,000,000 ordinary shares were issued by placing at HK\$0.185 each for cash consideration of HK\$109,935,500, net of expenses incurred.

On 19 November 2015, 1,836,541,307 ordinary shares were issued by open offer at HK\$0.10 each for cash consideration of HK\$177,728,579, net of expenses incurred.

Human Resources

As at 31 December 2015, the Group had a total of approximately 80 employees (31 December 2014: 80 employees). Total staff costs (including Directors' remuneration) for the year ended 31 December 2015 were HK\$9,488,466 (2014: HK\$9,238,703) representing approximately 11.1% (2014: 8.7%) of the Group's total cost of sales, selling and administrative expenses. Employees are remunerated based on their performance, experience and industry practice. Bonuses are rewarded based on individual staff performance and in accordance with the Group's overall remuneration policies. The Group's management review the remuneration policies and packages on a regular basis.

股本

於二零一五年十二月三十一日，本公司股本為1,367,875,301港元（於二零一四年十二月三十一日：989,710,234港元）。

於二零一四年七月三十日，321,636,000股普通股已透過配售按每股0.15港元的價格發行，現金代價為48,245,400港元（扣除產生開支）。

於二零一四年八月十四日，合共565,631,172股普通股及合共565,631,177股可轉換優先股（「可轉換優先股」）分別就貸款資本化按每股0.16港元及0.16港元的價格發行。

於二零一五年四月十日，本公司本金額為90,500,988港元的可轉換優先股已按每股普通股約0.16港元的換股價轉換為565,631,177股本公司普通股。因此，總額90,500,988港元已自可轉換優先股儲備中解除，並已計入股本賬。

於二零一五年八月七日，612,000,000股普通股已透過配售按每股0.185港元的價格發行，現金代價為109,935,500港元（扣除產生開支）。

於二零一五年十一月十九日，1,836,541,307股普通股已透過公開發售按每股0.10港元的價格發行，現金代價為177,728,579港元（扣除產生開支）。

人力資源

於二零一五年十二月三十一日，本集團共有約80名僱員（二零一四年十二月三十一日：80名僱員）。截至二零一五年十二月三十一日止年度的員工成本總額（包括董事酬金）為9,488,466港元（二零一四年：9,238,703港元），佔本集團總銷售成本、銷售及行政開支約11.1%（二零一四年：8.7%）。僱員酬金按表現、經驗及行業慣例釐定，而花紅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。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Contingent Liabilities

As at 31 December 2015, the Company has issued a corporate guarantee totaling RM850,000 (equivalent to approximately HK\$1,533,000) (2014: RM850,000 (equivalent to approximately HK\$1,887,000)) to a supplier in respect of the purchase of liquefied petroleum gas made by CVMSB.

As at 31 December 2015, the Company has issued corporate guarantees totaling RM133,004 (equivalent to approximately HK\$240,000) (2014: RM133,004 (equivalent to approximately HK\$300,000)) for finance lease creditors in respect of the purchase of motor vehicles and equipment by CVMSB.

As at 31 March 2016, CVMSB has not yet settled the outstanding loans from Bank Rakyat. Bank Rakyat has the right to commence litigation against CVMSB and its corporate guarantors (i.e. the Company) to recover the loans. The Company and CVMSB are using their best effort with an intention to further negotiate with Bank Rakyat to restructure the repayment term. It is expected that in the event a proposal cannot be reached between CVMSB and Bank Rakyat, there would be material adverse impact on the financial position of the Group as a whole.

The non-redemption of the matured convertible bonds by the Company when they fall due and payable at its principal amount constituted an event of default. Pursuant to the terms of the subscription agreements of the convertible bonds, the holders of the convertible bonds have the right to serve a notice on the Company at any time after the convertible bonds have become payable and may (without any further notice) institute such proceedings as they may think fit to enforce the repayment of the monies due.

或然負債

於二零一五年十二月三十一日，本公司已就CVMSB購買液化石油氣向一名供應商發出一項公司擔保合共850,000馬幣(相當於約1,533,000港元)(二零一四年：850,000馬幣(相當於約1,887,000港元))。

於二零一五年十二月三十一日，本公司已就CVMSB購買汽車及設備之融資租賃債項發出公司擔保合共133,004馬幣(相當於約240,000港元)(二零一四年：133,004馬幣(相當於約300,000港元))。

於二零一六年三月三十一日，CVMSB尚未向Bank Rakyat償還未償還貸款。Bank Rakyat有權對CVMSB及其公司擔保人(即本公司)提出訴訟以收回貸款。本公司及CVMSB正盡最大努力與Bank Rakyat進一步磋商以重組還款條款。倘CVMSB未能與Bank Rakyat達成建議，預期會對本集團之整體財務狀況構成重大不利影響。

本公司並未於到期可換股債券到期時予以贖回及須按其本金額付款，即構成違約。根據可換股債券認購協議的條款，可換股債券持有人有權於可換股債券成為應付後隨時向本公司發出通知及可在其認為宜於強制執行支付到期應付款項時，在毋須發出進一步通知的情況下展開有關法律行動。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

PROSPECTS

The year 2015 was a year of challenges. Considering the current situation of the Group and the uncertainties in the economy, the Directors determined to mitigate the liquidity issues faced by the Group and impose more stringent cost control strategy and simultaneously, broaden sources of our income.

To mitigate the liquidity issues, upon the Group having fulfilled all the terms and conditions in the latest restructuring proposal as offered by Bank Rakyat on 26 June 2015, the total amount of bank loans owed and repayable to Bank Rakyat will be reduced to RM113.0 million (equivalent to approximately HK\$203.9 million), representing loans reduction amounting to approximately RM95.0 million (equivalent to approximately HK\$171.4 million). The first cash repayment of RM11.3 million (equivalent to approximately HK\$25.9 million) was settled by the Group on 2 July 2015. The second cash repayment of RM56.7 million (equivalent to approximately HK\$103.4 million) was settled by the Group on 30 November 2015. Under the latest restructuring proposal, the total amount of bank loans owed and repayable to Bank Rakyat will be RM45.0 million (equivalent to approximately HK\$81.2 million) compared to the secured bank loans of RM144.4 million (equivalent to approximately HK\$260.4 million) in the facilities agreement as at 31 December 2015.

To impose more stringent cost control strategy and simultaneously broaden the sources of our income, on 23 March 2016, Long Chuan entered into a non-legally binding memorandum of understanding (the “**MOU**”) with (Yihua Department Store Limited) (the “**Customer**”) to which (i) Long Chuan shall supply bottled mineral water to the Customer under a brand to be jointly agreed by Long Chuan and the Customer; (ii) the Customer shall conduct due diligence on Long Chuan and the products; and (iii) the Customer intends to purchase not less than one million boxes of mineral water from Long Chuan in year 2016 with an initial order of 100,000 boxes subject to the entering into of an agreement after arm’s length negotiations (the “**Possible Transaction**”). For the avoidance of doubt, the MOU only represents a preliminary intention of the parties and does not create legal binding obligations on the parties on the Possible Transaction.

展望

二零一五年為充滿挑戰的一年。考慮本集團現時狀況及經濟的不明朗因素，董事決定減輕本集團所面臨之流動資金問題並實施更嚴格的成本控制策略，同時擴大我們的收入來源。

為減輕流動資金問題，於本集團達成Bank Rakyat於二零一五年六月二十六日提出的最新重組提案所載之全部條款及條件後，所結欠及應償還予Bank Rakyat的銀行貸款總金額將減少至113,000,000馬幣（相當於約203,900,000港元），即貸款減少金額約為95,000,000馬幣（相當於約171,400,000港元）。本集團已於二零一五年七月二日及二零一五年十一月三十日分別償付首筆現金還款11,300,000馬幣（相當於約25,900,000港元）及第二筆現金還款56,700,000馬幣（相當於約103,400,000港元）。根據最新重組提案，於二零一五年十二月三十一日，所結欠及應償還予Bank Rakyat的銀行貸款總金額將為45,000,000馬幣（相當於約81,200,000港元），而融資協議內有抵押銀行貸款為144,400,000馬幣（相當於約260,400,000港元）。

為實施更嚴格的成本控制策略，同時擴大我們的收入來源，於二零一六年三月二十三日，龍川與廣東益華百貨有限公司（「**客戶**」）訂立不具法律約束力的諒解備忘錄（「**諒解備忘錄**」），待公平磋商訂立協議後，(i) 龍川將向客戶提供龍川與客戶共同協定品牌的瓶裝礦泉水；(ii) 客戶須對龍川及產品進行盡職調查；及(iii) 客戶擬於二零一六年自龍川購買不少於一百萬箱礦泉水並初步訂購100,000箱（「**可能交易**」）。為免生疑，諒解備忘錄僅代表雙方的初步意向，不會對可能交易之訂約方形成具法律約束力責任。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Given that the consumption of bottled mineral water recorded continuous growth in the past years in the PRC market, we shall shift our marketing strategy by engaging and marketing our bottled water with sizeable chain stores or supermarkets in 2016. In this regard, we look forward to capturing a larger share of PRCs domestic mineral water consumer market in the coming financial year by intensifying our marketing activities to increase our brand awareness. With demand growth outpacing supply, the mineral water industry cycle should remain on an upward trend over the next few years.

EVENTS AFTER THE REPORTING PERIOD

Termination of Placing of New Shares Under General Mandate

On 13 April 2016, the Company and the Placing Agent have agreed to terminate the Placing Agreement dated 2 March 2016 (as supplemented by the Supplemental Placing Agreement dated 23 March 2016) and have entered into the Deed of Termination to terminate the Placing Agreement dated 2 March 2016 (as supplemented by the Supplemental Placing Agreement dated 23 March 2016).

Further Update on the Restructuring of Bank Loan

On 7 April 2016, the Company received a letter (the “**Refusal Letter**”) issued by Bank Rakyat informing that such extension was not agreeable by Bank Rakyat. It was further stated in the Refusal Letter that Bank Rakyat requested for the submission of the Sale Proof within 14 days from the date of the Refusal Letter, failing which the Company and/or CVMSB would be deemed to have committed an event of default under the letter dated 26 June 2015 issued by Bank Rakyat.

After arm’s length negotiations with Bank Rakyat, CVMSB subsequently received a letter from Bank Rakyat dated 19 April 2016 confirming that the settlement date of the balance outstanding of RM45.0 million should be on or before 30 June 2016 and in the event that there would be non-compliance on the condition, an event of default is deemed to have occurred and Bank Rakyat reserves all its rights in fact or in law.

鑑於瓶裝礦泉水消費過去幾年在中國市場錄得持續增長，我們將轉移市場策略，並於二零一六年在大型連鎖店或超級市場放置及推廣我們的瓶裝水。就此而言，我們展望於下一財政年度藉加強我們的市場推廣活動而提升品牌知名度，從而搶佔中國國內礦泉水消費市場的更大份額。隨著需求增長超過供應，未來數年的礦泉水行業週期應維持上升趨勢。

報告期後事項

終止根據一般授權配售新股份

於二零一六年四月十三日，本公司與配售代理同意終止日期為二零一六年三月二日之配售協議（經日期為二零一六年三月二十三日之補充配售協議補充），並訂立終止契據以終止日期為二零一六年三月二日之配售協議（經日期為二零一六年三月二十三日之補充配售協議補充）。

銀行貸款重組的進一步最新消息

於二零一六年四月七日，本公司接獲Bank Rakyat致函（「**拒絕函件**」）表示其不同意有關延期。拒絕函件亦載述Bank Rakyat要求於拒絕函件日期起計14天內提供銷售憑證，否則本公司及／或CVMSB將被視為已觸犯Bank Rakyat所發出日期為二零一五年六月二十六日的函件項下的違約事件。

經與Bank Rakyat公平磋商後，CVMSB其後接獲Bank Rakyat日期為二零一六年四月十九日之函件，確認尚未償還結餘45,000,000馬幣之結付日期應為二零一六年六月三十日或之前。倘不遵守有關條件，則被視為發生違約事件，而Bank Rakyat事實上或法律上均保留其一切權利。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board of the Company is pleased to present the corporate governance report for the year ended 31 December 2015.

CORPORATE GOVERNANCE CODE

Ding He Mining Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is committed to enhancing the corporate governance and transparency of the Group by applying the principles in the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”). The board (the “**Board**”) of directors (the “**Directors**”) of the Company 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 applied the principles of the CG Code and complied with all applicable code provisions of the CG Code throughout the year ended 31 December 2015, save and except for the deviations from code provisions A.4.1 and A.6.7.

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 (the “**Independent Non-executive Directors**”) 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 articles of association of the Company (the “**Articles of Association**”). As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain Independent Non-executive Directors were unable to attend the annual general meeting of the Company held on 26 June 2015 due to their other business engagements.

本公司董事會欣然提呈截至二零一五年十二月三十一日止年度之企業管治報告。

企業管治守則

鼎和礦業控股有限公司(「**本公司**」，連同其附屬公司，統稱「**本集團**»)已採用香港聯合交易所有限公司(「**聯交所**»)證券上市規則(「**上市規則**»)附錄14所載企業管治守則(「**企業管治守則**»)之守則條文原則，致力提高本集團之企業管治及透明度。本公司董事(「**董事**»)會(「**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，截至二零一五年十二月三十一日止年度整個年度，本公司已應用企業管治守則原則，並一直遵守企業管治守則之所有適用守則條文，惟偏離守則條文第A.4.1條及A.6.7條者除外。

守則條文第A.4.1條規定非執行董事的委任應有指定任期，並須經膺選連任。本公司獨立非執行董事(「**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細則(「**組織章程細則**»)條文輪值退任並於本公司股東週年大會上膺選連任。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企業管治守則規定。

根據企業管治守則的守則條文第A.6.7條，獨立非執行董事及其他非執行董事應出席股東大會並對股東的意見有公正的了解。若干獨立非執行董事因其他公務而未能出席本公司於二零一五年六月二十六日舉行的股東週年大會。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to 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 2015.

THE BOARD

The Board guides and monitors the business and affairs of the Company to enhance long-term shareholders' value. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer of the Company are held by separate individuals with a view to maintain 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 assure the Board acting in the best interests of the Group. The Chairman shall ensure the Board working effectively and fully discharging its responsibilities, and that every key issue is 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 Chief Executive Officer and the company secretary of the Company (the “**Company Secretary**”), the Chairman seeks to ensure all Directors are properly informed on issues arising at any Board meeting and have received adequate and reliable information in a timely manner.

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二零一五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。

董事會

董事會就本公司的業務及事務給予指引並加以監控，以提升股東的長遠利益。董事會有責任因應本公司的情况，制定適用的企業管治常規，確保實施有關程序及步驟，以達到本公司的企業管治目標。

主席及行政總裁

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，本公司主席及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，並確保各項重大問題均可及時於董事會討論。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 Composition

The Board Currently consists of eleven Directors (including the Chairman), amongst which seven are Executive Directors and four are Independent Non-executive Directors.

The members of the Board are set out as below:

Executive Directors:

Mr. Du Jian Jun (*Chairman*)
Mr. Ji Kuang (*Co-Vice Chairman*)
Mr. Li Po Wai (*Co-Vice Chairman*)
Mr. Leung Wai Kwan (*Chief Executive Officer*)
Mr. Fan Weipeng
Ms. Meng Xiao Ying
Mr. Yin Shibo

Independent Non-executive Directors:

Mr. Chan Kin Ho Philip
Ms. Tian Jinghua
Ms. Li Zhenzhen
Mr. Liu Bo

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 Board includes four Independent Non-executive Directors, in which Mr. Chan Kin Ho Philip is a certified public accountant in Hong Kong. Mr. Chan possesses extensive experience in the accountancy profession and has appropriate accounting and related financial management expertise. The biographical details of the Directors are set out under the section "Board of Directors" on pages 47 to 51.

During the year, the Executive Directors and the Independent Non-executive Directors provided the Group with 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 the shareholders of the Company (the "Shareholders").

董事會成員

董事會目前由十一名董事(包括主席)組成，其中七名為執行董事，另外四名為獨立非執行董事。

董事會成員載列如下：

執行董事：

杜建軍先生(主席)
嵇匡先生(聯席副主席)
李寶偉先生(聯席副主席)
梁維君先生(行政總裁)
范偉鵬先生
孟小英女士
尹仕波先生

獨立非執行董事：

陳建豪先生
田晶華女士
李珍珍女士
劉波先生

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。董事會包括四名獨立非執行董事，其中陳建豪先生為香港執業會計師。陳先生於會計專業方面擁有豐富經驗，並具備適當之會計或相關財務管理專業知識。董事之履歷詳情載於第47頁至第51頁之「董事會」一節。

年內，執行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 alignment with the overall strategies of the Company. Approval has to be obtained from the Board prior to any significant transactions to be 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 expenses of the Company.

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

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 all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least three days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). All minutes and/or resolutions are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

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。

董事會成員之間並無財務、業務、家族或其他重大關係。

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）前至少三天呈送予全體董事。所有會議記錄及／或決議案均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

CORPORATE GOVERNANCE REPORT

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Whereas a substantial Shareholder or Director has conflict of interest in a matter to be considered by the Board and the Board has determined it is material, such matter will then be dealt with by the Board at a duly convened Board meeting. The Articles of Association stipulates 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.

Each Director is entitled to have access to Board papers and other related materials and have access to the advice and services of the Company Secretary. The Board and individual Director also have separate and independent access to the senior management of the Company. Directors are continuously updated with the major developments of the Listing Rules and other applicable regulatory requirements so as to ensure the Company's compliance and upkeep good corporate governance practices. In addition, Directors are allowed to seek independent professional advice in appropriate circumstances for discharging their duties at a expense of the Company.

Major responsibilities of the Board include but not limited to:

- develop and review the corporate governance policies and practices of the Company;
- review and monitor the training and continuous professional development of directors and senior management;
- review and monitor the policies and practices of the Company for the compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct applicable to directors and employees; and
- review the Company's compliance with CG Code and disclosure in the corporate governance report.

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由董事會處理。組織章程細則規定，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其他相關資料，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管理層。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，以確保本公司遵守及秉持優秀企業管治常規。此外，董事在履行其職務時，獲准在適當情況下尋求獨立專業意見，費用由本公司承擔。

董事會的主要職責包括但不限於：

- 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；及
- 檢討本公司有否遵守企業管治守則及企業管治報告所載的披露規定。

CORPORATE GOVERNANCE REPORT

企業管治報告

Independent Non-executive Directors

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules. The Board and the Nomination Committee have reviewed the independence of the Independent Non-executive Directors and considered all Independent Non-executive Directors are independent within the definition of the Listing Rules.

All Independent Non-executive Directors were not appointed with specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association. Accordingly, the Board considers that sufficient measures have been taken to ensure corporate governance practices of the Company are of no less exacting than those in the CG Code.

Directors Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company for the year ended 31 December 2015. Directors have disclosed to the Company the number and nature of offices held in Hong Kong and overseas listed public companies or organisations.

Each newly appointed Director receives an induction on his/her appointment to ensure that he/she has proper understanding of the operations and business of the Group and is fully aware of his/her responsibilities and obligations under the Listing Rules, applicable laws and other relevant statutory requirements. Directors are continually provided with updates on statutory and regulatory developments, evolution of the business environment so as to facilitate them to discharge their duties.

Directors and Officers Policy

During the year ended 31 December 2015, appropriate insurance coverage on directors' and officers' liabilities has been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

獨立非執行董事

本公司已接獲各獨立非執行董事根據上市規則第3.13條就其獨立性發出的年度確認函。董事會及提名委員會已審閱獨立非執行董事的獨立性，並認為全體獨立非執行董事均符合上市規則所界定的獨立性。

全體獨立非執行董事的委任並無指定任期，惟須根據組織章程細則輪值退任並於本公司股東週年大會上膺選連任。因此，董事會認為已採取足夠措施，確保本公司的企業管治常規不遜於企業管治守則規定。

董事承擔及持續專業發展

本公司已接獲各董事的確認函，有關彼等於截至二零一五年十二月三十一日止年度內，已投入足夠時間和充分關注本公司事務。董事已向本公司披露彼等於香港或海外上市的公眾公司或機構擔任職務的數目和性質。

各新任董事於接納委任後將接受任職簡介，確保彼等對本集團的營運及業務有適當了解，並完全明白其於上市規則、適用法律及其他相關法定規定下的責任及義務。本公司將持續為董事提供有關法定及法規發展以及業務環境變化的最新資訊，以助彼等履行職責。

董事及高級人員政策

截至二零一五年十二月三十一日止年度，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。

CORPORATE GOVERNANCE REPORT

企業管治報告

Board Diversity

The Nomination Committee adopted the board diversity policy of the Company which sets out the approach to achieve diversity on the Company's Board of Directors. The Company recognises the benefits of board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the candidates' merits and contributions to the Board. The Nomination Committee reviews the board diversity policy, as appropriate, to ensure its effectiveness from time to time. The Company considers that the current Board composition is characterised by diversity, whether considered in terms of gender, professional background, skills and knowledge.

According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision A.6.5 of the CG Code during year ended 31 December 2015:

董事會成員多元化

提名委員會採納本公司的董事會成員多元化政策，當中載列本公司達致董事會成員多元化的方法。本公司認同董事會成員多元化帶來的裨益，致力平衡董事會的組成，確保董事會成員具備執行業務策略所需合適技能、經驗及遠見。本公司銳意實踐董事會成員多元化的目標，當中須考慮多項因素，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年期。最終決定取決於候選人的才能及其向董事會作出的貢獻。提名委員會將於有需要時檢討董事會成員多元化政策，以不時確保其成效。本公司認為，不論性別、專業背景、技能及知識，目前董事會的組成方式均符合多元化特色。

根據本公司的記錄，截至二零一五年十二月三十一日止年度，董事根據企業管治守則的守則條文第A.6.5條，接受持續專業發展，內容集中於作為上市公司董事的角色、職能及職責：

			Corporate governance/ updates on laws, rules and regulations	Accounting/ financial/ management or other professional skills
		Note 附註	企業管治/法例、規則及規例的更新	會計/財務/管理或其他專業技能
Executive Directors 執行董事				
Du Jian Jun	杜建軍		✓	
Ji Kuang	嵇匡		✓	
Li Po Wai	李寶偉	1	✓	✓
Dato' Lim Ooi Hong	拿督林偉雄	2	✓	
Fan Weipeng	范偉鵬	3	✓	✓
Leung Wai Kwan	梁維君		✓	✓
Meng Xiao Ying	孟小英		✓	
Yin Shibo	尹仕波	4	✓	✓
Independent Non-executive Directors 獨立非執行董事				
Cheung Ning	張寧	5	✓	✓
Chan Kin Ho Philip	陳建豪		✓	✓
Tian Jinghua	田晶華		✓	
Li Zhenzhen	李珍珍	6	✓	✓
Liu Bo	劉波	7	✓	✓
Wong Choi Kay	黃賽琦	8	✓	✓
Tan Tony	陳業強	8	✓	

CORPORATE GOVERNANCE REPORT

企業管治報告

Notes:

1. Mr. Li Po Wai was appointed as the Co-Vice Chairman of the Board and Executive Director on 29 June 2015.
2. Dato' Lim Ooi Hong has resigned as the Executive Director on 8 May 2015.
3. Mr. Fan Weipeng was appointed as the Executive Director on 16 March 2015.
4. Mr. Yin Shibo was appointed as the Executive Director on 29 June 2015.
5. Mr. Cheung Ning has resigned as the Independent Non-executive Director on 17 September 2015.
6. Ms. Li Zhenzhen was appointed as the Independent Non-executive Director on 17 July 2015.
7. Mr. Liu Bo was appointed as the Independent Non-executive Director on 14 December 2015.
8. Ms. Wong Choi Kay and Mr. Tan Tony have resigned as the Independent Non-executive Directors on 22 April 2015.

附註：

1. 李寶偉先生於二零一五年六月二十九日獲委任為董事會聯席副主席及執行董事。
2. 拿督林偉雄於二零一五年五月八日辭任執行董事。
3. 范偉鵬先生於二零一五年三月十六日獲委任為執行董事。
4. 尹仕波先生於二零一五年六月二十九日獲委任為執行董事。
5. 張寧先生於二零一五年九月十七日辭任獨立非執行董事。
6. 李珍珍女士於二零一五年七月十七日獲委任為獨立非執行董事。
7. 劉波先生於二零一五年十二月十四日獲委任為獨立非執行董事。
8. 黃賽琦女士及陳業強先生於二零一五年四月二十二日辭任獨立非執行董事。

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. The Audit Committee comprises four members who are Independent Non-executive Directors, namely,

- Mr. Chan Kin Ho Philip (*Chairman*)
- Ms. Tian Jinghua
- Ms. Li Zhenzhen
- Mr. Liu Bo

The primary terms of the Audit Committee are as follows:

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;

審核委員會

本公司已成立審核委員會(「**審核委員會**」)，並訂明書面職權範圍，列明其權限及職責，可於聯交所及本公司網站查閱。審核委員會由四名獨立非執行董事組成，即：

- 陳建豪先生(主席)
- 田晶華女士
- 李珍珍女士
- 劉波先生

審核委員會的主要職權範圍載列如下：

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；

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- 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.
- 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。

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.
- 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。

年度財政業績：

On risk management and internal control systems:

- review the Group's financial controls and its internal control and risk management systems;
- discuss with management the systems of risk management and internal control and ensure that management has discharged its duty to have effective systems 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 risk management and internal control matters as delegated by the Board or on its own initiative and management's responses thereto;
- 檢討本集團的財務監控以及內部監控與風險管理系統；
- 與管理層討論風險管理及內部監控系統，並確保管理層已履行職責，實施有效的系統，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風險管理及內部監控事宜的重大調查的結果以及管理層的相關回應；

風險管理及內部監控系統：

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- 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 CG Code.
- 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
- 向董事會報告與企業管治守則相關的事宜。

The Audit Committee is provided with sufficient resources to discharge its responsibilities. For the year ended 31 December 2015, the Audit Committee held two meetings to review with external auditor and senior management the interim and annual results of the Group as well as the accounting principles and practices being adopted and financial reporting matters. The senior management and the external auditor of the Company attended the meetings to respond to any queries raised by the Audit Committee.

審核委員會獲提供足夠資源以履行其責任。截至二零一五年十二月三十一日止年度，審核委員會曾舉行兩次會議，與外聘核數師及高級管理層審閱本集團的中期及全年業績、所採用的會計原則及常規以及財務報告事宜。本公司高級管理層及外聘核數師均已出席會議以回應審核委員會的提問。

During the year, the Audit Committee had considered, reviewed and/or discussed the following matters:

年內，審核委員會已考慮、審閱及／或討論以下事項：

- audit and financial reporting matters;
- continuing connected transactions of the Group;
- re-appointment of Baker Tilly Hong Kong Limited as the Company's external auditor for the financial year ended 31 December 2015;
- review the terms of reference of the Audit Committee and make recommendation to the Board;
- interim and annual financial results;
- report on the Group's internal audit and audit activity status prepared by independent professional parties; and
- review the financial controls, risk management and internal control systems of the Company.
- 審核及財務申報事項；
- 本集團的持續關連交易；
- 續聘天職香港會計師事務所有限公司為本公司截至二零一五年十二月三十一日止財政年度的外聘核數師；
- 審閱審核委員會的職權範圍及向董事會提出建議；
- 中期及年度財務業績；
- 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
- 檢討本公司的財務監控、風險管理及內部監控系統。

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REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) was established with written terms of reference specifying its authority and duties which is available on the website of the Company. The Remuneration Committee comprised four members who are Independent Non-executive Directors, namely,

- Mr. Chan Kin Ho Philip (*Chairman*)
- Ms. Tian Jinghua
- Ms. Li Zhenzhen
- Mr. Liu Bo

The roles and functions 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:

- making 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;
- determining the remuneration packages of each Director and member of the senior management by reference to corporate goals; and
- ensuring 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/her duties and responsibilities to the Company and the Company’s remuneration policy.

During the year ended 31 December 2015, the Remuneration Committee had held one meeting to discuss the remuneration policy and review the remuneration of the Board, and make recommendations to the Board having taken into consideration of the current situation of the economy and the results of the Group.

薪酬委員會

本公司已成立薪酬委員會(「**薪酬委員會**」)，並訂明書面職權範圍，列明其權限及職責，可於本公司網站查閱。薪酬委員會由四名獨立非執行董事組成，即：

- 陳建豪先生(主席)
- 田晶華女士
- 李珍珍女士
- 劉波先生

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；及
- 確保概無董事或彼等任何聯繫人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。

各董事之薪酬待遇經參考現行市況、彼於本公司之職務及職責以及本公司薪酬政策後釐定。

截至二零一五年十二月三十一日止年度，薪酬委員會曾舉行一次會議，以討論薪酬政策及檢討董事會之薪酬，並經考慮現時之經濟情況及本集團業績後向董事會提出建議。

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Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of senior management by band for the year ended 31 December 2015 is set out below:

根據企業管治守則的守則條文第B.1.5條，截至二零一五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：

Remuneration (by band) 薪酬 (按範圍劃分)		Number of Individuals 人數
HK\$500,001 – HK\$600,000	500,001 港元至 600,000 港元	1

Further particulars in relation to Directors' remuneration 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 consolidated 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進一步詳情載於綜合財務報表附註 10。

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established with written terms of reference specifying its authority and duties which is available on the website of the Stock Exchange and the Company. The Nomination Committee comprised four members, amongst which three are Independent Non-executive Directors and one is Executive Director, namely,

提名委員會

本公司已成立提名委員會(「提名委員會」)，並訂明書面職權範圍，列明其權限及職責，可於聯交所及本公司網站查閱。提名委員會由四名成員組成，其中三名為獨立非執行董事，另外一名為執行董事，即：

- Mr. Chan Kin Ho Philip (*Chairman*)
- Ms. Tian Jinghua
- Ms. Li Zhenzhen
- Mr. Liu Bo

- 陳建豪先生(主席)
- 田晶華女士
- 李珍珍女士
- 劉波先生

With the aim to build up a strong and diverse Board, the Nomination Committee would identify suitable and qualified individuals, in particular those who can add value to the management through their expertise in relevant strategic business areas, to be the board members, and would recommend the Board on relevant matters relating to the appointment or re-appointment of Directors, if necessary. Details of the procedure for Shareholders to propose a person for election as a Director are outlined in the "Procedure for Shareholders to Propose a Person for Election as a Director" which is available on the website of the Company.

提名委員會致力組成強大及多元化的董事會，負責物色合資格的適當人選，尤其推薦能於相關策略業務範疇上作出貢獻的人士加入董事會，並在需要時就董事的委任及續聘相關事宜向董事會提供推薦意見。有關股東建議任何人士參選董事的程序，詳列於「股東提名候選董事的程序」，可於本公司網站閱覽。

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For the year ended 31 December 2015, the Nomination Committee had held one meeting to review the structure and diversity of the Board, the policies applicable to the board composition and nomination, the term of appointment of Non-executive Directors and to assess the independence of Independent Non-executive Directors and to make recommendations to the Board on the appointment and re-appointment of Directors taking into account their experience and qualifications.

The primary terms of the Nomination Committee include:

- review and supervise the structure, size and composition of the Board;
- develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship; and
- make recommendations to the Board on the selection of nominated directorship and matters related to appointment or re-appointment of Directors.

Pursuant to the Articles of Association, any Director appointed to fill a casual vacancy should be subject to re-election by the shareholders of the Company at the next general meeting of the Company after their appointments, 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.

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

- 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.

截至二零一五年十二月三十一日止年度，提名委員會曾舉行一次會議，以檢討董事會的架構及多元化、適用於董事會組成及提名董事的政策以及非執行董事的委任年期，評估獨立非執行董事的獨立性，並於考慮董事的經驗及資歷後就委任及續聘董事向董事會提出建議。

提名委員會的主要職權範圍包括：

- 檢討及監察董事會架構、規模及組成；
- 制定物色人選的準則，並衡量董事人選的資歷及評價董事人選；及
- 向董事會建議擔任董事的經篩選提名人選，並提出有關委任或重新委任董事的建議。

根據組織章程細則，獲委任填補臨時空缺之任何董事須於獲委任後的本公司下屆股東大會上再經本公司股東重選，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。

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。

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When a candidate is proposed for a directorship, he/she shall be evaluated on the basis of the aforementioned criteria. Selection of the suitable candidate is based on a majority vote and the view of each committee member will be sought before voting commences. The Chairman of the Nomination Committee will present the proposal (with the voting results) and recommendations to the Board.

建議董事候選人後，會按上述標準評估，然後經大多數投票通過選出合適候選人，於投票前，各委員會成員將獲徵詢意見。提名委員會主席將向董事會呈報建議（連同投票結果）並提出推薦建議。

During the year under review, the Nomination Committee had considered and recommended the following changes to the Board:

於回顧年度內，提名委員會曾考慮及向董事會建議以下變動：

- appointment of Mr. Li Po Wai as the Co-Vice Chairman of the Board and Executive Director;
 - appointment of Mr. Fan Weipeng as the Executive Director;
 - appointment of Mr. Yin Shibo as the Executive Director;
 - resignation of Dato' Lim Ooi Hong as the Executive Director;
 - appointment of Mr. Zheng Changxing as the Executive Director;
 - resignation of Ms. Wong Choi Kay as the Independent Non-executive Director, the chairman of the Audit Committee and Remuneration Committee and member of the Nomination Committee;
 - resignation of Mr. Tony Tan as the Independent Non-executive Director and member of the Audit Committee;
 - resignation of Mr. Cheung Ning as the Independent Non-executive Director, member of each of the Audit Committee, Remuneration Committee and Nomination Committee;
 - appointment of Mr. Chan Kin Ho Philip as the chairman of each of the Audit Committee and Remuneration Committee;
 - appointment of Ms. Li Zhenzhen as the Independent Non-executive Director; and
 - appointment of Mr. Liu Bo as the Independent Non-executive Director.
- 委任李寶偉先生為董事會聯席副主席及執行董事；
 - 委任范偉鵬先生為執行董事；
 - 委任尹仕波先生為執行董事；
 - 拿督林偉雄辭任執行董事；
 - 委任鄭昌幸先生為執行董事；
 - 黃賽琦女士辭任獨立非執行董事、審核委員會及薪酬委員會主席及提名委員會成員；
 - 陳業強先生辭任獨立非執行董事及審核委員會成員；
 - 張寧先生辭任獨立非執行董事、審核委員會、薪酬委員會及提名委員會成員；
 - 委任陳建豪先生為審核委員會及薪酬委員會主席；
 - 委任李珍珍女士為獨立非執行董事；及
 - 委任劉波先生為獨立非執行董事。

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BOARD AND COMMITTEES MEETINGS

During the year ended 31 December 2015, the Company held twenty one Board meetings, two Audit Committee meetings, two Nomination Committee meetings and one general meeting. The individual attendance record of each Director at the Board meetings, Board Committees meetings and general meeting during the year is set out below and is presented by reference to the number of meetings held during their tenure:

董事會及委員會會議

截至二零一五年十二月三十一日止年度，本公司曾舉行二十一次董事會會議、兩次審核委員會會議、兩次提名委員會會議及一次股東大會。年內，每名董事出席董事會會議、董事委員會會議及股東大會的個別記錄載列如下，乃參考於其任期內所舉行的會議次數而呈列：

Name of director	董事姓名	Note 附註	Number of meetings attended/held 出席／舉行會議的次數				
			Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	General meeting 股東大會
Executive Directors							
Du Jian Jun	杜建軍		21/21	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Ji Kuang	嵇匡		14/21	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Li Po Wai	李寶偉	1	16/17	N/A 不適用	N/A 不適用	N/A 不適用	0/0
Dato' Lim Ooi Hong	拿督林偉雄	2	1/2	N/A 不適用	N/A 不適用	0/1	0/0
Fan Weipeng	范偉鵬	3	11/12	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Leung Wai Kwan	梁維君		21/21	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Meng Xiao Ying	孟小英		16/21	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Yin Shibo	尹仕波	4	9/17	N/A 不適用	N/A 不適用	N/A 不適用	0/0
Independent Non-executive Directors							
Cheung Ning	張寧	5	7/13	0/1	0/0	1/1	0/1
Chan Kin Ho Philip	陳建豪		17/21	2/2	0/0	2/2	1/1
Tian Jinghua	田晶華		7/21	2/2	0/0	2/2	0/1
Li Zhenzhen	李珍珍	6	6/15	0/1	0/0	0/0	0/0
Liu Bo	劉波	7	1/2	0/0	0/0	0/0	0/0
Wong Choi Kay	黃賽琦	8	0/2	0/1	0/0	0/1	0/0
Tan Tony	陳業強	8	0/2	0/1	0/0	N/A 不適用	0/0

Notes:

- Mr. Li Po Wai was appointed as the Co-Vice Chairman of the Board and Executive Director on 29 June 2015.
- Dato' Lim Ooi Hong has resigned as the Executive Director on 8 May 2015.
- Mr. Fan Weipeng was appointed as the Executive Director on 16 March 2015.
- Mr. Yin Shibo was appointed as the Executive Director on 29 June 2015.
- Mr. Cheung Ning has resigned as the Independent Non-executive Director on 17 September 2015.
- Ms. Li Zhenzhen was appointed as the Independent Non-executive Director on 17 July 2015.

