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世纪阳光

世紀陽光集團控股有限公司

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 509)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is issued by Century Sunshine Group Holdings Limited (the “**Company**”) pursuant to Rules 13.10B of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Please refer to the attached information memorandum in relation to the establishment of the S\$300,000,000 Multicurrency Medium Term Note Programme (the “**Information Memorandum**”), which has been submitted to the Singapore Exchange Securities Trading Limited for publication on its website.

The posting of the Information Memorandum on the website of the Stock Exchange is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and compliance with Rule 13.10B of the Listing Rules and not for any other purpose.

The Information Memorandum does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities.

The Information Memorandum must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be based on the information contained in the Information Memorandum.

By Order of the Board
Century Sunshine Group Holdings Limited
Chi Wen Fu
Chairman

Hong Kong, 22 May 2015

As at the date of this announcement, the directors of the Company are:

Executive directors: *Mr. Chi Wen Fu, Mr. Shum Sai Chit,
Ms. Chi Bi Fen and Mr. Yang Yuchuan*

Non-executive director: *Mr. Guo Mengyong*

Independent non-executive directors: *Mr. Kwong Ping Man, Mr. Sheng Hong
and Mr. Lau Chi Kit*

IMPORTANT NOTICE

You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum (the "Information Memorandum"). You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached. In accessing the attached, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED UNDER REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Restriction: The attached Information Memorandum is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Information Memorandum. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities, any of the guarantors of the securities or Oversea-Chinese Banking Corporation Limited or any other dealer (each, a "Dealer") to subscribe for or purchase any of the securities described herein, and access has been limited so that it shall not constitute a general advertisement or general solicitation (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Dealer or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the issuer in such jurisdiction.

You are reminded that you have accessed the attached Information Memorandum on the basis that you are a person into whose possession this Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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THE ATTACHED INFORMATION MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the issuer of the securities, any of the guarantors and the Dealer nor any of their employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed your representation that (1) you and any customers you represent are neither resident in the United States nor a U.S. person (as defined under Regulation S under the Securities Act) and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (2) if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer is being made, as referred to in Section 275(1A) of the SFA, and (B) agree to be bound by the limitations and restrictions described herein, (3) you consent to delivery of the attached Information Memorandum and any amendments or supplements thereto by electronic transmission and (4) you agree to the foregoing terms and conditions.

INFORMATION MEMORANDUM



世纪阳光

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

S\$300,000,000

Multicurrency Medium Term Note Programme

Unconditionally and irrevocably guaranteed by the Guarantors (as defined below)

Under this S\$300,000,000 multicurrency medium term note programme (the "Programme"), Century Sunshine Group Holdings Limited (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes in bearer or registered form (the "Notes"). The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed S\$300,000,000 (or its equivalent in other currencies), subject to any duly authorised increase. Notes issued under the Programme are guaranteed by all of the Issuer's Subsidiaries (as defined below) other than the Other Non-Guarantor Subsidiaries (as defined herein) and those incorporated or established under the laws of the People's Republic of China (the "Guarantors").

Notes will be issued in series (each, a "Series"), with all Notes in a Series having the same maturity date and terms otherwise identical (except in relation to issue dates, interest commencement dates, issue prices and related matters). Notes of each Series may be issued in one or more tranches (each, a "Tranche") on different issue dates. Details applicable to each particular Series or Tranche will be supplied in the applicable pricing supplement (each, a "Pricing Supplement"), which will contain the aggregate principal amount of the Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche. This Information Memorandum may not be used to consummate sales of Notes, unless accompanied by a Pricing Supplement.

Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that an application to the SGX-ST for the listing of the Notes of any Series will be approved. The approval in-principle from, and admission to the Official List of, the SGX-ST and the listing and quotation of any Notes on the SGX-ST are not to be taken as an indication of the merits of the Issuer, the Guarantors, their respective subsidiaries, respective associated companies (if any) or respective joint venture companies (if any), the Programme or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Unlisted Notes may also be issued under the Programme.

Notes of each Series to be issued in bearer form ("Bearer Notes") will initially be represented by interests in a temporary global Note or by a permanent global Note, in either case in bearer form (each, a "Temporary Global Note" and a "Permanent Global Note", respectively), without interest coupons. The provisions governing the exchange of interests in Temporary Global Notes and Permanent Global Notes (each, a "Bearer Global Note") for other Bearer Global Notes and individual definitive Bearer Notes ("Definitive Bearer Notes") are described in "Forms of the Notes". Definitive Bearer Notes will only be available in the limited circumstances as described herein.

Notes of each Series to be issued in registered form ("Registered Notes") will initially be represented by interests in a global certificate without interest coupons (each, a "Global Certificate"). Notes in definitive registered form will be represented by Definitive Note Certificates (each, a "Definitive Note Certificate"), one Definitive Note Certificate being issued in respect of each holder's entire holding of Notes of one Series and will only be available in the limited circumstances as described herein. Bearer Global Notes and Global Certificates may be deposited on the relevant date of issue (the "Issue Date") with, or registered in the name of, or a nominee of, (a) The Central Depository (Pte) Limited ("CDP"), (b) a sub-custodian for the Central Moneymarkets Unit Services (the "CMU") operated by the Hong Kong Monetary Authority ("HKMA"), or (c) a common depository (the "Common Depository") on behalf of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream, Luxembourg"), or any other agreed clearing system as may be agreed between the Issuer, the Principal Paying Agent (as defined herein), the Trustee (as defined herein) and the Relevant Dealer(s) (the "CDP Cleared Notes", the "CMU Cleared Notes" and the "Non-CDP/CMU Cleared Notes", respectively).

Investing in the Notes involves risk. See "Risk Factors" beginning on page 14 for a discussion of such risks.

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes to be issued from time to time by the Issuer pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. See "Subscription and Sale" for further details.

The Notes and the Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States or any other jurisdiction, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. The Notes may only be offered and sold outside the United States to persons who are not U.S. persons in offshore transactions in reliance on Regulation S. In addition, subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the "Internal Revenue Code")). See "Subscription and Sale" for further details.

Arranger and Dealer



This Information Memorandum is dated 19 May 2015.

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NOTICE TO INVESTORS

Each of the Issuer and the Guarantors accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the material facts and does not omit any material fact likely to affect the import of such information. Where information not relating to the Group herein is extracted from published or otherwise publicly available sources, the sole responsibility of the Issuer and the Guarantors has been to ensure that such information has been accurately and correctly extracted from these sources.

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. See “Documents Incorporated by Reference” below for further information.

No action has been or will be taken to permit a public offering of any Notes in any jurisdiction where action would be required for that purpose. No Notes may be offered or sold, directly or indirectly, and this Information Memorandum may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the Notes constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantors, Oversea-Chinese Banking Corporation Limited (“OCBC”) as the arranger of this Programme (the “Arranger”), any of the Dealers, The Bank of New York Mellon, Singapore Branch, as trustee (the “Trustee”) or the Agents (as defined herein) to subscribe for or purchase, any Notes. Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Information Memorandum in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the Relevant Dealer.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum, and any information or representation not contained in this Information Memorandum must not be relied upon as having been authorised by the Issuer, the Guarantors, the Arranger, any of the Dealers, the Trustee, the Agents or any other person. Neither the delivery of this Information Memorandum nor any sale of any Notes in connection therewith shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the affairs of any party mentioned herein since that date.

No representation, warranty or undertaking, express or implied, is made by any of the Arranger, the Dealers, the Trustee or the Agents, and no responsibility or liability is accepted by any thereof to the accuracy, adequacy, reasonableness or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the Notes, their distribution or their future performance.

Neither this Information Memorandum nor any other information supplied in connection with the Programme or the Notes should be considered as a recommendation by the Issuer, the Guarantors, the Arranger, any of the Dealers, the Trustee or the Agents that any recipient of this Information Memorandum should purchase any of the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the business, financial condition and affairs of the Issuer, the Guarantors, their respective subsidiaries, associated companies (if any) and joint venture companies (if any), and its own appraisal of the creditworthiness of the Issuer, the Guarantors, their respective subsidiaries, associated companies (if any) and joint venture companies (if any).

DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum must be read and construed in conjunction with each relevant Pricing Supplement and all other documents which are deemed to be incorporated by reference in the Information Memorandum and in the relevant Pricing Supplement. The Information Memorandum and the relevant Pricing Supplement must, save as specified herein and therein, be read and construed on the basis that such documents are so incorporated by reference and form part of the Information Memorandum and the relevant Pricing Supplement. This Information Memorandum must also be read and construed in conjunction with the Issuer's most recently published audited consolidated financial statements, and any interim consolidated financial statements (whether audited or unaudited) published subsequently to such consolidated financial statements from time to time and any supplement to or amendment to this Information Memorandum issued by the Issuer, which shall be deemed to be incorporated in, and to form part of, this Information Memorandum and which is deemed to modify or supersede the contents of this Information Memorandum to the extent that a statement contained in any such document is inconsistent with such contents (whether expressly, by implication or otherwise). Copies of documents deemed to be incorporated by reference in this Information Memorandum may be obtained without charge from the head office of the Issuer.

SUPPLEMENTAL INFORMATION MEMORANDUM

If at any time, the Issuer is required to prepare a supplemental Information Memorandum, the Issuer will prepare and make available an appropriate amendment or supplement to this Information Memorandum or a further Information Memorandum.

CERTAIN DEFINED TERMS AND CONVENTIONS

As used in this Information Memorandum, unless the context otherwise requires, the term "the Group" refers to Century Sunshine Group Holdings Limited and its consolidated subsidiaries and the term "Century Sunshine" or "the Issuer" refers to Century Sunshine Group Holdings Limited.

In this Information Memorandum, references to "Latest Practicable Date" are to 7 May 2015, references to "S\$", "SGD" and "Singapore dollars" are to Singapore dollars, the legal currency of the Republic of Singapore, references to "HK\$", "HKD" and "H.K. dollars" are to Hong Kong dollars, the legal currency of the Hong Kong Special Administrative Region of the People's Republic of China, and references to "RMB" and "Renminbi" are to the legal currency of the People's Republic of China.

PRESENTATION OF FINANCIAL AND OTHER DATA

The Issuer's audited consolidated financial statements as of and for each of the years ended 31 December 2012, 2013 and 2014 included in this Information Memorandum have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The Issuer's audited consolidated financial statements as of and for each of the years ended 31 December 2012, 2013 and 2014 have been audited by HLB Hodgson Impey Cheng Limited, which expressed an unqualified opinion on such financial statements. Except as otherwise indicated or the context otherwise requires, financial information in this Information Memorandum is presented on a consolidated basis.

Solely for your convenience, this Information Memorandum contains translations of certain Hong Kong dollar amounts into Singapore dollars at the exchange rate of HKD100 = S\$17.14, which was the average of buying and selling interbank rates at noon in Singapore published by the Monetary Authority of Singapore (“MAS”) as of 7 May 2015. These translations should not be construed as representations that the Hong Kong dollar amounts represent such Singapore dollar amounts or could be, or could have been, converted into Singapore dollars at the rates indicated or at all.

This Information Memorandum includes certain figures relating to EBITDA. EBITDA is calculated based on profit before income tax plus finance cost, depreciation and amortisation, realised and unrealised loss on investment held for trading and share options granted to directors and employees and any significant non-cash items minus realised and unrealised gain on investment held for trading. EBITDA is not a standard measure under HKFRS, but is a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Issuer’s operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Issuer believes that investors should consider, among other things, the components of EBITDA such as revenue and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group’s performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer’s EBITDA to EBITDA presented by other companies because not all companies use the same definition. Nevertheless, EBITDA has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of the Group’s financial condition or results of operations, as reported under HKFRS. Due to these limitations, EBITDA should not be considered a measure of discretionary cash available to the Group to invest in the growth of its business. The Issuer compensates for these limitations by relying primarily on its HKFRS results and using EBITDA measures only supplementally.

Market data and certain industry forecasts used throughout this Information Memorandum have been obtained based on internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. The Issuer takes responsibility for only accurate reproduction and extraction of such summaries and data, but accepts no other responsibility for such industry information, and none of the Issuer, the Guarantors, the Arranger, the Relevant Dealer(s), the Trustee, the Agents and their respective directors and advisors make any representation as to the accuracy or completeness of such industry information. In addition, third-party information providers may have obtained information from market participants, and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

Rounding adjustments have been made in calculating some of the financial and other information included in this Information Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This Information Memorandum includes, and any amendment or supplement may include, forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum and any amendment or supplement regarding, among other things, the future financial position and results of operations, business, strategy, plans, developments and prospects of the Issuer and/or the Group may constitute forward-looking statements and accordingly, are only predictions. Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “continue” or similar terminology. However, these words are not the exclusive means of identifying forward-looking statements.

Specifically, statements under the captions “Summary”, “Risk Factors” and “Business” relating to the following matters may include forward-looking statements relating to:

- the strategic, business and financial plans and objectives of the Group, including budgeted and future capital expenditures, acquisitions and investments;
- the ability of the Group to be and remain competitive in each of its main business segments;
- the financial position, business strategy and budget of the Group, including projected financial and operating data; and
- existing and future regulatory requirements applicable to the Group and its businesses.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set out in this Information Memorandum. Factors that could cause actual results to differ include, but are not limited to, the following:

- economic, social and political conditions in Hong Kong, the People’s Republic of China and other countries in which the Group operates;
- increases or other changes in regulatory burdens and obligations in Hong Kong, the People’s Republic of China and other countries, including dividend obligations, and environmental regulations and compliance costs;
- accidents, natural disasters, and other catastrophes;
- demographic changes;
- changes in the Group’s future capital needs and the availability of financing and capital to fund those needs;
- inability to realise anticipated growth opportunities or to implement the Group’s strategies;
- changes in terms and conditions of the agreements under which the Group operates its businesses and the ability of third parties to perform in accordance with contractual terms and specifications;
- fluctuations in currency exchange rates and interest rates;
- changes in laws and regulations and their interpretation, applicable taxes and tax rates, and accounting standards or practices;

- changes in the Group's ability to manage the risks described above and in the section captioned "Risk Factors"; and
- other factors beyond the control of the Issuer, the Guarantors and/or the Group.

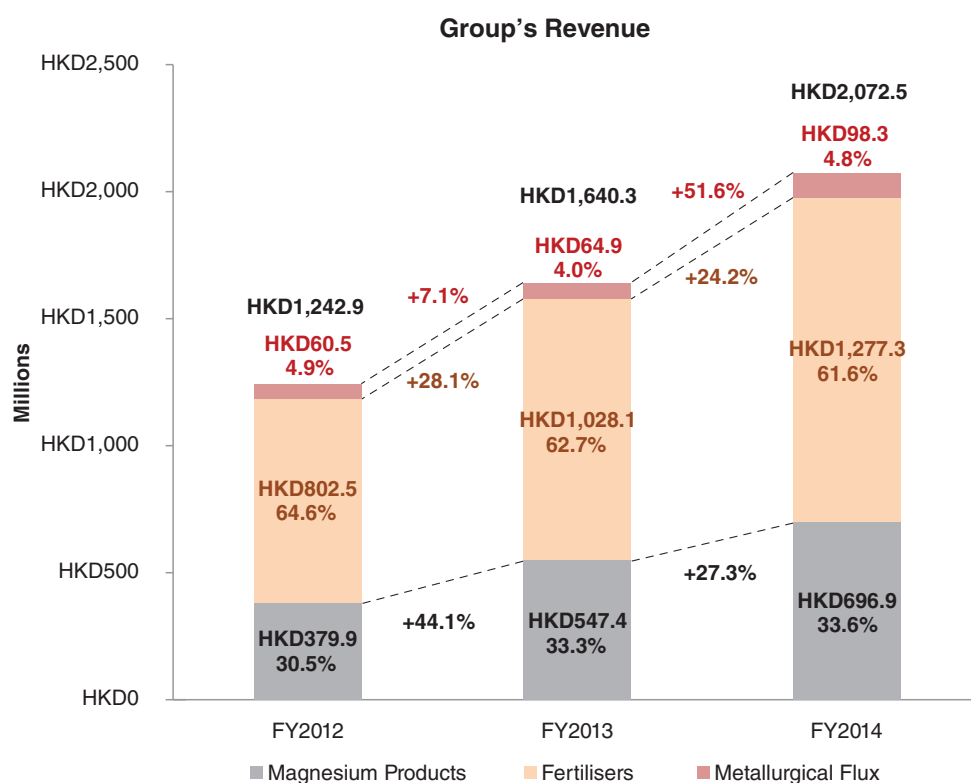
This list of factors is not exhaustive. Although the Group believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to be correct. Additional factors that could cause the actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors". Should one or more of these uncertainties or risks, among others, materialise, the actual results of the Group may vary materially from those estimated, anticipated or projected. In any event, these statements speak only as of their dates, and the Group undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Accordingly, undue reliance should not be placed on forward-looking statements.

OVERVIEW OF THE ISSUER

This overview highlights information contained elsewhere in this Information Memorandum. This overview is derived from, qualified by, and must be read in conjunction with, the more detailed information and the consolidated financial statements appearing elsewhere in this Information Memorandum. This entire Information Memorandum should be read carefully, including the consolidated financial statements of the Issuer and related notes and “Risk Factors”.

Overview

The Group is a leading vertically integrated producer of magnesium products and ecological fertilisers in the People’s Republic of China (the “PRC”), which are its two main business segments. The Group also produces and sells metallurgical flux products, which is its third business segment. The Issuer is listed on the Stock Exchange of Hong Kong Limited (the “HKSE”) and had a market capitalisation of HKD4054.0 million (approximately S\$695.0 million) as of the Latest Practicable Date. The chart below shows the Group’s total revenues, including a breakdown by business segment, for the periods indicated.



In relation to the Group’s three business segments:

- Magnesium Products Business.** The magnesium products that the Group produces include basic magnesium products, such as general magnesium alloys and magnesium ingots, and rare earth magnesium alloys. The Group has obtained exploration and mining rights to a dolomite mine in the Jilin province of the PRC, from which it obtains the dolomite that it uses to produce raw magnesium for its magnesium products. The Group also has an integrated magnesium smelting, ingot manufacturing, alloy processing and product warehousing and distribution plant, located approximately 10 kilometres from the dolomite mine, with an annual production capacity of 25,000 tonnes as of 31 March 2015. As of the Latest Practicable Date, the Group has one of the largest rare earth magnesium alloy production lines in the PRC in terms of production capacity.

- Fertilisers Business. The Group produces and sells compound fertilisers (chemically manufactured from various materials and compounds) and organic fertilisers (organically produced from industrial waste materials). Since 2012, the Group has been actively developing, producing and promoting its silicon magnesium compound fertilisers, which are its niche product. The Group has obtained exploration and mining rights to a serpentine mine in the Jiangsu province of the PRC. Serpentine is a source of the magnesium and silicon that the Group uses in the production of its silicon magnesium compound fertiliser. The abundant, quality serpentine reserves also provide a source of auxiliary material for iron and steel smelting. The Group's fertiliser plant, which is located approximately one kilometre from the serpentine mine, has five production lines with an aggregate annual production capacity of 800,000 tonnes of organic and compound fertilisers as of 31 March 2015. As of the Latest Practicable Date, the Group's fertilisers are sold and distributed across 20 provinces in the PRC.
- Metallurgical Flux Business. As a secondary business, the Group also produces and sells metallurgical flux that can be used for smelting iron and steel. The metallurgical flux is produced from the serpentine that the Group produces from its serpentine mine.

In February 2015, the Group announced the completion of the acquisition of 739,532,000 existing and new shares, amounting to a 51.46 per cent. shareholding interest, of Group Sense (International) Limited ("**Group Sense**"), a company which is also listed on the HKSE. Following the Group's subsequent mandatory general offer for the remaining shares of Group Sense that it did not own, the Group's shareholding interest in Group Sense increased to 51.88 per cent. on 26 March 2015. Group Sense is a leading manufacturer of electronic dictionaries and other handheld information devices, and also provides electronic manufacturing services. The Group intends to use Group Sense as a separate listed platform through which it can focus and expand the magnesium products business.

In addition, on 4 February 2015, the Issuer entered into a non-legally binding framework agreement regarding the proposed acquisition of the entire equity interest in various operating project companies with magnesium and ancillary businesses such as power generation and semi-coke.

Competitive Strengths

The Issuer believes its competitive strengths include the following:

- strong brand recognition and awareness of the Group's products;
- strategic partnerships and investors;
- environmentally friendly products which cater to an increased demand for eco-friendly products;
- control and ready supply of high quality raw materials;
- competitive cost structure;
- experienced and established management team;
- emphasis on and investment in research and development; and
- responsiveness to specific needs of consumers.

For further details, please see “*Business*”.

Strategies

The Issuer believes its key business strategies include the following:

- expansion through increase in production capacity;
- expansion through acquisitions, joint ventures and strategic alliances;
- expansion of sales coverage and increased market penetration;
- adoption of marketing strategy emphasising product differentiation and the optimisation of products mix; and
- increased emphasis on products with high profit margins.

For further details, please see “*Business*”.

Corporate Information

The Issuer is an exempted company incorporated in Cayman Islands with limited liability on 21 January 2003. The Issuer’s registered address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Issuer’s head office is located at Unit 2605, 26th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Issuer was listed on the Growth Enterprise Market Board (“GEM”) of HKSE on 17 February 2004, and its listing was transferred to the Main Board of the HKSE on 1 August 2008.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement, the Trust Deed and the Agency Agreement. Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this summary.

A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed upon by and between the Issuer and the Relevant Dealer(s) prior to the issue of the Notes and will be set forth in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described below.

Issuer	Century Sunshine Group Holdings Limited.
Initial Guarantors	The initial Guarantors are Capital Idea Investments Limited, Fullocean Group Limited, Bright Stone Group Limited, Gold Strategy Investments Limited, Fly Union Limited, New Bright Group Limited, Century Sunshine Ecological Technology Limited, Blue Atlantic International Limited, Ming Xin Developments Limited and Century Sino Technology Limited.
Arranger	Oversea-Chinese Banking Corporation Limited.
Dealer(s)	Oversea-Chinese Banking Corporation Limited and/or such other Dealer or Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	The Bank of New York Mellon, Singapore Branch.
Principal Paying Agent, CDP Transfer Agent and CDP Registrar in relation to the CDP Cleared Notes	The Bank of New York Mellon, Singapore Branch.
CMU Lodging and Paying Agent, CMU Transfer Agent and CMU Registrar in relation to the CMU Cleared Notes	The Bank of New York Mellon, Hong Kong Branch.
Non-CDP/CMU Paying Agent in relation to the Non-CDP/CMU Cleared Notes	The Bank of New York Mellon, London Branch.
Non-CDP/CMU Transfer Agent and Non-CDP/CMU Registrar in relation to the Non-CDP/CMU Cleared Notes	The Bank of New York Mellon (Luxembourg) S.A.

Relevant Calculation Agent	To be appointed in respect of each Series of Notes where required.
Agents	The Principal Paying Agent, the CDP Transfer Agent, the CDP Registrar, the CMU Lodging and Paying Agent, the CMU Transfer Agent, the CMU Registrar, the Non-CDP/CMU Paying Agent, the Non-CDP/CMU Transfer Agent, the Non-CDP/CMU Registrar and the relevant Calculation Agent, or any of them, and shall include any other agent or agents as may be appointed from time to time under the Agency Agreement.
Description	Multicurrency Medium Term Note Programme.
Programme Size	Up to an aggregate principal amount of Notes outstanding at any one time of S\$300,000,000 (or its equivalent in other currencies) (the "Programme Limit"). The Issuer may increase the amount of the Programme Limit in accordance with the terms of the Programme Agreement.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars, U.S. dollars, Euros, Renminbi or any other currency agreed between the Issuer and the Relevant Dealer(s).
Use of Proceeds	The Issuer intends to use the net proceeds for the issue of each Tranche of Notes (after deducting issue expenses) for general corporate purposes, including refinancing existing borrowings, financing investments and/or acquisitions, general working capital and capital expenditure requirements of the Issuer and its subsidiaries, in each case with respect to businesses relating to (1) magnesium and its ancillary business (including power generation and semi-coke), (2) fertiliser, (3) mining of dolomite and serpentine, and (4) investment holding in connection with (1), (2) and (3), or such other purposes as may be specified in the relevant Pricing Supplement.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each, a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and their Issue Price), the Notes of each Series being intended to be fungible with all other Notes of that Series. Each Series may be issued in tranches (each, a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be specified in the pricing supplement (the "Pricing Supplement").

Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Maturity	Subject to compliance with all relevant laws, regulations and directives, Notes shall have maturities of such tenor as may be agreed between the Issuer and the Relevant Dealer(s).
Specified Denomination	Notes will be in such denominations as may be specified in the relevant Pricing Supplement.
Interest Basis	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the Relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement and at maturity.
Floating Rate Notes	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Offer Rate (or in any other case such other benchmark as may be agreed between the Issuer and the Relevant Dealer(s) prior to their issue).
	Floating Rate Notes which are denominated in other currencies will bear interest determined separately for each Series as set out in the Terms and Conditions of the Notes and the relevant Pricing Supplement.
Variable Rate Notes	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Terms and Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the Relevant Dealer(s) prior to their issue.
Hybrid Notes	Hybrid Notes will bear interest during the fixed rate period, to be agreed between the Issuer and the Relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the Relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ Swap Offer Rate (or such other benchmark as may be agreed between the Issuer and the Relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the Relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the Relevant Dealer(s) and as set out in the relevant Pricing Supplement.

Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Mandatory Redemption	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its Redemption Amount on the maturity date.
Optional Redemption and Purchase	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed or purchased prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders of the Notes, and if so the terms applicable to such redemption.
Redemption upon a Change of Control	<p>Upon a Change of Control, the Issuer shall, at the option of the holder of any Note, redeem such Note at 101.0% of the Redemption Amount or (in the case of Zero Coupon Notes) 101.0% of the Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on the date falling 45 days after a Change of Control (the “Change of Control Redemption Date”).</p> <p>The Issuer shall within seven days after a Change of Control, give notice (the “Change of Control Notice”) to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the Change of Control and the Change of Control Redemption Date (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable) not later than 21 days after the Change of Control Notice is given. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.</p> <p>“Change of Control” means the occurrence of one or more of the following events: (i) the merger, take over, amalgamation, or consolidation of the Issuer with, by or into another Person who is not one of the Permitted Holders or the merger or amalgamation of another Person who is not one of the Permitted Holders with or into the Issuer, or the sale of all or substantially all the assets of the Issuer to another Person who is not one of the Permitted Holders; (ii) the Permitted Holders are the beneficial owners of less than 30% of the total voting power of the Voting Shares of the Issuer; (iii) any person is or becomes the beneficial owner directly or indirectly, of the total voting power of the Voting Shares of the Issuer greater than such total voting power held beneficially by the Permitted Holders; or (iv) the adoption of a resolution relating to the liquidation or dissolution of the Issuer.</p>

Redemption upon Cessation or
Suspension of Trading of the
Issuer's Shares

If on any date, (i) the ordinary shares of the Issuer cease to be traded on the HKSE or (ii) trading in the ordinary shares of the Issuer on the HKSE is suspended for a continuous period of more than 10 market days (or, in the case of any suspension of trading (x) pending the release of any announcement in respect of any matter not involving the matters described in Condition 10(g) of the Notes (*Bankruptcy, Insolvency etc.*) which the Issuer is required to disclose under the Listing Rules of the HKSE, or (y) for purposes of compliance by the Issuer under The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong or under any insider trading laws and regulations in Hong Kong, more than 40 market days), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of 10 market days or 40 market days, as the case may be.

Redemption for Taxation
Reasons.....

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Principal Paying Agent in accordance with Condition 15 of the Notes (*Notices*) (which notice shall be irrevocable) at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that (i) it has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 of the Notes (*Taxation*) or a Guarantor would be unable for reasons outside its control to procure that the Issuer is able to make payment and in making payment itself would be required to pay Additional Amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 8 of the Notes (*Taxation*)), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective (A) with respect to the Issuer or any initial Guarantor, on or after 19 May 2015, or (B) with respect to any future Guarantor, on or after the date such future Guarantor becomes a Guarantor, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the

Issuer or such Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due, and provided further that where any such requirements to pay such Additional Amounts are in consequence of the laws and treaties of the PRC or any political subdivision or any authority thereof or therein, the Issuer will be permitted to redeem the Notes in accordance with the provisions above only if the rate of withholding or deduction in respect of which such Additional Amounts are required is in excess of the Additional Amounts that the Issuer would be required to pay if payments in respect of the Notes were subject to deduction or withholding for PRC taxes at a rate of 10.0%.

Status of the Notes The Notes and Coupons constitute direct, general, unconditional, unsubordinated and (subject to Condition 4 of the Notes (*Covenants*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* in right of payment with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Status of the Guarantees Each Guarantor has, in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes and the Coupons. Each such guarantee (the "Guarantee") constitutes direct, general, unconditional, unsubordinated and (subject to Condition 4 of the Notes (*Covenants*)) unsecured obligations of such Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of such Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Additional Guarantors The Issuer will procure each of its future Subsidiaries (other than Subsidiaries incorporated or established under the laws of the PRC), as soon as practicable and in any event within 10 business days of becoming a Subsidiary, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Each Subsidiary that guarantees the Notes after the date of the Trust Deed, upon executing the applicable supplemental trust deed, will be a "Guarantor".

Notwithstanding the above, to the extent that:

- (x) Group Sense (International) Limited or any of its Subsidiaries conducts any of the Permitted Businesses (other than the design and manufacture of electronic and personal communications devices and products) as a result of a transfer by, or an acquisition from, the Issuer

or any of its Subsidiaries (other than Group Sense (International) Limited or any of its Subsidiaries) of any of such Permitted Businesses; or

- (y) any of the existing or future PRC-incorporated Subsidiaries of the Issuer (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)) is or becomes permitted by applicable law to provide a Guarantee without having to register such Guarantee with any governmental authority in the PRC or without such Guarantee being subject to any other limitation or restriction,

the Issuer will procure that Group Sense (International) Limited and all of its Subsidiaries that are not incorporated in the PRC or such PRC-incorporated Subsidiary as referred to in paragraph (y) (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)), as soon as practicable, and in any event no later than 10 Business Days, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

Negative Pledge.

So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer will not, and will procure that each of the Principal Subsidiaries will not, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) without at the same time or prior thereto (A) securing the Notes equally and rateably with (or, if the obligation to be secured by the Security Interest is subordinated in right of payment to the Notes or any Guarantee, prior to) the obligations so secured or (B) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

Financial Covenants.

So long as any Note remains outstanding (as defined in the Trust Deed), unless otherwise specified in the applicable Pricing Supplement, the Issuer will ensure that (i) the Consolidated Tangible Net Worth shall not at any time be less than HKD1.8 billion (or its equivalent in foreign currencies), (ii) the ratio of Consolidated Gross Borrowings to Consolidated Tangible Net Worth shall not at any time be more than 2.0:1, and (iii) the ratio of Consolidated EBITDA to Consolidated Interest Expense shall not at any time be less than 3.0:1.

Events of Default Certain events will permit acceleration of the principal of the Notes (together with all interest and any additional amounts accrued and unpaid thereon). These events are set out in Condition 10 of the Notes (*Events of Default*) and include default with respect to the payment of principal of, premium, if any, or interest on, the Notes.

Listing. Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. There is no assurance that an application to the SGX-ST for the listing of the Notes of any Series will be approved. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in any other currency).

The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the Relevant Dealer(s) in relation to each Series. Unlisted Notes may also be issued under the Programme. The relevant Pricing Supplement will state whether or not the Notes of a Series will be listed on any exchange(s) and, if so, on which exchange(s) the Notes are to be listed.

Form of Notes The Notes may be issued in bearer or registered form, as specified in the applicable Pricing Supplement.

Each Series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, will be deposited on the Issue Date with CDP, CMU, or the Common Depository on behalf of Euroclear and Clearstream, Luxembourg or any other agreed clearing system. Interests in a Temporary Global Note will be exchangeable, from the 40th day following the Issue Date, for either interests in a Permanent Global Note or Definitive Bearer Notes (as indicated in the applicable Pricing Supplement) and, in the case of Notes to which the D Rules (as defined below) apply, upon certification of non-U.S. beneficial ownership as required by United States Treasury regulations (“U.S. Treasury Regulations”). Interests in a Permanent Global Note will be exchangeable, unless otherwise specified in the applicable Pricing Supplement, only in the limited circumstances described therein, in whole but not in part for Definitive Bearer Notes, upon written notice to the Trustee. Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures for the time being of CDP, CMU, Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system, as appropriate.

Each Series of Registered Notes will, unless otherwise specified in the applicable Pricing Supplement, be represented by a Global Certificate, which will be deposited on or about its Issue Date with CDP, a sub-custodian of the CMU, the Common Depositary and/or any other agreed clearing system, and registered in the name of, or of a nominee of, CDP, CMU, the Common Depositary and/or any other agreed clearing system. Global Certificates will be exchangeable for Definitive Note Certificates only in the limited circumstances more fully described herein.

Bearer Notes will not be exchangeable for Registered Notes, and Registered Notes will not be exchangeable for Bearer Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Temporary Global Note or Permanent Global Note is exchanged for Definitive Bearer Notes or, as the case may be, the Global Certificate is exchanged for Definitive Note Certificates, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Temporary Global Note or Permanent Global Note is exchanged for Definitive Bearer Notes or, as the case may be, the Global Certificate is exchanged for Definitive Note Certificates, an announcement of such exchange shall be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Bearer Notes or, as the case may be, the Definitive Note Certificates, including details of the paying agent in Singapore.

The Notes will, if traded on the SGX-ST, have a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.

Clearing Systems

Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository.

Notes may also be cleared in CMU, Euroclear, Clearstream, Luxembourg and/or such other clearing system as may be agreed between the Issuer, the Trustee and the Relevant Dealer(s). Notes which are to be cleared through CMU, Euroclear, Clearstream, Luxembourg and/or such other clearing system as may be agreed between the Issuer, the Trustee and the Relevant Dealer(s) are required to be kept with a sub-custodian of the CMU, the Common Depositary on behalf of Euroclear, Clearstream, Luxembourg and/or any other agreed clearing system, as the case may be.

Selling Restrictions The offer and sale of Notes and the delivery of the Information Memorandum is restricted in certain jurisdictions. See “Subscription and Sale” and any additional selling and transfer restrictions set out in the relevant Pricing Supplement.

Bearer Notes will be issued in compliance with rules in substantially the same form as United States Treasury Regulations Section 1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the Internal Revenue Code (the “D Rules”) unless (i) the relevant Pricing Supplement states that Bearer Notes are issued in compliance with rules in substantially the same form as United States Treasury Regulations Section 1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Internal Revenue Code (the “C Rules”) or (ii) Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” for U.S. federal income tax purposes, which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which the Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) is not applicable.

Governing Law The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

RISK FACTORS

An investment in the Notes involves risks. Prospective investors should carefully consider all of the information in this Information Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect the Group and the value of the Notes. The risk factors set out below do not purport to be complete or comprehensive of all the investment considerations and risk factors that may be involved in the Group's business, financial condition, results of operations or prospects or any decision to purchase, own or dispose of the Notes. Additional investment considerations and risk factors which the Group is currently unaware of may also impair the Group's business, financial condition, results of operations or prospects. Additionally, some risks may be unknown to the Group and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially adversely affect the Group's business, financial condition, results of operations and prospects. In such cases, the Group's ability to comply with its obligations under the Trust Deed and the Notes may be adversely affected. Prospective investors should also consider the information provided below in connection with the forward-looking statements in this Information Memorandum and the warning regarding forward-looking statements at the beginning of this Information Memorandum.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer, the Guarantors or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantors, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantors, their respective subsidiaries, respective associated companies (if any) or respective joint venture companies (if any), the Arranger or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, the Guarantors and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

Risks Relating to the Group's Business

The industries in which the Group operates are highly competitive with intense price competition

The industries in which the Group's business segments operate in are highly competitive. Pricing is often the primary factor in determining the sales of the Group's magnesium and fertiliser products. Some of its competitors are larger than the Group, have greater resources than the Group, and/or have greater brand recognition and greater geographical reach and/or lower capital costs than the Group. This allows them to withstand industry downturns better, compete on the basis of price, and relocate, build, and/or acquire additional assets, all of which may affect the Group's revenues and profitability. The Group expects to face increased competition, particularly in respect of its NPK compound fertilisers and basic magnesium products (such as magnesium ingots and basic magnesium alloys), and it cannot give any assurance that it will be able to continue competing successfully with existing competitors and/or new entrants into the market.

If other competitors begin to enter specialty markets such as for rare earth magnesium alloys, organic fertilisers or silicon magnesium compound fertilisers, which the Group currently specialises in, levels of competition in such markets may increase. While the Group believes it is able to maintain its competitive edge in terms of product quality and branding, the Group may nevertheless need to deploy alternative strategies in response to competitive pressures and to maintain market share, for instance by adjusting its product mix and/or pricing strategies. Competition may also limit the Group's ability to increase prices in response to commodity and other input cost increases, or its sales volumes could be adversely affected if it seeks to pass on cost increases to customers.

As a result, the business, financial condition, results of operations and prospects of the Group could be materially and adversely affected.

The Group may also need to increase spending on advertising and promotional activities to protect existing market share or increase market share. The success of such increased spending is subject to risks, including uncertainties about new customer acceptance. As a result, the Group may not be able to maintain or enhance market share even with increased expenditure, which could result in lower profitability. Also, if the Group is not able to maintain or improve the Group's brand image or value proposition, it could have a material effect on its market share and its business, financial condition, results of operations and prospects.

The Group may not be able to maintain its competitiveness or to compete with new entrants to the industries in which it operates as barriers to entry can be low for segments of these industries

The Group's basic magnesium products and some of the Group's fertiliser products (mainly NPK compound fertilisers) belong to segments of the magnesium and fertiliser industries respectively for which barriers to entry are low. This is because, unlike for the Group's rare earth magnesium products and other fertiliser products, such as its organic and silicon magnesium compound fertiliser products, the technical barriers to entry are comparatively low in that there is less usage of and need to invest in patented technology, and these are not comparatively niche products.

In the event the Group is unable to retain its customers or maintain its competitiveness vis-à-vis its competitors or new entrants into the relevant segments of the magnesium and agricultural industries, the Group may not be able to secure a sufficient number of contracts, and its business, financial condition, results of operations and prospects may be adversely affected.

The Group faces various risks associated with technology changes – the Group may face product substitution, may be unable to keep pace with technological developments or may not successfully develop new products

Generally, the introduction of new technologies and the emergence of new industry standards may render the Group's existing technical processes and products obsolete and unmarketable. The life cycles of the Group's processes and products are difficult to estimate. The Group's future success will depend on its ability to enhance its existing technical processes and products, and to develop and introduce new technical processes and products which are able to keep pace with technological developments and emerging industry standards and requirements and address the increasingly sophisticated needs of end users.

For instance, in respect of the Group's fertilisers business, new types of fertilisers or other substituted products are constantly being developed as researchers seek ways to make plants and crops stronger and more resistant to diseases and adverse weather conditions. The Group cannot assure that it will always be able to respond rapidly enough to technological advancements; thus, new product developments could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

Further, generally, the success of the Group's research and development activities may be affected by various factors, including but not limited to restrictions to its production or testing environments, under-development of relevant technology and lack of understanding of relevant markets. Thus, the Group cannot assure that it will be able to continuously and successfully develop new and/or improved products or that when it launches new products, these will be commercially successful and/or be able to meet the requirements of end users adequately. The failure of new products and/or the failure to utilise the results of the Group's research and development activities may have an adverse impact on its business, financial condition, results of operations and prospects.

Cessation of favourable government policies relating to the magnesium industry will have an adverse impact on the Group's magnesium products business

In order to encourage the development of the magnesium production industry, the Ministry of Finance and the Ministry of Land and Resources agreed to provide to the Group's subsidiary, Baishan City Tianan Magnesium Resources, a RMB131.2 million grant to improve its production technology and enhance its production capacity. Baishan City Tianan Magnesium Resources will receive amounts under the grant on a reimbursable basis, based on the funds it has disbursed. Baishan City Tianan Magnesium Resources has, as at the 31 December 2014, received approximately HKD70.0 million from the local government under the grant.

The Group cannot guarantee that it will continue to receive the remaining or any additional grants or other financial assistance in the future. The Group's business, financial condition, results of operations and prospects will be adversely impacted should there be a total or partial removal of such grant or financial assistance.

The PRC government's removal of incentives to the agricultural industry may adversely affect the Group's fertilisers business

Currently, the PRC government provides a number of incentives to farmers in the PRC such as the non-application of value added tax. This allows farmers to have a higher disposable income which can be spent on purchasing fertiliser for their crops. If such incentives were reduced or removed, this could affect the Group's end-customers, their demand for the Group's products and consequently, the Group's business, financial condition, results of operations and prospects.

Significant and/or prolonged economic downturns in the PRC may adversely affect the business operations and financial performance of the Group's businesses

The Group's financial results are affected by the level of business activity of its customers, which is in turn affected by the level of economic activity in the industries and markets that they serve. A decline in the level of business activity of the Group's customers could have a material adverse effect on the Group's financial performance.

Currently, all of the Group's business sales are made within the PRC. Accordingly, a prolonged economic downturn or any significant slowdown in the economy of the PRC, in particular, slowdowns in activity of the agricultural, magnesium, automotive and other heavy industry sectors in the PRC, may lead to a slowdown in the Group's customers' business operations and consequently, may result in the Group's customers terminating their orders with the Group or requiring less of the Group's products. Any decrease in demand for the Group's products may compel the Group to reduce the price of the Group's products. This will have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's geographic and market concentration and the general political and economic conditions in which the Group operates may adversely affect the Group's businesses

The Group derives its revenue and operating profits chiefly from its magnesium products, fertilisers and metallurgical flux businesses and operations in the PRC and is consequently highly dependent on the state of the PRC market. Thus, any natural disaster affecting provinces in the PRC in which the Group operates or conducts its businesses or changes in the social, political and economic environment of the PRC would have greater impact on the Group than if its operations and businesses were more geographically diversified. Future political or economic instability or a sustained domestic economic slowdown may adversely affect the Group's business, financial condition, results of operations and prospects.

Demand for and supply of the Group's products are subject to fluctuations which may adversely affect the Group's businesses

The Group's sales volumes and revenues attained across its business segments are attributable to the sales of its products, which include organic and compound fertilisers and basic and rare earth magnesium products. In the normal course of its business, the Group is exposed to fluctuations in both supply and demand, which could have significant effects on the Group's products, and in turn, its business operations and financial performance.

Market demand for the Group's products depends largely on key factors such as general economic conditions, (for the Group's fertilisers business) agricultural requirements for fertiliser, (for the Group's magnesium products business) industry requirements for different magnesium products, governmental policies for the agricultural and magnesium industries and weather conditions in the PRC. On the other hand, market supply for the Group's products depends on the number of and entry into by producers, their production capacities, utilisation rates, profit margins and governmental policies for the fertiliser and magnesium industries in the PRC. Thus, any significant adverse fluctuation in the market demand for and supply of the Group's products may result in a decline in the prices of its products, and hence its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group's intellectual property rights in the PRC may be infringed

The Group owns, has registered or is registering various intellectual property rights. See "The Group – Intellectual Property" for details of the Group's intellectual property rights.

However, the Group cannot assure that the existing legal protection in the PRC will effectively prevent unauthorised use of its trademarks or the misappropriation by third parties of the Group's patents. As at the Latest Practicable Date, the Group has not discovered any unauthorised use of its various trademarks or patents in respect of its fertiliser products.

Policing unauthorised use of the trademarks and proprietary technology of the Group may be difficult, costly and ineffective, and there can be no assurance that any steps taken by the Group will effectively prevent any such misappropriation or infringement from occurring.

Any failure to obtain or adequately protect the Group's intellectual property rights, or any change in law or other changes that serve to lessen or remove the current legal protections of the Group's intellectual property, could diminish the Group's competitiveness and materially harm the Group's business.

Specifically, the Group's products may also be subject to counterfeiting or imitation. The Group is unable to guarantee that counterfeiting and misuse of the Group's trademarks or name will not occur in the future and, if it does occur, whether the Group will be able to detect and deal with it effectively. Any occurrence of counterfeiting, imitation or misuse of the Group's trademarks or name could have a negative impact on the Group's reputation and brand name, and lead to a loss in consumer confidence in the Group's brands. In addition, counterfeit and imitation products could result in a reduction in the Group's market share and result in an increase in its administrative costs in respect of detection and prosecution.

Further, in respect of its magnesium products business, there remain applications for new patents which are pending. If the Group fails in its application for securing any new patents, the Group may not be able to prevent the unauthorised use of the Group's technologies and methods, which could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may face intellectual property claims that may be costly to resolve or which limit its ability to use intellectual property in the future

The Group has its own trademarks and proprietary technology and continues to develop new products and technologies in the course of its business. The Group cannot ensure that third parties will not assert infringement claims against it in the future or that these claims will not be successful.

The Group could incur substantial costs and time and management resources may be diverted to defend any such infringement claims. The Group may have to pay substantial damages and costs should it be unsuccessful in its defense in any of these claims, and may further have to cease production of the infringing product or usage of any infringing technology, or be required to enter into royalty or licensing agreements in order to obtain the right to use any proprietary technology. If the latter is required, the Group cannot assure that it will be able to enter into such agreements on commercially reasonable terms, if at all.

In the event that the Group has to defend infringement claims and is unable to resolve it successfully, this could have adverse effects on the Group's business, financial condition, results of operations and prospects.

The Group's mining licenses may be subject to termination, renewal and other uncertainties

The Group's significant licenses are the licenses covering their serpentine and dolomite mines, which gives it the right to mine serpentine and dolomite respectively. The Group's mining license for its dolomite mine is for a validity period of nearly 15 more years and its current license will

expire in November 2030. The Group's mining license for its serpentine mine is for a validity period of 10 years and its current license will expire on October 2020. The licenses for these mines are presently renewable on the basis that there remain reserves by the time of their expiry.

The PRC government can suspend or revoke the Group's licenses if it fails to satisfy the conditions or obligations under such licenses, including payment of royalties and taxes to the PRC government or relevant governmental authorities and the satisfaction of certain mining, environmental and health and safety requirements. There can be no assurance that the Group will be able to achieve compliance with all applicable regulations at all times.

Should the Group's mining license(s) be terminated by the PRC government, this will materially and adversely affect its business, financial condition, results of operation and prospects.

The Group may not be able to manage future expansion of its business and/or the anticipated benefits of acquisitions, which could put significant strain on its managerial, operational and financial resources

From time to time, the Group may evaluate potential acquisitions or joint ventures that would further its strategic objectives. For example, the Group consummated the acquisition of 51.88 per cent. of the outstanding shares of Group Sense in March 2015, and has entered into a non-legally binding framework agreement regarding the proposed acquisition of a 100.0 per cent. equity interest in various operating project companies with magnesium and ancillary businesses such as power generation and semi-coke in February 2015. See "The Group – Recent Key Developments" for further details.

In relation to acquisitions, the Group may not be able to identify suitable candidates, consummate a transaction on terms that are favourable to it, or achieve expected returns and other benefits. Companies or operations acquired or joint ventures created by the Group may not be profitable or may not achieve sales levels and profitability that justify the investments made.

Although the Group believes that its expansion plans and activities (as described in "The Group – Business Strategy" and "The Group – Recent Key Developments") may accelerate its achievement of strategic goals, the realisation of anticipated benefits from such plans and activities depends upon the subsequent performance of the acquired businesses and their successful integration into the Group. While the Group conducts business, legal and financial due diligence in order to identify and evaluate any material risks involved in its expansion activities/transactions, it may not necessarily ascertain or accurately evaluate all such risks. It may thus not realise the intended advantages of any given activity/transaction.

Among the financial and operational risks the Group may face include the diversion of management attention from existing core businesses, difficulties in integrating or separating personnel and financial and other systems, and negative effects on existing business relationships with suppliers and customers. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, goodwill and/or amortisation expenses related to certain intangible assets, and increased operating expenses, all of which could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's recent acquisition of a majority stake in loss-making Group Sense may adversely affect its business

On 26 March 2015, the Group completed its acquisition of a 51.88 per cent. stake in Group Sense. Details of the acquisition are discussed in "The Group – Recent Key Developments".

The Group has announced its intention to continue the business operations of Group Sense, while also exploring other business opportunities for Group Sense. However, Group Sense currently has a low working capital level and is in a loss-making position. Should this situation persist, this could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group may face various risks due to its reliance on raw materials suppliers

The Group relies on a number of major suppliers for significant raw materials such as ferrosilicon and potash. If these major suppliers cease to supply the Group with its resources, the Group may be unable to source for alternative suppliers in a timely manner or on commercially reasonable terms, which could result in a material adverse effect on the Group's business operations. Further, if the Group's major suppliers unilaterally increase their prices and the Group is unable to source for cheaper alternative suppliers in a timely manner or pass on such cost increases to its customers this could adversely affect the Group's profit margins and profitability, and thus its financial performance. Raw materials which the Group requires in its production processes, such as ferrosilicon and potash, are vulnerable to price fluctuations on a more regular basis.

The Group may face disruption to its business due to its reliance on its distributors for the sales and distribution of the Group's products

For the past three financial years ended 31 December, approximately 70.0 per cent. of the Group's sales have been conducted through distributors (with the remaining 30.0 per cent. being direct sales). For instance, at the Latest Practicable Date, in respect of its fertilisers business, the Group has a distribution network across 20 provinces in the PRC. Any substantial decrease in the businesses of the Group's existing distributors or disruption of the Group's business relationships with these distributors could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's business may be adversely affected by natural disasters, the occurrence of epidemics and other acts of God

Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Several cities in the PRC may, from time to time, be affected by flood, earthquake, rainstorm or drought. Although the Group has not previously suffered any material damage or significant liabilities arising from floods, earthquakes or other calamities, there can be no assurance that this will continue to be the case. The occurrence of such natural calamities in the regions where the Group's operations are located could adversely affect its businesses in such regions. Any significant disruption in the supply of public utilities or the occurrence of fire, flood or other calamities could also result in an interruption to, delay in, or require the Group to cease its operations. It is possible that this could result in additional expenditure which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, past occurrences of epidemics, depending on their scale, have had varying degrees of impact on the national and local economies in the PRC. A recurrence of SARS or an outbreak of any other epidemics in the PRC, including the spread of viruses such as Ebola, H7N9 avian influenza virus and H1N1 swine influenza virus, especially in the regions in which the Group operates, may materially and adversely affect its business, financial condition, results of operations and prospects.

The Group's fertilisers business may be adversely affected by outbreaks of crop diseases

The occurrence and effect of crop disease and pestilence can be unpredictable and devastating to crops, potentially destroying all or a substantial portion of the affected harvest. Outbreaks of crop diseases may restrict the Group's ability to conduct its operations in that they can affect demand for the Group's fertilisers. Particularly, as a number of the Group's fertilisers are meant to be used for the cultivation of particular crop, such as tea, the outbreak of crop diseases affecting the particular crop for which the Group's fertilisers are produced would be adversely affected. This will in turn have a significant adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to a number of operating risks

The Group is subject to various risks inherent in the industries in which it operates, such as accidents, power failures, outbreaks of natural diseases or natural calamities such as fires and adverse weather conditions, which can result in severe consequences, including loss of human life or serious injury, significant damage to the Group's or its clients' assets and equipment, environmental pollution, personal injury litigation, political consequences, damage to the Group's reputation and third party claims.