附註：

- 李寶偉先生於二零一五年六月二十九日獲委任為董事會聯席副主席及執行董事。
- 拿督林偉雄於二零一五年五月八日辭任執行董事。
- 范偉鵬先生於二零一五年三月十六日獲委任為執行董事。
- 尹仕波先生於二零一五年六月二十九日獲委任為執行董事。
- 張寧先生於二零一五年九月十七日辭任獨立非執行董事。
- 李珍珍女士於二零一五年七月十七日獲委任為獨立非執行董事。

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7. Mr. Liu Bo was appointed as the Independent Non-executive Director on 14 December 2015.
7. 劉波先生於二零一五年十二月十四日獲委任為獨立非執行董事。
8. Ms. Wong Choi Kay and Mr. Tan Tony have resigned as the Independent Non-executive Directors on 22 April 2015.
8. 黃賽琦女士及陳業強先生於二零一五年四月二十二日辭任獨立非執行董事。

Minutes of the Board and Board Committees meetings have been recorded in sufficient details including any matters considered in the meetings, decisions reached and concerns or queries raised by the Directors or dissenting views expressed. Draft and final versions of minutes of the Board and Board Committees are sent to all Directors or Committee members for comments and records respectively within a reasonable time after the meeting.

董事會及董事委員會會議的會議記錄已詳細記錄會議內容，包括於會上考慮的任何事項、董事達成的決定及彼等關注的問題、提出的疑問或表達的反對意見。董事會及董事委員會的會議記錄草稿及最終版本將於會議結束後合理時間內寄發予所有董事或委員會成員，以供彼等評論及記錄。

COMPANY SECRETARY

Ms. Sharon Kwan was appointed as the Company Secretary on 22 May 2015. Pursuant to rule 3.29 of the Listing Rules, Ms. Kwan has taken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

公司秘書

於二零一五年五月二十二日，關紫芳女士獲委任為公司秘書。根據上市規則第3.29條，於截至二零一五年十二月三十一日止年度內，關女士已參與不少於15小時的相關專業培訓。

The Company Secretary is responsible to the Board for ensuring that board procedures are followed and the board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions.

公司秘書須向董事會負責，確保董事會程序獲得遵守及董事會於作出決策時獲得全面簡報一切有關立法、規管及企業管治之發展。

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Section 566 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Shareholder(s) representing at least 5% of the total voting rights of all the members having a right to vote at general meetings may request the Board to convene an extraordinary general meeting. The related requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request(s) must be signed by the Shareholder(s) who requested to convene the meeting and deposited at the registered office of the Company or sent to the Company via email at info@dinghemining.com.hk.

股東權利

股東召開股東特別大會的程序

根據香港法例第622章公司條例第566條，佔全體有權於股東大會上表決的股東的總表決權最少5%的股東，可向董事會提出請求召開股東特別大會。有關請求書必須列明大會上處理的事務的一般性質，亦可包含在該大會上恰當地動議並擬於該大會上動議的決議案的文本。該請求書必須由要求召開大會的股東簽署及遞交至本公司的註冊辦事處或傳送至本公司的電郵地址 info@dinghemining.com.hk。

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Procedures for Directing Shareholders' Enquiries and Proposals to the Board

To foster regular and contribute two-way communications amongst the Company, its Shareholders and potential investors, the Chief Executive Officer is designated to respond to enquiries and proposals from Shareholders as well as the public. Enquiries and concerns of the Shareholders and other stakeholders can be made in writing to the Chief Executive Officer via the following contact details:

By mail : Flat B, 21st Floor,
Neich Tower,
128 Gloucester Road,
Wanchai, Hong Kong

By fax : (852) 2598 0188

By email : info@dinghemining.com.hk

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

Communications with Shareholders

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

The annual general meeting and extraordinary general meetings of the Company are valuable platforms for the Board to communicate directly with the Shareholders. The Chairman actively participates at annual general meeting(s) 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 Shareholders' queries at annual general meeting(s) and extraordinary general meetings. 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(s) to approve a connected transaction or any other transactions that are subject to

股東向董事會提出查詢及建議的程序

為促進本公司、其股東與潛在投資者之間定期互相溝通，行政總裁獲委派回應股東以及公眾的查詢及建議。股東及其他持份者可透過以下聯絡詳情向行政總裁書面提出查詢及關注事項：

郵寄 : 香港灣仔
告士打道 128 號
祥豐大廈
21 樓 B 室

傳真 : (852) 2598 0188

電郵 : info@dinghemining.com.hk

股東亦可於本公司股東大會上向董事會提出查詢。

與股東之溝通

董事會深明與股東保持有效溝通之重要性。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、公告及通函。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及聯交所網站內登載。

本公司股東週年大會及股東特別大會乃董事會直接與股東溝通之寶貴平台。為確保與股東之有效溝通，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）於股東週年大會及股東特別大會上回答股東提問。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

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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 annual general meeting 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 on the detailed procedures for conducting a poll is provided to the Shareholders at the commencement of the meeting and the Chairman will answer any questions from Shareholders concerning poll vote. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2015, there were no changes on the Company's constitutional documents.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Board complied with the code provisions on risk management and internal control as set out in the CG Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

言，股東通告將於大會舉行前至少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，而主席會解答股東任何有關投票表決之問題。股數投票結果將根據上市規則規定之方式刊發。

憲章文件

截至二零一五年十二月三十一日止年度，本公司之組織章程文件並無變動。

風險管理及內部監控

於本年度，董事會已遵守企業管治守則所載有關風險管理及內部監控的守則條文。董事會全面負責評估及釐定為達成本集團的戰略目標所願承擔的風險性質及程度，並為本集團維持適當及有效的風險管理及內部監控系統。該系統旨在管理未能達成業務目標的風險，並合理（而非絕對）地保證不會出現嚴重的錯誤陳述或損失。

本公司管理層已於營運、財務及風險監控領域制訂一套綜合政策、標準及程序，以防止資產在未經授權下被使用或處置；妥善保存會計記錄；以及確保財務資料之可靠性，從而有效地確保防止出現欺詐及錯誤。

董事會按持續經營基準監督本公司的風險管理及內部監控系統。董事會每年於年末審閱本公司及其附屬公司風險管理及內部監控制度的有效性，並認為該系統有效及適當。本公司亦設立內部審核職能，旨在對該系統的充足性及有效性進行分析及獨立評估，並制定相關程序保證資料保密性及管理實際或潛在利益衝突。本公司已建立嚴格的內部框架，以防止內部資料濫用及避免利益衝突。

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

- Monitoring mechanisms and management style — Directors attend periodic meetings of the Board. The Board Committees and the management of the Company represent the main platform by which the performance and conduct of the Company are monitored. The daily operations of business are entrusted to the Chairman, the Chief Executive Officer and the management team. Under the purview of the Chairman and the 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 overseeing the conduct of the operations of the Company with the aid of 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 business objectives of the Company within defined risk parameters in a timely and effective manner. Through scheduled periodic meetings, the Board identifies 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 risk management framework of the Company is progressively being built up as the operations of the Smelter are rammed up.

The Company's internal control audit function is outsourced to professional internal control audit service providers to ensure its independency without involvement in the operations of the Company. The outsourced internal control auditors are responsible for reviewing and appraising the effectiveness of risk management and internal control systems and corporate governance processes in the Company and reports directly to the Audit Committee.

The Audit Committee has full and direct access to the outsourced internal control auditors, 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 control audit functions.

以下為董事會檢討本公司風險管理及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主席、行政總裁及管理團隊負責。主席及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。

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

審核委員會可隨時直接聯絡外判內部監控核數師，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監控核數工作的範疇、職能、競爭能力及資源是否充足。

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

外判內部監控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監控審核。彼等將根據此等審核，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。

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.

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。

The improvement of the systems of risk management and internal control are on-going processes and the Board maintains an on-going commitment to strengthen the control environment and processes of the Company.

風險管理及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。

AUDITOR'S REMUNERATION

An analysis of the remuneration payable to the independent auditor of the Company, Baker Tilly Hong Kong Limited, to perform audit and non-audit services for the year ended 31 December 2015 is as follows:

核數師酬金

截至二零一五年十二月三十一日止年度，就本公司獨立核數師天職香港會計師事務所有限公司提供的核數服務及非核數服務而支付的酬金分析如下：

		For the year ended 31 December	
		2015	2014
		二零一五年	二零一四年
Services rendered	所提供服務		
Audit service	核數服務	920,000	870,000
Non-audit service	非核數服務	637,000	120,000

The non-audit services include professional services in relation to the Company's interim results and preliminary announcements.

非核數服務包括就本公司中期業績及初步公告提供之專業服務。

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Each Director understands and acknowledges his/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 statement of auditors about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report.

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。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。

BOARD OF DIRECTORS

董事會

EXECUTIVE DIRECTORS

DU JIAN JUN, *Chairman*

Mr. Du Jian Jun (“**Mr. Du**”), aged 58, is the Chairman of the Company. He has over 30 years of working experience in managing various businesses in the PRC. He is also the vice-general manager of Halls China Strategies Company Limited, which is specialised in the provision of venture capital service. Mr. Du had been an independent non-executive director of Sing Pao Media Enterprises Limited (“**Sing Pao**”), a company previously listed on the Growth Enterprise Market (“**GEM**”) of the Stock Exchange from 7 April 2014 to 23 June 2014 and redesignated as an executive director from 24 June 2014. Sing Pao is a company incorporated in the Cayman Islands with limited liability and its subsidiaries are principally engaged in the publication of newspapers, magazines and books; and provisions of advertising and promotion services, internet content provision and advertising. Sing Pao was placed into liquidation by an order of the High Court of Hong Kong on 12 August 2015 (the “**Sing Pao Liquidation**”). As at the Latest Practicable Date, Sing Pao is in the process of liquidation and Mr. Du confirmed that he is not in a position to indicate the outcome of the Sing Pao Liquidation.

JI KUANG, *Co-Vice Chairman*

Mr. Ji Kuang (“**Mr. Ji**”), aged 55, is the Co-Vice Chairman 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 as the chairman of Wuxi Federation of Returned Overseas Chinese Real Estate Development Company Limited* (無錫市僑聯房產開發有限公司) during the period from April 1999 to November 2009. He is currently the chairman of the Wuxi Yuqi Datang Real Estate Company Limited* (無錫市玉祁大唐置業有限公司) 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 is founded in 1986, which unites Chinese elites and Overseas-Chinese.

執行董事

杜建軍，*主席*

杜建軍先生(「**杜先生**」)，58歲，為本公司主席。彼擁有逾30年在中國管理多項不同業務之工作經驗。彼亦為霍氏中國策略有限公司之副總經理，該公司專門提供創投服務。杜先生曾於二零一四年四月七日至二零一四年六月二十三日出任成報傳媒集團有限公司(「**成報**」，過往於聯交所創業板(「**創業板**」)上市之公司)之獨立非執行董事，並自二零一四年六月二十四日起調任執行董事。成報為於開曼群島註冊成立之有限公司，其附屬公司主要從事報章、雜誌及書籍出版；及提供廣告及推廣服務、提供互聯網內容及廣告。成報於二零一五年八月十二日獲香港高等法院發出法令而進入清盤程序(「**成報清盤**」)。於最後實際可行日期，成報處於清盤過程中，而杜先生確認，彼不宜指出成報清盤之結果。

嵇匡，*聯席副主席*

嵇匡先生(「**嵇先生**」)，55歲，為本公司副主席。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。嵇先生在企業管理、房地產開發、施工管理及市場營銷方面擁有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。彼現為無錫市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。

BOARD OF DIRECTORS

董事會

LI PO WAI, *Co-Vice Chairman*

Mr. Li Po Wai (“**Mr. Li**”), aged 44, is the Co-Vice Chairman of the Company. He possesses extensive experience in managing financial enterprises in the PRC. He has been working in the private equity industry and in many well-known investment institutions. He previously held various important positions in sizeable state-owned collaboration entities, sino foreign joint venture companies, investment management enterprises and professional services institutions. He had participated and coordinated the investment operation and management for various projects and is sophisticated with professional skills and practical experience in the operation of the capital market, finance management, merger and acquisition and reorganisation of enterprises, operational strategic planning and risk management.

LEUNG WAI KWAN, *Chief Executive Officer*

Mr. Leung Wai Kwan (“**Mr. Leung**”), aged 51, is the Chief Executive Officer, authorised representative of the Company. Mr. Leung holds a Bachelor’s Degree of Business Administration in Finance from The Queen’s University of Brighton, United States of America. 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 seven years until 2004 and 2005 respectively, and has extensive experience in merger and acquisition activities, financial management and corporate compliance. Mr. Leung is currently an independent non-executive director of Yi Hua Department Store Holdings Limited (Stock Code: 2213), shares of which are listed on the Main Board of the Stock Exchange.

FAN WEIPENG

Mr. Fan Weipeng (“**Mr. Fan**”), aged 44, graduated from Guangzhou Normal School* (廣州師範學校). He has been the chairman of Guangzhou Luyin Investment Co., Ltd.* (廣州魯銀投資有限公司) since 2006 and Beijing Zhongcai Ronghe Culture Media Co., Ltd.* (北京中彩融合文化傳媒有限公司) since 2010, respectively. Mr. Fan has been engaged in financial assets and capital management for many years with extensive experience in restructuring, mergers and acquisitions, investment in and financing for initial public offering projects and leasing of real estate in China.

李寶偉, *聯席副主席*

李寶偉先生(「李先生」), 44歲, 本公司聯席副主席。彼擁有多年在中國管理金融企業的經驗。彼於私募股權行業及在多家知名投資機構任職, 曾在大型國有集體單位、中外合資公司、投資管理公司及專業服務機構擔任重要職位。彼曾參與及組織多個項目的投資運作管理, 熟悉並具備資本市場運作、融資管理、企業併購重組、經營策略規劃及風險管理等方面的專業技能及實踐經驗。

梁維君, *行政總裁*

梁維君先生(「梁先生」), 51歲, 為本公司行政總裁兼授權代表。梁先生畢業於美利堅合眾國皇家白禮頓大學, 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, 彼曾為當地審計所之負責人, 並在一間提供秘書服務、稅務及企業融資顧問服務之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之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累積豐富經驗。梁先生現時為聯交所主板上市公司益華百貨控股有限公司(股份代號: 2213)之獨立非執行董事。

范偉鵬

范偉鵬先生(「范先生」), 44歲, 於廣州師範學校畢業。彼分別自二零零六年起出任廣州魯銀投資有限公司及自二零一零年起出任北京中彩融合文化傳媒有限公司之董事長。范先生從事金融資產及資本管理多年, 擁有重組、併購、首次公開發售之投融資及中國房地產租賃之豐富經驗。

BOARD OF DIRECTORS 董事會

MENG XIAO YING

Ms. Meng Xiao Ying (“**Ms. Meng**”), aged 46, is a lawyer and the founding partner of Guangdong Huishang Law Firm* (廣東惠商律師事務所). She graduated from the Department of Law of Xiangtan University in Hunan. She was assigned to work in Hunan Heshan Justice Bureau in 1990. She was admitted as a lawyer with excellent results in 1992 and was sent by Justice Bureau for the formation of Heshan Second Law Firm (赫山區第二律師事務所) in the same year. Since then, she started her career as a professional lawyer. Afterwards, she worked as a professional lawyer in Hunan Zhenli Law Firm* (湖南真理律師事務所) from 1994 to 2000 and co-founded Guangdong Huishang Law Firm* (廣東惠商律師事務所) in 2000 and founded Guangdong Huanding Law Firm* (廣東環鼎律師事務所) in 2014. Her distinct style and characteristic of effectiveness in case handling has been established in the practice for law for over 20 years. She has extensive working experience as a lawyer, and has handled numerous non-litigation legal affairs, such as economical, civil and criminal cases and issuance of legal opinion and feasibility studies reports. Since the practice of law in Shenzhen, she has assisted in the successful listing of several units who sought for legal advice and received their appreciations. Ms. Meng had been an independent non-executive director of Sing Pao from 7 April 2014 to 23 June 2014 and re-designated as an executive director from 24 June 2014. As at the Latest Practicable Date, Ms. Meng confirmed that she is not in a position to indicate the outcome of the Sing Pao Liquidation.

YIN SHIBO

Mr. Yin Shibo (“**Mr. Yin**”), aged 41, obtained a Bachelor’s Degree in Economics from Guizhou University of Finance and Economics (formerly known as Guizhou College of Finance and Economics) and a Master Degree in Business and Administration from Wuhan University. Mr. Yin has 18 years of extensive experience in finance industry, in particular, bank financing, project investment analysis and corporate financial management. He had held various positions in Agricultural Bank of China during 1997 to 2008 and was last held as a branch president. Since 2008, he has devoted himself to the private equity industry and obtained senior management positions in various renowned investment institutions. From July 2014 to June 2015, Mr. Yin had been appointed as an executive director of China Best Group Holding Limited (Stock Code: 370), shares of which are listed on the Main Board of the Stock Exchange, and he remains as senior management after his resignation as the executive director in June 2015.

孟小英

孟小英女士(「孟女士」)，46歲，為律師及廣東惠商律師事務所發起合夥人。彼畢業於湖南湘潭大學法律系，一九九零年分配在湖南赫山區司法局工作，一九九二年以優異成績取得律師資格，並於同年被司法局派遣組建赫山區第二律師事務所，從此開始專職律師生涯。之後，彼於一九九四年至二零零零年在湖南真理律師事務所擔任專職律師，二零零零年合夥創辦廣東惠商律師事務所，並於二零一四年創辦廣東環鼎律師事務所。彼在20多年律師執業中形成了獨特之案件處理風格及卓有成效之案件處理特色，具有豐富之律師工作經驗，辦理了大量經濟、民事及刑事案件以及出具法律意見書及可行性研究報告等非訴訟法律事務。自深圳執業以來，彼協助多間尋求法律意見之單位成功上市，得到該等單位之好評。孟女士曾於二零一四年四月七日至二零一四年六月二十三日出任成報之獨立非執行董事，並自二零一四年六月二十四日起調任執行董事。於最後實際可行日期，孟女士確認，彼不宜指出成報清盤之結果。

尹仕波

尹仕波先生(「尹先生」)，41歲，於中國貴州財經大學(前身為貴州財經學院)獲得經濟學學士學位，並於武漢大學獲得工商管理碩士學位。尹先生在金融行業擁有十八年豐富經驗，特別擅長銀行融資，項目投資分析及企業財務管理。彼於一九九七年至二零零八年期間在中國農業銀行擔任多種職務，其離任前擔任支行行長。自二零零八年起，彼投身於私募股權行業及在多家知名投資機構擔任高級管理層職務。於二零一四年七月至二零一五年六月，尹先生獲委任為國華集團控股有限公司(其股份於聯交所主板上市，股份代號：370)執行董事，並於二零一五年六月辭任該公司執行董事後留任高級管理層職務。

BOARD OF DIRECTORS

董事會

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN KIN HO PHILIP

Mr. Chan Kin Ho Philip (“**Mr. Chan**”), aged 38, graduated from the University of Hong Kong with a Bachelor’s Degree in Business Administration in Accounting and Finance. Mr. Chan is a certified public accountant under the Hong Kong Institute of Certified Public Accountants and a member of The Association of Chartered Certified Accountants. Mr. Chan is also a chartered financial analyst. Mr. Chan has over 15 years of experience in finance, accounting, external and internal auditing in both Hong Kong and the PRC. Mr. Chan had worked in the assurance and advisory department of Deloitte Touche Tohmatsu Limited and KPMG and as a business area controller in the financial controlling division of Deutsche Bank AG. Mr. Chan was the group financial controller of Xinhua Sports & Entertainment (HK) Limited, a wholly-owned subsidiary of Xinhua Sports & Entertainment Limited, shares of which are currently traded on the American over-the-counter (pink sheets) market and was the vice president — finance for Tiger Media, Incorporation (formerly known as SearchMedia Holdings Limited), shares of which are listed on the American Stock Exchange. He was also an independent non-executive director of China Machinery Engineering Corporation. Mr. Chan is currently an executive director of Willing International Capital (Shanghai) Company Limited and company secretary of China Digital Culture (Group) Limited (Stock Code: 8175), shares of which are listed on the GEM of the Stock Exchange.

TIAN JINGHUA

Ms. Tian Jinghua (“**Ms. Tian**”), aged 54, completed her studies in Criminal Law of PRC from Heilongjiang University in 1991. Ms. Tian was awarded a Master’s Degree in Law from Jilin University in 2000. She is a member of both All China Lawyers Association and Beijing Lawyers Association. Ms. Tian has over 20 years’ experience in the legal profession in the PRC.

獨立非執行董事

陳建豪

陳建豪先生(「**陳先生**」)，38歲，畢業於香港大學，取得工商管理學士(會計及財務)學位。彼為香港會計師公會之執業會計師及特許公認會計師公會會員。陳先生亦為特許財務分析師。陳先生在香港及中國之金融、會計以及外部及內部審核方面累積逾15年經驗。陳先生曾於德勤•關黃陳方會計師行及畢馬威會計師事務所之鑑證及顧問部任職，亦曾出任德意志銀行財務監控部之業務監控員。陳先生曾出任新華悅動傳媒有限公司(其股份現於美國場外交易(粉紅價單)市場買賣)之全資附屬公司新華悅動傳媒(香港)有限公司之集團財務總監，彼亦曾出任美國證券交易所上市公司Tiger Media, Incorporation(前稱SearchMedia Holdings Limited)之財務副總裁。彼曾出任中國機械設備工程股份有限公司之獨立非執行董事。陳先生現為威菱投資諮詢(上海)有限公司之執行董事，並為聯交所創業板上市公司中國數碼文化(集團)有限公司(股份代號：8175)之公司秘書。

田晶華

田晶華女士(「**田女士**」)，54歲，於一九九一年在黑龍江大學修畢中國刑法學科。田女士於二零零零年在吉林大學獲頒法學碩士學位。彼為中華全國律師協會會員及北京市律師協會會員。田女士在國內律師專業擁有逾二十年經驗。

BOARD OF DIRECTORS

董事會

LI ZHENZHEN

Ms. Li Zhenzhen (“**Ms. Li**”), aged 31, graduated from the University of Guangxi with a bachelor’s degree. Ms. Li has been working in senior role in listed company for many years and she has good knowledge of corporate financing and business operation. Ms. Li is now the chairman of board of supervisors of Guanghe Landscape Culture Communication Co., Ltd, ShanXi (Shanghai stock code: 600234), a company listed in the Shanghai Stock Exchange since June 2014, and chairman and an executive director of Sino Haijing Holdings Limited (stock code:01106), the shares of which are listed on the Main Board of the Stock Exchange since 5 April 2016 and 30 December 2015, respectively.

LIU BO

Mr. Liu Bo (“**Mr. Liu**”), aged 51, holds a Bachelor’s Degree in Computer Science from University of Science and Technology of China, and a Master’s of Science Degree from the Institute of Acoustics of the Chinese Academy of Science. Mr. Liu has many years of experience in venture capital, private equity investment, fund management, mergers and acquisitions etc.. Mr. Liu is currently the chairman of two investment fund management companies in Shenzhen, China.

李珍珍

李珍珍女士(「**李女士**」)，31歲，以學士身份畢業於廣西大學。李女士於上市公司擔任高級職位工作多年，具備良好企業融資及商業運營知識。李女士現擔任上海證券交易所的上市公司山西廣和山水文化傳播股份有限公司(上海股份代號：600234)監事會主席(由二零一四年六月至今)及中國海景控股有限公司(股份代號：01106)主席兼執行董事，該等公司股份分別自二零一六年四月五日及二零一五年十二月三十日於聯交所主板上市。

劉波

劉波先生(「**劉先生**」)，51歲，持有中國科學技術大學計算機專業學士學位及中國科學院聲學研究所理學碩士學位。劉先生於創業投資、私募股權投資、基金管理、收購兼併等方面擁有多年豐富的經驗。劉先生現在是兩家位於中國深圳的投資基金管理公司的董事長。

* for identification purpose only

DIRECTORS' REPORT

董事會報告

The directors (the “**Directors**”) of Ding He Mining Holdings Limited (“**Ding He**” or the “**Company**”, together with its subsidiaries, the “**Group**”) hereby present their report together with the audited financial statements of the Group for the year ended 31 December 2015.

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.

BUSINESS REVIEW

A fair review of the Group’s business and its outlook are set out in the sections of Chairman’s Statement and Management Discussion and Analysis. Certain financial key performance indicators are provided in the section of Five-Year Financial Summary. No important event affecting the Group has occurred since the end of the financial year under review.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the “**SFO**”) for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

The Group respects the environment and is committed to minimizing its carbon footprints as a socially responsible enterprise in Hong Kong. Carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide of (CO₂) emission. Non-hazardous wastes produced from the Group mainly consist of used paper such as office papers and marketing materials. To minimize the impact of carbon footprints on the environment, the Group implements the following practices to use paper efficiently:

- Duplex printing is set as the default mode for most network printers;
- Employees are reminded to practice photocopying wisely;
- Employees are encouraged to use both sides of paper;
- Paper waste is recycled instead of being directly disposed of in landfills;

鼎和礦業控股有限公司(「**鼎和**」或「**本公司**」，連同其附屬公司，統稱「**本集團**»)的董事(「**董事**»)謹此提呈截至二零一五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。

業務回顧

本集團業務及其前景之中肯回顧載於主席報告及管理層討論及分析兩節。若干主要財務表現指標載於五年財務概要一節。自回顧財政年度末以來，概無發生影響本集團之重大事件。

本集團已遵守公司條例、上市規則及證券及期貨條例(「**證券及期貨條例**»)項下有關資料披露及企業管治之規定。本集團亦遵守僱傭條例之規定及有關職業安全之條例，以維護本集團僱員之利益。

作為一家具社會責任之香港企業，本集團愛惜自然環境並致力將其產生之碳排放量減至最少。碳排放量之定義為直接及間接排放之溫室氣體(GHGs)總量，以二氧化碳(CO₂)排放等量為單位表示。本集團所產生之無害廢棄物主要包括廢紙，如辦公室用紙及營銷物料。為將碳排放量對環境之影響減至最少，本集團採取以下行動以有效利用紙張：

- 將大部分網絡印表機預設為雙面列印之列印模式；
- 提醒員工進行影印時減少浪費；
- 鼓勵員工使用紙張的兩面；
- 循環再用廢紙而非直接送往堆填區處置；

- Paper is separated from other waste for easier recycling; and
- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.
- 將紙張與其他廢棄物分隔，方便回收；及
- 於影印機旁放置紙箱及紙盤收集單面紙張，以作循環再用。

Electricity consumption is identified as having an adverse impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The Group is determined to reduce energy consumption and implement conservation practices to reduce the effect of carbon footprint. Air conditioning and light zone arrangements reduce unnecessary electricity usage; employees enforce good practices in maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximize efficiency.

Key Risk Factors

The following lists out the key risks and uncertainties facing the Group.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realizes that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

電力消耗被指對環境及天然資源造成不利影響。一般商業樓宇照明之耗電量較其他電力設備為高。本集團決定減少能源消耗並實施保護措施以減少碳排放量的影響。減少空調及燈帶安排，以減少不必要的用電；僱員定期維護照明及電力設備，以確保該等設備處於良好狀態從而最大限度提高使用效率。

主要風險因素

下文載列本集團面臨的主要風險及不明朗因素。

地方及國際規例之影響

本集團之業務營運亦須遵守政府政策、相關規例及監管機關建立的指引。未能遵守該等規則及規定可能引致監管機關的罰款、責令改正及暫停業務營運。本集團密切監控政府政策、規例及市場之變動，並進行研究以評估該等變動之影響。

第三方風險

本集團在部分業務方面一直依賴第三方服務供應商以改善本集團之表現及效率。儘管本集團自外部服務供應商獲得利益，但管理層意識到對相關經營之依賴性可能使本集團較易受到其不可預計的惡劣服務或未能提供服務所影響，包括聲譽受損、業務中斷及金錢損失。為應對該等不明朗因素，本集團僅委聘聲譽良好之第三方供應商並密切監控彼等之表現。

與僱員、客戶及供應商之重要關係

本集團通過提供全面的福利待遇、職業發展機遇及適合個人需要的內部培訓認可僱員的成就。本集團為全體僱員提供健康安全的工作場所。於回顧年度並無發現任何因工作場所意外事故而造成的罷工或死亡事件。

DIRECTORS' REPORT

董事會報告

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyze on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 78.

FINAL DIVIDENDS

The Board did not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment of the Group for the year ended 31 December 2015 amounted to HK\$85,650 (2014: HK\$6,252,098). 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 29(b) to the financial statements.

INTEREST CAPITALISED

No interest on bank loans have been capitalised for the year ended 31 December 2015 (2014: 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 29(a) to the financial statements respectively.

本集團與供應商建立合作關係以有效及高效地滿足顧客之需求。部門之間密切合作以確保招標及採購程序以公開、公平、公正的方式進行。本集團在項目開展之前就本集團之要求及標準與供應商進行良好溝通。

本集團通過多種方式及渠道重視所有客戶的意見及觀點，包括使用商業情報瞭解客戶趨勢及需求以及定期分析客戶反饋。本集團亦進行全面的測試及檢查以確保僅向客戶提供優質產品及服務。

業績及分派

本集團截至二零一五年十二月三十一日止年度的業績載於綜合損益表第78頁。

末期股息

董事會不建議就截至二零一五年十二月三十一日止年度派付任何股息(二零一四年：無)。

物業、廠房及設備

本集團截至二零一五年十二月三十一日止年度的物業、廠房及設備添置為85,650港元(二零一四年：6,252,098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29(b)。

撥作資本之利息

截至二零一五年十二月三十一日止年度並無銀行貸款利息撥充資本(二零一四年：無)。

儲備

本集團及本公司於本年度的儲備變動詳情分別載於綜合權益變動表及財務報表附註29(a)內。

DIRECTORS' REPORT

董事會報告

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), were represented by accumulated losses of HK\$1,392,423,999 (2014: HK\$1,199,894,544). At 31 December 2015 and 2014, there are no distributable reserves available to owners of the Company.

DIRECTORS

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

Executive Directors

Mr. Du Jian Jun (*Chairman*)

Mr. Ji Kuang (*Co-Vice Chairman*)

Mr. Li Po Wai (*Co-Vice Chairman*) (appointed on 29 June 2015)

Mr. Dato' Lim Ooi Hong (resigned on 8 May 2015)

Mr. Fan Weipeng (appointed on 16 March 2015)

Mr. Leung Wai Kwan (*Chief Executive Officer*)

Ms. Meng Xiao Ying

Mr. Yin Shibo (appointed on 29 June 2015)

Mr. Zheng Changxing (appointed on 16 March 2015 and retired on 26 June 2015)

Independent Non-executive Directors

Mr. Cheung Ning (resigned on 17 September 2015)

Mr. Chan Kin Ho Philip

Ms. Tian Jinghua

Ms. Li Zhenzhen (appointed on 17 July 2015)

Mr. Liu Bo (appointed on 14 December 2015)

Ms. Wong Choi Kay (resigned on 22 April 2015)

Mr. Tan Tony (resigned on 22 April 2015)

The biographical details of the Directors are set out under the section "Board of Directors" of this report.

On 22 April 2015, Ms. Wong Choi Kay and Mr. Tony Tan and on 17 September 2015 Mr. Cheung Ning have resigned as the Independent Non-executive Directors of the Company and on 8 May 2015 Dato' Lim Ooi Hong has resigned as the Executive Director of the Company. All of them intended to devote more time to their other business commitments.

可供分派儲備

於二零一五年十二月三十一日，根據香港公司條例(第622章)第6部之條文計算，本公司的儲備為累計虧損1,392,423,999港元(二零一四年：1,199,894,544港元)。於二零一五年十二月三十一日及二零一四年十二月三十一日，本公司並無任何可供分派予公司股東的儲備。

董事

於本年度及截至本報告日期止的董事如下：

執行董事

杜建軍先生(主席)

嵇匡先生(聯席副主席)

李寶偉先生(聯席副主席)(於二零一五年六月二十九日獲委任)

拿督林偉雄先生(於二零一五年五月八日辭任)

范偉鵬先生(於二零一五年三月十六日獲委任)

梁維君先生(行政總裁)

孟小英女士

尹仕波先生(於二零一五年六月二十九日獲委任)

鄭昌幸先生(於二零一五年三月十六日獲委任及於二零一五年六月二十六日退任)

獨立非執行董事

張寧先生(於二零一五年九月十七日辭任)

陳建豪先生

田晶華女士

李珍珍女士(於二零一五年七月十七日獲委任)

劉波先生(於二零一五年十二月十四日獲委任)

黃賽琦女士(於二零一五年四月二十二日辭任)

陳業強先生(於二零一五年四月二十二日辭任)

董事的履歷詳情載於本報告「董事會」一節。

黃賽琦女士及陳業強先生於二零一五年四月二十二日辭任本公司獨立非執行董事，張寧先生於二零一五年九月十七日辭任本公司獨立非執行董事，而拿督林偉雄於二零一五年五月八日辭任本公司執行董事。所有董事均擬投入更多時間打理彼等之其他事務。

DIRECTORS' REPORT

董事會報告

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.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules.

The Company considers all Independent Non-executive Directors to be independent.

EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the year are set out in notes 9 and 10 to the consolidated financial statements respectively.

DIRECTORS OF SUBSIDIARIES

Up to the date of this report, the directors of the subsidiaries of the Company are Mr. Rosli Bin Mohd Darus and Mr. Mohamad Bin Md Nor, except Nice Tone Enterprises Limited, Step Pacific Development Limited, Chinese Loong Culture Development Group Limited and Golden Elegant Limited.

Mr. Leung Wai Kwan and Mr. Lim Ooi Hong are the directors of Nice Tone Enterprises Limited. Mr. Teoh Tek Siong and Mr. Chui Chi Kuen are the directors of Step Pacific Development Limited. Mr. Ng Chak Ting is the director of Chinese Loong Culture Development Group Limited. Mr. Li Po Wai is the director of Golden Elegant Limited.

DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

Save as disclosed under the headings "Material Related Party Transactions" in note 36 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.

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。

獨立非執行董事之獨立性

本公司已接獲各獨立非執行董事根據上市規則第3.13條之規定而發出之年度獨立性確認書。

本公司認為全體獨立非執行董事均為獨立人士。

薪酬

年內，董事及本集團五名最高薪酬人士的薪酬詳情分別載於綜合財務報表附註9及10。

附屬公司董事

截至本報告日期止，本公司附屬公司之董事為Rosli Bin Mohd Darus先生及Mohamad Bin Md Nor先生，惟Nice Tone Enterprises Limited、Step Pacific Development Limited、中華龍文化發展集團有限公司及Golden Elegant Limited除外。

梁維君先生及Lim Ooi Hong先生均為Nice Tone Enterprises Limited之董事。Teoh Tek Siong先生及Chui Chi Kuen先生均為Step Pacific Development Limited之董事。Ng Chak Ting先生為中華龍文化發展集團有限公司之董事。李寶偉先生為Golden Elegant Limited之董事。

董事及控股股東於合約的權益

除財務報表附註36「重大關連方交易」一節所披露者外，概無董事或本公司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。

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, to the best knowledge of the Directors, none of the Directors and their respective close associates was considered to have any interests in the businesses which compete or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as Directors to represent the interests of the Company and/or the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of its holding Company, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contract 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year was the Company, the Company's subsidiaries or holding companies, or fellow subsidiaries, a party to any arrangements to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had a total of approximately 80 employees (2014: 80 employees). Total staff costs (including Directors' emoluments), incurred for the year ended 31 December 2015 amounted to approximately HK\$9,490,000 (2014: approximately HK\$9,240,000). 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.

董事於競爭業務的權益

年內及截至本報告日期，就董事所知，概無董事及彼等各自之緊密聯繫人被視為於與本集團業務構成或可能構成直接或間接競爭之業務（董事獲委任為董事以代表本公司及／或本集團權益的業務除外）中擁有任何權益。

董事於交易、安排或合約中之權益

本公司、或其任何控股公司、附屬公司或同系附屬公司概無訂立於年終或年內任何時間仍然生效而本公司董事或其關連實體直接或間接於其中擁有重大權益之重大交易、安排或合約。

管理合約

年內，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。

購買股份或債券之安排

除本報告披露者外，年內，本公司、本公司附屬公司或控股公司，或同系附屬公司概無訂立任何安排，致使董事透過購入本公司或任何其他法人團體之股份或債券獲得利益。

僱員及薪酬政策

於二零一五年十二月三十一日，本集團共有約80名僱員（二零一四年：80名僱員）。截至二零一五年十二月三十一日止年度的員工成本（包括董事薪酬）總額約為9,490,000港元（二零一四年：約9,240,000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。

DIRECTORS' REPORT

董事會報告

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 14 October 2008. The purpose of the Share Option Scheme is (i) to attract and retain the best quality personnel for the development of the Company’s businesses; (ii) to provide additional incentives to the employees; (iii) to provide eligible participants with the opportunity to acquire proprietary interests in the Company; and (iv) to promote the long term financial success of the Company by aligning the interests of grantees to the Shareholders. Under the Share Option 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 Share Option 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.

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. 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.

股票掛鈎協議

年內訂立或於年終仍有效之股票掛鈎協議詳情載列如下：

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（「**購股權計劃**」）。購股權計劃旨在 (i) 吸引及挽留精英人才發展本公司業務；(ii) 為僱員提供額外獎勵；(iii) 為合資格人士提供認購本公司股本權益的機會；及 (iv) 藉連繫承授人與股東的利益，促進本公司長期財務成就。根據購股權計劃，董事會有權自採納購股權計劃當日起計 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。

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%。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本公司股份總數，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。

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.

During the year ended 31 December 2015, no option has been granted or agreed to be granted under the Share Option Scheme.

New Share Option Scheme

In view of the fact that the existing Share Option Scheme will expire and the amendments to the relevant Listing Rules since the adoption of the existing Share Option Scheme, an ordinary resolution was duly passed in the extraordinary general meeting held on 4 February 2016 to terminate the existing Share Option Scheme and adopt the new share option scheme of the Company (the "**New Share Option Scheme**").

The purpose of the New Share Option Scheme is (i) to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Under the New Share Option 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.

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。

於截至二零一五年十二月三十一日止年度，概無根據購股權計劃授出或同意授出購股權。

新購股權計劃

由於現有購股權計劃即將到期，加上自現有購股權計劃獲採納以來相關上市規則有所修訂，一項普通決議案已於二零一六年二月四日舉行之股東特別大會獲正式通過，以終止現有購股權計劃及採納本公司的新購股權計劃(「**新購股權計劃**」)。

新購股權計劃旨在(i)鼓勵合資格參與人士為本集團利益而提高工作效率；及(ii)吸納及留聘對或將對本集團長遠發展帶來有利貢獻的合資格參與人士，或以其他方式與之維持持續的業務關係。根據新購股權計劃，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。

DIRECTORS' REPORT

董事會報告

Subject to the refreshment of the Scheme Limit, the maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted) under the New Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the adoption date of the New Share Option Scheme (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to Options which have lapsed in accordance with the terms of the New Share Option Scheme (or any other share option schemes of the Company). 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. Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”).

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; and (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. The acceptance date of an offer shall be a date not later than 30 days after the offer date. 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 shall not exceed 10 years from the date of grant of the relevant option.

As at the date of this annual report, the total number of ordinary shares available for issue under the New Share Option Scheme is 550,962,392, representing 10% of the shares in issue of the Company as at the date of the report.

受計劃限額的更新所規限，根據新購股權計劃及本公司任何其他購股權計劃可予授出的購股權所涉及的股份數目上限（包括已授出的已行使或尚未行使購股權所涉及的股份），合共不得超過新購股權計劃採納日期已發行股份總數的10%（「**計劃限額**」），就此而言，不包括根據新購股權計劃或本公司任何其他購股權計劃的條款已失效的購股權原應可予發行的股份。在任何十二個月期間，因為每位承授人行使獲授之購股權（包括已行使或尚未行使者）而已發行及將發行之股份總數不得超過本公司已發行股份之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。因悉數行使根據新購股權計劃及本公司任何其他購股權計劃已授出但尚未行使之購股權而可予發行之股份，不得超過不時已發行股份之30%（「**最高限額**」）。

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。建議接納日期不得遲於自建議日期起計30日當日。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。

於本年報日期，根據新購股權計劃可予發行的普通股總數為550,962,392股，佔本公司於報告日期已發行股份之10%。

DIRECTORS' REPORT

董事會報告

Convertible Preference Shares

Details of the convertible preference shares of the Company are set out in the note 29 to the financial statements.

Convertible Bonds

Details of the convertible bonds of the Company are set out in the note 25 to the financial statements.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

可換股優先股

本公司之可換股優先股詳情載於財務報表附註29。

可換股債券

本公司之可換股債券詳情載於財務報表附註25。

董事於證券之權益

於二零一五年十二月三十一日，各董事及本公司主要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」)第XV部)之股份、相關股份及債券中擁有須(i)根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所之權益及淡倉(包括根據證券及期貨條例之有關條文董事及主要行政人員被當作或視為擁有之權益及淡倉);(ii)記錄於本公司根據證券及期貨條例第352條存置之登記冊之權益及淡倉;或(iii)根據上市規則附錄10所載本公司董事進行證券交易的標準守則(「標準守則」)知會本公司及聯交所之權益及淡倉如下:

Director 董事	Note 附註	Capacity 身份	Total number of ordinary shares interested or deemed to be interested (Long positions) 擁有權益或 視為擁有權益之 普通股總數(好倉)	Approximate percentage of total issued share capital of the Company 佔本公司全部 已發行股本之 概約百分比
Leung Wai Kwan 梁維君	1	Beneficial owner and interest of spouse 實益擁有人及配偶權益	6,074,250	0.11%

Note:

- Mr. Leung Wai Kwan is legally and beneficially interested in 1,087,500 shares of the Company and his spouse owns 4,986,750 shares of the Company. By virtue of SFO, Mr. Leung is deemed to be interested in the same block of shares in which his spouse is interested.

附註:

- 梁維君先生合法及實益擁有1,087,500股本公司股份之權益，而彼之配偶擁有4,986,750股本公司股份。根據證券及期貨條例，梁先生被視為於彼之配偶擁有權益之同一批股份中擁有權益。

DIRECTORS' REPORT

董事會報告

Save as disclosed above, as at 31 December 2015, none of the Director nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associate corporations which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

At no time during the year ended 31 December 2015 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2015, so far as is known to the Directors and the chief executives of the Company, no person has interests or short positions in the shares and underlying shares of the Company or any of its associated corporations which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under Section 336 of the SFO, or, were directly or indirectly, interested in 5% or more of the nominal value of share capital carrying rights to vote in all circumstances at general meetings of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintain high standard of corporate governance. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 26 to 46 of this Annual Report.

BORROWINGS

Details of the Group's borrowings are set out in notes 25, 26 and 27 to the consolidated financial statements.

除上文披露者外，於二零一五年十二月三十一日，董事及本公司主要行政人員概無於本公司或其任何相聯法團之股份、相關股份或債券中擁有須(i)根據證券及期貨條例第XV部第7及第8分部知會本公司及聯交所之任何權益或淡倉(包括根據證券及期貨條例之有關條文董事及主要行政人員被當作或視為擁有之權益及淡倉)；(ii)記錄於本公司根據證券及期貨條例第352條存置之登記冊之任何權益或淡倉；或(iii)根據上市規則附錄10所載的標準守則知會本公司及聯交所之任何權益或淡倉。

截至二零一五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。

主要股東權益

於二零一五年十二月三十一日，據董事及本公司主要行政人員所悉，概無任何人士於本公司或其任何相聯法團之股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部之條文向本公司披露之權益或淡倉以及記錄於證券及期貨條例第336條規定本公司須予存置之登記冊之權益或淡倉，或直接或間接擁有附帶權利可在任何情況下於本公司股東大會上投票之股本面值5%或以上之權益。

企業管治

本公司致力維持高水平之企業管治。本公司採納之企業管治常規詳情載於本年報第26至46頁之企業管治報告內。

借款

本集團借款之詳情載於綜合財務報表附註25、26及27。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

NEW SHARES ISSUED & CONVERTED

Conversion of CPSS

On 10 April 2015, all holders of CPSSs converted the CPSSs into fully paid ordinary shares in the share capital of the Company on the basis of one conversion share to one CPS and a total of 565,631,177 ordinary shares were issued.

Placing

On 21 July 2015, the Company and Kingston Securities Limited (the "Placing Agent") entered into a placing agreement, whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 612,000,000 placing shares to not less than six placees at the placing price of HK\$0.185 per placing share. The Board considered that the Placing would enhance its working capital and strengthen its capital base and financial position.

The closing price per ordinary share as quoted on the Stock Exchange on 21 July 2015, being the date of the placing agreement was HK\$0.222. The net price for each placing share was approximately HK\$0.18.

The placing was completed on 7 August 2015. An aggregate of 612,000,000 placing shares has successfully placed to not less than six placees, who and whose beneficial owners are independent third parties to the Company at a price of HK\$0.185 per placing share, raising gross proceeds of HK\$113.22 million. The net proceeds from the placing amounted to approximately HK\$109.94 million, which would be for the repayment of debts of the Group and as the general working capital of the Group.

購買、出售或贖回上市證券

年內，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

已發行及轉換的新股份

轉換可轉換優先股

於二零一五年四月十日，所有可轉換優先股持有人已按一股換股股份轉換一股可轉換優先股的基準，轉換可轉換優先股為本公司股本中的繳足股款普通股，且已發行合共565,631,177股普通股。

配售事項

於二零一五年七月二十一日，本公司與金利豐證券有限公司（「配售代理」）訂立配售協議，據此，本公司有條件同意透過配售代理盡力向不少於六名承配人配售最多612,000,000股配售股份，每股配售股份之配售價為0.185港元。董事會認為配售事項將增加其營運資金以及加強其資本基礎及財務狀況。

聯交所於二零一五年七月二十一日（即配售協議日期）所報每股普通股的收市價為0.222港元。每股配售股份的淨價約為0.18港元。

配售事項於二零一五年八月七日完成。合共612,000,000股配售股份已獲成功配售予不少於六名承配人，承配人及彼等之實益擁有人均為本公司之獨立第三方，每股配售股份之價格為0.185港元，所得款項總額為113,220,000港元。配售事項的所得款項淨額約為109,940,000港元，將用作償還本集團債項及本集團一般營運資金。

DIRECTORS' REPORT

董事會報告

Open Offer

On 21 July 2015, the Company proposed to raise gross proceeds (before expenses) of up to approximately HK\$153 million (assuming no placing shares were issued and no convertible bonds were converted on or before record date) or HK\$185.3 million (assuming the maximum number of placing shares was issued and full conversion of the convertible bonds on or before the record date), by way of an open offer. The Company shall allot and issue not less than 1,530,541,307 offer shares and not more than 1,853,089,603 offer shares to the qualifying shareholders at a subscription price of HK\$0.10 per offer share, on the basis of one offer share for every two shares held on the record date. The Board considered that the open offer would enhance its working capital and strengthen its capital base and financial position.

The subscription price was HK\$0.10 per offer share, representing a discount of approximately 54.95% to the closing price of HK\$0.222 per share as quoted on the Stock Exchange on 21 July 2015.

The Open Offer was completed on 19 November 2015. An aggregate of 1,836,541,307 offer shares were successfully issued at the subscription price of HK\$0.10 per offer share on basis of one offer share for every two share held on 22 October 2015, raising gross proceeds of HK\$183.6 million. The net proceeds from the open offer amounted to approximately HK\$177.7 million, which would be for the repayment of debts of the Group and as the general working capital of the Group.

公開發售

於二零一五年七月二十一日，本公司建議以公開發售方式籌集所得款項總額(扣除開支前)最多約153,000,000港元(假設於記錄日期或之前概無發行配售股份及概無兌換可換股債券)或185,300,000港元(假設於記錄日期或之前已發行最高數目之配售股份及悉數兌換可換股債券)。本公司將按於記錄日期每持有兩股股份獲發一股發售股份的基準，以認購價每股發售股份0.10港元向合資格股東配發及發行不少於1,530,541,307股發售股份及不多於1,853,089,603股發售股份。董事會認為公開發售將增加其營運資金以及加強其資本基礎及財務狀況。

每股發售股份的認購價為0.10港元，較聯交所於二零一五年七月二十一日所報收市價每股0.222港元折讓約54.95%。

公開發售於二零一五年十一月十九日完成。合共1,836,541,307股發售股份已按於二零一五年十月二十二日每持有兩股股份獲發一股發售股份的基準，以認購價每股發售股份0.10港元成功發行，所得款項總額為183,600,000港元。公開發售的所得款項淨額約為177,700,000港元，將用作償還本集團債項及撥作本集團一般營運資金。

DIRECTORS' REPORT

董事會報告

The equity fund raising activities conducted by the Company for the year ended 31 December 2015 are set out below:

本公司於截至二零一五年十二月三十一日止年度所進行之股本集資活動載列如下：

Date of announcement 公告日期	Fund raising activities 集資活動	Net proceeds raised (approximate) 所得款項淨額(概約)	Intended use of net proceeds (approximate) 所得款項淨額擬定用途(概約)	Actual use of net proceeds as at the Latest Practicable Date (approximate) 所得款項淨額於最後實際可行日期的實際用途(概約)
21 July 2015	Placing of up to 612,000,000 new Shares	HK\$108.9 million	The net proceeds will be applied towards repayment of indebtedness and general working capital of the Group.	(i) HK\$48.1 million for repayment of short term third parties loans and bank loan with interest; (ii) HK\$34.0 million for repayment of convertible bonds with interest; and (iii) HK\$27.8 million for general working capital of the Group.
二零一五年七月二十一日	配售最多 612,000,000 股新股份	108,900,000 港元	所得款項淨額將用於償還本集團債務及撥作一般營運資金。	(i) 48,100,000 港元用於償還短期第三方貸款以及銀行貸款及利息； (ii) 34,000,000 港元用於償還可換股債券及利息；及 (iii) 27,800,000 港元用作本集團一般營運資金。
21 July 2015	Open offer on the basis of one offer Share for every two existing Shares held on the record date at the subscription price of HK\$0.1 per offer Share	HK\$177.7 million	The net proceeds will be applied as to (i) HK\$99.5 million for second cash repayment of bank loans; (ii) HK\$65.0 million for repayment of matured convertible bonds; and (iii) HK\$12.6 million for general working capital of the Group.	(i) HK\$104.8 million for second cash repayment of bank loans; (ii) HK\$50.6 million for repayment of matured convertible bonds with interest; (iii) HK\$12.8 million for general working capital of the Group; and (iv) Balance of HK\$8.9 million retained in the banks of the Group.
二零一五年七月二十一日	按於記錄日期每持有兩股現有股份獲發一股發售股份的基準按認購價每股發售股份 0.1 港元進行公開發售	177,700,000 港元	所得款項淨額中 (i) 99,500,000 港元將用於第二次現金償還銀行貸款； (ii) 65,000,000 港元將用於償還到期可換股債券；及 (iii) 12,600,000 港元用作本集團一般營運資金。	(i) 104,800,000 港元用於第二次現金償還銀行貸款； (ii) 50,600,000 港元用於償還到期可換股債券及利息； (iii) 12,800,000 港元用作本集團一般營運資金；及 (iv) 結餘 8,900,000 港元保存於本集團銀行。

Accordingly, a total of 3,014,172,484 ordinary shares were issued during the year under review.

因此，於回顧期內已發行合共 3,014,172,484 股普通股。

Save as the disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of any of the Company's listed securities during the year ended 31 December 2015.

除上文披露者外，本公司或其附屬公司於截至二零一五年十二月三十一日止年內概無購買、出售或贖回本公司任何上市證券。

DIRECTORS' REPORT

董事會報告

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the largest and top five customers of the Group accounted for approximately 59% and 100% of the total revenue of the Group, respectively (2014: 96% and 98% respectively).

The aggregate purchases during the year attributable to the Group's largest and top five suppliers were approximately 53% and 100% of the Group's total purchase respectively (2014: 85% and 98% respectively).

During the year, to the best of the Directors' knowledge, none of the Directors, senior management or their respective close 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.

CONNECTED TRANSACTIONS

The related party transaction disclosed in note 36(a) to the consolidated financial statements were connected transaction under Chapter 14A of the Listing Rules. However, since all the relevant percentage ratios in respect of the transaction were less than 0.1%, the transaction fell within de-minimis exemption under 14A.76 of the Listing Rules and were exempted from the annual review, disclosure and shareholders' approval requirements. Other related party transactions taken place in 2015 which were disclosed in note 36 to the consolidated financial statements did not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

PERMITTED INDEMNITY

The Company's Articles of Association provides that every Director shall be indemnified out of the funds of the Company against all liabilities incurred by him as such Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, or in connection with any application under the Ordinance in which relief from liability is granted to him by the Court. In addition, liability insurance for directors of the Company is maintained by the Company with appropriate coverage for certain legal actions against the Directors.

主要供應商及客戶

年內，本集團最大及五大客戶分別佔本集團總收入約59%及100%（二零一四年：分別佔96%及98%）。

年內，本集團最大及五大供應商的總購買量分別佔本集團之總購買量約53%及100%（二零一四年：分別佔85%及98%）。

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緊密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。

關連交易

根據上市規則第14A章，於綜合財務報表附註36(a)披露之關連方交易為關連交易。然而，由於交易之所有相關百分比少於0.1%，故根據上市規則第14A.76條，該項交易屬於最低豁免規定之內，獲豁免遵守年度審閱、披露及股東批准的規定。根據上市規則第14A章，於綜合財務報表附註36披露於二零一五年進行的其他關連方交易並不構成本公司的關連交易。

准許彌償

本公司組織章程細則規定各董事有權在任何訴訟（不論民事或刑事訴訟）中答辯而勝訴或獲宣告無罪，或因根據條例作出任何申請而獲法院批准毋須承擔任何法律責任，並因而引致任何債務，本公司將會就該等債務向有關董事作出全面彌償。此外，本公司已就對本公司董事作出的相關法律行動投保適當的董事責任保險。

DIRECTORS' REPORT

董事會報告

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

PUBLIC FLOAT

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 Annual Report, the Company maintained a sufficient public float of not less than 25% of the Company's total issued share capital held by the public.

AUDITOR

The financial statements for the year ended 31 December 2015 have been audited by Baker Tilly Hong Kong Limited. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint Baker Tilly Hong Kong Limited as auditors of the Company. There has been no change in the auditors of the Company in the recent three years.

On behalf of the Board

Ding He Mining Holdings Limited

Du Jian Jun

Chairman and Executive Director

Hong Kong, 31 March 2016

遵守法律及法規

年內，本集團概無對適用法律及法規之嚴重違反或不合規情況。

公眾持股量

根據本公司從公開途徑所獲資料及就董事所知悉，於刊發本年報前的最後實際可行日期，本公司已維持足夠公眾持股量，即本公司全部已發行股本中不少於25%的股份由公眾持有。

核數師

天職香港會計師事務所有限公司已審核截至二零一五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。在最近三年內，本公司並沒有更換核數師。

代表董事會

鼎和礦業控股有限公司

主席兼執行董事

杜建軍

香港，二零一六年三月三十一日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



BAKER TILLY
HONG KONG | 天職香港

Independent auditor's report to the members of Ding He Mining Holdings Limited

鼎和礦業控股有限公司

(formerly known as CVM Minerals Limited)

(Incorporated in Hong Kong with limited liability)

We were engaged to audit the consolidated financial statements of Ding He Mining Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), set out on pages 78 to 208, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other 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.

致鼎和礦業控股有限公司各股東之獨立核數師報告

(前稱南亞礦業有限公司)

(於香港註冊成立的有限公司)

吾等已審核載於第78至208頁的鼎和礦業控股有限公司(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二零一五年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、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，以及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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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 405 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 section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

1. Opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 31 December 2014, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified because of the significance of the possible effect of the limitations on the scope of the audit in relation to the (a) valuations of exploration and evaluation assets, goodwill and property, plant and equipment and associated deferred tax liabilities; (b) turnover, trade receivables, cost of inventories sold, inventories and accumulated losses derived by the mineral water operation in the People's Republic of China (the "PRC"); (c) fair value and/or carrying amounts of the liability component and the convertible bond equity reserve of the convertible bonds; and (d) material fundamental uncertainties in relation to the going concern basis of presentation of the consolidated financial statements. Details of the qualified audit opinions were set out in the independent auditor's report dated 31 March 2015 and included in the Company's annual report for the year ended 31 December 2014.

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405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及適當審核憑據外，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各節內提述之各種事宜，吾等無法取得充足及適當之審核憑據作為作出審核意見之依據。

不發表意見之基準

1. 年初結餘及相應數字

由於有關(a)勘探及評估資產、商譽及物業、廠房及設備以及相關遞延稅項負債的估值；(b)於中華人民共和國(「中國」)的礦泉水業務產生的營業額、應收賬款、已售存貨成本、存貨以及累計虧損；(c)可換股債券之負債部分及可換股債券權益儲備之公平值及／或賬面值；及(d)以持續經營基準呈列綜合財務報表的重大不明朗因素的審核範圍受到限制，可能對綜合財務報表構成重大影響，故吾等對貴集團截至二零一四年十二月三十一日止年度的綜合財務報表發表保留意見，而有關綜合財務報表乃構成呈列於本年度綜合財務報表相應數字的基準。保留核數意見的詳情載列於日期為二零一五年三月三十一日的獨立核數師報告，並載於貴公司截至二零一四年十二月三十一日止年度的年報內。

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We were unable to obtain sufficient appropriate audit evidence to enable us to assess the limitation of scope for the year ended 31 December 2014. Any adjustments found to be necessary to the opening balances as at 1 January 2015 may affect the balance of accumulated losses as at 1 January 2015 and the operating results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2015. The comparative figures showed in the consolidated financial statements may not be comparable with the figures for the current year.

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

During the year 2015, 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 the Republic of Indonesia ("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), 15 and 17 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 operation is 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 2015 are: (a) exploration and evaluation assets with an aggregate carrying value of HK\$37,399,285 (2014: HK\$41,660,400); (b) goodwill arising from business combinations with an aggregate carrying value of HK\$Nil (2014: HK\$Nil); (c) property, plant and equipment, including the interest in leasehold land, with an aggregate carrying value of HK\$181,044,320 (2014: HK\$245,271,306); and (d) deferred tax liabilities associated with the fair value adjustment on the exploration and evaluation assets of HK\$7,952,143 (2014: HK\$8,568,647).

吾等未能取得足夠恰當的審核證據以令吾等評核截至二零一四年十二月三十一日止年度的限制範圍。於二零一五年一月一日的年初結餘必要的任何調整可能影響於二零一五年一月一日的累計虧損結餘以及於 貴集團截至二零一五年十二月三十一日止年度的綜合財務報表附註所載的經營業績及相關披露事項。綜合財務報表所載的比較數字未必可與本年度的數字進行比較。

2. 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

於二零一五年度，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) 於印度尼西亞共和國（「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)、15及17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。於二零一五年十二月三十一日，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37,399,285港元（二零一四年：41,660,400港元）；(b) 業務合併產生的商譽賬面總值為零港元（二零一四年：零港元）；(c) 物業、廠房及設備（包括租賃土地權益）的賬面總值為181,044,320港元（二零一四年：245,271,306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7,952,143港元（二零一四年：8,568,647港元）。

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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's management has assessed the recoverable amounts of these assets as at the end of the reporting period. As defined in HKAS 36, the recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Group's management was unable to find comparable recent transactions in similar extractive assets to determine the fair value less cost of disposal of these assets. As an alternative, the Group's management estimated the value in use as the recoverable amounts of these assets.

In respect of the cash-generating unit ("CGU") for mining of dolomite and manufacture of magnesium ingots, we understand that the board of directors has updated business plans for this CGU and performed their own annual impairment assessment based on internal cash flow projections. However, we are unable to obtain from management any updated business plans and evidence in evaluating the estimated value in use to consider the recoverable amount of this CGU.

In respect of the CGUs for exploration for iron ore, coal and manganese and extraction and bottling of mineral water, the Group appointed an independent valuer, GC Appraisals Services Company Limited ("GC Appraisals" or "the Valuer") to perform valuations to assess the value in use of these CGUs as at the end of the reporting period. The value in use estimations are prepared using an income-based approach and is based on the estimated reserves of these extractive sites from outdated technical reports prepared in prior years ("Technical Reports") and assumptions as to the Group's ability to explore for these mineral resources, particularly exploration for manganese in Indonesia and to operate the plants for production of bottled mineral water in the PRC.

As a result, impairment losses on (a) exploration and evaluation assets of HK\$3,736,391 (2014: HK\$108,208,053); (b) goodwill of HK\$Nil (2014: HK\$Nil); and (c) property, plant and equipment, including the interest in leasehold land, of HK\$Nil (2014: HK\$133,834,320) have been recognised and included in other operating expenses in the consolidated statement of profit or loss for the year.

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，故貴集團管理層已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。由於貴集團管理層已無法覓得類似開採性資產近期的可予比較交易，以確定此等資產的公平值減出售成本金額，故貴集團管理層已估計此等資產的使用價值為其可收回金額代替。

就開採白雲石及生產鎂錠的現金產生單位(「現金產生單位」)而言，吾等認為董事會已更新該現金產生單位的業務計劃並根據內部現金流量預測進行年度減值評估。然而，吾等無法從管理層獲取任何經更新業務計劃及評估估計使用價值的證明，以審議該現金產生單位的可回收金額。

就勘探鐵礦石、煤炭及錳以及提取及裝瓶礦泉水的現金產生單位而言，貴集團委任一名獨立估值師GC Appraisals Services Company Limited(「GC Appraisals」或「估值師」)進行估值以評估該等現金產生單位於報告期末的使用價值。估計使用價值乃按收入基準法，並根據於過往年度編製的過往技術報告(「該等技術報告」)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(尤其是於印尼勘探錳以及於中國經營瓶裝礦泉水廠房)的前提下編製。

因此，(a)勘探及評估資產減值虧損3,376,391港元(二零一四年：108,208,053港元)；(b)商譽減值虧損零港元(二零一四年：零港元)；及(c)物業、廠房及設備(包括租賃土地權益)減值虧損零港元(二零一四年：133,834,320港元)的減值虧損已於年內獲確認並計入綜合損益表內其他經營開支項下。

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Taking into consideration that the Group has not incurred any exploration and evaluation expenditures on these extractive operations since 2012 due to financial constraints and still unable to obtain up-to-date technical data for those remaining 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 value in use estimations prepared for financial reporting purposes. In addition, we consider that the technical data in the Technical Reports used to prepare the value in use estimations 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 of the resources under the relevant mining permits and to operate the plants for production of magnesium ingots and bottled mineral water in Malaysia and the PRC, respectively. As further disclosed in note 15(c) to the consolidated financial statements, PT. Laksbang Mediatama ("PTLM") holds a production operation mining permit for manganese ("Mining Permit") and PTLM lost contact with its legal representatives in 2012. During the year ended 31 December 2014, PTLM received warning letter from Trade and Energy Industries of Resource of Minerals Office Government of Kulon Progo Regency reminding PTLM to immediate implement its obligations as the holder of Mining Permit by submitting the tax form and reporting of PTLM's status to the relevant Indonesian authority with the legal representatives' signatures, not later than one month from the date of the letter. Afterwards, the management of the Company reiterated that it is currently undergoing management restructuring and therefore all activities are currently being suspended temporarily until the management restructuring is completed. Besides, once the management restructuring has been completed, PTLM will resume with investment and other mining activities. Due to previous failure in calling for extraordinary meetings for appointing new directors and legal representatives to the board of PTLM, PTLM had applied to the Court in Yogyakarta for a court ruling on the appointment of re-nominated directors and replacement of legal representatives. In the same year, court judgement stipulated that the holding company of PTLM could organize an Extraordinary General Meeting of shareholders to undergo the re-nomination of the legal representative ("EGM"). The EGM and the re-nomination of the legal representative according to the relevant legal requirement of Indonesia are still in process as at the approval date of the consolidated financial statements.

考慮到 貴集團由於財務限制，自二零一二年起並無就此等提取業務產生任何勘探及評估開支，以及於本年度仍然無法取得此等餘下提取業務的最新技術數據，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計使用價值是否可靠。此外，吾等認為編製該估計使用價值所採用的該等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分別於馬來西亞及中國經營鎂錠生產廠房及瓶裝礦泉水廠房所需的經濟能力及技術能力。誠如綜合財務報表附註15(c)進一步披露，PT. Laksbang Mediatama (「PTLM」) 持有鎂生產經營開採許可證 (「開採許可證」)，而PTLM於二零一二年與其法律代表失去聯絡。截至二零一四年十二月三十一日止年度，PTLM接獲Trade and Energy Industries of Resource of Minerals Office Government of Kulon Progo區發出的警告函，提示PTLM不得遲於此等函件發出日期起計一個月向有關印尼當局提交附有法定代表署名的稅項表格及作出回報，即時履行其作為開採許可證持有人的責任。之後，貴公司管理層重申，現正進行管理重組，因此所有活動現已暫時停止，直至管理重組完成為止。此外，管理重組一旦完成，PTLM恢復投資及其他採礦活動。由於早前未能就PTLM董事會委任新董事及法律代表召開特別大會，故PTLM已就委任該等獲重新提名董事及替任法律代表而向Yogyakarta省法院申請法院裁決。同年，法院判決訂明PTLM的控股公司可舉行股東特別大會 (「股東特別大會」) 以重新提名法律代表。於綜合財務報表批准日期，根據印尼相關法律規定舉行的股東特別大會及重新提名法律代表的事宜仍在進行中。

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Accordingly, we are unable to assess whether the recoverable amounts of these assets at the end of the reporting period are reliably measured and the feasibility of these operations. 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 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 liabilities of the Group and on its loss for the current year.

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以及此等業務的可行性。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，且勘探及評估資產之賬面值、物業、廠房及設備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 貴集團本年度之負債淨額及虧損構成影響。

3. Scope limitation: fair value and/or carrying amounts of the liability component and the convertible bond equity reserve of the convertible bonds

As disclosed in notes 25(a) to the consolidated financial statements, the maturity date of the five principal amounts of outstanding convertible bonds of HK\$Nil ("First Tranche Bonds"), HK\$12,000,000 ("Second Tranche Bonds"), HK\$Nil ("Third Tranche Bonds"), HK\$10,000,000 ("Fourth Tranche Bonds") and HK\$7,000,000 ("Fifth Tranche Bonds") is 1 December 2014, 29 December 2014, 9 January 2015, 4 March 2015 and 22 March 2015 respectively. The above outstanding aggregate principal amount of HK\$29,000,000 is collectively referred to as the "Matured Bonds". As at 31 December 2015, all the Matured Bonds were defaulted and due for repayments. The directors of the Company represented that (i) the Company is currently in the course of arm's length negotiations with the holders of the Matured Bonds in relation to, among others, the possible extension of the Matured Bonds and other possible alteration of terms of the Matured Bonds ("Proposed Alteration"); (ii) as negotiated with the holders of the Matured Bonds, they verbally agreed not to redeem the Matured Bonds until the Proposed Alteration is confirmed; and (iii) the interest on the Matured Bonds will continue to be payable by the Company until the date of redemption pursuant to the terms of the Matured Bonds. As at the approval date of the consolidated financial statements, the Proposed Alteration of these Matured Bonds have not been fixed and confirmed yet.

3. 範圍限制：可換股債券之負債部份及可換股債券權益儲備之公平值及／或賬面值

誠如綜合財務報表附註25(a)所披露，本金額分別為零港元（「第一批債券」）、12,000,000港元（「第二批債券」）、零港元（「第三批債券」）、10,000,000港元（「第四批債券」）及7,000,000港元（「第五批債券」）之五批尚未轉換的可換股債券之到期日分別為二零一四年十二月一日、二零一四年十二月二十九日、二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日。上述未償還本金總額29,000,000港元統稱為「到期債券」。於二零一五年十二月三十一日，所有到期債券已違約及到期償還。 貴公司董事表示，(i) 貴公司正與到期債券持有人就（其中包括）到期債券建議延期及到期債券條款之其他建議修改（「建議修改」）進行公平磋商；(ii) 與到期債券持有人磋商後，彼等口頭同意於建議修改確認前不贖回到期債券；及(iii) 根據到期債券條款，貴公司將於贖回日期前繼續支付到期債券利息。於綜合財務報表批准日期，該等到期債券之建議修改尚未決定及確認。

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During our audit of the consolidated financial statements for the year ended 31 December 2015, we were not provided with sufficient appropriate audit evidence that we considered necessary for the assessment of the fair value and/or carrying amount of the Matured Bonds.

As defined in Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") issued by the HKICPA, an exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, of which the difference between the respective carrying amounts is recognised in profit or loss. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, of which the difference between the respective carrying amounts is recognised in profit or loss. In respect of the First Tranche Bonds, Second Tranche Bonds, Third Tranche Bonds, Fourth Tranche Bonds and Fifth Tranche Bonds, they have been defaulted since 1 December 2014, 29 December 2014, 9 January 2015, 4 March 2015 and 22 March 2015 respectively. Since the Proposed Alteration have not been fixed and confirmed up to the approval date of the consolidated financial statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. In addition, taking into consideration that the carrying amounts of the Matured Bonds exclude the assumptions as to the Proposed Alteration as at 31 December 2015, the fair value of the liability component together with the gain/loss arising from the extinguishment of the original financial liability and the recognition of a new financial liability (if any) of the Matured Bonds as required by HKAS 39 are unable to be reliably measured.