In particular, adverse weather conditions such as droughts or floods could affect crop harvests that could cause reduction in crop sales and income to farmers, which in turn could adversely affect the prices and the level of demand for fertiliser products in the following planting season. In such event, the Group's performance in its fertilisers business segment could be adversely affected.

The Group is also subject to equipment failure risks, which may require long periods to repair and result in loss of revenue. The Group may be forced to cease part of its operations if any of its key assets break down until it can replace and/or repair such key assets. A major system failure could result in substantial loss of life and/or serious injury, damage to or loss of equipment and protracted legal disputes and damage to the Group's reputation.

In addition, while the Group's dolomite and serpentine mines are open pit mines and mining activities in such mines are considered relatively safer compared to underground mines, the Group's mining activities nevertheless remain susceptible to risks typically associated with such activities, such as fire or explosion. Accidents occurring in the course of the Group's production activities may also result in casualties among the Group's employees and further cause harm to persons within the vicinity of the Group's production facilities. The Group may not be adequately insured for losses resulting from such disruptions. In the event that the Group is unable to resume its mining or production activities on a timely basis or obtain timely replacement of damaged equipment or inventory, this will have a significant adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's operations may be affected by work stoppage and other labour relations matters

While the Group believes that it has good working relationships with its employees and has not experienced any work stoppages, strikes or other labour problems as at the Latest Practicable Date, it cannot assure that such events will not arise in the future. If the Group's employees were to engage in such events, the Group could face significant disruptions to its operations and/or higher labour costs, which it may not be able to pass on to its customers and which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to environmental and operational safety laws

The Group's businesses and the operations of its production facilities and mines are subject to and are materially affected by regulation contained in state and local environmental and operational safety laws and regulations in force in the PRC, including but not limited to laws and regulations relating to the prescribed standards for the discharge of waste water, solid wastes, effluent and gases. These laws and regulations empower the state and local governments to impose penalties on companies which do not comply with these laws and regulations.

It may be the case that the Group may commence operations in respect of its projects and production facilities without all licences, permits, reports, authorisations or other approvals (collectively, the "Approvals") in place, and some of the Group's operations therefore may be conducted without every Approval having been obtained. While the Group undertakes efforts to obtain all Approvals relevant to the operation of its businesses, the Group has not obtained every Approval it is required to obtain. There can be no assurance that the requirements to obtain such Approvals may not be made more stringent in the future or that the current licences or permits held by the Group will be renewed when they expire. As at the Latest Practicable Date, no material issues have been raised by any local, municipal or other authorities in respect of these issues with the extent of the Group's Approval coverage.

The Group's businesses are such that waste water, waste gas and coal slags are regularly discharged as a result of its various production processes. Although the Group has obtained the relevant permits for its production processes, it cannot assure that it will at all times be able to fully comply with the laws and regulations promulgated by the state and local governments of the PRC on an ongoing basis. Any failure to comply by the Group could subject it to warnings, fines and/or other penalties imposed by the environmental protection administration or the relevant governmental department empowered to conduct environmental supervision and management in the PRC. Should such penalties be sufficiently severe (such as suspension or closure), the Group's business operations or financial performance may be adversely impacted. In any event, the Group's reputation could suffer as a result of any negative publicity from its failure to comply with any laws or regulations.

While as at the Latest Practicable Date, the Group's business operations have not resulted in environmental pollution, should this occur, the Group will be obliged to rectify the harm caused to the environment and pay compensation to parties which have suffered direct losses as a result of the pollution. Further, should its production facilities fail to meet other applicable environmental protection requirements from time to time, it will be subject to fines and be required to take remedial measures. In such event, the Group may also be required to suspend operations until it complies with the relevant environmental protection requirements or in severe cases, the Group may be required to cease operations altogether. If any of these events occur, the Group's business, financial condition, results of operations and prospects may be adversely impacted.

In any event, the laws and regulations which the Group is subject to are subject to amendment, including changes in their interpretation or implementation. Further, new laws and regulations may be introduced which might restrict the Group's ability to conduct business or increase the cost of doing business and thereby adversely affect its operations. These amendments, and/or new laws and regulations, may require the Group to modify its production processes or upgrade its equipment to meet more stringent requirements. The Group cannot predict the ultimate cost of compliance or the impact thereof on its business operations. Any material increase in such costs could adversely affect the Group's business, financial condition, results of operations and prospects. The Group is also required by various governmental agencies to obtain and maintain certain permits, licences, certificates and other authorisations with respect to its operations. Some of the conditions imposed by these governments and agencies may include requirements which

are not within the control of the Group. Accordingly, there is no assurance that the Group will be able to fully comply with new requirements or conditions imposed as a result of changes in laws and regulations.

The Group may be unable to manage its capital resources

The Group intends to increase its production capacity and, where opportunities arise, to acquire or invest in related businesses. See “The Group – Business Strategy” for further details. Such expansion plans and the capital expenditure which results may strain the Group’s capital resources.

Globally, the financial markets and economic conditions have been volatile and have faced disruption in recent years. If there is significant deterioration of global financial markets and economic conditions in the future, the Group may be unable to obtain adequate funding under its present credit facilities due to reluctance from or the inability of lenders to meet funding obligations, market disruption events or increased costs, which may lead to an inability to obtain funds at the interest rate agreed in its credit facilities. Such deterioration may also cause lenders to be unwilling to provide the Group with new financing to the extent required to fund its ongoing operations and growth. These factors may hinder the Group’s ability to access financing or result in increased financing costs.

Additional equity financing will result in the dilution of the Issuer’s existing Shareholders while additional debt financing may limit the Group’s ability to pay dividends or require the Group to seek consents from relevant financial institutions or lenders, if necessary, for the payment of dividends. It will also increase the Group’s vulnerability to general adverse economic and industrial conditions, limit its ability to pursue its existing expansion plans, require the Group to dedicate substantial portions of its cash flow from operations to payment of its debt, which would in turn reduce the availability of the Group’s cash flow to fund capital expenditures, working capital and other general corporate purposes. This in turn limits the Group’s flexibility in planning for or reacting to changes in its businesses or industries.

If financing or refinancing is not available when needed, or is available only on unfavourable terms, the Group may be unable to meet its obligations as they come due, or be unable to implement growth strategies, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could harm the Group’s business, financial condition, results of operations and prospects.

The Group may be exposed to risks relating to debt financing

The Group may from time to time pledge its assets or the shares of its subsidiaries and associated companies as security for debt financing. In the event that there is a default in repayment of any loan instalments or interest payment, or if there is a breach of the agreement underlying the debt financing, assets or shares pledged may be liable to forfeiture, and the Group’s financial condition and results of operations could be materially and adversely affected.

In addition, the Group may be subject to certain covenants in connection with any future debt financing that may, *inter alia*, limit or otherwise adversely affect its business, financial condition, results of operations and prospects.

The Group may be exposed to risks relating to foreign currency exchange rate fluctuations

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk primarily with respect to HKD, Renminbi and Australian dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

At present, the Group's management does not expect the net foreign currency risk from these activities to be significant and hence, the Group does not presently hedge foreign exchange risks. The Group periodically reviews liquid assets and liabilities held in currencies other than HKD to evaluate its foreign exchange risk exposure and consider the usage of hedging instruments when necessary.

Nevertheless, the impact of future exchange rate fluctuations in respect of any of the abovementioned currencies on the Group's liabilities cannot be accurately predicted and currency controls may be imposed which may render any of the abovementioned currencies not readily convertible or exchangeable.

In addition, the Group's financial statements are presented in and the Group's reporting currency is in HKD. Exchange rate gains or losses will arise when the assets and liabilities in any of the abovementioned currencies are translated or exchanged into HKD for financial reporting or repatriation purposes. Should any of these currencies depreciate against the HKD, the Group's reported financial results may be adversely affected.

The Group may be exposed to other price risks

The Group is exposed to equity price risk through its investments in listed equity securities, which are concentrated on equity instruments listed in the PRC and on the Australian Securities Exchange. As at 31 December 2014, the fair value of the Group's equity investments on the Australian Securities Exchange was approximately HKD30.4 million, while its equity investments in the PRC are valued at HKD9.9 million.

The prices of the Group's equity investments may be volatile and may fluctuate significantly in response to, *inter alia*, the following factors:

- variations in the operating results of the companies invested in;
- changes in market valuations of similar companies;
- announcements by the companies invested in on any corporate actions;
- fluctuations in the stock market and the global economy;
- changes in regulatory environment in the relevant jurisdictions in which the companies invested in operate;
- any involvement by such companies in litigation; and
- changes in securities analysts' recommendations, perceptions or estimates of the companies' financial performance.

The Group may not have adequate insurance coverage

The Group maintains insurance coverage, where appropriate and subject to policy terms, limits and exceptions, for certain fixed assets and machinery owned by the Group, protection and indemnity, commercial general liabilities and workers' compensation to adequate levels to reduce some financial impact of any adverse incidents. However, the Group does not currently maintain any insurance policies against loss of key personnel, and, in respect of its fertiliser products, product liability claims. The Group's insurance coverage may not be adequate to cover all losses or liabilities suffered by it. In addition, certain risks, such as those related to biochemical damage,

are not insurable. There can be no assurance that the Group will not suffer losses in excess of the insurance coverage or that the losses and damages suffered by the Group will be covered by insurance.

The Group cannot assure that it will be able to continue to renew its insurance policies on the same or commercially reasonable terms, at economically acceptable premiums, or at all. For instance, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic mining disaster could exceed the Group's insurance coverage. Any deterioration of the security conditions in the regions where the Group or its customers operate or past incidence of claims made against its insurance policies are also likely to attract higher premiums for the coverage of the same risk in the future or, under certain circumstances, withdrawal by the Group's insurers from providing the insurance coverage. Furthermore, its insurance may be voidable by the insurers as a result of certain of the Group's actions, such as its production facilities failing to obtain required permits or licenses. In addition, the Group cannot give any assurance that its insurance policies will cover all losses that it incurs, or that disputes over insurance claims will not arise with its insurers. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. In addition, the Group's insurance policies are subject to limitations and exclusions, which may increase the Group's costs or lower the Group's revenues.

The Group's business, financial condition, results of operations and prospects may be materially adversely affected in the event of an uninsured loss, a loss that exceeds insured limits, a succession of such losses or substantially higher insurance premiums.

The Group is dependent on its key management team and technical personnel

The Group attributes its success to the leadership and contributions of its executive directors, key executives and other members of its management staff, in particular Mr. Chi Wen Fu (its chairman and chief executive officer), Mr. Shum Sai Chit (its executive director and chief operating officer) and other executive directors and senior executive management team members. Its continued success is therefore dependent to a large extent on its ability to retain the services of its key executives and management personnel, who are responsible for formulating and implementing growth, corporate development and overall business strategies. The loss of their services without timely and suitable replacement may adversely affect the Group's business, financial condition, results of operations and prospects.

There is also a limited supply of adequately skilled technical personnel in the PRC. Demand for experienced personnel is intense and the search for personnel with the relevant skill sets can be time consuming. The Group's continued success depends largely on its ability to attract and retain skilled technical personnel, particularly in light of its continued expansion plans. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel, its business, financial condition, results of operations and prospects would be materially and adversely affected.

The Group is exposed to risks arising from credit terms extended to its customers, and is dependent on the creditworthiness of its clients

The Group is exposed to payment delays and/or defaults by its customers who are granted credit terms. For FY2014, its trade receivables of approximately HKD314.9 million accounted for approximately 22.0 per cent. of its current assets. For FY2013, the Group's trade receivables of approximately HKD228.6 million accounted for approximately 23.5 per cent. of its current assets. For FY2012, the Group's trade receivables of approximately HKD91.5 million accounted for approximately 12.0 per cent. of its current assets.

Therefore, the Group's financial position and profitability are dependent on the creditworthiness of its customers. Any material non-payment or non-performance by any of the Group's key clients, especially during periods of downturn, could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is exposed to credit risks due to the inherent uncertainties in its customers' business environment. These include political, social, legal and economic risks, as well as those arising from unanticipated events or circumstances. There is no guarantee that customers would make timely payments. If these customers cannot settle amounts due to the Group for work done and/or services rendered, this may have a material adverse impact on the business, financial condition, results of operations and prospects of the Group.

Impairment of goodwill and other intangible assets which may negatively impact the Group's financial condition

An impairment of goodwill or other intangible assets could adversely affect the Group's financial condition. The Group has a significant amount of goodwill, such as goodwill arising on an acquisition of a business, and intangible assets, such as intangible assets acquired in a business combination, technical know-how and research and development expenditure.

The Group tests intangible assets (other than goodwill) with (1) indefinite useful lives or which (2) are not yet available for use, on an annual basis as well as whenever the asset may be impaired. These intangible assets are mainly amortised on a straight-line basis over their estimated useful lives. Specifically in respect of technical know-how, expenditure on acquired technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of five years, from the date when the technical know-how is available for use.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units, which are expected to benefit from the synergies of the acquisition. A cash generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

Additional impairment charges may be incurred in the future that could be significant due to various reasons, including restructuring actions or adverse market conditions that are either specific to the Group or the broader industries in which the Group operates or more general in nature and that could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be involved in legal and other proceedings from time to time

In general, the Group is exposed to the risk of litigation by various parties such as suppliers, customers, contractors, sub-contractors, employees, shareholders and other parties involved in its business, including the risk of being joined as third parties to litigation actions or involvement in frivolous claims.

These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and time wastages. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses. There can be no assurance that these disputes will be settled, or settled on terms which are favourable to the Group. In the event such disputes are not settled on terms which are favourable to the Group, or at all, the Group's business, financial condition, results of operations and prospects may be adversely affected.

The interests of the Issuer's substantial shareholder may differ from or conflict with the Group's interests

Mr. Chi Wen Fu, the Issuer's chairman and chief executive officer, is also a substantial shareholder of the Issuer, owning or controlling approximately 39.02 per cent. of the shares and 0.69 per cent. of the share options issued by the Issuer, in each case, as at the Latest Practicable Date. As a result, Mr. Chi has substantial control over the Issuer, including the election of the Issuer's directors, causing a change of control and the approval of most other actions requiring the approval of its shareholders. The interests of Mr. Chi may differ from and conflict with the Issuer's interests and the interests of the Issuer's creditors (including purchasers of the Notes), and Mr. Chi is free to exercise his votes according to his interests.

Risks Relating to the PRC

Economic, political, legal and regulatory conditions in the PRC may materially and adversely affect the Group's business, financial condition, results of operations and prospects

The Group conducts substantially all of its business in the PRC. The Group also derives substantially all of its revenues from the PRC and most of its non-current assets are located in the PRC. Consequently, the Group's business, financial condition, results of operations and prospects are subject to economic, legal and regulatory conditions in the PRC.

The PRC legal system is based on the PRC constitution and is made up of written laws, regulations, circulars, administrative directives and guidelines. The PRC government is still developing its legal system to, among other things, meet the needs of investors. At the same time, the PRC economy is undergoing development at a faster pace than its legal system, and thus there is some degree of uncertainty which exists when considering how existing laws and regulations apply to certain events or circumstances.

Some state and local laws and regulations, and the interpretation, implementation and enforcement thereof, remain subject to policy changes. The Group cannot assure that the introduction of new laws, changes to existing laws and regulations and the interpretation or application thereof or delays in obtaining approvals from the relevant authorities will not have an adverse impact on its business or prospects.

Further, there are limited precedents regarding the interpretation, implementation and enforcement of various laws and regulations in the PRC. As the PRC is a civil law jurisdiction, there is no strict concept of the binding nature of precedent cases on lower or future courts. Thus, the outcome of dispute resolution processes may not be as consistent or predictable. At the same time, it may be difficult to obtain swift or equitable enforcement of laws in the PRC, or obtain enforcement of legal judgments by a court of another jurisdiction.

The Group's business and operations in the PRC also entail the Group's having to procure licenses and permits from the relevant authorities. Thus, changes in such rules and regulations or the implementation thereof may require the Group to obtain additional or renewed approvals, licenses and permits in order for it to conduct such business and operations. The Group may have to incur further expenses in order to obtain such additional or renewed approvals, licenses and permits. This could have an impact on the Group's financial performance as its business costs will increase. Further, the Group cannot assure that such approvals, licenses and permits will be granted to it promptly or at all. If the relevant authority delays in or refuses to grant the Group with such approvals, licenses and permits, the Group's business and operations in the PRC, and hence its overall financial performance, will be adversely affected.

Lastly, the Group is also subject to economic and political conditions in the PRC that differ in certain significant respects from those prevailing in other countries; in fact, the Group is particularly susceptible to changes in the PRC's political, economic and social conditions as its revenue is currently wholly derived from its operations in the PRC. The PRC economy alone differs from economies of many developed countries in a number of respects, including but not limited to:

- extent of government involvement;
- level of development;
- significant but uneven growth rate geographically and among various sectors of the economy;
- control of foreign exchange; and
- resource allocation.

For instance, since 1978, the PRC government has undertaken various reforms to the local economic framework. These reforms can be unprecedented or experimental and will be refined and modified from time to time. There is no assurance that the PRC government will not in the future impose, for instance, restrictive foreign exchange controls that may affect the outward remittance of funds, including interest or other payments payable on the Notes. The PRC government could also introduce measures to control inflation and promulgate changes in interest rates and bases for taxation. The Group's business, cash flows, financial condition, results of operations and prospects may be adversely affected by changes in government policies.

Other political, economic and social factors may also lead to further reactionary reforms introduced by the PRC government. Such adjustments may again have a material impact on the Group's business, financial condition, results of operations and prospects .

Higher labour costs and inflation in the PRC may adversely affect the Group's businesses and its profitability

Labour costs in the PRC have risen in recent years as a result of new labour laws being enacted and social development. In June 2007, the PRC National People's Congress enacted the Labour Contract Law, which came into effect on 1 January 2008. The Labour Contract Law formalises workers' rights concerning overtime hours, pensions, layoffs and employment contracts and also provides for specific standards and procedures for the termination of an employment contract.

The Group's total staff costs were HKD57.9 million in FY2012, HKD71.8 million in FY2013 and HKD94.8 million (approximately S\$16.2 million) in FY2014 which, as a percentage of the Group's total revenue in each of such years, were 4.7 per cent., 4.4 per cent., and 4.6 per cent., respectively. Any material increase in staff costs in the future could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Further, the PRC has faced increasing inflation. This may adversely affect the Group's business, financial condition, results of operations and prospects given that it purchases raw materials from suppliers in the PRC.

The Group and payments under the Notes may be subject to the imposition of PRC Enterprise Income Tax

Under the PRC Enterprise Income Tax Law (the “EIT Law”) and its attendant implementing rules, enterprises established under the laws of foreign countries but whose “*de facto* management bodies” are located within PRC territory are considered resident enterprises and will be subject to the enterprise income tax at the rate of 25.0 per cent. on its global income.

If the Issuer were to be considered a PRC resident enterprise, the Issuer would be subject to PRC enterprise income tax at the rate of 25.0 per cent. of its global income, which would adversely affect the Issuer’s profitability and cash flow.

Further, under the EIT Law and implementing rules, PRC-sourced income of non-PRC resident enterprises is generally subject to a 10.0 per cent. withholding tax. If the Issuer were to be considered a PRC resident enterprise under the EIT Law and implementing rules, the Issuer will be required to withhold income tax at the rate of 10.0 per cent. from the payment of interest in respect of the Notes for any non-PRC enterprise Noteholder. Similarly, if the Issuer were to be considered as a PRC resident enterprise under the EIT Law and the implementing rules, any gain realised by non-PRC enterprise Noteholders from the transfer of the Notes may be regarded as being derived from sources within the PRC and may be subject to up to 10.0 per cent. PRC withholding tax.

Finally, as the Group conducts substantially all of its operations in the PRC, its PRC-sourced income may be subject to PRC withholding tax. For instance, dividends paid by PRC resident enterprises to non-PRC resident enterprise shareholders may be subject to a 10.0 per cent. withholding tax. If the Issuer is considered a non-PRC resident enterprise, dividends it receives from its PRC subsidiaries in the PRC will be subject to a 10.0 per cent. withholding tax, which would reduce the amount of cash available to the Issuer to meet its payment obligations, including principal and interest payments under the Notes.

The Issuer’s capital contributions or loans to its PRC subsidiaries are subject to PRC regulations

As the Issuer is an offshore entity, when it extends capital contributions or loans to its PRC subsidiaries, these are subject to PRC regulations. For instance, the Issuer’s capital contributions have to be approved by the PRC Ministry of Commerce or its local counterpart. The Group cannot assure that the Issuer will be able to obtain necessary approvals promptly or at all. If these approvals cannot be obtained, the Issuer’s ability to make equity contributions or provide loans to its PRC subsidiaries or to fund their operations may be negatively impacted, which in turn will adversely affect these subsidiaries’ liquidity and ability to fund their working capital and any expansion activities and meet their obligations and commitments.

Non-enforceability of non-PRC judgments may limit the ability of investors to recover damages from the Group

The Issuer is a public company with limited liability incorporated under the laws of the Cayman Islands, but its operations and significant assets are all located within the PRC. The Issuer’s directors and members of senior management are not residents of Singapore, but are citizens or residents of the PRC. Their assets are also located throughout the world including the PRC.

As a result, unless legal proceedings are commenced in the PRC and service is effected through diplomatic channels, it may not be possible for investors to effect service of process outside of the PRC.

Thus, to the extent the investors are entitled to bring legal action against the Issuer and/or the Group, they may be limited in their remedies and any recovery in any PRC legal proceedings may be limited depending on the relevant court's discretion. To the extent any investors are entitled to any recovery with respect to the Notes in any PRC legal proceedings, recovery might be limited to payments in Renminbi.

Risks Relating to the Notes

An investment in the Notes may not be a suitable investment for all investors

Each potential investor must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which its financial activities are principally denominated;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Notes to be issued under the Programme may be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor should not invest in the Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact such investment will have on its overall investment portfolio.

The structure of a particular issuance of Notes may have features which contain particular risks for investors

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features.

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide, *inter alia*, that the Trustee may, without the consent or sanction of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes if the Trustee is of the opinion that such modification, waiver or authorisation will not be materially prejudicial to the interests of Noteholders or (ii) determine without the consent of the Noteholders that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such.

Notes subject to optional redemption or repurchase

An optional redemption or optional repurchase feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem or repurchase Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed or repurchased. This also may be true prior to any redemption or repurchase period. The Issuer may be expected to redeem or repurchase Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, Noteholders generally would not be able to reinvest the redemption or repurchase proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed or repurchased and may only be able to do so at a significantly lower rate. Noteholders should consider reinvestment risk in light of other investments available at that time.

Floating Rate Notes with a multiplier or other leverage factor

Notes with floating interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on the Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Notes where denominations involve integral multiples

In the case of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Investors may receive less interest or principal than expected as a result of exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than such specified currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of such specified currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. This risk is in addition to any performance risk that relates to the Issuer or the type of Note being issued.

Enforcing rights under the Notes across multiple jurisdictions may prove difficult

The Issuer is incorporated under the laws of the Cayman Islands, while its shares are listed on the HKSE. The Guarantors are incorporated in different jurisdictions, including the British Virgin Islands and Hong Kong. The Notes and the Trust Deed are governed by the laws of Singapore and the Notes may be listed on the SGX-ST.

In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in jurisdictions outside Singapore (including in the Cayman Islands, the British Virgin Islands and Hong Kong) in addition to proceedings in Singapore. Any such multi-jurisdictional proceedings would be complex and costly for creditors and may result in greater uncertainty and delay regarding the enforcement of investors' rights. Investors' rights under the Notes will be subject to the insolvency and administrative laws of multiple jurisdictions, and there is no assurance that investors will be able to effectively enforce their rights in any such complex multiple bankruptcy, insolvency or other proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of such jurisdictions may be materially different from, or be in conflict with, each other and those with which investors may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of proceedings. The application of these laws,

or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect investors' ability to enforce their rights under the Notes in the relevant jurisdictions or limit any amounts that they may receive.

The Issuer is a holding company whose obligations under the Notes will be structurally subordinated to all existing and future obligations of its subsidiaries; moreover, the Issuer will be dependent upon payments from its Subsidiaries to provide it with funds to meet its obligations under the Notes

The Issuer is a holding company and has no material business operations of its own. The Issuer substantially depends upon dividends and other distributions and payments from its subsidiaries for its cash flow. In addition, substantially all of the Issuer's assets are held by these entities. The Issuer's ability to meet its obligations under the Notes is largely dependent upon the flow of funds from and among its subsidiaries. The ability of these companies to pay dividends or other distributions will depend on their respective distributable earnings, cash flow conditions, restrictions that may be contained in their respective debt instruments, applicable law and other arrangements. There is no assurance that such companies will be able to make dividend payments and other distributions and payments in an amount sufficient to meet the Issuer's cash requirements or to enable it to meet its payment obligations under the Notes.

As a result, the Issuer's obligations under the Notes will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries. All claims of creditors of these subsidiaries, including trade creditors, lenders and all other creditors, will have priority as to the assets of the subsidiaries over claims of the Issuer and the Issuer's creditors, including holders of Notes. As of 31 December 2014, the Group had total borrowings of HKD890.3 million (approximately S\$152.6 million), all of which were bank loans and convertible bonds. Subject to compliance with the financial covenants therein, the Trust Deed does not contain any restrictions on the ability of the Issuer or its respective subsidiaries to incur additional indebtedness. In addition, issues of equity interests by the Issuer's subsidiaries could dilute the shareholding interest of the Issuer in such subsidiaries.

The Group may not be able to generate sufficient cash flows to meet its debt service obligations or the Guarantees

The Group's ability to make scheduled payments on, or to refinance its obligations with respect to, any indebtedness, including intercompany loans among group companies, the Notes and the Guarantees, will depend on the Group's financial and operating performance, which in turn will be affected by general economic conditions and financial, competitive, regulatory and other factors beyond its control. The Group's businesses may not generate sufficient cash flow from operations and future sources of capital may not be available to it in an amount sufficient to enable it to service its indebtedness, including the Notes and the Guarantees, or to fund its other liquidity needs. If the entities in the Group are unable to generate sufficient cash flow to satisfy its respective debt obligations, they may have to undertake alternative financing plans, such as refinancing or restructuring its respective debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. In addition, the Group may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. The Group's ability to sell assets or restructure or refinance any indebtedness will depend on the condition of the financing and capital markets and the Group's financial condition at such time. Any refinancing of any indebtedness could be at higher interest rates and may require the Group to comply with more onerous covenants, which could further restrict its business operations. The terms of the Group's existing or future debt instruments, including the Trust Deed, may limit or prevent it from taking any of these actions. The Group's inability to generate sufficient cash flows to satisfy any debt obligations, or to refinance any indebtedness on commercially reasonable terms, would materially and adversely affect its financial condition and results of operations and its ability to satisfy the

Issuer's obligations under the Notes or each Guarantor's obligations under the relevant Guarantee. Investors should also be aware that the entities in the Group forming the Guarantors may change in accordance with the Trust Deed.

The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes or to redeem the Notes upon the occurrence of certain events constituting a change of control triggering event, a cessation or suspension of trading of shares or otherwise, as required by the Trust Deed governing the Notes

Upon the occurrence of certain events constituting a change of control triggering event or a cessation or suspension of trading of the Issuer's shares on the HKSE, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the Redemption Amount plus accrued and unpaid interest to the date of purchase or to redeem all outstanding Notes at the Early Redemption Amount. If any such event triggering the Issuer's repurchase or redemption obligations were to occur, there is no assurance that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes.

In addition, the change of control provision contained in the Trust Deed may not necessarily afford investors protection in the event of certain important corporate events, including a reorganisation, restructuring, merger, recapitalisation or other similar transaction involving the Issuer that may adversely affect investors, because such corporate events may not involve a change in ownership or control in accordance with the terms of the Trust Deed, and even if they do, may not constitute a "Change of Control" as defined in the Trust Deed. Except as described under Condition 6 (*Redemption and Purchase*) in "Terms and Conditions of the Notes", the Trust Deed does not contain provisions that require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, take over, recapitalisation or similar transaction.

The Notes are not secured

The Notes and Coupons of all Series shall constitute the Issuer's direct, unconditional, unsubordinated and unsecured obligation and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all its other present and future unsecured obligations (other than subordinated obligations and priorities created by law) from time to time outstanding.

In addition, the payment obligations of each Guarantor under the relevant Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of such Guarantor and shall at all times rank at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of such Guarantor.

Accordingly, on the winding-up or insolvency of the Issuer or, as the case may be, any Guarantor at any time prior to maturity of any Notes, the Noteholders will not have recourse to any of the specific assets of the Issuer or, as the case may be, the specific assets of that Guarantor or any respective subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Notes and/or Coupons owed to the Noteholders, and there is no assurance that there would be sufficient value in the Issuer's assets or any Guarantor's assets, as the case may be, after meeting all claims ranking ahead of the Notes, to discharge all outstanding payment and other obligations under the Notes and/or Coupons or Guarantee, as the case may be, owed to the Noteholders.

The Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances, the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Noteholders. The Trustee is not obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. In addition, the Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such action directly.

There has been no prior market for the Notes; the absence of a prior market in the Notes may contribute to a lack of liquidity and the market price of the Notes following their offering may be volatile

Notes may have no established trading market when issued, and one may never develop. There can be no assurance as to the liquidity of any market that may develop for the Notes, an investor's ability to sell its Notes or the prices at which it would be able to sell its Notes. The Notes could trade at prices that may be lower than their initial offering price depending on many factors, including prevailing interest rates, the financial condition and operating results of the Group and the market for similar securities. This is particularly the case for Notes that are especially sensitive to interest rate, currency, credit or market risks, and/or are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Neither the Issuer, any Guarantor, the Arranger nor any Dealer has any obligation to make a market in the Notes. In addition, the market for debt securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that the markets for the Notes, if any, will not be subject to similar disruptions. Any disruptions in these markets may have a material adverse effect on investors' investment in the Notes.

Developments in other markets may adversely affect the market price of the Notes

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Singapore. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The transfer of Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold

The Notes and the Guarantees have not been registered, and the Issuer is not obligated to register the Notes and each Guarantor is not obligated to register its Guarantee under, the Securities Act, or the securities laws of any other jurisdiction. In addition, this Information Memorandum has not been registered as a prospectus under the SFA. Accordingly, the Notes may not be offered or sold except pursuant to an exemption from or a transaction not subject to, the registration requirements of the Securities Act, the SFA and any other applicable laws. See "Subscription and Sale" for further details of certain selling restrictions applicable. The Issuer has

not agreed to, or otherwise undertaken, to register this Information Memorandum or the Notes (including by way of an exchange offer) with the MAS or the U.S. Securities and Exchange Commission, and the Issuer has no intention to do so.

Favourable Singaporean taxation laws may be amended or revoked prior to the maturity of the Notes

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the “ITA”) and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “Taxation”. However, there is no assurance that such tax laws and regulations will not be amended or revoked in the future or that such Notes will continue to enjoy the tax concessions in connection therewith.

Legal investment considerations may restrict certain investments

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. If such an investor is a financial institution, it should also consult its legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes may be represented by Global Notes or Global Certificates and holders of an interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes and Global Certificates will be deposited with a common depository for CDP, CMU, Euroclear and Clearstream, Luxembourg, or any other clearing system (each of these, a “Clearing System”).

Risks Relating to Renminbi Notes

The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC

Renminbi is not freely convertible at present. The government of the PRC continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions.

However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific regulations or filing with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investment (“FDI”), the People’s Bank of China (“PBOC”) promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投资人民币结算业务管理办法) (the “PBOC FDI Measures”) on 13 October 2011 as part of PBOC’s detailed Renminbi FDI accounts administration system. The system covers almost all

aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBOC issued a circular setting out the operational guidelines for FDI. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBOC is still necessary.

On 3 December 2013, the Ministry of Commerce (“MOFCOM”) promulgated the “Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment” (商务部关于跨境人民币直接投资有关问题的公告) (the “MOFCOM Circular”), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the PBOC FDI Measures and the MOFCOM Circular are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Bonds denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Notes and the Group’s ability to source Renminbi outside the PRC to service the Notes or make payments under the Guarantees

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange.

There is no assurance that new PRC rules and regulations will not be promulgated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the Notes. To the extent the Group is required to source Renminbi in the offshore market to service the Notes or to make payments under the Guarantee, there is no assurance that it will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Notes is subject to exchange rate risks

The value of the Renminbi against the Singapore dollar, U.S. dollar, HKD or any other foreign currency fluctuates and is affected by changes in the PRC and international political and economic conditions, and by many other factors.

In addition, although the Issuer's primary obligation is to make all payments of principal, premium and interest with respect to the Notes in Renminbi, if access to Renminbi deliverable in Hong Kong becomes restricted to the extent that, by reason of any terms relating to inconvertibility, non-transferability or illiquidity, it is unable, or it is impracticable for the Issuer, to pay principal, premium or interest in Renminbi in Hong Kong, the terms of the Notes allow the Issuer to make payment in U.S. dollars in New York at the prevailing spot rate of exchange, all as provided for in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace.

If the value of the Renminbi depreciates against the Singapore dollar, U.S. dollar, HKD or any other foreign currency, the value of investors' investment in Singapore dollar, U.S. dollar, HKD or any other applicable foreign currency terms will decrease.

Payments in respect of the Notes will only be made to investors in the manner specified in the Notes

All payments in Renminbi to investors in respect of the Notes will be made solely (a) when the Notes are represented by a Global Note or Global Certificate, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (b) when the Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. If a Noteholder fails to maintain a valid Renminbi account with a bank in Hong Kong and, accordingly, payments are unsuccessful, it is possible that such amounts may be settled in U.S. dollars. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft or by transfer to a bank account in the PRC).

The Issuer will be discharged upon making payment to the CMU Lodging and Paying Agent, and a Noteholder may not bring any claim against it in respect of amounts so paid

So long as the Notes are represented by a Global Note or Global Certificate held on behalf of CMU, each person for whose account interest in the Global Note or Global Certificate is credited as being held in CMU, as notified by CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or in any other relevant notification by CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any account holder and the principal amount of any Note credited to its account, save in the case of manifest error), will be the only person entitled to receive payments on the Notes represented by such Global Note or Global Certificate. Such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment made by the Issuer in respect of such Global Note or Global Certificate, and in relation to all other rights arising under the Global Note or Global Certificate, subject to and in accordance with the respective rules and procedures of CMU. The Issuer will be discharged by payment to the CMU Lodging and Paying Agent, and such persons will not have any claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate in respect of each amount so paid. Noteholders are therefore exposed to the creditworthiness of the CMU Lodging and Paying Agent and may suffer a loss in their investment if the CMU Lodging and Paying Agent delays or fails to make the relevant payment to them upon receiving the relevant payment from the Issuer.

USE OF PROCEEDS

The Issuer intends to use the net proceeds for the issue of each Tranche of Notes (after deducting issue expenses) for general corporate purposes, including refinancing existing borrowings, financing investments and/or acquisitions, general working capital and capital expenditure requirements of the Issuer and its subsidiaries, in each case, with respect to businesses relating to (1) magnesium and its ancillary business (including power generation and semi-coke), (2) fertiliser, (3) mining of dolomite and serpentine, and (4) investment holding in connection with (1), (2) and (3), or such other purposes as may be specified in the relevant Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes to be issued by the Issuer, which, as supplemented by the applicable Pricing Supplement or otherwise amended and completed, and except for the text in italics, will be endorsed on, as the case may be, each Definitive Bearer Note or Definitive Note Certificate (if issued). If the Pricing Supplement for any Notes specify terms and conditions other than those set out below, the terms and conditions so specified shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purposes of such Notes. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

This note is one of a series of notes (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Century Sunshine Group Holdings Limited (the “**Issuer**”). References herein to the “**Notes**” shall be references to the Notes of this Series (as defined below) only. The Notes are (a) constituted by and subject to, and have the benefit of, a trust deed dated 19 May 2015 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the guarantors named therein (the “**Guarantors**”) and The Bank of New York Mellon, Singapore Branch as trustee (the “**Trustee**”, which expression includes all persons for the time being appointed as trustee for the holders of the Notes under the Trust Deed) and (b) are the subject of an agency agreement dated 19 May 2015 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantors, the Trustee, The Bank of New York Mellon, Singapore Branch as principal paying agent, transfer agent and registrar in relation to each Series of Notes that are CDP Cleared Notes (as defined below) (the “**Principal Paying Agent**”, the “**CDP Transfer Agent**” and the “**CDP Registrar**”, respectively), The Bank of New York Mellon, Hong Kong Branch as lodging and paying agent, transfer agent and registrar in relation to each Series of Notes that are CMU Cleared Notes (as defined below) (the “**CMU Lodging and Paying Agent**”, the “**CMU Transfer Agent**” and the “**CMU Registrar**”, respectively), The Bank of New York Mellon, London Branch as paying agent in relation to each Series of Notes that are Non-CDP/CMU Cleared Notes (as defined below) and as calculation agent (the “**Non-CDP/CMU Paying Agent**” and “**Calculation Agent**”, respectively), and The Bank of New York Mellon (Luxembourg) S.A. as transfer agent and registrar in relation to each Series of Notes that are Non-CDP/CMU Cleared Notes (the “**Non-CDP/CMU Transfer Agent**” and the “**Non-CDP/CMU Registrar**” respectively).

*As used herein, “**CDP Cleared Notes**” means Notes that have been or are to be deposited and cleared with The Central Depository (Pte) Limited (“**CDP**”), “**CMU Cleared Notes**” means Notes which are cleared or, as applicable, to be cleared through the Central Moneymarkets Unit Service (the “**CMU**”), and “**Non-CDP/CMU Cleared Notes**” means Notes that are cleared or, as applicable, to be cleared and settled through Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”), or any other clearing system as may be agreed with the Issuer from time to time other than CDP and CMU. Reference in these Conditions to the Principal Paying Agent, the Transfer Agent and the Registrar shall, with respect to CDP Cleared Notes, be deemed to be a reference to the Principal Paying Agent, the CDP Transfer Agent and the CDP Registrar, respectively, with respect to the CMU Cleared Notes, be deemed to be a reference to the CMU Lodging and Paying Agent, the CMU Transfer Agent and the CMU Registrar, respectively, and, with respect to the Non-CDP/CMU Cleared Notes, be deemed to be a reference to the Non-CDP/CMU Paying Agent, the Non-CDP/CMU Transfer Agent and the Non-CDP/CMU Registrar, respectively, and (unless the context otherwise requires) all such references shall be construed accordingly.*

Certain provisions of these terms and conditions (the “**Conditions**”) are summaries of the Trust Deed, the Agency Agreement and applicable Pricing Supplement and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of all the provisions of the Trust Deed, the Agency Agreement and Pricing Supplement applicable to them. Copies of the

Trust Deed, Agency Agreement and applicable Pricing Supplement are available for inspection during normal business hours at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying Agent and any other Paying Agent. Copies are also available for inspection during normal business hours at the registered office for the time being of the Trustee.

The Pricing Supplement for this Note is attached hereto or endorsed hereon and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References herein to the “**applicable Pricing Supplement**” are to the Pricing Supplement attached hereto or endorsed hereon.

As used herein, “**Series**” means a Tranche of Notes, together with any further Tranche or Tranches of Notes, which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices. As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing).

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

The Notes are issued either in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”).

This Note may be a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis specified hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, other than in the case of Notes that do not bear interest, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and each Certificate shall represent the entire holding of Registered Notes by the same holder.

The Notes will be issued in the denominations as specified hereon (a “**Specified Denomination**”).

(b) Title

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is for the time being registered in the Register (or, in the case of joint holders, the first named thereof) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person

in whose name a Registered Note is registered (or, in the case of joint holders, the first named thereof), as the case may be, and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

For so long as any of the Notes is represented by (i) a Global Note and such Global Note is held by a common depositary for Euroclear and Clearstream, Luxembourg and/or CDP and/or the CMU or (ii) a Global Certificate and such Global Certificate is issued in the name of a common depositary for Euroclear and Clearstream, Luxembourg and/or of CDP or its nominee and/or the Hong Kong Monetary Authority as operator of the CMU or its nominee, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or CDP and/or the CMU as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or CDP and/or the CMU as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantors, the Principal Paying Agent, the Transfer Agent, the Registrar, all other agents of the Issuer, the Guarantors and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the registered holder of the Global Certificate shall be treated by the Issuer, the Guarantors, the Principal Paying Agent, the Transfer Agent, the Registrar, all other agents of the Issuer, the Guarantors and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note or, as the case may be, the Global Certificate (and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by the Global Note or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or CDP and/or the CMU, as the case may be.

Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note. Each of such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Note.

2. TRANSFERS OF NOTES

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes may not be exchanged for Registered Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

(b) **Transfer of Registered Notes**

Each Registered Note may, subject to the terms of the Agency Agreement and to Conditions 2(c) (*Formalities Free of Charge*), 2(d) (*Closed Periods*) and 2(f) (*Regulations Concerning Transfer and Registration*), be transferred in whole or in part in a Specified Denomination by lodging the relevant Certificate (with the endorsed form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the Specified Office of the Registrar or any Transfer Agent. A Registered Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Note will be valid unless and until entered on the Register.

The Registrar will within five Business Days (as defined below) of any duly made application for the transfer of a Registered Note, register the transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of part only of a Registered Note, deliver a Certificate for the untransferred balance to the transferor), at the Specified Office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) **Formalities Free of Charge**

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar and the Trustee.

(d) **Closed Periods**

Neither the Issuer nor the Registrar will be required to register the transfer of any Note (or part thereof) during the period of 15 days immediately prior to the due date for any payment of principal or interest in respect of the Notes.

(e) **Business Day**

In these Conditions, "**Business Day**" means a day which is:

- (i) for any purpose other than with respect to payments, a day (other than a Saturday, Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Singapore, in Hong Kong and in the city in which the Principal Paying Agent's or any other relevant Agent's Specified Office is located; or
- (ii) if a payment is to be made on that day (A) in relation to any sum payable in Singapore dollars, a day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Singapore, (B) in relation to any sum payable in a Specified Currency other than Singapore dollars, Renminbi and euro, a day (other than Saturday, Sunday or a gazetted public holiday) on which

commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency, (C) in relation to any sum payable in Renminbi, a day (other than Saturday, Sunday or a gazetted public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong, or (D) in relation any sum payable in euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer (TARGET) System, or any successor system thereto, (the “**TARGET System**”) is open.

*For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear and Clearstream, Luxembourg and/or by CDP and/or by or on behalf of CMU, or a Global Certificate and such Global Certificate is issued in the name of a common depositary for Euroclear and Clearstream, Luxembourg and/or of CDP and/or of CMU or its respective nominee, “**Business Day**” shall also include, in addition to the definitions in (i) and (ii) above, a day (other than a Saturday, Sunday or a gazetted public holiday) on which Euroclear, Clearstream, Luxembourg, CDP and CMU, as applicable, are operating.*

(f) Regulations Concerning Transfer and Registration

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of Noteholders with the prior approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

(g) Specified Denominations

No Registered Note may be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of the Notes not transferred are Specified Denominations.

3. STATUS AND GUARANTEES

(a) Status of the Notes

The Notes and Coupons constitute direct, general, unconditional, unsubordinated and (subject to Condition 4 (*Covenants*)) unsecured obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu in right of payment with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) The Guarantees

The initial Guarantors that will execute the Trust Deed will consist of all of the Issuer’s Subsidiaries other than the Non-Guarantor Subsidiaries (as defined below). The initial Guarantors will be Capital Idea Investments Limited, Fullocean Group Limited, Bright Stone Group Limited, Gold Strategy Investments Limited, Fly Union Limited, New Bright

Group Limited, Century Sunshine Ecological Technology Limited, Blue Atlantic International Limited, Ming Xin Developments Limited and Century Sino Technology Limited.

The following Subsidiaries will not be Guarantors on the date of the Trust Deed:

- (i) all Subsidiaries incorporated or established under the laws of the PRC (together, the “**PRC Non-Guarantor Subsidiaries**”);
- (ii) China Rare Earth Magnesium Technology Holdings Limited (“**China Rare Earth**”); and
- (iii) Cai Wang Investments Limited, Forth Well Investments Limited, Feijun Investments Limited, Group Sense (International) Limited and any of its Subsidiaries and Win Profit Holdings Ltd. (the “**Other Non-Guarantor Subsidiaries**” and, together with the PRC Non-Guarantor Subsidiaries, the “**Non-Guarantor Subsidiaries**”).

None of the existing PRC Non-Guarantor Subsidiaries, China Rare Earth or the Other Non-Guarantor Subsidiaries will be required to provide a Guarantee on the date of the Trust Deed. In addition, none of the existing Non-Guarantor Subsidiaries or any future Subsidiaries that may be incorporated or established under the laws of the PRC will provide a Guarantee at any time in the future, unless permitted by applicable law.

The Issuer will not permit the Other Non-Guarantor Subsidiaries (excluding Group Sense (International) Limited and its Subsidiaries) to account for 5 per cent. or more of the consolidated profit before tax of the Group, based on the Group’s most recently available audited annual consolidated financial statements.

The Issuer will procure China Rare Earth to execute and deliver to the Trustee a supplemental trust deed pursuant to which China Rare Earth will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes, subject to China Rare Earth obtaining all requisite approvals (including, without limitation, the unanimous approval of its shareholders), within 10 business days of receipt of all such requisite approvals. Unless and until China Rare Earth becomes a Guarantor, the Issuer shall not permit China Rare Earth from incurring any indebtedness.

The Issuer will procure each of its future Subsidiaries (other than Subsidiaries incorporated or established under the laws of the PRC), as soon as practicable and in any event within 10 business days of becoming a Subsidiary, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Each Subsidiary that guarantees the Notes after the date of the Trust Deed, upon executing the applicable supplemental trust deed, will be a “**Guarantor**”.

Notwithstanding the above, to the extent that:

- (x) Group Sense (International) Limited or any of its Subsidiaries conducts any of the Permitted Businesses (other than the design and manufacture of electronic and personal communications devices and products) as a result of a transfer by, or an acquisition from, the Issuer or any of its Subsidiaries (other than Group Sense (International) Limited or any of its Subsidiaries) of any of such Permitted Businesses; or

- (y) any of the existing or future PRC-incorporated Subsidiaries of the Issuer (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)) is or becomes permitted by applicable law to provide a Guarantee without having to register such Guarantee with any governmental authority in the PRC or without such Guarantee being subject to any other limitation or restriction,

the Issuer will procure that Group Sense (International) Limited and all of its Subsidiaries that are not incorporated in the PRC or such PRC-incorporated Subsidiary as referred to in paragraph (y) (including, for the avoidance of doubt, any PRC Non-Guarantor Subsidiary of Group Sense (International) Limited after the occurrence of the event specified in paragraph (x)), as soon as practicable, and in any event no later than 10 Business Days, to execute and deliver to the Trustee a supplemental trust deed pursuant to which such Subsidiary will, jointly and severally with the existing Guarantors, Guarantee the payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes.

In accordance with Clause 5.9 (Release of Guarantees) of the Trust Deed, a Guarantee given by a Guarantor with respect to a Series of Notes may be released:

- (1) *upon repayment in full of the Notes of such Series; or*
- (2) *upon such Guarantor ceasing to be a Subsidiary in compliance with the Trust Deed, so long as such Guarantor is simultaneously released from its obligations (if any) in respect of any of the Issuer's other Indebtedness or any Indebtedness of any other Subsidiary.*

(c) Status of the Guarantees

Each Guarantor has, in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes and the Coupons. Each such Guarantee constitutes direct, general, unconditional, unsubordinated and (subject to Condition 4 (*Covenants*)) unsecured obligations of such Guarantor which will at all times rank at least pari passu with all other present and future unsecured obligations of such Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. COVENANTS

(a) Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed) the Issuer will not, and will procure that each of the Principal Subsidiaries will not, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) without at the same time or prior thereto (A) securing the Notes equally and rateably with (or, if the obligation to be secured by the Security Interest is subordinated in right of payment to the Notes or any Guarantee, prior to) the obligations so secured or (B) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) Financial Covenants

So long as any Note remains outstanding (as defined in the Trust Deed), unless otherwise specified in the applicable Pricing Supplement, the Issuer will ensure that:

- (i) the Consolidated Tangible Net Worth shall not at any time be less than HK\$1.8 billion (or its equivalent in foreign currencies);
- (ii) the ratio of Consolidated Gross Borrowings to Consolidated Tangible Net Worth shall not at any time be more than 2.0:1; and
- (iii) the ratio of Consolidated EBITDA to Consolidated Interest Expense shall not at any time be less than 3.0:1.

(c) Limitation on Dividend and Other Payment Restrictions

Except by reason of applicable law, rule, regulation or order, the Issuer will not, and will not permit any Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or consensual restriction on the ability of any Subsidiary to:

- (i) pay dividends or make any other distributions on any Capital Stock of such Subsidiary owned by the Issuer or any other Subsidiary;
- (ii) pay any Indebtedness or other obligation owed to the Issuer or any other Subsidiary;
- (iii) make loans or advances to the Issuer or any other Subsidiary; or
- (iv) sell, lease or transfer any of its property or assets to the Issuer or any other Subsidiary.

(d) Limitation on Asset Sales

- (i) The Issuer will not, and will not permit any Principal Subsidiary to, consummate any Asset Sale, unless:
 - (A) no Default will have occurred and be continuing or would occur as a result of such Asset Sale;
 - (B) the consideration received by the Issuer or such Principal Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
 - (C) at least 75% of the consideration received consists of cash or Replacement Assets;
 - (D) within 365 days after the receipt of any cash proceeds from an Asset Sale, the Issuer (or the applicable Principal Subsidiary, as the case may be) may apply such cash proceeds to acquire Replacement Assets; and
 - (E) any cash proceeds from Asset Sales that are not applied or invested as provided in Condition 4(d)(i)(D) will constitute "Excess Proceeds". Excess Proceeds of less than S\$5 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds

exceed S\$5 million (or the Dollar Equivalent thereof), within five days thereof, the Issuer must make an offer to purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
 - (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all pari passu Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest minimum Specified Denomination of such Notes.
- (ii) The offer price in any offer to purchase must be equal to 100% of the principal amount of the Notes plus accrued and unpaid interest thereon to the date of purchase, and must be payable in cash.
 - (iii) If any Excess Proceeds remain after consummation of an offer to purchase Notes, such remaining Excess Proceeds may be used for any general corporate purpose not prohibited by these Conditions. If the aggregate principal amount of Notes (and any other pari passu Indebtedness) tendered in such offer to purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other pari passu Indebtedness) to be purchased on a pro rata basis. Upon completion of each offer to purchase, the amount of Excess Proceeds will be reset at zero.

(e) Limitation on Business Activities

The Issuer will not, and will not permit any Principal Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses.

(f) Consolidation, Merger and Sale of Assets

- (i) The Issuer will not, unless required by law, without the approval of the Noteholders by way of an Extraordinary Resolution, undertake, permit or effect any reorganisation, amalgamation, reconstruction, merger or consolidation with any other Person, or any scheme of compromise or scheme of arrangement of the Issuer (in each case in one transaction or a series of related or unrelated transactions), unless:
 - (A) the Issuer will be the continuing Person following any such transaction;
 - (B) such transaction does not involve insolvency;
 - (C) immediately after giving effect to such transaction, no Default will have occurred and be continuing;
 - (D) such transaction does not have a material adverse effect on the Issuer or the Guarantors; and
 - (E) each Guarantor, unless such Guarantor is the Person with which the Issuer has entered into a transaction described in (i) above, shall execute and deliver a supplemental Trust Deed confirming that its Guarantee shall apply to the obligations of the Issuer in accordance with the Notes and the Issue Documents.

- (ii) No Guarantor will, unless required by law, without the approval of the Noteholders by way of an Extraordinary Resolution, undertake, permit or effect any reorganisation, amalgamation, reconstruction, take-over, merger or consolidation with any other Person, or any scheme of compromise or scheme or arrangement of such Guarantor (in each case in one transaction or a series of related or unrelated transactions), unless:
 - (A) such Guarantor will be the continuing Person following any such transaction;
 - (B) such transaction does not involve insolvency;
 - (C) immediately after giving effect to such transaction, no Default will have occurred and be continuing; and
 - (D) such transaction does not have a material adverse effect on the Issuer or such Guarantor,

provided that this Condition 4(f) (*Consolidation, Merger and Sale of Assets*) will not apply to any sale or other disposition that complies with Condition 4(d) (*Limitation on Asset Sales*) or to any Guarantor whose Guarantee is unconditionally released in accordance with Clause 5.9 (*Release of Guarantees*) of the Trust Deed.

(g) **Use of Proceeds**

The Issuer will only use the net proceeds from the issue of each Tranche of Notes for general corporate purposes, including refinancing existing borrowings, financing investments and/or acquisitions, general working capital and capital expenditure requirements of the Issuer and its Subsidiaries, in each case with respect to businesses relating to (1) magnesium and its ancillary business (including power generation and semi-coke), (2) fertiliser, (3) mining of dolomite and serpentine, and (4) investment holding in connection with (1), (2) and (3), or such other purposes as set out in the applicable Pricing Supplement.

Notwithstanding the above, for so long as Group Sense (International) Limited and its Subsidiaries that are not incorporated in the PRC are not Guarantors, the Issuer will not make any Investment using all or any part of the net proceeds of any such issue, or guarantee any obligation of Group Sense (International) Limited or any of its Subsidiaries.

(h) **Definitions**

In these Conditions, the following terms will have the meaning set out below:

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (ii) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition or (iii) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of such Person or of any Person described in clause (i) or (ii). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Asset Sale” means any sale (including any sale or issuance of Capital Stock), transfer or other disposition (including by way of merger, consolidation, sale and repurchase transaction, or Sale and Leaseback Transaction) by the Issuer or by any of its Principal Subsidiaries, in one transaction or a series of related or unrelated transactions and whether at one time or over a period of time, of all or substantially all of its property or assets, or any part of its property or assets which, either alone or when aggregated with all other disposals required to be taken into account under the relevant Condition, would have a material adverse effect on the Issuer; provided that **“Asset Sale”** will not include:

- (i) sales, transfers or other dispositions of inventory, receivables and other current assets in the ordinary course of business on an arm’s length basis and on normal commercial terms;
- (ii) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or its Subsidiaries;
- (iii) any sale, transfer, assignment or other disposition to the Issuer or a Guarantor;
- (iv) any disposal of the shares of TTG Fintech Limited or of the shares of Cai Wang Investments Limited, Forth Well Investments Limited or Feijun Investments Limited;
- (v) any disposal of the real property owned by, or of the shares of, Century Sunshine (Zhangzhou) Ecological Technology Ltd; and
- (vi) any sale, transfer, assignment or other disposition approved by Noteholders by way of an Extraordinary Resolution.

“Board of Directors” means the board of directors elected or appointed by the shareholders of the Issuer or the relevant Principal Subsidiary, as the case may be, to manage the business of the Issuer or the relevant Principal Subsidiary, as the case may be, or any committee of such board duly authorised to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorised to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Programme Establishment Date or issued thereafter, including, without limitation, all Common Shares and Preferred Shares.

“Change of Control” means the occurrence of one or more of the following events:

- (i) the merger, take over, amalgamation, or consolidation of the Issuer with, by or into another Person who is not one of the Permitted Holders or the merger or amalgamation of another Person who is not one of the Permitted Holders with or into the Issuer, or the sale of all or substantially all the assets of the Issuer to another Person who is not one of the Permitted Holders;

- (ii) the Permitted Holders are the beneficial owners of less than 30% of the total voting power of the Voting Shares of the Issuer;
- (iii) any person is or becomes the beneficial owner directly or indirectly, of the total voting power of the Voting Shares of the Issuer greater than such total voting power held beneficially by the Permitted Holders; or
- (iv) the adoption of a resolution relating to the liquidation or dissolution of the Issuer.

“Commodity Hedging Agreement” means any spot, forward or option, commodity price protection agreement or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“Common Shares” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common or ordinary shares, whether or not outstanding at the Programme Establishment Date, and including, without limitation, all series and classes of such common or ordinary shares.

“Consolidated EBITDA” means, for any period or Test Period (as the case may be), Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (i) Consolidated Interest Expense,
- (ii) income taxes (other than income taxes attributable to extraordinary and nonrecurring gains (or losses) or sales of assets), and
- (iii) depreciation expense, amortisation expense and all other non-cash items (including non-cash gains and losses on foreign exchange) reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Issuer and its Subsidiaries in conformity with GAAP.

“Consolidated Interest Expense” means, for any period or Test Period (as the case may be), the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Issuer and its Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period or Test Period by the Issuer and its Subsidiaries, without duplication, (i) interest expense attributable to any finance or capital leases, (ii) amortisation of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortisation of fees), and (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Issuer or any Subsidiary; provided that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period or Test Period.

“Consolidated Net Income” means, with respect to any specified Person for any period or Test Period (as the case may be), the aggregate of the net income (or loss) of such Person and its Subsidiaries for such period or Test Period, on a consolidated basis, determined in conformity with GAAP; provided that the following items will be excluded in computing Consolidated Net Income (without duplication):

- (i) the net income (or loss) of any Person that is accounted for by the equity method of accounting except to the extent of the amount of dividends or similar distributions actually paid in cash to the specified Person or a Subsidiary of the Person during such period or Test Period;
- (ii) the net income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Issuer or any of its Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Issuer or any of its Subsidiaries;
- (iii) the net income of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, law, rule or governmental regulation applicable to such Subsidiary;
- (iv) the cumulative effect of a change in accounting principles;
- (v) any net after tax gains (or losses) realised on the sale or other disposition of (A) any property or assets of the Issuer or any Subsidiary which is not sold in the ordinary course of its business or (B) any Capital Stock of any Person (including any gains (or losses) by the Issuer realised on sales of Capital Stock of the Issuer or of Subsidiaries);
- (vi) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and
- (vii) any net after-tax extraordinary or non-recurring gains or losses.

“Consolidated Tangible Net Worth” means the amount (expressed in Hong Kong dollars) for the time being, calculated in accordance with GAAP, equal to the aggregate of:

- (i) the amount paid up or credited as paid up on the outstanding issued share capital of the Issuer; and
- (ii) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Issuer and its Subsidiaries on a consolidated basis,

all as shown in the then latest audited or unaudited balance sheet of the Issuer and its Subsidiaries on a consolidated basis but after:

- (A) excluding any sums set aside for future taxation;
- (B) deducting:
 - (1) an amount equal to any distribution by the Issuer or any of its Subsidiaries out of profits earned prior to the date of the latest audited or unaudited balance

sheet of the Issuer and its Subsidiaries on a consolidated basis and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to the Issuer and such Subsidiaries;

- (2) all goodwill and other intangible assets (which, for the avoidance of doubt, does not include any mining rights or land use rights of the Group); and
- (3) any debit balances on consolidated profit and loss account.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Default” means an Event of Default or a Potential Event of Default.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than Singapore dollars, at any time for the determination thereof, the amount of Singapore dollars obtained by converting such foreign currency involved in such computation into Singapore dollars at the base rate for the purchase of Singapore dollars with the applicable foreign currency as quoted by a leading bank selected by the Issuer on the date of determination.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors of the Issuer or the relevant Principal Subsidiary, whose determination will be conclusive if evidenced by a Board Resolution.

“GAAP” means generally accepted accounting principles in Hong Kong as in effect from time to time which, as of the Programme Establishment Date, are the Hong Kong Financial Reporting Standards.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (including those arising by virtue of partnership arrangements or to maintain financial statement conditions or otherwise) or (ii) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided that the term **“guarantee”** will not include endorsements for collection or deposit in the ordinary course of business. The term **“guarantee”** used as a verb has a corresponding meaning.

“Guarantee” means any guarantee of the obligations of the Issuer under the Issue Documents and the Notes by any Guarantor.

“Guarantor” means any initial Subsidiary (other than the Issuer) named herein and any other Subsidiary which provides a Guarantee pursuant to the Trust Deed and the Notes; provided that such term will not include any Person whose Guarantee has been released in accordance with the Trust Deed and the Notes.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; provided that (i) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Subsidiary will be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary and (ii) the accretion of original issue discount will not be considered an Incurrence of Indebtedness. The terms **“Incurrence,”** **“Incurred”** and **“Incuring”** have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (i) moneys borrowed;
- (ii) amounts raised by acceptance under any acceptance credit facility;
- (iii) amounts raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or similar instruments;
- (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with GAAP, be treated as finance leases or capital leases;
- (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred primarily as a means of raising finance or financing the acquisition of the relevant asset or service;
- (vi) amounts raised under any other transaction (including any forward sale or purchase agreement and the sale of receivables or other assets on a “with recourse” basis) having the commercial effect of a borrowing;
- (vii) any Hedging Obligation (and, when calculating the value of any Hedging Obligation, only the mark to market value shall be taken into account);
- (viii) any counter indemnity obligation in respect of any guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (ix) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (viii) above.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligations at such date, provided (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortised portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP, and (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates, convert a fixed rate of interest into a floating rate of interest, convert a floating rate of interest into a different floating rate of interest, or lower interest currently paid on Indebtedness of any Person.

“Investment” means:

- (i) any direct or indirect advance, loan or other extension of credit to Group Sense (International) Limited or any of its Subsidiaries;
- (ii) any capital contribution to Group Sense (International) Limited or any of its Subsidiaries;
- (iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by Group Sense (International) Limited or any of its Subsidiaries; or
- (iv) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on the balance sheet of Group Sense (International) Limited or any of its Subsidiaries prepared in accordance with GAAP.

“Permitted Businesses” means the businesses relating to (i) magnesium and its ancillary business (including power generation and semi-coke), (ii) fertiliser, (iii) mining of dolomite and serpentine, (iv) investment holding in connection with (i), (ii) and (iii), and (v) design and manufacture of electronic and personal communications devices and products.

“Permitted Holders” means any or all of the following:

- (i) Mr Chi Wen Fu;
- (ii) any Affiliate of the Person specified in clause (i); and
- (iii) any Person both the Capital Stock and the Voting Shares of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in clauses (i) and (ii).

“Permitted Security Interest” means, in relation to the Issuer or any Subsidiary of the Issuer:

- (i) any Security Interest in existence on the date of the Trust Deed which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and any subsequent Security Interest to be created for the purpose of the extension or refinancing of the original Indebtedness related to such existing security, provided that the amount secured may not be increased;
- (ii) any Security Interest created by the Issuer or such Subsidiary in favour of another Subsidiary of the Issuer or the Issuer to secure Indebtedness owed by such party to the other;

- (iii) any Security Interest granted upon or with regard to any property or asset of the Issuer or such Subsidiary whether such property or assets are acquired by the Issuer or such Subsidiary before or after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition and/or development of such property or assets, provided that the maximum principal amount secured by such Security Interest does not exceed the purchase price or cost of development of such property or asset (including transactional expenses) provided that this paragraph (iii) shall not apply to any Security Interest to be granted by the Issuer or any Subsidiary in relation to or in connection with the acquisition or proposed acquisition of the Equity Interests (as defined and described in paragraph (vii) below);
- (iv) any Security Interests or rights of set-off arising solely by operation of law and in the ordinary course of its business, in respect of indebtedness which either (A) has been due for less than 14 days or (B) is being contested in good faith and by appropriate means;
- (v) any pledge of goods and/or related documents of title, arising in the ordinary course of business, as security for bank borrowings directly relating to the purchase of the goods;
- (vi) any Security Interest over (x) its bank accounts created to secure working capital facilities granted in the ordinary course of business, provided that the total outstanding balances of all bank accounts securing each working capital facility does not exceed 35.0 per cent. of the principal amount of such working capital facility, or (y) its accounts receivables created to secure working capital facilities granted in the ordinary course of business;
- (vii) if the proposed acquisition of 100.0 per cent. of the equity interests in each of the operating project companies mainly engaged in magnesium and ancillary businesses (including power generation and semi-coke) (the “**Equity Interests**”) as described in the non-legally binding framework agreement entered into by the Issuer on 4 February 2015 is consummated, any Security Interest created by the Issuer or such Subsidiary over its property or assets (including the Equity Interests) to secure Indebtedness of the Issuer, such Subsidiary or another Subsidiary of the Issuer (each, a “**Borrower Entity**”) in respect of the Indebtedness of the Borrower Entity for the purpose of financing the acquisition by any member of the Group of the Equity Interests, provided that (x) the principal amount of the Indebtedness secured by such Security Interest does not exceed 80.0 per cent. of the acquisition cost of such Equity Interests and (y) the principal amount of such Indebtedness is at least (at the time such Security Interest is granted) 50.0 per cent. of the aggregate Fair Market Value (based on the valuation report prepared by an independent professional valuer appointed by the Issuer or such Subsidiary) of the property or assets that are subject to such Security Interest; and
- (viii) any Security Interest the terms of which have been approved by the Noteholders by way of an Extraordinary Resolution.

“**Person**” means any individual, corporation, firm, partnership, limited liability company, joint venture, association, trust, unincorporated organisation, judicial entity or government (or any agency or political subdivision thereof), whether or not having separate legal personality.

“**PRC**” means the People’s Republic of China.

“PRC CJV” means any current or future Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on 13 April 1988 (as most recently amended) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on 4 September 1995, as such laws may be amended.

“Preferred Shares” as applied to the Capital Stock of any Person means shares of Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Principal Subsidiary” means any direct or indirect Subsidiary of the Issuer:

- (i) whose profits before tax, as shown by the accounts of such Subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 5.0% of the profits before tax of the Group as shown by such audited consolidated accounts; or
- (ii) whose total assets, as shown by the accounts of such Subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 5.0% of the total assets of the Group as shown by such audited consolidated accounts; or
- (iii) whose total revenue, as shown by the accounts of such Subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 5.0% of the total revenue of the Group as shown by such audited consolidated accounts; or
- (iv) who itself has any direct or indirect Subsidiary which is a Principal Subsidiary based on any one of the tests described in (i), (ii) or (iii) above,

provided that if any such Subsidiary (the **“transferor”**) shall at any time transfer the whole or any part of its business, undertaking or assets to another Subsidiary or the Issuer (the **“transferee”**) then:

- (1) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (2) if a part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary.

Any Subsidiary which becomes a Principal Subsidiary by virtue of (1) above or which remains or becomes a Principal Subsidiary by virtue of (2) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profits before tax, total assets or, as the case may be, total revenue as shown by the accounts of such Subsidiary based upon which such audited consolidated accounts have been prepared, to be less than 5.0% of the profits before tax, total assets or, as the case may be, total revenue of the Group, as shown by such audited

consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a Subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive.

Notwithstanding the above:

- (x) Group Sense (International) Limited and each of its Subsidiaries will be deemed not to be a “Principal Subsidiary”, even if it meets any one of the tests in (i), (ii), (iii) or (iv) above, until such time Group Sense (International) Limited or any such Subsidiary is required to become a Guarantor pursuant to Condition 3(b) (*The Guarantees*); and
- (y) each of Century Sunshine (Jiangxi) Ecological Technology Ltd and Century Sunshine (Shanghai) Management Co., Ltd. will be deemed to be a “Principal Subsidiary” for so long as it owns or holds shares of Jianguo Azureblue Technology Development Co., Ltd.

“**Programme Establishment Date**” means 19 May 2015.

“**Replacement Assets**” means, on any date, properties and assets (other than current assets) that replace the properties and assets that were the subject of such Asset Sale or in properties or assets (including the Capital Stock or debt instruments of any Person) that will be used in the Permitted Businesses.

“**Sale and Leaseback Transaction**” means any direct or indirect arrangement relating to property (whether real, personal or mixed) now owned or hereafter acquired whereby the Issuer or any Subsidiary transfers such property to another Person and the Issuer or any Subsidiary leases it from such Person.

“**Security Interest**” means any mortgage, pledge, security interest, assignment, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien Interest, charge, easement or encumbrance of any kind), or anything analogous to any of the foregoing under the laws of any jurisdiction.

“**Subsidiary**” means, in relation to any company (the “**first Person**”) at any particular time, any other company (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

“**Test Period**” means, in respect of each financial half year, each period of six months ending on the last day of such financial quarter of the Issuer and its Subsidiaries.

“**Voting Shares**” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; provided that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries.

5. INTEREST

(a) Interest on Fixed Rate Notes

- (i) Each Fixed Rate Note bears interest on its calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the **“Calculation Amount”**) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Specified Interest Payment Date(s) in each year specified hereon (each, an **“Interest Payment Date”**) up to (and including) the Maturity Date.
- (ii) Except as provided hereon, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period shown on the face of such Note ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified hereon, amount to the Initial Broken Amount and/or Final Broken Amount so specified.
- (iii) Interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Fixed Rate Notes and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency.

(b) Interest on Floating Rate Notes and Variable Rate Notes

(i) *Interest Payment Dates*

Each Floating Rate Note and Variable Rate Note bears interest on its calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the **“Calculation Amount”**) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each, an **“Interest Payment Date”**) in each year specified hereon; or
- (B) if no Specified Interest Payment Date(s) is/are specified hereon, each date (each such date, together with each Specified Interest Payment Date, an **“Interest Payment Date”**) which falls on the date following the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the First Interest Payment Date, after the Interest Commencement Date, provided that the Agreed Yield (as defined in Condition 5(b)(iii)(A)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or, in the case of the First Interest Payment Date, the Interest Commencement Date) to (but excluding) the next (or First) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Interest Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (bb) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (aa) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (bb) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Interest Period after the preceding applicable Interest Payment Date occurred;
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) ***Rate of Interest — Floating Rate Notes***

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined by reference to a Benchmark as stated, and in the manner specified, in the applicable Pricing Supplement. The Calculation Agent will determine the applicable Rate of Interest on the basis of the following provisions, or as otherwise specified in the applicable Pricing Supplement.

Where a Floating Rate Note is denominated in Singapore dollars and the Benchmark specified is SIBOR, such Note will be a SIBOR Note, and where a Floating Rate Note is denominated in Singapore dollars and the Benchmark specified is Swap Rate, such Note will be a Swap Rate Note.

(A) ***ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Calculation Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the “**ISDA Definitions**”), and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period equal to that Interest Period; and
- (3) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London inter bank offered rate (“**LIBOR**”) or on the Euro-zone inter bank offered rate (“**EURIBOR**”) for a currency, the first day of that Interest Period or (y) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**” and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes that are Not SIBOR Notes or Swap Rate Notes

- (I) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(x) the offered quotation; or

(y) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question (or such other time in any Relevant Financial Centre as may be specified in the applicable Pricing Supplement) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotation) and the lowest (or, if there is more than one such lowest quotation, one only of such quotation) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

- (II) if the Relevant Screen Page is not available or if, sub-paragraph (I)(x) applies and no such offered quotation appears on the Relevant Screen Page or if sub paragraph (I)(y) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Benchmark is LIBOR, the principal London office of each of the Reference Banks or, if the Benchmark is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Benchmark if the Benchmark is LIBOR, at approximately 11.00 a.m. (London time), or if the Benchmark is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest

Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);

- (III) if paragraph (II) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Benchmark is LIBOR, at approximately 11.00 a.m. (London time) or, if the Benchmark is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Benchmark by leading banks in, if the Benchmark is LIBOR, the London inter-bank market or, if the Benchmark is EURIBOR, the Euro-zone inter-bank market, as the case may be, plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Benchmark, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Benchmark, at which, if the Benchmark is LIBOR, at approximately 11.00 a.m. (London time) or, if the Benchmark is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Benchmark is LIBOR, the London interbank market or, if the Benchmark is EURIBOR, the Euro-zone interbank market, as the case may be, plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period); and
- (IV) if the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(C) *Screen Rate Determination for SIBOR Notes or Swap Rate Notes*

- (I) In the case of a SIBOR Note:
- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "Swap Offer and SIBOR (ABSIRFIX)" and under the column headed "SGD SIBOR" (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
 - (bb) if on any Interest Determination Date, no such rate appears on the Page ABSI (or such other replacement page thereof), the Calculation Agent will determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "SIBOR AND SWAP OFFER RATES-RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
 - (cc) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore inter-bank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
 - (dd) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (cc) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (ee) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such

quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

(II) In the case of a Swap Rate Note:

- (aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "Swap Offer and SIBOR (ABSIRFIX)" under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI for the purpose of displaying the swap rates of leading reference banks or such other Relevant Screen Page as may be provided hereon) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
- (bb) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon), the Calculation Agent will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "SIBOR AND SWAP OFFER RATES – RATES AT 11:00 A.M. SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying the swap rates of leading reference banks or such other Relevant Screen Page as may be provided hereon) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any);
- (cc) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest

Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); and

(dd) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under (aa), (bb) or (cc) above, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their cost of funding (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) for the relevant Interest Period and for an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate. If two or more of such Reference Banks provide the Calculation Agent with such offered quotations at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations per annum (expressed as a percentage) as determined by the Calculation Agent plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). If fewer than two Reference Banks are providing offered quotations, the Rate of Interest for the relevant Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the principal Singapore offices of the Reference Banks of their prime lending rates for Singapore dollars at approximately 11.00 a.m. (Singapore time) on the relevant Interest Determination Date, plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

(iii) ***Rate of Interest — Variable Rate Notes***

- (A) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this Condition 5(b)(iii). The interest payable in respect of a Variable Rate Note for each Interest Period relating to that Variable Rate Note, which shall be payable on the first day of such Interest Period, is referred to in this Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
- (B) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period, subject as referred to in paragraph (D) below, shall be determined as follows:
- (x) not earlier than 9.00 a.m. (Singapore time) on the ninth Business Day nor later than 3.00 p.m. (Singapore time) on the fifth Business Day prior

to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

- (1) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (2) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and
 - (3) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an **"Agreed Rate"**) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (y) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the fifth Business Day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (x) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the Fall Back Rate.
- (C) The Issuer has undertaken to the Principal Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following Business Day:
- (x) notify, or cause the Relevant Dealer to notify, the Principal Paying Agent and the Calculation Agent in writing of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (y) cause such Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note to be notified by the Principal Paying Agent to the relevant Noteholder at its request.
- (D) For the purposes of paragraph (B) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note shall be the rate (the **"Fall Back Rate"**) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate

Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as set out in the applicable Pricing Supplement for such Variable Rate Note(s), in each case plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any).

- (E) The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(b)(ii)(C) above (*mutatis mutandis*) and references therein to “Rate of Interest” shall mean “Fall Back Rate”.
- (F) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(iv) ***Minimum and/or Maximum Rate of Interest***

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5(b)(ii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5(b)(ii) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(c) **Interest on Hybrid Notes**

(i) ***Interest Rate and Accrual***

Each Hybrid Note bears interest on its calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the “**Calculation Amount**”) from (and including) the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(ii) ***Fixed Rate Period***

(A) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from (and including) the first day of the Fixed Rate Period at the rate per annum equal to the Rate of Interest shown on the face of such Note payable in arrear on the Specified Interest Payment Date(s) (each, an “**Interest Payment Date**”) shown on the face of the Note in each year up to (and including) the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(B) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed

Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from (and including) the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to (and including) the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

- (C) During the Fixed Rate Period, interest shall be calculated in respect of any period by applying the Rate of Interest to the aggregate outstanding nominal amount of the Hybrid Notes (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency.

(iii) ***Floating Rate Period***

- (A) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from (and including) the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date (each an “**Interest Payment Date**”). Such Interest Payment Date(s) is/are either specified hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are specified hereon, Interest Payment Date shall mean each date which falls on the date following the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (bb) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (aa) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (bb) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Interest Period after the preceding applicable Interest Payment Date occurred;
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day;
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(B) The period from (and including) the first day of the Floating Rate Period to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is herein called an “Interest Period”.

(C) The provisions of Condition 5(b)(ii) (*Rate of Interest – Floating Rate Notes*) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(d) Interest on Zero Coupon Notes

In the case of Zero Coupon Notes, references to the amount of interest payable (other than as provided below), Coupons and Talons in these Conditions are not applicable. Where a Zero Coupon Note becomes repayable prior to its Maturity Date and is not paid when due, the amount due and payable in respect of such Note shall be the Early Redemption Amount of such Note. Where a Zero Coupon Note is to be redeemed on its Maturity Date, any overdue principal in respect of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified on such Note.

(e) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined on each Floating Rate Note, Variable Rate Note or Hybrid Note, determine the Rate of Interest for the relevant Interest Period and the relevant Interest Payment Date. The Principal Calculation Agent will also calculate the amount of interest (the “**Interest Amount**”) payable on each Floating Rate Note, Variable Rate Note or Hybrid Note for the relevant Interest Period by applying the Rate of Interest to its outstanding nominal amount (or, if they are Partly Paid Notes, the aggregate amount paid up) and multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub unit of the relevant Specified Currency.

The Calculation Agent shall notify the Trustee and the Principal Paying Agent of the Rate of Interest for the relevant Interest Period, the Interest Amount and the relevant Interest Payment Date as soon as practicable after determining the same but in any event not later than four business days after each Interest Determination Date.

(f) Notification of Rate of Interest and Interest Amount

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer as soon as practicable after their determination but in no event later than the fourth business day in the jurisdiction of the Principal Paying Agent (being a day (other than a Saturday, Sunday or a gazetted public holiday) on which banks and foreign exchange markets are open for general business in the jurisdiction of the Principal Paying Agent) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or competent listing

authority on or by which the relevant Floating Rate Notes, Variable Rate Notes or Hybrid Notes are for the time being listed and to the Noteholders in accordance with Condition 15 (*Notices*).

(g) Cessation of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its final redemption unless, upon due surrender of the relevant Note, payment of principal is improperly withheld or refused.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid (as well after as before judgment) from such due date up to the earlier of (i) day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment) in accordance with Condition 15 (*Notices*). Such interest shall be at a rate per annum determined by the Principal Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Principal Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

(i) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee or an Extraordinary Resolution of holders of the Notes) appoint a leading bank or financial institution engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Singapore office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(j) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 (*Interest*) whether by the Principal Paying Agent or the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders, and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders and the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise by it of its powers, duties and discretions pursuant to such provisions.

(k) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 5 (*Interest*) for any period of time (from and including the first day of such period to but excluding the last day of such period) (whether or not constituting an Interest Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual (ICMA)”** is specified in the applicable Pricing Supplement:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **“Accrual Period”**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if **“Actual/Actual”**, **“Actual/Actual (ISDA)”** or **“Actual/365”** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non leap year divided by 365);

- (iii) if “**Actual/365 (Fixed)**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

- (viii) such other day count fraction as specified in the applicable Pricing Supplement;

“**Determination Period**” means the period from (and including) an Interest Determination Date to (but excluding) the next following Interest Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not an Interest Determination Date, the period commencing on the first Interest Determination Date prior to, and ending on the first Interest Determination Date falling after, such date);

“**euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Euro-zone**” means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Period, the date specified as such hereon;

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon and, in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore inter-bank market;

“Reference Rate” means the rate specified as such hereon;

“Relevant Dealer” means the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded an agreement for the issue of Notes pursuant to the Programme Agreement;

“Relevant Financial Centre” means the financial centre specified hereon or, if none is so specified, Singapore;

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon;

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 a.m. in the Relevant Financial Centre and, for the purpose of this definition “local time” means, with respect to the Euro-zone as a Relevant Financial Centre, Central European Time;

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

“sub-unit” means, with respect to any currency the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

6. REDEMPTION AND PURCHASE

(a) Scheduled Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed at its Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date specified hereon (in the case of a Note other than a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the Floating Rate Period)) or on the Interest Payment Date falling in the Redemption Month specified hereon (in the case of a Floating Rate Note, Variable Rate Note or a Hybrid Note (during the Floating Rate Period)), subject as provided in Condition 7 (*Payments*).

(b) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders and the Principal Paying Agent in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (i) it has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*) or a Guarantor would be unable for reasons outside its control to procure that the Issuer is able to make payment and in making payment itself would be required to pay Additional Amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction (as defined in Condition 8 (*Taxation*)), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective (A) with respect to the Issuer or any initial Guarantor, on or after the Programme Establishment Date, or (B) with respect to any future Guarantor, on or after the date such future Guarantor becomes a Guarantor; and
- (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or such Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Notes were then due, and provided further that where any such requirements to pay such Additional Amounts are in consequence of the laws and treaties of the PRC or any political subdivision or any authority thereof or therein, the Issuer will be permitted to redeem the Notes in accordance with the provisions above only if the rate of withholding or deduction in respect of which such Additional Amounts are required is in excess of the Additional Amounts that the Issuer would be required to pay if payments in respect of the Notes were subject to deduction or withholding for PRC taxes at a rate of 10.0%.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (x) a certificate signed by two Directors of the Issuer stating that the obligation referred to in (ii) above cannot be avoided by the Issuer taking reasonable measures available to it, and (y) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment, and the Trustee shall be entitled to rely on and accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b) (*Redemption for Taxation Reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b) (*Redemption for Taxation Reasons*).

(c) Redemption upon Cessation or Suspension of Trading of Shares

If on any date, (i) the ordinary shares of the Issuer cease to be traded on the HKSE or (ii) trading in the ordinary shares of the Issuer on the HKSE is suspended for a continuous period of more than 10 market days (or, in the case of any suspension of trading (x) pending the release of any announcement in respect of any matter not

involving the matters described in Condition 10(g) which the Issuer is required to disclose under the Listing Rules of the HKSE, or (y) for purposes of compliance by the Issuer under The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong or under any insider trading laws and regulations in Hong Kong, more than 40 market days), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Early Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date (the “**Suspension of Shares Redemption Date**”).

The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 6(c) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable) not later than 21 days after the Effective Date (the “**Exercise Period**”). Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In this Condition 6(c):

- (1) “**Effective Date**” means (in the case of (i) above) the date of cessation of trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 10 market days or 40 market days, as the case may be;
- (2) “**HKSE**” means the The Stock Exchange of Hong Kong Limited; and
- (3) “**market days**” means a day on which the HKSE is open for securities trading.

(d) **Redemption Upon a Change of Control**

Upon a Change of Control, the Issuer shall, at the option of the holder of any Note, redeem such Note at 101.0% of the Redemption Amount or (in the case of Zero Coupon Notes) 101.0% of the Early Redemption Amount (as defined in Condition 6(i) below), together with interest accrued to (but excluding) the date fixed for redemption on the date falling 45 days after a Change of Control (the “**Change of Control Redemption Date**”).

The Issuer shall within seven days after a Change of Control, give notice (the “**Change of Control Notice**”) to the Trustee, the Principal Paying Agent and the Noteholders of the occurrence of the event specified in this Condition 6(d) and the Change of Control Redemption Date (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Principal Paying Agent or the Issuer (as applicable) not later than 21 days after the Change of Control Notice is given (the “**Exercise Period**”). Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(e) Redemption at the Option of the Issuer

If the Issuer is specified in the applicable Pricing Supplement as having an option to redeem the Notes, the Issuer may, at any time during the Redemption Option Period, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Maximum Redemption Amount, in each case as indicated in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the serial numbers of the Notes to be redeemed will be published in accordance with Condition 15 (*Notices*) not less than 15 days prior to the date fixed for redemption. The Notes shall be selected for redemption in such place as the Trustee may approve and in such manner as it deems appropriate, subject to all applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(f) Redemption at the Option of the Noteholders

If the Noteholders are specified in the applicable Pricing Supplement as having an option to redeem, the Issuer will, at the option of the holder of any Note, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must deliver, at the Specified Office of any Paying Agent at any time during normal business hours of such Paying Agent on a Business Day that is not less than five nor more than 10 days prior to the Optional Redemption Date falling within the Redemption Option Period specified in the relevant Pricing Supplement, a duly completed and signed redemption notice (a "**Put Notice**") in the form obtainable from the Specified Office of any Paying Agent and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the relevant Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the relevant Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream, Luxembourg, CDP and CMU (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them, or by CDP to the Principal Paying Agent by electronic means or by CMU to the CMU Lodging and Paying Agent) in a form acceptable to Euroclear, Clearstream, Luxembourg, CDP and CMU from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the relevant Paying Agent for notation accordingly.

(g) **Purchase of Variable Rate Note at the Option of the Noteholder**

Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Principal Paying Agent at its specified office together with all Coupons and any unexchanged Talons, if any, relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Principal Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 (*Events of Default*), 11 (*Enforcement*) and 12 (*Meetings of Noteholders, Modifications and Waivers*).

(h) **Purchase**

The Issuer or any of its Subsidiaries may at any time purchase or procure others to purchase for its account Notes (provided that they are purchased together with all unmatured Coupons and unexchanged Talons, if any, relating to them) in the open market or otherwise and at any price, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

The Notes so purchased may be held or resold or surrendered for cancellation at the option of the Issuer or otherwise, as the case may be in compliance with Condition 6(j) (*Cancellation of Notes*) below. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meeting of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a) (*Meetings of Noteholders*). Any purchase by tender shall be made available to all Noteholders alike.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) **Early Redemption Amount for Zero Coupon Notes**

(i) The Early Redemption Amount in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(b) (*Redemption for Taxation Reasons*) or Condition 6(c) (*Redemption upon Cessation or Suspension of Trading of Shares*) or Condition 6(d) (*Redemption Upon a Change of Control*), or upon its becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b) (*Redemption for Taxation Reasons*) or Condition 6(c) (*Redemption upon Cessation or Suspension of Trading of Shares*), or 101% of the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(d) (*Redemption Upon a Change of Control*), or the Early Redemption Amount payable in respect of such Note upon its becoming due and payable as provided in Condition 10 (*Events of Default*), in each case is not paid when due, the Early Redemption Amount in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be calculated based on the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(c) (*Interest on Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(j) **Early Redemption Amount for Notes Other Than Zero Coupon Notes**

The Early Redemption Amount payable in respect of any Note other than a Zero Coupon Note shall be as specified in the relevant Pricing Supplement.

(k) **Cancellation of Notes**

All Notes together with all unmatured Coupons and unexchanged Talons, if any, which are redeemed pursuant to Conditions 6(b) (*Redemption for Taxation Reasons*) to 6(f) (*Redemption at the Option of the Noteholders*) or submitted for cancellation pursuant to Condition 6(g) (*Purchase of Variable Rate Notes at the Option of the Noteholders*) or Condition 6(h) (*Purchase*) will be cancelled and may not be reissued or resold.

7. PAYMENTS

(a) **Bearer Notes**

(i) ***Principal and Interest***

Payment of principal and interest in respect of each Bearer Note will, subject as mentioned below, be made against presentation and surrender of the relevant Bearer Note or Coupon, as the case may be, at the Specified Office of the Principal Paying Agent:

- (A) in respect of payments denominated in U.S. dollars, at the option of the holder, either by a U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank outside the United States of America;
- (B) in respect of payments denominated in euro, at the option of the holder, either by a euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in the principal financial centre of any member state of the European Union;
- (C) in respect of payments of denominated in Renminbi, by transfer to a Renminbi account maintained by the payee with a bank in Hong Kong or Singapore that processes payments in Renminbi, except that payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 7(h) (*Payment of U.S. Dollar Equivalent*), shall be made by transfer to an account maintained by the payee with a bank outside the United States of America;
- (D) in respect of payments denominated in a Specified Currency other than U.S. dollars, euro or Renminbi, at the option of the holder, either by a cheque denominated in such Specified Currency drawn on, or by transfer to an account in such Specified Currency maintained by the payee with, a bank in the Relevant Financial Centre of such Specified Currency; or
- (E) as may otherwise be specified on such Note.

(ii) ***Unmatured Coupons and Unexchanged Talons***

- (A) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the relevant amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9 (*Prescription*)).
- (B) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (C) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (D) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it, and where any Note is presented for redemption without any unexchanged Talon

relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption of such Note shall be made only against the provision of such indemnity as the Issuer may require.

- (E) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(iii) **Talons**

If specified hereon, on or after the Interest Payment Date for the final Coupon forming part of the Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (but excluding any Coupons which may have become void pursuant to Condition 9 (*Prescription*)) and, if necessary, another Talon for a further Coupon sheet.

(b) **Registered Notes**

(i) **Principal and Interest**

Payment of principal and interest in respect of each Registered Note will be made to the person shown in the Register at the close of business on the Record Date (as defined below) and, in the case of payment of principal, subject to the surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the Specified Office of the Registrar or of any Paying Agent:

- (A) in respect of payments denominated in euro, at the option of the holder, either by a euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in the principal financial centre of any member state of the European Union;
- (B) in respect of payments of denominated in Renminbi, by transfer to a Renminbi account maintained by the payee with a bank in Hong Kong or Singapore that processes payments in Renminbi, except that payments of the U.S. Dollar Equivalent of the relevant Renminbi amount, determined in accordance with Condition 7(h) (*Payment of U.S. Dollar Equivalent*), shall be made at the option of the holder, either by a cheque denominated in U.S. dollars drawn on, or by transfer to an account in U.S. dollars maintained by the payee with, a bank in New York City or outside the United States of America;
- (C) in respect of payments denominated in a Specified Currency other than euro or Renminbi, at the option of the holder, either by a cheque denominated in such Specified Currency drawn on, or by transfer to an account in such Specified Currency maintained by the payee with, a bank in the Relevant Financial Centre of such Specified Currency; or
- (D) as may otherwise be specified on such Note.

All such cheques shall be mailed to the holder of the relevant Note at his address appearing in the Register. However, upon application by the holder to the Specified Office of the Registrar or any Paying Agent not less than 15 days before the due date for any payment in respect of a Note, such payment may be made by transfer to, in respect of payments denominated in euro, a euro account maintained by the payee with a bank in the principal financial centre of any member state of the European Union, or in respect of payments denominated in a Specified Currency other than euro or Renminbi, an account in such Specified Currency maintained by the payee with a bank in the Relevant Financial Centre of such Specified Currency.

(ii) **Record Date**

“**Record Date**” means the fifteenth day before the due date for the relevant payment.

So long as the Notes are represented by a Global Certificate and the Global Certificate is registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/or Clearstream, Luxembourg, the “Record Date” for such Notes shall be the close of business on the Business Day before the due date for such payment.

(iii) **Payments**

Where payment is to be made by cheque, the cheque will be mailed, on the business day preceding the due date for payment or, in the case of payments referred of principal, if later, on the business day on which the relevant Note Certificate is surrendered (or endorsed as the case may be) as specified in Condition 7(b)(i) (*Principal and Interest (Registered Notes)*) at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, expense of the holder.

Where payment is to be made by transfer to a bank account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated, in the case of principal, on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) and, in the case of interest and other amounts on the due date for payment.

(c) **Notes Held in the CMU**

Payments of principal, premium and interest in respect of Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment. Each of such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Notes.

(d) **Agents**

The names of the initial Principal Paying Agent, the Transfer Agent and the Registrar and their Specified Offices are set out below. The Issuer and each Guarantor reserve the right under the Agency Agreement at any time by giving to the Principal Paying Agent and any other agent concerned at least 60 days' prior written notice, which notice shall expire at least 30 days before or after any due date for payment in respect of the Notes, to vary or terminate the appointment of or remove any Paying Agent, Transfer Agent or Registrar and to appoint successor or additional Paying Agents, Transfer Agents or Registrars, provided that it will at all times maintain:

- (i) a Principal Paying Agent and a Transfer Agent;
- (ii) one or more Calculation Agents where the Conditions so require;
- (iii) for so long as any of the Notes is listed on the SGX-ST and the rules of the SGX-ST so require, a Paying Agent and a Transfer Agent with a Specified Office in Singapore;
- (iv) a Paying Agent and a Transfer Agent with a Specified Office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (v) a CMU Lodging and Paying Agent in relation to Notes cleared through the CMU; and
- (vi) a Registrar in relation to Registered Notes.

Notice of any such removal or appointment and of any change in the Specified Office of any Paying Agent, Transfer Agent or Registrar will be given to Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable.

(e) **Payments subject to Fiscal Laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(f) **Delay in Payment**

Noteholders will not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for payment not being a business day or (ii) a cheque mailed in accordance with this Condition 7 (*Payments*) arriving after the due date for payment or being lost in the mail.

(g) **Payment Day**

If the date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. Interpretation of Principal and Interest.

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any Additional Amounts which may be payable with respect to principal under Condition 8 (*Taxation*);
- (ii) the Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in part, the Minimum Redemption Amount and the Maximum Redemption Amount;
- (vi) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vii) in relation to Zero Coupon Notes, the Early Redemption Amount (as defined in Condition 6(i)); and
- (viii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable with respect to interest under Condition 8 (*Taxation*).

(h) Payment of U.S. Dollar Equivalent

Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal, premium or interest (in whole or in part) in respect of Notes when due in Renminbi, the Issuer on giving not less than 10 days' nor more than 30 days' irrevocable notice to Noteholders prior to the due date for payment may settle any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Interest on such Notes will continue to accrue up to but excluding any such date for payment of principal.

In such event, payments of the U.S. Dollar Equivalent of the relevant Renminbi amount shall be made in accordance with Condition 7(a)(i) or Condition 7(b)(i), as the case may be, and, in addition, in the case of Notes that are held in the CMU, in accordance with Condition 7(c) (*Notes Held in the CMU*). For the avoidance of doubt, no such payment shall by itself constitute a default in payment within the meaning of Condition 10 (*Events of Default*).

For the purposes of the Conditions:

“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

“Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay principal, premium or interest in respect of the Notes, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

“Inconvertibility” means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert any amount due in respect of Notes denominated in Renminbi in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law or regulation).

“Non-Transferability” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from any account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law or regulation).

“Rate Calculation Business Day” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York.

“Rate Calculation Date” means the day which is five Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

“Renminbi Dealer” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

“RMB Rate Calculation Agent” means the agent appointed from time to time by the Issuer for the determination of the Spot Rate or identified as such in the relevant Pricing Supplement.

“Spot Rate” for a Rate Calculation Date means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11:00 a.m. (Hong Kong time) on such Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page CNHFIX=. If such rate is not available, the RMB Rate Calculation Agent will determine the Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page

RMB=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

“U.S. Dollar Equivalent” of a Renminbi amount means the relevant Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date as determined by the RMB Rate Calculation Agent at or around 11:00 a.m. (Hong Kong time) on the Rate Calculation Date and promptly notified to the Issuer, the Guarantors, the Trustee and the Paying Agents.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7(h) by the RMB Rate Calculation Agent will, in the absence of manifest error) be binding on the Issuer, the Guarantors, the Trustee, the Agents and all Noteholders.

These provisions may be amended or supplemented in the relevant Pricing Supplement.

8. TAXATION

All payments of principal, premium, if any and interest in respect of the Notes or under any Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within any jurisdiction in which the Issuer or an applicable Guarantor is incorporated, established or resident for tax purposes (or any political subdivision or any authority thereof or therein having power to tax) (each, as applicable, a **“Relevant Taxing Jurisdiction”**) or any jurisdiction (including Singapore) through which payments are made (or any political subdivision or any authority thereof or therein having power to tax) (together with each Relevant Taxing Jurisdiction, as applicable, a **“Relevant Jurisdiction”**), unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the applicable Guarantor shall pay such additional amounts (the **“Additional Amounts”**) as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such Additional Amounts shall be payable in respect of any Note or (if applicable) Coupon:

(a) Bearer Notes

In the case of Bearer Notes or Coupons:

- (i) to or to a party on behalf of a holder where such holder is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with a Relevant Jurisdiction otherwise than by reason only of the holding of such Bearer Note or Coupon or the receipt of any sums due in respect of such Bearer Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, a Relevant Jurisdiction); or
- (ii) the relevant Bearer Note or Coupon is surrendered for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering such Bearer Note or Coupon for payment on the last day of such period of 30 days; or

(b) **Registered Notes**

In the case of Registered Notes:

- (i) to or to a party on behalf of a holder where such holder is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with a Relevant Jurisdiction otherwise than by reason only of the holding of such Registered Note or the receipt of any sums due in respect of such Registered Note (including, without limitation, the holder being a resident of, or a permanent establishment in, a Relevant Jurisdiction); or
- (ii) if the relevant Note Certificate in respect of such Registered Note is required to be surrendered and is surrendered more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering such Note Certificate for payment on the last day of such period of 30 days.

“Relevant Date” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received in by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which notice is given to the Noteholders that the full amount have been so received and available for payment. Any reference in these Conditions to references to **“principal”** shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption and Purchase*), **“interest”** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest*) and any reference to **“principal”** and/or **“premium”** and/or **“Redemption Amounts”** and/or **“interest”** and/or **“Early Redemption Amounts”** shall be deemed to include any Additional Amounts which may be payable under these Conditions.

9. PRESCRIPTION

Claims in respect of the Notes and the Coupons (which, for this purpose does not include Talons) will become void unless the relevant Note is surrendered for payment as required by Condition 7 (*Payments*) within a period of five years from the appropriate Relevant Date.

10. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25.0% in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (subject in each case to being indemnified or secured or pre-funded to its satisfaction) shall, give notice to the Issuer that the Notes are and they shall immediately become due and repayable at its Early Redemption Amount together, if appropriate, with accrued interest thereon, if any of the following events (each, an **“Event of Default”**) occurs:

(a) **Non payment**

The Issuer or any Guarantor, as the case may be, fails to pay any amount of principal or premium, or Redemption Amount (whether becoming due and payable upon redemption or otherwise) or Early Redemption Amount (in the case of Zero Coupon Notes) in respect of the Notes on the due date for payment when the same becomes due and payable either at maturity, by declaration or otherwise; or the Issuer or any

Guarantor, as the case may be, is in default with respect to the payment of interest or any Additional Amount payable in respect of any of the Notes and such default in respect of interest or Additional Amounts continues for a period of five business days;

(b) Breach of other obligations

The Issuer or any Guarantor, as the case may be, defaults in the performance or observance of any of its other obligations under the Notes or the Issue Documents and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy, remains unremedied for 14 days after the Trustee has given written notice thereof, addressed to the Issuer and the Guarantors;

(c) Breach of Representation and Warranties

Any representation, warranty or statement by the Issuer or any Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated, and the event resulting in such default (i) is incapable of remedy or (ii) being a default which is capable of remedy, remains unremedied for 14 days after the Trustee has given written notice thereof, addressed to the Issuer and the Guarantors;

(d) Cross Default

- (i) Any present or future indebtedness (other than Indebtedness represented by the Notes) of the Issuer, any of the Guarantors or any of the Principal Subsidiaries in respect of borrowed moneys is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, any of the Guarantors or (as the case may be) the relevant Principal Subsidiary; or
- (iii) the Issuer, any of the Guarantors or any of the Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee of any such indebtedness (including any indemnity of such indebtedness or any arrangement having a similar effect),

provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events referred to in Condition 10(d) above has/have occurred individually or in the aggregate equals or exceeds S\$10 million (or the Dollar Equivalent thereof);

(e) Legal Process

One or more distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or any Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 30 days of having been so levied, enforced or sued out;

(f) Security Enforced

Any security on or over all or any material part of the property, assets or revenues of the Issuer, any Guarantor or any of the Principal Subsidiaries becomes enforceable, or any secured party takes any step to enforce such security (including the taking of possession, or appointment of a receiver, manager or other similar person);

(g) Bankruptcy, Insolvency etc.

- (i) (A) The Issuer, any of the Guarantors or any of the Principal Subsidiaries is or becomes (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, (B) any step is taken for the appointment of an administrator, liquidator (including a provisional liquidator), receiver, judicial manager, trustee, agent or similar officer of the Issuer, any of the Guarantors or any of the Principal Subsidiaries or over the whole or a substantial part of the undertaking, assets and revenues of the Issuer, any of the Guarantors or any of the Principal, or (C) the Issuer, any of the Guarantors or any of the Principal Subsidiaries, by reason of actual or anticipated financial difficulty, begins negotiations or takes any other step with a view to the readjustment, rescheduling or deferment of all or a substantial part of (or of a particular type of) its indebtedness, or suspends or threatens to stop or suspend payment of all or a substantial part of (or of a particular type of) its indebtedness, or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or enters into an agreement or arrangement for the deferral, rescheduling or other readjustment of or declares a moratorium in respect of all or a material part of (or a particular type of) its indebtedness (or any part which it will or might otherwise be unable to pay when due); or
- (ii) any step is taken for the winding up, liquidation or dissolution of the Issuer, any of the Guarantors or any of the Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent and where such an event does not have a material adverse effect on the Issuer or any Guarantor); or
- (iii) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 10(g)(i) and 10(g)(ii) above;

(h) Cessation of Business

The Issuer, any of the Guarantors or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business or operations or disposes or threatens to dispose of all or a substantial part of its property or assets (except, in each case, (1) for the purpose of and followed by a reconstruction, amalgamation, voluntary winding up not involving insolvency, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution before that event occurs, (2) in the case of a Principal Subsidiary, where the property or assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, Guarantor or another Principal Subsidiary, or (3) where the disposal is made pursuant to and in accordance with Condition 4(d) (*Limitation on Asset Sales*));

(i) Invalidity or Unenforceability

- (i) Any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or

registration) at any time required to be taken, fulfilled or done for the purposes stated in Clause 7.3 (*All Action Taken*) of the Trust Deed is not taken, fulfilled or done or any such consent ceases to be in full force and effect without modification or is modified in a manner unacceptable to the Trustee or any condition in or relating to any such consent is not complied with;

- (ii) it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any of its obligations under or in respect of the Notes or any of the Issue Documents; or
- (iii) any of the Notes, any Guarantee of the Notes or any of the Issue Documents ceases (or is claimed by the Issuer or any Guarantor not) to be the legal and valid obligations of the Issuer or such Guarantor, binding upon it in accordance with its terms, or is not (or is claimed by the Issuer or any Guarantor not to be) in full force and effect;

(j) Government Intervention

Any step is taken for all or any substantial part of the undertaking, assets and revenues of the Issuer, any of the Guarantors or any of the Principal Subsidiaries to be condemned, seized, compulsorily acquired, expropriated, nationalised or otherwise appropriated by any Person acting under the authority of any national, regional or local government which has or would have a material adverse effect on the Issuer or the Group taken as a whole;

(k) Litigation

Any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature or those which are being contested in good faith and by appropriate proceedings) is current or pending against the Issuer, any of the Guarantors or any of the Principal Subsidiaries (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer or the Guarantors under any of the Issue Documents or any of the Notes, or (ii) which has or would have a material adverse effect on the Issuer or the Group as a whole;

(l) Declared Company

The Issuer, any of the Guarantors or any of their respective Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; or

(m) Analogous Events

Any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in the foregoing paragraphs.