Accordingly, we are unable to assess whether the fair value and/or carrying amounts of the liability component and convertible bond equity reserve of the Matured Bonds 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 fair value and/or carrying amounts of the liability component and the convertible bond equity reserve of the Matured Bonds 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 liabilities of the Group and on its loss for the current year.

於審核截至二零一五年十二月三十一日止年度之綜合財務報表過程中，吾等未獲提供吾等認為就評估到期債券公平值及／或賬面值而言屬必需之充足及適當審核憑證。

誠如由香港會計師公會頒佈之香港會計準則第39號「金融工具：確認及計量」(「香港會計準則第39號」)，若債務工具現有借方與貸方交換條款，而其絕大部份跟原有之條款均不相同，則應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。同樣，若現有金融負債或其部份之條款作出重大修訂(無論是否由於債務人出現財困)，亦應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。第一批債券、第二批債券、第三批債券、第四批債券及第五批債券分別自二零一四年十二月一日、二零一四年十二月二十九日、二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日起拖欠。由於建議修改截至綜合財務報表批准日期止尚未獲落實及確定，吾等未能取得足夠審核憑證，以就審核意見提供基準。此外，考慮於二零一五年十二月三十一日到期債券之賬面值並無包括就建議修改之假設，故按香港會計準則第39號規定，到期債券負債部份之公平值連同自抵銷原金融負債產生之收益／虧損以及確認新金融負債(如有)無法可靠地計量：

因此，吾等無法評估到期債券於報告期末之負債部份及可換股債券權益儲備之公平值及／或賬面值能否可靠地計量。吾等並無其他可進行之審核程序，以使吾等信納到期債券之負債部份及可換股債券權益儲備之公平值及／或賬面值並無存在重大錯誤陳述。倘吾等取得充足適當之審核憑證，則任何因應上述情況而須作出之調整必然會對 貴集團本年度之負債淨額及虧損構成影響。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

4. Scope limitation: fair value and/or carrying amount of the secured bank loans

As disclosed in note 26 to the consolidated financial statements, the Group have defaulted the agreed repayment schedule of the secured bank loans during the year ended 31 December 2015. On 26 June 2015, the Group accepted the latest restructuring proposal ("Latest Restructuring Proposal") offered by Bank Kerjasama Rakyat Malaysia Berhad. The completion of the Latest Restructuring Proposal may result in adjustments being made to the fair value and/or carrying amount of the secured bank loans and the interest thereon and any other charges arose as a result of the default, the final results of which is uncertain as at the date of approval of the consolidated financial statements.

As defined in HKAS 39 issued by the HKICPA, an exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, of which the difference between the respective carrying amounts is recognised in profit or loss. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, of which the difference between the respective carrying amounts is recognised in profit or loss. Since the completion of the Latest Restructuring Proposal in respect of the final settlement of the secured bank loans is uncertain up to the approval date of the consolidated financial statements, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

4. 範圍限制：有抵押銀行貸款之公平值及／或賬面值

誠如綜合財務報表附註26所披露，截至二零一五年十二月三十一日止年度，貴集團已違反有抵押銀行貸款之協定還款計劃。於二零一五年六月二十六日，本集團接納Bank Kerjasama Rakyat Malaysia Berhad提出的最新重組提案（「最新重組提案」）。最新重組提案的完成或會導致有抵押銀行貸款之公平值及／或賬面值及其利息以及因違約而產生之任何其他開支調整，於綜合財務報表批准日期，其最終結果並未明確。

誠如由香港會計師公會頒佈之香港會計準則第39號，若債務工具現有借方與貸方交換條款，而其絕大部份跟原有之條款均不相同，則應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。同樣，若現有金融負債或其部份之條款作出重大修訂（無論是否由於債務人出現財困），亦應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。由於截至綜合財務報表批准日期，就最終結算有抵押銀行貸款之最新重組提案之完成並未確定，故吾等尚無法獲得充足的適當審核證明，以作為提供審核意見的基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Accordingly, we are unable to assess whether the fair value and/or carrying amount of the secured bank loans at the end of the reporting period are reliably measured, and the interest thereon and any other charges arose as a result of the default. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the fair value and/or carrying amounts of the secured bank loans and the interest thereon and any other charges arose as a result of the default 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 liabilities of the Group and on its loss for the current year.

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

As disclosed in note 2(b) to the consolidated financial statements, the Group has encountered a number of circumstances giving rise to material fundamental uncertainties. The Group is principally sustained in its daily operations by bank loans, convertible bonds and placing of shares. The Group is 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 appropriate 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 near future. The existence of these material fundamental uncertainties casts significant doubt on the Group'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 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 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.

因此，吾等無法評估到期債券於報告期末之有抵押銀行貸款之公平值及／或賬面值能否可靠地計量及其利息以及因違約而產生之任何其他開支。吾等並無其他可進行之審核程序，以使吾等信納有抵押銀行貸款之公平值及／或賬面值及其利息以及因違約而產生之任何其他開支並無存在重大錯誤陳述。倘吾等取得充足適當之審核憑據，則任何因應上述情況而須作出之調整必然會對 貴集團本年度之負債淨額及虧損構成影響。

5. **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，貴集團面臨多種導致重大基本不明朗因素的情況。貴集團主要以銀行貸款、可換股債券及配售股份持續經營其日常業務。貴集團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，吾等未能取得充足適當之審核憑據以評估持續經營之假設是否屬實（其視乎 貴集團往來銀行及債權人之持續財政支持以及 貴集團短期內產生足夠營運資金之能力）。此等重大基本不明朗因素導致 貴集團之持續經營能力成疑。

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。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion section, 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 financial position of the Group as at 31 December 2015 and of its financial performance 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.

Report on matters under section 407(2) and 407(3) 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 were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of our audit.

不發表意見

由於在不發表意見之基準數節所述事宜之重要性，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 貴集團於二零一五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財務表現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。

呈報香港公司條例第407(2)及407(3)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及適當審核憑據而言：

- 吾等未能確定適當的會計記錄是否已妥善存置；及
- 吾等並未取得就吾等所知及所信對進行審核而言屬必要且重要之所有資料及解釋。

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 31 March 2016

Choi Kwong Yu

Practising certificate number P05071

31 March 2016

天職香港會計師事務所有限公司

執業會計師

香港，二零一六年三月三十一日

蔡光裕

執業證書編號 P05071

二零一六年三月三十一日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

For the year ended 31 December 2015 截至二零一五年十二月三十一日止年度

			2015	2014
		Notes	二零一五年	二零一四年
		附註	HK\$	HK\$
			港元	港元
Turnover	營業額	4	26,246,238	39,678,262
Cost of sales	銷售成本		(42,482,963)	(60,591,754)
Gross loss	毛虧損		(16,236,725)	(20,913,492)
Other revenue	其他收入	5	98,179	370,277
Other net (losses)/gains	其他(虧損)/收益淨額	6	(155,056)	10,490,395
Selling and distribution expenses	出售及分銷開支		(952,621)	(5,462,225)
Administrative expenses	行政開支		(42,324,858)	(39,559,943)
Loss from operations	經營虧損		(59,571,081)	(55,074,988)
Finance costs	融資成本	7(a)	(45,492,651)	(50,952,015)
Other operating expenses	其他經營開支	7(c)	(13,886,428)	(243,810,022)
Loss before taxation	除稅前虧損	7	(118,950,160)	(349,837,025)
Income tax credit	所得稅抵免	8	565,263	23,351,259
Loss for the year	年內虧損		(118,384,897)	(326,485,766)
Attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人		(110,997,358)	(279,819,910)
Non-controlling interests	非控股權益		(7,387,539)	(46,665,856)
Loss for the year	年內虧損		(118,384,897)	(326,485,766)
Loss per share	每股虧損	11		
Basic and diluted	基本及攤薄		(3.29 cents 仙)	(14.27 cents 仙)

The notes on pages 85 to 208 form part of the consolidated financial statements.

第85至208頁所載附註為綜合財務報表一部份。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2015 截至二零一五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
		Notes 附註	
Loss for the year	年內虧損	(118,384,897)	(326,485,766)
Other comprehensive loss for the year	年內其他全面虧損		
Items that have been reclassified or may be reclassified subsequently to profit or loss:	已經或其後可能重新分類至損益的項目：		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of tax	— 換算海外附屬公司財務報表的匯兌差異，扣除稅項	35,255,184	3,027,119
— Reclassification of other comprehensive income upon disposal of overseas subsidiaries	— 出售海外附屬公司時重新分類其他全面收益	32	— (1,522,118)
Total comprehensive loss for the year	年內全面虧損總額	(83,129,713)	(324,980,765)
Attributable to:	以下人士應佔：		
Owners of the Company	本公司擁有人	(76,940,835)	(277,777,582)
Non-controlling interests	非控股權益	(6,188,878)	(47,203,183)
Total comprehensive loss for the year	年內全面虧損總額	(83,129,713)	(324,980,765)

The notes on pages 85 to 208 form part of the consolidated financial statements.

第85至208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 2015 於二零一五年十二月三十一日

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

			2015	2014
			二零一五年	二零一四年
		Notes	HK\$	HK\$
		附註	港元	港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	177,870,889	239,763,035
— Property, plant and equipment	— 物業、廠房及設備			
— Interests in leasehold land held for own use under operating leases	— 根據經營租賃持作自用租賃土地權益		3,173,431	5,508,271
Deposits paid for acquisition of property, plant and equipment	收購物業、廠房及設備已付按金		9,866,833	—
Goodwill	商譽	14	—	—
Exploration and evaluation assets	勘探及評估資產	15	37,399,285	41,660,400
Mining deposit	採礦按金	16	162,367	199,778
			228,472,805	287,131,484
Current assets	流動資產			
Inventories	存貨	18(a)	—	3,714,563
Trade receivables	應收賬款	19	177,489	2,854,282
Prepayments, deposits and other receivables	預收款項、按金及其他應收款項	20	3,647,537	1,567,332
Amounts due from related parties	應收關連方款項	24	475,426	36,391
Tax recoverable	可收回稅項		3,280	—
Pledged deposits	質押存款	21	—	2,735
Cash and cash equivalents	現金及現金等價物		11,964,081	378,935
			16,267,813	8,554,238
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	22	37,441,499	105,108,868
Obligations under finance leases	融資租賃承擔	23	174,814	315,456
Amount due to a director	應付一名董事款項	24	347	138,000
Amounts due to related parties	應付關連方款項	24	2,416,399	4,398,961
Convertible bonds	可換股債券	25	29,000,000	94,278,123
Bank loans — secured	有抵押銀行貸款	26	260,423,032	381,392,173
Unsecured loans from third parties	來自第三方無抵押貸款	27	1,800,000	—
Tax payable	應付稅項		—	278,451
			331,256,091	585,910,032
Net current liabilities	流動負債淨額		(314,988,278)	(577,355,794)
Total assets less current liabilities	總資產減流動負債		(86,515,473)	(290,224,310)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2015 於二零一五年十二月三十一日
(Expressed in Hong Kong dollars) (以港元列值)

			2015	2014
			二零一五年	二零一四年
		Notes	HK\$	HK\$
		附註	港元	港元
Non-current liabilities	非流動負債			
Obligations under finance leases	融資租賃承擔	23	51,005	260,030
Deferred tax liabilities	遞延稅項負債	28	7,952,143	8,568,647
			8,003,148	8,828,677
Net liabilities	負債淨額		(94,518,621)	(299,052,987)
Capital and reserves	資本及儲備	29		
Share capital	股本		1,367,875,301	989,710,234
Convertible preference shares	可換股優先股		–	90,500,988
Reserves	儲備		(1,461,719,130)	(1,384,778,295)
Total deficit attributable to owners of the Company	本公司擁有人應佔虧損總額		(93,843,829)	(304,567,073)
Non-controlling interests	非控股權益		(674,792)	5,514,086
Total deficit	虧損總額		(94,518,621)	(299,052,987)

Approved and authorised for issue by the board of directors on 31 March 2016.

經董事會於二零一六年三月三十一日批准及授權刊發。

Du Jian Jun

杜建軍

Director

董事

Leung Wai Kwan

梁維君

Director

董事

The notes on pages 85 to 208 form part of the consolidated financial statements.

第85至208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 2015 截至二零一五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											
		Share capital	Share premium	Convertible preference shares	Exchange reserve	Capital reserve	Convertible bond equity reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity/ (deficit)	
		股本	股份溢價	優先股	匯兌儲備	資本儲備	可換股債券儲備	其他儲備	累計虧損	總額	非控股權益	權益總額/ (虧損總額)	
		Notes	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
		附註	港元	港元	港元	港元	港元	港元	港元	港元	港元	港元	
				(Note 29(d)(iv))	(Note 29(d)(iii))	(Note 29(d)(iii))	(Note 29(d)(iii))	(Note 29(d)(vi))					
				(附註 29(d)(iv))	(附註 29(d)(iii))	(附註 29(d)(iii))	(附註 29(d)(iii))	(附註 29(d)(vi))					
At 1 January 2014	於二零一四年一月一日		160,818,427	690,145,419	-	30,253,721	1,338,136	29,331,866	30,856,527	(1,198,780,963)	(256,036,867)	51,453,710	(204,583,157)
Changes in equity for 2014:	二零一四年權益變動:												
Loss for the year	年內虧損		-	-	-	-	-	-	(279,819,910)	(279,819,910)	(46,665,856)	(326,485,766)	
Other comprehensive loss	其他全面虧損		-	-	-	2,042,328	-	-	-	2,042,328	(537,327)	1,505,001	
Total comprehensive loss for the year	年內全面虧損總額		-	-	-	2,042,328	-	-	(279,819,910)	(277,777,582)	(47,203,183)	(324,980,765)	
Disposal of subsidiaries	出售附屬公司	32	-	-	-	-	-	-	-	-	1,263,559	1,263,559	
Transition to no-par value regime on 3 March 2014	於二零一四年三月三日過渡至無面值制度	29(d)(ii)	690,145,419	(690,145,419)	-	-	-	-	-	-	-	-	
Shares issued pursuant to a share placing	根據股份配售而發行的股份	29(b)(i)	48,245,400	-	-	-	-	-	-	48,245,400	-	48,245,400	
Shares issued pursuant to loan capitalisation	根據貸款資本化而發行的股份	29(b)(i)	90,500,988	-	90,500,988	-	-	-	-	181,001,976	-	181,001,976	
At 31 December 2014	於二零一四年十二月三十一日		989,710,234	-	90,500,988	32,296,049	1,338,136	29,331,866	30,856,527	(1,478,600,873)	(304,567,073)	5,514,086	(299,052,987)
At 1 January 2015	於二零一五年一月一日		989,710,234	-	90,500,988	32,296,049	1,338,136	29,331,866	30,856,527	(1,478,600,873)	(304,567,073)	5,514,086	(299,052,987)
Changes in equity for 2015:	二零一五年權益變動:												
Loss for the year	年內虧損		-	-	-	-	-	-	(110,997,358)	(110,997,358)	(7,387,539)	(118,384,897)	
Other comprehensive loss	其他全面虧損		-	-	-	34,056,523	-	-	-	34,056,523	1,198,661	35,255,184	
Total comprehensive loss for the year	年內全面虧損總額		-	-	-	34,056,523	-	-	(110,997,358)	(76,940,835)	(6,188,878)	(83,129,713)	
Conversion of convertible preference shares	轉換可換股優先股		90,500,988	-	(90,500,988)	-	-	-	-	-	-	-	
Shares issued pursuant to a share placing	根據股份配售而發行的股份	29(b)(i)	109,935,500	-	-	-	-	-	-	109,935,500	-	109,935,500	
Shares issued pursuant to an open offer	根據公開發售而發行的股份	29(b)(i)	177,728,579	-	-	-	-	-	-	177,728,579	-	177,728,579	
Redemptions of convertible bonds	贖回可換股債券		-	-	-	-	-	(21,773,666)	-	21,773,666	-	-	
At 31 December 2015	於二零一五年十二月三十一日		1,367,875,301	-	-	66,352,572	1,338,136	7,558,200	30,856,527	(1,567,824,565)	(93,843,829)	(674,792)	(94,518,621)

The notes on pages 85 to 208 form part of the consolidated financial statements.

第 85 至 208 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 2015 截至二零一五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

			2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Operating activities	經營業務			
Loss before taxation	除稅前虧損		(118,950,160)	(349,837,025)
Adjustments for:	調整項目：			
— Amortisation of interests in leasehold land held for own use under operating leases	— 根據經營租賃持作自用的租賃土地權益攤銷	7(d)	3,675	129,465
— Depreciation	— 折舊	7(d)	17,862,588	23,572,035
— Finance costs	— 融資成本	7(a)	45,492,651	50,952,015
— Foreign exchange (gains)/losses	— 匯兌(收益)/虧損		(6,072,867)	2,996,273
— Gain on disposal of subsidiaries	— 出售附屬公司的收益	6	—	(10,471,934)
— Impairment of exploration and evaluation assets	— 勘探及評估資產減值			
— Impairment of interests in leasehold land held for own use under operating leases	— 根據經營租賃持作自用的租賃土地權益減值	7(c)	3,736,391	108,208,053
— Impairment of other receivables and prepayments	— 其他應收款項及預付款項減值	7(c)	—	2,858,305
— Impairment of property, plant and equipment	— 物業、廠房及設備減值	7(c)	—	130,976,015
— Interest income	— 利息收入	5	(6,657)	(4,619)
— Write down of inventories	— 存貨撇減	18(b)	—	1,082,237
— Write off of property, plant and equipment	— 物業、廠房及設備撇銷	7(c)	4,950,550	—
— Write off of inventories	— 存貨撇銷	7(c)	2,199,487	—
Operating loss before changes in working capital	營運資金變動前經營虧損		(47,784,342)	(37,771,531)
Decrease in inventories	存貨減少		1,515,076	591,973
Decrease/(increase) in trade receivables	應收賬款減少/(增加)		2,676,793	(2,419,495)
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)/減少		(5,080,205)	7,525,778
(Decrease)/increase in trade and other payables	應付賬款及其他應付款項(減少)/增加		(3,617,850)	10,362,335
(Decrease)/increase in accounts with related parties	與關連方賬目(減少)/增加		(406,268)	117,591
Decrease in account with a director	與一名董事賬目減少		(137,653)	(490,790)
Cash used in operating activities	經營業務動用現金		(52,834,449)	(22,084,139)
Tax paid	已付稅項		(332,972)	(212,856)
Net cash used in operating activities	經營業務動用現金淨額		(53,167,421)	(22,296,995)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2015 截至二零一五年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

	Notes 附註	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Investing activities	投資業務		
Decrease in pledged deposits	質押存款減少	2,735	233
Deposits paid for acquisition of property, plant and equipment	收購物業、廠房及設備已付按金	(9,866,833)	—
Payment for purchase of property, plant and equipment	購入物業、廠房及設備付款	(85,650)	(6,252,098)
Interest received	已收利息	6,657	4,619
	5		
Net cash used in investing activities	投資業務動用現金淨額	(9,943,091)	(6,247,246)
Financing activities	融資業務		
Redemptions of convertible bonds	贖回可換股優先股	(70,250,214)	—
Repayments of secured bank loans	償還有關抵押銀行貸款	(49,548,417)	—
Repayments of unsecured loans from third parties	償還來自第三方的無抵押貸款	(43,200,000)	—
Capital element of finance lease rentals paid	已付融資租賃租金的資本部份	(349,667)	(435,018)
Proceeds from unsecured loans from third parties	來自第三方無抵押貸款的所得款項	45,000,000	—
Proceeds from a share placing, net of expenses incurred	股份配售所得款項(扣除產生開支)	109,935,500	48,245,400
Proceeds from an open offer, net of expenses incurred	公開發售所得款項(扣除產生開支)	177,728,579	—
Decrease in amounts due to related parties	應付關連方款項減少	(2,015,329)	(2,086,565)
Proceeds from the disposal of subsidiaries	出售附屬公司所得款項	—	7,756,820
Interest on finance lease rentals paid	已付融資租賃租金的利息	(20,077)	(42,653)
Interest paid	已付利息	(92,575,960)	(24,954,259)
	32		
Net cash generated from financing activities	融資業務所得現金淨額	74,704,415	28,483,725
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	11,593,903	(60,516)
Cash and cash equivalents at beginning of the year	年初現金及現金等價物	378,935	430,130
Effect of foreign exchange rate changes	匯率變動之影響	(8,757)	9,321
Cash and cash equivalents at end of the year	年終現金及現金等價物	11,964,081	378,935

The notes on pages 85 to 208 form part of the consolidated financial statements.

第 85 至 208 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

1 COMPANY INFORMATION

Ding He Mining Holdings Limited (the “Company”) is a company incorporated and domiciled in Hong Kong. The address of its registered office is Flat B, 21/F., Neich Tower, 128 Gloucester 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 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(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 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”).

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

1 公司資料

鼎和礦業控股有限公司(「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告士打道128號祥豐大廈21樓B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，其附屬公司之主要業務載於綜合財務報表附註17。

2 遵例聲明及編製基準

(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的規定的統稱)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。

本集團採納的重大會計政策概述如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(a) Statement of compliance *(continued)*

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. 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 for the current and prior accounting periods reflected in the consolidated financial statements.

(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.

2 遵例聲明及編製基準(續)

(a) 遵例聲明(續)

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計政策的變動，而變動乃因首次應用適用於本集團於本會計期間及以往會計期間的該等準則所導致。

(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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

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 37.

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\$110,997,358 (2014: HK\$279,819,910) for the year ended 31 December 2015 and, as of that date, the Group's current liabilities exceeded its current assets by HK\$314,988,278 (2014: HK\$577,355,794);
- (ii) At 31 December 2015, the Group has cash and cash equivalents of HK\$11,964,081 (2014: HK\$378,935) which is insufficient to settle all the current liabilities, they mainly included accrued salaries of HK\$3,189,592 (2014: HK\$2,800,027) payables due in the immediate month, accrued interest on convertible bonds of HK\$2,979,773 (2014: HK\$6,852,144); and committed to contract for of HK\$14,244,500 (2014: HK\$17,526,584) in the Group's capital commitments;
- (iii) As explained in Note 13(b) to the consolidated financial statements, the production plant in Malaysia was suspended since the year ended 31 December 2012;

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

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，且估計不確定性的主要來源於附註37論述。

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) 本集團截至二零一五年十二月三十一日止年度及於該日期產生本公司擁有人應佔年度虧損110,997,358港元(二零一四年：279,819,910港元)及本集團流動負債超出其流動資產314,988,278港元(二零一四年：577,355,794港元)；
- (ii) 於二零一五年十二月三十一日，本集團有現金及現金等價物11,964,081港元(二零一四年：378,935港元)，其不足以支付所有流動負債(主要包括當月到期應付的應計薪金3,189,592港元(二零一四年：2,800,027港元)、可換股債券的應計利息2,979,773港元(二零一四年：6,852,144港元)；及本集團資本承擔已承擔已訂約14,244,500港元(二零一四年：17,526,584港元)；
- (iii) 誠如綜合財務報表附註13(b)所解釋，位於馬來西亞的生產廠房已自截至二零一二年十二月三十一日止年度起暫停營運；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

- (iv) As detailed in Notes 15(b) and 15(c) to the consolidated financial statements, there were no exploration activities conducted in the year ended 31 December 2015 for coal and manganese. This was because the Group is trying to reallocate its limited cash resources to other prospective business segments;
- (v) As explained in Notes 15(c) and 17 to the consolidated financial statements, the Group lost contact with the legal representatives of PT. Laksbang Mediatama (“PTLM”) in prior years and the re-nomination of the legal representatives has not yet been completed. 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 and might impact the fulfillment of the obligations of PTLM in respect of its production operation mining permit for manganese and any other government regulations it would be subject to. The operations and future profitability of the Group might be affected by the loss of contact with the PTLM’s legal representatives;

2 遵例聲明及編製基準 *(續)*

(b) 綜合財務報表的編製基準 *(續)*

- (iv) 誠如綜合財務報表附註15(b)及15(c)所詳述，截至二零一五年十二月三十一日止年度並無就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至其他潛在的業務分部；
- (v) 誠如綜合財務報表附註15(c)及17所述，本集團於過往年度與PT. Laksbang Mediatama(「PTLM」)的法律代表失去聯絡，且尚未完成重新提名法律代表。PTLM持有位於印尼的錳生產經營開採許可證，此令PTLM的日常營運及採礦活動陷入停滯狀態，並可能影響PTLM履行有關其錳生產經營開採許可證及任何其他其將須遵守的政府規例的責任。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；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

(vi) As detailed in Note 25(a) to the consolidated financial statements, the outstanding aggregate principal amount of convertible bonds of HK\$29,000,000 (the "Matured Bonds") following the non-redemptions of First Tranche Bonds, Second Tranche Bonds, Third Tranche Bonds, Fourth Bonds and Fifth Tranche Bonds on 1 December 2014, 29 December 2014, 9 January 2015, 4 March 2015 and 22 March 2015, respectively, all the Matured Bonds were defaulted and due for repayments as at 31 December 2015. The directors of the Company represented that (i) the Company is currently in the course of arm's length negotiations with the holders of the Matured Bonds in relation to, among others, the possible extension of the Matured Bonds and other possible alteration of terms of the Matured Bonds ("Proposed Alteration"); (ii) as negotiated with the holders of the Matured Bonds, they verbally agreed not to redeem the Matured Bonds until the Proposed Alteration is confirmed; and (iii) the interest on the Matured Bonds will continue to be payable by the Company until the date of redemption pursuant to the terms of the Matured Bonds. The interest thereon is approximately HK\$2,979,773 for the year ended 31 December 2015. As at the approval date of the consolidated financial statements, the Proposed Alteration have not been fixed and confirmed yet.

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

(vi) 誠如綜合財務報表附註25(a)詳述，隨著第一批債券、第二批債券、第三批債券、第四批債券及第五批債券分別於二零一四年十二月一日、二零一四年十二月二十九日、二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日未予贖回，尚未償還可換股債券的本金額合共為29,000,000港元(「到期債券」)。所有到期債券經已違約且於二零一五年十二月三十一日到期償還。本公司董事表示，(i)本公司正與到期債券持有人就(其中包括)到期債券建議延期及到期債券條款之其他建議修改(「建議修改」)進行公平磋商；(ii)與到期債券持有人磋商後，彼等口頭同意於建議修改確認前不贖回到期債券；及(iii)根據到期債券條款，本公司將於贖回日期前繼續支付到期債券利息。截至二零一五年十二月三十一日止年度，有關利息約為2,979,773港元。於綜合財務報表批准日期，建議修改尚未決定及確認：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(b) Basis of preparation of the consolidated financial statements (continued)

(vii) As detailed in Note 26 to the consolidated financial statements, secured bank loans of HK\$260,423,032 (2014: HK\$381,392,173) are already due for repayment as the Company's wholly-owned subsidiary, CVM Magnesium Sdn. Bhd. ("CVMSB") is unable to fulfill the covenants set out in the facilities agreement. On 26 June 2015, the Group accepted the latest restructuring proposal offered by Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat"). Pursuant to which, the total amount owed and repayable to Bank Rakyat by CVMSB agreed to be reduced to RM113,040,000 (equivalent to approximately HK\$203,932,888) by means of cash settlements of RM68,040,000 (equivalent to approximately HK\$122,749,414) and redemption of charged properties for RM45,000,000 (equivalent to approximately HK\$81,183,475). The first cash repayment of RM11,300,000 (equivalent to approximately HK\$20,386,073) was settled by the Group on 2 July 2015 within 7 working days from 26 June 2015 and the remaining balance of RM56,740,000 (equivalent to approximately HK\$102,363,341) was settled by the Group on 30 November 2015 as per the extended settlement deadline. Upon full repayment of the cash settlements to Bank Rakyat, CVMSB is entitled to redeem the charged properties for RM45,000,000 (equivalent to approximately HK\$81,183,475). The redemption shall take place within six months from 26 June 2015 and at the discretion of Bank Rakyat, extend for further six months if there is a proof of sale provided by CVMSB. An additional charge calculated at a rate of 3.85% per annum shall be imposed on the outstanding balance of RM45,000,000 (equivalent to approximately HK\$81,183,475) after full repayment of the above mentioned cash settlements and until the full redemption payment of the charged properties. On 26 November 2015, Bank Rakyat issued a letter to CVMSB informing CVMSB that Bank Rakyat has agreed to extend the charged properties' redemption until 30 June 2016. Accordingly, from January 2016 onwards, CVMSB is required to pay a monthly charge of RM144,375 (equivalent to approximately HK\$260,464) to Bank Rakyat until full settlement of the redemption payment for the redemption. On 31 March 2016, the Company issued a letter to Bank Rakyat for applying an extension of the submission deadline of the proof of sale to after 31 March 2016. Any breach of the above mentioned terms and conditions shall constitute an event of default and this revised restructuring proposal shall be terminated and Bank Rakyat has the right to proceed with legal actions against CVMSB and the Company;

2 遵例聲明及編製基準(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26詳述，由於本公司全資附屬公司CVM Magnesium Sdn. Bhd. (「CVMSB」) 未能履行融資協議所載契諾，故有抵押銀行貸款為260,423,032港元(二零一四年：381,392,173港元)已到期償還。於二零一五年六月二十六日，本集團接納Bank Kerjasama Rakyat Malaysia Berhad (「Bank rakyat」) 提出的最新重組提案。據此，CVMSB所結欠及應償還予Bank Rakyat的總金額經協定後減少至113,040,000馬幣(相當於約203,932,888港元)，將以現金償付68,040,000馬幣(相當於約122,749,414港元)及贖回已押記物業45,000,000馬幣(相當於約81,183,475港元)的方式償還。本集團已於二零一五年七月二日(即自二零一五年六月二十六日起計7個工作天內)償付首筆現金還款11,300,000馬幣(相當於約20,386,073港元)，而餘額56,740,000馬幣(相當於約102,363,341港元)則須由本集團於二零一五年十一月三十日按照各延長結算期限支付。待向Bank Rakyat償清現金結算款後，CVMSB將有權贖回45,000,000馬幣(相當於約81,183,475港元)的已押記物業。有關贖回將自二零一五年六月二十六日起計六個月內進行，而倘CVMSB提供有關銷售憑證，則Bank Rakyat可酌情再延長六個月。於償清上述現金結算款後，須按年息3.85%就未償還餘額45,000,000馬幣(相當於約81,183,475港元)加收費用，直至付清贖回已押記物業款項為止。於二零一五年十一月二十六日，Bank Rakyat致函CVMSB表示同意延長已押記物業贖回期限至二零一六年六月三十日。因此，由二零一六年一月起，CVMSB須向Bank Rakyat每月支付144,375馬幣(相當於約260,464港元)直至就贖回結清贖回付款額為止。於二零一六年三月三十一日，本公司致函Bank Rakyat申請延長提供銷售憑證的期限至二零一六年三月三十一日後。如違反任何上述條款及條件將構成違約事件，此經修訂重組提案將告終止，而Bank Rakyat有權對CVMSB及本公司提出法律訴訟；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(b) Basis of preparation of the consolidated financial statements (continued)

- (viii) As detailed in Note 35(a) to the consolidated financial statements, the Company has corporate guarantees totalling approximately RM184,600,000 (equivalent to approximately HK\$333,033,000) (2014: RM184,600,000 (equivalent to approximately HK\$409,767,000)) to Bank Rakyat in respect of bank loan facilities granted to CVMSB. As explained in Note 26 to the consolidated financial statements, CVMSB has defaulted repayment of the bank loan facilities. Therefore, a possible claim might be made against the Company under the corporate guarantees if no remedial action is taken by the Company; and
- (ix) As detailed in Note 35(b) to the consolidated financial statements, the bondholders of the Matured Bonds may without further notice institute such proceedings as it may think fit to enforce repayment of the Matured Bonds.

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

- (i) Subsequent to the end of the reporting period, the Company had announced on 2 March 2016 that the Company entered into a placing agreement with the placing agent, pursuant to which the Company agreed to place up to 1,101,924,000 placing shares to not less than six independent third parties of the Group at HK\$0.10 per placing share. The maximum net proceeds arising from the share placing are estimated to be approximately HK\$106.9 million. On 23 March 2016, the Company entered into a supplemental placing agreement with the placing agent, both agreed that the number of placees can be less than six. Up to the approval date of the consolidated financial statements, the share placing is still conditional upon fulfilment of the conditions set out in the placing agreements and the Company's announcements dated 2 March 2016 and 23 March 2016;

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

- (viii) 誠如綜合財務報表附註35(a)詳述，本公司已就CVMSB獲授之銀行貸款融資向Bank Rakyat發出公司擔保合共約184,600,000馬幣(相當於約333,033,000港元)(二零一四年：184,600,000馬幣(相當於約409,767,000港元))。誠如綜合財務報表附註26所述，CVMSB拖欠償還銀行貸款融資。因此，倘本公司並無採取補救措施，本公司可能因公司擔保而遭索償；及
- (ix) 誠如綜合財務報表附註35(b)詳述，到期債券持有人無需就構成其認為合適可強制償還到期債券的行動作進一步通知。

本公司董事已採取下列行動減輕本集團所面臨的流動資金問題：

- (i) 於報告期末後，本公司於二零一六年三月二日公佈本公司與配售代理訂立配售協議，據此，本公司已有條件同意配售最多1,101,924,000股配售股份予不少於六名本集團之獨立第三方，配售價為每股配售股份0.10港元。預計股份配售之所得款項淨額最多約為106,900,000港元。於二零一六年三月二十三日，本公司與配售代理訂立補充配售協議，據此雙方同意承配人數目可少於六名。於綜合財務報表批准日期，股份配售仍待配售協議及本公司日期為二零一六年三月二日及二零一六年三月二十三日之公告所載條件達成後，方可作實；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

- (II) As detailed in Note 26 to the consolidated financial statements, upon the Group fulfilled all the terms and conditions in the restructuring proposal as offered by Bank Rakyat on 26 June 2015, the total amounts of bank loans owed and repayable to Bank Rakyat will be reduced to RM113.0 million (equivalents to approximately HK\$203.9 million), representing loans reduction amount to approximately RM95.0 million (equivalent to approximately HK\$171.4 million);
- (III) As detailed in Notes 25(a) and 35(b), the Group is exposed to potential litigations. The Group is using their best efforts to (i) arrange to continue to pay the overdue interests to the bondholders in due course and (ii) further re-negotiate with bondholders for the extension of maturity dates and Proposed Alteration of terms of these convertible bonds; and
- (IV) The Group is seeking investors or strategic partners for the Group's projects in Hong Kong, the PRC and the rest of the world.

The directors of the Company consider that taking into account of 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 CVMSB and its indirectly owned subsidiary, 龍川升龍礦泉有限公司 (Long Chuan Shen Long Mineral Water Co., Ltd.) ("Long Chuan") and all existing banking facilities will be continuously available for the Group's use, the Group 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.

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

- (II) 誠如綜合財務報表附註26詳述，於本集團達成Bank Rakyat於二零一五年六月二十六日提出的重組提案所載之全部條款及條件後，所結欠及應償還予Bank Rakyat的銀行貸款總金額將減少至113,000,000馬幣(相當於約203,900,000港元)，即貸款減少金額約為95,000,000馬幣(相當於約171,400,000港元)；
- (III) 誠如附註25(a)和35(b)詳述，本集團面臨潛在訴訟。本公司正盡最大努力(i)適時安排向債券持有人繼續償還逾期利息及(ii)進一步與債券持有人就延長到期日及此等可換股債券的建議修改條款重新商討；及
- (IV) 本集團正就其在中國香港及世界其他地區的項目物色投資者或策略夥伴。

本公司董事認為，經考慮以上各點，本集團由報告期間結束起計未來12個月的現金需求、本集團日後自CVMSB及其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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(b) Basis of preparation of the consolidated financial statements *(continued)*

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. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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, transactions, cash flows 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.

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

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。本集團因參與該實體之營運而獲得或有權享有其可變回報，並能夠運用其對實體之權力影響上述回報，則本集團對該實體有控制權。當評估本集團是否有權力時，只考慮具體權利(由本集團及其他人士持有)。

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、現金流量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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

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 statement of profit or loss and the consolidated statement of profit or loss and other 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.

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.

(d) 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(h)(iii)).

2 遵例聲明及編製基準(續)

(c) 附屬公司及非控股權益(續)

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，於綜合損益表及綜合損益及其他全面收益表中分別列示。

倘本集團失去附屬公司的控制權，該附屬公司的全部權益呈列為出售附屬公司，其所產生的收益或虧損於損益確認。

(d) 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(h)(iii))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(e) Property, plant and equipment

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

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.

2 遵例聲明及編製基準(續)

(e) 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(h)(iii))列賬。

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
— 還原權	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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(f) 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.

(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(e). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(h)(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.

2 遵例聲明及編製基準(續)

(f) 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。

(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(e))。減值虧損按附註2(h)(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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(f) Leased assets (continued)

(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.

(g) 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(h)(ii)).

2 遵例聲明及編製基準(續)

(f) 租賃資產(續)

(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。

(g) 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付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(h)(ii))列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(g) Exploration and evaluation assets (continued)

(i) Exploration and evaluation assets (continued)

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).

Subsequent to initial recognition, exploitation mining permits are stated at cost less accumulated amortisation and impairment losses (see Note 2(h)(ii)). 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.

2 遵例聲明及編製基準(續)

(g) 勘探及評估資產(續)

(i) 勘探及評估資產(續)

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。

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(見附註2(h)(ii))。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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(g) Exploration and evaluation assets (continued)

(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(h)(ii)). Water and mining permits are amortised on a unit-of-production basis. The units of the water and mining permits are reviewed annually in accordance with the production plan of the Group.

(h) 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:

- 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.

2 遵例聲明及編製基準(續)

(g) 勘探及評估資產(續)

(iii) 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(h)(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。

(h) 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：

- 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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(i) Impairment of receivables (continued)

If any such evidence exists, any impairment loss is determined, recognised and measured 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.

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.

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(i) 應收款項的減值(續)

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、確認及計量減值虧損。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。

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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(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
- 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.

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(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
- 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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(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 interest in leasehold land classified as being held under an operating lease;
- investments in subsidiaries, except for those classified as held for sale; 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.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal 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).

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(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，分類為持作出售的投資除外；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。

- 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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(iii) Impairment of other assets (continued)

— 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 of disposal (if measurable), 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.

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.

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(iii) 其他資產減值(續)

— 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(或一組單位)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出售成本(倘可計量)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。

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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(i) 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.

(j) 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(h)(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.

2 遵例聲明及編製基準(續)

(i) 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入期間確認為支出。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。

(j) 應收賬款及其他應收款項

應收賬款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(h)(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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(k) Convertible bonds

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. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bond equity reserve until either the bond is converted or redeemed, and net of any tax effects.

If the bond is converted, the convertible bond equity 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 convertible bond equity reserve is released directly to accumulated losses.

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

2 遵例聲明及編製基準(續)

(k) 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。

負債部份其後以攤銷成本列賬。負債部份於損益內所確認的利息開支以實際利率法計算。權益部份於扣除任何稅項影響後於可換股債券權益儲備中確認，直至債券被兌換或贖回為止。

當債券被轉換時，可換股債券權益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，可換股債券權益儲備將直接轉入累計虧損中。

金融負債於負債的責任已解除或註銷或屆滿時終止確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(k) Convertible bonds (continued)

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

(l) 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.

(m) 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.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents 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.

2 遵例聲明及編製基準(續)

(k) 可換股債券(續)

當現有金融負債為同一貸款人以大致上不同條款的負債取代時，或現有負債的條款有重大修改時，有關交換或修改則被視為終止確認原有負債及確認一項新負債，而有關賬面值的差額乃於損益確認。

(l) 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。

(m) 應付賬款及其他應付款項

應付賬款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。

(n) 現金及現金等價物

現金及現金等價物包括現金及現金等價物以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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(o) 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.

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 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).

2 遵例聲明及編製基準(續)

(o) 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。

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)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(p) 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.

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.

2 遵例聲明及編製基準(續)

(p) 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在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。

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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(p) Income tax (continued)

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.

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.

2 遵例聲明及編製基準(續)

(p) 所得稅(續)

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。

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暫時差額，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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(p) Income tax (continued)

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 Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- 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.

2 遵例聲明及編製基準(續)

(p) 所得稅(續)

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報告期末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。只有本集團或本公司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
- 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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION *(continued)*

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within other payables and accruals. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provision are recognised in accordance with note 2(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in other payables and accruals in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 遵例聲明及編製基準(續)

(q) 已作出的財務擔保、撥備及或然負債

(i) 已作出的財務擔保

財務擔保指要求發行人(即擔保人)於特定債務人未能依照債務工具條款按期付款時,作出特定付款以賠償擔保受益人(「持有人」)損失的合約。

倘本集團發出財務擔保,按擔保的公平值(即交易價,惟公平值可以其他方式可靠估算除外)初始確認,計入其他應付款項及應計費用項下的遞延收入。倘在作出擔保時收取或應收取代價,則該代價根據本集團適用於該類資產的政策確認。倘沒有已收或應收代價,則於初始確認任何遞延收入時,即時於損益內確認為費用。

初始確認為遞延收入的擔保金額,於擔保期限內於損益內攤銷為已作出財務擔保的收入。此外,出現以下情況時,根據附註2(q)(ii)確認撥備:(i)擔保持有人很可能根據擔保向本集團發出催繳通知,及(ii)向本集團提出的申索款額預期超過計入有關擔保的其他應付款項及應計費用的賬面值(即初始確認的金額減累計攤銷)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(q) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group 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.

(r) 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.

2 遵例聲明及編製基準(續)

(q) 已作出的財務擔保、撥備及或然負債(續)

(ii) 其他撥備及或然負債

當本集團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。

(r) 收入確認

收入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入及成本(倘適用)可準確計量，則收入乃以下列方式於損益中確認：

(i) 銷售貨品

收入指貨品所有權相關的重要風險及回報轉移予買方時確認。收入不包括增值稅，並已扣除任何營業折扣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(r) Revenue recognition (continued)

(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.

(s) 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.

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.

2 遵例聲明及編製基準(續)

(r) 收入確認(續)

(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。

(s) 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。

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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(t) 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.

(u) 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).
 - (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.

2 遵例聲明及編製基準(續)

(t) 借款成本

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款成本會資本化並作為該資產成本一部份。其他借款成本於所產生期間支銷。

(u) 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)。
 - (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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(u) Related parties (continued)

- (ii) An entity is related to the Group if any of the following conditions applies: (continued)
 - (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).
 - (VIII) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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.

(v) 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 遵例聲明及編製基準(續)

(u) 關連方(續)

- (ii) 如符合下列任何情況，任何實體為本集團的關連方：(續)
 - (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。
 - (VIII) 實體或其集團的任何成員公司向本集團或本集團母公司提供主要管理人員服務。

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。

(v) 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

綜合財務報表附註

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions
- Annual improvements to HKFRSs 2010–2012 cycle
- Annual improvements to HKFRSs 2011–2013 cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these consolidated financial statements as there is no defined benefit plan operated by the Group.

Annual improvements to HKFRSs 2010–2012 cycle and 2011–2013 cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

3 會計政策變動

香港會計師公會已頒佈以下香港財務報告準則之修訂，並於本集團的本會計期間首次生效：

- 香港會計準則第19號的修訂，僱員福利：界定福利計劃：僱員供款
- 二零一零年至二零一二年週期的香港財務報告準則年度改進
- 二零一一年至二零一三年週期的香港財務報告準則年度改進

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。採用經修訂香港財務報告準則的影響論述如下：

香港會計準則第19號的修訂，僱員福利：界定福利計劃：僱員供款

該等修訂引入了一項豁免，旨在簡化對僱員或第三方按界定福利計劃繳納的若干供款的會計處理。當供款滿足該等修訂所設定的標準時，公司可以將供款確認為在相關僱員服務提供期間對僱員服務成本的扣減，而不將其包含於界定福利責任的計算中。由於本集團並無運作僱員的界定福利計劃，故該等修訂對本集團綜合財務報表並無影響。

二零一零年至二零一二年週期及二零一一年至二零一三年週期的香港財務報告準則年度改進

此兩個週期的年度改進包括九項準則的修訂及連同其他準則的相應修訂。其中，香港會計準則第24號關連方披露已予以修改，藉以將「關連方」的釋義擴展為包括提供主要管理人員服務予申報實體的管理實體，並要求披露為獲得管理實體提供的主要管理人員服務而產生的金額。由於本集團並無自管理實體獲得主要管理人員服務，故該等修訂對本集團的關連方披露並無任何影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 TURNOVER

Turnover represents the sales value of magnesium ingots and related materials, and bottled mineral water supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

4 營業額

營業額指年內向客戶供應鎂錠及相關物料以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：

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Sales of bottled mineral water	銷售瓶裝礦泉水	583,596	948,213
Sales of magnesium ingots and related materials	銷售鎂錠及相關物料	25,662,642	38,730,049
		26,246,238	39,678,262

5 OTHER REVENUE

5 其他收入

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Interest income	利息收入	6,657	4,619
Rental income from drilling machines	來自鑽探機的租金收入	–	28,186
Sundry income	雜項收入	91,522	337,472
		98,179	370,277

6 OTHER NET (LOSSES)/GAINS

6 其他(虧損)/收益淨額

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Net foreign exchange (losses)/gains	匯兌(虧損)/收益淨額	(155,056)	18,461
Gain on disposal of subsidiaries (Note 32)	出售附屬公司的收益(附註32)	–	10,471,934
		(155,056)	10,490,395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/
(crediting):

(a) Finance costs:

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Interest on bank loans wholly repayable within 5 years	須於五年內悉數償還的銀行貸款利息	21,813,102	30,402,027
Effective interest on convertible bonds	可換股債券實際利息	9,245,871	19,467,369
Default interest on convertible bonds	可換股債券拖欠利息	11,422,034	—
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	1,245,736	—
Amortisation of loan transaction costs (Note 26)	貸款交易成本攤銷(附註26)	1,630,597	372,904
Finance charges on obligations under finance leases	融資租賃承擔的財務費用	20,077	42,654
Other borrowings costs to financial institutions	財務機構的其他借貸成本	115,234	698,158
Others	其他	—	(31,097)
		45,492,651	50,952,015

7 除稅前虧損

除稅前虧損已扣除／(計入)：

(a) 融資成本：

(b) Staff costs (including directors' remuneration) (Note 9):

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Salaries, wages, bonuses and other benefits	薪金、工資、花紅及其他福利	9,158,216	8,700,502
Contributions to defined contribution retirement plan	向界定供款退休計劃供款	330,250	538,201
		9,488,466	9,238,703

(b) 員工成本(包括董事薪酬)(附註9)：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 LOSS BEFORE TAXATION (continued)

(c) Other operating expenses

7 除稅前虧損(續)

(c) 其他經營開支：

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Impairments of:	減值：		
— exploration and evaluation assets (Note 15)	— 勘探及評估資產 (附註15)	3,736,391	108,208,053
— interests in leasehold land held for own use under operating leases (Note 13)	— 根據經營租賃持作自用的租賃土地權益 (附註13)	—	2,858,305
— other receivables and prepayments	— 其他應收款項及預付款項	3,000,000	1,767,649
— property, plant and equipment (Note 13)	— 物業、廠房及設備 (附註13)	—	130,976,015
		6,736,391	243,810,022
Write offs of:	撇銷：		
— inventories (Note 18(b))	— 存貨(附註18(b))	2,199,487	—
— property, plant and equipment (Note 13)	— 物業、廠房及設備 (附註13)	4,950,550	—
		7,150,037	—
		13,886,428	243,810,022

(d) Other items:

(d) 其他項目：

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Amortisation of interests in leasehold land held for own use under operating leases (Note 13)	根據經營租賃持作自用的租賃土地權益攤銷(附註13)	3,675	129,465
Auditors' remuneration	核數師酬金	1,345,778	1,175,496
Cost of inventories sold* (Note 18(b))	已售存貨成本*(附註18(b))	40,283,476	59,509,517
Depreciation (Note 13)	折舊(附註13)	17,862,588	23,572,035
Operating lease charges in respect of:	有關下列各項的經營租賃支出：		
— office equipment	— 辦公室設備	12,026	34,173
— office premises	— 辦公室物業	698,089	1,506,399

* The cost of inventories sold includes HK\$17,393,866 (2014: HK\$25,141,265) 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、折舊及攤銷開支有關的已售存貨成本17,393,866港元(二零一四年：25,141,265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

綜合財務報表附註

8 INCOME TAX CREDIT

(a) Taxation in the consolidated statement of profit or loss represents:

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Current tax — Malaysian Income Tax	本期稅項 — 馬來西亞所得稅		
Provision for the year	年度撥備	—	138,017
Under-provision in respect of prior year	過往年度撥備不足	51,241	3,651
		51,241	141,668
Deferred tax	遞延稅項		
Reversal of temporary differences (Note 28)	撥回暫時差額(附註28)	(616,504)	(23,492,927)
Total income tax credit	所得稅抵免總額	(565,263)	(23,351,259)

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% (2014: 16.5%).

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year ended 31 December 2015. No provision for Hong Kong Profits Tax had been made as the Group did not have assessable profit which is subject to Hong Kong Profits Tax for the years ended 31 December 2015 and 2014.

Malaysian Income Tax is calculated at 25% (2014: 25%) of assessable profits for the year ended 31 December 2015. The provision of Malaysian Income Tax is calculated at 25% of the estimated assessable profits for the years ended 31 December 2015 and 2014.

8 所得稅抵免

(a) 綜合損益表中之稅項代表：

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%（二零一四年：16.5%）。

香港利得稅乃根據截至二零一五年十二月三十一日止年度之估計應課稅溢利按16.5%（二零一四年：16.5%）計算。由於本集團截至二零一五年及二零一四年十二月三十一日止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二零一五年十二月三十一日止年度之應課稅溢利按25%（二零一四年：25%）計算。馬來西亞所得稅的撥備乃根據截至二零一五年及二零一四年十二月三十一日止年度的估計應課稅溢利按25%計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

8 INCOME TAX CREDIT (continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

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 of the Company 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 2015 and 2014. 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 2015 and 2014.

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% (2014: 25%) for the year ended 31 December 2015. 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 years ended 31 December 2015 and 2014.

Pursuant to the rules and regulations of the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in this jurisdiction.

8 所得稅抵免(續)

(a) 綜合損益表中之稅項代表：(續)

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，故本公司管理層無法向當地稅務機關確定其採礦業務於截至二零一五年及二零一四年十二月三十一日止年度須應用之稅率。由於本集團截至二零一五年及二零一四年十二月三十一日止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。

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，中國附屬公司截至二零一五年十二月三十一日止年度之稅率為25%(二零一四年：25%)。由於本集團截至二零一五年及二零一四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，本集團毋須在該司法權區繳納任何所得稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

8 INCOME TAX CREDIT (continued)

(b) The reconciliation between tax credit and accounting loss at applicable tax rates is as follows:

8 所得稅抵免(續)

(b) 按適用稅率計算之稅項抵免與會計虧損的對賬如下：

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Loss before taxation	除稅前虧損	(118,950,160)	(349,837,025)
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溢利適用稅率計算之除稅前虧損名義稅項	(27,224,971)	(80,487,807)
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(15,237)	(1,777,998)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	13,731,507	65,848,573
Tax effect of unused tax losses not recognised	未確認之未動用稅項虧損之稅務影響	2,096,092	2,370,475
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	-	(23,492,927)
Tax effect of temporary differences not recognised	未確認暫時差額之稅務影響	10,796,105	14,184,774
Under-provision in previous year	過往年度撥備不足	51,241	3,651
Actual income tax credit	實際所得稅抵免	(565,263)	(23,351,259)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 DIRECTORS' REMUNERATION

The details of directors' remuneration are disclosed as follows:

9 董事酬金

董事酬金詳情披露如下：

	2015 二零一五年				Total 總計
	Directors' fees 董事袍金	Salaries, allowances and benefits in kind 薪金、津貼及實物利益	Discretionary bonuses 酌情花紅	Retirement scheme contributions 退休計劃供款	
	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Executive directors:					
Du Jian Jun	480,000	-	-	-	480,000
Ji Kuang	120,000	324,000	-	-	444,000
Li Po Wai (Appointed on 29 June 2015)	-	769,000	50,137	7,500	826,637
Leung Wai Kwan	-	900,000	65,151	18,000	983,151
Meng Xiao Ying	340,000	-	-	-	340,000
Fan Wei Peng (Appointed on 16 March 2015)	240,645	-	-	-	240,645
Yin Shi Bo (Appointed on 29 June 2015)	120,000	-	-	-	120,000
Zheng Chang Xing (Appointed on 16 March 2015 and resigned on 26 June 2015)	140,645	-	-	-	140,645
Dato' Lim Ooi Hong (Resigned on 8 May 2015)	240,000	-	-	-	240,000
Independent non-executive directors:					
Chan Kin Ho Philip	203,226	-	-	-	203,226
Tian Jing Hua	203,548	-	-	-	203,548
Li Zhen Zhen (Appointed on 17 July 2015)	82,258	-	-	-	82,258
Liu Bo (Appointed on 14 December 2015)	-	-	-	-	-
Tony Tan (Resigned on 22 April 2015)	40,000	-	-	-	40,000
Wong Choi Kay (Resigned on 22 April 2015)	40,000	-	-	-	40,000
Cheung Ning (Resigned on 17 September 2015)	168,167	-	-	-	168,167
Total	2,418,489	1,993,000	115,288	25,500	4,552,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 DIRECTORS' REMUNERATION (continued)

9 董事酬金 (續)

		2014 二零一四年				
		Directors' fees	Salaries, allowances and benefits in kind 薪金、津貼及實物利益	Discretionary bonuses 酌情花紅	Retirement scheme contributions 退休計劃供款	Total 總計
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Executive directors:		執行董事：				
Du Jian Jun (Appointed on 16 June 2014)	杜建軍(於二零一四年六月十六日獲委任)	260,000	-	-	-	260,000
Ji Kuang	嵇匡	342,000	-	-	-	342,000
Dato' Lim Ooi Hong	拿督林偉雄	240,000	347,901	-	17,395	605,296
Leung Wai Kwan	梁維君	-	480,000	40,000	16,500	536,500
Meng Xiao Ying (Appointed on 26 February 2014)	孟小英(於二零一四年二月二十六日獲委任)	320,000	-	-	-	320,000
Fan Wei Peng (Appointed on 16 March 2015)	范偉鵬(於二零一五年三月十六日獲委任)	-	-	-	-	-
Zheng Chan Xing (Appointed on 16 March 2015)	鄭昌幸(於二零一五年三月十六日獲委任)	-	-	-	-	-
Chong Cha Hwa (Appointed on 26 February 2014 and resigned on 30 October 2014)	張家華(於二零一四年二月二十六日獲委任及於二零一四年十月三十日辭任)	330,000	-	-	-	330,000
Independent non-executive directors:		獨立非執行董事：				
Tony Tan	陳業強	124,680	-	-	-	124,680
Wong Choi Kay	黃賽琦	124,680	-	-	-	124,680
Chan Kin Ho Philip (Appointed on 22 July 2014)	陳建豪(於二零一四年七月二十二日獲委任)	-	-	-	-	-
Tian Jing Hua (Appointed on 23 July 2014)	田晶華(於二零一四年七月二十三日獲委任)	-	-	-	-	-
Cheung Ning (Appointed on 17 June 2014)	張寧(於二零一四年六月十七日獲委任)	-	-	-	-	-
Chong Lee Chang (resigned on 23 July 2014)	張爾泉(於二零一四年七月二十三日辭任)	74,680	-	-	-	74,680
Total	總計	1,816,040	827,901	40,000	33,895	2,717,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2014: four) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the remaining one (2014: one) individual is as follows:

		2015	2014
		二零一五年	二零一四年
		HK\$	HK\$
		港元	港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	793,628	323,285
Retirement scheme contributions	退休計劃供款	9,000	10,125
		802,628	333,410

The above emoluments were within HK\$Nil to HK\$1,000,000.

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 a compensation for loss of office. No directors of the Company have waived or agreed to waive any emoluments during the years ended 31 December 2015 and 2014.

10 最高薪酬人士

五名最高薪酬人士包括四名(二零一四年：四名)董事，彼等的薪酬已於附註9中披露。有關餘下一名(二零一四年：一名)人士的薪酬總額如下：

上述酬金介於零港元至1,000,000港元以內。

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。截至二零一五年及二零一四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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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\$110,997,358 (2014: HK\$279,819,910) and the weighted average number of 3,370,501,216 (2014: 1,960,842,643) shares in issue during the year, calculated as follows:

(i) Number of shares:

		2015 二零一五年	2014 二零一四年
Issued ordinary shares at 1 January	於一月一日的已發行普通股	2,495,451,437	1,608,184,265
Effect of issue of new shares pursuant to a share placing (Note 29(b)(i))	根據股份配售而發行新股份的影響(附註29(b)(i))	246,476,712	135,703,956
Effect of shares issued pursuant to the loan capitalisation (Note 29(b)(i))	根據貸款資本化已發行股份的影響(附註29(b)(i))	412,213,406	216,954,422
Effect of issue of new shares pursuant to an open offer (Note 29(b)(i))	根據公開發售而發行新股份的影響(附註29(b)(i))	216,359,661	-
Weighted average number of shares at 31 December	於十二月三十一日的股份加權平均數	3,370,501,216	1,960,842,643

(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.

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110,997,358港元(二零一四年: 279,819,910港元)及已發行股份加權平均數3,370,501,216股(二零一四年: 1,960,842,643股)計算如下:

(i) 股份數目:

(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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

12 SEGMENT REPORTING

The Group has identified the reportable segments set out below. The segment information reported internally to the Group's 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 South America and Malaysia.

Exploration for iron ore, coal and manganese This segment is engaged in the exploration for iron ore, coal and manganese in 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.

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南美及馬來西亞進行。

勘探鐵礦石、煤及錳 此分部在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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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 deposits, cash and cash equivalents and other corporate assets. Segment liabilities include non-current liabilities and current liabilities with the exception of liabilities associated with 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.

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

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、現金及現金等價物以及其他公司資產。分部負債包括非流動負債及流動負債，但不包括與有抵押銀行貸款相關的負債、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。

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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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	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 2015	截至二零一五年十二月 三十一日止年度				
Reportable segment revenue (Note)	可呈報分部收入(附註)	25,662,642	-	583,596	26,246,238
Segment loss	分部虧損	(20,245,305)	(229,671)	(6,254,840)	(26,729,816)
Interest income	利息收入	1,778	-	134	1,912
Finance costs	融資成本	(23,457,888)	-	(494,982)	(23,952,870)
Depreciation and amortisation	折舊及攤銷	(16,483,927)	(124,533)	(1,219,341)	(17,827,801)
Impairment of exploration and evaluation assets	勘探及評估資產減值	-	(3,736,391)	-	(3,736,391)
Write off of inventories	存貨撇銷	(2,199,487)	-	-	(2,199,487)
Write off of property, plant and equipment	物業、廠房及設備撇銷	-	-	(4,950,550)	(4,950,550)
Additions to segment non-current assets	分部非流動資產添置	-	-	9,952,483	9,952,483
As at 31 December 2015	於二零一五年十二月 三十一日				
Segment assets	分部資產	171,965,167	18,400,546	35,878,510	226,244,223
Segment liabilities	分部負債	(3,321,457)	(1,516,380)	(5,716,965)	(10,554,802)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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	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 2014	截至二零一四年十二月 三十一日止年度				
Reportable segment revenue (Note)	可呈報分部收入(附註)	38,730,049	–	948,213	39,678,262
Segment loss	分部虧損	(29,521,729)	53,612	(7,793,872)	(37,261,989)
Interest income	利息收入	4,235	–	178	4,413
Finance costs	融資成本	(30,805,679)	–	(4,125)	(30,809,804)
Depreciation and amortisation	折舊及攤銷	(22,249,215)	(156,391)	(1,137,920)	(23,543,526)
Impairments of	減值				
— exploration and evaluation assets	— 勘探及評估資產	–	(41,871,600)	(66,336,453)	(108,208,053)
— interests on leasehold land	— 租賃土地權益	(2,858,305)	–	–	(2,858,305)
— other receivables and prepayments	— 其他應收款項及 預付款項	(849,607)	–	(643,582)	(1,493,189)
— property, plant and equipment	— 物業、廠房及設備	(130,976,015)	–	–	(130,976,015)
Write down of inventories	存貨撇減	(862,884)	–	(219,353)	(1,082,237)
Additions to segment non-current assets	分部非流動資產添置	–	–	168,234	168,234
As at 31 December 2014	於二零一四年十二月 三十一日				
Segment assets	分部資產	236,346,968	22,851,138	31,395,923	290,594,029
Segment liabilities	分部負債	(9,676,922)	(1,683,527)	(9,139,508)	(20,499,957)

Note:

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: 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(二零一四年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

12 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, 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

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Revenue	收入		
Reportable segment revenue	可呈報分部收入	26,246,238	39,678,262
Loss	虧損		
Reportable segment loss	可呈報分部虧損	(26,729,816)	(37,261,989)
Depreciation and amortisation	折舊及攤銷	(17,866,263)	(23,701,500)
Finance costs	融資成本	(45,492,651)	(50,952,015)
Gain on disposal of subsidiaries	出售附屬公司的收益	-	10,471,934
Interest income	利息收入	6,657	4,619
Impairment of exploration and evaluation assets	勘探及評估資產減值	(3,736,391)	(108,208,053)
Impairment of interests in leasehold land	租賃土地權益減值	-	(2,858,305)
Impairment of other receivables and prepayments	其他應收款項及預付款項減值	(3,000,000)	(1,767,649)
Impairment of property, plant and equipment	物業、廠房及設備減值	-	(130,976,015)
Write off of inventories	存貨撇銷	(2,199,487)	-
Write off of property, plant and equipment	物業、廠房及設備撇銷	(4,950,550)	-
Write down of inventories	存貨撇減	-	(1,082,237)
Other unallocated amounts	其他未分配金額	(14,981,659)	(3,505,815)
Consolidated loss before taxation	除稅前綜合虧損	(118,950,160)	(349,837,025)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

12 SEGMENT REPORTING (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (continued)

12 分部呈報(續)

(b) 可呈報分部收入、損益、資產及負債的對賬(續)

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Assets	資產		
Reportable segment assets	可呈報分部資產	226,244,223	290,594,029
Unallocated corporate assets:	未分配公司資產：		
— Pledged deposits	— 質押存款	—	2,735
— Cash and cash equivalents	— 現金及現金等價物	11,964,081	378,935
— Others	— 其他	6,532,314	4,710,023
		244,740,618	295,685,722
Consolidated total assets	綜合總資產	244,740,618	295,685,722
Liabilities	負債		
Reportable segment liabilities	可呈報分部負債	(10,554,802)	(20,499,957)
Unallocated corporate liabilities:	未分配公司負債：		
— Bank loans — secured	— 有抵押銀行貸款	(260,423,032)	(381,392,173)
— Convertible bonds	— 可換股債券	(29,000,000)	(94,278,123)
— Unsecured loans from third parties	— 來自第三方無抵押貸款	(1,800,000)	—
— Deferred tax liabilities	— 遞延稅項負債	(7,952,143)	(8,568,647)
— Others	— 其他	(29,529,262)	(89,999,809)
		(339,259,239)	(594,738,709)
Consolidated total liabilities	綜合總負債	(339,259,239)	(594,738,709)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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.

	South America 南美		Asia 亞洲		The PRC 中國		Europe 歐洲		Total 總計		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	二零一五年	二零一四年	二零一五年	二零一四年	二零一五年	二零一四年	二零一五年	二零一四年	二零一五年	二零一四年	
	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	17,589,455	38,013,988	2,225,215	716,061	583,596	948,213	5,847,972	-	26,246,238	39,678,262

	Hong Kong 香港		Malaysia 馬來西亞		The PRC 中國		Indonesia 印尼		Total 總計		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
	二零一五年	二零一四年	二零一五年	二零一四年	二零一五年	二零一四年	二零一五年	二零一四年	二零一五年	二零一四年	
	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	
Specified non-current assets	指定非流動資產	914,668	4,624,245	175,157,108	229,226,226	33,473,868	30,850,732	18,927,161	22,430,281	228,472,805	287,131,484

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) Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of the Group's total revenue, is set out as below:

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Customer A ¹	5,553,787	N/A 不適用 ²
Customer B ¹	5,080,296	N/A 不適用 ²
Customer C ¹	14,876,024	38,013,988

¹ Revenue from the mining of dolomite and manufacture of magnesium ingots segment

² The corresponding revenue did not contribute 10% or more of the Group's total revenue

(d) 有關主要客戶的資料

來自主要客戶的收入(每名客戶佔本集團總收入10%或以上)載列如下：

¹ 來自開採白雲石及生產鎂錠分部的收入

² 相關收入佔本集團總收入未達10%或以上

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13 PROPERTY, PLANT AND EQUIPMENT

13 物業、廠房及設備

		Buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Retorts	Sub-total	Interests in leasehold land held for own use under operating leases	Total
		樓宇	廠房及機器	汽車	傢俬及裝置	辦公室設備	電腦設備	還原爐	小計	根據經營租賃持有土地權益	總計
		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
Cost:	成本：										
At 1 January 2014	於二零一四年一月一日	188,055,119	400,028,068	2,284,713	11,754,067	143,340	112,086	78,159,784	680,537,177	13,917,055	694,454,232
Additions	添置	141,011	6,102,185	-	2,082	-	6,820	-	6,252,098	-	6,252,098
Exchange adjustments	匯兌調整	(11,328,576)	(24,935,590)	(71,463)	(696,636)	(2,465)	(584)	(4,868,638)	(41,903,952)	(866,904)	(42,770,856)
At 31 December 2014	於二零一四年十二月三十一日	176,867,554	381,194,663	2,213,250	11,059,513	140,875	118,322	73,291,146	644,885,323	13,050,151	657,935,474
At 1 January 2015	於二零一五年一月一日	176,867,554	381,194,663	2,213,250	11,059,513	140,875	118,322	73,291,146	644,885,323	13,050,151	657,935,474
Additions	添置	-	-	-	85,650	-	-	-	85,650	-	85,650
Write off	撇銷	-	(5,999,981)	-	-	-	-	-	(5,999,981)	-	(5,999,981)
Exchange adjustments	匯兌調整	(32,983,249)	(70,123,313)	(207,839)	(1,970,702)	(2,371)	-	(9,945,835)	(115,233,309)	(3,779,486)	(119,012,795)
At 31 December 2015	於二零一五年十二月三十一日	143,884,305	305,071,369	2,005,411	9,174,461	138,504	118,322	63,345,311	523,737,683	9,270,665	533,008,348
Accumulated depreciation, amortisation and impairment:	累計折舊、攤銷及減值：										
At 1 January 2014	於二零一四年一月一日	67,980,509	162,521,937	1,045,105	5,969,643	50,917	86,240	31,978,929	269,633,280	5,206,951	274,840,231
Charge for the year	年內支出	3,679,926	15,707,568	220,625	1,042,199	14,748	14,388	2,892,581	23,572,035	129,465	23,701,500
Impairment	減值	38,683,958	77,035,083	102,291	-	-	-	15,154,683	130,976,015	2,858,305	133,834,320
Exchange adjustments	匯兌調整	(4,394,489)	(12,194,144)	(34,408)	(356,782)	(2,762)	(370)	(2,076,087)	(19,059,042)	(652,841)	(19,711,883)
At 31 December 2014	於二零一四年十二月三十一日	105,949,904	243,070,444	1,333,613	6,655,060	62,903	100,258	47,950,106	405,122,288	7,541,880	412,664,168
At 1 January 2015	於二零一五年一月一日	105,949,904	243,070,444	1,333,613	6,655,060	62,903	100,258	47,950,106	405,122,288	7,541,880	412,664,168
Charge for the year	年內支出	3,288,400	10,956,781	206,775	926,714	4,884	10,287	2,468,747	17,862,588	3,675	17,866,263
Write off	撇銷	-	(1,049,431)	-	-	-	-	-	(1,049,431)	-	(1,049,431)
Exchange adjustments	匯兌調整	(20,122,528)	(46,689,161)	(191,563)	(1,303,153)	(2,371)	-	(7,759,875)	(76,068,651)	(1,448,321)	(77,516,972)
At 31 December 2015	於二零一五年十二月三十一日	89,115,776	206,288,633	1,348,825	6,278,621	65,416	110,545	42,658,978	345,866,794	6,097,234	351,964,028
Carrying amount:	賬面值：										
At 31 December 2015	於二零一五年十二月三十一日	54,768,529	98,782,736	656,586	2,895,840	73,088	7,777	20,686,333	177,870,889	3,173,431	181,044,320
At 31 December 2014	於二零一四年十二月三十一日	70,917,650	138,124,219	879,637	4,404,453	77,972	18,064	25,341,040	239,763,035	5,508,271	245,271,306

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13 PROPERTY, PLANT AND EQUIPMENT

(continued)

(a) The carrying amount of properties of the Group is as follows:

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Interests in leasehold land held for own use under operating leases outside Hong Kong — long term	3,173,431	5,508,271

(b) Included in the Group's property, plant and equipment as at 31 December 2015 are buildings, plant and machinery, motor vehicles, retorts and interests in leasehold land held for own use under operating leases, with carrying amounts of HK\$52,675,114 (2014: HK\$68,682,011), HK\$96,035,253 (2014: HK\$129,002,404), HK\$Nil (2014: HK\$87,856), HK\$20,686,333 (2014: HK\$25,341,040) and HK\$3,173,431 (2014: HK\$5,508,271), respectively located in Malaysia and operated by CVMSB. The operation of the production plant of CVMSB was suspended since 2012. During the year, the directors of the Company conducted their own assessment 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 an impairment loss of HK\$Nil (2014: HK\$133,834,320) was recognised and included in other operating expenses in the consolidated statement of profit or loss.

13 物業、廠房及設備(續)

(a) 本集團物業的賬面值如下：

(b) 本集團於二零一五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、還原權及根據經營租賃持作自用的租賃土地權益，賬面值分別為52,675,114港元(二零一四年：68,682,011港元)、96,035,253港元(二零一四年：129,002,404港元)、零港元(二零一四年：87,856港元)、20,686,333港元(二零一四年：25,341,040港元)及3,173,431港元(二零一四年：5,508,271港元)。CVMSB的生產廠房自二零一二年起暫停營運。年內，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」)的可收回金額進行評估審閱，並釐定確認減值虧損零港元(二零一四年：133,834,320港元)，並計入綜合損益表中其他經營開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13 PROPERTY, PLANT AND EQUIPMENT

(continued)

(b) (continued)

For the year ended 31 December 2014, the cash flow projections were based on financial budget and production forecast as approved and prepared by management, covering a twenty-two 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"). The cash flow beyond the four-year period is extrapolated using zero growth rate. The discount rate applied to the cash flow projection is 20.01% which is in reference to the valuation prepared by an independent qualified professional valuer, GC Appraisals Services Company Limited ("GC Appraisals") as at 31 December 2014. 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.