11. ENFORCEMENT

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice to the Issuer, the Guarantors, the Noteholders or the Couponholders, take any steps as it may think fit to enforce repayment of the Notes and/or one or more Guarantees, together with accrued interest, and to enforce the provisions of the Issue Documents, the Notes and the Coupons, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25.0% in

principal amount of the Notes outstanding and (b) it shall have been indemnified or secured or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing. The Trustee shall not be deemed to be responsible for the consequences of taking or refraining from taking any such steps as set out in this Condition.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVERS

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Trustee, the Guarantors or the Issuer, or by the Trustee (subject to its being indemnified, and/or secured and/or prefunded to its satisfaction against all costs and expenses) upon the request in writing of Noteholders holding not less than one tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a clear majority of the aggregate principal amount of the Notes for the time being outstanding, or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes for the time being outstanding so held or represented; provided, however, that certain proposals (including any proposal (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount of the Notes, (v) to vary the currency or currencies of payment or denomination of the Notes, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel any Guarantee (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and the Couponholders (if any), whether present at the meeting(s) or not.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification or Waiver without Noteholders’ consent

The Trustee may at its discretion (and is entitled to rely on and at the expense of the Issuer, an external legal, financial or other professional advice or opinion for this purpose) from time to time and at any time without any consent or sanction of the Noteholders or Couponholders concur with the Issuer in making (a) any modification to any of the Issue Documents (other than in respect of a Reserved Matter), the Notes or the Coupons which in the opinion of the Trustee, it may be expedient to make provided

the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders or Couponholders or (b) any modification to any of the Issue Documents, the Notes or the Coupons if such modification is of a formal, minor, administrative or technical nature or made to correct a manifest error or (i) an error which is, in the opinion of the Trustee, is proven, or (ii) to comply with mandatory provisions of Singapore law or (iii) is required by any Stock Exchange or by any depository and/or any clearing system in which the Notes may be held. Any such modification shall be binding on the Noteholders and Couponholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with these Conditions.

In addition, the Trustee may, without the consent or sanction of the Noteholders or Couponholders and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as the Issuer and/or the relevant Guarantor has demonstrated to the Trustee's satisfaction that the interests of the Noteholders shall not be materially prejudiced thereby, waive or authorise, on such terms and conditions (if any) as shall seem expedient to it, any breach or proposed breach by the Issuer or any Guarantor of any of the covenants or provisions contained in any of the Issue Documents (other than a breach or proposed breach relating to the subject of a Reserved Matter).

13. REPLACEMENT NOTES, COUPONS AND TALONS

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Principal Paying Agent (in the case of Definitive Bearer Notes, Coupons and Talons) and at the specified office of the Registrar (in the case of Definitive Note Certificates), or such other Paying Agent or Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15 (*Notices*), on payment by the claimant of the fees and costs (including the fees and costs of the Principal Paying Agent) incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talon must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders and Couponholders and in accordance with the Trust Deed, create and issue further Notes having the same terms and conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest) so as to be consolidated and form a single Series with the Notes, and references in these Conditions to "**Notes**" shall be construed accordingly. The Issuer may from time to time, with the consent of the Trustee, create and issue other Series of notes having the benefit of the Trust Deed.

15. NOTICES

Notices to Noteholders will be valid if published in a leading newspaper having general circulation in Singapore (which is expected to be The Business Times) or, if such publication is not practicable, in any other leading English language daily newspaper of general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15 (*Notices*).

Notwithstanding the above, notices to Noteholders of Registered Notes may also be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as any of the Notes are represented by a Global Note or Global Certificate, and such Global Note or Global Certificate is held (i) on behalf of Euroclear and Clearstream, Luxembourg, or any other clearing system, except as provided in sub-clause (ii) or (iii) below, notices required to be published in accordance with Condition 15 (Notices) may be given by delivery of the relevant notice to such clearing system for communication by it to the Noteholders, and any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, (ii) on behalf of the CMU, notices required to be published in accordance with Condition 15 (Notices) may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of dispatch of such notice as holding interests in the relevant Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which the said notice was sent, and (iii) by CDP, notices required to be published in accordance with Condition 15 (Notices) may be given by delivery of the relevant notice to the persons shown in the list of Noteholders provided by CDP, and any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which the said notice was sent, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph.

16. TRUSTEE

(a) Indemnification

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, any of the Guarantors and any entity relating to the Issuer or any of the Guarantors without accounting for any profit and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, any of the Guarantors and/or any of their respective Subsidiaries.

(b) Exercise of power and discretion

In connection with the exercise of its functions the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders, or the Noteholders or Couponholders in respect of Notes of any particular Tranche or Series, and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders.

(c) Confidentiality

Unless ordered to do so by a court of competent jurisdiction or unless required by the rules of the SGX-ST, the Trustee shall not be required to disclose to any Noteholder or Couponholder any confidential financial or other information made available to the Trustee by the Issuer or any of the Guarantors.

(d) No Responsibility

Each Noteholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in respect thereof.

(e) Reliance

The Trustee may rely without liability to Noteholders on any certificate or report prepared by any expert, auditor, lawyer, banker, valuer, surveyor, broker, auctioneer or professional entity, pursuant to these Conditions or the Trust Deed, whether or not addressed to the Trustee, and whether or not their liability in respect thereof is limited by a monetary cap or otherwise or all such liability is disclaimed.

17. AGENTS

In acting under the Agency Agreement, the Agent acts solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

19. GOVERNING LAW AND JURISDICTION

(a) Governing law

The Trust Deed, the Notes, and if applicable, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Submission to Jurisdiction

The Issuer and each Guarantor has in the Trust Deed (i) submitted irrevocably to the non-exclusive jurisdiction of the courts of Singapore for the purposes of hearing and determining any suit, action or proceedings or settling any disputes arising out of or in connection with the Trust Deed, the Notes, and if applicable, the Coupons and the Talons; (ii) waived any objection which it might have to such courts being nominated as the forum to hear and determine any such suit, action or proceedings or to settle any such disputes and agreed not to claim that any such court is not a convenient or appropriate forum; (iii) designated Tricor WP Corporate Services Pte. Ltd. at 80 Robinson Road, #02-00, Singapore 068898 to accept service of any process on its behalf in Singapore; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

FORMS OF THE NOTES

Bearer Notes

Global Notes

Bearer Notes of each Tranche of a Series to be issued in bearer form will initially be represented on issue by a Temporary Global Note without coupons, which may be deposited with CDP, CMU or the Common Depositary and/or a depositary for any other clearing system. Upon initial deposit, CDP, CMU or Euroclear and Clearstream, Luxembourg, as the case may be, will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Interests in the Temporary Global Note will be exchangeable in whole or in part for interests in a Permanent Global Note representing Bearer Notes of the relevant Tranche not earlier than 40 days after the later of the commencement of the offering of the relevant Tranche and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Each Temporary Global Note, Permanent Global Note and any Definitive Bearer Note, Talon and Coupon will bear the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code.”

Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Internal Revenue Code” or the “Code”), generally provide that U.S. beneficial owners, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts, interest coupons or talons thereon and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts, interest coupons or talons thereon.

Each of the persons shown in the records of CDP, CMU, Euroclear, Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) as the holder of a Note represented by a Global Note must look solely to CDP, CMU, Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under such Global Note, subject to and in accordance with the respective rules and procedures of CDP, CMU, Euroclear, Clearstream, Luxembourg or such Alternative Clearing System. Such persons will not have any claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

Amendments to the Conditions

Each Temporary Global Note and Permanent Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments. No payments will be made on the Temporary Global Note unless exchange of any interest in the Temporary Global Note for the relevant interest in the Permanent Global Note or for Definitive Bearer Notes, as the case may be, is improperly withheld or refused. Payments on any Temporary Global Note will only be made to the extent that certification (in a form to be provided) to the effect that the beneficial owner of an interest in such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury Regulations, has been received by CDP, CMU, Euroclear, Clearstream, Luxembourg and/or any Alternative

Clearing System, as applicable, and CDP, CMU, Euroclear, Clearstream, Luxembourg and/or such Alternative Clearing System, as the case may be, has given a like certification (based on the certifications it has received) to the Trustee or the Principal Paying Agent, as the case may be. Payments of principal, premium and interest in respect of Notes represented by a Permanent Global Note will be made against presentation and (if no further payment falls to be made on it) surrender of it at the specified office of the Principal Paying Agent or of any other paying agent provided for in the Conditions and, in the case of interest only, at an office outside the United States and its possessions (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose). The Principal Paying Agent shall endorse or cause to be endorsed such payment or cause such payment to be endorsed in the appropriate schedule to the Permanent Global Note, as the case may be, such endorsement being *prima facie* evidence that the payment in question has been made.

Notwithstanding the above, if a Note is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Direct Rights. In relation to CDP Cleared Notes only, if an Event of Default occurs, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes represented by a Global Note may (subject as provided in the Global Note) elect that direct rights (the "Direct Rights") under the provisions of the Deed of Covenant shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount represented by the Global Note. Such election shall be made by notice to the Principal Paying Agent and presentation of the Global Note to or to the order of the Principal Paying Agent for reduction of the principal amount of Notes represented by the Global Note by such amount as may be stated in such notice and by endorsement of the Principal Schedule of the Global Note of the principal amount of Notes in respect of which Direct Rights have arisen under the Deed of Covenant. Upon each such notice being given, the Global Note shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date (as defined below) unless the Noteholder elects in such notice that the exchange for such Notes shall no longer take place.

Notices. So long as any Notes are represented by the Permanent Global Note and the Permanent Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice (so long as the Permanent Global Note is held on behalf of Euroclear and Clearstream, Luxembourg, CDP or such Alternative Clearing System) to Euroclear, Clearstream, Luxembourg, (subject to the agreement of CDP) CDP or such Alternative Clearing System, as the case may be, or otherwise to the holder of the Permanent Global Note, or (so long as the Permanent Global Note is held on behalf of the CMU) to the persons shown in a CMU Instrument Position Report issued by the CMU on the business day preceding the date of dispatch of such notice as holding interests in the Permanent Global Note, rather than by publication as required by the Conditions, and any such notice shall be deemed to have been given to the Noteholders on the second business day on which such notice is delivered to the persons shown in the CMU Instrument Position Report; provided, however, that, so long as the Notes are admitted to trading on the SGX-ST and its rules so require, notices will also be published in a leading newspaper having general circulation in Singapore (which is expected to be *The Business Times*).

Meetings. The holder of the Permanent Global Note shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum Specified Denomination of Notes for which the Permanent Global Note may be exchanged.

Trustee's Powers. In considering the interests of Noteholders while the Permanent Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Permanent Global Note and may consider such interests as if such accountholders were the holders of the Permanent Global Note.

Prescription. The Permanent Global Note shall become void unless it is presented for payment within a period of five years from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*) of the Notes).

Call Option. Any call option of the Issuer provided for in the Conditions may be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

Put Option. Any put option of the Noteholders provided for in the Conditions may be exercised by the holder of the Permanent Global Note giving notice to the Principal Paying Agent of the principal amount of Notes in respect of which the option is exercised within the time limits set out in the Conditions, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised.

Purchase and Cancellation. Cancellation of any Note required by the Conditions to be cancelled following its purchase shall be effected by reduction in the principal amount of the Permanent Global Note on its presentation to or to the order of the Principal Paying Agent for notation in the Principal Schedule. Notes may only be purchased by the Issuer, any of the Guarantors and any of its respective Subsidiaries if they are purchased together with the right to receive all future payments of interest thereon.

Exchanges for Permanent Global Note and for Definitive Bearer Notes

Interests in a Temporary Global Note are exchangeable for interests in a Permanent Global Note in bearer form or, if so specified in the relevant Pricing Supplement, Definitive Bearer Notes in bearer form not earlier than 40 days after the later of the commencement of the offering of the relevant Tranche and the relevant issue date, upon certification of non-U.S. beneficial ownership in the form set out in the Temporary Global Note.

Interests in a Permanent Global Note are exchangeable in whole but not in part for Definitive Bearer Notes (i) if the Permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if the Permanent Global Note is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is

available, or (iii) if the Permanent Global Note is held by or on behalf of the CMU and the CMU is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Any such exchange may be effected on or after an Exchange Date by the holder of this Permanent Global Note giving notice to the Principal Paying Agent and by surrendering this Permanent Global Note to or to the order of the Principal Paying Agent on or after the Exchange Date.

“Exchange Date” means a day falling not less than 40 days after the day on which the notice requiring exchange is given and on which commercial banks are open for business in Singapore, in the case of exchange pursuant to (i) as provided in the preceding paragraph, a day on which commercial banks are open for business in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System, are located.

In exchange for the Permanent Global Note, the Issuer shall deliver, or procure the delivery of, duly executed and authenticated Definitive Bearer Notes in an aggregate principal amount equal to the principal amount of this Permanent Global Note submitted for exchange (if appropriate, having attached to them all Coupons and Talons in respect of interest that have not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and substantially in the form set out in the Trust Deed, to the persons as the relevant clearing system shall direct in writing or, in the case of Notes cleared through the CMU, as reflected in the CMU Instrument Position Report.

Registered Notes

Global Certificates

Registered Notes will be evidenced on issue by a Global Certificate and may be deposited with, and registered in the name of or the name of a nominee for, CDP, CMU or the Common Depositary. Upon such initial registration of the Global Certificate and the delivery thereof to CDP, a sub-custodian of the CMU or the Common Depositary, CDP, CMU, Euroclear, Clearstream, Luxembourg, as the case may be, will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Interests in the Global Certificate may be held through CDP, CMU, Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, as the case may be, at any time. See “Clearance and Settlement” for further details. Except in the limited circumstances described below, owners of interests in the Global Certificate will not be entitled to receive physical delivery of certificated Registered Notes in definitive form (the “Definitive Note Certificates”). Registered Notes are not issuable in bearer form.

Each of the persons shown in the records of CDP, CMU, Euroclear, Clearstream, Luxembourg or any Alternative Clearing System as the holder of a Note represented by a Global Certificate must look solely to CDP, CMU, Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Registered Notes and in relation to all other rights arising under such Global Certificate, subject to and in accordance with the respective rules and procedures of CDP, CMU, Euroclear, Clearstream, Luxembourg or such Alternative Clearing System. Such persons will not have any claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the underlying Registered Notes in respect of each amount so paid.

Amendments to the Conditions

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the Terms and Conditions of the Notes. The following is a summary of those provisions:

Payments. Payments of principal, premium and interest in respect of Notes represented by the Global Certificate will be made against presentation for endorsement and if no further payment falls to be made in respect of the Notes, surrender of the Global Certificate to or to the order of the Principal Paying Agent. The Principal Paying Agent shall endorse or cause to be endorsed such payment or cause such payment to be endorsed in appropriate schedule to the Global Certificate, such endorsement being *prima facie* evidence that the payment in question has been made.

Notwithstanding the above, if a Note is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Direct Rights. In relation to CDP Cleared Notes only, if an Event of Default occurs, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes represented by a Global Certificate may (subject as provided in the Global Certificate) elect that direct rights (the "Direct Rights") under the provisions of the Deed of Covenant shall come into effect in respect of a principal amount of Notes up to the aggregate principal amount represented by the Global Certificate. Such election shall be made by notice to the Principal Paying Agent, the Transfer Agent and the Registrar and presentation of the Global Certificate to or to the order of the Registrar for reduction of the principal amount of Notes represented by the Global Certificate by such amount as may be stated in such notice by (i) endorsement of the Principal Schedule of the Global Certificate and (ii) notation in the Register of the principal amount of Notes in respect of which Direct Rights have arisen under the Deed of Covenant. Upon each such notice being given, the Global Certificate shall become void to the extent of the principal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect. No such election may however be made on or before the Exchange Date unless the Noteholder elects in such notice that the exchange for such Notes shall no longer take place.

Notices. So long as any Notes are represented by the Global Certificate and the Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice (so long as the Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, CDP or such Alternative Clearing System) to Euroclear, Clearstream, Luxembourg, (subject to the agreement of CDP) CDP or such Alternative Clearing System, as the case may be, or otherwise to the holder of the Global Certificate or (so long as the Global Certificate is held on behalf of the CMU) to the persons shown in a CMU Instrument Position Report issued by the CMU on the business day preceding the date of dispatch of such notice as holding interests in the Global Certificate, rather than by publication as required by the Conditions, and any such notice shall be deemed to have been given to the Noteholders on the second business day on which such notice is delivered to the persons shown in the CMU Instrument Position Report; provided, however, that, so long as the Notes are admitted to trading on the SGX-ST and its rules so require, notices will also be published in a leading newspaper having general circulation in Singapore (which is expected to be *The Business Times*).

Meetings. The holder of the Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum Specified Denomination of Notes for which the Global Certificate may be exchanged.

Trustee's Powers. In considering the interests of Noteholders while the Global Certificate is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Global Certificate.

Prescription. The Global Certificate shall become void unless it is presented for payment within a period of five years from the appropriate Relevant Date (as defined in Condition 8 (*Taxation*) of the Notes).

Call Option. Any call option of the Issuer provided for in the Conditions may be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

Put Option. Any put option of the Noteholders provided for in the Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent and the Transfer Agent of the principal amount of Notes in respect of which the option is exercised within the time limits set out in the Conditions, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised.

Purchase and Cancellation. Cancellation of any Note required by the Conditions to be cancelled following its purchase shall be effected by reduction in the principal amount of the Global Certificate.

Exchange for and Transfers of Definitive Note Certificates

The Global Certificate will become exchangeable, free of charge to the holder, in whole but not in part, for Definitive Note Certificates (i) if the Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, (ii) if the Global Certificate is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in its terms and conditions for the provision of depository services and no alternative clearing system is available, or (iii) if the Global Certificate is held by or on behalf of the CMU and the CMU is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. Any such exchange may be effected on or after an Exchange Date by the holder of the Global Certificate giving notice to the Principal Paying Agent, the Transfer Agent and the Registrar.

In such circumstances, the Issuer will procure that the Registrar notifies the Noteholders as soon as practicable after the occurrence of the relevant event and that such Definitive Note Certificates will be registered in such names as the relevant clearing system shall direct in writing or, in the case of Notes cleared through the CMU, as reflected in the CMU Instrument Position Report or any other relevant notification by the CMU. The Global Certificate shall be exchanged in full for Definitive Note Certificates and the Issuer will, without charge to the holder or holders thereof, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange, cause sufficient Definitive Note Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in the Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes.

The holder of a Definitive Note Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar, together with the completed form of transfer thereon. The Registrar will not register the transfer of any Notes or exchange of interests in a Global Certificate for Definitive Note Certificates for a period of 15 calendar days ending on the due date for any payment of principal, premium or interest in respect of the Notes.

Singapore Dollar Equivalent

For the purposes of calculating the Singapore dollar equivalent of the principal amount of Notes outstanding under the Programme from time to time, the Singapore dollar equivalent of the Notes denominated in another currency shall be determined, at the discretion of the Issuer, either as of the date of agreement to issue such Notes (the "Agreement Date") or on the preceding day on which commercial banks and foreign exchange markets are open for business in Singapore, in either case on the basis of the Exchange Rate on the relevant date of calculation. As used herein, the "Exchange Rate" means the spot rate for the sale of Singapore dollars against the purchase of such other relevant currency in the Singapore foreign exchange market as quoted by any leading bank selected by the Issuer at its discretion on the Agreement Date or on the preceding day on which commercial banks and foreign exchange markets are open for business in Singapore.

The Singapore dollar equivalent of any Zero Coupon Note and any other Note issued at a discount shall be calculated, in relation to the Specified Currency, in the manner above and with the Exchange Rate so determined to apply in respect of any other Singapore dollar equivalent determination for the same Notes and, in relation to the principal amount, by reference to the amortisation yield formula as specified in the Conditions applicable to such Notes as of the same dates as specified in the preceding paragraph or, if no formula is so specified, the principal amount of the Notes. The Singapore dollar equivalent of a Note issued at a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer from the relevant issue of Notes.

General

Any reference herein to the Paying Agent, the Transfer Agent and the Registrar shall be deemed to refer to The Bank of New York Mellon, Singapore Branch as paying agent, transfer agent and registrar in relation to Notes which are to be cleared with CDP and to The Bank of New York Mellon, Hong Kong Branch as lodging and paying agent, transfer agent and registrar in relation to Notes which are to be cleared with CMU and The Bank of New York Mellon, London Branch as paying agent and The Bank of New York Mellon (Luxembourg) S.A. as transfer agent and registrar, respectively, in relation to Notes which are to be cleared with a clearing system other than CDP or CMU.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND FINANCIAL REVIEW

The following tables set out the Group's consolidated financial statements as at and for the years ended 31 December 2012 ("FY2012"), 31 December 2013 ("FY2013") and 31 December 2014 ("FY2014") respectively.

The selected consolidated financial information for FY2012, FY2013 and FY2014 in the tables below are derived from the historical financial statements of the Group, which have been audited by the independent auditors HLB Hodgson Impey Cheng Limited. The audited financial statements of the Group have been drawn up in accordance with the HKFRS.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	FY2012	FY2013	FY2014
	(audited)	(audited)	(audited)
	<i>HKD'million (except earnings per share)</i>		
Revenue	1,243	1,640	2,073
Cost of sales	(911)	(1,133)	(1,413)
Gross profit	332	508	660
Other income and gains	12	12	15
Selling and marketing costs	(49)	(69)	(103)
Administrative expenses	(48)	(56)	(63)
Realised and unrealised gain/(loss) on investment held for trading	2	(1)	3
Loss from discontinued operation	(12)	–	–
Finance costs	(20)	(21)	(44)
Profit before income tax	217	372	468
Income tax expense	(48)	(95)	(128)
Profit for the year	169	277	340
<u>Profit attributable to:</u>			
Owners of the Issuer	131	230	288
Non-controlling interests	38	47	52
Profit for the year	169	277	340
Fair value change in available-for-sale investments	124	19	(112)
Currency translation differences	29	55	(55)
Total other comprehensive income for the year net of tax	152	74	(167)
Total comprehensive income for the year	321	351	173
Earnings per share (HK cents)			
Basic	5.08	8.96	10.24
Diluted	5.08	8.69	9.96

Consolidated Statement of Financial Position	FY2012	FY2013	FY2014
	(audited)	(audited)	(audited)
		<i>HKD'million</i>	
Non-current assets			
Land use rights	147	148	141
Property, plant and equipment	619	936	1,443
Investment properties	140	141	135
Mining rights	572	576	549
Payment of acquisition of patents	–	58	56
Deposit for acquisition of property, plant and equipment	–	9	35
Available-for-sale investment	124	–	–
	<u>1,602</u>	<u>1,868</u>	<u>2,359</u>
Current assets			
Available-for-sale investment	–	142	30
Inventories	70	93	181
Land use rights	3	3	3
Trade and other receivables, prepayments and deposits	174	303	384
Investments held for trading	12	7	10
Deposits with banks	112	41	86
Cash and cash equivalents	391	382	743
	<u>762</u>	<u>972</u>	<u>1,438</u>
Less: Current liabilities			
Trade and other payables	130	210	311
Income tax payable	16	20	33
Borrowings	317	301	304
Convertible bonds	–	–	117
	<u>463</u>	<u>531</u>	<u>765</u>
Net current assets	<u>299</u>	<u>441</u>	<u>672</u>
Total assets less current liabilities	<u>1,901</u>	<u>2,309</u>	<u>3,032</u>
Less: Non-current liabilities			
Convertible bonds	–	–	178
Deferred revenue	–	25	70
Borrowings	–	–	292
Deferred tax liabilities	131	131	125
	<u>131</u>	<u>156</u>	<u>665</u>
Net assets	<u>1,770</u>	<u>2,153</u>	<u>2,367</u>
Capital and reserves attributable to owners of the Issuer			
Share capital	61	62	68
Reserves	1,569	1,928	2,143
	<u>1,630</u>	<u>1,990</u>	<u>2,211</u>
Non-controlling interests	<u>140</u>	<u>163</u>	<u>156</u>
Total equity	<u>1,770</u>	<u>2,153</u>	<u>2,367</u>

Other Unaudited Financial Information	FY2012	FY2013	FY2014
		<i>HKD'million</i>	
Profit before income tax	217	372	468
Finance cost	20	21	44
Depreciation and amortisation	66	75	78
Realised and unrealised (gain)/loss on investment held for trading	(5)	1	(3)
Share options granted to directors and employees	2	5	2
Loss on disposal of operation	2	–	–
Consolidated EBITDA	302	474	589

(1) EBITDA is not a standard measure under HKFRS, but is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Issuer's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Investors should not compare the Issuer's EBITDA to EBITDA presented by other companies because not all companies use the same definition. Nevertheless, EBITDA has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of the Group's financial condition or results of operations, as reported under HKFRS. Due to these limitations, EBITDA should not be considered a measure of discretionary cash available to the Group to invest in the growth of its business. See "Presentation of Financial and Other Data" for further information.

Financial Review of Results of Operations

FY2014 versus FY2013

Income Statement Review

Overview

The Group's revenue for FY2014 increased by 26.3 per cent. from HKD1,640,291,000 in FY2013 to HKD2,072,519,000 in FY2014. This is mainly due to increase in sales volume. In FY2014, sales quantities for the magnesium products business and the fertilisers business have increased by 34.8 per cent. and 29.8 per cent. respectively.

Revenue

Revenue from the magnesium products business reached HKD696,904,000 for FY2014 (compared to HKD547,366,000 in FY2013), accounting for approximately 33.6 per cent. of the Group's total revenue (compared to 33.3 per cent. in FY2013) and representing an increase of 27.3 per cent. as compared to FY2013.

Revenue from the fertilisers business stood at HKD1,277,282,000 for FY2014 (compared to HKD1,028,068,000 in FY2013), accounting for 61.6 per cent of the Group's total revenue (compared to 62.7 per cent. in FY2013) and representing an increase of 24.2 per cent. as compared to FY2013.

Revenue from the metallurgical flux business amounted to HKD98,333,000 for FY2014 (compared to HKD64,857,000 in FY2013), representing 4.8 per cent. of the Group's total revenue (compared to 4.0 per cent. in FY2013) and representing an increase of 51.6 per cent. as compared to FY2013.

Cost of Sales

Cost of sales for FY2014 amounted to approximately HKD1,412,575,000 (compared to HKD1,132,526,000 in FY2013) and represented an increase of around 24.7 per cent. 32.5 per cent., 65.9 per cent. and 1.6 per cent. of the cost of sales were attributable to the magnesium products business, fertilisers business and metallurgical flux business respectively (compared to 31.5 per cent., 66.9 per cent. and 1.6 per cent. respectively in FY2013). Cost of sales mainly comprised of material cost and utilities cost that accounted for approximately 88.0 per cent. of the total cost of sales.

Gross profit

Consolidated gross profit for FY2014 was approximately HKD659,944,000 (compared to HKD506,765,000 in FY2013), surging by approximately 30.0 per cent. The consolidated gross profit margin rose from 31.0 per cent. to approximately 31.8 per cent. This was mainly due to the change and improvement of the product mix, thereby enhancing the Group's overall gross profit ratio.

Selling and Marketing Costs

Selling and marketing costs were approximately HKD103,116,000 in FY2014 (compared to HKD69,437,000 in FY2013), which mainly comprised of transportation costs of approximately 67.7 per cent. and staff costs, entertainment and commission of approximately 24.1 per cent. (compared to 69.2 per cent. and 22.7 per cent. respectively in FY2013). Selling and marketing costs accounted for approximately 5.0 per cent. (compared to approximately 4.2 per cent. in FY2013) of total revenue.

Administrative Expenses

Administrative expenses were approximately HKD63,302,000 in FY2014 (compared to HKD55,767,000 in FY2013), which mainly comprised of staff costs, depreciation and amortisation expenses, audit and professional fees and occupancy costs, accounting for approximately 35.5 per cent., 15.4 per cent., 9.5 per cent. and 4.3 per cent. respectively (compared to approximately 39.6 per cent., 24.4 per cent., 6.1 per cent. and 4.1 per cent. respectively in FY2013) of the total administrative expenses for the year.

Increases in administrative expenses was mainly due to expenses incurred in coping with expansion of the Group's businesses; at the same time, the Group was able to minimise such expenses as it only represented approximately 3.1 per cent. (compared to approximately 3.4 per cent. in FY2013) of total revenue in FY2014.

Other Income and Gains

Other income and gains amounted to approximately HKD15,055,000 in FY2014 (compared to HKD11,782,000 in FY2013), mainly comprised of interest income and rental income amounting to approximately HKD8,544,000 and HKD4,766,000 respectively (compared to approximately HKD5,157,000 and HKD5,241,000 respectively in FY2013).

Margin

Profit for FY2014 amounted to approximately HKD339,641,000 (compared to HKD277,133,000 in FY2013), leaping by approximately 22.6 per cent. Profit attributable to owners of the Issuer for FY2014 amounted to HKD287,910,000 (compared to HKD230,215,000 in FY2013), increasing by approximately 25.1 per cent.

Consolidated Statement of Financial Position Review

The Group's liquidity in FY2014 was mainly derived from cash generated from business operations. As at 31 December 2014, the total amount of cash and bank balances of the Group was approximately HKD828,782,000 (as at 31 December 2013: HKD422,901,000).

As at 31 December 2014, the Group's total borrowings increased by approximately 195.7 per cent. as compared to 2013, while net current assets increased by approximately 52.3 per cent. as compared to 2013. The Group's gearing ratio (calculated by total borrowings over total assets) was approximately 23.4 per cent. in 2014 (2013: 10.6 per cent.).

The Group's existing cash resources together with the steady cash flows generated from business activities are sufficient to meet its business needs. Net cash generated from operating activities amounted to HKD322,910,000 (2013: HKD301,371,000).

The Group's total non-current assets increased from HKD1,867,914,000 as at 31 December 2013 to HKD2,359,061,000 as at 31 December 2014. The increase was principally attributable to the acquisition of property, plant and equipment and the deposit for such acquisition during the period.

Total current assets increased from HKD972,308,000 as at 31 December 2013 to HKD1,437,895,000 as at 31 December 2014.

Total liabilities increased from HKD530,828,000 as at 31 December 2013 to HKD765,540,000 as at 31 December 2014.

FY2013 versus FY2012

Income Statement Review

Overview

The Group's revenue for FY2013 increased by 32.0 per cent. from HKD1,242,930,000 in FY2012 to HKD1,640,291,000 in FY2013. This is mainly due to expansion of production capacity, improvement in production efficiency and increase in sales volume.

For production capacity, the Group has renovated its production lines, thus expanding the production capacity for fertilisers by around 18.4 per cent.

For sales, the Group has expanded its distribution networks and customers base, thereby increasing the sales volume for compound fertilisers and organic fertilisers by 31.1 per cent. and 48.7 per cent. respectively, among which, sales volume of high gross margin products, silicon magnesium compound fertiliser, increased by 68.3 per cent. Sales volume for the magnesium products business also recorded a growth of 30.9 per cent., among which, sales volume of rare earth magnesium alloys recorded a significant growth of 68.3 per cent., and accounted for 49.9 per cent. of total quantity sold in the magnesium products business.

Revenue

Revenue from the magnesium products business reached HKD547,366,000 in FY2013 (compared to HKD379,932,000 in FY2012), accounting for 33.3 per cent. of the Group's total revenue (compared to 30.6 per cent. in FY2012) and representing an increase of 44.1 per cent. as compared to FY2012.

Revenue from the fertilisers business stood at HKD1,028,068,000 for FY2013 (compared to HKD802,464,000 in FY2012), accounting for 62.7 per cent of the Group's total revenue (compared to 64.5 per cent. in FY2012) and representing an increase of 28.1 per cent. as compared to FY2012.

Revenue from the metallurgical flux business amounted to HKD64,857,000 in FY2013 (compared to HKD60,534,000 in FY2012), representing 4.0 per cent. of the Group's total revenue (compared to 4.9 per cent. in FY2013) and representing an increase of 7.1 per cent. as compared to FY2012.

Cost of Sales

Cost of sales for FY2013 amounted to approximately HKD1,132,526,000 (compared to HKD910,734,000 in FY2012) and represented an increase of around 24.4 per cent. 31.5 per cent., 66.9 per cent. and 1.6 per cent. of the cost of sales were attributable to the magnesium products business, fertilisers business and metallurgical flux business respectively (compared to 27.7 per cent., 29.6 per cent. and 2.7 per cent. respectively in FY2012). Cost of sales mainly comprised of material cost and utilities cost that accounted for approximately 87.5 per cent. of the total cost of sales.

Gross profit

Consolidated gross profit for FY2013 was approximately HKD506,765,000 (compared to HKD332,196,000 in FY2012), surging by approximately 52.9 per cent. The consolidated gross profit margin rose from 26.7 per cent. to approximately 31.0 per cent. This was mainly due to the change and improvement of the product mix and increasing the sales proportion of high profit margin rare earth magnesium alloys and the silicon magnesium compound fertilisers, thereby enhancing the Group's overall gross profit ratio.

Selling and Marketing Costs

Selling and marketing costs were approximately HKD69,437,000 (compared to HKD48,948,000 in FY2012), which mainly comprised of transportation costs of approximately 69.2 per cent. and salaries and commission of approximately 18.9 per cent. (compared to 67.0 per cent. and 25.7 per cent. respectively in FY2012). Selling and marketing costs accounted for approximately 4.2 per cent. (compared to approximately 3.9 per cent. in FY2012) of total revenue.

Administrative Expenses

Administrative expenses were approximately HKD55,767,000 in FY2013 (compared to HKD48,084,000 in FY2012), which mainly comprised of staff costs, depreciation and amortisation expenses, audit and professional fees and occupancy costs, accounting for approximately 39.6 per cent., 24.4 per cent., 6.1 per cent. and 4.1 per cent. respectively (compared to approximately 35.1 per cent., 18.6 per cent., 6.3 per cent. and 3.3 per cent. respectively in FY2012) of the total administrative expenses for the year.

Increases in administrative expenses was mainly due to expenses incurred in coping with expansion of the Group's businesses; at the same time, the Group was able to minimise such expenses as it only represented approximately 3.4 per cent. (compared to approximately 3.9 per cent. in FY2012) of total revenue in FY2013.

Other Income and Gains

Other income and gains amounted to approximately HKD11,782,000 (compared to approximately HKD12,015,000 in FY2012), mainly comprised of interest income and rental income amounting to approximately HKD5,157,000 and HKD5,241,000 respectively in FY2013 (compared to approximately HKD6,104,000 and HKD4,633,000 respectively in FY2012).

Margin

Profit for FY2014 amounted to approximately HKD277,133,000 (compared to HKD168,584,000 in FY2012), leaping by approximately 64.4 per cent. Profit attributable to owners of the Issuer for FY2014 amounted to HKD287,910,000 (compared to HKD230,215,000 in FY2013), increasing by approximately 25.1 per cent.

Consolidated Statement of Financial Position Review

The Group's liquidity in FY2013 was mainly derived from cash generated from business operations. As at 31 December 2013, the total amount of cash and bank balances of the Group was approximately HKD422,901,000 (as at 31 December 2012: HKD503,194,000).

As at 31 December 2013, the Group's total borrowings decreased by approximately 5.1 per cent. as compared to 2012, while net current assets increased by approximately 47.9 per cent. as compared to 2012. The Group's gearing ratio (calculated by total borrowings over total equity) was approximately 14.0 per cent. in 2013 (2012: 17.9 per cent.).

The Group's existing cash resources together with the steady cash flows generated from business activities are sufficient to meet its business needs. Net cash generated from operating activities amounted to HKD297,905,000 (2012: HKD252,538,000).

The Group's total non-current assets increased from HKD1,601,762,000 as at 31 December 2012 to HKD1,867,914,000 as at 31 December 2013.

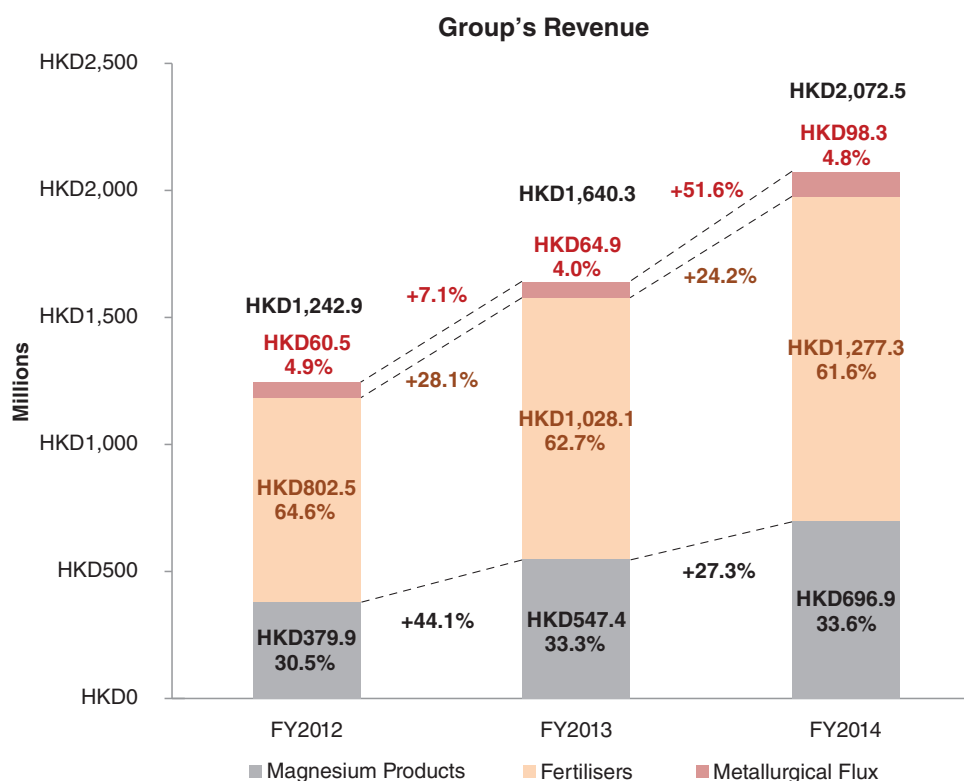
Total current assets increased from HKD761,676,000 as at 31 December 2012 to HKD972,308,000 as at 31 December 2013.

Total liabilities increased from HKD463,203,000 as at 31 December 2012 to HKD530,828,000 as at 31 December 2013.

BUSINESS

1. OVERVIEW

The Group is a leading vertically integrated producer of magnesium products and ecological fertilisers in the PRC, which are its two main business segments. The Group also produces and sells metallurgical flux products, which is its third business segment. The Issuer is listed on the HKSE and had a market capitalisation of HKD4,054.0 million (approximately S\$695.0 million) as of the Latest Practicable Date. The chart below shows the Group's total revenues, including a breakdown by business segment, for the periods indicated.



In relation to the Group's three business segments:

- Magnesium Products Business.** The magnesium products that the Group produces include basic magnesium products, such as general magnesium alloys and magnesium ingots, and rare earth magnesium alloys. The Group has obtained exploration and mining rights to a dolomite mine in the Jilin province of the PRC, from which it obtains the dolomite that it uses to produce raw magnesium for its magnesium products. The Group also has an integrated magnesium smelting, ingot manufacturing, alloy processing and product warehousing and distribution plant, located approximately 10 kilometres from the dolomite mine, with an annual production capacity of 25,000 tonnes as of 31 March 2015. As of the Latest Practicable Date, the Group has one of the largest rare earth magnesium alloy production lines in the PRC in terms of production capacity.
- Fertilisers Business.** The Group produces and sells compound fertilisers (chemically manufactured from various materials and compounds) and organic fertilisers (organically produced from industrial waste materials). Since 2012, the Group has been actively developing, producing and promoting its silicon magnesium compound fertilisers, which are its niche product. The Group has obtained exploration and mining rights to a serpentine mine in the Jiangsu province of the PRC. Serpentine is a source of the magnesium and silicon that the Group uses in the production of its silicon

magnesium compound fertiliser. The abundant, quality serpentine reserves also provide a source of auxiliary material for iron and steel smelting. The Group's fertiliser plant, which is located approximately one kilometre from the serpentine mine, has five production lines with an aggregate annual production capacity of 800,000 tonnes of organic and compound fertilisers as of 31 March 2015. As of the Latest Practicable Date, the Group's fertilisers are sold and distributed across 20 provinces in the PRC.

- Metallurgical Flux Business. As a secondary business, the Group also produces and sells metallurgical flux that can be used for smelting iron and steel. The metallurgical flux is produced from the serpentine that the Group produces from its serpentine mine.

In February 2015, the Group announced the completion of the acquisition of 739,532,000 existing and new shares, amounting to a 51.46 per cent. shareholding interest, of Group Sense (International) Limited ("Group Sense"), a company which is also listed on the HKSE. Following the Group's subsequent mandatory general offer for the remaining shares of Group Sense that it did not own, the Group's shareholding interest in Group Sense increased to 51.88 per cent. on 26 March 2015. Group Sense is a leading manufacturer of electronic dictionaries and other handheld information devices, and also provides electronic manufacturing services. The Group intends to use Group Sense as a separate listed platform through which it can focus and expand its magnesium products business.

In addition, on 4 February 2015, the Issuer entered into a non-legally binding framework agreement regarding the proposed acquisition of the entire equity interest in various operating project companies with magnesium and ancillary businesses such as power generation and semi-coke.

2. COMPANY BACKGROUND

The Group's founder, Mr. Chi Wen Fu, first started the research and development of organic fertiliser products in January 1998 by initiating research on microbial compound fertilisers. Thereafter, in order to continue the research and development, production and sale of organic fertiliser products in the PRC, Mr. Chi established Youxi Greenland (later known as Green Land Bio-Products Co., Ltd., which has since been deregistered as of 17 July 2012) in January 2000.

In the second half of 2000, the Group focused on conducting market research and analysis on potential demands for the Group's microbial compound fertiliser and organic fertiliser products. The Group promoted its fertilisers to tea plantations at major tea producing districts within the Fujian province in the PRC.

The Issuer was incorporated in the Cayman Islands on 21 January 2003 as an investment holding company for the Group, and was listed on the GEM of the HKSE. On 31 July 2008, the Issuer's shares were withdrawn from the GEM and since 1 August 2008, the Issuer has been listed on the Main Board of the HKSE.

In September 2008, the Group began its first foray into the magnesium production industry:

- Through its wholly-owned subsidiary, Capital Idea Investments Limited ("Capital Idea"), the Group acquired an 80.0 per cent. interest in Fullocean Group Limited ("Fullocean"). This acquisition was completed in December 2008.
- Fullocean in turn held shares representing 60.0 per cent. of the share capital in China Magnesium Limited, which was subsequently renamed "China Rare Earth Magnesium Technology Holdings Limited" ("China Rare Earth Magnesium").

- Through China Rare Earth Magnesium, Fullocean had an indirect shareholding interest of approximately 60.0 per cent. in Baishan City Tianan Magnesium Resources Co., Ltd. (“Baishan City Tianan Magnesium Resources”), a magnesium producer based in Baishan City, Jilin province in the PRC.

In July 2009, again through Capital Idea, the Group acquired a further 4.5 per cent. interest in Fullocean. In turn, Fullocean, in September 2009, acquired a further 7.0 per cent. in China Rare Earth Magnesium (and the Issuer thus effectively acquired an additional 5.9 per cent. shareholding in China Rare Earth Magnesium, thus effectively holding a 56.6 per cent. interest in China Rare Earth Magnesium).

Thereafter, in December 2009, the Group acquired the exploration rights of a dolomite mine in Jilin province in the PRC. It later acquired the mining rights to the mine in November 2010.

At the same time, the Group further developed its original fertilisers business. It began devoting resources and research and development efforts in compound fertilisers to Jiangsu Azureblue Technology Developments Co., Ltd. (“Jiangsu Azureblue”), based in Jiangsu province in the PRC. Jiangsu Azureblue was established in 2007 as a joint venture between Century Sunshine Ecological Technology Limited (“Century Sunshine Ecological”) and Lian Yun Port De Mei New Energy Technology Limited (“Lian Yun”), which was a consultancy company providing technical advice and consultancy services in the agricultural sector in Jiangsu province in the PRC. The Group then increased its shareholding interest in Jiangsu Azureblue from its initial 51.0 per cent. under the joint venture to 83.2 per cent. by acquiring a further 32.2 per cent. stake from Lian Yun in October 2008.

The Group thereafter acquired a serpentine mine in Jiangsu province in September 2010 and by March 2012, began producing and selling silicon magnesium compound fertilisers.

By the second half of 2012, the Group had shut down its fertilisers production plants in Nanping, Fujian province and Jinxian, Jiangxi province, and concentrated its resources and equipment at its production base in Jiangsu province.

The Group diversified into financial services in 2010 via the acquisition of interests in various investment holding companies and companies dealing in securities. The Group subsequently divested its financial services business in November 2012, to focus on its main magnesium products and fertilisers businesses and maintaining its metallurgical flux business as a secondary business.

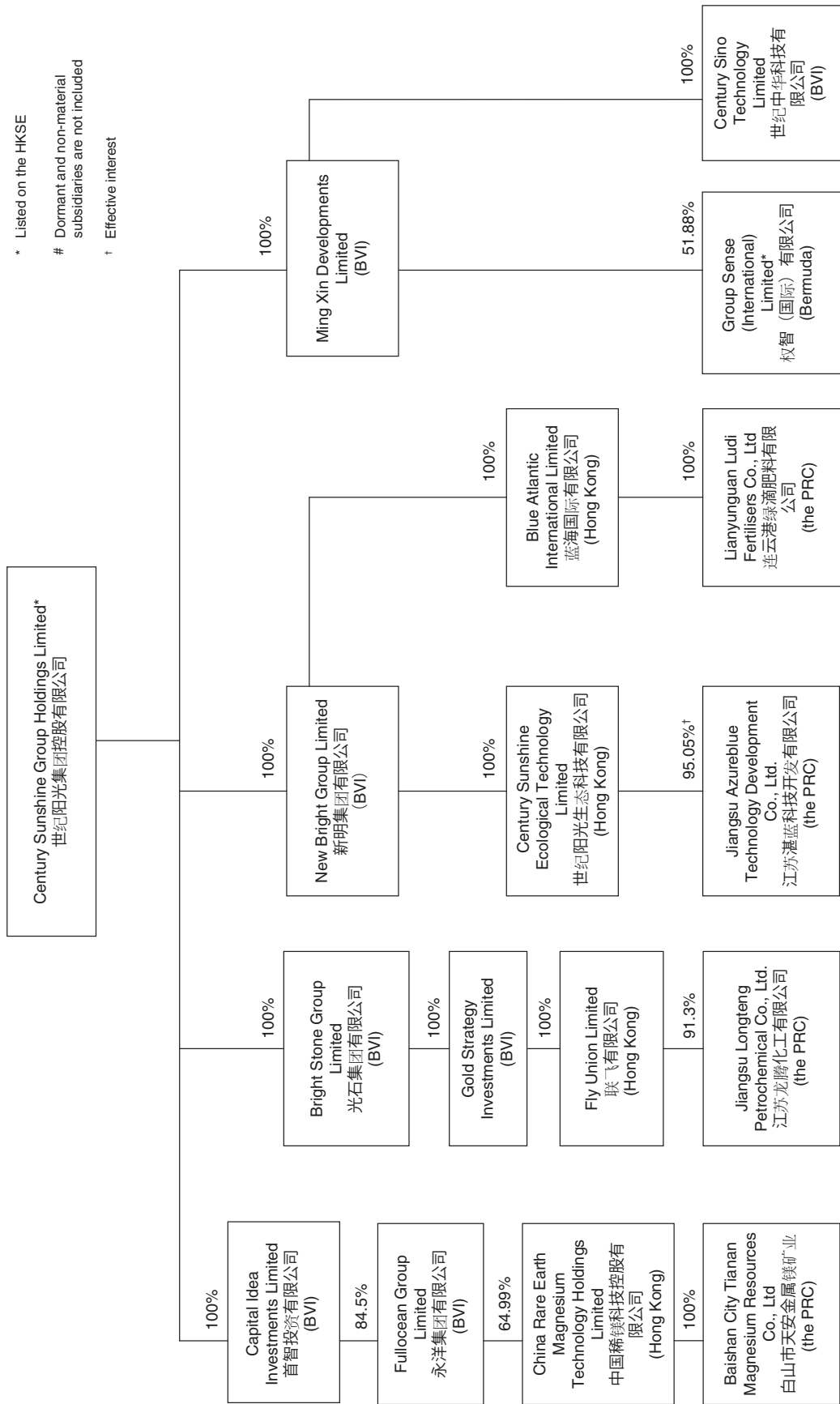
By January 2013, the Group had increased its effective shareholding in China Rare Earth Magnesium to 78.2 per cent. As Baishan City Tianan Magnesium Resources is a wholly-owned subsidiary of China Rare Earth Magnesium, the Group’s effective shareholding in Baishan City Tianan Magnesium Resources was also 78.2 per cent.

On 28 January 2014, the Issuer and International Financial Corporation (“IFC”) entered into a Share Subscription Agreement pursuant to which IFC agreed to subscribe for an aggregate of 155,077,000 fully paid new shares in the Issuer at HKD0.75 each. The subscription was completed on 24 February 2014.

On 26 March 2015, the Group completed the acquisition of 51.88 per cent. of the entire issued share capital of Group Sense, a company listed on the HKSE. The Group’s intention is to use Group Sense as a separate listed platform through which it can focus and expand on the magnesium products business.