(c) The significant portion of buildings, retorts and interests in leasehold land held for own use under operating leases of the Group with an aggregate carrying amount of HK\$76,695,579 (2014: HK\$99,531,322) are pledged to a bank for banking facilities granted to the Group (see Note 26).

(d) Property, plant and equipment held under finance leases

The Group leases motor vehicles and furniture and fittings under finance leases expiring in 2 to 3 years. None of the leases includes contingent rentals. As at 31 December 2015, the carrying amount of motor vehicles and furniture and fittings held under finance leases of the Group was HK\$588,615 (2014: HK\$1,559,886).

(e) 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 authorities. The carrying amount of the properties was HK\$1,644,109 (2014: HK\$1,769,261) as at 31 December 2015.

13 物業、廠房及設備(續)

(b) (續)

截至二零一四年十二月三十一日止年度，現金流量預測乃基於管理層批准及編製的財政預算及產量預測，涉及22年期(其相當於約於馬來西亞半島霹靂州兩塊土地(「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)。超過四年期間的現金流量採用零增長率推算。應用於現金流量預測的貼現率為20.01%，乃經參考由獨立合資格專業估值師GC Appraisals Services Company Limited(「GC Appraisals」)於二零一四年十二月三十一日編製的估值。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。

(c) 樓宇、還原權及本集團根據經營租賃持作自用的租賃土地權益賬面總金額76,695,579港元(二零一四年：99,531,322港元)已為授予本集團的銀行融資抵押予銀行(見附註26)。

(d) 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以及傢俬及裝置，年期為2年至3年。概無租賃包括或然租金。於二零一五年十二月三十一日，本集團根據融資租賃持有的汽車以及傢俬及裝置的賬面值為588,615港元(二零一四年：1,559,886港元)。

(e) 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。於二零一五年十二月三十一日，該等物業的賬面值為1,644,109港元(二零一四年：1,769,261港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 GOODWILL

14 商譽

		HK\$ 港元
Cost:	成本：	
At 1 January 2014	於二零一四年一月一日	332,328,997
Derecognised on disposal of subsidiaries (Note 32)	終止確認出售附屬公司(附註32)	<u>(79,525,907)</u>
At 31 December 2014, 1 January 2015 and 31 December 2015	於二零一四年十二月三十一日、 二零一五年一月一日及二零一五年 十二月三十一日	<u>252,803,090</u>
Accumulated impairment losses:	累計減值虧損：	
At 1 January 2014	於二零一四年一月一日	332,328,997
Derecognised on disposal of subsidiaries (Note 32)	終止確認出售附屬公司(附註32)	<u>(79,525,907)</u>
At 31 December 2014, 1 January 2015 and 31 December 2015	於二零一四年十二月三十一日、 二零一五年一月一日及二零一五年 十二月三十一日	<u>252,803,090</u>
Carrying amount:	賬面值：	
At 31 December 2015	於二零一五年十二月三十一日	<u>—</u>
At 31 December 2014	於二零一四年十二月三十一日	<u>—</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 GOODWILL (continued)

- (a) The goodwill was originally arose partly due to the acquisition of Victory Dragon Holdings Limited and its subsidiary, Long Chuan ("Victory Dragon Group") during the year ended 31 December 2012. In the opinion of the directors of the Company, the goodwill represented the future economic benefits together with the current establishment of the operation arising from the potential growth in the mineral water business acquired. It has been fully impaired in the year 2013.

A valuation report, prepared by GC Appraisals, showed 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. Accordingly, the goodwill arising from the acquisition of the Victory Dragon Group was calculated to be HK\$111,180,501.

(b) Impairment test for cash-generating unit 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:

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Extraction and bottling of mineral water 提取及裝瓶礦泉水	—	—

14 商譽(續)

- (a) 截至二零一二年十二月三十一日止年度，最初產生商譽乃部份由於收購凱龍集團有限公司及其附屬公司龍川(「凱龍集團」)所致。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，並已於二零一三年悉數減值。

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公平值按收入法釐定為161,763,000港元。因此，收購凱龍集團所產生的商譽為111,180,501港元。

(b) 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如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 GOODWILL (continued)

(b) Impairment test for cash-generating unit containing goodwill (continued)

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 of the Company covering an eleven-year period, which represents approximately the remaining license period of the mining right to mine and extract mineral water. The CGU's cash flows beyond the three-year period are extrapolated using a steady average growth rate of 5.7% (2014: 5.7%), until reaching the maximum capacity of 15,000 bottles per hour. 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 rate applied to the cash flow projection is 35.89% (2014: 49.17%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

The revenue generated from this CGU subsequent to acquisition did not meet the previous expectations because of limited cash resources to develop a new production line for manufacturing sparkling water, and making reference to the valuation performed by GC Appraisals as at 31 December 2013, an impairment loss of HK\$111,180,501 on its CGU containing goodwill had been recognised for the year ended 31 December 2013.

14 商譽(續)

(b) 含有商譽之現金產生單位之減值測試(續)

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。該計算方法採用本公司管理層編製涉及十一年期(約為開採及提取礦泉水的採礦權的餘下許可證有效期)的財政預算及生產預測。三年期後現金產生單位的現金流量乃按5.7%(二零一四年: 5.7%)的穩定平均增長率直至最大容量每小時15,000瓶為止推算。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35.89%(二零一四年: 49.17%)。採納之貼現率尚未扣除稅項, 且反映有關分部的具體風險。

於收購後, 來自此現金產生單位的收入並未達到先前預期, 此乃由於開發一條製造有氣水的新生產線的現金資源有限, 加上參考由GC Appraisals於二零一三年十二月三十一日進行的估值, 現金產生單位包括商譽的減值虧損111,180,501港元已於截至二零一三年十二月三十一日止年度確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS 15 勘探及評估資產

		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 2014	於二零一四年一月一日	4,125,190	382,806,372	161,763,000	548,694,562
Disposal of subsidiaries (Note 32)	出售附屬公司(附註32)	-	(103,196,172)	-	(103,196,172)
Exchange adjustments	匯兌調整	-	556,290	(4,142,911)	(3,586,621)
		<u>4,125,190</u>	<u>280,166,490</u>	<u>157,620,089</u>	<u>441,911,769</u>
At 31 December 2014	於二零一四年十二月三十一日	4,125,190	280,166,490	157,620,089	441,911,769
At 1 January 2015	於二零一五年一月一日	4,125,190	280,166,490	157,620,089	441,911,769
Exchange adjustments	匯兌調整	-	140,878	(4,596,484)	(4,455,606)
		<u>4,125,190</u>	<u>280,307,368</u>	<u>153,023,605</u>	<u>437,456,163</u>
At 31 December 2015	於二零一五年十二月三十一日	4,125,190	280,307,368	153,023,605	437,456,163
Accumulated amortisation and impairment:	累計攤銷及減值：				
At 1 January 2014	於二零一四年一月一日	4,125,190	318,559,572	74,239,500	396,924,262
Impairment loss	減值虧損	-	41,871,600	66,336,453	108,208,053
Disposal of subsidiaries (Note 32)	出售附屬公司(附註32)	-	(103,196,172)	-	(103,196,172)
Exchange adjustments	匯兌調整	-	439,090	(2,123,864)	(1,684,774)
		<u>4,125,190</u>	<u>257,674,090</u>	<u>138,452,089</u>	<u>400,251,369</u>
At 31 December 2014	於二零一四年十二月三十一日	4,125,190	257,674,090	138,452,089	400,251,369
At 1 January 2015	於二零一五年一月一日	4,125,190	257,674,090	138,452,089	400,251,369
Impairment loss	減值虧損	-	3,736,391	-	3,736,391
Exchange adjustments	匯兌調整	-	106,629	(4,037,511)	(3,930,882)
		<u>4,125,190</u>	<u>261,517,110</u>	<u>134,414,578</u>	<u>400,056,878</u>
At 31 December 2015	於二零一五年十二月三十一日	4,125,190	261,517,110	134,414,578	400,056,878
Carrying amount:	賬面值：				
At 31 December 2015	於二零一五年十二月三十一日	<u>-</u>	<u>18,790,258</u>	<u>18,609,027</u>	<u>37,399,285</u>
At 31 December 2014	於二零一四年十二月三十一日	<u>-</u>	<u>22,492,400</u>	<u>19,168,000</u>	<u>41,660,400</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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 Majuperak Energy Resources Sdn. Bhd. ("MERSB") (formerly known as Harta Perak Corporation Sdn. Bhd.), a subsidiary of the Perak State Development Corporation ("PSDC"), 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 MERSB. CVMSB is required to pay royalties to MERSB based on the volume of dolomite extracted, subject to a monthly minimum payment (see Note 33(b)). Due to suspension of its production plant since 2012, CVMSB did not extract any dolomite from the Dolomite Land during the years ended 31 December 2015 and 2014.

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" (2014: "administrative expenses") in the consolidated statement of profit or loss.

As a result of impairment review performed by management of the Company, an impairment loss of HK\$3,506,411 was made on the exploration and evaluation assets during the year ended 31 December 2012. The management was of the view that such impairment loss was resulted from the suspension of CVMSB's production plant and its operating loss. Hence, no further impairment loss was noted since 31 December 2012.

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)(「PSDC」)的附屬公司Majuperak Energy Resources Sdn. Bhd.(「MERSB」)(前稱Harta Perak Corporation Sdn. Bhd.)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MERSB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MERSB支付專利權費(見附註33(b))。截至二零一五年及二零一四年十二月三十一日止年度，由於CVMSB的生產廠房自二零一二年起暫停營運，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損益表的「行政開支」(二零一四年：「行政開支」)內。

由於本公司管理層進行減值審閱，已就截至二零一二年十二月三十一日止年度勘探及評估資產作出3,506,411港元減值虧損。管理層認為，有關減值虧損乃由於CVMSB的生產廠房停產及其經營虧損所致。因此，自二零一二年十二月三十一日起，並無進一步錄得減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(b) PT. Commerce Venture Iron Ore (“PTCV Iron”) and PT. Commerce Venture Coal (“PTCV Coal”), both are 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. Both PTCV Iron and PTVC Coal were disposed to an independent third party on 3 April 2014 (the “Disposal”).

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 Pananggalan Subdistrict, Subulussalam City, Nanggroe Aceh Darussalam Province of Indonesia, valid until 14 December 2012 (“Permit 4”). On 5 September 2013, the relevant local authorities informed the Group that the Permit 4 could not be extended or renewed due to environmental issues surrounding the relevant exploration activities location and the authorities will reconsider the renewal application if the situation has improved.

During the year ended 31 December 2013, the Permit 1, 2 and 4 had expired and Group did not submit applications to the relevant local authorities for extension of these permits in the view that the Group is going to dispose of all its equity interests in PTCV Coal and PTCV Iron.

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」)擁有在印尼開採及提取煤炭、鐵礦石及錳之勘探開採許可證。PTCV Iron及PTCV Coal均已於二零一四年四月三日出售予一名獨立第三方(「出售」)。

PTCV Coal持有的勘探開採許可證可(i)於印尼Nanggroe Aceh Darussalam省Nagan Raya區的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區的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區的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Pananggalan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」)。於二零一三年九月五日，相關地方政府機關通知本集團4號許可證因相關勘探活動地區周邊的環境問題而不獲批續領，而有關政府機關將於情況有所改善時重新考慮續領申請。

於截至二零一三年十二月三十一日止年度，1號、2號及4號許可證經已屆滿，由於本集團將出售其於PTCV Coal及PTCV Iron的全部股權，本集團尚未向相關地方政府機關申請為該等許可證續期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(b) (continued)

During the years ended 31 December 2015 and 2014, the Group did not conduct any exploration in these mines due to its limited cash resources. No exploration and evaluation costs were capitalised and no income was derived from these mines during the years ended 31 December 2015 and 2014.

Taking into consideration the expiration and non-renewal of these permits as mentioned above, the Company's directors determined that the recoverable amounts of CGUs in respect of these permits were below their respective carrying amount, impairment losses of HK\$87,500,000 had been recognised for the year ended 31 December 2013.

(c) PTLM holds a production operation mining permit for manganese ("Mining Permit") in an area of 195 hectares in the Jatimulyo Village, Girimulyo Subdistrict, Kulon Progo Regency, Daerah Istimewa Yogyakarta Province, Indonesia ("Mining area"). The Mining 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 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.

15 勘探及評估資產(續)

(b) (續)

於截至二零一五年及二零一四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。截至二零一五年及二零一四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。

鑑於如上所述，該等許可證已屆滿且不獲批續領，本公司董事釐定有關該等許可證的現金產生單位的可收回金額低於彼等各自的賬面值，而減值虧損87,500,000港元已於截至二零一三年十二月三十一日止年度確認。

(c) PTLM持有錳生產經營開採許可證(「開採許可證」)，涉及面積195公頃，位於印尼Daerah Istimewa Yogyakarta省Kulon Progo區Girimulyo分區Jatimulyo村(「礦區」)。開採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。開採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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(c) (continued)

No exploration activities were conducted in the mine as the Group lost contact with the legal representatives of PTLM in 2012. This brought to a halt to the daily operations and mining activities of PTLM and might impact the fulfillment of the obligations of PTLM in respect of its Mining Permit and any other government regulations it would be subject to (see Note 17). During the year ended 31 December 2014, re-nominating the legal representatives according to the relevant legal requirements of Indonesia was being undertaken. On 21 August 2014 and 13 October 2014 respectively, PTLM received warning letters from Trade and Energy Industries of Resource of Minerals Office Government of Kulon Progo Regency reminding PTLM to immediately implement its obligations as the holder of Mining Permit by submitting the tax form and reporting of PTLM's status to the relevant Indonesian authority with the legal representatives' signatures, not later than one month from the date of these letters. On 22 September 2014 and 4 November 2014 respectively, the management of the Company reiterated that it is currently undergoing management restructuring and therefore all activities are currently being suspended temporarily until the management restructuring is completed. Besides, once the management restructuring has been completed, PTLM will resume with investment and other mining activities. Due to previous failure in calling for extraordinary meetings for appointing new directors and legal representative to the board of PTLM, PTLM had applied to the Court in Yogyakarta for a court ruling on the appointment of re-nominated directors and replacement of legal representative. Nevertheless, the third hearing was further postponed by the court to 30 September 2014. On 19 November 2014, court judgement stipulated that the holding company of PTLM could organize an Extraordinary General Meeting of shareholders to undergo the re-nomination of the legal representative ("EGM"). The EGM and the re-nomination of the legal representative according to the relevant legal requirement of Indonesia are still in process as at the approval date of the consolidated financial statements.

15 勘探及評估資產(續)

(c) (續)

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的日常營運及採礦活動陷入停滯狀態，並可能影響PTLM履行有關其開採許可證及任何其他其將須遵守的政府規例的責任(見附註17)。截至二零一四年十二月三十一日止年度，已根據印尼相關法律規定重新提名法律代表。PTLM分別於二零一四年八月二十一日及二零一四年十月十三日接獲Trade and Energy Industries of Resource of Minerals Office Government of Kulon Progo區發出的警告函，提示PTLM不得遲於此等函件發出日期起計一個月向有關印尼當局提交附有法定代表署名的稅項表格及作出回報，即時履行其作為開採許可證持有人的責任。本公司管理層分別於二零一四年九月二十二日及二零一四年十一月四日重申，現正進行管理重組，因此所有活動現已暫時停止，直至管理重組完成為止。此外，管理重組一旦完成，PTLM價格恢復投資及其他採礦活動。由於早前未能就PTLM董事會委任新董事及法律代表召開特別大會，故PTLM已就委任該等獲重新提名董事及替任法律代表而向Yogyakarta省法院申請法院裁決。然而，法院已將第三次聽證會進一步延期至二零一四年九月三十日。於二零一四年十一月十九日，法院判決訂明PTLM的控股公司可舉行股東特別大會(「股東特別大會」)以重新提名法律代表。於綜合財務報表批准日期，根據印尼相關法律規定舉行的股東特別大會及重新提名法律代表的事宜仍在進行中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(c) (continued)

No exploration and evaluation costs were capitalised and no income was derived from the mining of manganese during the years ended 31 December 2015 and 2014.

At 31 December 2015, 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 of the Company covering a sixteen-year period, which represents approximately the remaining licence period of the mining right as well as hauling and sales of manganese in the Mining area. The cash flows are in zero growth rate. The discount rate applied to the cash flow projection is 25.90% (2014: 25.51%). 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 Appraisals as at 31 December 2015, the Company's directors determined that an impairment loss of HK\$3,736,391 (2014: HK\$41,871,600) has been recognised and included in other operating expenses in the consolidated statement of profit or loss for the year ended 31 December 2015.

15 勘探及評估資產(續)

(c) (續)

截至二零一五年及二零一四年十二月三十一日止年度，錳礦並無任何勘探及評估成本被資本化及無產生任何收入。

於二零一五年十二月三十一日，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。該計算方法採用本公司管理層編製涉及十六年期(約為採礦權以及運輸及銷售礦區的錳的餘下許可證有效期)的財政預算及生產預測。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25.90%(二零一四年：25.51%)。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。本公司董事經考慮附註17所述的不明朗因素，並參考GC Appraisals於二零一五年十二月三十一日進行的估值後，確定已確認減值虧損3,736,391港元(二零一四年：41,871,600港元)，並計入截至二零一五年十二月三十一日止年度的綜合損益表中其他經營開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(d) Long Chuan holds a mineral water permit (礦泉水取水許可證) 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 26 February 2015. The application for renewal of the Water Permit was submitted in December 2014 and has been renewed on 1 March 2015. Long Chuan had also been granted in prior years a mineral water extraction permit (礦泉水採礦許可證) with a right to extract mineral water in the stipulated mining area for a period from 23 December 2011 to 23 December 2021. Nonetheless, the statutory required mineral water registration certificate (礦泉水註冊登記證) ("Water Registration Certificate") had expired on 31 December 2012 already and not yet been renewed up to the approval date of the consolidated financial statements. The main reason was due to the change in approval procedures of the State Land Resources Bureau in Guangzhou since August 2012 whereas the approval power has been delegated to County Land Resources Bureau in Guangzhou who has no relevant experience of how to approve such licenses or registration certificates. This had caused a substantial delay in the renewal of the Water Registration Certificate. Long Chuan had submitted a renewal application of the Water Registration Certificate in December 2014 and had passed through to the intermediate stage of the renewal process because Long Chuan had received from County Land Resources Bureau in Guangzhou an acknowledgement of receipt in writing on 17 December 2014 and a progress confirmation on 15 March 2016 of its renewal application being in process.

15 勘探及評估資產(續)

(d) 龍川持有礦泉水取水許可證，二零零七年三月一日至二零一五年二月二十六日龍川泉最大提取水量為每年最多33,000立方米。重續取水許可證的申請已於二零一四年十二月提交，並已於二零一五年三月一日獲重續。龍川於過往年度亦獲授予礦泉水採礦許可證以於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。然而，所須的規定礦泉水註冊登記證(「水註冊登記證」)已於二零一二年十二月三十一日屆滿，且於綜合財務報表批准日期尚未重續。主要原因乃由於自二零一二年八月起廣州市國土資源局的審批程序變動所致，據此，審批權已下放至廣州縣國土資源局，其並無審批有關許可證或註冊登記證的相關經驗，故導致重續水註冊登記證出現重大延誤。龍川已於二零一四年十二月提交水註冊登記證的重續申請，並已通過重續過程的中期階段，此乃由於龍川已於二零一四年十二月十七日接獲廣州縣國土資源局發出收到申請的確認，並於二零一六年三月十五日收到進度確認，確認其重續申請正在進行中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(d) (continued)

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 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.

Taking into consideration the performance of the mine as disclosed in Note 14, sustained operating losses and unable to generate positive cash flow from the date of acquisition in April 2012 to 31 December 2015, the business operated by Long Chuan is not commercially viable, as a result, the mineral water extraction permit had not been reclassified to an intangible asset.

15 勘探及評估資產 (續)

(d) (續)

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，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、鋇及鋅。

經考慮附註14所披露礦區表現、持續經營虧損及由二零一二年四月收購日至二零一五年十二月三十一日未能產生正面現金流量後，龍川經營的業務商業上屬不可行，因此，礦泉水提取許可證並無重新分類為無形資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(d) (continued)

At 31 December 2015, 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 an eleven-year period, which represents approximately the remaining license period of the mining right to mine and extract mineral water. The CGU's cash flows beyond the three-year period are extrapolated using a steady average growth rate of 5.7% (2014: 5.7%), until reaching the maximum capacity of 15,000 bottles per hour. This growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. The discount applied to the cash flows projection is 35.89% (2014: 49.17%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. Taking into consideration the performance of the mine as disclosed in Note 14, and making reference to the valuation performed by GC Appraisals as at 31 December 2015, the Company's directors determined that an impairment loss of HK\$Nil (2014: HK\$66,336,453) has been recognised and included in other operating expenses in the consolidated statement of profit or loss.

16 MINING DEPOSIT

This amount represents a deposit of RM90,000 (equivalent to HK\$162,367) at 31 December 2015 (2014: RM90,000 (equivalent to HK\$199,778)) paid to MERSB pursuant to the Mining Agreement (see Note 15(a)) by the Group.

15 勘探及評估資產(續)

(d) (續)

於二零一五年十二月三十一日，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十一年期(約為開採及提取礦泉水的採礦權的餘下許可證有效期)的財政預算及生產預測。三年期後現金產生單位的現金流量乃按5.7%(二零一四年：5.7%)的穩定平均增長率直至最大容量每小時15,000瓶為止推算。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35.89%(二零一四年：49.17%)。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14所述之不明朗因素，並參考GC Appraisals於二零一五年十二月三十一日進行的估值後，確定已確認減值虧損零港元(二零一四年：66,336,453港元)，並計入綜合損益表中其他經營開支。

16 採礦按金

此金額指於二零一五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MERSB的按金90,000馬幣(相當於162,367港元)(二零一四年：90,000馬幣(相當於199,778港元))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 SUBSIDIARIES

Details of the subsidiaries as at 31 December 2015 are as follows:

17 附屬公司

於二零一五年十二月三十一日，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		
CVMSB	Malaysia 馬來西亞	RM36,000,000 36,000,000馬幣	100%	–	Mining of dolomite and manufacturing of magnesium ingots 開採白雲石及生產鎂錠	(a)
CVM Marketing Limited	BVI 英屬處女群島	US\$10,000 10,000美元	–	100%	Investment holding 投資控股	(a)
CVM International Marketing Sdn. Bhd.	Malaysia 馬來西亞	RM2 2馬幣	–	100%	Trading in magnesium ingots 鎂錠貿易	(a)
CVM Marketing Sdn. Bhd.	Malaysia 馬來西亞	RM100,000 100,000馬幣	60%	–	Dormant 暫無營業	(a)
Step Pacific Development Limited	BVI 英屬處女群島	USD10,000 10,000美元	51%	–	Investment holding 投資控股	(a)
Stabil Megamas Sdn. Bhd.	Malaysia 馬來西亞	RM10,000 10,000馬幣	–	51%	Investment holding 投資控股	(a)
PTLM	Indonesia 印尼	RPH10,000,000,000 10,000,000,000 印尼盾	–	50.50%	Exploration for manganese 勘探錳	(b)
Nice Tone Enterprises Limited	BVI 英屬處女群島	USD10,000 10,000美元	100%	–	Investment holding 投資控股	(c)
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	(d),(e)
Long Chuan 龍川	The PRC 中國	USD1,400,000 1,400,000美元	–	51%	Extraction and bottling of mineral water 提取及裝瓶礦泉水	(f)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 SUBSIDIARIES (continued)

17 附屬公司(續)

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		Principal activities 主要業務	Note 附註
			Direct	Indirect		
			直接	間接		
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)
Golden Elegant Limited	Hong Kong 香港	HK\$1 1港元	100%	–	Dormant 暫無營業	(g)

Notes:

- (a) Audited by Baker Tilly Monteiro Heng.
- (b) Audited by Achmad, Rasyid Hisbullah & Jerry.
- (c) No separate financial statements were prepared as it is not required to issue audited financial statements under the local statutory requirements.
- (d) Audited by Solarmark (HK) C.P.A. Limited ("Solarmark").
- (e) Consolidated financial statements, including Long Chuan are audited by Solarmark.
- (f) Audited by 河源市翔龍合伙會計師事務所.
- (g) Incorporated during the year ended 31 December 2015 and reviewed by Baker Tilly Hong Kong Limited.

附註：

- (a) 經 Baker Tilly Monteiro Heng 審核。
- (b) 經 Achmad, Rasyid Hisbullah & Jerry 審核。
- (c) 由於根據當地法定規定毋須刊發經審核財務報表，故並無編製獨立財務報表。
- (d) 經正明(香港)會計師事務所有限公司(「正明」)審核。
- (e) 綜合財務報表，包括龍川，經正明審核。
- (f) 經河源市翔龍合伙會計師事務所審核。
- (g) 於截至二零一五年十二月三十一日止年度註冊成立並經天職香港會計師事務所有限公司審閱。

In 2012, the Group lost contact with the legal representatives of PTLM. This brought to a halt to the daily operations and mining activities of PTLM and might impact the fulfillment of the obligations of PTLM in respect of its production operation mining permit for manganese and any other government regulations it would be subject to as set out in Note 15(c).

誠如附註15(c)所載列，於二零一二年，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，並可能影響PTLM履行有關其錳生產經營開採許可證及任何其他其將須遵守的政府規例的責任。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 SUBSIDIARIES (continued)

Victory Dragon Holdings Limited, a 51% owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial by the directors. Summarised financial information in relation to the NCI of Victory Dragon Holdings Limited, before inter-group eliminations, is presented as below:

17 附屬公司(續)

本公司擁有51%權益的附屬公司凱龍集團有限公司擁有重大非控股權益(「非控股權益」)。並非由本集團全資擁有的所有其他附屬公司的非控股權益被董事視為並不重大。有關凱龍集團有限公司的非控股權益於集團間對銷前的財務資料概要呈列如下：

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Year ended 31 December:	截至十二月三十一日止年度：		
Revenue	收入	583,596	948,213
Loss for the year	年內虧損	(11,824,772)	(34,161,808)
Total comprehensive loss	全面虧損總額	(11,960,358)	(33,897,712)
Loss allocated to NCI	分配至非控股權益虧損	(5,794,138)	(16,739,286)
Dividends paid to NCI	已付非控股權益股息	—	—
Net cash generated from operating activities	經營業務所得現金淨額	10,190,051	6,165,130
Net cash used in investing activities	投資業務動用現金淨額	(9,952,483)	(6,104,088)
Net cash used in financing activities	融資業務所用現金淨額	—	(4,123)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	237,568	56,919
At 31 December:	於十二月三十一日：		
Non-current assets	非流動資產	33,473,868	30,502,154
Current assets	流動資產	2,171,021	981,558
Current liabilities	流動負債	(53,942,455)	(38,747,074)
Non-current liabilities	非流動負債	(5,296,762)	(5,296,762)
Net liabilities	負債淨額	(23,594,328)	(12,560,124)
Accumulated NCI	累計非控股權益	(11,561,221)	(6,154,461)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Raw materials	原料	-	1,929,238
Work-in-progress	半成品	-	38,062
Finished goods	製成品	-	1,747,263
		-	3,714,563

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Carrying amount of inventories sold (Note 7(d))	已售存貨賬面值 (附註7(d))	40,283,476	59,509,517
Write off of inventories (Note 7(c))	存貨撇銷(附註7(c))	2,199,487	-
Write down of inventories	存貨撇減	-	1,082,237
		42,482,963	60,591,754

During the year ended 31 December 2015, raw material and finished goods of HK\$2,199,487 (2014: HK\$Nil) were written off. This was because these raw material and finished goods had been deteriorated tremendously and could not be used as assessed by the management of the Company.

Because of fluctuations in the market price of magnesium, there was a significant reduction in the net realisable value of inventories as at the end of the reporting period. As a result, a write down of inventories of HK\$Nil (2014: HK\$1,082,237) was made at 31 December 2015.

18 存貨

(a) 綜合財務狀況表中的存貨包括：

(b) 確認為開支並計入損益的存貨金額分析如下：

截至二零一五年十二月三十一日止年度，原料及製成品2,199,487港元(二零一四年：零港元)已被撇銷，此乃由於該等用於製造瓶裝水的材料已嚴重惡化，並經本公司管理層評估為無法使用。

由於鎂的市價波動，於報告期末存貨的可變現淨值大幅減少，故於二零一五年十二月三十一日撇減存貨零港元(二零一四年：1,082,237港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 TRADE RECEIVABLES

19 應收賬款

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Trade receivables	應收賬款	177,489	2,854,282

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：

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Current, neither past due nor impaired	即期，並無逾期或減值	49,428	2,711,735
Less than 1 month past due	逾期少於一個月	–	388
1 month to 2 months past due	逾期一個月至兩個月	–	9,237
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	16,936	29,907
Over 12 months past due	逾期超過十二個月	111,125	103,015
Amounts past due	逾期金額	128,061	142,547
Total	總計	177,489	2,854,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 TRADE RECEIVABLES (continued)

(a) Ageing analysis (continued)

Trade receivables derived from sales of magnesium ingots are due within 14 days (2014: 14 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 or normally cash on delivery.

Further details on the Group's credit policy are set out in Note 31 (b).

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 2015, none of trade receivables (2014: HK\$Nil) were pledged as security for banking facilities granted to the Group.

19 應收賬款(續)

(a) 賬齡分析(續)

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14日(二零一四年：14日)內到期。除此以外，本集團的政策可向於中國本地買賣及分銷的客戶提供信貸期，或一般以貨到付款形式進行交易。

本集團信貸政策的進一步詳情載於附註31(b)。

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) 於二零一五年十二月三十一日，並無應收賬款(二零一四年：零港元)已予質押，作為取得授予本集團銀行融資的抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

20 預付款項、按金及其他應收款項

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Other receivables	其他應收款項	2,062,576	42,487
Advance payment to a contractor (Note (a))	向一名承包商墊款(附註(a))	13,767,479	14,911,170
Prepayments for raw materials and machinery (Note (b))	原料及機器的預付款項(附註(b))	625,470	677,430
Deposits and prepayments	按金及預付款項	1,584,961	1,524,845
		18,040,486	17,155,932
Less: Impairment losses	減：減值虧損：		
— advance payment to a contractor (Note (a))	— 向一名承包商墊款(附註(a))	(13,767,479)	(14,911,170)
— prepayments for raw materials and machinery (Note (b))	— 原料及機器的預付款項(附註(b))	(625,470)	(677,430)
		3,647,537	1,567,332

Apart from certain of the Group's deposits and prepayments of HK\$438,834 (2014: HK\$637,851), the remaining prepayments, deposits and other receivables of the Group are expected to be recovered or recognised as expenses within one year.

除本集團的若干按金及預付款項438,834港元(二零一四年：637,851港元)外，預期本集團的其餘預付款項、按金及其他應收款項將於一年內收回或確認為開支。

(a) In prior years, the Group advanced a total of HK\$13,767,479 (2014: HK\$14,911,170) 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 had made a full provision against them as at 31 December 2015 and 2014.

(a) 於過往年度，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13,767,479港元(二零一四年：14,911,170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，並已於二零一五年及二零一四年十二月三十一日作出全數撥備。

(b) At 31 December 2015, the Group had made prepayments of HK\$625,470 (2014: HK\$677,430) to an entity for purchase of raw materials and machinery. During the year, 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 in Malaysia, and thus a full provision against them has been made as at 31 December 2015 and 2014.

(b) 於二零一五年十二月三十一日，本集團就購買原料及機器向一間實體支付預付款項625,470港元(二零一四年：677,430港元)。於年內，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。本集團管理層評定於馬來西亞的生產廠房停產後收回此等預付款項的機會甚微，故已於二零一五年及二零一四年十二月三十一日作出全數撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

21 PLEDGED DEPOSITS

The Group's deposits of HK\$Nil (2014: HK\$2,735) is pledged to a bank for loan facilities granted to the Group (see Note 26).

21 質押存款

本集團已就本集團獲授的貸款融資而抵押予銀行的存款為零港元(二零一四年: 2,735港元)(見附註26)。

22 TRADE AND OTHER PAYABLES

22 應付賬款及其他應付款項

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Trade payables	應付賬款	-	2,831,490
Accrued interest on bank loans	銀行貸款應計利息	-	64,049,521
Accrued interest on convertible bonds	可換股債券應計利息	2,979,773	6,852,144
Accrued salaries	應計薪金	3,189,592	2,800,027
Other payables and accrued expenses	其他應付款項及應計開支	31,272,134	28,575,686
		37,441,499	105,108,868

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。

An ageing analysis of trade payables, based on the invoice date, is as follows:

應付賬款按發票日期的賬齡分析如下：

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Current	即期	-	2,701,050
Due within 3 months	三個月內到期	-	-
Due after 3 months but within 12 months	三個月後但十二個月內到期	-	32,983
Over 12 months	超過十二個月	-	97,457
		-	2,831,490

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2015, the Group had obligations under finance leases repayable as follows:

23 融資租賃承擔

於二零一五年十二月三十一日，本集團的應償還融資租賃承擔如下：

		2015 二零一五年		2014 二零一四年	
		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	174,814	181,403	315,456	336,972
After 1 year but within 2 years	一年後但兩年內	51,005	52,171	197,272	205,234
After 2 years but within 5 years	兩年後但五年內	–	–	62,758	64,193
		51,005	52,171	260,030	269,427
		225,819	233,574	575,486	606,399
Less: total future interest expenses	減：未來利息開支總額		(7,756)		(30,913)
Present value of lease obligations	租賃承擔現值		225,818		575,486

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 OBLIGATIONS UNDER FINANCE LEASES

(continued)

The policy of the Group is to lease certain of its motor vehicles and furniture and fittings under finance leases expiring in 2 years and 1 year (2014: 3 years and 2 years), respectively. As at 31 December 2015, the effective borrowing rates of the Group were in a range from 1.8% p.a. to 3.68% p.a. (2014: a range from 1.8% p.a. to 3.68% p.a.), respectively. Interest rates are fixed at the contract dates and thus expose the Group 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 has an option to purchase the motor vehicles and furniture and fittings at nominal prices.

23 融資租賃承擔(續)

本集團的政策是根據融資租賃租賃若干汽車以及傢俬及裝置，年期分別為2年及1年(二零一四年：分別為3年及2年)。於二零一五年十二月三十一日，本集團實際借款年利率介乎1.8%至3.68%(二零一四年：介乎1.8%至3.68%)。利率按合約日期釐定，因此，本集團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，本集團可選擇按名義價格購買汽車以及傢俬及裝置。

24 AMOUNT(S) DUE FROM/(TO) A DIRECTOR AND RELATED PARTIES

24 應收/(應付)一名董事及關連方款項

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Trading account	貿易賬戶	(2,416,399)	(2,347,241)
Current account	現有賬戶	475,079	(2,153,329)
		(1,941,320)	(4,500,570)
Classified as:	分類為：		
Amounts due from related parties	應收一名關連方款項	475,426	36,391
		475,426	36,391
Amount due to a director	應付一名董事款項	(347)	(138,000)
Amounts due to related parties	應付關連方款項	(2,416,399)	(4,398,961)
		(2,416,746)	(4,536,961)
Total	總計	(1,941,320)	(4,500,570)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

24 AMOUNT(S) DUE FROM/(TO) A DIRECTOR AND RELATED PARTIES (continued)

The amounts due are unsecured, interest-free and have no fixed terms of repayment.