3. CORPORATE STRUCTURE

The chart below sets out the key holding and operating companies of the Group as at the Latest Practicable Date#:



* Listed on the HKSE

Dormant and non-material subsidiaries are not included

† Effective interest

4. KEY MILESTONES

The Group's key milestones are listed below:

2000	Youxi Greenland was established and carried out the business of research and development, production and sale of organic fertiliser products.
2003	On 21 January 2003, the Issuer was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
2004	On 17 February 2004, the Issuer's shares were listed on the GEM of the HKSE.
2006	In November 2006, the Issuer received a seven-year loan of RMB120.0 million from IFC.
2007	The Group entered into a joint venture with Lian Yun and acquired a 51.0 per cent. interest in Jiangsu Azureblue, which operates a compound fertiliser facility in Jiangsu province in the PRC.
2008	<p>On 1 August 2008, the Issuer's shares were transferred to and listed on the Main Board of the HKSE.</p> <p>In October 2008, the Group increased its equity interest in Jiangsu Azureblue from 51.0 per cent. to 83.2 per cent.</p> <p>In December 2008, the Group acquired an 80.0 per cent. equity interest in Fullocean through its wholly-owned subsidiary Capital Idea. Through Fullocean, the Group acquired effective shareholding interest in China Rare Earth Magnesium, which in turn wholly owned Baishan City Tianan Magnesium Resources, which was a magnesium producer in Baishan City, Jilin province in the PRC.</p> <p>In the same month on 19 December 2008, the Group's wholly-owned subsidiary, Bright Stone Group Limited ("Bright Stone"), entered into a memorandum of understanding to purchase the entire equity interest in Gold Strategy Investments Limited and its subsidiaries ("Gold Strategy Group"), which included Jiangsu Longteng Petrochemical Co., Ltd ("Jiangsu Longteng"). Jiangsu Longteng carried out the business of processing, exploration and sale of serpentine in the PRC and its principal asset was a natural serpentine mine in Donghai county in Jiangsu province in the PRC; it had acquired the mining rights to the same mine from the Jiangsu Land and Resources Department in September 2007.</p>
2009	<p>In July 2009, the Group through Capital Idea acquired a further 4.5 per cent. shareholding interest in Fullocean.</p> <p>In September 2009, Fullocean acquired a further 7.0 per cent. interest in China Rare Earth Magnesium. The Issuer thus effectively held a 56.6 per cent. interest in China Rare Earth Magnesium.</p> <p>In December 2009, the Group acquired, at a consideration of HKD29.4 million (approximately S\$5.0 million), the exploration rights of a dolomite mine in Jilin province in the PRC for the production of magnesium products; it obtained mining rights in November 2010.</p>

2010	<p>In 2010, the Group’s production base at Magnesium Industrial Park in Baishan was designated as a “Demonstration Base for China Magnesium Production” by the China Mining Association. The Group was the first to receive such an honour in the magnesium industry.</p> <p>In September 2010, the Group acquired, at a consideration of HKD367.0 million (approximately S\$62.9 million), the abovementioned serpentine mine in Jiangsu province for the production of silicon magnesium compound fertilisers. At the time of acquisition, the serpentine mine accounted for a market share of about 28.0 per cent. in the PRC market and was a market leader in serpentine supply in the PRC.</p> <p>Through its wholly owned subsidiary Fly Union Limited, the Group acquired an effective shareholding interest of 91.3 per cent. in Jiangsu Longteng.</p> <p>By 31 December 2010, the Group had completed its acquisition of the Gold Strategy Group.</p>
2011	<p>The Group’s production of magnesium products commenced in July 2011.</p> <p>On 31 October 2011, the Group established Lianyunguan Ludi Fertilisers Co., Ltd. (连云港绿滴肥料有限公司) (“Lianyunguan Ludi”) and retained a 91.5 per cent. effective interest therein. This entity manufactures and sells organic fertilisers and calcium magnesium fertilisers in the PRC.</p> <p>In October 2011, the Group’s magnesium alloy enterprise was accredited as one of the 40 comprehensive demonstration bases for applications of mining resources by the PRC Ministry of Land and Resources and Ministry of Finance.</p>
2012	<p>In January 2012, Baishan Municipal Committee of the People’s Government of Jilin Municipality honoured the Group as one of the “Top 10 Enterprises in Science and Technology”.</p> <p>In March 2012, the Group began production of its silicon magnesium compound fertilisers.</p> <p>In 2012, to improve utilisation of its facilities and raw materials, the Group shut down its Nanping and Jinxian plants in the Fujian and Jiangxi provinces in the PRC respectively in the same year. It then consolidated its equipment to a production base in Jiangsu province in the PRC. The production base began full production by the second half of 2012. As a result, both the sales volume and gross profit margin for the Group’s organic fertilisers increased by the year ended 31 December 2012.</p>

2013	<p>In January 2013, Capital Idea acquired an additional 24.0 per cent. shareholding interest in China Rare Earth Magnesium. The Issuer's net equity interest in China Rare Earth Magnesium increased by 21.66 per cent. to 78.2 per cent. This meant that the Group's effective shareholding in Baishan City Tianan Magnesium Resources was also 78.2 per cent.</p> <p>In May 2013, the Issuer was listed on the MSCI China Small Cap Index.</p> <p>In July 2013, the Group announced that China Rare Earth Magnesium had entered into a shares subscription agreement with Hong Kong Zhongke Co., Limited ("Zhongke") and John-May Co., Limited ("John-May"); Zhongke and John-May subscribed to 3.0 per cent. of the enlarged capital of China Rare Earth Magnesium. As Zhongke and John-May were established by a reputable research institute in the PRC, Changchun Institute of Applied Chemistry of the Chinese Academy of Sciences ("CIAC"), the transaction introduced CIAC to the Group as a strategic shareholder.</p> <p>On 13 November 2013, the loan extended by the IFC in November 2006 was fully repaid.</p>
2014	<p>In 2014, the Group further increased its interest in Jiangsu Azureblue from 83.2 per cent. to 91.9 per cent. by acquisition of a minority equity stake.</p> <p>On 28 January 2014, the Issuer and IFC entered into a Share Subscription Agreement pursuant to which IFC agreed to subscribe for an aggregate of 155,077,000 fully paid new shares in the Issuer at HKD0.75 each. The subscription was completed on 24 February 2014.</p> <p>In April 2014, the Group acquired a further 8.5 per cent. equity interest in Lianyunguan Ludi, which then became a wholly owned subsidiary of the Group.</p> <p>On 30 May 2014, Baishan City Tianan Magnesium Resources entered into a loan agreement with IFC. IFC granted Baishan City Tianan Magnesium Resources a loan for the principal amount of US\$25.0 million for seven years.</p> <p>On 17 June 2014, the Issuer entered into a Subscription Agreement with Gem Power International Limited ("Gem Power", a subsidiary of CCB International (Holdings) Limited) pursuant to which Gem Power agreed to subscribe for convertible bonds of the Issuer in aggregate principal amount of HKD115.0 million (approximately S\$19.7 million). The subscription was completed on 27 June 2014.</p> <p>On 20 June 2014, the Issuer entered into a Subscription Agreement with Greenhouse Century Limited ("Greenhouse", a subsidiary of China Everbright Asset Management), pursuant to which Greenhouse agreed to subscribe for convertible bonds of the Issuer in an aggregate principal amount of HKD180.0 million (approximately S\$30.9 million). The subscription was completed on 27 June 2014.</p>

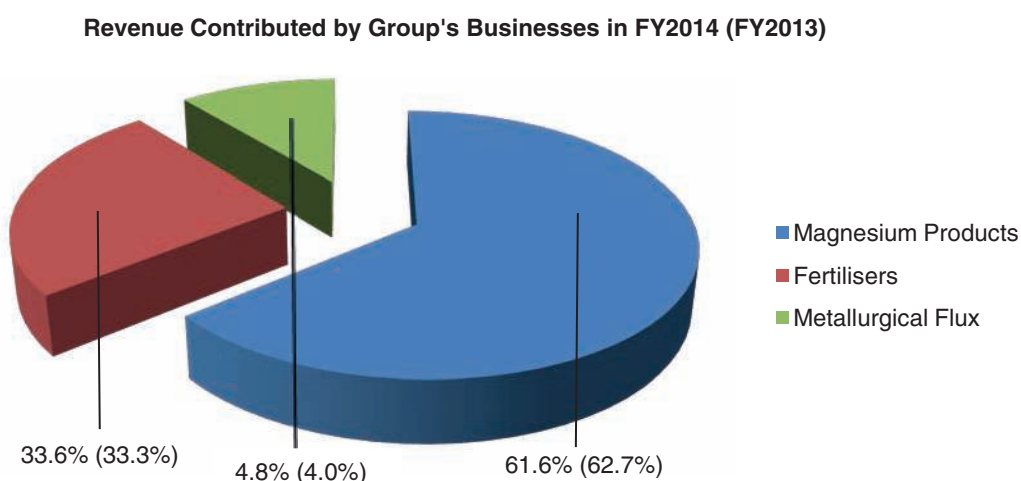
2015	<p>On 6 January 2015, the Group announced that it would be acquiring, through its subsidiary Ming Xin Developments Limited (“Ming Xin”), an aggregate stake of 51.46 per cent. of Group Sense. It also announced that Octal Capital Limited (“Octal Capital”) and Get Nice Securities Limited (“Get Nice Securities”) (being financial services firms) may, on behalf of Ming Xin, make a potential unconditional mandatory cash general offer to acquire all the issued shares of Group Sense. This proposed acquisition is elaborated upon in the section titled “Recent Key Developments”.</p> <p>On 3 February 2015, the Group held an extraordinary general meeting to seek shareholders’ approval of the sale and purchase agreement and the subscription of a total of 239,532,000 new shares in Group Sense. The relevant resolutions were passed and announced on 23 February 2015.</p> <p>On 4 February 2015, the Issuer entered into a non-legally binding framework agreement regarding the proposed acquisition of 100.0 per cent. equity interest in operating project companies mainly engaged in magnesium and ancillary businesses including power generation and semi-coke.</p> <p>On 13 February 2015, the Group’s subsidiary Century Sunshine Ecological injected further capital of RMB63.6 million into Jiangsu Azureblue, and the Group’s effective shareholding in Jiangsu Azureblue was increased to 95.05 per cent.</p> <p>On 26 February 2015, the Group announced that the sale and purchase and subscription transactions in respect of Group Sense’s shares were completed. Octal Capital and Get Nice Securities proceeded to make the mandatory cash general offer for a further 616,753,911 shares in Group Sense on 5 March 2015.</p> <p>On 26 March 2015, the Group announced the closure of the mandatory cash general offer by Octal Capital and Get Nice Securities and that valid acceptances for a total of 6,066,727 shares had been received, representing approximately 0.42 per cent. of the entire issued share capital of Group Sense as at the date of the announcement. This meant that, taking into account these valid acceptances, the Group would be interested in an aggregate of 745,598,727 shares in Group Sense, representing approximately 51.88 per cent. of the entire issued share capital of Group Sense as at the date of the announcement.</p> <p>On 14 April 2015, the Issuer announced its proposal to raise not less than HKD581.25 million and not more than HKD630.53 million before expenses by issuing not less than 1,453,119,268 and not more than 1,576,335,935 new shares in itself at the subscription price of HKD0.40 per offer share on the basis of one offer share for every two existing shares held on Thursday, 7 May 2015, and payable in full upon application. As at the Latest Practicable Date, the offer remains open and 1,453,119,268 offer shares are fixed to be allotted and issued. The latest time for acceptance of and payment of offer shares is fixed for 22 May 2015, with dealings in the offer shares expected to commence on 2 June 2015.</p> <p>On 14 May 2015, Group Sense announced that it had entered into a framework agreement to acquire the 100.0 per cent. equity interest in a project operating company in the PRC. The production capacity of the operating projects of the target company approved by the relevant regulatory bodies in the PRC comprises 1,200,000 tonnes of clean energy, 100,000 tonnes of magnesium and 100,000 tonnes of ferrosilicon per annum.</p>
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5. BUSINESS ACTIVITIES

The Group's principal lines of business are its magnesium products business and fertilisers business. The Group also produces and sells metallurgical flux. The Group's businesses are vertically-integrated, in that the Group controls its sources of raw materials, the production processes and thereafter sells its products through distributors or to its customers directly.

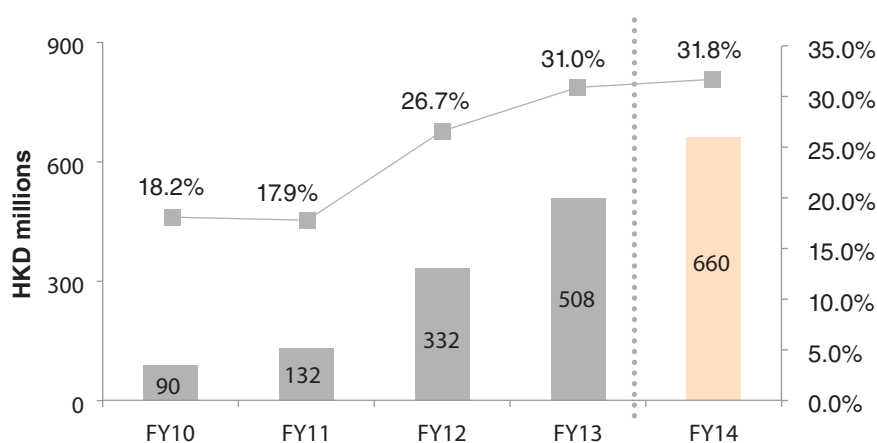
The Group's total revenue amounted to HKD1,242,930,000 (approximately S\$213,049,000), HKD1,640,291,000 (approximately S\$281,161,000) and HKD2,072,519,000 (approximately S\$355,248,000) for the financial year ended 31 December 2012 ("FY2012"), the financial year ended 31 December 2013 ("FY2013") and the financial year ended 31 December 2014 ("FY2014") respectively. This represented a year-on-year increase of 32.0 per cent. in FY2013 as compared to FY2012 and 26.4 per cent. in FY2014 as compared to FY2013.

The following diagram sets out the breakdown of revenue contributed by each of the Group's businesses (FY2013 numbers in brackets):



The Group attained gross profit of HKD332,196,000 (approximately S\$56,941,000), HKD507,765,000 (approximately S\$87,035,000) and HKD659,944,000 (approximately S\$113,120,000) for FY2012, FY2013 and FY2014 respectively. This represented a year-on-year growth of about 52.9 per cent in FY2013 as compared to FY2012 and 30.0 per cent. in FY2014 as compared to FY2013. These increases were mainly due to increases in sales volumes for the Group's flagship products.

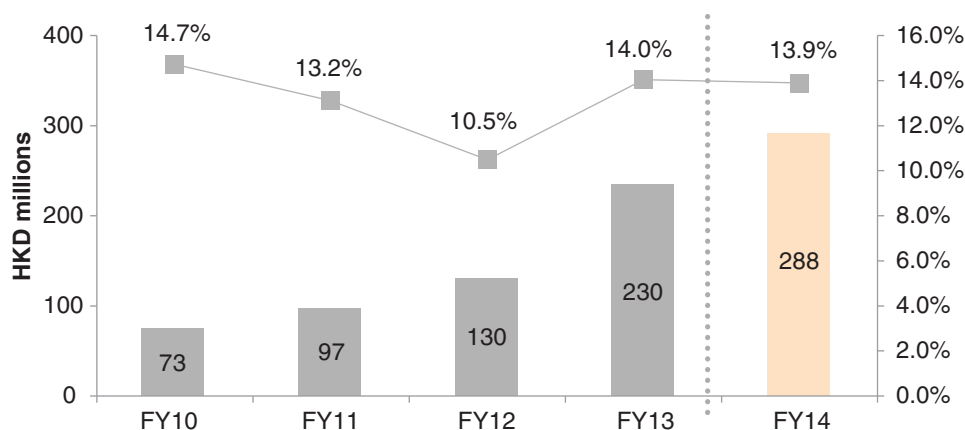
The following diagram tracks the Group's gross profit and gross profit margin from the financial year ended 31 December 2010 ("FY2010") to FY2014:



The Group's profit for the year amounted to HKD168,584,000 (approximately S\$28,897,000), HKD277,133,000 (approximately S\$47,503,000) and HKD339,641,000 (approximately S\$58,218,000) for FY2012, FY2013 and FY2014 respectively. This represented a year-on-year increase of 64.4 per cent. in FY2013 as compared to FY2012 and 22.6 per cent. in FY2014 as compared to FY2013.

The profit for the year attributable to the owners of the company in turn amounted to HKD130,312,000 (approximately S\$22,337,000), HKD230,215,000 (approximately S\$39,461,000) and HKD287,910,000 (approximately S\$49,350,000) for FY2012, FY2013 and FY2014 respectively. This represented a year-on-year increase of 76.7 per cent. in FY2013 as compared to FY2012 and 25.1 per cent. in FY2014 as compared to FY2013.

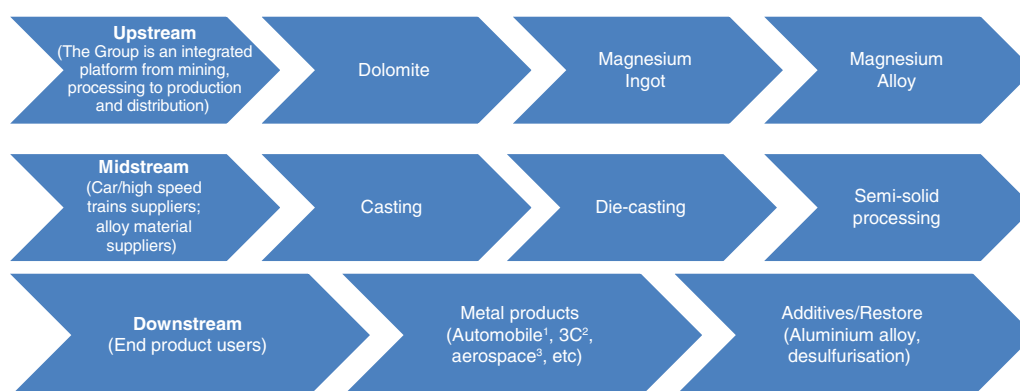
The following diagram tracks the Group's profit for the year attributable to the owners of the company and profit margin from FY2010 to FY2014:



(a) Magnesium Products Business

The Group's magnesium products business includes mining, research and development, processing, production and distribution and sales of basic magnesium products and rare earth magnesium alloys, such that it has business activities in the upstream of the value chain of the magnesium business industry, as illustrated in the diagram below:

The Value Chain of the Magnesium Business Industry



Notes:

- (1) Magnesium products produced for the automobile industry include gearboxes, steering columns, the housing for drivers' air bags, steering wheels, seat frames and fuel tank covers.
- (2) Magnesium products produced for the computers, consumer electronics and communications ("3C") industry include cameras, cell phones, laptops, portable media device housings and arms of hard drives.
- (3) Magnesium products are used in the aerospace industry in thrust reversers, engines, aircraft and helicopter transmission casings and intercontinental ballistic missiles.

Source: ITIS, International Magnesium Association

It is one of the few integrated enterprises in the PRC's magnesium industry.

The table below sets out certain information relating to the Group's magnesium products business for the periods indicated.

	<u>FY2012</u>	<u>%</u>	<u>FY2013</u>	<u>%</u>	<u>FY2014</u>	<u>%</u>
Revenue (HKD in millions, except for percentages):						
Rare earth magnesium alloys . . .	196.3	51.7	359.0	65.6	451.0	64.7
Basic magnesium products	167.6	44.1	166.2	30.4	217.1	31.2
Others	16.0	4.2	22.2	4.0	28.9	4.1
Total magnesium products revenue	<u>379.9</u>	<u>100.0</u>	<u>547.4</u>	<u>100.0</u>	<u>696.9</u>	<u>100.0</u>
Magnesium products revenue as a percentage of total revenue . .	N/A	30.5	N/A	33.3	N/A	33.6
Gross Profit Margin:						
Rare earth magnesium alloys . . .	N/A	39.4	N/A	40.0	N/A	39.5
Basic magnesium products	N/A	24.6	N/A	16.8	N/A	16.6
Magnesium products business . .	N/A	33.5	N/A	34.8	N/A	34.0

Uses of Magnesium Products and Opportunities for Growth

The Group's two main business products are basic magnesium products and rare earth magnesium alloys.

Basic magnesium products include general magnesium alloys and magnesium ingots.

Magnesium alloys are mixtures of magnesium with other metals, which can include aluminium, zinc, manganese, silicon, copper and zirconium.

Magnesium alloys are the lightest structural metal to be developed, being a third lighter than aluminium and only a quarter of the weight of steel. Their other properties include:

- high vibration and impact resistance;
- anti-radiation properties;
- resistance to creep;
- recyclable;
- high strength to weight ratios;
- high thermal stability, which means that, even when exposed to high temperatures in production processes, magnesium alloys remain stable materials;
- excellent machinability, which means that, as a material, magnesium alloys require little power to cut, can be cut quickly and can easily obtain a good finish;
- relative low cost on a per piece basis; and
- high resistance to corrosion.

These properties cause magnesium alloys to be in demand by industries such as the automotive, 3C, aerospace, aviation, defense, biomedical, chemical and packaging industries, as elaborated upon in the following paragraphs. As an illustration of major users of magnesium globally, these include companies in the aerospace industry such as Airbus, Bombardier, Embraer, the European Aeronautic Defence and Space Company N.V., Korean Aerospace Industries, Boeing, Dassault Aviation, SpaceX and Lockheed Martin, companies in the automotive industry such as Audi, General Motors, BMW, PSA Peugeot Citroën, Daimler, Mercedes-Benz, Benteler, Porsche and Valeo, and companies in the packaging industry such as Rexam, Ardagh Group, Crown, Can-Pack S.A., Amcor and Ball.¹

Magnesium alloys are commonly utilised in engineering design particularly due to their light weight, which results in improved fuel efficiency, and aids in reducing carbon dioxide emissions. This has led to their being an attractive replacement to aluminium alloys in the aerospace, automobile and train industries.

In light of the above, magnesium products enjoy a promising global market:

- The European Union has mandated that the average carbon dioxide emission rate of new cars be reduced from 140.3 grams per kilometre in 2010 to 130.0 grams per kilometre by 2015.² The usage of car parts and components made out of magnesium alloy can help achieve this goal, given that is a 6.0 to 8.0 per cent. improvement in fuel economy for every 330 pounds reduction in weight of a car.
- By 2020, global vehicle consumption is expected to reach 107.0 million.³ The United States Automotive Materials Partnership (“USAMP”) has stated the 2020 strategic goal to substitute 340 pounds of magnesium components for 630 pounds of current ferrous and aluminium parts, bring the total average vehicle magnesium content to 350 pounds. The current usage is 10 to 12 pounds for an average United States automaker. According to the USAMP’s strategic goal, magnesium demand is expected to reach 17.0 million tonnes.⁴
- According to the China Non-Ferrous Metals News, with the rapid development in the automobile, 3C, pharmaceutical chemicals and aerospace industries, global demand for magnesium is expected to reach six million tonnes by 2015.

In the PRC where the Group operates, due to the eco-friendly nature of magnesium alloys, the demand for magnesium alloys is also fuelled by the promotion of energy savings and emission reduction measures and the promulgation of policies supporting the development of related industries:

- According to projections in the PRC government’s “Twelfth Five-Year Plan of the New Material Industry”, demand for magnesium will grow by a compound annual growth rate of 26.7 per cent., which is 19.3 percentage points higher than the average growth rate of ten nonferrous metals (7.4 per cent.), ranking the first in annual growth rate among nonferrous metals.⁵

1 Source: Constellium

2 Source: Magnesium Investing News

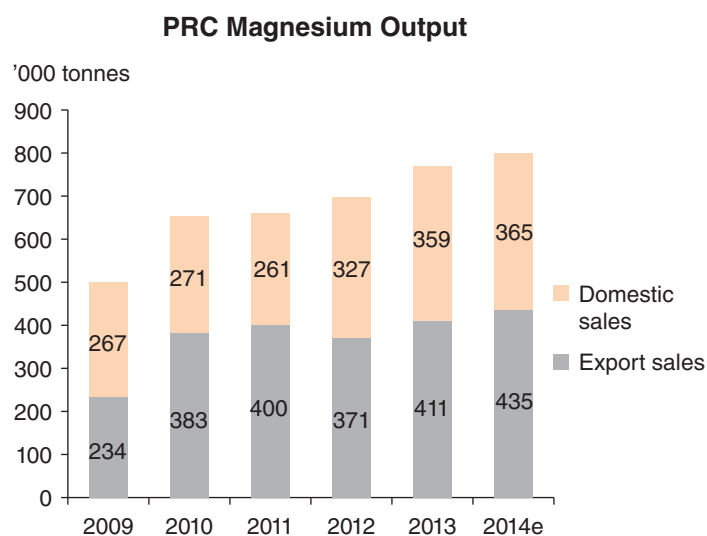
3 Source: Wardsauto

4 Source: USAMP

5 Source: PRC Government’s Twelfth Five-Year Plan

- Under the “Thirteenth Five-year Plan”, the industry targets for magnesium output is expected to exceed 800,000 tonnes by 2015 and 1,300,000 tonnes by 2020, with an average annual growth rate of over 10 per cent.¹
- Qianzhan Research Institute forecasts that the automobile industry will be utilising 68.0 kilogrammes of magnesium alloy per vehicle in the PRC by 2015. It is also expected that the PRC’s automobile sales will exceed 28.0 million units in 2015. Car sales will reach 19.6 million units whereas sales units will have a 10.0 million breakthrough by branded automobile enterprises through mergers, technological development and marketing.²
- “Development for Energy Saving and New Energy for Auto Sector (2012-2020)” indicates average fuel consumption of cars to be reduced from 6.9 litres per 100 kilometres to 5.0 litres per 100 kilometres by 2020. This will be aligned with the international level of weight reduction of between 16.5 to 22.0 per cent.³

According to the China Magnesium Association and U.S. Geological Survey, Mineral Commodity Summaries, in 2014, China’s magnesium production was estimated to reach 800,000 tonnes (with domestic and export sales accounting for 46.0 per cent. and 54.0 per cent. respectively) and the compound annual growth rate (“CAGR”) being 9.8 per cent. between 2009 and 2014 (with domestic and export sales accounting for 6.5 per cent. and 13.2 per cent. respectively between 2009 and 2014). This is set out in the following chart:⁴



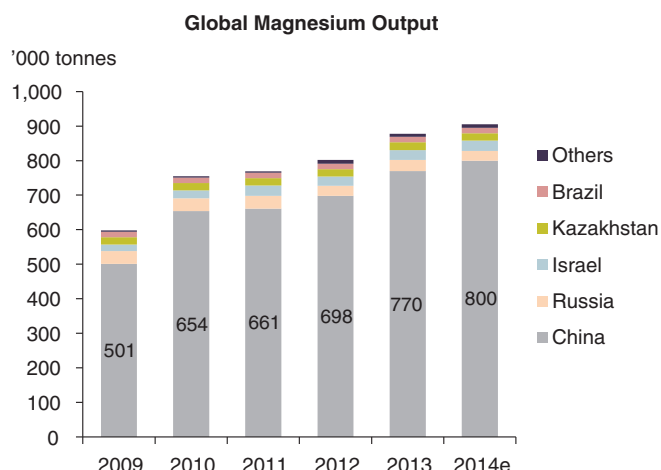
1 Source: National Magnesium Industry Conference 2014

2 Source: Qianzhan Research Institute (en.qianzhan.com)

3 Source: The PRC government’s “Twelfth Five-Year Plan of the New Material Industry”, Qianzhan Research Institute (en.qianzhan.com), National Magnesium Industry Conference 2014

4 Source: The U.S. Geological Survey, Mineral Commodity Summaries

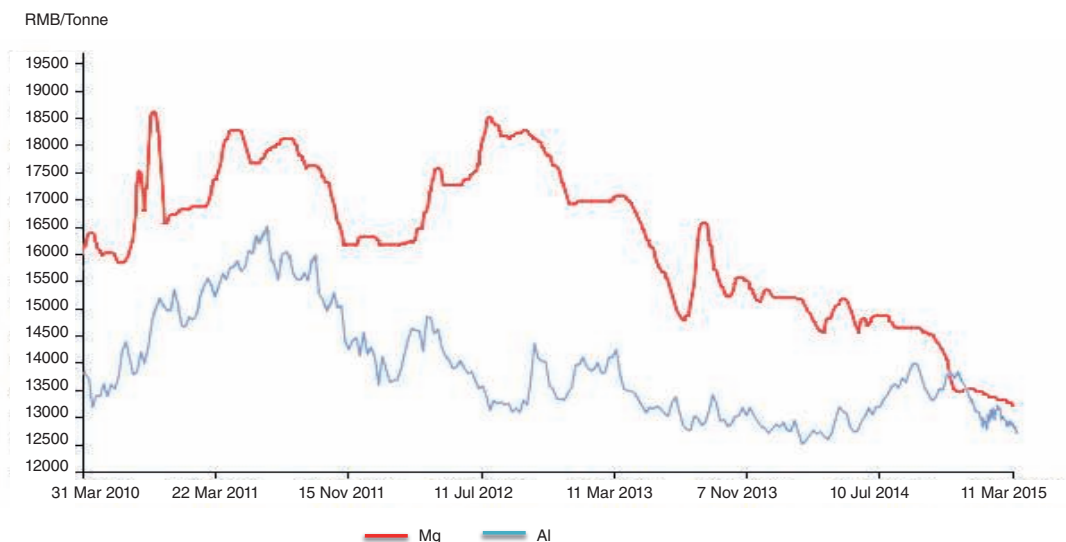
Global magnesium output (excluding data from the United States) for the same period was 907,000 tonnes, with a CAGR of 8.7 per cent. from 2009 to 2014. This is set out in the following chart:¹



Based on the above statistics, the PRC contributed the majority of the world's magnesium production, accounting for over 88.0 per cent. of global output in 2014. The PRC government's policies as set out above also boost the PRC's magnesium production industry in which the Group operates.

The USAMP also expects magnesium alloys to play an increasingly significant role in various industries in the coming future, against the backdrop of the increasing scarcity and issues with the recycling of other major metals such as copper, aluminium, lead and nickel. In fact, in terms of product life cycle, magnesium is at its introduction stage.

The following diagram tracks the market price of magnesium in relation to aluminium from 2010 to 2015:²



1 Source: The U.S. Geological Survey, Mineral Commodity Summaries

2 Source: Asian Metal (www.asianmetal.com)

Rare earth magnesium alloys are mixtures of certain rare earth metals such as cerium, lanthanum and ytterbium to magnesium. Rare earth metals are a group of 17 elements with close chemical characteristics, but with significant differences between them when added to magnesium. Such rare earth magnesium alloys result in an even higher strength material with a lower density than general magnesium alloys.

Rare earth magnesium alloys are thus important structural materials and are employed particularly where low weight of construction is critical such as in the construction of aircraft and space apparatus.

While the Group produces both basic magnesium products and rare earth magnesium products, it has begun focusing on the development of the latter, principally because the latter, relative to the former, are categorised as high-end products with higher technological barriers to entry; rare earth magnesium products face less competition than traditional magnesium ingots and yield a higher profit margin. The Group has invested in research and development in order to compete in the magnesium products business, and owns, has registered or is registering 21 patents in respect of its magnesium products business.

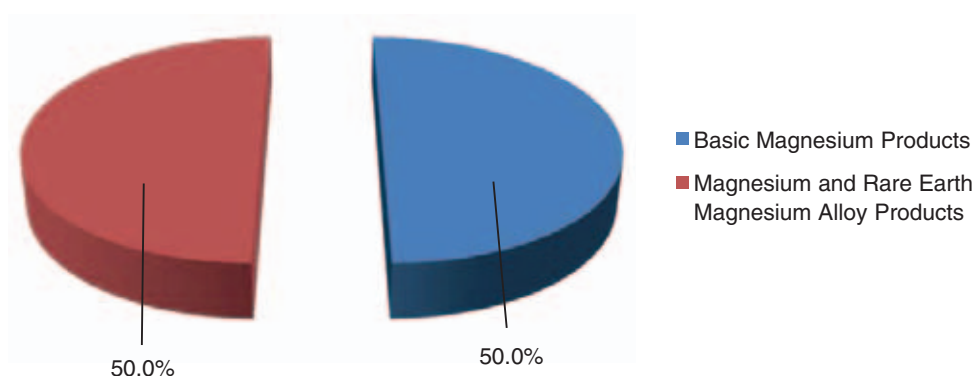
Production and Sales Results for Magnesium Products

The Group is targeting for an increase in production capacity of 370.0 per cent. from FY2013 to the financial year ended 31 December 2016 (“FY2016”). Whereas annual capacity in FY2013 was recorded as 16,000 tonnes, due to the Group’s expansion works, actual output recorded was actually 17,331 tonnes. Following further technical enhancements, the Group’s actual output of magnesium products was 22,828 tonnes in FY2014 with an annual capacity of 25,000 tonnes. With the completion of the Group’s phase II expansion plan, it expects that the annual capacity of its production facilities for its magnesium products to be 75,000 tonnes by the end of 2016.

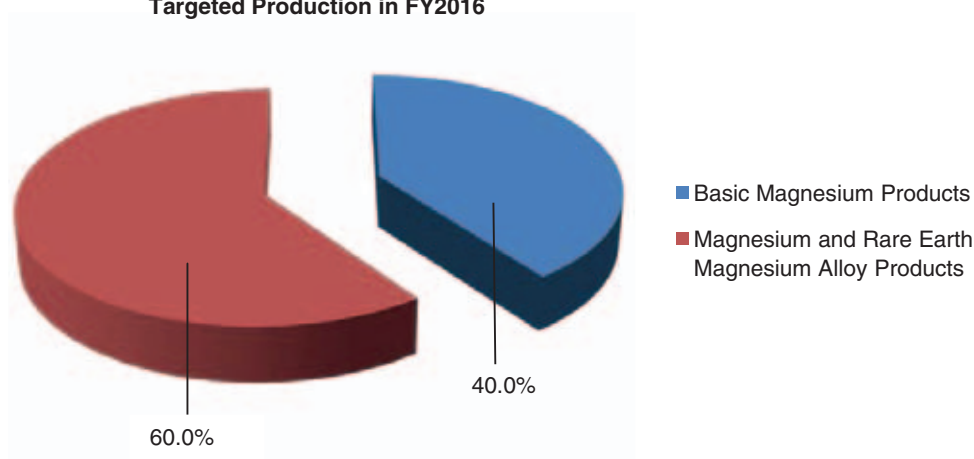
More details on the Group’s production facilities and utilisation rates for its magnesium products business are set out in the section “Production Facilities and Utilisation – Magnesium Products Business”.

The following diagrams set out the split in production between basic magnesium products and magnesium and rare earth magnesium alloy products in FY2014, and the targeted split in production in FY2016:

Actual Production in FY2014



Targeted Production in FY2016



The table below shows the sales volumes and average realised selling prices of the Group's magnesium products for the periods indicated.

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>
Sales Volumes (tonnes):			
Rare earth magnesium alloys	5,010	8,434	11,442
Basic magnesium products	7,897	8,463	11,341
Total	12,907	16,898	22,783
Average Realised Selling Prices (HKD per tonne):			
Rare earth magnesium alloys	39,184	42,563	39,411
Basic magnesium products	21,228	19,634	19,143

Major end users of Magnesium Products

Major end users of the Group's magnesium products include clients in the automobile, consumer electronics, military, aviation, medical and other industries.

The Group's Key Assets in the Magnesium Products Business

Mining and Exploration Rights to Dolomite Mine in Baishan City, Jilin Province

In December 2009, the Group acquired the exploration rights to a dolomite mine in Baishan City, Jilin province in the PRC. It later acquired the mining rights to the mine in November 2010.

Dolomite is an anhydrous carbonate mineral composed of calcium magnesium carbonate, and is used in the production of magnesium. The Group's access to this mine enables it to secure high quality raw materials for its magnesium products.

The Issuer expects the mine's reserves to support the Group's production activities for a further 30 years; this takes into account that in order to produce one tonne of magnesium, the Group requires 10.5 to 11 tonnes of dolomite. The Group's mining license is for a valid period of nearly 15 more years and is set to expire in November 2030. The license is presently renewable on the basis that there remain reserves at the time of its expiry.

The dolomite mine has a dolomite reserve of 23.0 million tonnes as of November 2010, when the Group acquired the mining rights to the mine, based on a reserve report from China Ore Resources Committee (中国资源储量分类), a PRC government body. The Group is currently using 120 acres of land (phase I) and produces one million tonnes of ore per annum. It is one of the few open pit dolomite mines in the PRC. The Group continues to monitor the dolomite extracted for its magnesium products business. For FY2014, the Group completed a dolomite output of 414,722 tonnes, compared to 315,236 tonnes in FY2013 and 239,385 tonnes in FY2012. During this period, the Group did not carry out exploration activities but engaged only in development and mining production activities for the mine. There was no material change in the ore reserve of the dolomite mine between FY2012 and FY2014.

Magnesium Plant within Close Proximity of Dolomite Mine

The Group's dolomite mine also has the benefit of proximity to its magnesium production premises. Thus, the Group's cost of operation is lowered by operating an integrated platform that carries out smelting, ingot manufacturing, alloy processing and distribution of the magnesium alloys, from its Baishan City Tianan Resources magnesium plant in the China Magnesium Industrial Park in the Hunjiang District of Baishan City, Jilin province. The Group has maintained an interest in Baishan City Tianan Resources since December 2008. By January 2013, the Group had increased its effective shareholding in Baishan City Tianan Resources to 78.2 per cent.

Please see the sections titled "Production Processes involved in the Group's Magnesium Products Business" and "Production Facilities and Utilisation – Magnesium Products Business" below.

Other Assets and Advantages

As at the Latest Practicable Date, the Group holds exclusive rights to use 21 patented technologies in its magnesium production. Details on the Group's intellectual property rights are set out at the section titled "Intellectual Property".

The Group also invests heavily in research and development. Details of its research and development efforts in respect of its magnesium products business are set out at the section titled "Research and Development".

(b) Fertilisers Business

The Group's fertilisers business covers two product categories, being compound fertilisers and organic fertilisers. These in turn cater to the mass agricultural and organic markets respectively. The Group's fertiliser brands, "Feng Shou", "Le He He" and "Zhan Lan", are well-received and recognised in the local PRC market. These fertilisers are specialty products with specific formulas addressing different soil conditions and nutrient requirements of crops.

The table below sets out certain information relating to the Group's fertilisers business for the periods indicated.

	<u>FY2012</u>	<u>%</u>	<u>FY2013</u>	<u>%</u>	<u>FY2014</u>	<u>%</u>
Revenue (HKD in millions, except for percentages):						
Compound fertilisers	614.4	76.6	749.9	72.9	930.5	72.9
Organic fertilisers	174.5	21.7	275.5	26.8	345.1	27.0
Others	13.6	1.7	2.7	0.3	1.7	0.1
Total fertilisers revenue	<u>802.5</u>	<u>100.0</u>	<u>1,028.1</u>	<u>100.0</u>	<u>1,277.3</u>	<u>100.0</u>
Fertilisers business revenue as a percentage of total revenue . .	N/A	64.6	N/A	62.7	N/A	61.6
Gross Profit Margin:						
Compound fertilisers	N/A	17.9	N/A	22.0	N/A	23.2
Organic fertilisers	N/A	35.5	N/A	37.9	N/A	37.6
Fertilisers business	N/A	21.0	N/A	26.4	N/A	27.1

Fertilisers and Opportunities for Growth

Given that the PRC is the world's most populous country, the long term growth potential of the fertiliser market, which supports the agriculture industry in the PRC, remains optimistic. General market expectation is that demand for fertilisers in the PRC will grow as a result of increasing demand for food, decreasing arable land and lower crop yields.

An emerging segment in the fertiliser industry is ecological fertilisers, with the PRC government planning additional farm subsidies, the elimination of certain land taxes and the introduction of land reform initiatives to promote organically grown products. At the same time, the PRC government is encouraging the use of ecological fertilisers due to the deteriorating quality of land from the use of harsh chemicals, limited per capita arable land and the increasing demand on food supply due to the PRC's growing population. Global warming also shortens the growth period of some plants and increases insect populations.

Compound Fertilisers

Chemical fertilisers are chemically manufactured from various materials such as nitrogen, phosphorus, potassium, and other compounds such as calcium, magnesium and sulphur. Where these chemical fertilisers contain more than one nutrient, they are known as compound fertilisers. Despite the abovementioned environmental concerns, these fertilisers still have a strong role to play in the PRC market given that they specifically target deficiencies in Chinese soil and promote faster growth rates in crops. Compared to organic fertilisers, these fertilisers are also used primarily in cereal crops such as wheat, rice, grain and corn to promote faster and more aggressive growth, whereas organic fertilisers are used mainly in cash crops such as green food, vegetables and teas and in orchards.

The Group produces nitrogen-phosphorus-potassium (“NPK”) compound fertilisers and silicon magnesium compound fertilisers.

The Group’s products enjoy a growing domestic market, as in the PRC, the total usage of compound fertilisers generally has increased by 85.0 per cent. in the past 10 years,¹ the total usage of nitrogen, phosphorus and potassium (“N, P, K”) fertilisers has increased by 31.5 per cent. in the last decade² and the potential market size for silicon magnesium compound fertilisers is up to 40.0 million tonnes.³ The following diagram sets out the growth in the usage of N, P, K fertilisers and compound fertilisers respectively the PRC:⁴



The features of the sulphur-based NPK compound fertilisers are that they:

- are in granule form;
- contain nitrogen which aids in foliage growth and promotes seed and fruit production;
- contain phosphorous which aids in the development of roots and flowers;
- contain potassium which is key to the overall health of crops by aiding the building of protein and photosynthesis and production resistance to disease;

1 Source: National Bureau of Statistics of China

2 Source: National Bureau of Statistics of China

3 Source: Chinese Academy of Agricultural Sciences

4 Source: National Bureau of Statistics of China

- contain sulphur which contributes to increased crop yields by providing direct nutritive value, while providing indirect nutritive value as soil amendments and improving the use efficiency of nitrogen and phosphorus; and
- promote greater uniform distribution of the above essential plant nutrients.

Since March 2012, the Group has been actively developing, producing and promoting its silicon magnesium compound fertilisers, which are its niche product. The Group focused on producing this niche product because, according to estimations by the Chinese Academy of Agricultural Sciences, more than 50.0 per cent. and 19.0 per cent. of the PRC's rice paddy fields lack silicon and magnesium respectively. The features of silicon magnesium compound fertilisers are that they:

- contain silicon, which can improve crops' drought tolerance, strength and disease resistance, and is an important nutrient for high silicon-accumulating crops such as rice, sugarcane, barley and maize; and
- contain magnesium, which promotes photosynthesis and is also used by plants in the metabolism of carbohydrates, cell membrane stabilisation and the regulated uptake of other nutrients.

Organic Fertilisers

Organic fertilisers are fertilisers that are ecologically friendly for use in the environment. The Group produces organic fertilisers using the pile fermentation method on industrial wastes from cattle farms.

While these organic fertilisers contain fewer nutrients compared to other fertilisers, they appeal to environmentally conscious end users and consumers, have low risk of over-fertilisation and also improve soils by aeration and absorption of water.

In particular, the long-term use of chemical fertilisers in the PRC has led to calls by the PRC central government for "scientific fertilisation" (for instance, through the use of fertilisers with formulas targeting deficiencies in particular types of soil), in the face of environmental problems and concerns such as soil acidification, deteriorating soil conditions and the possibility of water contamination.

There has also been increased demand for organic or green food which will continue to boost organic fertiliser consumption.

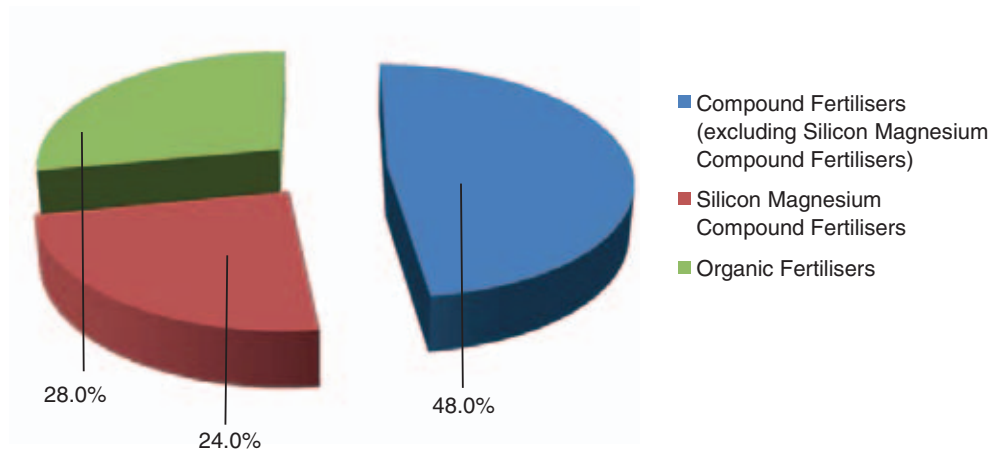
Production and Sales Results for Fertilisers

The Group is targeting for an increase in production capacity of 122.0 per cent. from FY2013 to FY2016. Annual capacity in FY2013 was recorded as 450,000 tonnes with actual output at 420,000 tonnes. Thereafter, the Group's annual capacity increased to 750,000 tonnes in FY2014, with an actual output of 570,000 tonnes, with the completion of the Group's new production plant in Jiangsu with 300,000 tonnes capacity. By 2015, the Group's annual capacity is 800,000 tonnes due to further technical enhancement, with a targeted output of 650,000 to 700,000 tonnes. By FY2016, the Group expects that the annual capacity of its production facilities for its fertilisers business to reach 1,000,000 tonnes, with a targeted output of 850,000 tonnes.

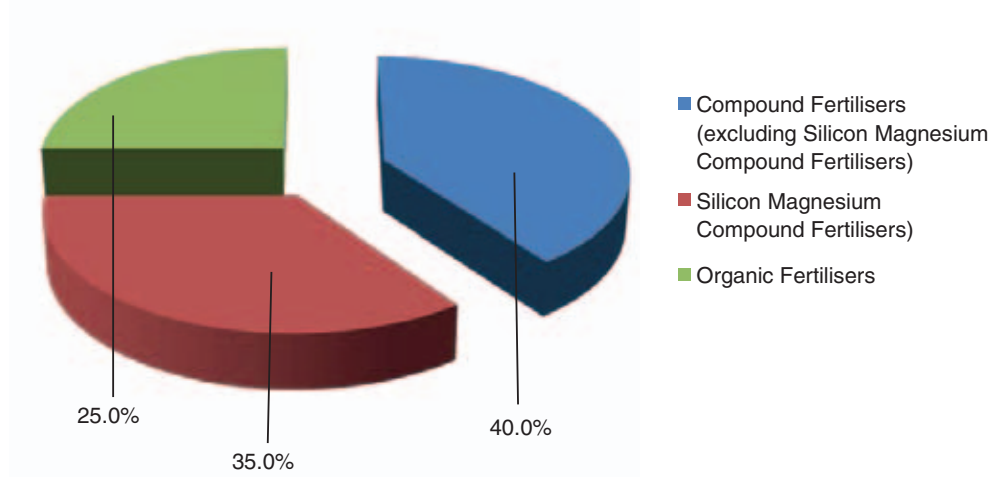
More details on the Group's production facilities and utilisation rates for its magnesium products business are set out in the section "Production Facilities and Utilisation – Fertilisers Business".

The following diagrams set out the split in production between compound fertilisers (other than silicon magnesium compound fertilisers), silicon magnesium compound fertilisers and organic fertilisers in FY2014, and the targeted split in production in FY2016:

Actual Production in FY2014



Targeted Production in FY2016



The table below shows the sales volumes and average realised selling prices of the Group's fertiliser products for the periods indicated.

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>
Sales Volumes (tonnes):			
Compound fertilisers	221,864	290,552	381,212
Organic fertilisers	86,304	128,292	163,144
Total	<u>308,168</u>	<u>419,244</u>	<u>544,356</u>
Average Realised Selling Prices			
(HKD per tonne):			
Compound fertilisers	2,769	2,577	2,441
Organic fertilisers	2,021	2,147	2,115

The Group's Key Assets in the Fertilisers Business

The Group's Serpentine Mine in Donghai County in Jiangsu Province

The Group's production of its silicon magnesium compound fertilisers benefits from the Group's acquisition of a serpentine mine situated in Donghai County in Jiangsu province in the PRC.

This mine has serpentine reserves of 55.0 million tonnes as of September 2010, when the Group acquired the rights to the serpentine mine, based on a reserve report from the Joint Ore Reserves Committee, which is a body that develops the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, or the JORC Code. The Group continues to monitor the serpentine extracted for its businesses. For FY2014, the Group completed a serpentine output of 539,823 tonnes (compared to an output of 543,526 tonnes in FY2013 and 512,252 tonnes in FY2012). During this period, the Group did not carry out exploration and development activities but engaged only in mining production activities for the mine. There was no material change in the ore reserve of the mine between FY2012 and FY2014.

The Group's subsidiary, Jiangsu Longteng, first acquired the mining rights to the serpentine mine from the Jiangsu Land and Resources Department in September 2007. The mining rights are to expire in October 2020. The license is presently renewable on the basis that there remain reserves at the time of its expiry.

Serpentine is a source of magnesium, and is thus critical to the Group's production of its silicon magnesium compound fertilisers. It is also used in the Group's metallurgical flux business.

Other Assets and Advantages

The Group holds exclusive rights to use seven patented technologies in its production of its fertilisers, and has registered three trademarks for its fertilisers business. The details of the trademarks are set out in the section titled "Intellectual Property".

The Group also invests heavily in research and development. Details of its research and development efforts in respect of its fertilisers business are set out at the section titled "Research and Development".

(c) Metallurgical Flux Business

The Group has a secondary metallurgical flux business. As abovementioned, this business is supported by the Group's abundant supply of serpentine which is an indispensable source of auxiliary material for iron and steel smelting.

Serpentine can act as flux, which are used in the smelting process in order to purge metal of chemical impurities such as phosphorus by forming a liquid slag, which allows metal to be easily separated from the impurities.

The Group's metallurgical flux business is a secure and stable source of income. Revenue from this business amounted to HKD60,534,000 (approximately S\$10,376,000), HKD64,857,000 (approximately S\$11,117,000) and HKD98,333,000 (approximately S\$16,855,000), representing 4.9 per cent., 4.0 per cent. and 4.8 per cent. of the Group's total revenue, in FY2012, FY2013 and FY2014 respectively. This also represented a year-on-year increase of 7.1 per cent. in FY2013 as compared to FY2012 and 51.6 per cent. in FY2014 as compared to FY2013.

(d) The Group's Equity Investments

As a residual investment from its financial services business activities and through its subsidiaries Forth Well Investments Limited and Feijun Investments Limited, the Group holds 2.3 per cent. of the shares in the Australia-listed TTG Fintech Limited ("**TTG Fintech**"). TTG Fintech is a software and technology developer which operates in the Chinese market and provides electronic financial authentication solutions to financial institutions and online and offline enterprises, information technology services, electronic promotion information and electronic messaging services. Its wholly owned subsidiary, Shenzhen Taotaogu Information Technology Co. Ltd. is in partnership with UnionPay Financial Network. This partnership operates and maintains China UnionPay Co., Ltd.'s electronic payment and settlement platform.

As at 31 December 2014, the fair value of the equity investments was approximately HKD30.4 million (approximately S\$5.2 million).