Further details of amounts due from related parties are disclosed as follows:

24 應收／(應付)一名董事及關連方款項 (續)

該款項為無抵押、免息且無固定還款期。

應收關連方款項詳情披露如下：

Name	Term of loan	Balance at 31 December 2015 於二零一五年十二月三十一日 的結餘 HK\$ 港元	Balance at 1 January 2015 於二零一五年一月一日 的結餘 HK\$ 港元	Maximum amount outstanding during the year 年內 尚未償還 最高金額 HK\$ 港元
名稱	貸款條款			
HK New Huang Pu Finance Holdings Limited ("HKNHPF") 香港新黃埔金融控股集團有限公司 (「香港新黃埔金融」)	Interest-free, unsecured and has no fixed terms of repayment 免息、無抵押且無固定還款期	475,426	–	475,426
HWG Tin Mining Sdn. Bhd. ("HWGTM") 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	–	36,391	36,391

Fan Wei Peng is a common director of HKNHPF and of the Company.

范偉鵬為香港新黃埔金融與本公司之共同董事。

HWGTM is a subsidiary of Ho Wah Genting Berhad which is a shareholder of the Company.

HWGTM為本公司股東Ho Wah Genting Berhad的附屬公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 CONVERTIBLE BONDS

- (a) 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 period of eight months to three years from 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 outstanding aggregate principal amount of the convertible bonds was HK\$29,000,000 (2014: HK\$80,000,000).

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. As a result of the share consolidation in July 2013, the conversion price of outstanding convertible bonds of the Company was adjusted from HK\$0.10 per share to HK\$0.40 per share with effect on 29 July 2013.

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.

25 可換股債券

- (a) 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，可換股債券自發行日期起八個月至三年內到期。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，可換股債券尚未償還本金總額為29,000,000港元（二零一四年：80,000,000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。由於二零一三年七月進行的股份合併，本公司尚未轉換的可換股債券的換股價由每股0.10港元調整至每股0.40港元，於二零一三年七月二十九日生效。

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

綜合財務報表附註

25 CONVERTIBLE BONDS (continued)

(a) (continued)

The maturity date of the five principal amounts of outstanding convertible bonds of HK\$Nil (“First Tranche Bonds”), HK\$12,000,000 (“Second Tranche Bonds”), HK\$Nil (“Third Tranche Bonds”), HK\$10,000,000 (“Fourth Tranche Bonds”) and HK\$7,000,000 (“Fifth Tranche Bonds”) is 1 December 2014, 29 December 2014, 9 January 2015, 4 March 2015 and 22 March 2015 respectively. The above outstanding aggregate principal amount of HK\$29,000,000 is collectively referred to as the “Matured Bonds”. As at 31 December 2015, all the Matured Bonds were defaulted and due for repayments. The directors of the Company represented that (i) the Company is currently in the course of arm’s length negotiations with the holders of the Matured Bonds in relation to the Proposed Alteration; (ii) as negotiated with the holders of the Matured Bonds, they verbally agreed not to redeem the Matured Bonds until the Proposed Alteration is confirmed; and (iii) the interest on the Matured Bonds will continue to be payable by the Company until the date of redemption pursuant to the terms of the Matured Bonds. As at the approval date of the consolidated financial statements, the Proposed Alteration of the Matured Bonds have not been fixed and confirmed yet.

At 31 December 2015, convertible bonds are due for repayment as follows:

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Already past due or within 1 year	29,000,000	82,561,759

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. (2014: a range from 17.54% p.a. to 33.73% p.a.) to the liability component for the number of days to the end of the reporting period since the bonds were issued.

25 可換股債券(續)

(a) (續)

五批本金額分別為零港元(「第一批債券」)、12,000,000港元(「第二批債券」)、零港元(「第三批債券」)、10,000,000港元(「第四批債券」)及7,000,000港元(「第五批債券」)的尚未轉換的可換股債券的到期日分別為二零一四年十二月一日、二零一四年十二月二十九日、二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日。上述尚未償還本金總額29,000,000港元統稱為「到期債券」。於二零一五年十二月三十一日，所有該等到期債券拖欠還款且須到期償還。本公司董事表示，(i)本公司正與到期債券持有人就建議修改進行公平磋商；(ii)與到期債券持有人磋商後，彼等口頭同意於建議修改確認前不贖回到期債券；及(iii)根據到期債券條款，本公司將於贖回日期前繼續支付到期債券利息。於綜合財務報表批准日期，到期債券的建議修改尚未決定及確認。

於二零一五年十二月三十一日，可換股債券於以下期間到期償還：

年度利息支出乃採用介乎負債部份17.54%至33.73%(二零一四年：介乎17.54%至33.73%)的實際年利率，按債券發行起至報告期末止的天數計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 CONVERTIBLE BONDS (continued)

(a) (continued)

The directors of the Company estimate the fair value of the liability component of the Matured Bonds as at 31 December 2015 to be approximately HK\$29,000,000 (2014: HK\$82,125,000). The fair value is assumed to be its principal amount.

The net proceeds received from the issuance of the convertible bonds have been split into the liability and equity components, as follows:

25 可換股債券(續)

(a) (續)

本公司董事估計於二零一五年十二月三十一日到期債券負債部份的公平值約為29,000,000港元(二零一四年: 82,125,000港元)。該公平值假定為其本金額。

發行可換股債券所得款項淨額已分為負債部份及權益部份如下:

		First Tranche Bonds 第一批 債券 HK\$ 港元	Second Tranche Bonds 第二批 債券 HK\$ 港元	Third Tranche Bonds 第三批 債券 HK\$ 港元	Fourth Tranche Bonds 第四批 債券 HK\$ 港元	Fifth Tranche Bonds 第五批 債券 HK\$ 港元	Total 總金額 HK\$ 港元
At 1 January 2014	於二零一四年一月一日	22,087,007	13,993,191	10,138,278	9,853,528	16,738,191	72,810,195
Interest charged	利息支出	6,512,993	4,706,809	1,777,812	1,804,281	2,949,669	17,751,564
Interest paid	已付利息	(2,600,000)	(1,700,000)	(1,000,000)	(1,000,000)	(1,700,000)	(8,000,000)
Liability component as at 31 December 2014	於二零一四年 十二月三十一日 的負債部份	26,000,000	17,000,000	10,916,090	10,657,809	17,987,860	82,561,759
At 1 January 2015	於二零一五年一月一日	26,000,000	17,000,000	10,916,090	10,657,809	17,987,860	82,561,759
Interest charged	利息支出	-	-	83,910	342,191	712,140	1,138,241
Interest paid	已付利息	-	-	(1,000,000)	(1,000,000)	(1,700,000)	(3,700,000)
Redemptions of convertible bonds	贖回可換股債券	(26,000,000)	(5,000,000)	(10,000,000)	-	(10,000,000)	(51,000,000)
Liability component as at 31 December 2015	於二零一五年十二月 三十一日的負債部份	-	12,000,000	-	10,000,000	7,000,000	29,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 CONVERTIBLE BONDS (continued)

- (b) In 2012, the Company issued convertible bonds with maturity date on the fifth anniversary of the date of issue (i.e. 17 April 2017) for an aggregate principal amount of HK\$106,840,000 as part consideration for the acquisition of Victory Dragon Group in 2012. The convertible bonds bear interest at 5% p.a. payable annually and are unsecured.

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. As a result of the share consolidation in July 2013, the conversion price of outstanding convertible bonds of the Company was adjusted from HK\$0.126 per share to HK\$0.504 per share with effect on 29 July 2013.

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.

On 15 January 2013, the convertible bonds in the principal amount of HK\$43,840,000 were converted into 347,936,507 ordinary shares of the Company at HK\$0.025 each.

Pursuant to an agreement signed for acquisition of 51% of the issued share capital of Victory Dragon Group, Voice Key Group Limited ("First Vendor") and the guarantor, Mr. Chu Yuk Lung (the "Guarantor") irrevocably warrants and guarantees 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 ("Guaranteed Profit") for the period of twelve months commencing from the date of completion of the acquisition ("Guaranteed Period").

25 可換股債券(續)

- (b) 於二零一二年，本公司發行本金總額106,840,000港元的可換股債券，作為於二零一二年收購凱龍集團之部份代價。可換股債券的到期日為發行日期五週年(即二零一七年四月十七日)，按年利率5%計息及無抵押，利息須每年支付。

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。於二零一三年七月的股份合併完成後，本公司尚未轉換的可換股債券的換股價自二零一三年七月二十九日起由每股0.126港元調整至每股0.504港元。

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。

於二零一三年一月十五日，本金額為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港元之本公司普通股。

根據收購凱龍集團已發行股本的51%而簽訂之協議，Voice Key Group Limited(「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，凱龍集團自完成收購日期起計12個月期間(「保證期」)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

綜合財務報表附註

25 CONVERTIBLE BONDS (continued)

(b) (continued)

If the Guaranteed Profit is not achieved for the Guaranteed Period, 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 Guarantee Period, 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 Guarantee Period 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.

On 30 August 2013, the directors of the Company announced the audited financial statements of Victory Dragon Group for the Guarantee Period showed a net loss after tax and any extraordinary and exceptional items of HK\$8,228,917. Based on the exchange rate at that time, the Guaranteed Profit was HK\$38,090,401 (equivalent to RMB30,000,000), and hence, the actual shortfall between the audited net loss and the Guaranteed Profit was HK\$46,319,318. As such on 16 October 2013, the convertible bonds in the principal amount of HK\$46,319,318 was cancelled and deducted.

As at the end of the reporting period, the outstanding principal amount of convertible bonds in relation to the Victory Dragon Group was HK\$Nil (2014: HK\$16,680,682).

25 可換股債券(續)

(b) (續)

倘於保證期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。倘凱龍集團於保證期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保證期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。

於二零一三年八月三十日，本公司董事宣佈，凱龍集團於保證期的經審核財務報表顯示，凱龍集團錄得除稅並計及任何特殊及非經常項目後虧損淨額8,228,917港元。按當時的匯率計算，保證溢利為38,090,401港元(相當於人民幣30,000,000元)，因此，經審核虧損淨額與保證溢利之間的實際差為46,319,318港元。因此，於二零一三年十月十六日，本金額為46,319,318港元之可換股債券已獲註銷及扣除。

於報告期末，與凱龍集團有關的可換股債券的尚未償還本金額為零港元(二零一四年：16,680,682港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 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:

		Liability component	Equity component	Total
		負債部份	權益部份	總計
		HK\$	HK\$	HK\$
		港元	港元	港元
At 1 January 2014	於二零一四年一月一日	10,834,593	6,920,516	17,755,109
Interest charged	利息支出	1,715,805	–	1,715,805
Interest paid	已付利息	(834,034)	–	(834,034)
At 31 December 2014 and 1 January 2015	於二零一四年 十二月三十一日及 二零一五年一月一日	11,716,364	6,920,516	18,636,880
Interest charged	利息支出	8,107,630	–	8,107,630
Interest paid	已付利息	(573,780)	–	(573,780)
Redemptions of convertible bonds	贖回可換股債券	(19,250,214)	(6,920,516)	(26,170,730)
At 31 December 2015	於二零一五年 十二月三十一日	–	–	–

The interest for the year is calculated by applying an effective interest rate of 17.58% p.a. (2014: 17.58% p.a.) to the liability component for the number of days to the end of the reporting period since the bonds were issued.

The directors of the Company estimate the fair value of the liability component of the convertible bonds as at 31 December 2015 to be approximately HK\$Nil (2014: HK\$12,013,000). This fair value has been calculated by discounting the future cash flows at the market rate.

25 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部份及權益部份如下：

年度利息乃採用介乎負債部份17.58% (二零一四年：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。

本公司董事估計於二零一五年十二月三十一日可換股債券負債部份的公平值約為零港元 (二零一四年：12,013,000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

綜合財務報表附註

26 BANK LOANS — SECURED

26. 有抵押銀行貸款

	2015 二零一五年			2014 二零一四年			
	Nominal value	Less: unamortised costs	Total	Nominal value	Less: unamortised costs	Total	
	減：未攤 銷成本	總計		減：未攤 銷成本	總計		
	面值	銷成本	總計	面值	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	260,423,032	-	260,423,032	383,212,795	(1,820,622)	381,392,173

At 31 December 2015, interest bearing bank loans are due for repayment as follows:

於二零一五年十二月三十一日，計息銀行貸款於以下期間到期償還：

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元	
Already past due or within 1 year	已逾期或一年內	260,423,032	381,392,173

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Transaction costs	交易成本	

Cost:	成本：		
At 1 January	於一月一日	8,699,851	9,277,771
Write off	撇銷	(7,791,815)	-
Exchange adjustments	匯兌調整	(908,036)	(577,920)
At 31 December	於十二月三十一日	-	8,699,851
Accumulated amortisation:	累計攤銷：		
At 1 January	於一月一日	6,879,229	6,940,385
Write off	撇銷	(7,791,815)	-
Amortisation for the year	年內攤銷	1,630,597	372,904
Exchange adjustments	匯兌調整	(718,011)	(434,060)
At 31 December	於十二月三十一日	-	6,879,229
Unamortised transaction costs	未攤銷交易成本	-	1,820,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 BANK LOANS — SECURED (continued)

The secured bank loans as at 31 December 2015 are interest bearing at 8.85% p.a. (2014: 8.6% p.a.). These bank loans were restructured on 25 July 2011 by 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\$1,586,032) with effect from August 2011 to December 2013 and increasing to RM4,200,000 (equivalent to HK\$9,942,287) from January 2014 to the second last repayment of the loans in 2018.

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 HSBC Amanah Malaysia Berhad 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) corporate guarantee by Ding He Mining Holding Limited (Note 35(a)).

26 有抵押銀行貸款(續)

於二零一五年十二月三十一日的有抵押銀行貸款按年利率8.85%(二零一四年:8.6%)計息。此等銀行貸款於二零一一年七月二十五日由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1,586,032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9,942,287港元)。

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HSBC Amanah Malaysia Berhad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) 由鼎和礦業控股有限公司作出公司擔保(附註35(a))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 BANK LOANS — SECURED (continued)

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 was 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 31 (e).

During the year ended 31 December 2013, the Group defaulted on the repayments of bank loans since November 2013 and breached one of the covenants of the banking facilities. Upon discovery of the breach, the directors of the Company commenced a negotiation of the terms of the loans with Bank Rakyat. These negotiations have concluded on 24 February 2014 whereby Bank Rakyat agreed to extend a one year grace period without executing legal proceeding against the Company and CVMSB until 31 December 2014. CVMSB is required to repay monthly instalment of RM670,000 (equivalent to HK\$1,586,032) for the year ended 31 December 2014.

On 15 December 2014, the Group has accepted the restructuring proposal discussed and offered by Bank Rakyat in respect of the outstanding loans owing by CVMSB (the "Proposal"). Pursuant to the Proposal, the full and final settlement sum by CVMSB shall be reduced to RM113,040,000 (equivalent to approximately HK\$258,850,469) which is repayable to Bank Rakyat on or before 30 June 2015, in which (i) an amount of RM4,020,000 (equivalent to approximately HK\$9,205,404) must be settled to Bank Rakyat on or before 31 December 2014; (ii) a monthly sum of RM200,000 (equivalent to approximately HK\$457,980) shall be repayable to Bank Rakyat on the last day of each calendar month commencing from January 2015 to June 2015 and the final instalment of RM2,820,000 (equivalent to approximately HK\$6,457,522) will be paid as bullet payment latest by 30 June 2015; and (iii) a full and final settlement sum of RM105,000,000 (equivalent to approximately HK\$240,439,661) be repayable by CVMSB to Bank Rakyat on 30 June 2015.

26 有抵押銀行貸款(續)

本集團須履行契諾(與財務機構訂立的借款安排內常見契諾)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。本集團須於CVMSB在二零一一年二月或前後開始生產營運時符合該等契諾。有關本集團管理流動資金風險的進一步詳情載於附註31(e)。

於截至二零一三年十二月三十一日止年度,本集團自二零一三年十一月起未能償還銀行貸款及違反其中一份銀行融資契諾。發現有關違約後,本公司董事開始與Bank Rakyat磋商貸款的條款。此等磋商已於二零一四年二月二十四日結束, Bank Rakyat 同意延長一年寬限期直至二零一四年十二月三十一日而不會對本公司及CVMSB提出法律訴訟。截至二零一四年十二月三十一日止年度, CVMSB 須每月分期還款670,000馬幣(相當於1,586,032港元)。

於二零一四年十二月十五日,本集團已經接受 Bank Rakyat 就 CVMSB 結欠的未償還貸款所討論及提出的重組提案(「該提案」)。根據該提案, CVMSB 的全部和最終的還款金額減少至 113,040,000 馬幣(相等於約 258,850,469 港元), 並將於二零一五年六月三十日或以前償還予 Bank Rakyat, 其中 (i) 4,020,000 馬幣(相等於約 9,205,404 港元)必須於二零一四年十二月三十一日或之前償還予 Bank Rakyat; (ii) 自二零一五年一月至二零一五年六月每個曆月的最後一日向 Bank Rakyat 每月還款 200,000 馬幣(相當於約 457,980 港元), 及最後一期還款為 2,820,000 馬幣(相當於約 6,457,522 港元)將以期末整付形式最遲在二零一五年六月三十日支付; 及 (iii) CVMSB 將於二零一五年六月三十日向 Bank Rakyat 償還全部和最終的還款金額 105,000,000 馬幣(相等於約 240,439,661 港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 BANK LOANS — SECURED (continued)

During the year ended 31 December 2014 and due to continued negative cashflows, the Group defaulted on the repayments of bank loans of RM4,020,000 (equivalent to approximately HK\$9,205,404) and breached one of the covenants of the banking facilities. Upon discovery of the breach, the directors of the Company commenced a negotiation of the terms of the loans with Bank Rakyat. These negotiations have concluded on 12 January 2015 whereby Bank Rakyat has agreed to defer the repayment by CVMSB of the bank loan amounting at RM4,020,000 (equivalent to approximately HK\$9,205,404) to 16 January 2015, which was originally repayable on or before 31 December 2014. According to Bank Raykat, such deferral is final and Bank Raykat shall not allow any further delay and/or failure on the part of CVMSB to meet its payment obligation. However, the bank loan of RM4,020,000 (equivalent to approximately HK\$9,205,404) was defaulted again and not yet repaid up to March 2015.

On 17 March 2015, the Company received a letter issued by Bank Rakyat indicating that the continued failure to fulfil the repayment obligations as set out in the Proposal constituted a breach of terms and therefore the above Proposal was terminated and/or allowed to be terminated. Accordingly, the total amount owed and repayable to Bank Rakyat was restored to RM203,141,864 (equivalent to approximately HK\$465,174,866) as at 28 February 2015 (the "Outstanding Loan") which was required to be settled within 14 days from the date of that letter. According to Bank Rakayt, legal actions will be commenced against CVMSB including all its corporate guarantors if CVMSB failed, neglected or refused to settle the Outstanding Loan within the given period.

26 有抵押銀行貸款(續)

截至二零一四年十二月三十一日止年度，由於持續出現負現金流量，故本集團未能償還銀行貸款4,020,000馬幣(相當於約9,205,404港元)及違反其中一份銀行融資契諾。發現有關違約後，本公司董事開始與Bank Rakyat重新磋商貸款的條款。此等磋商已於二零一五年一月十二日結束，Bank Rakyat已同意CVMSB延遲至二零一五年一月十六日償還該筆原定應於二零一四年十二月三十一日或之前償付總金額為4,020,000馬幣(相當於約9,205,404港元)之銀行貸款。根據Bank Rakyat，是次延期乃屬最終延期，Bank Rakyat不允許任何額外延誤及／或CVMSB不履行其還款義務。然而，銀行貸款4,020,000馬幣(相當於約9,205,404港元)再次拖欠且於二零一五年三月尚未償還。

於二零一五年三月十七日，本公司接獲Bank Rakyat發出的函件，指出本公司因持續未能履行該提案所載的償還責任而違反條款，故此，該提案經已終止及／或可被終止。因此，於二零一五年二月二十八日所結欠及應償還予Bank Rakyat的總金額回復至203,141,864馬幣(相當於約465,174,866港元)(「未償還貸款」)，並須於該函件日期起計14日內償付。根據Bank Rakyat，倘CVMSB於上述期間內未能、忘記或拒絕償還未償還貸款，其將會向CVMSB(包括所有公司擔保人)提出訴訟。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 BANK LOANS — SECURED (continued)

On 26 June 2015, the Group further accepted the latest restructuring proposal offered by Bank Rakyat. Pursuant to which, the total amount owed and repayable to Bank Rakyat by CVMSB agreed to be reduced to RM113,040,000 (equivalents to approximately HK\$203,932,888) by means of cash settlements of RM68,040,000 (equivalents to approximately HK\$122,749,414) and redemption of charged properties for RM45,000,000 (equivalents to approximately HK\$81,183,475). The first cash repayment of RM11,300,000 (equivalents to approximately HK\$20,386,073) was settled by the Group on 2 July 2015 within 7 working days from 26 June 2015 and the remaining balance of RM56,740,000 (equivalents to approximately HK\$102,363,341) was settled by the Group on 30 November 2015 as per the extended settlement deadline. Upon full repayment of the cash settlements to Bank Rakyat, CVMSB is entitled to redeem the charged properties for RM45,000,000 (equivalents to approximately HK\$81,183,475). The redemption shall take place within six months from 26 June 2015 and at the discretion of Bank Rakyat, extend for further six months if there is a proof of sale provided by CVMSB. An additional charge calculated at a rate of 3.85% per annum shall be imposed on the outstanding balance of RM45,000,000 (equivalents to approximately HK\$81,183,475) after full repayment of the above mentioned cash settlements and until the full redemption payment of the charged properties. On 26 November 2015, Bank Rakyat issued a letter to CVMSB informing CVMSB that Bank Rakyat has agreed to extend the charged properties' redemption until 30 June 2016. Accordingly, from January 2016 onwards, CVMSB is required to pay a monthly charge of RM144,375 (equivalent to approximately HK\$260,464) to Bank Rakyat until full settlement of the redemption payment for the redemption. On 31 March 2016, the Company issued a letter to Bank Rakyat for applying an extension of the submission deadline of the proof of sale to after 31 March 2016. Any breach of the above mentioned terms and conditions shall constitute an event of default and this revised restructuring proposal shall be terminated and Bank Rakyat has the right to proceed with legal actions against CVMSB and the Company.

26 有抵押銀行貸款(續)

本集團進一步於二零一五年六月二十六日接納 Bank Rakyat 提出的最新重組提案。據此，CVMSB 所結欠及應償還予 Bank Rakyat 的總金額經協定後減少至 113,040,000 馬幣(相當於約 203,932,888 港元)，將以現金償付 68,040,000 馬幣(相當於約 122,749,414 港元)及贖回已押記物業 45,000,000 馬幣(相當於約 81,183,475 港元)的方式償還。本集團已於二零一五年七月二日(即二零一五年六月二十六日起計 7 個工作天內)償付首筆現金還款 11,300,000 馬幣(相當於約 20,386,073 港元)，且本集團已按照最後還款期限於二零一五年十一月三十日償付餘額 56,740,000 馬幣(相當於約 102,363,341 港元)。向 Bank Rakyat 償清現金結算款後，CVMSB 將有權贖回 45,000,000 馬幣(相當於約 81,183,475 港元)的已押記物業。有關贖回將自二零一五年六月二十六日起計六個月內進行，而倘 CVMSB 提供有關銷售憑證，則 Bank Rakyat 可酌情再延長六個月。待償清上述現金結算款後，須按年息 3.85% 就未償還餘額 45,000,000 馬幣(相當於約 81,183,475 港元)加收費用，直至付清贖回已押記物業款項為止。於二零一五年十一月二十六日，Bank Rakyat 致函 CVMSB 表示同意延長已押記物業贖回期限至二零一六年六月三十日。由二零一六年一月起，CVMSB 須向 Bank Rakyat 每月支付 144,375 馬幣(相當於約 260,464 港元)直至全部贖回為止。於二零一六年三月三十一日，本公司致函 Bank Rakyat 申請延長提供銷售憑證的期限至二零一六年三月三十一日後。如違反任何上述條款及條件將構成違約事件，此經修訂重組提案將告終止，而 Bank Rakyat 有權對 CVMSB 及本公司提出法律訴訟。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 UNSECURED LOANS FROM THIRD PARTIES 27. 來自第三方無抵押貸款

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Within 1 year	一年內	1,800,000	—

On 5 November 2015, the Company entered into a loan agreement with an independent third party for an unsecured loan of HK\$1,800,000 at an interest rate of 24% p.a. payable monthly. The amount due is repayable on demand.

於二零一五年十一月五日，本公司與一名獨立第三方就1,800,000港元的無抵押貸款訂立貸款協議，年利率為24%，每月支付。該款額須按要求償還。

For the year ended 31 December 2014, the unsecured loans from third parties brought forward of HK\$150,000,000 were settled by way of loan capitalisation. The cause and effect are set out as follows:

截至二零一四年十二月三十一日止年度，所結轉的來自第三方無抵押貸款150,000,000港元乃以貸款資本化方式償付，因果關係載列如下：

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.

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。

On 12 February 2014, the Company successfully negotiated with the lender with written confirmation to defer the repayment by a year to 12 June 2015 and to charge interest rate at 12% p.a. payable half-yearly with effect on 13 June 2014.

於二零一四年二月十二日，本公司已成功與貸款人進行磋商並書面確認，將還款期推遲一年至二零一五年六月十二日，並自二零一四年六月十三日起按年利率12%計息及每半年還款。

On 14 October 2011, the Company entered into loan agreements with four 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 respective drawdown date.

於二零一一年十月十四日，本公司與四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、按年利率15%計息、每半年還款及須於各提取日期起計12個月內還款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 UNSECURED LOANS FROM THIRD PARTIES (continued)

In March 2012, the Company successfully negotiated with these four lenders in writing 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.

In March 2013, the Company has successfully negotiated with these four lenders in writing to defer the repayment by a year to April 2014 and to charge interest rate at 18% p.a. payable half-yearly.

On 30 January 2014, the Company further successfully negotiated with these four lenders to defer the repayment by a year to 30 April 2015 and to charge interest rate at 18% p.a. payable half-yearly with effect on 1 May 2014.

On 21 March 2014, the Company negotiated with all of the above five lenders (collectively known as the "Lenders") and entered into capitalisation agreements respectively in relation to, among others, the set-off of each of the Lenders' outstanding principal sum and unpaid interests by way of (i) the issue and allotment of capitalisation shares; and (ii) the issue of convertible preference shares ("CPS") (the "Loan Capitalisation").

On 12 August 2014, the Company entered into a deed of waiver to each of the Lenders, of which the Lenders (i) confirm that they will waive all their rights in the unpaid interest accrued on the outstanding principal sum from 21 March 2014 to the date of completion of the Loan Capitalisation; and (ii) confirm and agree to release, acquit and discharge the Company from any and all liability of any nature whatsoever and from any and all claims, demands, causes of action or liens of any nature whatsoever arising out of or in connection with Lenders' outstanding principal sum and unpaid interests as at 21 March 2014.

The Loan Capitalisation was eventually completed on 14 August 2014, of which an aggregate of 565,631,172 ordinary shares and an aggregate of 565,631,177 CPS were allotted and issued to the Lenders. On 10 April 2015, the holders of CPS converted 565,631,177 CPS at a total nominal value of HK\$90,500,988 into 565,631,177 ordinary shares of the Company, and the CPS have been fully converted as of 31 December 2015.

27 來自第三方無抵押貸款(續)

於二零一二年三月，本公司已成功與該四名貸款人書面協商，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。

於二零一三年三月，本公司已成功與該四名貸款人書面協商，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。

於二零一四年一月三十日，本公司已成功進一步與該四名貸款人進行磋商，將還款期推遲一年至二零一五年四月三十日，並自二零一四年五月一日起按年利率18%計息及每半年還款。

於二零一四年三月二十一日，本公司與上述全部五名貸款人(統稱「貸款人」)磋商並分別訂立資本化協議，內容有關(其中包括)透過(i)發行及配發資本化股份；及(ii)發行可轉換優先股(「可轉換優先股」)的方式，抵銷各名貸款人的未償還本金及未支付利息(「貸款資本化」)。

於二零一四年八月十二日，本公司與各名貸款人訂立豁免契據，據此，貸款人(i)確認彼等將於二零一四年三月二十一日至貸款資本化完成日期豁免其於未償還本金累計的未支付利息的所有權利；及(ii)確認及同意解除、釋除及免除本公司源於或涉及貸款人於二零一四年三月二十一日的未償還本金及未支付利息的任何及全部任何性質的債務，以及任何及全部任何性質的索償、要求、請求權或留置權。

貸款資本化最終已於二零一四年八月十四日完成，並已向貸款人配發及發行合共565,631,172股普通股及合共565,631,177股可轉換優先股。於二零一五年四月十日，可轉換優先股持有人已將總面值為90,500,988港元的565,631,177股可轉換優先股轉換為565,631,177股本公司普通股，截至二零一五年十二月三十一日，可轉換優先股已獲悉數轉換。

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28 DEFERRED TAXATION

The following are the deferred tax liabilities recognised and movements thereon during the current and prior years:

28 遞延稅項

以下為於本年度及過往年度確認的遞延稅項負債及其變動：

		Exploration and evaluation assets 勘探及評估資產 HK\$ 港元
At 1 January 2014	於二零一四年一月一日	(32,061,574)
Credit to profit or loss (Note 8(a))	計入損益(附註8(a))	<u>23,492,927</u>
At 31 December 2014	於二零一四年十二月三十一日	<u>(8,568,647)</u>
At 1 January 2015	於二零一五年一月一日	(8,568,647)
Credit to profit or loss (Note 8(a))	計入損益(附註8(a))	<u>616,504</u>
At 31 December 2015	於二零一五年十二月三十一日	<u>(7,952,143)</u>

As at 31 December 2015, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$270,018,000 (2014: HK\$258,374,000) 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 2015, the Group has deductible temporary differences of approximately HK\$223,062,000 (2014: HK\$130,625,000). 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.

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，故本集團於二零一五年十二月三十一日尚未就累計稅務虧損約270,018,000港元(二零一四年：258,374,000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。其他暫時差額則不屬要項。

於二零一五年十二月三十一日，本集團擁有可扣減暫時差額約223,062,000港元(二零一四年：130,625,000港元)。由於應課稅溢利將不可能針對可用該等暫時差額而存在，故概無遞延稅項資產就該可扣減暫時差額而獲確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 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

29 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年初至年末的變動詳情如下：

本公司

		Share capital	Share premium	Convertible preference shares	Capital reserve	Convertible bond equity reserve	Other reserve	Accumulated losses	Total deficit
	Notes	股本	股份溢價	可轉換優先股	資本儲備	可換股債券權益儲備	其他儲備	累計虧損	總計虧損
	附註	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元	港元
				(Note (d)(i))	(Note (d)(i))	(Note (d)(iv))	(Note (d)(v))		
				(附註(d)(i))	(附註(d)(i))	(附註(d)(iv))	(附註(d)(v))		
At 1 January 2014	於二零一四年一月一日	160,818,427	690,145,419	-	1,338,136	29,331,866	33,925,000	(1,120,200,345)	(204,641,497)
Changes in equity for 2014:	二零一四年權益變動:								
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	(79,694,199)	(79,694,199)
Transition to no-par value regime on 3 March 2014	於二零一四年三月三日 過渡至無面值制度	(b)(ii)	690,145,419	(690,145,419)	-	-	-	-	-
Shares issued pursuant to a share placing	根據股份配售而發行的股份	(b)(i)	48,245,400	-	-	-	-	-	48,245,400
Shares issued pursuant to the Loan Capitalisation	根據貸款資本化而發行的股份	(b)(i)	90,500,988	-	90,500,988	-	-	-	181,001,976
At 31 December 2014	於二零一四年十二月三十一日	989,710,234	-	90,500,988	1,338,136	29,331,866	33,925,000	(1,199,894,544)	(55,088,320)
At 1 January 2015	於二零一五年一月一日	989,710,234	-	90,500,988	1,338,136	29,331,866	33,925,000	(1,199,894,544)	(55,088,320)
Changes in equity for 2015:	二零一五年權益變動:								
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	(214,303,121)	(214,303,121)
Conversion of convertible preference shares	轉換可轉換優先股	90,500,988	-	(90,500,988)	-	-	-	-	-
Shares issued pursuant to a share placing	根據股份配售而發行的股份	(b)(i)	109,935,500	-	-	-	-	-	109,935,500
Shares issued pursuant to an open offer	根據公開發售而發行的股份	(b)(i)	177,728,579	-	-	-	-	-	177,728,579
Redemptions of convertible bonds	贖回可換股債券	-	-	-	-	(21,773,666)	-	21,773,666	-
At 31 December 2015	於二零一五年十二月三十一日	1,367,875,301	-	-	1,338,136	7,558,200	33,925,000	(1,392,423,999)	18,272,638

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 CAPITAL AND RESERVES (continued)

(b) Share capital

29 資本及儲備(續)

(b) 股本

		2015 二零一五年		2014 二零一四年	
		Number of shares	Amount	Number of shares	Amount
		股份數目	金額 HK\$ 港元	股份數目	金額 HK\$ 港元
Notes 附註					
Ordinary shares, issued and fully paid:	普通股，已發行及繳足：				
At 1 January	於一月一日	2,495,451,437	989,710,234	1,608,184,265	160,818,427
Conversion of convertible preference share	轉換可轉換優先股	(i) 565,631,177	90,500,988	-	-
Transition to no-par value regime on 3 March 2014	於二零一四年三月三日過渡至無面值制度	(ii) -	-	-	690,145,419
Shares issued pursuant to a share placing	根據股份配售而發行的股份	(i) 612,000,000	109,935,500	321,636,000	48,245,400
Shares issued pursuant to the Loan Capitalisation	根據貸款資本化而發行的股份	(i) -	-	565,631,172	90,500,988
Shares issued pursuant to an open offer	根據公开发售而發行的股份	(i) 1,836,541,307	177,728,579	-	-
At 31 December	於十二月三十一日	5,509,623,921	1,367,875,301	<u>2,495,451,437</u>	<u>989,710,234</u>

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.

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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 CAPITAL AND RESERVES (continued)

(b) Share capital (continued)

(i) Issue of shares

On 30 July 2014, 321,636,000 ordinary shares were issued by placing at HK\$0.15 each for cash consideration of HK\$48,245,400, net of expenses incurred.

On 14 August 2014, an aggregate of 565,631,172 ordinary shares and an aggregate of 565,631,177 CPS each were issued at a price of HK\$0.16 and HK\$0.16 respectively in respect of the Loan Capitalisation (Note 27).

On 10 April 2015, the Company's CPS with principal value of HK\$90,500,988 were converted into 565,631,177 ordinary shares of the Company at a conversion price of approximately HK\$0.16 per ordinary share. Accordingly, an aggregate amount of HK\$90,500,988 was released from convertible preference shares reserve, and was credited to share capital account.

On 7 August 2015, 612,000,000 ordinary shares were issued by placing at HK\$0.185 each for cash consideration of HK\$109,935,500, net of expenses incurred.

On 19 November 2015, 1,836,541,307 ordinary shares were issued by open offer at HK\$0.10 each for cash consideration of HK\$177,728,579, net of expenses incurred.

- (ii) In accordance with the transitional provisions as set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance, any amount standing to the credit of the share premium has become part of the Company's share capital on 3 March 2014.