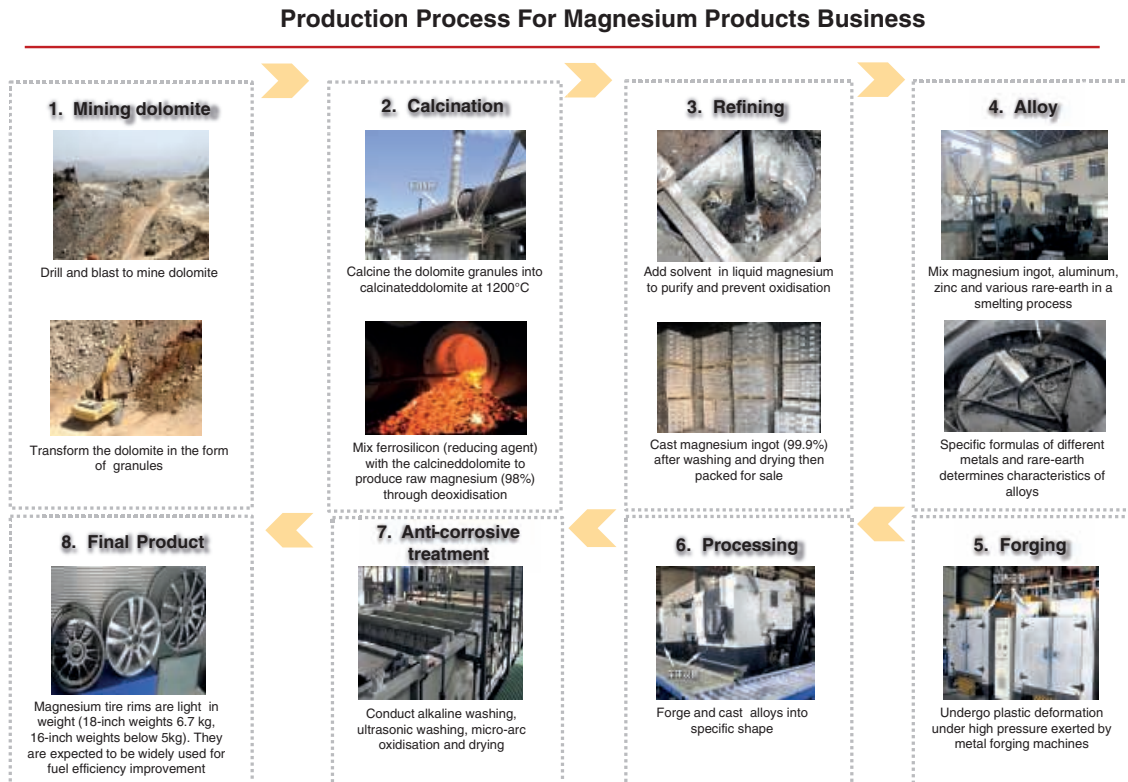
6. PRODUCTION PROCESSES INVOLVED IN THE GROUP'S MAGNESIUM PRODUCTS BUSINESS

The Group's production process for its magnesium products can be generally set out in the following seven stages:

- (1) Mining process – the Group engages in mining activities in its dolomite mine; this includes the process of drilling and blasting to mine dolomite, and thereafter processing the mined dolomite into granular form.
- (2) Calcination – the dolomite, in granular form, is calcined into calcinated dolomite at 1,200 degrees Celsius. The calcined dolomite is then mixed with a reducing agent, ferrosilicon, to produce raw magnesium through the process of deoxidisation.
- (3) Refining – A solvent is added to the raw liquid magnesium to purify and prevent oxidisation. Thereafter, the liquid magnesium is cast into ingots, which with washing and drying can be packed for sale.
- (4) Production of alloys – Magnesium ingot is mixed with aluminium, zinc and various rare earths in a smelting process. Specific formulas of different metals and rare earth determine the characteristics of the resulting alloys.

- (5) Forging – Thereafter, the alloys undergo plastic deformation under high pressure exerted by metal forging machines.
- (6) Processing – Alloys are forged and cast into specific shapes.
- (7) Anti-corrosive treatment – Alloys then undergo alkaline washing, ultrasonic washing, micro-arc oxidisation and drying. The final products are then ready for sale.

The production process can also be seen in the following diagram:

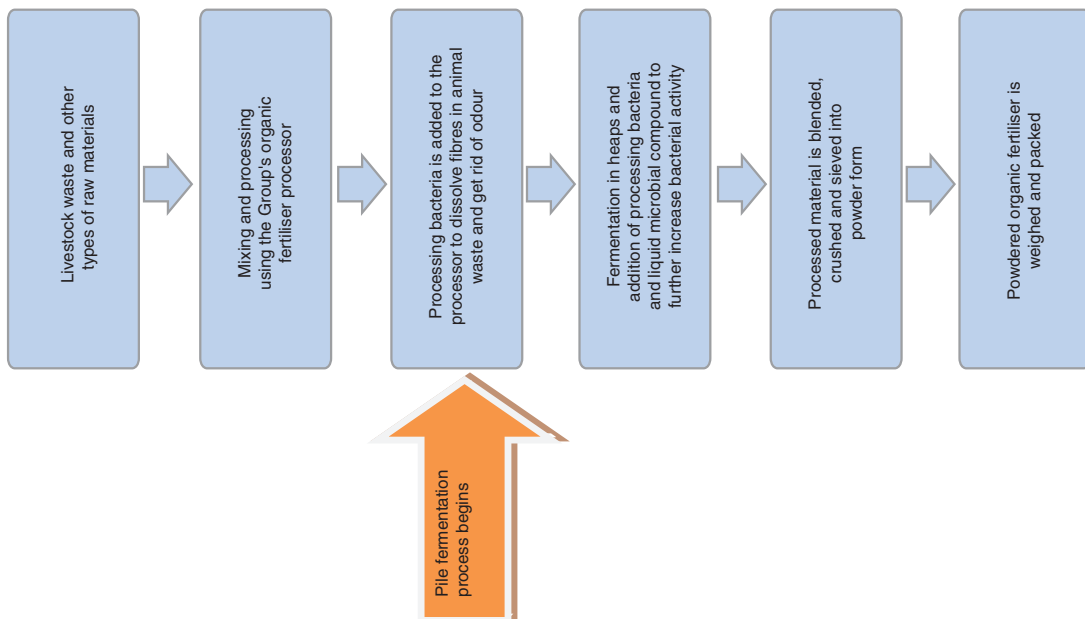


7. PRODUCTION PROCESSES INVOLVED IN THE GROUP'S FERTILISERS BUSINESS

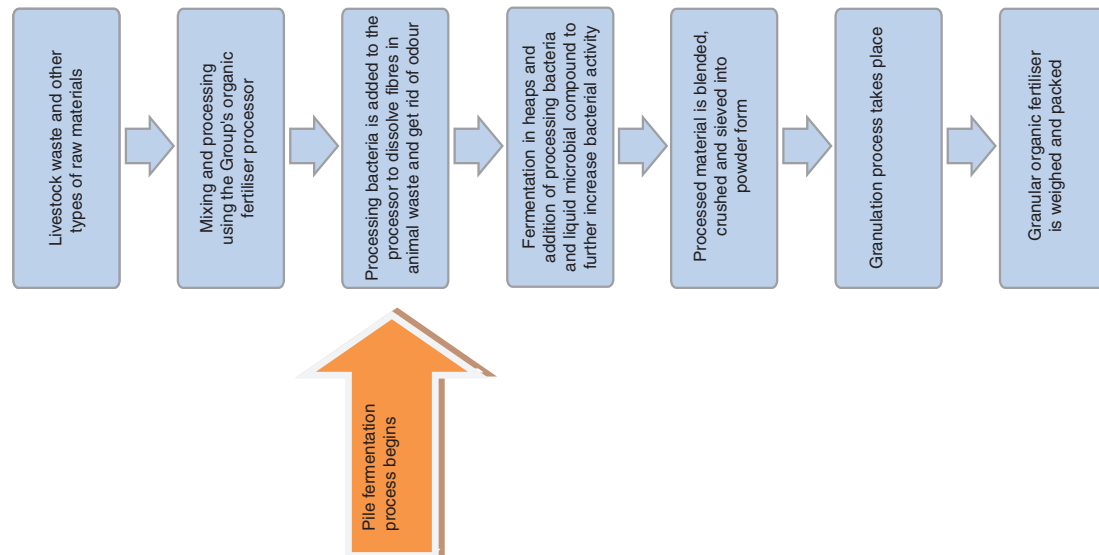
(a) Organic Fertilisers

The production processes for the Group's powdered and granular organic fertilisers and organic-inorganic compound fertilisers are set out in the following diagrams:

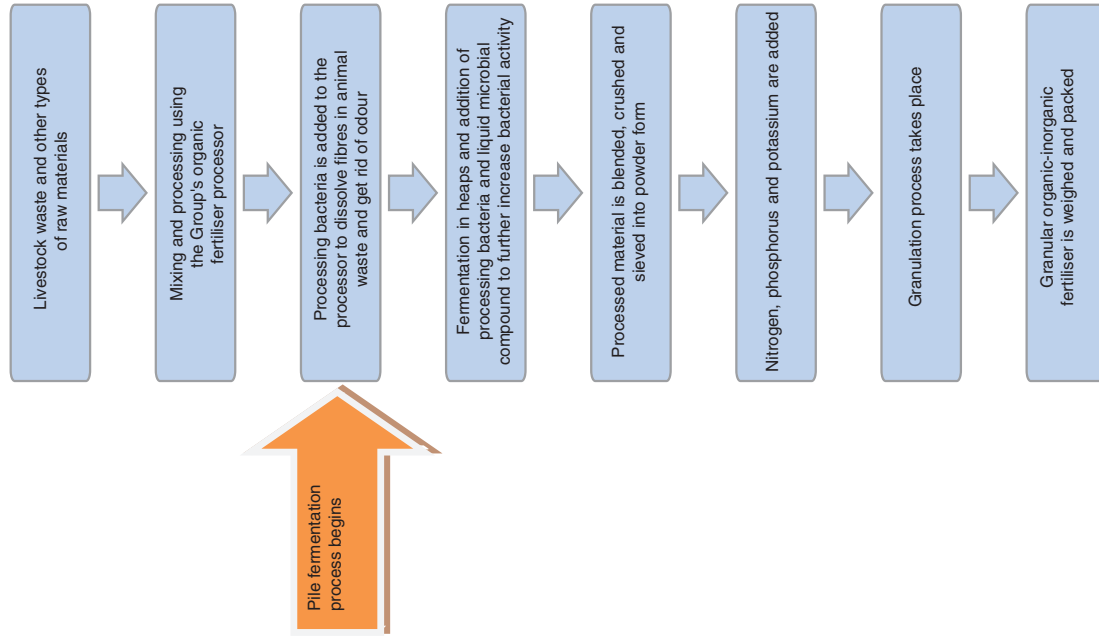
Powdered Organic Fertiliser



Granular Organic Fertiliser



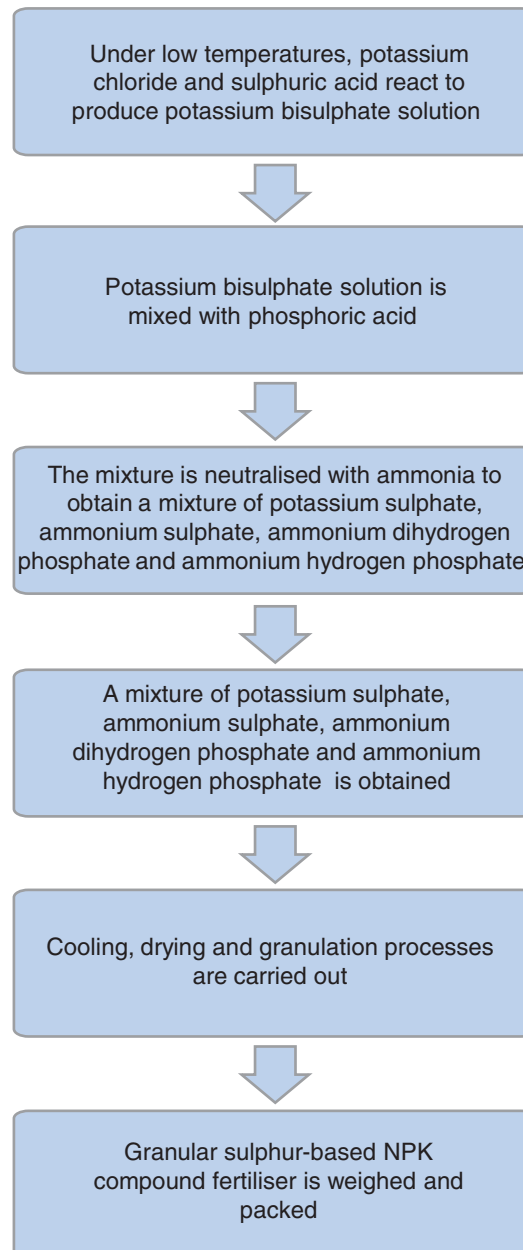
Organic-Inorganic Compound Fertiliser



The above processes generally rely on a simple biochemical reaction (*vide* the pile fermentation process) and involves organic materials such as industrial waste which can be obtained at low procurement costs.

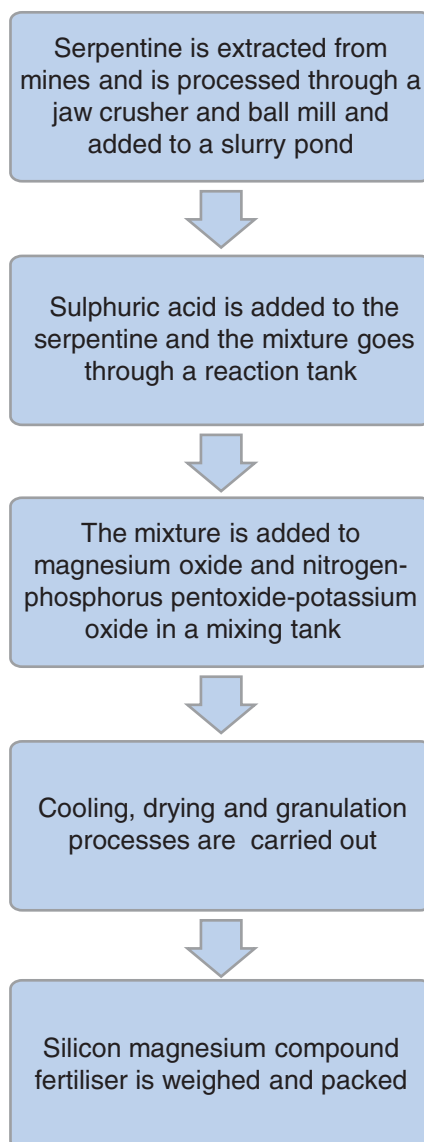
(b) NPK Compound Fertilisers

The production process for the Group's sulphur-based NPK fertilisers can be set out as follows:



(c) Silicon Magnesium Compound Fertilisers

The production process for the Group's silicon magnesium compound fertilisers can be set out as follows:



The above process relies on a simple chemical reaction and involves serpentine usage which the Group can obtain from its own serpentine mine.

(d) Testing of New Fertiliser Products

Alongside the Group's regular production processes, the Group also conducts testing of new products on live agricultural plots. The Group approaches farmers and local governments in the PRC to lease plots of their arable land for such testing to be carried out. Due to the competitive nature of the fertiliser manufacturing industry in the PRC, the Group consistently engages in such arrangements in order to develop new products quickly.

The use of various plots of arable land to test new products allows the Group to check harvests which were grown with these new products against neighbouring plots of land acting as controls. The Group also enters into arrangements with farmers who produce specialty products and/or are in regions producing specialty products; for instance, the Group would approach a farmer of a particular kind of tea in order to test its specialty fertiliser which aids tea plant growth.

8. PRODUCTION FACILITIES AND UTILISATION

The Group has obtained the relevant land use rights in respect of the land on which its production facilities are built and maintained for both its magnesium products business and fertilisers businesses. As at the Latest Practicable Date, these land use rights are for terms of approximately 40 years.

(a) Magnesium Products Business

Through its subsidiary Baishan City Tianan Magnesium Resources, the Group operates an integrated platform magnesium plant in the Hunjiang District of Baishan City, Jilin province in the PRC. Its production facilities include a production plant, warehouse, employee accommodation and ancillary facilities.

As many heavy industries are based in the northeastern region of the PRC, the location of the Group's production premises is within 400 to 500 km of its customers (such as the First Automobile Works Group and Jinbei). The lower transportation costs translate into lower costs per tonne.

The Group currently has the biggest rare earth magnesium alloy production line in the PRC in terms of production capacity, with a utilisation rate of 75.0 per cent., 108.3 per cent., and 91.3 per cent. in 2012, 2013 and 2014 respectively.

The Group's estimated average annual maximum production capacity and the estimated average annual utilisation rate for its facilities for FY2012 to FY2014, and its targeted annual production capacity, annual production volume and average annual utilisation rate for its facilities in the financial years ended 31 December 2015 ("FY2015") and FY2016 are as set out in the following table:

Magnesium Production	FY2012	FY2013	FY2014	FY2015	FY2016 (targeted)
Production Capacity (‘000 tonnes)	16.0	16.0	25.0	25.0	75.0 ²
Production Volume (‘000 tonnes)	12.0	17.3 ¹	22.8	N.A.	N.A.
Utilisation Rates (%)	75.0	108.3	91.3	N.A.	N.A.

Notes:

- (1) The production volume was recorded as being higher than the production capacity in FY2013 because, while the Group had planned to expand production capacity in FY2014, these plans were completed ahead of schedule before 2014. The Group was thus able to actually produce a greater volume of magnesium products in FY2013.
- (2) The Group expects that the production capacity for its magnesium products business facilities to increase to 75,000 tonnes by FY2016 following the completion of its phase II expansion plan.

(b) Fertilisers Business

The Group's production base in Jiangsu province, consolidated as at late 2012, has the following features:

- production plant, warehouse, employee accommodation, ancillary facilities with a gross floor area of over 1,000 *mu* (approximately 666,700 square metres);
- five production lines;
- production capacity of 800,000 tonnes of organic and compound fertilisers as at 31 March 2015; and
- close proximity to the Group's serpentine mine for efficient and lower cost production of silicon magnesium compound fertilisers.

The Group's annual production capacity, annual production volume and average annual utilisation rate for its facilities for FY2012 to FY2014, and its targeted annual production capacity, annual production volume and average annual utilisation rate for its facilities in FY2015 and FY2016 are as set out in the following table:

Organic Fertiliser Production	FY2012	FY2013	FY2014	FY2015 (targeted)	FY2016 (targeted)
Production Capacity ('000 tonnes)	100.0	150.0	200.0	200.0	250.0
Production Volume ('000 tonnes)	80.0	130.0	160.0	170.0	200.0
Utilisation Rates (%)	80.0	86.7	80.0	85.0	80.0

NPK Compound Fertiliser Production	FY2012	FY2013	FY2014	FY2015 (targeted)	FY2016 (targeted)
Production Capacity ('000 tonnes)	180.0	200.0	300.0	350.0	400.0
Production Volume ('000 tonnes)	160.0	190.0	270.0	280.0-310.0	350.0
Utilisation Rates (%)	88.9	95.0	90.0	88.6	87.5

Silicon Magnesium Compound Fertiliser Production	FY2012	FY2013	FY2014	FY2015 (targeted)	FY2016 (targeted)
Production Capacity ('000 tonnes)	100.0	100.0	250.0	250.0	350.0
Production Volume ('000 tonnes)	60.0	100.0	140.0	200.0-220.0	300.0-
Utilisation Rates (%)	60.0	100.0	56.0	88.0	85.7

9. RESEARCH AND DEVELOPMENT

For both of its two main business segments (i.e. its magnesium products business and its fertilisers business), the Group has an established track record for producing innovative and commercially viable products. As of the Latest Practicable Date, the Group has the right to use 28 patents, 21 of which were developed by the CIAC, a strategic shareholder of the Issuer, and seven of which were developed by the Group in-house with the assistance of the Chinese Academy of Agricultural Sciences.

In order to secure higher success rates in its research and development efforts, the Group's sales and marketing teams for each of its business segments work closely with its distributors and end users. The teams identify trends in market demand based on feedback from these distributors and end users, react to specific requests from the Group's products' end users, analyse results of market surveys conducted and reports in industry publications, and also continuously seek to develop new products in order to maintain the Group's competitive edge.

(a) Magnesium Products Business

In July 2013, the Group introduced the CIAC, one of the PRC's most authoritative national research institutes dealing with magnesium alloys, as a strategic shareholder of the Issuer. In doing so, the Group drew upon the institute's research on new materials and rare earth magnesium alloys. For instance, the Group employs researchers with the institute, Dr. Zhang Hongjie and Mr. Meng Jian, as its senior technology consultant and senior rare earth magnesium alloys consultant respectively. Both these consultants have extensive technical background and expertise in magnesium alloy smelting and research and development in new materials:

- Dr. Zhang is an academician of the Chinese Academy of Sciences, Deputy Chief Scientist of the National Rare Earth Research Project, an officer at both the Rare Earth Resources Laboratory and the Rare Earth Professional Committee, and a research at the CIAC.
- Mr. Meng is a professor and deputy office of the Rare Earth Resources Utilisation of CIAC and the director of both the Chinese Nonferrous Metal Society and Jilin Metal Institution. He is an industry expert at the China Magnesium Association, having contributed substantially to the development and application of magnesium alloys.

The Group is also a member of the "Strategic Alliance on Technology and Innovation" of the Jilin magnesium industry, allowing it access to firsthand information on research and development and market development in the PRC.

As at the Latest Practicable Date, the Group has a team of over 20 personnel engaged in the research and development of new and/or improved magnesium products as well as processing technologies.

The Group's policy is to register its new products and technologies with relevant end users, such as the First Automobile Works Group, as soon as they are developed.

(b) Fertilisers Business

As at the Latest Practicable Date, the Group has a team of 50 personnel engaged in the research and development of new fertiliser products as well as processing technologies.

The Group's research and development team also has the support of the Chinese Academy of Agricultural Sciences; the team will consult the Chinese Academy of Agricultural Sciences in the course of its development work.

The research and development of new fertiliser products for a particular crop includes generally five stages:

- (1) The relevant crop is analysed and examined in order to identify its nutritional needs for growth.
- (2) The soil type and climate of the area where the crop will be grown are analysed.
- (3) Based on the information gathered on the crop, soil type and climate conditions, the Group identifies appropriate raw material mix and production process of the new fertiliser product.
- (4) Prototype samples of the new fertiliser product are tested by applying them on different types of soil in the area where the crop will be grown, together with monitoring the different crop samples during their respective growth cycle.
- (5) Crops grown under the different conditions will be analysed and compared to identify the most effective composition of the new fertiliser product and its associated production process. The Group engages farmers and lease plots of their arable land in order to conduct testing of the fertiliser products.




Due to differing crop types, soil and climate conditions, the entire process of developing a new fertiliser product and the associated production process can take from a few months to up to a year.

In compliance with the relevant PRC rules, after completion of testing on live agricultural plots and before new products are allowed for distribution, the Group registers its new fertilisers products with the PRC's Ministry of Agriculture such as the provincial-level agricultural commissions, as soon as they are developed, for certificates to be issued to the Group for the production and distribution of such new products.

In addition to research and development into new products and production processes, the Group's research and development teams also provide after-sales support and training to its distributors and end users. For the Group's major customers, in addition to providing them with training on appropriate fertiliser application techniques, the Group also examines their crops and provides specific technical advice and support during the crops' growth cycle. These services help to build and strengthen relationships with customers, and also allow the Group to receive feedback on its products for continuous development and improvement. This enables the Group to ensure that it continuously improves the quality of its products.

10. INTELLECTUAL PROPERTY

As at the Latest Practicable Date, the Group has registered the following three trademarks for its fertilisers business:

S/N	Trademark	Country of Registration	Category
1.		PRC	Supporting brand for all product categories
2.		PRC	Compound Fertilisers
3.		PRC	Silicon Magnesium Organic Fertilisers

There are no registered trademarks for its magnesium products business.

Further, the Group has the right to use 28 patents. Of these 28 patents, 21 of these are in respect of the Group's magnesium products business and developed by the CIAC, and the remaining seven were developed by the Group in-house with the assistance of the Chinese Academy of Agricultural Sciences and pertain to its fertilisers business.

The following table sets out the relevant information relating to the Group's 21 patents relevant to its magnesium products business:

S/N	Patent	Country of Registration	Registration No.	Date of Application	Status	Period of Validity
1.	低温下沉液态阴极电解制备镁稀土中间合金的方法	The PRC	ZL 2005 1 0017229.7	28 October 2005	Valid	22 April 2009 to 28 October 2025
2.	含铈镧高强耐蚀压铸镁合金	The PRC	ZL2007 1 0306657.0	29 November 2007	Valid	29 July 2009 to 29 November 2027
3.	富钇稀土高强耐热抗蠕变压铸镁合金	The PRC	ZL 2007 1 0306663.6	29 December 2007	Valid	25 January 2012 to 29 December 2027
4.	一种含富钇稀土高强耐蚀 Mg-Al-Mn 压铸镁合金	The PRC	ZL 2008 1 0050481.1	21 May 2008	Valid	28 October 2009 to 21 May 2028
5.	一种含镧铈混合稀土的高强高韧 Mg-Al-Mn 压铸镁合金的制法	The PRC	ZL 2008 1 0050482.6	21 May 2008	Valid	16 June 2010 to 21 May 2028

S/N	Patent	Country of Registration	Registration No.	Date of Application	Status	Period of Validity
6.	High-strength, High-toughness, Weldable and Deformable Rare Earth Magnesium Alloy	The US	US 7,708,937 B2	17 April 2008	Valid	4 May 2010 to 17 April 2028
7.	Method for Producing a Magnesium-Lanthanum Praseodymium Cerium Intermediate Alloy	The US	US 7,744,814 B2	23 December 2008	Valid	29 June 2010 to 23 December 2028
8.	含铈、镧的AE系耐热压铸镁合金	The PRC	ZL 2007 1 0056279.5	6 November 2007	Valid	12 January 2011 to 6 November 2027
9.	用高含水料电解制备钇-镁中间合金的方法	The PRC	ZL 2005 1 0119121.9	28 December 2005	Valid	7 November 2012 to 28 December 2025
10.	用高含水料电解制备富镧混合稀土-镁中间合金的方法	The PRC	ZL 2009 1 0002727.2	28 December 2005	Valid	28 September 2011 to 28 December 2025
11.	一种铁薄膜的制备方法	The PRC	ZL 2010 1 0225691.7	14 July 2010	Valid	30 May 2012 to 14 July 2030
12.	多孔镁合金和多孔铝所用造孔剂的制备方法及其造孔方法	The PRC	ZL 2006 1 0163259.3	15 December 2006	Valid	18 March 2009 to 15 December 2026
13.	一种镁-锌-钕合金及其制备方法	The PRC	ZL 2007 1 0056399.5	6 December 2007	Valid	26 August 2009 to 6 June 2027
14.	镁-锌-稀土合金及其制备方法	The PRC	ZL 2007 1 0193536.X	12 December 2007	Valid	27 January 2010 to 12 December 2027
15.	一种多孔镁-膨胀珍珠岩或多孔AZ91镁合金-膨胀珍珠岩复合材料的制备方法	The PRC	ZL 2007 1 0056175.4	16 October 2007	Valid	16 December 2009 to 16 October 2027
16.	一种高强镁合金	The PRC	ZL 2006 1 0017200.3	22 September 2006	Valid	7 January 2009 to 22 September 2026
17.	一种耐热镁基稀土合金的固溶处理方法	The PRC	ZL 2006 1 0131692.9	30 November 2006	Valid	8 October 2008 to 30 November 2026

S/N	Patent	Country of Registration	Registration No.	Date of Application	Status	Period of Validity
18.	稀土镁合金的制备方法	The PRC	CN2011101914 55.2	In Progress	Pending	N.A.
19.	一种稀土镁合金及其制备方法	The PRC	CN2012105527 13.X	In Progress	Pending	N.A.
20.	超细晶稀土镁合金的制备方法	The PRC	CN2013102017 33.7	In Progress	Pending	N.A.
21.	稀土镁合金的制备方法	The PRC	N.A.	In Progress	Pending	N.A.

11. COMPETITIVE STRENGTHS

(a) Strong Brand Recognition and Awareness of the Group's products

Magnesium Products Business

The Group has been recognised for its magnesium products business segment; it was honoured by the Baishan Municipal Committee of People's Government of Jilin Municipality as one of the top 10 enterprises in Science and Technology in February 2012.

The Group's products serve a range of clients. The Group understands that, in FY2013 and FY2014, approximately 60.0 per cent. of the end users of magnesium products in the PRC were in the automobile industry, 30.0 per cent. in the 3C industry and a further 10.0 per cent. in the military, aviation, medical and other industries.¹ In FY2012, approximately 70.0 per cent., 20.0 per cent. and 10.0 per cent. of the PRC's magnesium products end users were in the automobile, 3C and military, aviation, medical and other industries respectively.²

1 Source: China Magnesium Association (www.chinamagnesium.org)

2 Source: China Magnesium Association (www.chinamagnesium.org)

Fertilisers Business

The Group's fertilisers business includes the "Feng Shou", "Le He He" and "Zhan Lan" fertiliser brands, which are specialty products that are well-received and recognised in the domestic PRC market. The Group has leveraged on cutting edge technology and quality control to ensure that these fertilisers have established an excellent reputation.

As at the Latest Practicable Date, the Group's fertilisers business is supported by a sales and distribution network of over 20 provinces in the PRC.

(b) Strategic Partnerships and Investors

The Group has fostered strategic partnerships and has sought strategic investors in the course of expanding its businesses, including with the CIAC and the IFC.

In July 2013, the Group introduced the CIAC, is a leading, multidisciplinary chemistry institute established in 1948 in Changchun, Jilin, as a strategic shareholder of the Issuer. The CIAC's strategic goal is to become a first-class comprehensive chemical institute and an innovation centre in the fields of polymer and rare earth materials, and it is one of the PRC's most authoritative national research institutes dealing with magnesium alloys and specialising in rare earth magnesium alloy development.

In doing so, the Group drew upon the institute's research on new materials and rare earth magnesium alloys.

The Group has also steadily maintained a relationship with its investor, the IFC. In November 2006, the IFC first extended a seven-year loan to the Group, and in 2014, the Issuer and IFC entered into a Share Subscription Agreement pursuant to which the IFC subscribed for an aggregate of 155,077,000 fully paid new shares in the Issuer, and the IFC further extended one of the Issuer's principal operating PRC subsidiaries, Baishan City Tianan Magnesium Resources, a loan for the principal amount of US\$25.0 million for seven years. The loan was extended to assist the Group in carrying out its expansion plans for 2016, such as increasing production capacity of its fertiliser manufacturing facility from 300,000 tonnes to 750,000 tonnes and increasing the production capacity of its magnesium manufacturing facility from 16,000 tonnes to 75,000 tonnes.

The Group considers the IFC as a key strategic investor in the Issuer. The IFC is an international organisation established by Articles of Agreement among its member countries, and a member of the World Bank Group, which is in turn one of the world's largest sources of funding and knowledge for developing countries and comprises of five closely associated institutions: the International Bank of Reconstruction and Development and the International Development Association, which together form the World Bank, the IFC, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes.

(c) Environmentally Friendly Products cater to Increased Demand for Eco-Friendly Products

The Group's magnesium products are in line with domestic and international efforts to reduce carbon emissions into the environment, given that its magnesium products are light weight and thus enable the reduction of fuel consumption in vehicles. Weight reduction is a cost-effective means to reduce fuel consumption and greenhouse gas emissions from the transportation sector; the USAMP estimates that for every 10.0 per cent. of weight eliminated from a vehicle's total weight, fuel economy improves by seven per cent.

The Group's organic fertiliser products do not contain any synthetic chemical additives which are the main components of inorganic fertilisers. Prolonged application of such synthetic chemical additives would lead to deterioration of soil conditions and water pollution. Unlike inorganic fertilisers, organic fertilisers, including the Group's products, may facilitate the preservation of soil fertility and the prevention of some plant diseases.

The Group's silicon magnesium compound fertiliser products address specific deficiencies of silicon and magnesium in domestic soil found in the PRC and are thus in line with the PRC government's call to apply "scientific fertilisation" to reduce the negative impacts of over-fertilisation using chemical fertilisers.

(d) Control and Ready Supply of High Quality Raw Materials

The Group has mining rights over high quality upstream dolomite reserves which are necessary for the production of its magnesium products. The Group also has mining rights over high quality upstream serpentine reserves which are essential in the production of its silicon magnesium compound fertiliser. Thus, the Group is less dependent on other suppliers for these raw materials and can lower production costs.

(e) Competitive Cost Structure

The Group is able to benefit from lower transportation costs as a result of its production facilities' proximity to the Group's sources of raw materials (i.e. its dolomite mine in Jilin province and its serpentine mine in Jiangsu province in the PRC).

Further, the Group has positioned its production facilities within the vicinity of relevant end users. For instance, its production facilities in Baishan City in Jilin province is close to heavy industries in the northeastern region of the PRC that use its magnesium products. This results in a lower cost per tonne as transportation costs are reduced.

Most importantly, the Group has ensured that it has a competitive cost structure by refining its differentiation strategy for its products. For instance, the Group's organic fertilisers catered to the brisk demand for organic fertilisers in tea plantations in Fujian province. The Group then developed new types of compound fertiliser products to avoid homogeneously competing against traditional large-scale fertiliser companies. This allowed the Group to perform competitively against its peers in the last two years, despite the entire fertiliser industry in the PRC facing a downturn due to overcapacity and homogenous competition.

(f) Experienced and Established Management Team

The Group's key management team, which is led by Mr. Chi Wen Fu, its founder, Mr. Shum Sai Chit, an Executive Director, and Ms. Chi Bi Fen, also an Executive Director, is also familiar with the PRC business environment and magnesium and fertiliser industries and is able to grasp market opportunities and focus on providing customised products. Mr. Chi, Mr. Shum and Ms. Chi's business and working experience is set out in detail at the section "The Group – Board of Directors and Key Executives".

(g) Emphasis and Investment in Research and Development

The Group focuses on the research and development of new high-margin specialty products to minimise homogenous competition in the sale of commoditised, lower margin products. This is important particularly in the Group's fertilisers business, where

traditional fertiliser products already saturate the PRC market. The advanced technology the Group employs creates a substantial barrier to entry to any newcomers to the market and is a hurdle for market players in replicating the Group's niche areas.

The Group also focuses on research and development to improve its production processes with an aim to increase profit margins.

For instance, in 2013, the Group underwent a series of technical improvements to maximise and recycle waste materials in producing organic fertilisers.

The Group's emphasis and investment in research and development has also led to it being recognised for its employment of leading technological methods in production:

Magnesium Products Business

The Group has been recognised by the PRC government for its employment of leading technological methods in production. In 2010, the Group's production base at Magnesium Industrial Park in Baishan was designated as a "Demonstration Base for China Magnesium Production" by the China Mining Association. The Group was the first to receive such an honour in the magnesium industry.

In October 2011, the Group's magnesium alloy enterprise was accredited as one of the 40 comprehensive demonstration bases for applications of mining resources by the PRC Ministry of Land and Resources and Ministry of Finance.

There is a high technological barrier to entry for rare earth magnesium alloys production, and thus there are few producers of these alloys. The Group has capitalised on this to become one of the largest producers in the PRC of such alloys.

Together with its lower cost and ready access to the abundant and premium supply of dolomite reserves, the Group's leading position in production technologies in the magnesium production industry distinguishes it from its peers in the fiercely competitive market.

Fertilisers Business

In respect of its fertilisers business, the Group has been using its patented fertiliser processor in the production of its organic fertilisers and silicon magnesium compound fertilisers. This allows the Group to produce high quality fertiliser products in a more efficient way compared to other producers in the PRC. For instance, by using the Group's organic fertiliser processor, raw materials such as industrial waste and grain bran are treated and processed together with different types of processing bacteria. With the effect of bacterial action and by the squeezing and grinding movement stimulated by the processor, moisture can be taken out from the processing material within three to five minutes. As a result, the overall production time is reduced and hence, production efficiency is improved.

(h) Responsiveness to Specific Needs of Consumers

The Group prides itself in its responsiveness to specific needs of consumers and its emphasis on product differentiation. As estimated by the Chinese Academy of Agricultural Sciences, over 50.0 per cent. and around 19.0 per cent. of rice fields in the PRC are deficient in silicon and magnesium respectively. The Group thus launched its series of silicon magnesium compound fertilisers in March 2012, which facilitated

growth of the Group's fertilisers business. In FY2014, sale of silicon magnesium compound fertilisers accounted for 23.0 per cent. of the fertilisers business segment revenue, with a gross margin of 33.5 per cent.

The Group's responsiveness enables it to take advantage of the demand for specialised fertilisers in the rapidly growing agricultural industry. For instance, according to the National Bureau of Statistics of the PRC, the total usage of compound fertilisers in PRC has increased by 85.0 per cent. in the past 10 years, with the potential market size of silicon magnesium compound fertilisers being up to 40 million tonnes.

The Group continues to focus on product and technological advancement by developing new ecological fertilisers which cater for different nutritional needs of soil in various regions in the PRC with an aim to further increase its market share.

This allows the Group to market its silicon magnesium compound fertiliser as a niche product in the Chinese fertiliser industry which is, according to the National Bureau of Statistics of the PRC, quite fragmented with over 3,000 chemical fertiliser manufacturers and 1,000 organic fertiliser manufacturers, and nearly 80.0 per cent. of market participants which are small local enterprises.

12. BUSINESS STRATEGY

(a) Expansion through Increase in Production Capacity

Magnesium Products Business

Taking advantage of the high global demand for eco-friendly magnesium products, the Group has sought to expand its magnesium products business by expanding its magnesium production capacity. The Group carried out technical enhancements to its production plants in late 2012, whereby its magnesium production increased from 16,000 tonnes in 2013 to 25,000 tonnes in 2014. It is engaging in further expansion plans, and it expects that its magnesium production will increase from 25,000 tonnes to 75,000 tonnes by 2016.

More details on the Group's plans to increase its production capacity and actual output for its magnesium products business is set out at the section "Business Activities – Magnesium Products Business – Production and Sales results for Magnesium Products Business".

Fertilisers Business

The annual production capacity of the Group's fertiliser production reached 800,000 tonnes as at 31 March 2015. The Group is progressively implementing its capacity expansion plans and expects to increase its annual production capacity to one million tonnes by 2016.

The Group has already acquired the land for these expansion plans, and such expansion plans are to be funded with internal resources.

More details on the Group's plans to increase its production capacity and actual output for its magnesium products business is set out at the section "Business Activities – Fertilisers Business – Production and Sales results for Fertilisers Business".

(b) Expansion through Acquisitions, Joint Ventures and Strategic Alliances

The Group intends to expand its business segments through acquisitions, joint ventures and strategic alliances. Such acquisitions, joint ventures and strategic alliances in or with complementary entities will provide the Group access to new markets, prospective clients and greater economies of scale.

For instance, on 6 January 2015, the Issuer announced that Ming Xin, the Group's indirectly wholly-owned company, had entered into a Sale and Purchase Agreement and Subscription Agreement with Group Sense, another company listed on the HKSE, and its controlling shareholders, respectively. Group Sense's subsidiaries are principally engaged in the design, manufacture and sale of original design manufacturing products, electronic dictionary products and personal communication products, and the provision of electronic manufacturing services. The Group completed the acquisition of a total of 51.88 per cent. of the share capital in Group Sense on 26 March 2015. The Group's intention is to use Group Sense as a separate listed platform through which it can focus and expand on the magnesium products business.

(c) Expansion of Sales Coverage and Increased Market Penetration

The Group also intends to increase its sales coverage and market penetration by continued business development activities in the PRC market, appointing additional distributors, enhancing relationships with existing distributors and intensifying its marketing efforts in the PRC.

Internally, the Group has recruited additional sales and marketing staff as necessary in order to cope with the Group's anticipated business expansion.

(d) Adoption of Marketing Strategy Emphasising Product Differentiation and the Optimisation of Products Mix

The Issuer believes that the Group's marketing strategy emphasising product differentiation has been effective. The Group's specialised products from each of its two main business segments, rare earth magnesium alloys and organic fertilisers and silicon magnesium compound fertilisers, have helped the Group secure market shares in higher-end markets and improve its overall profitability.

The Group's differentiation strategy has meant that it minimises homogenous competition against traditional large-scale magnesium products and fertilisers companies. For instance, for its fertilisers business, the Group has outperformed its peers in the last two years, despite the PRC fertiliser industry experiencing a downturn due to overcapacity and homogenous competition.

Further, the Group continually assesses market demand for its existing products to determine an optimal product mix for its magnesium products and fertilisers business segments. The Group has begun reaping the benefits of an improved product mix with greater Group gross profit margin achieved.

Lastly, the Group continues to strengthen its research and development capabilities by investing in advanced technology and recruiting additional professionals with relevant skills and expertise to its research and development teams to facilitate the development of new technologies and products.

(e) Increased Emphasis on Products with High Profit Margins

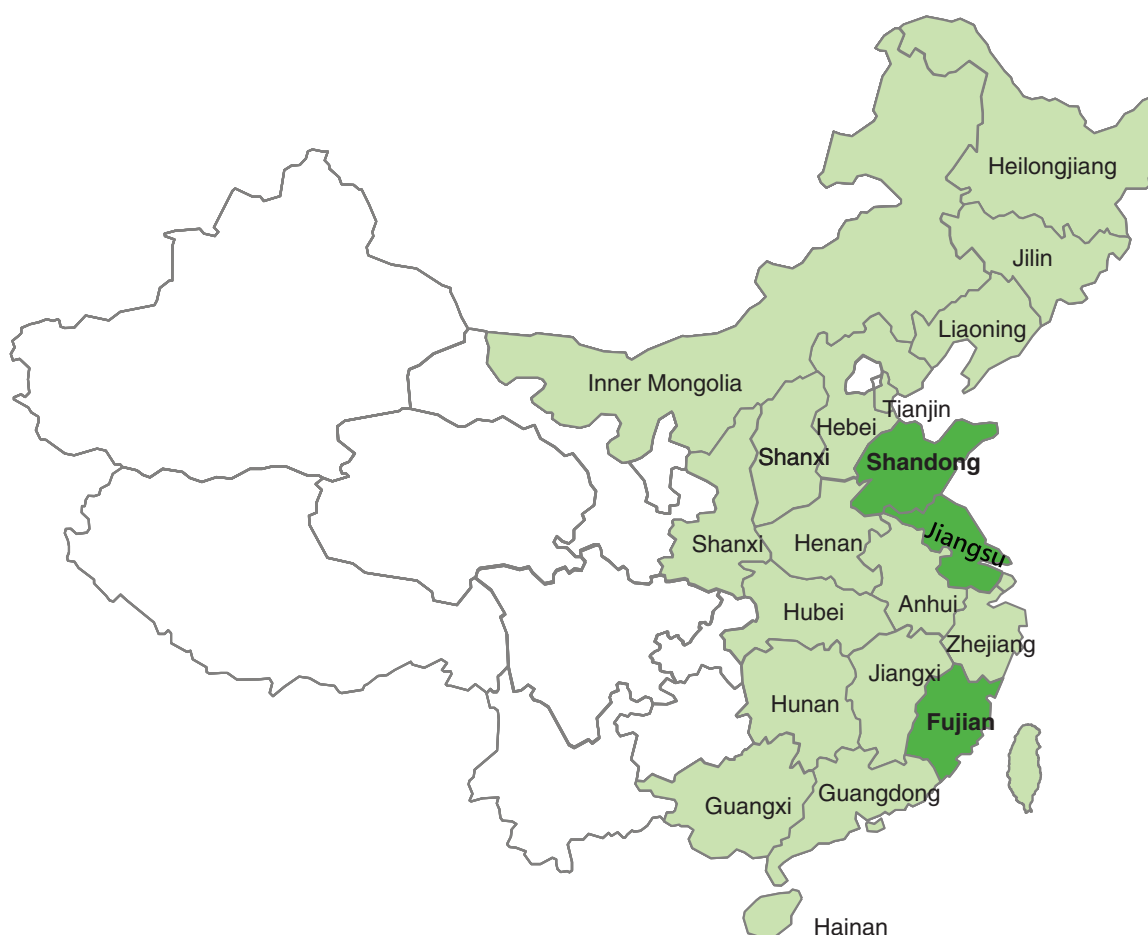
The Group's development of rare earth magnesium alloys allows it to reap higher profit margins compared to the production and sale of basic magnesium products, given the former's advanced technological requirements and better performance on applications.

Further, the Group's production of rare earth magnesium alloys has buffered it against downturns in the commodities markets. For instance, in 2013, due to the downturn in the global commodities market, basic magnesium products generally experienced fluctuations in both prices and gross profit margins. However, rare earth magnesium alloys maintained relatively stable gross profit margins.

13. SALES AND MARKETING

As at the Latest Practicable Date, the Group's sales and marketing team consists of over 100 personnel for its fertilisers business and over 10 personnel for its magnesium products business, and is led by Mr. Zhou Jianhui and Mr. Cheng King Sang respectively.

The Group sells its products directly and through its distributors, who on-sell the Group's products to their customers, which include private enterprises, retailers and farmers (for its fertilisers business). For the Group's magnesium products business segment, as at the Latest Practicable Date, its distribution network covers mainly three north-eastern provinces in the PRC, being Liaoning, Jilin and Heilongjiang, where major automakers are based. In respect of the Group's fertilisers business, its distribution network covers 20 provinces in the PRC as at the Latest Practicable Date. The following diagram illustrates in light green the provinces in the PRC which are covered by the Group's distribution network, while the provinces in dark green (the Shandong, Jiangsu and Fujian provinces) are the top three provinces in terms of revenue contribution to the Group's fertilisers business. Sales to distributors account for approximately 70.0 per cent. of the Group's revenue from its fertilisers business in the past three financial years from 2012 to 2014.



Sales Network for the Group's fertilisers business

The Group's distributors are selected based on their market coverage, reputation, creditworthiness, committed purchase volumes and pricing and payment terms.

The Group believes that, by selling its products directly to end users either through its sales teams or appointed exclusive distributors, it is able to obtain information on the identity and needs of its end users. This enables the Group to establish ongoing and direct business relationships with such end users by providing technical training and after-sales services. Technical training includes the provision of training on appropriate fertiliser application techniques, examination of end users' crops and the provision of technical advice and support during such crops' growth cycles.

The Group also engages in direct marketing efforts such as advertising and organising special promotions, and conducting promotions and marketing at industry events and conferences.

14. EMPLOYEES

As at the Latest Practicable Date, the Group employs more than 1,200 employees.

The Group's employees are not unionised. As at the Latest Practicable Date, there has not been any labour disputes or significant change in the number of employees affecting the normal operations of the Group.

15. QUALITY CONTROL

(a) Quality Control over the Group's Products

The Group places great emphasis on the quality of its products and has in place quality assurance teams and quality control systems for each of its business segments. These teams oversee the implementation of stringent quality control procedures at each stage of the various production processes. Each production process is also checked by designated employees to ensure that production procedures are strictly adhered to.

As at the Latest Practicable Date, the Group has yet to experience any material sales returns by its customers and also has not experienced any product liability or other legal claims due to issues with the quality of its products.

(b) Quality Control at a Centralised Verification Centre for all Incoming Raw Material

To ensure the consistency and quality of incoming raw materials for production, the Group only purchases raw materials from its qualified suppliers. The Group's manufacturing and procurement teams for each of its business segments identify such suppliers based on criteria such as quality, price, delivery schedules and availability and quality of after-sales services. These teams also review the qualifications of the Group's suppliers on an annual basis.

Thereafter, the Group's manufacturing teams inspect incoming raw materials to ensure that they are in accordance with the Group's standards. Inspections are carried out on a sampling basis. Where there is any defective raw material found, such materials will be returned to the supplier for replacement.

16. GOVERNMENT GRANTS AND SUBSIDIES TO THE GROUP

The local Jilin government has supported the development of the magnesium industry and, in 2012, the Group's Baishan City Tianan Magnesium Resources was provided financial assistance by the Ministry of Finance and the Ministry of Land and Resources in the form of a RMB\$131.2 million grant to improve production technology and capacity. Baishan City Tianan Magnesium Resources will receive amounts under the grant on a reimbursable basis, based on the funds it has disbursed. Baishan City Tianan Magnesium Resources has, as at 31 December 2014, received approximately HKD70.0 million from the local government under the grant.

17. AWARDS AND ACCREDITATIONS

The Group has received the following key awards from 2012 up to the Latest Practicable Date:

Award	Awarding Organisation	Year of Issue
Donghai County Association for the Promotion and Application of Agricultural Products – Model Corporation (东海县农业生产资料推广应用协会-规范企业)	Donghai County Association for the Promotion and Application of Agricultural Products (东海县农业生产资料推广应用协会)	2012
2012 Lianyungang City Association for Quality – Excellent Firms and Outstanding Individuals (2012年度连云港市质量监督管理协会优秀会员单位和先进个人)	Lianyungang City Association for Quality (连云港市质量监督管理协会)	2012
2012 Lianyungang City Firm with Advanced Quality Control (2012年度连云港市质量管理先进单位)	Lianyungang City Commission for Economy and Information (连云港市经济和信息化委员会)	2012
2012 Donghai County Firm with High Quality and Advanced Production (2012年度全县质量强县工作先进单位)	People's Government of Donghai County (东海县人民政府)	2012
2013 Firm with Integrity (2013年度诚信企业)	Donghai County Association for the Promotion and Application of Agricultural Products (东海县农业生产资料推广应用协会)	2013
2013 Lianyungang City Association for Quality – Outstanding Member Firm (2013年连云港市质量管理协会优秀会员单位)	Lianyungang City Association for Quality (连云港市质量监督管理协会)	2013
2014 Top Ten Firms with Integrity (2014年度十佳诚信单位)	Donghai County Consumers Association (东海县消费者协会)	2014

18. COMPETITION

(a) Magnesium Products Business

The PRC market for basic magnesium products is characterised by low barriers to entry and high fragmentation. In this context, the main factor influencing competitiveness would be production costs, and the Group has:

- capitalised on the ideal locations of both its dolomite mine and magnesium production facilities to lower transportation costs;
- capitalised on its ownership of mining rights for dolomite to lower production costs; and
- invested time and effort to achieve improved production efficiency and lower production costs in order to gain an advantage over its competitors.

On the other hand, due to the high technological barriers to entry, there are few producers of rare earth magnesium alloys.

The Group has invested in resource capabilities by acquiring its dolomite mine and collaborating with the CIAC.

The Group considers the following producers to be major local players in the magnesium industry:

- Nanjing Yunhai Special Metals Co., Ltd.;
- Shenmu Dongfeng Magnesium Co., Ltd.;
- Ding He Mining Holdings Ltd. (formerly known as CVM Minerals Limited); and
- Yinguang Magnesium Industry Group Co. Ltd.

The following are major international players in the magnesium industry:

- CD International Enterprises, Inc., which is based in the United States;
- Magontec Limited, which is based in Australia;
- Nevada Clean Magnesium Inc., which is based in the United States; and
- Magnesium Elektron Ltd, which is based in the United Kingdom.

(b) Fertilisers Business

In general, the fertiliser industry in the PRC is highly fragmented with many players. In respect of organic fertilisers, the Group enjoys the important advantages of:

- competitive production costs due to low transportation costs and proximity to its market and customers; and
- an established and reliable sales and distribution network.

On the other hand, in respect of compound fertilisers, there are higher barriers to entry such as significant capital investment requirements for establishing and maintaining large scale production facilities. In particular, for its silicon magnesium compound fertilisers, the Group has created a niche product which:

- capitalises on the proximity of its serpentine reserves to its fertiliser production facilities to lower production and transportation costs; and
- involves the use of patented technology.

At the same time, the Group continues to rely on its established sales and distribution network to promote this relatively new niche product, and also continues to invest in technology innovation and industrial waste recycling process improvements to further lower its production costs for compound fertilisers generally.

Importantly, the Group has invested in resource capabilities by acquiring its serpentine mine and collaborating with the Chinese Academy of Agricultural Sciences.

The Group considers the following producers to be its main competitors for its compound fertilisers:

- China XLX Fertiliser Ltd;
- Stanley Fertiliser Co., Ltd.;
- China BlueChemical Ltd.;
- Sinofert Holdings Limited;
- Shenzhen Baitian Ecotypic Engineering Co., Ltd.;
- Anhui Sierte Fertilizer Industry Ltd;
- Jiangsu Jiujiujiu Technology Co., Ltd.; and
- Shindoo Chem-Industry Co., Ltd.

19. HEALTH, SAFETY, ENVIRONMENT AND QUALITY

The Group is committed to fulfilling its responsibilities towards the Group's shareholders and employees, the community at large and the environment by conducting its business affairs in a manner to achieve the highest quality of operation and service, with a strong focus on safe working practices and care and awareness to avoid any harm to the Group's employees, contractors, customers and the environment.

The Group works with environmental specialists to help the Group understand and duly comply with environmental norms and rules promulgated by the PRC government from time to time. The Group implements training program for its employees to familiarise them with the Group's operations, particularly on new laws and regulations affecting the Group's environment protection measures. The Group implements a monitoring system for status of waste discharge, which is subject to audits on a regular basis. The accountability system has been enhanced by the Group that general managers are held accountable to the Group in respect of any such safety and environment concerns.

Other policies promulgated by the Group include:

- The Group strives to reduce emissions and discharges of waste which are known to negatively affect the environment. It has put in place measures and procedures to ensure that operations comply with relevant environmental regulations.
- None of the Group's production facilities has been prosecuted or penalised for the breach of any provincial or local environmental protection laws or regulations.
- The Group implements safety-related programs and conducts safety-related training and audits regularly. The Group has dedicated officers responsible for health and safety and its personnel is provided with appropriate medical insurance cover.

20. INSURANCE

The Group has insurance coverage in respect of the following:

- (a) General insurance on plant, machinery and inventory against all property risks, natural calamities (including fire), theft and public liability claims;
- (b) Insurance against product liability claims in respect of the Group's magnesium products business; and
- (c) Relevant PRC social security contributions, personal accident and medical insurance for employees.

21. RECENT KEY DEVELOPMENTS

(a) Acquisition of Group Sense

On 6 January 2015, the Issuer issued a joint announcement with Ming Xin and Group Sense, another company listed on the HKSE regarding, among other things:

- The sale and purchase of existing shares in Group Sense and the subscription of new shares in Group Sense;
- The offer agreement in relation to the proposed subscription of and issuance of new shares in Group Sense; and
- A potential unconditional mandatory cash general offer to be made by Octal Capital and Get Nice Securities on behalf of Ming Xin to acquire the remaining issued shares in Group Sense.

Group Sense has been listed on the Main Board of the HKSE since 1993 and is an investment holding company. Along with its subsidiaries (the "Group Sense Group"), Group Sense is a leading manufacturer of electronic dictionaries and other handheld information devices and also provides electronic manufacturing services:

- Its flagship electronic dictionary is the "Instant-Dict" which has become a leading consumer brand in the PRC market. Besides "Instant-Dict", Group Sense Group also sells electronic dictionaries and translators covering more than 30 languages in over 25 countries or regions.
- It has pioneered bilingual Personal Digital Assistant ("PDA") products.

- Its Original Design Manufacturing business is a fast growing business line; the Group Sense Group has manufactured high tech products for major customers in Japan and Europe, producing a variety of products such as electronic organisers, PDA, handheld email devices and electronic dictionaries.

Sale and Purchase of Shares in Group Sense

On 19 December 2014, Ming Xin entered into a Sale and Purchase Agreement with Earnmill Holdings Limited (“Earnmill”), pursuant to which Ming Xin agreed to purchase 500,000,000 shares in Group Sense for a consideration of HKD229,600,000 (approximately S\$39,356,000) (equivalent to HKD0.4592 (approximately S\$0.0787) per share). The shares to be purchased under the Sale and Purchase Agreement represent approximately 41.75 per cent. of the issued share capital of Group Sense as of 6 January 2015.

Subscription of New Shares in Group Sense

On 19 December 2014, Ming Xin and Group Sense entered into a Subscription Agreement, pursuant to which Group Sense agreed to issue and Ming Xin agreed to subscribe to 239,532,000 new shares in Group Sense. Ming Xin agreed to subscribe to the new shares at a subscription price of HKD0.32 (approximately S\$0.0549) per share. The shares represent approximately 20.0 per cent. of Group Sense’s issued share capital as of 6 January 2015 and approximately 16.67 per cent. of its issued share capital as enlarged by the allotment and issue of the new shares.

On 3 February 2015, the Group held an extraordinary general meeting to seek shareholders’ approval of the sale and purchase agreement and the subscription. The resolutions were passed and announced on 23 February 2015.

On 26 February 2015, the sale and purchase of shares and subscription of new shares in Group Sense were completed.

Following the above sale and purchase of shares and subscription of new shares in Group Sense, the Group’s holding in Group Sense (through Ming Xin) was 51.46 per cent. of its issued share capital.

Unconditional Mandatory Cash General Offer in respect of Group Sense’s Remaining Shares

Following the completion of the abovementioned transactions, as Ming Xin is now interested in a total of 739,532,000 shares in Group Sense, or, as abovementioned, in 51.46 per cent. of Group Sense’s issued share capital, it was required to make an unconditional mandatory cash general offer for all the issued shares (other than those already owned or agreed to be acquired by it and parties acting in concert with it) pursuant to Rule 26.1 of the Hong Kong Takeovers Code.

Thus, Octal Capital and Get Nice Securities, on behalf of Ming Xin, made an offer to acquire a further 616,753,911 shares in Group Sense. The offer in respect of each share was to HKD0.4592 per share, or approximately HKD283,213,396 (approximately S\$48,545,000). The general offer was made on 5 March 2015.

The Group’s intention is to use Group Sense as a separate listed platform through which it can focus and expand on the magnesium products business.

On 26 March 2015, the Group announced the closure of the mandatory cash general offer by Octal Capital and Get Nice Securities. Following the close of the offer, the Group owned an aggregate of 745,598,727 shares in Group Sense, representing approximately 51.88 per cent. of the entire issued share capital of Group Sense as at the date of the announcement.

The Group intends to conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the result of such review, the Group may explore other business opportunities for Group Sense and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance its long-term growth potential.

(b) Further Proposed Acquisitions in Operating Project Companies

On 4 February 2015, the Issuer entered into a non-legally binding framework agreement regarding the proposed acquisition of 100.0 per cent. equity interest in operating project companies with magnesium and ancillary businesses such as power generation and semi-coke.

On 14 May 2015, the Issuer's subsidiary, Group Sense, announced that it had entered into a framework agreement in relation to the proposed acquisition of 100.0 per cent. equity interest in a project operating company in the PRC (the "**Target Company**").

The production capacity of the operating projects of the Target Company, as approved by the relevant regulatory bodies in the PRC, comprises 1,200,000 tonnes of clean energy, 100,000 tonnes of magnesium and 100,000 tonnes of ferrosilicon per annum. Currently, the Target Company has completed a magnesium production line with a capacity of 15,000 tonnes per annum, along with a clean energy production line with a capacity of 600,000 tonnes per annum, and corresponding production and living facilities. Group Sense's board announced that it considered that the proposed acquisition can facilitate the business development of the Group Sense Group.

The proposed acquisition is subject to the fulfilment of certain conditions precedent, including the parties to the agreement being satisfied with the results of financial and legal due diligence, all necessary approvals from regulatory bodies being obtained and no material adverse changes having occurred in the operation and financial position of the Target Company.

BOARD OF DIRECTORS AND KEY EXECUTIVES

DIRECTORS

The Directors are entrusted with the responsibility for the overall management of the Group. The particulars of the Directors are listed below:

Name	Principal Occupation
CHI Wen Fu ¹	Chairman/Executive Director
SHUM Sai Chit	Executive Director
CHI Bi Fen ¹	Executive Director
YANG Yuchuan	Executive Director
GUO Mengyong ²	Non-executive Director
KWONG Ping Man	Independent Non-executive Director
SHENG Hong	Independent Non-executive Director
LAU Chi Kit	Independent Non-executive Director

Notes:

- (1) Ms. Chi Bi Fen is the sister of Mr. Chi Wen Fu.
- (2) Mr. Guo Mengyong is the brother-in-law of Mr. Chi Wen Fu.

The business and working experience of the Directors is summarised below:

Mr. CHI Wen Fu is the Chairman and Chief Executive Officer of the Group who is responsible for overall strategic planning and key operating decisions. Mr. Chi started his law firm in Fuzhou in 1995, in which he was the Managing Partner. Prior to that, Mr. Chi joined Fuzhou Justice Bureau Commerce Law Office after qualifying as a lawyer in the PRC in 1989. In early 1998, Mr. Chi originated an initial research on organic agricultural production and funded a R&D project on microbial compound fertilisers. Mr. Chi is a graduate of Chemical Analysis and Law. Mr. Chi established the Group in 2000.

Mr. SHUM Sai Chit is the Chief Operation Officer of the Group who is responsible for business operations. Prior to joining the Group, Mr. Shum was the Managing Director of Go Modern Limited which was principally engaged in manufacturing of textile products and trading activities. In 1984, Mr. Shum joined Fujian Textiles Import and Export Corporation as a Manager to oversee importing and exporting of textile products. Mr. Shum is a graduate of Consumer Product Pricing and Statistics. Mr. Shum has joined the Group since January 2002. Mr. Shum is currently the Chairman of Group Sense.

Ms. CHI Bi Fen is the Vice-President of the Group. Prior to joining the Group, Ms. Chi was the Deputy General Manager of an electronics equipment company over 17 years. She has an extensive experience in accounting, taxation and finance in the PRC for more than 15 years. She is a graduate of Accounting and Finance. Ms. Chi has joined the Group since March 2000. Ms. Chi is currently an executive director of Group Sense.

Mr. YANG Yuchuan joined the Issuer as an Executive Director since July 2013. He graduated from Shanghai Jiao Tong University in the People's Republic of China with a bachelor's degree in engineering in 1985. In 1993, Mr. Yang obtained a master's degree in business administration from McLaren School of Business, University of San Francisco in the United States of America. Mr. Yang used to manage and operate former subsidiaries of the Group, Partners Capital

Securities Limited and Sunshine Asset Management (HK) Limited, and is very experienced in financial industry. Mr. Yang was a non-executive director of TTG Fintech Limited, a company listed on the Australian Securities Exchange from December 2011 to April 2015.

Mr. GUO Mengyong is a Non-Executive Director of the Issuer. He has been the Deputy General Manager of Fujian Wireless Group Company since 2000 and is responsible for electronic engineering technical management. Fujian Changsheng Wireless Technology Development Company Limited is principally engaged in production of electronic products and communication devices. Mr. Guo joined Fuzhou Capacitors Factory as a Technician in 1976. From 1993 onwards, Mr. Guo worked at Fuzhou Meters Group Company as an Engineer and later promoted to the Deputy Factory Manager in 1996, in charge of technical quality control. In 2000, Mr. Guo joined Fujian Wireless Group Company as Deputy General Manager and was responsible for quality management. He is a graduate of Industrial Enterprise Management. Mr. Guo has joined the Group since February 2011.

Mr. KWONG Ping Man has been an Independent Non-Executive Director of the Issuer since September 2004. He is a Director of O'Park Corporate Services Limited which provides corporate advisory services. Prior to joining the Group, Mr. Kwong served as the Chief Financial Officer of various companies for almost 7 years. Mr. Kwong has over 15 years of experience in accounting, finance and administration. He obtained a Master's Degree in Professional Accounting from Hong Kong Polytechnic University. He is a member of CPA Australia, fellow member of Hong Kong Institute of Certified Public Accountants, and associate member of Hong Kong Institute of Company Secretaries. Mr. Kwong is currently an Independent Non-Executive Director of Tang Palace (China) Holdings Limited, Elegance Optical International Holdings Ltd., Yat Sing Holdings Ltd. and Group Sense.

Mr. SHENG Hong is an Independent Non-Executive Director of the Issuer since September 2010. He is a Director of Hadrian Manufacturing (Asia) Limited and Director of Operations and General Manager of Hadrian (Shanghai) Trading Limited. The Hadrian Group is principally engaged in production and sales of metal partitions and lockers. Mr. Sheng has over 20 years of experience in management of corporation and investment. He was employed by China Resources (Holdings) Company Limited from 1986 to 1996. Mr. Sheng holds a Bachelor's Degree in Engineering Mechanics from Tongji University, Shanghai.

Mr. LAU Chi Kit is an Independent Non-Executive Director of the Issuer since April 2014. Mr. Lau is also an executive director of Chinlink International Holdings Limited. He retired from The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in December 2000 after more than 35 years of service. Among the major positions in HSBC, he was the assistant general manager and head of Personal Banking Hong Kong and assistant general manager and head of Strategic Implementation, Asia-Pacific Region. He is a fellow of the Hong Kong Institute of Bankers ("Institute"). He was the chairman of the Institute's Executive Committee (from January 1999 to December 2000). He is currently the honorary advisor of the Institute's Executive Committee. He served as a member on a number of committees appointed by the Government of Hong Kong Special Administrative Region, including the Advisory Council on the Environment (from October 1998 to December 2001), the Advisory Committee on Human Resources Development in the Financial Services Sector (from June 2000 to May 2001), the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption (from January 2000 to December 2003), the Environment and Conservation Fund Committee (from August 2000 to October 2006), the Innovation and Technology Fund (Environment) Projects Vetting Committee (from January 2000 to December 2004) and the Law Reform Commission's Privacy Subcommittee (from February 1990 to March 2006). He also served as chairman of the Business Environment Council Limited (from September 1998 to December 2001). Currently, he is also an independent non-executive director of Highlight China IoT International Limited (formerly known as Ford Glory Group Holdings Limited), Royale Furniture Holdings Limited and Leoch International (Holdings) Limited.

THE MANAGEMENT

The day-to-day operations are entrusted to the Executive Officers. An experienced and qualified team of Executive Officers are responsible for the different functions of the Group. The particulars of the Executive Officers are set out below:–

Name	Principal Occupation
CHENG King Sang	Head of Magnesium Products Business
DU Qingzhi	Head of Magnesium Production
ZHOU Jianhui	Head of Fertilisers Business
WANG Yongxiang	Senior Engineer
LUK Sai Wai, Simon	Chief Financial Officer and Company Secretary
HON Sze Wan, Noelle	Group Vice-President Investor Relations
ZHANG Ren Sheng	Group Director of Corporation Management
CHI Jing Chao ¹	Chief Corporate Affairs Officer
LEE Man Ching	Assistant to the Chief Executive Officer

Note:

(1) Mr. Chi Jing Chao is the nephew of Mr. Chi Wen Fu.

The business and working experience of the Executive Officers is set out below:

Mr CHENG King Sang is responsible for the magnesium products business of the Group. Mr. Cheng was appointed as the Representative of the Municipal People Congress of Baishan City in Jilin Province for a period of five years, between 2007 and 2012. Mr. Cheng has over 20 years of experience in corporate management. Mr. Cheng joined Top Eminent Industrial Limited as a Director in Hong Kong from 1989 to 1993. He was the Chairman of Fujian Top Eminent General Electrical Company Limited since 1999. He is a graduate of Corporate Management. Mr. Cheng has joined the Group since 2008.

Mr DU Qingzhi is responsible for the magnesium products business of the Group. Mr. Du majored in metal metallurgy with over 30 years of experience in metallurgy and magnesium industries. Prior to joining the Group, he was the Supervisor of a magnesium factory in Hau Shan, the Factory-in-Charge of Lin Jiang Magnesium Holdings Limited, and the Production Manager of German Stolfig Group – Automobile Parts and Components. Mr. Du joined the Group in 2008.

Mr ZHOU Jianhui is responsible for the fertilisers business of the Group. Mr. Zhou majored in agriculture with over 20 years of experience in mining and agricultural fertilisers industries. Prior to joining the Group, he was the Technician at Donghai serpentine mine in Jiangsu Province, the Deputy Manager of Jiangsu Le He He Fertiliser Company Limited, and the Factory-in-Charge of Fertiliser of Jiangsu Longteng Petrochemical Company Limited. Mr. Zhou joined the Group in 2007.

Mr WANG Yongxiang is a Senior Engineer of the Group. Mr. Wang majored in planning and surveying of mining industry with over 20 years of experience in planning and mining. Prior to joining the Group, he was the Production Technician and Engineer at Donghai serpentine mine in Jiangsu Province, and the Factory-in-Charge of Sulfuric Acid of Jiangsu Longteng Petrochemical Company Limited. Mr. Wang joined the Group in 2007.

Mr LUK Sai Wai, Simon is the Chief Financial Officer and Company Secretary of the Group. Mr Luk is responsible for the financial, management accounting and secretarial affairs of the Group. Prior to joining the Group in May 2010, Mr Luk was appointed as financial controller for several listed companies in Hong Kong. He has over 20 years of experience in finance and management. Mr Luk holds a Bachelors Degree in Business Administration from Hong Kong Baptist University and a Masters Degree in Business Administration from the University of Strathclyde. He is a fellow member of The Institute of Chartered Accountants in England and Wales, an associate member of the Hong Kong Institute of Certified Public Accountants, and a member of the Society of Registered Financial Planners, Hong Kong. Mr. Luk joined the Group in May 2010.

Ms HON Sze Wan, Noelle is the Vice-President of Investor Relations of the Group and is responsible for the financial communications and investor relations strategy of the Group. Ms Hon has over 10 years of experience in marketing, corporate development and communications, investor relations, media management, and online development. Prior to joining the Group in December 2011, she held various senior management positions with listed companies in Hong Kong and the United States. Ms Hon holds a Master's Degree in Business Administration from the Australian Graduate School of Management, University of New South Wales.

Mr ZHANG Ren Sheng is the Director of Corporation Management of the Group who is responsible for corporate management and planning. Mr. Zhang has over 10 years of experience in corporate management and business planning. He holds a Master's Degree in Business Administration from School of Business of Wuhan University. Mr. Zhang joined the Group in July 2008.

Mr CHI Jing Chao is the Chief Corporate Affairs Officer of the Group who is responsible for the overall corporate activities. Mr. Chi worked in various subsidiaries of the Group and has 10 years of experience in corporate affairs. Mr. Chi is a graduate of Administrative Management from College of Adult Education, Xiamen University. Mr. Chi joined the Group in August 2004.

Ms LEE Man Ching is the Assistant to Chief Executive Officer of the Group. Ms. Lee has over 10 years of experience in human resources and administrative management. Ms. Lee holds a Bachelor's Degree in Accountancy and a Master's Degree in Corporate Governance from the Hong Kong Polytechnic University. She is a fellow member of Association of Chartered Certified Accountants, and an associate member of Hong Kong Institute of Company Secretaries. Ms. Lee joined the Group in August 2004.

PRINCIPAL SHAREHOLDERS

As of the Latest Practicable Date, the Issuer's authorised share capital was HKD100,000,000, consisting of 5,000,000,000 ordinary shares of par value HKD0.02 each, of which HKD58,124,770.74, consisting of 2,906,238,537 ordinary shares, were issued and outstanding.

The following table sets forth the shareholding interests of the directors of the Issuer as of the Latest Practicable Date.

Director	Personal Interests	Spouse Interests	Corporate Interests	Total No. of Issued Shares	Other Interests (options held)	% of Total Issued Shares
			960,472,728			
1. Mr. Chi Wen Fu	173,562,427	–	(note 1)	1,134,035,155	20,000,000	39.71
2. Mr. Shum Sai Chit	10,311,940	–	–	10,311,940	9,000,000	0.66
3. Mr. Chi Bi Fen	7,842,857	–	–	7,842,857	15,000,000	0.79
			236,157,141			
4. Mr. Yang Yuchuan	–	23,447,261	(note 2)	259,604,402	15,000,000	9.45
5. Mr. Guo Mengyong	1,500,000	–	–	1,500,000	3,000,000	0.15
6. Mr. Kwong Ping Man	–	–	–	–	5,000,000	0.17
7. Mr. Sheng Hong	1,000,000	–	–	1,000,000	4,000,000	0.17
8. Mr. Lau Chi Kit	–	–	–	–	5,000,000	0.17

Notes:

- (1) These shares are held by Alpha Sino International Limited ("Alpha Sino") and are deemed corporate interests by virtue of Mr. Chi's holding of 83.74 per cent. of the issued share capital of Alpha Sino which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Alpha Sino.
- (2) These shares are held by Best Equity Holdings Limited ("Best Equity") and are deemed corporate interests by virtue of Mr. Yang's holding of 47.17 per cent. of the issued share capital of Best Equity which entitled him to exercise or control the exercise of one-third or more of the voting power at general meeting of Best Equity.

The following table shows the substantial shareholders (other than directors) of the Issuer owning, in aggregate, five per cent. or more of the outstanding ordinary shares and shares that can be converted from convertible bonds of the Issuer as of the Latest Practicable Date.

Name of Shareholder	Nature	Number of Shares	Number of Shares that can be converted from Convertible Bonds	Percentage of issued share capital of the Company as at the Latest Practicable Date
Shenyin Wanguo Capital (H.K.) Limited	Long position	1,064,895,638		36.64%
	Short position	1,000,000,000		34.41%
		(note 1)		
Shenyin Wanguo (H.K.) Limited	Long position	1,064,895,638		36.64%
	Short position	1,000,000,000		34.41%
		(note 1)		
Shenwan Hongyuan Holdings (B.V.I.) Limited	Long position	1,064,895,638		36.64%
	Short position	1,000,000,000		34.41%
		(note 1)		

Name of Shareholder	Nature	Number of Shares	Number of Shares that can be converted from Convertible Bonds	Percentage of issued share capital of the Company as at the Latest Practicable Date
Venture-Some Investments Ltd.	Long position	1,064,895,638		36.64%
	Short position	1,000,000,000 (note 1)		34.41%
Shenwan Hongyuan (International) Holdings Limited	Long position	1,064,895,638		36.64%
	Short position	1,000,000,000 (note 1)		34.41%
Shenwan Hongyuan Group Co., Ltd.	Long position	1,064,895,638		36.64%
	Short position	1,000,000,000 (note 1)		34.41%
Alpha Sino International Limited	Long position	960,472,728 (note 2b)		33.05%
International Finance Corporation	Long position	499,945,000 (note 2)		17.20%
Zou Li (“Ms. Zou”)	Interest of controlled corporation	236,157,141 (note 3)		8.12%
Best Equity Holdings Limited	Beneficial owner	236,157,141 (note 3)		8.12%
Greenhouse Century Limited	Long position		150,000,000 (note 4)	5.16%

Notes:

(1) The long position in 1,064,895,638 shares in the Issuer represents the total amount of offer shares (being the 1,453,119,268 new shares to be allotted and issued pursuant to the Issuer’s open offer to qualifying shareholders on the basis of one offer share for every two existing shares held on 7 May 2015 at the subscription price of HKD0.40 per share on the terms and subject to the conditions set out in an underwriting agreement dated 14 April 2015 entered into between the Issuer and Shenyin Wanguo Capital (H.K.) Limited (the “Underwriter”) (the “Underwriting Agreement”), in relation to the underwriting arrangement in respect of the open offer) underwritten pursuant to the Underwriting Agreement. The short position in 1,000,000,000 shares represents the shares which have been sub-underwritten by five sub-underwriters procured by the Underwriter. These five sub-underwriters have sub-underwriting commitment of 35,000,000 shares, 100,000,000 shares, 165,000,000 shares, 430,000,000 shares and 270,000,000 shares, respectively. Assuming no acceptance by qualifying shareholders (other than the 388,223,630 offer shares undertaken by Alpha Sino, Best Equity and one Ms Lao Min, who have irrevocably undertaken to the Issuer that they will, *inter alia*, procure acceptance of not less than the aggregate of such offer shares) under the Issuer’s open offer, the Underwriter and sub-underwriters will be required to take up a maximum of 1,064,895,638 offer shares. The Underwriter is a wholly-owned subsidiary of Shenyin Wanguo (H.K.) Limited, which is 50.56 per cent. owned by Shenwan Hongyuan Holdings (B.V.I.) Limited, which is in turn 50.52 per cent. owned by Venture-Some Investments Limited. Shenwan Hongyuan (International) Holdings Limited owns 100.0 per cent. of Venture-Some Investments Limited and directly beneficially owns 0.42 per cent. of Shenyin Wanguo (H.K.) Limited. Shenwan Hongyuan Group Co., Ltd. owns 100.0 per cent. of Shenwan Hongyuan (International) Holdings Limited.

The Issuer’s open offer is described at the section “Business – Key Milestones – 2015”.

- (2) The IFC has an interest in an aggregate of 499,945,000 shares of which (a) 155,077,000 shares are beneficially owned by it and registered in its name; and (b) pursuant to a share mortgage dated 10 July 2014, Alpha Sino, being the substantial shareholder of the Issuer, had mortgaged 344,868,000 shares (representing approximately 12.0 per cent. of the then issued share capital of the Issuer as at 10 July 2014) to IFC to secure repayment of a loan extended by the IFC under a loan agreement dated 30 May 2014 entered into between IFC and Baishan City Tianan Magnesium Resources (a subsidiary of the Issuer).
- (3) These shares are held by Best Equity and are deemed corporate interests by virtue of Ms. Zou’s holding of 52.83 per cent. of the issued share capital of Best Equity which entitled her to exercise or control the exercise of one-third or more of the voting power at general meeting of Best Equity.
- (4) Greenhouse Century Limited is a wholly-owned subsidiary of China Everbrights Assets Management Holdings Limited, which is in turn a wholly-owned subsidiary of China Everbright Limited.

CLEARANCE AND SETTLEMENT

CDP

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“Depository System”) maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or Global Certificate for persons holding the Notes in securities accounts with CDP (“Depositors”). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors (“Depository Agents”) approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) because CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Euroclear and Clearstream, Luxembourg

Each of Euroclear and Clearstream, Luxembourg holds securities for their account holders and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provides various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective account holders to settle trades with each other.

Account holders in Euroclear and Clearstream, Luxembourg are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg account holders in accordance with the relevant system's rules and procedures.

CMU

In respect of Notes which are accepted for clearance by CMU in Hong Kong, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities maintained by HKMA as operator of the CMU. Since the CMU operator can act only on behalf of the CMU participants, who in turn may act on behalf of persons who hold interests through them, or indirect participants, the ability of persons having interests in the Global Certificate to pledge such interests to persons or entities that are not CMU participants, or otherwise take action in respect of such interests, may be affected by the lack of definitive bond certificates.

While the Global Note or Global Certificate representing the Notes is held by or on behalf of the CMU operator, payments of interest or principal will be made to the persons for whose account a relevant interest in such Global Note or Global Certificate is credited as being held by the CMU operator at the relevant time, as notified to the CMU Lodging and Paying Agent by the CMU operator in a relevant CMU Instrument Position Report or in any other relevant notification by the CMU operator (which notification, in either case, shall be conclusive evidence of the record of the CMU as to the identity of any account holder and the principal amount of any Note credited to the account, save in the case of manifest error). Such payment will discharge the Issuer's obligations in respect of that payment. Each of such persons must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

Payments, transfers, exchanges and other matters relating to interests in the Global Note or Global Certificate may be subject to various policies and procedures adopted by the CMU operator from time to time. None of the Issuer, the Guarantors, the Arranger, the Relevant Dealer(s), the Trustee, the Agents or any of their agents will have any responsibility or liability for

any aspect of the CMU operator's records relating to, or for payments made on account of, interests in the Global Note or Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

For so long as all of the Notes are represented by the Global Note or Global Certificate and such Global Note or Global Certificate is held on behalf of the CMU operator, notices to holders of the Notes may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU operator on the business day preceding the date of despatch of such notice as holding interests in the Global Note or the Global Certificate for communication to the CMU participants. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day on which such notice is delivered to the persons shown in the relevant CMU Instrument Position Report.

Indirect participants will have to rely on the CMU participants (through whom they hold the Notes, in the form of interests in the Global Note or Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants. The CMU operator is under no obligation to maintain or continue to operate the CMU and the CMU operator is under no obligation to perform or continue to perform the procedures described above. Accordingly, the CMU and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Arranger, the Relevant Dealer(s), the Trustee, the Agents nor any of their agents will have any responsibility for the performance by the CMU operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods, payments for services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong Macau and the ASEAN region. On June 17, 2010, PBOC, MOFCOM, the Ministry of Finance, the General Administration of Customs, the State Administration of Tax, and China Banking Regulatory Commission (“CBRC”) jointly promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (the “Renminbi Settlement Circular”), pursuant to which (i) Renminbi settlement of imports and exports of goods and services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover twenty provinces, and (iii) the restriction on designated offshore districts was lifted. Accordingly, any approved pilot enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports and exports of goods and services and other current account items between them. The pilot scheme was further extended in August 2011 to cover all provinces and cities in the PRC. While the pilot scheme allows enterprises to settle the import trade in goods, cross border service trade and other current account activities in Renminbi, only limited number of enterprises could settle their export trade in goods in Renminbi under the pilot scheme. On February 3, 2012, PBOC, MOFCOM, the Ministry of Finance, the General Administration of Customs, the State Administration of Tax, and CBRC jointly issued the Circular on Issues Concerning Administration over Enterprises Engaging in Renminbi Settlement of Export Trade in Goods, extending the Renminbi settlement to cover all duly qualified export enterprises trading in goods.

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (中国人民银行关于简化跨境人民币业务流程和完善有关政策的通知) (the “2013 Circular”), which sought to improve the efficiency of the cross-border Renminbi settlement process. For example, where automatic fund remittance occurs, the bank can debit the amount into the relevant account first and subsequently verify the relevant transaction. As a new regulation, the Renminbi Settlement Circular and the 2013 Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Renminbi Settlement Circular and impose conditions for settlement of Renminbi current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant authorities in the PRC. Before 2011 foreign investors (including any Hong Kong investors) are generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Before 2011, foreign invested enterprises or any other relevant PRC

parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On June 3, 2011, the PBOC promulgated the Circular on Clarifying Issues concerning Cross-border Renminbi Settlement (the "PBOC Circular"). The PBOC Circular provides instructions to local PBOC authorities and relevant PRC banks on procedures for the approval of Renminbi settlement activities for non-financial foreign direct investment into the PRC. The PBOC Circular applies to all non-financial foreign direct investment into the PRC with Renminbi, which includes investment by way of establishing a new enterprise, acquiring an onshore enterprise (excluding round-trip investment), transferring the shares, increasing the registered capital of an existing enterprise, or providing shareholder loan facilities in Renminbi. The domestic settlement banks of foreign investors or foreign invested enterprises in the PRC are required to submit written applications (which include, *inter alia*, requisite approval letters issued by the relevant MOC authorities) to the relevant local PBOC authorities at sub-provincial level or above for approval. The PBOC will determine whether to grant such approval on a case by case basis. In addition, according to the PBOC Circular, application for direct investment with Renminbi in the projects which are restricted or specially controlled by the state will not be accepted at present as foreign direct investment with Renminbi is still at a trial stage. On 13 October 2011, PBOC issued the Measures on Administration of the RMB Settlement in relation to Foreign Direct Investment (外商直接投资人民币结算业务管理办法) (the "PBOC RMB FDI Measures"), setting out procedures for PRC banking institutions to handle Renminbi settlement relating to Renminbi foreign direct investment and borrowing by foreign invested enterprises of offshore Renminbi loans. According to the PBOC RMB FDI Measures, special approval for Renminbi FDI and shareholder loans from the PBOC which was previously required is no longer mandatory.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Crossborder Renminbi Foreign Direct Investment (商务部关于跨境人民币直接投资有关问题的通知) (the "MOFCOM Circular"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As the above rules and regulations are relatively new circulars, they will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

TAXATION

The statements below are general in nature, are based on certain aspects of current tax laws in Singapore, the Cayman Islands, the British Virgin Islands and Hong Kong, and administrative guidelines and circulars issued by the Monetary Authority of Singapore and relevant Cayman Islands, British Virgin Islands and Hong Kong authorities in force as of the date of this Information Memorandum. These laws, administrative guidelines or circulars, or the interpretation of these laws, guidelines or circulars, may change at any time, and such change could be retroactive to the date of issue of the Notes. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations and consequences that may be relevant to a decision to subscribe for, purchase, own, sell or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as tax advice. Each prospective investor is advised to consult its own professional tax advisers as to the Singapore, Cayman Islands, British Virgin Islands, Hong Kong or other tax consequences of the acquisition, ownership, sale or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. None of the Issuer, the Guarantors, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Singapore

Interest and Other Payments

Interest, discount income, “prepayment fee”, “redemption premium” and “break cost” (references in this tax disclosure to the terms in quotation marks as defined in the Income Tax Act, Chapter 134 of Singapore (the “ITA”)) derived by a holder of the Notes who is not resident in Singapore and who does not have any permanent establishment in Singapore is not subject to tax, as assuming that the Issuer is issuing the Notes outside Singapore and not through a branch or otherwise in Singapore, such income is likely to be regarded as arising from a source outside Singapore. If, however, such income should be regarded as being sourced in Singapore, they can nonetheless be exempt from tax, including withholding of tax, if the Notes qualify as “qualifying debt securities” for the purposes of the ITA as discussed below.

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (a) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (b) deductible against any income accruing in or derived from Singapore; or
- any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17.0%. The applicable rate for non-resident individuals is 20.0% (except for the scenario as described below).

However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The withholding tax rates may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- interest from debt securities derived on or after 1 January 2004;
- discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, because the Programme as a whole is arranged by Oversea-Chinese Banking Corporation Limited, which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (each as defined in the ITA) at such time, any tranche of the Notes (the "Relevant Notes") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013 (the "MAS Circular"), "qualifying debt securities" for the purposes of the ITA, to which the following treatment shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "Comptroller") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Specified Income") from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and (i) who does not have any permanent establishment in Singapore or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such operation in Singapore, are exempt from Singapore tax;

- (b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS), Specified Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10%; and
- (c) subject to:
- (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the Issuer, or such other person as the Comptroller may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

payments of Specified Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as qualifying debt securities; and
- even though a particular tranche of Relevant Notes are qualifying debt securities, if, at any time during the tenor of such tranche of Relevant Notes, 50.0% or more of the issue of such Relevant Notes which are outstanding at any time during the life of their issue is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Notes held by:
 - any related party of the Issuer; or
 - any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

will not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “prepayment fee”, “redemption premium” and “break cost” are defined in the ITA as follows:

- “prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

- “redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
- “break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“QDS Plus Scheme”), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the qualifying debt securities to the MAS and such other relevant authorities as may be prescribed within such period as the relevant authorities may specify and such other particulars in connection with the qualifying debt securities as the relevant authorities may require), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- are issued during the period from 16 February 2008 to 31 December 2018;
- have an original maturity of not less than 10 years;
- either –
 - (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or
 - (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are qualifying debt securities which qualify under the QDS Plus Scheme, if, at any time during the tenor of such tranche of Relevant Notes, 50.0% or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Notes derived by:

- any related party of the Issuer; or
- any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

will not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow qualifying debt securities with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Specified Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the qualifying debt securities scheme if the qualifying debt securities conditions continue to be met for the outstanding debt securities.

The MAS has stated that, notwithstanding the above, qualifying debt securities with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance. This refinement of the QDS Plus Scheme will take effect for debt securities that are issued on or after 28 June 2013.

However, even if a Tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such Tranche of Relevant Notes, 50% or more of the issue of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income from such Relevant Notes derived by:

- (a) any related party of the Issuer; or
- (b) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standard 39 (“FRS 39”) may, for Singaporean income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. See the section below on “Adoption of FRS 39 Treatment for Singaporean Income Tax Purposes” for further details.

Adoption of FRS 39 Treatment for Singaporean Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement” (the “FRS 39 Circular”). The ITA has since been amended to give effect to the FRS 39 Circular. The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes. Holders of the Notes who may

be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singaporean income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore has abolished estate duty with respect to all deaths occurring on or after 15 February 2008.

Cayman Islands

Tax

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

Pursuant to the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Issuer has obtained an undertaking from the Governor-in-Council: (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Issuer or its operations; and (b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on the shares, debentures or other obligations of the Issuer.

The undertaking is for a period of twenty years from 4 February 2003.

The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

Stamp Duty

Certain stamp duties may be applicable, from time to time, on certain instruments executed in or brought into the Cayman Islands. No stamp duty is payable in respect of the issue or transfer of the Notes although duty may be payable if the Notes are executed in or brought into the Cayman Islands.

British Virgin Islands

As a company incorporated under the BVI Business Companies Act, the company is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the company to persons who are not persons resident in the British Virgin Islands).

Capital gains realised with respect to any shares, debt obligations or other securities of a company by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the company.

Hong Kong

The following summary of certain Hong Kong tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, decisions and practice now in effect, all of which are subject to prospective change and possibly retroactive change. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance") as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong,

and such interest is in respect of the funds of the trade, profession or business.

Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale or disposal of the Notes where such transactions are or form part of a trade, profession or business carried on in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note (for so long as the register of Noteholders is maintained outside Hong Kong).

Estate Duty

Hong Kong estate duty has been abolished with respect to all deaths occurring on or after 11 February 2006.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in the Programme Agreement between the Issuer and the Arranger, the Notes will be offered from time to time for sale through the Relevant Dealer(s). The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Relevant Dealer. The Programme Agreement also provides for Notes to be issued in syndicated series that are underwritten by two or more Dealers. The Programme Agreement further provides for the resignation of existing Dealers and the appointment of additional Dealers.

The Issuer will pay each Relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Relevant Dealer(s) for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Arranger and the Dealers in connection with the offer and sale of such Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to purchase Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers may from time to time purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Dealers may make a market in the Notes.

Application will be made to the SGX-ST for permission to deal in and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. In connection with the offer and sale of each series of Notes, the relevant Pricing Supplement will indicate whether or not and, if so, on which stock exchange(s) the Notes will be listed. No assurances can be given that the Programme will qualify for listing on a stock exchange. In addition, there is no assurance that if the Programme qualifies for listing on a stock exchange and the relevant Pricing Supplement indicates that such series of Notes will be listed on a stock exchange, that such Notes will trade from their date of issuance until maturity (or early redemption).

In connection with the issue of any series of Notes, one or more Dealers named as Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Notes is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Notes and 60 days after the date of the allotment of the relevant series of Notes.

Certain Matters Relating to the Dealers

Some of the Dealers and their affiliates may have, directly or indirectly, performed investment and/or commercial banking or financial advisory or trustee services for the Issuer or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they may also receive customary fees and commissions.

The Dealers or certain of their affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. The Dealers or their affiliates may purchase the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries, affiliates or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of any Notes issued pursuant to the terms of the Programme (notwithstanding that such selected counterparties may also be purchasers of the Notes).

Following an issuance of the Notes, a Dealer may make a market in such Notes. However, such Dealer is not obligated to do so, and any market-making activities by such Dealer with respect to such Notes may be discontinued at any time without notice.

Selling Restrictions

General

The selling restrictions below may be modified or supplemented from time to time by the agreement of the Issuer and the Relevant Dealer(s). Any such modification or supplement will be set out in a Pricing Supplement or in a supplement to this Information Memorandum. The Programme Agreement provides that the restrictions relating to any specific jurisdiction (set out below) shall be deemed to be modified to the extent (if at all) of any change(s) in, or change(s) in official interpretation of, applicable laws and regulations governing any of such restrictions relating to any specific jurisdiction.

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum, any other document relating to the Notes or the Programme or any Pricing Supplement.

Singapore

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance of an exemption under Sections 274 or 275 of the SFA, the Notes shall not be sold within the period of six months from the date of the initial acquisition of the Notes, except to any of the following persons:

- an institutional investor (as defined in Section 4A of the SFA);
- a relevant person (as defined in Section 275(2) of the SFA); or
- any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

British Virgin Islands

Each Dealer has represented and agreed that no invitation or offer has been or will be made on behalf of the Issuer, directly or indirectly, to any person resident in the British Virgin Islands to subscribe for any of the Notes.

Cayman Islands

Each Dealer has represented and agreed that Notes has not been or will not be offered or sold to the public or to any member of the public in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Information Memorandum as completed by the relevant Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- if the relevant Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the relevant Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- at any time to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in the second, third and fourth bullet points above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

People’s Republic of China

Each Dealer has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

United Kingdom

Each Dealer represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice substantially to the following effect:

“The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the completion of the distribution of the Notes, except in either case in accordance with Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.”

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

In respect to Bearer Notes, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that Bearer Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to United States persons, except in certain transactions permitted by U.S. tax regulations. Accordingly, Bearer Notes having a maturity of more than one year will be issued in accordance with the provisions of U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor regulation for purposes of Section 4701 of the United States Internal Revenue Code), unless the relevant Pricing Supplement specifies that Notes will be issued in accordance with the provisions of U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (or any successor regulation for purposes of Section 4701 of the United States Internal Revenue Code). Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

GENERAL INFORMATION

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolution of the Board of Directors of the Issuer passed on 19 May 2015. Each Guarantee has also been authorised by resolution of the Board of Directors of each relevant Guarantor.

Information on Directors

Save as disclosed in this Information Memorandum under the section “Business – Board of Directors and Key Executives”, the directors of the Issuer are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.

Save as disclosed below, no director of the Issuer is or was involved in any of the following events:

- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
- (b) a conviction of any offence, other than a traffic offence, or judgement, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgement, or so far as such person is aware, any criminal investigation pending against him; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

On 6 October 2014, one Mr. Miao Xi Zhu lodged a claim in the High Court of Hong Kong against Mr. Shum Sai Chit (an executive director of the Issuer), Mr. Chi Wen Fu (the Chairman and an executive director of the Issuer), Capital Idea Investments Limited (a wholly-owned subsidiary of the Issuer) and Win Union Limited, regarding the acquisition of China Rare Earth Magnesium Technology Holdings from Mr. Miao in January 2013. The Group had acquired shares in China Rare Earth Magnesium Technology Holdings from Mr. Miao at a consideration of HKD32,089,382 (the “Sale Transaction”); Mr. Miao considered that he had been misled to enter into the Sale Transaction at an undervalue. His claim against Mr. Shum, Mr. Chi, Capital Idea Investments Limited and Win Union Limited was for losses arising from selling shares at an undervalue.

To the best knowledge of the Issuer, Mr. Miao’s allegations are unmerited. Prior to the completion of the Sale Transaction, Mr. Miao was the second largest shareholder and director of China Rare Earth Magnesium Technology Holdings, with full knowledge of its overall operation and development plans. The consideration for the Sale Transaction was determined after over a month’s negotiation between the parties based on China Rare Earth Magnesium Technology Holdings’ assets, liabilities and performance. Thus, to the best knowledge of the Issuer, Mr. Miao was not misled into entering into the Sale Transaction at an undervalue.

Writs of summons were served on Mr. Chi and Mr. Shum on 16 October 2014 and 15 October 2014 respectively. To the best knowledge of the Issuer, Mr. Chi and Mr. Shum have engaged and consulted solicitors, filed their respective defences to Mr. Miao’s claims in the High Court of Hong Kong and will vigorously defend against Mr. Miao’s claims.

As at the Latest Practicable Date, to the best knowledge of the Issuer, the writ of summons for the litigation has not yet been served on Capital Idea Investments Limited. When Capital Idea Investments Limited is served with the writ of summons, to the best knowledge of the Issuer, it will also seek legal advice in relation to the claim and the necessary actions to be taken in this respect and will vigorously defend against Mr. Miao's claims.

Borrowings

Save as disclosed in the section "*Index to Financial Statements*", the Group had as at 31 December 2014 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Working Capital

The directors of the Issuer are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Issuer will have adequate working capital for its present requirements.

Material Adverse Change

There has been no material adverse change in the financial position or prospects of the Issuer and the Group since 31 December 2014.

Litigation

Save as disclosed below, neither the Issuer nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had during the 12 months preceding the date of this Information Memorandum, a significant effect on the financial position or profitability of the Issuer or of the Group.

During the year ended 31 March 2008, IWOW Communications Pte Ltd ("IWOW") issued a legal proceeding in Hong Kong against Group Sense PDA Limited ("GS PDA"), a non-wholly owned subsidiary of the Issuer, for a sum of US\$627,571 (approximately HKD\$4,895,000, which is approximately S\$839,000). IWOW alleged that GS PDA was in breach of a service agreement dated 3 December 2004 and failed to make payments in accordance with the service agreement. In this connection, GS PDA also filed a claim against IWOW and alleged that IWOW was in breach of the service agreement in failing to design and develop products in substantial conformance to the functional specification as defined in the service agreement. According, GS PDA made a counterclaim against IWOW for liquidated damages in the sum of US\$100,000 and other damages to be assessed together with interest and costs.

As at the Latest Practicable Date, there has been no further progress noted in the claim and counterclaim.

Documents on Display

For so long as any of the Notes is outstanding, copies of the following documents may be inspected at the specified offices of each of the Paying Agents during normal business hours:

- the constitutional documents of the Issuer;

- the annual report and consolidated financial statements of the Issuer for the financial years ended 31 December 2012, 2013 and 2014 including, in each case, the audit report relating to such accounts;
- the Trust Deed;
- the Agency Agreement;
- the Deed of Covenant; and
- this Information Memorandum and any supplements thereto.

Auditors

The consolidated financial statements of the Issuer for the years ended 31 December 2012, 2013 and 2014, extracts of which are contained in this Information Memorandum, have been audited by HLB Hodgson Impey Cheng Limited, Certified Public Accountants as stated in their reports. HLB Hodgson Impey Cheng Limited has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

Certificates

Any certificate of the Auditors (as defined in the Trust Deed) or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts set out therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

Trustee

The functions, rights and obligations of the Trustee are set out in the Trust Deed.

FORM OF PRICING SUPPLEMENT



世纪阳光

CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

S\$300,000,000

Multicurrency Medium Term Note Programme

Series No.: [●]

Tranche No.: [●]

[Brief Description and Amount of Notes]

Issue Price: [●] per cent.

Dealer[s]

[Insert Marketing Name of Dealer[s]]

The date of this Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the “Notes”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated [DATE] (as supplemented, amended or replaced from time to time, the “Information Memorandum”) issued in relation to the S\$300,000,000 Multicurrency Medium Term Note Programme of Century Sunshine Group Holdings Limited (the “Issuer”). The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum.

The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information with respect to the Issuer, the Guarantors, the Group and the Notes that is material in the context of the issue and offering of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “Income Tax Act”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws in the United States or any other jurisdiction, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. The Notes may only be offered and sold outside the United States to persons who are not U.S. persons in offshore transactions in reliance on Regulation S. In addition, subject to certain exceptions, Bearer Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”)).