29 資本及儲備(續)

(b) 股本(續)

(i) 發行股份

於二零一四年七月三十日，321,636,000股普通股已透過配售按每股0.15港元的價格發行，現金代價為48,245,400港元(扣除產生開支)。

於二零一四年八月十四日，合共565,631,172股普通股及合共565,631,177股可轉換優先股分別就貸款資本化按0.16港元及0.16港元的價格發行(附註27)。

於二零一五年四月十日，本公司本金額為90,500,988港元的可轉換優先股已按每股普通股約0.16港元的換股價轉換為565,631,177股本公司普通股。因此，總額90,500,988港元已自可轉換優先股儲備中解除，並已計入股本賬。

於二零一五年八月七日，612,000,000股普通股已透過配售按每股0.185港元的價格發行，現金代價為109,935,500港元(扣除產生開支)。

於二零一五年十一月十九日，1,836,541,307股普通股已透過公開發售按每股0.10港元的價格發行，現金代價為177,728,579港元(扣除產生開支)。

- (ii) 根據香港公司條例附表11第37條載列的過渡條文，於二零一四年三月三日，股份溢價賬上的任何貸方結餘已成為本公司股本的一部份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 CAPITAL AND RESERVES (continued)

(c) Share warrants

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\$0.10 per share for a period of 36 months commencing from the date of issue of the warrants. As a result of the share consolidation in July 2013, the exercise price of outstanding warrants of the Company was adjusted from HK\$0.10 per warrant share to HK\$0.40 per warrant share with effect on 29 July 2013. At 31 December 2014, 543,636,000 outstanding warrants lapsed after the close of business on 5 October 2014.

(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) 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(s).

(iii) 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(k).

29 資本及儲備(續)

(c) 認股權證

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0.10港元的認購價認購543,636,000股本公司新股的權利。於二零一三年七月，股份合併完成後，本公司尚未行使認股權證的行使價已由每股認股權證股份0.10港元調整至每股認股權證股份0.40港元，自二零一三年七月二十九日起生效。於二零一四年十二月三十一日，於二零一四年十月五日結束營業後有543,636,000份尚未行使認股權證失效。

(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) 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(s)的會計政策處理。

(iii) 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(k)所載會計政策確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves (continued)

(iv) Convertible preference shares

On 14 August 2014, the Company issued 565,631,177 CPS at an aggregate nominal value of HK\$90,500,988 upon the completion of the Loan Capitalisation. The conversion price of the CPS is fixed at HK\$0.16 per ordinary share and can be converted into ordinary shares without specified maturity date. Neither the Company nor the holders of the CPS shall have any right to redeem the CPS, other than for the purpose of conversion of the CPS pursuant to the terms thereof. The CPS shall at all times (a) rank pari passu to any and all current or future preferred equity securities of the Company; (b) shall not be entitled to any dividend; (c) non-redeemable in nature; and (d) have no voting rights.

(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 to the then shareholders of CVMSB, credited as fully paid at an issue price of HK\$0.10 per new share.

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 196 of the Hong Kong Companies Ordinance.

29 資本及儲備(續)

(d) 儲備的性質及目的(續)

(iv) 可轉換優先股

於二零一四年八月十四日，本公司於貸款資本化完成後發行565,631,177股面值總額為90,500,988港元的可轉換優先股。可轉換優先股的換股價釐定為每股普通股0.16港元，並可轉換為普通股而無特定期日。根據可轉換優先股的條款，除旨在轉換可轉換優先股外，本公司及可轉換優先股持有人並無贖回可轉換優先股的權力。可轉換優先股於任何時間均(a)與本公司任何及所有現有或未來優先股本證券享有同等權益；(b)無權享有任何股息；(c)為不可贖回性質；及(d)並無投票權。

(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股股份償付，並按發行價每股新股0.10港元入賬列為繳足。

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196條所規管。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves (continued)

(vi) Distributability of reserves

At 31 December 2015, there were no realised profits available for distribution to owners of the Company (2014: HK\$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 SHARE OPTION SCHEME

(a) The existing share option scheme

Pursuant to the written resolution passed on 14 October 2008, the Company adopted a share option scheme (the "Existing 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 Existing 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.

29 資本及儲備(續)

(d) 儲備的性質及目的(續)

(vi) 可分派儲備

於二零一五年十二月三十一日，概無可供分派予本公司擁有人的已變現溢利(二零一四年：零港元)。

(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(可能導致較高借款水平)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。

30 購股權計劃

(a) 現有購股權計劃

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(「現有計劃」)，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。現有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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30 SHARE OPTION SCHEME (continued)

(a) The existing share option scheme

(continued)

Under the Existing 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 Existing Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Existing 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 Existing 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.

30 購股權計劃(續)

(a) 現有購股權計劃(續)

根據現有計劃，本公司董事(「董事」)會可酌情向(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。可能根據現有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現有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，可能因行使根據現有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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30 SHARE OPTION SCHEME (continued)

(a) The existing 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 the Stock Exchange's daily quotations sheets on the date of the grant of the options, the average closing price per share as stated in the Stock Exchange'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 Existing Scheme since its adoption date.

Subsequent to the end of the reporting period, the Existing Scheme is terminated pursuant to the written resolution passed on 4 February 2016 and a new share option scheme is approved and adopted by the Company. Details of the new share option scheme are set out in Note 30(b) below.

(b) The new share option scheme

Pursuant to the written resolution passed on 4 February 2016, the Company adopted a new share option scheme (the "New Scheme") to (i) motivate the eligible persons to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on going business relationship with the eligible persons whose contributions are or will be beneficial to the long-term growth of the Group. The New Scheme is to remain in force for a period of 10 years from the date of adoption of such scheme and will expire on 3 February 2026.

30 購股權計劃(續)

(a) 現有購股權計劃(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。

本公司自採納現有計劃日期起概無根據該計劃授出任何購股權。

於報告期末後，本公司根據於二零一六年二月四日通過的書面決議案終止現有計劃，並批准及採納新購股權計劃。新購股權計劃的詳情載於下文附註30(b)。

(b) 新購股權計劃

本公司根據於二零一六年二月四日通過之書面決議案採納新購股權計劃(「新計劃」)，旨在(i)鼓勵合資格人士為本集團利益而提高工作效率；及(ii)吸引及挽留對或將對本集團長遠發展帶來有利貢獻之合資格人士，或以其他方式與之維持持續的業務關係。新計劃自採納當日起計十年內有效，並將於二零二六年二月三日屆滿。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30 SHARE OPTION SCHEME (continued)

(b) The new share option scheme (continued)

Under the New Scheme, the Directors may at their discretion grant options to (i) any directors, employees, executives or officers of the Company or any subsidiary; or (ii) any consultant, adviser, supplier, customer or agent of the Company or any subsidiary; or (iii) any other person determined by the Directors from time to time to subscribe for the Shares of the Company.

Options granted must be taken up within 30 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 New Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the New 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 New Scheme and any other scheme of the Company must not in aggregate exceed 30% 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 directors, substantial shareholders or any of their respective associates (as defined in the Listing Rules) are required to be approved by the independent non-executive directors (excluding any independent non-executive director who is a grantee). Options granted to substantial shareholders, independent non-executive directors or any of their respective associates (as defined in the Listing Rules) in aggregate in excess of 0.1% of the 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.

30 購股權計劃(續)

(b) 新購股權計劃(續)

根據新計劃，董事可酌情向(i)本公司或任何附屬公司的任何董事、僱員、行政人員或高級人員；或(ii)本公司或任何附屬公司的任何顧問、諮詢人、供應商、客戶或代理；或(iii)董事不時釐定的任何其他人士授出可認購本公司股份的購股權。

授出的購股權須在授出日期後30日內支付每份購股權1港元付款方獲接納。可能根據新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新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，可能因行使根據新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30%。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。向董事、主要股東或任何彼等各自的聯繫人(定義見上市規則)授出的購股權，須獲獨立非執行董事(不包括身為承授人的任何獨立非執行董事)批准。向主要股東、獨立非執行董事或任何彼等各自的聯繫人(定義見上市規則)授出的購股權合共超過本公司已發行股本0.1%或價值超過5,000,000港元，須事先獲本公司股東批准。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

30 SHARE OPTION SCHEME (continued)

(b) The new 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 the Stock Exchange's daily quotations sheets on the date of the grant of the options and the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options.

No option has been granted by the Company under the New Scheme since its adoption date.

31 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 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.

30 購股權計劃(續)

(b) 新購股權計劃(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聯交所每日報價表所列每股收市價及緊接授出購股權日期前五個營業日聯交所每日報價表所列每股收市價的平均價兩者之較高者。

本公司自採納新計劃日期起概無根據新計劃授出任何購股權。

31 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

本集團的信貸風險主要來自現金及現金等價物、應收賬款、預付款項、按金及其他應收款項。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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Credit risk *(continued)*

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 14 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 or 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.

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 corporate guarantees given by the Group as set out in Note 35(a), 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 corporate guarantees at the end of the reporting period is disclosed in Note 35(a).

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.

31 金融風險管理及公平值(續)

(b) 信貸風險(續)

對於應收賬款，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14日內到期。除此以外，本集團的政策可向於中國本地買賣及分銷的客戶提供信貸期，或一般以貨到付款形式進行交易。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。

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35(a)所載本集團提供的公司擔保外，本集團並無提供任何其他可能導致本集團或本公司面臨信貸風險的擔保。於報告期末該等公司擔保所涉的最高信貸風險於附註35(a)披露。

有關本集團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應收賬款及應付賬款而面臨外匯風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Foreign currency risk (continued)

(i) Exposure to currency risk

The following table details the Group'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\$)

31 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(以港元列值)

		2015 二零一五年 United States Dollars 美元 HK\$ 港元	2014 二零一四年 United States Dollars 美元 HK\$ 港元
The Group	本集團		
Cash and cash equivalents	現金及現金等價物	11,241	23,595
Trade and other payables	應付賬款及其他應付款項	-	(2,838,317)
		11,241	(2,814,722)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 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:

		2015 二零一五年		2014 二零一四年	
		(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease	(Increase)/ decrease
		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	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)	外匯匯率 上升/(下降)	外匯匯率 上升/(下降)
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
United States Dollars	美元	5%	562	5%	(140,736)
		(5)%	(562)	(5)%	140,736

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 2014.

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。有關分析與二零一四年基準相同。

31 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(本集團於報告期末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：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Interest rate risk

The interest rate risk of the Group arise primarily from secured bank loans, unsecured loans from third parties and convertible bonds. Borrowings issued at variable rates and fixed rates expose the Group 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 borrowings at the end of the reporting period.

31 金融風險管理及公平值(續)

(d) 利率風險

本集團的利率風險主要來自有抵押銀行貸款、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。

下表詳列本集團借款於報告期末的利率組合。

	2015 二零一五年		2014 二零一四年	
	Effective interest rate 實際年利率	Amount 金額 HK\$ 港元	Effective interest rate 實際年利率	Amount 金額 HK\$ 港元
Variable rate borrowings: — Secured bank loans	浮動利率借款： — 有抵押銀行貸款	8.85% p.a. 260,423,032	8.60% p.a. 381,392,173	
Fixed rate borrowings: — Convertible bonds	固定利率借款： — 可換股債券	17.54% – 33.73% p.a. 29,000,000	17.54% – 33.73% p.a. 94,278,123	
— Obligations under finance leases	— 融資租賃承擔	1.80% – 3.68% p.a. 225,819	1.80% – 3.68% p.a. 575,486	
— Unsecured loans from third parties	— 來自第三方 無抵押貸款	24.00% p.a. 1,800,000	– –	
		291,448,851	476,245,782	

Sensitivity analysis

At 31 December 2015, 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 deficit by approximately HK\$2,604,000 (2014: HK\$3,814,000).

敏感度分析

於二零一五年十二月三十一日，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虧損會分別增加/減少約2,604,000港元(二零一四年：3,814,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Interest rate risk *(continued)*

The sensitivity analysis above indicates instantaneous change in the Group'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 which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flows 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 2014.

(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.

31 金融風險管理及公平值(續)

(d) 利率風險(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於報告期末所持有的令本集團面對公平值利率風險的金融工具時本集團除稅前虧損(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量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。該分析與二零一四年的基準相同。

(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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Liquidity risk *(continued)*

At 31 December 2015, the Group had net current liabilities of HK\$314,988,278 (2014: HK\$577,355,794) which include secured bank loans, convertible bonds and unsecured loans from third parties of HK\$260,423,032 (2014: HK\$381,392,173), HK\$29,000,000 (2014: HK\$94,278,123) and HK\$1,800,000 (2014: HK\$Nil), respectively. As detailed in Notes 25(a) and 26 to the consolidated financial statements, the Matured Bonds and all the secured bank loans were defaulted for repayments as at 31 December 2015. 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. Accordingly, the directors of the Company are of the opinion that the Group's liquidity risk can be addressed.

31 金融風險管理及公平值(續)

(e) 流動資金風險(續)

於二零一五年十二月三十一日，本集團的淨流動負債為314,988,278港元(二零一四年：577,355,794港元)，包括有抵押銀行貸款、可換股債券及來自第三方無抵押貸款分別為260,423,032港元(二零一四年：381,392,173港元)、29,000,000港元(二零一四年：94,278,123港元)及1,800,000港元(二零一四年：零港元)。誠如綜合財務報表附註25(a)及26詳述，於二零一五年十二月三十一日，到期債券及所有已抵押銀行貸款均拖欠還款。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(如有必要)，以使本集團於不久將來繼續經營其業務。誠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面臨的流動資金問題。因此，本公司董事認為，本集團流動資金風險可獲減低。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 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 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 can be required to pay:

31 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,則按報告期末的現行利率計算的利息付款)計算)及本集團須支付的最早日期:

		2015 二零一五年				
		Contracted undiscounted cash flows 合約未貼現現金流量				
Carrying amount at 31 December 於十二月三十一日的賬面值		Total	Within 1 year or on demand 一年以內或按要求時	More than 1 year but less than 2 years 一年以上但兩年以內	More than 2 years but less than 5 years 兩年以上但五年以內	
HK\$ 港元		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Trade and other payables	應付賬款及其他應付款項	37,441,499	37,441,499	37,441,499	-	-
Obligations under finance leases	融資租賃承擔	225,819	233,574	181,403	52,171	-
Amount due to a director	應付一名董事款項	347	347	347	-	-
Amounts due to related parties	應付關連方款項	2,416,399	2,416,399	2,416,399	-	-
Convertible bonds	可換股債券	29,000,000	29,000,000	29,000,000	-	-
Bank loans — secured	有抵押銀行貸款	260,423,032	261,985,814	261,985,814	-	-
Unsecured loans from third parties	來自第三方無抵押貸款	1,800,000	1,800,000	1,800,000	-	-
		331,307,096	332,877,633	332,825,462	52,171	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Liquidity risk (continued)

(e) 流動資金風險(續)

		2014 二零一四年				
		Contracted undiscounted cash flows 合約未貼現現金流量				
		Carrying amount at 31 December 於十二月 三十一日 的賬面值 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
Trade and other payables	應付賬款及其他應付款項	105,108,868	105,108,868	105,108,868	-	-
Obligations under finance leases	融資租賃承擔	575,486	606,399	336,972	205,234	64,193
Amount due to a director	應付一名董事款項	138,000	138,000	138,000	-	-
Amounts due to related parties	應付關連方款項	4,398,961	4,398,961	4,398,961	-	-
Convertible bonds	可換股債券	94,278,123	99,184,207	99,184,207	-	-
Bank loans — secured	有抵押銀行貸款	381,392,173	447,527,837	447,527,837	-	-
		<u>585,891,611</u>	<u>656,964,272</u>	<u>656,694,845</u>	<u>205,234</u>	<u>64,193</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

31 金融風險管理及公平值(續)

(f) Categories of financial instruments

(f) 金融工具分類

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Financial assets	金融資產		
Loans and receivables (including trade and other receivables)	貸款及應收款項(包括應收賬款及其他應收款項)	16,264,533	4,839,675
Financial liabilities	金融負債		
Financial liabilities at amortised cost	按攤銷成本計算的金融負債	331,307,096	585,891,611

(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 statement of financial position approximate to their carrying values:

(g) 金融工具之公平值

除於下表所述者外，董事認為，於綜合財務狀況表中確認的金融資產及負債的賬面值與其賬面值相若：

		2015 二零一五年		2014 二零一四年	
		Carrying amount	Fair value	Carrying amount	Fair value
		賬面值	公平值	賬面值	公平值
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
Financial liabilities at amortised cost	按攤銷成本計算的金融負債				
Obligations under finance leases	融資租賃承擔	225,819	233,574	575,486	606,399
Convertible bonds	可換股債券	29,000,000	29,000,000	94,278,123	94,138,000
Unsecured loans from third parties	來自第三方無抵押貸款	1,800,000	1,800,000	-	-

As at 31 December 2015, the fair value of the liability component of the Matured Bonds is assumed to be its principal amounts.

於二零一五年十二月三十一日，到期債券負債部份的公平值假設為其本金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(g) Fair values of financial instruments *(continued)*

As at 31 December 2014, the fair value of the liability component of First Tranche Bonds and Second Tranche Bonds is assumed to be its principal amount. The fair value of the liability component of Third Tranche Bonds, Fourth Tranche Bonds and Fifth Tranche Bonds is determined assuming redemption on 9 January 2015, 4 March 2015 and 22 March 2015 respectively and using a discount rate at 25.55% based on the Company's credit rating and the yield of quoted bonds with similar maturity date. The fair value of the liability component of Victory Dragon Bonds is determined assuming redemption on 17 April 2017 and using a discount rate at 21.86% based on the Company's credit rating and the yield of quoted bonds with similar maturity date.

31 金融風險管理及公平值(續)

(g) 金融工具之公平值(續)

於二零一四年十二月三十一日，第一批債券及第二批債券負債部份的公平值假設為其本金額。第三批債券、第四批債券及第五批債券負債部份的公平值乃假設分別於二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日贖回，並根據本公司信貸評級及到期日類近的掛牌債券的孳息率按折現率25.55%釐定。凱龍債券負債部份的公平值乃假設於二零一七年四月十七日贖回，並根據本公司信貸評級及到期日類近的掛牌債券的孳息率按折現率21.86%釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

32 DISPOSAL OF SUBSIDIARIES

Pursuant to an agreement dated 16 October 2013 entered into between the Company and an independent third party (the "Purchaser"), the Company disposed of 100% equity interest in CVMI, to the Purchaser at a consideration of US\$1,000,000 (equivalent to HK\$7,757,479). CVMI Group is principally engaged in the business of exploration of minerals namely iron ore, coal and manganese in Aceh of Indonesia. The disposal was completed on 3 April 2014.

32 出售附屬公司

根據本公司與獨立第三方(「買方」)訂立日期為二零一三年十月十六日的協議，本公司向買方出售CVMI的全部股權，代價為1,000,000美元(相當於7,757,479港元)。CVMI集團主要於印尼亞齊省從事礦物(即鐵礦石、煤炭及錳)勘探業務。該出售事項已於二零一四年四月三日完成。

		HK\$ 港元
Analysis of assets and liabilities over which control was lost	失去控制權的資產及負債分析	
Property, plant and equipment	物業、廠房及設備	112,095
Goodwill*	商譽*	-
Exploration and evaluation assets*	勘探及評估資產*	-
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	224,066
Cash and cash equivalents	現金及現金等價物	659
Trade and other payables	應付賬款及其他應付款項	<u>(2,792,716)</u>
Net liabilities disposal of	出售的負債淨額	<u>(2,455,896)</u>
Gain on disposal of subsidiaries	出售附屬公司的收益	
Consideration received	已收取代價	7,757,479
Net liabilities disposal of	出售的負債淨額	2,455,896
Non-controlling interests	非控股權益	(1,263,559)
Cumulative exchange differences in respect of the net liabilities of the overseas subsidiaries reclassified from equity to profit or loss upon disposal of the overseas subsidiaries	有關出售海外附屬公司時將該等海外附屬公司的負債淨額自權益重新分類至損益的累計匯兌差異	<u>1,522,118</u>
Gain on disposal	出售收益	<u>10,471,934</u>
Net cash inflow arising on disposal of subsidiaries	出售附屬公司產生的現金流入淨額	
Cash consideration	現金代價	7,757,479
Less: cash and cash equivalents disposed of	減：出售的現金及現金等價物	<u>(659)</u>
		<u>7,756,820</u>

*: The corresponding goodwill and exploration and evaluation assets amounting to HK\$79,525,907 and HK\$103,196,172 respectively were fully impaired (see Notes 14 and 15).

*: 相應商譽以及勘探及評估資產分別79,525,907港元及103,196,172港元經已悉數減值(見附註14及15)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 31 December 2015 not provided for in the consolidated financial statements were as follows:

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Contracted for	已訂約	14,244,500	17,526,584
Authorised but not contracted for	已授權但未訂約	—	—
		14,244,500	17,526,584

(b) Future minimum royalty payments

Pursuant to the Mining Agreement (Note 15(a)), the royalties to MERSB are subject to a monthly minimum payment of RM30,000 (equivalent to approximately HK\$54,122) (2014: RM30,000 (equivalent to approximately HK\$66,905)) for a period of 20 years, unless early terminated by the Group by giving one month's written notice to MERSB. The total minimum royalties amounted to RM5,220,000 (equivalent to approximately HK\$9,417,283) (2014: RM5,220,000 (equivalent to approximately HK\$11,640,000)) over the 20 years period.

33 承擔

(a) 資本承擔

於二零一五年十二月三十一日，並無於綜合財務報表中撥備的未償付資本承擔如下：

(b) 未來最低專利權費

根據採礦協議(附註15(a))，須按每月最低付款支付予MERSB的專利權費為30,000馬幣(相當於約54,122港元)(二零一四年：30,000馬幣(相當於約66,905港元))，為期20年，除非本集團向MERSB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5,220,000馬幣(相當於約9,417,283港元)(二零一四年：5,220,000馬幣(相當於約11,640,000港元))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33 COMMITMENTS (continued)

(c) Operating lease commitments

At 31 December 2015, the total minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Within 1 year	578,000	34,737

Within 1 year

一年以內

The Group is the lessee in respect of certain 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;

33 承擔(續)

(c) 經營租賃承擔

於二零一五年十二月三十一日，根據不可撤銷經營租賃的應付最低租金付款總額如下：

	2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Within 1 year	578,000	34,737

本集團為若干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；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33 COMMITMENTS (continued)

(d) Environmental contingencies (continued)

(iv) changes in environmental remediation requirements; and

(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.

34 MAJOR NON-CASH TRANSACTIONS

There is no major non-cash transaction for the year ended 31 December 2015.

Save as disclosed in Note 27 to the consolidated financial statements in relation to the Loan Capitalisation completed on 14 August 2014, there is no other major non-cash transaction for the year ended 31 December 2014.

35 CONTINGENT LIABILITIES

(a) Corporate guarantees issued

As at 31 December 2015, the Company has issued corporate guarantees totalling approximately RM184,600,000 (equivalent to approximately HK\$333,033,000) (2014: RM184,600,000 (equivalent to approximately HK\$409,767,000)) to Bank Raykat in respect of bank loan facilities granted to CVMSB.

As at 31 December 2015, the Company has issued a corporate guarantee totalling RM850,000 (equivalent to approximately HK\$1,533,000) (2014: RM850,000 (equivalent to approximately HK\$1,887,000)) to a supplier in respect of the purchase of liquefied petroleum gas made by CVMSB.

33 承擔(續)

(d) 環境或然負債(續)

(iv) 環境補救規定的改變；及

(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之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。

34 主要非現金交易

截至二零一五年十二月三十一日止年度並無主要非現金交易。

除綜合財務報表附註27所披露有關於二零一四年八月十四日完成的貸款資本化外，截至二零一四年十二月三十一日止年度並無其他主要非現金交易。

35 或然負債

(a) 已發出公司擔保

於二零一五年十二月三十一日，本公司已就CVMSB獲授之銀行貸款融資向Bank Rakyat作出合共約184,600,000馬幣(相當於約333,033,000港元)(二零一四年：184,600,000馬幣(相當於約409,767,000港元))之公司擔保。

於二零一五年十二月三十一日，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(相當於約1,533,000港元)(二零一四年：850,000馬幣(相當於約1,887,000港元))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 CONTINGENT LIABILITIES (continued)

(a) Corporate guarantees issued (continued)

As at 31 December 2015, the Company has issued corporate guarantees totalling RM133,004 (equivalent to approximately HK\$240,000) (2014: RM133,004 (equivalent to approximately HK\$300,000)) for finance lease creditors in respect of the purchase of motor vehicles and equipment by CVMSB.

In respect of the Company's corporate guarantee provided in relation to above other financing facilities granted to a supplier of liquefied petroleum gas made by CVMSB and the guarantee given to finance lease creditors of motor vehicles and equipment purchased by CVMSB, the directors of the Company consider the possibility of being materialised is remote and immaterial. The directors of the Company consider that no such liabilities are required to be recognised as at 31 December 2015 and 2014.

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 2015 and 2014.

(b) Contingent liability arising from default of convertible bonds

As explained in Notes 2(b)(vi) and 25 to the consolidated financial statements, the Matured Bonds were defaulted for repayments as at 31 December 2015. Pursuant to the convertible bonds agreements, at any time after the convertible bonds have become payable, the respective convertible bondholders may without further notice institute such proceedings as it may think fit to enforce payment of the monies due.

35 或然負債(續)

(a) 已發出公司擔保(續)

於二零一五年十二月三十一日，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133,004馬幣(相當於約240,000港元)(二零一四年：133,004馬幣(相當於約300,000港元))。

就有關CVMSB向一名液化石油氣供應商授出的上述其他財務融資，以及向CVMSB購買汽車及設備之融資租賃債權人授出的擔保而提供的本公司公司擔保而言，本公司董事認為作出公司擔保的可能性不大。於二零一五年及二零一四年十二月三十一日，本公司董事認為概無有關負債須予確認。

截至二零一五年及二零一四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) 自拖欠可換股債券產生的或然負債

誠如綜合財務報表附註2(b)(vi)及25所述，於二零一五年十二月三十一日，到期債券均拖欠還款。根據可換股債券協議，於可換股債券成為應付後的任何時間，各可換股債券持有人無需就構成其認為合適可強制償還到期款項的行動作進一步通知。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2015 and 2014, in addition to the transactions and balances disclosed in Note 24 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
Ho Wah Genting Berhad (「HWGB」)	本公司股東
Ho Wah Genting Holiday Sdn. Bhd. ("HWGH")	A subsidiary of HWGB
Ho Wah Genting Holiday Sdn. Bhd. (「HWGH」)	HWGB的附屬公司
HWG Tin Mining Sdn. Bhd. ("HWGTM")	A subsidiary of HWGB
HWG Tin Mining Sdn. Bhd. (「HWGTM」)	HWGB的附屬公司
Ho Wah Genting Poipet Resorts Sdn. Bhd. ("HWGP")	An associate of HWGB
Ho Wah Genting Poipet Resorts Sdn. Bhd. (「HWGP」)	HWGB的聯營公司
Perak State Development Corporation ("PSDC")	A shareholder of the Company
Perak State Development Corporation (「PSDC」)	本公司股東
Majuperak Energy Resources Sdn. Bhd. ("MERSB")	A subsidiary of PSDC
Majuperak Energy Resources Sdn. Bhd. (「MERSB」)	PSDC的附屬公司
PT Ho Wah Genting Berhad ("PTHWG")	A subsidiary of HWGB
PT Ho Wah Genting Berhad (「PTHWG」)	HWGB的附屬公司
HK New Huang Pu Finance Holdings Limited ("HKNHPF")	A company with common director of the Company
香港新黃埔金融控股集團有限公司(「香港新黃埔金融」)	與本公司有共同董事的一間公司
Dato' Lim Hui Boon*	A father of a director
拿督 Lim Hui Boon*	一名董事的父親
* On 8 May 2015, Dato' Lim Hui Boon ceased to be a related party of the Group upon the resignation of Dato' Lim Ooi Hong as a director of the Company.	* 於二零一五年五月八日，拿督林偉雄在辭任本公司董事後，拿督 Lim Hui Boon 不再為本集團之關連方。

Particulars of significant transactions between the Group and the above related parties are as follows:

36 重大關連方交易

截至二零一五年及二零一四年十二月三十一日止年度，除綜合財務報表附註24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。

本集團與上述關連方進行的重大交易詳情如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Recurring transactions

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Office rent payable to:	應付辦公室租金予：		
HWGB	HWGB	95,427	107,048
Rental income from drilling machines receivable from:	應收下列關連方鑽探機租金收入：		
HWGTM	HWGTM	—	28,186
Purchase of flight tickets from:	向下列關連方購買機票：		
HWGP	HWGP	54,158	269,855
Maintenance fee payable to:	應付維護費予：		
MERSB	MERSB	2,351,093	883,140

(b) Amounts due from related parties

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
HKNHPF	香港新黃埔金融	475,426	—
HWGTM	HWGTM	—	36,391
		475,426	36,391

The amount due from HKNHPF is unsecured, interest-free and has no fixed terms of repayment.

Fan Wei Peng is a common director of HKNHPF and of the Company.

The amount due from HWGTM is trade in nature, unsecured, interest-free and has no fixed terms of repayment.

36 重大關連方交易 (續)

(a) 經常交易

(b) 應收關連方款項

應收香港新黃埔金融的款項為無抵押、免息且無固定還款期。

范偉鵬為香港新黃埔金融與本公司之共同董事。

應收HWGTM的款項為貿易性質、無抵押、免息且無固定還款期。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Amount due to a director

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Leung Wai Kwan	梁維君	<u>347</u>	<u>138,000</u>

The amount due is unsecured, interest-free and has no fixed terms of payment.

該款項為無抵押、免息且無固定還款期。

(d) Amount due to a member of staff

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Dato' Lim Hui Boon	拿督 Lim Hui Boon	<u>-</u>	<u>2,015,329</u>

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。

(e) Amounts due to related parties

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
HWGH	HWGH	-	46,579
HWGB	HWGB	-	8,879
HWGP	HWGP	-	-
MERSB	MERSB	2,133,502	2,014,428
PTHWG	PTHWG	282,897	313,746
		<u>2,416,399</u>	<u>2,383,632</u>

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。

36 重大關連方交易 (續)

(c) 應付一名董事款項

(d) 應付員工款項

(e) 應付關連方款項

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(f) Key management personnel remuneration

		2015	2014
		二零一五年	二零一四年
		HK\$	HK\$
		港元	港元
Directors' fees	董事袍金	2,418,489	1,816,040
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	3,100,097	1,391,553
Retirement scheme contributions	退休金計劃供款	40,500	51,288
		5,559,086	3,258,881

36 重大關連方交易 (續)

(f) 主要管理人員酬金

37 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(b), 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(b) and cash flow projections for the year ending 31 December 2016. 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.

37 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(b)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(b)所述之建議措施及截至二零一六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

綜合財務報表附註

37 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 when 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.

37 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暫時差額時方予以確認。

(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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 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.

37 會計判斷及估計(續)

(d) 物業、廠房及設備減值

本集團於各報告期末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報告期末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。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(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\$Nil and HK\$37,399,285 (2014: HK\$Nil and HK\$41,660,400), respectively, after impairment losses of HK\$Nil and HK\$3,736,391 were recognised during the year ended 31 December 2015 (2014: HK\$Nil and HK\$108,208,053) respectively. Details of the impairment losses calculation are provided in Notes 14 and 15 to the consolidated financial statements.

37 會計判斷及估計 (續)

(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零港元及37,399,285港元(二零一四年：零港元及41,660,400港元)(分別扣除減值虧損零港元及3,736,391港元)，已於截至二零一五年十二月三十一日止年度確認(二零一四年：零港元及108,208,053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

綜合財務報表附註

38 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

38 本公司財務狀況表

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	914,668	1,068,540
Investments in subsidiaries	於附屬公司的投資	64,767,641	63,947,078
		65,682,309	65,015,618
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	1,389,941	84,166
Cash and cash equivalents	現金及現金等價物	11,415,167	24,713
		12,805,108	108,879
Current liabilities	流動負債		
Other payables and accrued expenses	其他應付款項及應計開支	29,337,090	25,538,038
Obligations under a finance lease	融資租賃承擔	77,342	181,314
Amount due to a director	應付一名董事款項	347	138,000
Convertible bonds	可換股債券	29,000,000	94,278,123
Unsecured loans from third parties	來自第三方無抵押貸款	1,800,000	–
		60,214,779	120,135,475
Net current liabilities	流動負債淨額	(47,409,671)	(120,026,596)
Total assets less current liabilities	總資產減流動負債	18,272,638	(55,010,978)
Non-current liabilities	非流動負債		
Obligations under a finance lease	融資租賃承擔	–	77,342
		–	77,342
Net assets/(liabilities)	資產/(負債)淨額	18,272,638	(55,088,320)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

38 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

38 本公司財務狀況表(續)

		2015 二零一五年 HK\$ 港元	2014 二零一四年 HK\$ 港元
Capital and reserves	資本及儲備		
Share capital	股本	1,367,875,301	989,710,234
Convertible preference shares	可轉換優先股	–	90,500,988
Reserves	儲備	(1,349,602,663)	(1,135,299,542)
Total equity/(deficit)	權益/(虧損)總額	18,272,638	(55,088,320)

Approved and authorised for issue by the board of directors on 31 March 2016.

經董事會於二零一六年三月三十一日批准及授權刊發。

Du Jian Jun
杜建軍
Director
董事

Leung Wai Kwan
梁維君
Director
董事

39 NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in Notes 2(b) and 30 to the consolidated financial statements, there are no material non-adjusting events subsequent to the end of the reporting period and up to the approval date of the consolidated financial statements.

39 報告期末後非調整事項

除綜合財務報表附註2(b)及30所披露外，於報告期末後及直至綜合財務報表批准日期止，並無重大非調整事項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

40 POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the approval date of the consolidated financial statements, the HKICPA has issued a number of new standards, amendments and Interpretations which are not yet effective for the year ended 31 December 2015 and which have not been adopted in the consolidated financial statements. These include the followings which may be relevant to the Group.

40 已頒佈但尚未在截至二零一五年十二月三十一日止年度生效的新準則、修訂本及詮釋可能帶來的影響

直至綜合財務報表批准日期止，香港會計師公會已頒佈一系列截至二零一五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準則、修訂本及詮釋。其中與本集團相關的新準則、修訂本及詮釋如下。

	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
Annual improvements to HKFRSs 2012–2014 cycle 二零一二年至二零一四年週期的香港財務報告準則年度改進	1 January 2016 二零一六年一月一日
Amendments to HKAS 1, Disclosure initiative 香港會計準則第1號的修訂，披露計劃	1 January 2016 二零一六年一月一日
Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation 香港會計準則第16號及香港會計準則第38號的修訂，澄清可接納的折舊及攤銷方式	1 January 2016 二零一六年一月一日
HKFRS 15, Revenue from contracts with customers 香港財務報告準則第15號，客戶合約之收入	1 January 2018 二零一八年一月一日
HKFRS 9, Financial instruments 香港財務報告準則第9號，金融工具	1 January 2018 二零一八年一月一日

The Group is in the process of making an assessment of the impact of these amendments and new standards are expected to be in the period of initial application, but is not yet in a position to state whether these amendments and new standards would have a significant impact on the Group's financial statements.

本集團正在評估該等修訂及新訂準則於首次應用期間之預期影響，惟尚未能確定該等修訂及新訂準則會否對本集團的財務報表造成重大影響。

41 COMPARATIVE FIGURES

Certain comparative figures have been reclassified and amended in order to conform with the current year's presentation.

41 比較數字

若干比較數字已重新分類和修訂以符合本年度的呈列。



DING HE MINING HOLDINGS LIMITED
鼎和礦業控股有限公司