Signed: _____

Authorised Signatory

1. Terms and Conditions

The following items are the particular terms which relate to the Tranche of Notes the subject of this Pricing Supplement. *[Include whichever of the following apply]*

- | | |
|-----------------------------------------------------------|------------------------------------------------------------------|
| 1. Series No.: | [Number] |
| 2. Tranche No.: | [Number] |
| 3. Specified Currency: | [Currency] |
| 4. Aggregate Principal Amount: | [Amount] |
| 5. Issue Price: | [Price] per cent. |
| 6. Issue Date: | [Date] |
| 7. Maturity Date: | [Date] |
| 8. Form (Condition 1(a)): | [Bearer Note/Registered Note] |
| 9. Specified Denomination(s) (Condition 1(a)): | [Currency and Amount(s)] |
| 10. Redemption Amount: | [Currency and Amount(s)]/[100% of Specified Denomination] |
| 11. Interest Basis/Payment Basis (Condition 1(a)): | [Fixed Rate/Floating Rate/Variable Rate/Hybrid Rate/Zero Coupon] |
| 12. Fixed Rate Note: | |
| (a) Calculation Amount (Condition 5(a)(i)): | [Currency and Amount] |
| (b) Rate of Interest (Condition 5(a)(i)): | [●] per cent. per annum |
| (c) Interest Commencement Date (Condition 5(a)(i)): | [Date] |
| (d) Specified Interest Payment Dates (Condition 5(a)(i)): | [Date(s)] |
| (e) Fixed Interest Period (Condition 5(a)(ii)): | [Number of months] |
| (f) Fixed Coupon Amount (Condition 5(a)(ii)): | [Currency and Amount per Calculation Amount] |
| (g) Initial Broken Amount (Condition 5(a)(ii)): | [Currency and Amount per Calculation Amount] |
| (h) Final Broken Amount (Condition 5(a)(ii)): | [Currency and Amount per Calculation Amount] |
| (i) Day Count Fraction (Condition 5(a)(iii)): | [Actual/365 (Fixed)]/[other basis] |
| 13. Floating Rate Notes/Variable Rate Notes: | |
| (a) Redemption Month (Condition 6(a)): | [Month and Year] |
| (b) Calculation Amount (Condition 5(b)(i)): | [Currency and Amount] |
| (c) Interest Commencement Date (Condition 5(b)(i)): | [Date] |
| (d) Specified Interest Payment Dates (Condition 5(b)(i)): | [Date(s)] |
| (e) Interest Period (Condition 5(b)(i)): | [Number of months or other period] |

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (f) Business Day Convention (Condition 5(b)(i)): | [Floating Rate Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[specify any other convention – include details] |
| (g) Interest Determination Date (Condition 5(b)(ii)): | [●] Business Days prior to the first day of each Interest Period |
| (h) Benchmark (Condition 5(b)(ii)): | [SIBOR]/[Swap Rate]/[LIBOR]/[EURIBOR]/[Specify other benchmark] |
| (i) Primary Source (Condition 5(b)(ii)): | [ISDA Determination]/[Screen Rate Determination]/[Reference Banks] |
| (j) Relevant Screen Page (Condition 5(b)(ii)): | [Specify screen page] |
| (k) Reference Banks (Condition 5(m)): | [Name four for LIBOR/EURIBOR and name three for SIBOR/Swap Offer Rate] |
| (l) Relevant Time (Condition 5(m)): | [Specify time] |
| (m) Day Count Fraction (Condition 5(g)): | [Actual/Actual (ICMA)]/[Actual/Actual]/[Actual/Actual (ISDA)]/[Actual/365]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Other basis] |
| (n) Relevant Financial Centre (Condition 5(m)): | [Specify if not Singapore] |
| (o) Reference Rate (Condition 5(m)): | [●] per cent. per annum |
| (p) Margin (Condition 5(b)(ii)): | [+/-] [●] per cent. per annum |
| (q) Minimum Rate of Interest (Condition 5(b)(v)): | [●] per cent. |
| (r) Maximum Rate of Interest (Condition 5(b)(v)): | [●] per cent. |
| (s) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest, if different from those set out in the Conditions: | [●] |

14. Hybrid Notes:

- | | |
|-----------------------------------------------------------------------|-------------------------|
| (a) Fixed Rate Period (Condition 5(c)(ii)(A)): | [●] |
| (b) Floating Rate Period (Condition 5(c)(iii)(A)): | [●] |
| (c) Redemption Month (Condition 6(a)): | [Month and Year] |
| (d) Calculation Amount (Condition 5(c)(i)): | [Currency and Amount] |
| (e) Rate of Interest (for Fixed Rate Period) (Condition 5(c)(ii)(A)): | [●] per cent. per annum |

(f)	Specified Interest Payment Dates (for Fixed Rate Period) (Condition 5(c)(ii)(A)):	[Date(s)]
(g)	Initial Broken Amount (Condition 5(c)(ii)(B)):	[Currency and Amount per Specified Denomination]
(h)	Final Broken Amount (Condition 5(c)(ii)(B)):	[Currency and Amount per Specified Denomination]
(i)	Interest Determination Date (for Floating Rate Period) (Condition 5(b)(ii)):	[●] Business Days prior to the first day of each Interest Period
(j)	Interest Period (for Floating Rate Period) (Condition 5(c)(iii)(A)):	[Number of months or other period]
(k)	Specified Interest Payment Dates (for Floating Rate Period) (Condition 5(c)(iii)(A)):	[Date(s)]
(l)	Business Day Convention (Condition 5(c)(iii)(A)):	[Floating Rate Business Day Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[specify any other convention – include details]
(m)	Benchmark (Condition 5(b)(ii)):	[SIBOR]/[Swap Rate]/ [LIBOR]/[EURIBOR]/ [Specify other benchmark]
(n)	Primary Source (Condition 5(b)(ii)):	[ISDA Determination]/[Screen Rate Determination]/[Reference Banks]
(o)	Relevant Screen Page (Condition 5(b)(ii)):	[Specify screen page]
(p)	Reference Banks (Condition 5(m)):	[Named three]
(q)	Relevant Time (Condition 5(m)):	[Specify time]
(r)	Day Count Fraction (Condition 5(c)(ii)(C) and Condition 5(g)):	[Specify for Fixed Rate Period and for Floating Rate Period, as applicable, one or more of the following.] [Actual/Actual (ICMA)]/ [Actual/Actual]/[Actual/Actual (ISDA)]/ [Actual/365]/[Actual/365 (Fixed)]/ [Actual/360]/[30/360]/[360/360]/ [Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]/[Other basis]
(s)	Relevant Financial Centre (Condition 5(m)):	[Specify if not Singapore]
(t)	Reference Rate (Condition 5(m)):	[●] per cent. per annum
(u)	Margin (Condition 5(b)(ii)):	[+/-] [●] per cent. per annum

- (v) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Hybrid Notes during Floating Rate Period, if different from those set out in the Conditions: [●]
15. **Zero Coupon Notes:**
- (a) Amortisation Yield (Condition 5(d) and Condition 6(h)(ii)): [Yield]
- (b) Any other Formula/Basis of Determining Amount Payable: [●]
- (c) Day Count Fraction (Condition 6(h)): [State basis]
- (d) Default Interest (Condition 5(j)): [Specify]
16. Early Redemption Amount (Condition 6(i) or Condition 6(j)): [Specify]
17. Redemption at the Option of the Issuer (Condition 6(e)): [Yes/No]
- (a) Redemption Option Period: [Specify maximum and minimum number of days prior to Optional Redemption Date for notice period]/[Specify date range]
- (b) Optional Redemption Date(s): [Specify dates]/[Date to be specified in notice to Noteholders]
- (c) Optional Redemption Amount: [Amount]
- (d) Minimum Redemption Amount: [Amount]
- (e) Maximum Redemption Amount: [Amount]
18. Redemption at the Option of the Noteholders (Condition 6(f)): [Yes/No]
- (a) Redemption Option Period: [Specify maximum and minimum number of days prior to Optional Redemption Date for notice period]/[Specify date range]
- (b) Optional Redemption Date(s): [Specify dates]/[Date to be specified in Put Notice]
- (c) Optional Redemption Amount: [Amount]
19. Purchase of Variable Rate Note at the Option of the Noteholder (Condition 6(g)): [Yes/No]
- (a) VRN Purchase Option Period: [Specify maximum and minimum number of days prior to Optional Redemption Date for notice period]/[Specify date range]
- (b) Optional Purchase Amount: [Amount]

20. Talons (Condition 7(a)(iii)):
- (a) Talons for future Coupons to be attached to Definitive Bearer Notes: [Yes/No]
- (b) Reference Date(s) or Interest Payment Date(s) on which the Talons mature: [Date(s)]
21. Additional Provisions Relating to the Notes: [Give details]

2. Other Relevant Terms

1. Listing: [Yes – [Stock Exchange]/No]
2. Clearing System(s): [Not applicable]/[Euroclear]/[Clearstream, Luxembourg]/[CDP/CMU]/[Other clearing system]
3. Depository/Custodian: [Common depository for Euroclear and Clearstream, Luxembourg]/[CDP/CMU]/[Other]
4. ISIN No.: [Number]
5. Common Code: [Number]
6. CMU Instrument Number: [Number]
7. TEFRA Rules Applicable: [[Yes – [C Rules]/[D Rules]]/No]
8. Provisions for Bearer Notes:
- (a) Exchange Date: [None/Date]
- (b) Permanent Global Note: [Yes/No]
- (c) Definitive Bearer Notes: [Yes/No]
9. Provisions for Registered Notes:
- (a) Definitive Note Certificates Available on Issue Date: [Yes/No]
10. Use of Proceeds: [Specify if different from use disclosed in Information Memorandum.]
11. Syndicated: [Yes/No]
12. If Syndicated:
- (a) Lead Manager(s): [Name]
- (b) Stabilising Manager: [Name]
13. Commissions and Concessions: [Specify]
14. Dealer(s) Subscribing for Notes: [Legal Name(s) of Dealers]
15. Paying Agent(s) and Transfer Agent(s): [Names]
16. Calculation Agent: [Name]
17. Date of Calculation Agent Agreement: [Date]
18. Details of Any Variations to Programme Agreement: [Specify]
19. Details of Any Additional Selling Restrictions: [Specify]
20. [Additional Information:]: [Set out]

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The financial statements in this section titled "Index to Financial Statements" have been reproduced from the annual reports of Century Sunshine Group Holdings Limited for the financial years ended 31 December 2013 and 31 December 2014 respectively and have not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

獨立核數師報告 Independent Auditors' Report



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

致世紀陽光集團控股有限公司股東
(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第67至172頁世紀陽光集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表。此財務報表包括於2014年12月31日的綜合及公司財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他解釋。

董事就綜合財務報表須承擔的責任

貴公司董事負責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》的披露規定編製及真實而公平地列報該等綜合財務報表，以及維持董事認為必須之相關內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表表達意見，僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否存有任何重大錯誤陳述。

TO THE SHAREHOLDERS OF CENTURY SUNSHINE GROUP HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 172, which comprise the consolidated and Company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

獨立核數師報告 Independent Auditors' Report

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證能充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於2014年12月31日的財務狀況及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

國衛會計師事務所有限公司
香港執業會計師

黃思璋

執業證書編號：P05806

香港，2015年3月18日

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia

Practising Certificate Number: P05806

Hong Kong, 18 March 2015

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

截至2014年12月31日止年度

For the year ended 31 December 2014

		附註 Notes	2014 千港元 HK\$'000	2013 千港元 HK\$'000
收入	Revenue	7	2,072,519	1,640,291
銷售成本	Cost of sales		(1,412,575)	(1,132,526)
毛利	Gross profit		659,944	507,765
其他收入及收益	Other income and gains	9	15,055	11,782
銷售及市場推廣費用	Selling and marketing costs		(103,116)	(69,437)
行政開支	Administrative expenses		(63,302)	(55,767)
持作買賣投資的已變現及未變現收益/(虧損)	Realised and unrealised gain/(loss) on investments held for trading		3,291	(1,313)
財務費用	Finance costs	10	(44,186)	(21,441)
除所得稅前溢利	Profit before income tax		467,686	371,589
所得稅開支	Income tax expense	11	(128,045)	(94,456)
年內溢利	Profit for the year	12	339,641	277,133
其他全面(開支)/收入, 扣除所得稅	Other comprehensive (expenses)/income, net of income tax			
其後可能重新分類至損益之項目:	Items that may be reclassified subsequently to profit or loss:			
年內重估可供出售投資產生之(虧損)/收益淨額	Net (loss)/gain arising on revaluation of available-for-sale investment during the year		(112,062)	18,867
換算海外業務所產生之匯兌差額	Exchange differences arising from translation of foreign operations		(54,770)	54,953
年內其他全面(開支)/收入, 扣除所得稅	Other comprehensive (expenses)/income for the year, net of income tax		(166,832)	73,820
年內全面收入總額	Total comprehensive income for the year		172,809	350,953
下列人士應佔年內溢利:	Profit for the year attributable to:			
本公司擁有人	Owners of the Company		287,910	230,215
非控股權益	Non-controlling interests		51,731	46,918
			339,641	277,133
下列人士應佔年內全面收入總額:	Total comprehensive income for the year attributable to:			
本公司擁有人	Owners of the Company		153,187	295,930
非控股權益	Non-controlling interests		19,622	55,023
			172,809	350,953
每股盈利:	Earnings per share:			
— 基本	— basic	15(a)	10.24 仙 cents	8.96 仙 cents
— 攤薄	— diluted	15(b)	9.96 仙 cents	8.69 仙 cents

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

綜合財務狀況表

Consolidated Statement of Financial Position

於2014年12月31日
As at 31 December 2014

		附註	2014	2013
		Notes	千港元	千港元
			HK\$'000	HK\$'000
非流動資產	Non-current assets			
土地使用權	Land use rights	16	140,986	148,003
物業、廠房及設備	Property, plant and equipment	17(a)	1,442,559	936,047
投資物業	Investment properties	18	134,612	141,323
無形資產	Intangible assets	19	80	80
採礦權	Mining rights	20	549,498	576,278
支付專利對價款項	Payment for acquisition of patents		56,237	57,645
購買物業、廠房及設備的按金	Deposits for acquisition of property, plant and equipment		35,089	8,538
			2,359,061	1,867,914
流動資產	Current assets			
可供出售投資	Available-for-sale investment	22	30,391	142,453
存貨	Inventories	23	181,400	93,167
土地使用權	Land use rights	16	3,400	3,485
貿易及其他應收款項、預付款項及按金	Trade and other receivables, prepayments and deposits	24	383,779	302,915
持作買賣投資	Investments held for trading	25	9,900	7,387
衍生金融資產	Derivative financial assets	26	243	–
銀行存款	Deposits with banks	27	86,351	40,992
現金及等同現金項目	Cash and cash equivalents	27	742,431	381,909
			1,437,895	972,308
減：流動負債	Less: Current liabilities			
貿易及其他應付款項	Trade and other payables	28	311,465	209,782
應付所得稅	Income tax payable		33,186	19,970
借貸	Borrowings	30	303,696	301,076
可換股債券	Convertible bonds	31	117,193	–
			765,540	530,828
流動資產淨值	Net current assets		672,355	441,480
資產總值減流動負債	Total assets less current liabilities		3,031,416	2,309,394

綜合財務狀況表

Consolidated Statement of Financial Position

於2014年12月31日
As at 31 December 2014

		附註 Notes	2014 千港元 HK\$'000	2013 千港元 HK\$'000
減：非流動負債	Less: Non-current liabilities			
可換股債券	Convertible bonds	31	177,687	–
遞延收入	Deferred revenue	32	70,333	24,980
借貸	Borrowings	30	291,718	–
遞延稅項負債	Deferred tax liabilities	33	125,037	131,452
			664,775	156,432
資產淨值	Net assets		2,366,641	2,152,962
本公司擁有人應佔股本及儲備	Capital and reserves attributable to owners of the Company			
股本	Share capital	34	67,910	61,810
儲備	Reserves	35	2,142,863	1,927,679
			2,210,773	1,989,489
非控股權益	Non-controlling interests		155,868	163,473
權益總額	Total equity		2,366,641	2,152,962

董事會於2015年3月18日批准及授權刊發載於第67至172頁之綜合財務報表，並由下列董事代表簽署：

The consolidated financial statements on pages 67 to 172 were approved and authorised for issue by the board of directors on 18 March 2015 and are signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

財務狀況表 Statement of Financial Position

於2014年12月31日止年度
As at 31 December 2014

		附註 Notes	2014 千港元 HK\$'000	2013 千港元 HK\$'000
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	17(b)	1,142	807
於附屬公司之投資	Investments in subsidiaries	21(a)	2,108	2,108
			3,250	2,915
流動資產	Current assets			
貿易及其他應收款項、 預付款項及按金	Trade and other receivables, prepayments and deposits	24	1,172	855
衍生金融資產	Derivative financial assets	26	243	–
應收附屬公司款項	Amounts due from subsidiaries	21(b)	1,300,601	852,866
現金及等同現金項目	Cash and cash equivalents	27	21,288	613
			1,323,304	854,334
減：流動負債	Less: Current liabilities			
貿易及其他應付款	Trade and other payables	28	2,047	1,481
財務擔保合約	Financial guarantee contracts	29	81	85
可換股債券	Convertible bonds	31	117,193	–
			119,321	1,566
流動資產淨值	Net current assets		1,203,983	852,768
資產總值減流動負債	Total assets less current liabilities		1,207,233	855,683
減：非流動負債	Less: Non-current liabilities			
可換股債券	Convertible bonds	31	177,687	–
資產淨值	Net assets		1,029,546	855,683

財務狀況表

Statement of Financial Position

於2014年12月31日止年度
As at 31 December 2014

		附註	2014	2013
		Notes	千港元	千港元
			HK\$'000	HK\$'000
本公司擁有人應佔股及儲備	Capital and reserves attributable to owners of the Company			
股本	Share capital	34	67,910	61,810
儲備	Reserves	35	961,636	793,873
權益總額	Total equity		1,029,546	855,683

董事會於2015年3月18日批准及授權刊發載於第67至172頁之財務報表，並由下列董事代表簽署：

The financial statements on pages 67 to 172 were approved and authorised for issue by the board of directors on 18 March 2015 and are signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

財務報表附註屬本財務報表的一部份。

The accompanying notes form an integral part of these financial statements.

綜合權益變動表 Consolidated Statement of Changes in Equity

截至2014年12月31日止年度
For the year ended 31 December 2014

		本公司擁有人應佔 Attributable to owners of the Company												非控股 權益	總計
		股本	股份溢價 備項 (附註(i))	資本贖回 備項 (附註(ii))	資本儲備 (附註(iii))	法定儲備 (附註(iv))	購股權 儲備	外幣換算 儲備	可換股債券 權益儲備	其他儲備	保留盈利	小計	非控股 權益	總計	
		Share capital	Share premium reserve (note (i))	Revaluation reserve	Capital reserve (note (ii))	Statutory reserve (note (iii))	Share option reserve	Translation reserve	Convertible bonds equity reserve	Other reserve	Retained earnings	Sub-total	Non- controlling interests	Total	
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
於2013年1月1日	As at 1 January 2013	60,683	733,752	3,499	92,668	13,666	35,560	1,819	97,132	-	(105)	560,578	1,629,252	140,282	1,769,514
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	230,215	230,215	46,918	277,133	
年內其他全面收入 (扣除所得稅)	Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	
年內重估可供出售投資 產生之收益淨額	Net gain arising on revaluation of available-for-sale investment during the year	-	-	-	14,150	-	-	-	-	-	-	14,150	4,717	18,867	
換算海外業務所產生 之匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	51,565	-	-	-	51,565	3,388	54,953	
年內全面收入總額	Total comprehensive income for the year	-	-	-	14,150	-	-	51,565	-	-	230,215	295,930	55,023	350,963	
已付末期股息	Final dividend paid	726	(4,589)	-	-	-	-	-	-	-	-	(3,863)	-	(3,863)	
轉撥至儲備	Transfer to reserve	-	-	-	-	32,252	-	-	-	-	(32,252)	-	-	-	
於附屬公司之擁有權變動	Change in ownership interest in subsidiaries	-	-	-	-	-	-	-	-	53,383	-	53,383	(31,812)	21,571	
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	401	10,069	-	-	-	(443)	-	-	-	-	10,027	-	10,027	
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	-	4,760	-	-	-	-	4,760	-	4,760	
於2013年12月31日及 2014年1月1日	As at 31 December 2013 and 1 January 2014	61,810	739,232	3,499	106,818	13,666	67,812	6,136	148,697	-	53,278	788,541	1,989,489	163,473	2,152,962
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	287,910	287,910	51,731	339,641	
年內其他全面開支 (扣除所得稅)	Other comprehensive expenses for the year, (net of income tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	
年內重估可供出售投資 產生之虧損淨額	Net loss arising on revaluation of available-for-sale investment during the year	-	-	-	(84,047)	-	-	-	-	-	-	(84,047)	(28,015)	(112,062)	
換算海外業務所產生 之匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	(50,676)	-	-	-	(50,676)	(4,094)	(54,770)	
年內全面收入總額	Total comprehensive income for the year	-	-	-	(84,047)	-	-	(50,676)	-	-	287,910	153,187	19,622	172,809	
配發普通股	Allotment of ordinary shares	3,102	113,206	-	-	-	-	-	-	-	-	116,308	-	116,308	
已付末期股息	Final dividend paid	1,271	(12,990)	-	-	-	-	-	-	-	-	(11,719)	-	(11,719)	
已失效購股權	Share option lapsed	-	-	-	-	-	(50)	-	-	-	50	-	-	-	
轉撥至儲備	Transfer to reserve	-	-	-	-	39,187	-	-	-	-	(39,187)	-	-	-	
收購一間附屬公司之 額外權益	Acquisition of additional interest of a subsidiary	-	-	-	-	-	-	-	-	(102,305)	-	(102,305)	(27,227)	(129,532)	
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	1,727	47,741	-	-	-	(2,516)	-	-	-	-	46,952	-	46,952	
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	-	2,082	-	-	-	-	2,082	-	2,082	
發行可換股債券	Issue of convertible bonds	-	-	-	-	-	-	-	16,779	-	-	16,779	-	16,779	
於2014年12月31日	As at 31 December 2014	67,910	887,189	3,499	22,771	13,666	106,999	5,652	98,021	16,779	(49,027)	1,037,314	2,210,773	155,868	2,366,641

綜合權益變動表

Consolidated Statement of Changes in Equity

截至2014年12月31日止年度
For the year ended 31 December 2014

附註：

(i) 資本贖回儲備指本公司於購回及註銷股份時由本公司保留盈利轉撥之本公司股份之面值。

(ii) 資本儲備指根據集團重組已收購及資本化之附屬公司股份面值，與用作交換有關股份而發行之本公司股份的面值，兩者間之差額。

(iii) 法定儲備主要為附屬公司按其中華人民共和國（「中國」）法定財務報表所列純利的10%及為若干安全生產活動提撥的資金。

根據中國成立之附屬公司之組織章程細則及相關之中國法則及法規，該等附屬公司須撥出10%之扣除所得稅後溢利（按中國國內法定財務報表記錄為準）作為法定儲備，除非該公積金結餘已達附屬公司註冊資本50%。該公積金僅可用於對銷附屬公司過往年度之虧損、擴充附屬公司之生產業務或增加附屬公司之股本。

根據中國國家安全生產監督管理總局及其他相關監管機構發佈的若干規例，本集團需按規定比例為白雲石及蛇紋石採掘活動提撥資金。該等資金可供用於維護及／或改善上述安全生產，不得向股東分派。

notes:

(i) Capital redemption reserve represents the nominal value of the Shares of the Company which was transferred from the Company's retained earnings upon repurchase and cancellation of Shares by the Company.

(ii) Capital reserve represents the difference between the nominal value of the shares of the subsidiaries that have been acquired and capitalised pursuant to a group reorganisation over the nominal value of the Company's Shares issued in exchange therefore.

(iii) Statutory reserve mainly represents the fund set aside by the subsidiaries based on 10% of their net profit of the People's Republic of China (the "PRC") statutory financial statements and that for the purpose of certain safety production activities.

In accordance with the articles of association of the subsidiaries established in the PRC and the relevant PRC rules and regulations, these subsidiaries are required to set aside 10% of their profit after income tax as recorded in the PRC statutory financial statements as statutory reserve, except where the reserve fund balance has reached 50% of the subsidiaries' registered capital. The reserve fund can only be used to make good the subsidiaries' previous years' losses, to expand the subsidiaries' production operations or to increase the capital of the subsidiaries.

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the Group is required to set aside funds mainly for mining of dolomite and serpentine at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and is not available for distribution to shareholders.

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

綜合現金流量表 Consolidated Statement of Cash Flows

截至2014年12月31日止年度
For the year ended 31 December 2014

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
經營活動	Operating activities		
除所得稅前溢利	Profit before income tax	467,686	371,589
就下列項目作出調整：	Adjustments for:		
折舊及攤銷	Depreciation and amortisation	77,985	75,346
財務費用	Finance costs	44,186	21,441
出售物業、廠房及設備 的虧損淨額	Net loss on disposal of property, plant and equipment	76	254
持作買賣投資的已變現 及未變現(收益)/虧損	Realised and unrealised (gain)/loss on investments held for trading	(3,291)	1,313
股息收入	Dividend income	(292)	(417)
利息收入	Interest income	(8,544)	(5,157)
股權結算股份付款之交易	Equity settled share-based payments	2,082	4,760
衍生金融資產公平值變動	Fair value change on derivative financial assets	61	-
營運資金變動前的經營 現金流量	Operating cash flows before movements in working capital	579,949	469,129
出售持作買賣投資的 所得款項	Proceeds from disposal of investments held for trading	651	3,466
購買持作買賣投資	Purchase of investments held for trading	(79)	-
存貨增加	Increase in inventories	(91,302)	(20,617)
貿易及其他應收款項、 預付款項及按金增加	Increase in trade and other receivables, prepayments and deposits	(88,146)	(131,638)
貿易及其他應付款項增加	Increase in trade and other payables	39,289	75,168
經營業務所產生的現金 已付所得稅	Cash generated from operations Income tax paid	440,362 (117,452)	395,508 (94,137)
經營活動所產生的 現金淨額	Net cash generated from operating activities	322,910	301,371
投資活動	Investing activities		
銀行存款(增加)/減少	(Increase)/decrease in deposits with banks	(45,359)	72,734
購買物業、廠房及設備	Purchase of property, plant and equipment	(584,609)	(348,865)
支付專利對價款項	Payment for acquisition of patents	-	(57,645)
購買物業、廠房及設備 的按金	Deposits for acquisition of property, plant and equipment	(35,386)	(8,538)
有關出售附屬公司的現金 流入淨額	Net cash inflow in respect of the disposal of subsidiaries	-	7,536
已收利息	Interest received	7,691	7,395
已收股息	Dividend received	292	417
出售物業、廠房及設備 的所得款項	Proceeds from disposal of property, plant and equipment	249	199
投資活動所用的現金淨額	Net cash used in investing activities	(657,122)	(326,767)

綜合現金流量表

Consolidated Statement of Cash Flows

截至2014年12月31日止年度
For the year ended 31 December 2014

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
融資活動	Financing activities		
新造貸款的所得款項	Proceeds from new borrowings	745,414	295,451
償還借貸	Repayment of borrowings	(444,941)	(321,215)
已付利息	Interest paid	(27,602)	(20,428)
已付末期股息	Final dividend paid	(11,719)	(3,863)
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	46,952	10,027
發行可換股債券	Issue of convertible bond	295,000	—
於附屬公司之擁有權變動之現金(流出)/流入淨額	Net cash (outflow)/inflow in respect of change in ownership interest of subsidiaries	(64,767)	21,571
遞延收入增加	Increase in deferred revenue	46,387	24,420
配發普通股	Allotment of ordinary share	116,308	—
融資活動所產生的現金淨額	Net cash generated from financing activities	701,032	5,963
現金及等同現金項目增加/(減少)淨額	Net increase/(decrease) in cash and cash equivalents	366,820	(19,433)
年初的現金及等同現金項目	Cash and cash equivalents at the beginning of the year	381,909	391,151
外幣匯率變動的影響	Effect of foreign exchange rate changes	(6,298)	10,191
年末的現金及等同現金項目	Cash and cash equivalents at the end of the year	742,431	381,909

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

財務報表附註

Notes to the Financial Statements

截至2014年12月31日止年度

For the year ended 31 December 2014

1. 一般資料

世紀陽光集團控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事金屬鎂產品業務、農業肥料業務和煉鋼熔劑業務。

本公司乃於2003年1月21日根據開曼群島公司法第22章(1961年法律3, 經綜合及修訂)在開曼群島註冊成立的獲豁免有限公司。本公司的股份於2004年2月17日於香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市,並於2008年7月31日撤銷其於創業板的上市地位。自2008年8月1日起,本公司的股份已於聯交所主板上市。董事認為,本公司之最終控股公司為冠華國際有限公司,該公司為於英屬處女群島註冊成立之公司。

綜合財務報表均以港元(「港元」)為單位,與本公司的功能貨幣相同。除非另有說明,否則所有金額均以近千位(「千港元」)計值。

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

本年度,本集團已首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之修訂本及新訂詮釋(「新香港財務報告準則」),均於2014年1月1日開始之本集團財政年度起生效。

香港財務報告準則第10號、 香港財務報告準則第12號及 香港會計準則第27號(修訂本)	投資實體
香港會計準則第32號(修訂本)	金融工具:呈列 — 抵銷金融資產 及金融負債
香港會計準則第36號(修訂本)	非金融資產可收回 金額披露
香港會計準則第39號(修訂本)	衍生工具更替及 對沖會計之延續
香港(國際財務報告詮釋委員會) — 詮釋第21號	徵費

1. General Information

Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in magnesium product business, fertiliser business, metallurgical flux business.

The Company was incorporated in the Cayman Islands on 21 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 17 February 2004, the Company's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM Board on 31 July 2008. Since 1 August 2008, the Company's shares have been listing on the Main Board of the Stock Exchange. In the opinion of the directors, the ultimate holding company of the Company is Alpha Sino International Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied for the first time, the following amendments and new interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Leases

財務報表附註

Notes to the Financial Statements

截至2014年12月31日止年度

For the year ended 31 December 2014

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第27號(2011年)(修訂本) – 投資實體

香港財務報告準則第10號(修訂本)界定何謂投資實體並規定符合投資實體定義之報告實體不將其附屬公司綜合入賬，而是於其財務報表中以按公平值計入損益之方式計量其附屬公司。

為符合資格作為投資實體，報告實體須：

- 自一名或多名投資者獲得資金，以向彼等提供專業投資管理服務；
- 向其投資者承諾其業務旨在投資基金，僅為了從資本增值獲得回報、獲得投資收入或為了兩者兼得；及
- 按公平值基準計量及評估其絕大部份投資的表現。

香港財務報告準則第12號及香港會計準則第27號之後續修訂已經作出，以就投資實體引入新披露規定。

香港會計準則第32號(修訂本)抵銷金融資產及金融負債

香港會計準則第32號(修訂本)澄清與抵銷金融資產與金融負債規定有關的現有應用問題。尤其是，有關修訂本澄清「現時擁有於法律上可強制執行的抵銷權」及「同時變現及結算」的涵義。

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

財務報表附註

Notes to the Financial Statements

截至2014年12月31日止年度

For the year ended 31 December 2014

香港會計準則第36號(修訂本)非金融資產可收回金額披露

香港會計準則第36號(修訂本)刪除當獲分配商譽或具備無限使用年期之其他無形資產之現金產生單位(「現金產生單位」)並無減值或減值撥回時披露相關現金產生單位之可收回金額之規定。此外，有關修訂本引入有關當資產或現金產生單位之可收回金額乃按其公平值減出售成本而釐定時所使用之公平值級別、主要假設及估值技術之額外披露規定。

香港會計準則第39號(修訂本)衍生工具更替及對沖會計之延續

香港會計準則第39號(修訂本)提供當衍生對沖工具在若干情況下予以更替時，有關終止對沖會計規定之寬減措施。有關修訂本亦作出澄清，表示因更替而產生的對沖衍生工具之公平值之任何變動，應計入對沖成效之評估中。

香港(國際財務報告詮釋委員會)－詮釋第21號徵費

香港(國際財務報告詮釋委員會)－詮釋第21號徵費處理何時將支付徵費之負債確認之問題。該詮釋界定何謂徵費，並訂明產生有關負債之責任事件乃指法律所指出觸發支付徵費之活動。該詮釋提供有關不同徵費安排應如何入賬之指引，特別是澄清經濟強制或以持續經營基準編製財務報表均並非意味著一個實體目前負有支付徵費之責任，而有關責任將因在未來期間經營而被觸發。

除上述者外，應用上述新訂及經修訂香港財務報告準則對如何編製及呈列本會計期間或過往會計期間之業績及財務狀況並無重大影響。因此，毋須作出過往期間調整。

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (“CGU”) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

HK (IFRIC)-Int 21 Levies

HK (IFRIC)-Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

Save as described above, the application of the above new and revised HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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本集團並無提早應用下列已頒佈但未生效之新訂及經修訂準則、修訂本或詮釋。

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

香港財務報告準則(修訂本)	香港財務報告準則 年度改進 (2010年至 2012年週期) ²	HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010–2012 Cycle ²
香港財務報告準則(修訂本)	香港財務報告準則 年度改進 (2011年至 2013年週期) ¹	HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011–2013 Cycle ¹
香港財務報告準則(修訂本)	香港財務報告準則 年度改進 (2012年至 2014年週期) ⁴	HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle ⁴
香港財務報告準則第7號及 香港財務報告準則第9號 (修訂本)	香港財務報告準則 第9號強制性 生效日期及 過渡性披露 ⁶	HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure ⁶
香港財務報告準則第9號 香港財務報告準則第10號、 香港財務報告準則第12號及 香港會計準則第28號 (2011年)(修訂本)	金融工具 ⁶ 投資實體：應用 綜合入賬的例外 情況 ⁴	HKFRS 9 HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Financial Instruments ⁶ Investment Entities: Applying the Consolidation Exception ⁴
香港財務報告準則第10號 及香港會計準則第28號 (修訂本)	投資者與其聯營 公司或合營企業 之間的資產出售 或注資 ⁴	HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
香港財務報告準則第11號 (修訂本)	收購於合營業務之 權益之會計法 ⁴	HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation ⁴
香港財務報告準則第14號 香港財務報告準則第15號	監管遞延賬戶 ³ 來自客戶合約之 收入 ⁵	HKFRS 14 HKFRS 15	Regulatory Deferral Accounts ³ Revenue from contracts with customers ⁵
香港會計準則第1號(修訂本)	披露措施 ⁴	HKAS 1 (Amendments)	Disclosure Initiative ⁴
香港會計準則第16號及 香港會計準則第38號(修訂本)	澄清折舊及攤銷 之可接受方法 ⁴	HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
香港會計準則第16號及 香港會計準則第41號(修訂本)	農業：生產性 植物 ⁴	HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ⁴
香港會計準則第19號(2011年) (修訂本)	定額福利計劃： 僱員供款 ¹	HKAS 19 (2011) (Amendments)	Defined benefit plans: Employee Contribution ¹
香港會計準則第27號(修訂本)	獨立財務報表之 權益法 ⁴	HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ⁴

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- 1 於2014年7月1日或之後開始之年度期間生效
- 2 於2014年7月1日或之後開始之年度期間生效，附有限例外情況
- 3 於2016年1月1日或之後開始之首份按香港財務報告準則編製之年度財務報表生效
- 4 於2016年1月1日或之後開始之年度期間生效
- 5 於2017年1月1日或之後開始之年度期間生效
- 6 於2018年1月1日或之後開始之年度期間生效

香港財務報告準則第9號金融工具

香港財務報告準則第9號(於2009年頒佈)引入金融資產分類及計量的新規定。香港財務報告準則第9號於2010年修訂以加入有關金融負債及取消確認的分類及計量規定。

香港財務報告準則第9號之主要規定載述如下：

- 所有屬香港會計準則第39號金融工具：確認及計量範圍內的已確認金融資產，其後均按攤銷成本或公平值計量。尤其是，按商業模式持有而目的為收取合約現金流量的債務投資，以及僅為支付本金及未償還本金利息的合約現金流量的債務投資，一般均於其後會計期間結束時按攤銷成本計量。所有其他債務投資及股本投資均於其後會計期間結束時按公平值計量。此外，根據香港財務報告準則第9號，實體可不可撤回地選擇於其他全面收入呈列股本投資(並非持作買賣者)公平值的其後變動，惟股息收入一般於損益內確認。

- 1 Effective for annual periods beginning on or after 1 July 2014
- 2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
- 3 Effective for first annual HKFRS financial statements beginning on or 1 January 2016
- 4 Effective for annual periods beginning on or after 1 January 2016
- 5 Effective for annual periods beginning on or after 1 January 2017
- 6 Effective for annual periods beginning on or after 1 January 2018

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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- 就指定為按公平值計入損益的金融負債計量而言，香港財務報告準則第9號規定，因金融負債信貸風險有變而導致其公平值變動的款項乃於其他全面收入呈列，除非於其他全面收入呈報該負債信貸風險變動的影響會產生或增加損益的會計錯配，則作別論。因金融負債信貸風險而導致其公平值變動其後不會重新分類至損益。根據香港會計準則第39號，指定為按公平值計入損益的金融負債的全部公平值變動款項均於損益中呈列。

董事預期，日後採納香港財務報告準則第9號可能對本集團金融資產及金融負債呈報之數額產生影響。就本集團金融資產而言，然而，直至詳細審閱完成前，提供該影響之合理估計並不可行。

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(2011年)(修訂本) – 投資實體：應用綜合入賬的例外情況

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)之較窄適用範圍於投資實體進行會計處理時引入澄清規定。有關修訂本亦於特定情況下提供寬減措施，其將減少應用該等準則之成本。

香港財務報告準則第10號及香港會計準則第28號(修訂本)投資者與其聯營公司或合營企業之間的資產出售或注資

香港會計準則第28號(修訂本)：

- 有關實體與其聯營公司或合營企業所進行交易產生的盈虧之規定經已修訂為僅與不構成一項業務的資產有關。

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The Directors anticipate that the adoption of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) – Investment Entities: Applying the Consolidation Exception

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

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- 引入一項新規定，即實體與其聯營公司或合營企業所進行涉及構成一項業務之資產之下遊交易產生的盈虧須於投資者之財務報表悉數確認。
- 增加一項規定，即實體需考慮於獨立交易中出售或注入的資產是否構成一項業務及是否應入賬列為一項單一交易。
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

香港財務報告準則第10號(修訂本)：

Amendments to HKFRS 10:

- 全面盈虧確認之一般要求之例外情況已納入香港財務報告準則第10號，即對與聯營公司或合營企業(以權益法列賬)的交易中並無包含業務之附屬公司失去控制權。
- 所引入的新指引要求自該等交易中產生的盈虧於母公司損益中確認，且僅以非相關投資者於該聯營公司或合營企業之權益為限。同樣地，按於成為聯營公司或合營企業(以權益法列賬)之任何前附屬公司所保留之投資按公平值重新計量而產生的盈虧於前母公司損益中確認，且僅以非相關投資者於新聯營公司或合營企業之權益為限。
- 董事認為，應用此等香港財務報告準則第10號及香港會計準則第28號(修訂本)將不會對本集團綜合財務報表產生重大影響。
- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.
- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.
- The Directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

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香港財務報告準則第11號(修訂本) — 收購於合營業務之權益之會計法

香港財務報告準則第11號反映於合營企業及合營業務之權益之會計規定。有關修訂本新增如何將收購構成業務之合營業務之權益入賬之指引。有關修訂本特別指出有關收購之適當會計法。

香港財務報告準則第14號監管遞延賬戶

香港財務報告準則第14號容許首次採納者根據其過往使用之公認會計原則(「公認會計原則」)之要求，在採納香港財務報告準則時繼續確認有關費率監管之金額。然而，為加強與已應用香港財務報告準則及不確認該等金額之實體之可比性，該準則要求費率監管之影響必須與其他項目分開呈列。已呈列香港財務報告準則之實體之財務報表並不適用於該準則。

有關修訂本於2016年1月1日或之後開始之年度期間生效，並可允許提早應用。

香港財務報告準則第15號來自客戶合約之收入

就公司而言，香港財務報告準則第15號之核心原則為確認收入，以描述以反映公司預計有權換取該等貨品或服務之代價(即付款)之金額轉讓貨品或服務予客戶。新準則亦將導致有關收入之披露有所提高，對於以前未全面處理之交易提供指導及改善多元素安排之指引。

香港財務報告準則第15號於2017年1月1日或之後開始之年度期間生效，並可允許提早應用。

Amendments to HKFRS 11 – Accounting for Acquisition of Interests in Joint Operation

HKFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Accounting Principles (“GAAP”) requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

HKFRS 15 Revenue from contracts with customers

The core principle of HKFRS 15 is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2017 with earlier application permitted.

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香港會計準則第1號(修訂本)披露措施

香港會計準則第1號(修訂本)旨在進一步鼓勵公司應用專業判斷，以釐定於其財務報表中披露的資料。例如，有關修訂本明確指出重要資料適用於整份財務報表，而包含非重要資料會抑制財務披露之效用。此外，有關修訂本澄清公司須使用專業判斷，以釐定資料須在財務披露中何處及按甚麼次序呈列。

有關修訂本可即時應用，並於2016年1月1日或之後開始之年度期間強制生效。

香港會計準則第16號及香港會計準則第38號(修訂本)澄清折舊及攤銷之可接受方法

香港會計準則第16號及香港會計準則第38號均確立折舊及攤銷之基準原則為資產未來經濟利益之預期消耗模式。有關修訂本澄清使用收益法計算資產折舊並不適合，原因為活動(包括使用資產)產生之收益通常反映資產內所含消耗經濟利益以外之因素。

有關修訂本亦澄清收入通常被假定为計量無形資產內所含經濟利益之消耗之不恰當基準。然而，此假設在若干限定情況下可予推翻。

有關修訂本於2016年1月1日或之後開始之年度期間生效，並可允許提早應用。

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

The amendments can be applied immediately and become mandatory for annual periods beginning on or after 1 January 2016.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

HKAS 16 and HKAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

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香港會計準則第19號(2011年)(修訂本)僱員福利

香港會計準則第19號(2011年)僱員福利之頒佈完成對養老金及其他離職福利之會計規定之改進及香港會計準則第19號(2011年)作出以下重要改進：

- 取消延遲確認收益及虧損之選擇(稱為「區間法」)，改善呈列之比較性質及真實性。
- 簡化定額福利計劃產生的資產與負債變動之呈列方式，包括要求於其他全面收入呈列重新計算結果，從而將該等變動與視為實體日常營運產生之變動分開。
- 加強定額福利計劃之披露規定，為定額福利計劃之特性及實體因參與該等計劃所承受之風險提供更佳資料。

香港會計準則第27號(修訂本)獨立財務報表之權益法

有關修訂本將允許實體使用權益法於其獨立財務報表內將於附屬公司、合營企業及聯營公司之投資入賬。有關修訂本於2016年1月1日或之後開始之年度期間生效，並可允許提早應用。

本集團現正評估首次應用上述新訂香港財務報告準則之潛在影響，惟尚未確定上述新訂香港財務報告準則會否將對本集團及本公司之經營業績及財務狀況產生重大影響。

Amendments to HKAS 19 (2011) *Employee Benefits*

The issuance of HKAS 19 (2011) Employee Benefits completes improvements to the accounting requirements for pensions and other post-employment benefits and HKAS 19 (2011) makes important improvements by:

- Eliminating an option to defer the recognition of gains and losses, known as the 'corridor method', improving comparability and faithfulness of presentation.
- Streamlining the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income, thereby separating those changes from changes that many perceive to be the result of an entity's day-to-day operations.
- Enhancing the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group's and the Company's results of operations and financial position.

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3. 主要會計政策概要

於編製此等綜合財務報表時應用之主要會計政策載列如下。除非另有說明，此等政策已一致應用於所有呈列年度。

綜合財務報表已根據所有適用香港財務報告準則編製，香港財務報告準則為包括香港會計師公會頒佈之所有適用個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋以及香港一般採納之會計政策之統稱。此外，綜合財務報表載有聯交所證券上市規則（「上市規則」）及香港公司條例規定之適用披露。

編製基準

除若干按公平值計量的金融工具外，誠如下文會計政策所釋，綜合財務報表已按歷史成本基準編製。歷史成本通常根據為換取資產支付的代價的公平值釐定。

公平值為市場參與者於計量日期在有序交易中出售資產可能收取或轉讓負債可能支付之價格，不論該價格是否直接觀察可得或使用另一種估值技術估計。估計資產或負債之公平值時，本集團考慮了市場參與者在計量日期為該資產或負債進行定價時將會考慮的資產或負債特徵。在該等綜合財務報表中計量和／或披露的公平值均在此基礎上予以確定，惟香港財務報告準則第2號範圍內之以股份支付的交易、香港會計準則第17號範圍內之租賃交易以及與公平值類似但並非公平值的計量（例如，香港會計準則第2號中的可變現淨值或香港會計準則第36號中的使用價值）除外。

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”), and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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此外，就財務報告而言，公平值計量根據公平值計量之輸入數據可觀察程度及輸入數據對公平值計量之整體重要性分類為第1類、第2類及第3類，載述如下：

- 第1類輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第2類輸入數據是就資產或負債直接或間接地可觀察之輸入數據(第1類內包括的報價除外)；及
- 第3類輸入數據是資產或負債的不可觀察輸入數據。

綜合基準

綜合財務報表包括本公司及本公司所控制的實體(包括特殊目的實體)(其附屬公司)的財務報表。控制是指本公司有權掌管該實體的財務及營運政策，從而受惠於其經營活動。

綜合損益及其他全面收益表載有於本年度所購入或出售的附屬公司的收支，由有效收購日期起至有效出售日期(倘適用)為止。即使會使非控股權益出現虧絀，一間附屬公司的全面收益及開支總額仍歸本公司擁有人及非控股權益所有。

如有需要，會對附屬公司的財務報表作出調整，以使其會計政策與本集團其他成員公司採用的會計政策一致。

所有集團內部交易、結餘、收益及開支已於編製綜合賬目時悉數抵銷。

附屬公司的非控股權益與本集團的權益分開呈列。

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income and expenses of a subsidiary are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

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本集團於現有附屬公司之擁有權變動

本集團於附屬公司擁有權之變動並無導致本集團對附屬公司失去控制權，而作為股本交易入賬。本集團之權益及非控股權益之賬面值經調整以反映彼等於附屬公司之有關權益變動。非控股權益之面額與已付或已收代價之公平值間任何差額直接於權益中確認並歸屬於本公司擁有人所有。

當本集團失去附屬公司控制權時，出售損益按(i)已收代價的公平值及任何保留權益公平值的總額與(ii)附屬公司先前的資產(包括商譽)及負債和任何非控制權益賬面值的差額計算。倘附屬公司的若干資產按重估金額或公平值計量，且相關累計損益已於其他全面收益表確認並於權益累計，則之前於其他全面收益表確認並於權益累計的金額猶如本公司已直接出售有關資產(即重新分類至損益或直接轉撥至保留盈利)入賬。根據香港會計準則第39號「金融工具：確認及計量」，於失去控制權之日在前附屬公司保留的任何投資公平值視為首次確認公平值或(如適用)聯營公司或共同控制實體投資的首次確認成本，以供日後入賬處理。

Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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業務合併

業務收購乃採用收購法入賬。於業務合併轉撥的代價按公平值計量，而計算方式為本集團轉撥的資產、本集團對被收購方的前擁有人產生的負債及本集團於交換被收購方的控制權所發行的股權於收購日期的公平值總和。與收購事項有關的成本於產生時在損益賬中確認。

於收購日期，已收購可識別資產及承擔負債按其公平值確認，惟下列項目除外：

- (i) 遞延稅項資產或負債及與僱員福利安排有關的負債或資產分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- (ii) 與被收購方或本集團以股份支付的交易重置被收購方以股份支付的交易有關的負債或股本工具於收購日根據香港財務報告準則第2號「以股份支付」計量；及
- (iii) 根據香港財務報告準則第5號持作出售的非流動資產及已終止經營業務劃分為持作出售的資產（或出售組合）並根據該準則計量。

Business Combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- (i) deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- (ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and
- (iii) assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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所轉撥的代價、與被收購方的任何非控股權益及收購方之前持有被收購方的股權的(如有)公平值的總和超出所收購的可識別資產及承擔的負債於收購日期的淨額的部份確認為商譽。倘(評估過後)本集團於被收購方的可識別資產淨值及承擔負債的公平值權益超出所轉撥的代價、於被收購方任何非控股權益的金額及收購方先前持有被收購方權益(如有)的公平值的總和, 超出部份即時於損益賬中確認廉價購買收益。

代表擁有權權益並賦予其持有人於清盤時按比例分佔一間實體資產淨值之非控股權益初步按公平值或非控股權益按比例分佔被收購方可資識別資產淨值之已確認金額計量。計量基準根據每項交易而作出。其他類型之非控股權益按其公平值或其他準則規定之其他計量基準計算。

本集團於一項業務合併轉讓的代價包括或然代價安排所產生的資產或負債, 或然代價乃按收購日期之公平值計算, 視為於業務合併中轉讓代價之一部份。合資格作為計量期間的調整的或然代價公平值變動乃予追溯調整, 並對商譽或廉價購買收益作相應調整。計量期間的調整乃於計量期間內取得與收購日期已存在的事實及情況有關的額外資料而產生的調整。計量期間由收購日期起計不超過一年。

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

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

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就不合資格作為計量期間的調整之或然代價公平價值變動，其後的會計處理方法視乎該或然代價的分類方式而定。屬於權益類別的或然代價不會於其後的報告日期重新計量，其後的結算則於權益列賬。屬於資產或負債類別的或然代價乃按照香港會計準則第39號或香港會計準則第37號撥備、或然負債及或然資產（如適用）於其後的報告日期重新計量，相應的收益或虧損於損益確認。

倘業務合併分階段完成，本集團以往持有的被收購方股權乃重新計量為收購日期（即本集團取得控制權當日）的公平值，所產生的收益或虧損（如有）乃於損益確認。先前已於其他全面收益確認之收購日期前於被收購方之權益產生之數額重新分類至損益（此處理方式適用於該權益獲出售時）。

任何於收購日期前在其他全面收益確認並於權益累計的過往所持股權價值變動，於本集團取得被收購方控制權時重新分類至損益。

倘於合併產生之報告期末仍未完成業務合併之初步會計處理，本集團則就仍未完成會計處理之項目呈報暫定金額。該等暫定金額於計量期間（見上文）內作出調整，或確認額外資產或負債，以反映獲得有關於收購日期已存在事實及情況之新資料，而倘知悉該等資料，將會影響於當日確認之金額。

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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收購附屬公司額外權益

當本集團增加其於本集團已控制企業之權益時，該收購所產生之商譽乃指收購額外權益之成本與本集團應佔可確定資產、負債及或然負債賬面淨值之增加的差額。收購額外權益之成本與所收購額外權益應佔可識別資產、負債及或然負債之賬面值的差額被確認為儲備變動(其他儲備)。此差額乃指自原收購日本集團於該附屬公司所增加權益應佔之差額。於出售附屬公司後，儲備會轉撥至保留盈利。

商譽

自收購業務產生之商譽指收購成本超過於收購日期本集團於相關業務之可識別資產、負債及或然負債之公平值之權益之金額。該商譽以成本減任何累計減值虧損列賬。

就減值測試而言，收購所產生之商譽分配至預期將受惠於收購協同效益之各有關現金產生單位或現金產生單位組別。獲分配商譽之現金產生單位於每年及如有跡象顯示該單位可能已經減值時進行減值測試。就於財政年度因收購而產生之商譽而言，獲分配商譽之現金產生單位於該財政年度結束之前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值時，減值虧損首先分配作減低該單位獲分配之任何商譽之賬面值，其後根據該單位中各項資產賬面值之比例分配予該單位之其他資產。商譽之任何減值虧損直接於損益確認。商譽之減值虧損不會於隨後期間撥回。

Acquisition of Additional Interest in a Subsidiary

When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the net carrying amount of the identifiable assets, liabilities and contingent liabilities acquired. The difference between the cost of additional interest acquired and the book value of the identifiable assets, liabilities and contingent liabilities attributable to the additional interest acquired is recognised as a reserve movement (other reserve). The difference represents the difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary. On the subsequent disposal of the subsidiary, the reserve is transferred to retained earnings.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash generating units, or groups of CGU, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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於出售相關現金產生單位時，釐定出售損益金額時計入應佔資本化商譽之金額。

收入確認

收入乃按已收或應收代價之公平值計算，指於一般業務過程中已售貨品之應收款項扣除折扣及銷售相關稅項。

貨品銷售收入於交付貨品及轉移所有權後確認。

來自金融資產(不包括透過損益以公平值計量的金融資產)之利息收入按未償還本金額及適用實際利率以時段比例累積計算，該利率為確實地將金融資產之預計可使用年期內之估計未來現金收入貼現至該資產初始確認時之賬面淨值之貼現率。

來自投資(包括透過損益以公平值計量之金融資產)之股息收入於股東收取款項之權利獲確立後確認。

租賃收入於租賃期內按直線法確認。

上述未有提及之任何其他收入，於收取或應收時確認。

政府撥款

政府撥款不予確認，直至有合理保證，本集團將符合政府撥款隨附的條件，以及將收獲撥款後，方會確認。

倘政府撥款成為應收款項，作為已產生的開支或虧損的彌償，或提供予本集團而沒有相關未來成本即時財務支持，則於成為應收款項之期間於損益確認。

On disposal of the relevant CGU, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment including financial assets at fair value through profit or loss is recognised when the shareholders' right to receive payment have been established.

Rental income is recognised on a straight-line basis over the lease terms.

Any other income not mentioned above is recognised whenever it is received or receivable.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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物業、廠房及設備

物業、廠房及設備(包括用作生產或供應貨物或服務,或行政用途的永久業權土地及樓宇,在建工程除外)按成本減其後累計折舊及累計減值虧損列賬。

永久業權土地不計算折舊。折舊乃按物業、廠房及設備(在建工程及永久業權土地除外)之估計可使用年期以直線法(經考慮其估計殘值)將其成本撇銷。

在建工程包括建造以供生產或本身運用的物業、廠房及設備。在建工程乃按成本減任何已確認減值虧損列賬。當在建工程完成及可供擬定用途,則撥入物業、廠房及設備的適當分類。此等資產以其他物業資產的相同基準,當資產可供擬定用途時開始計算折舊。

物業、廠房及設備於出售時或預期持續使用該資產不再帶來未來經濟利益時取消確認。因資產取消確認產生的任何收益或虧損(按出售所得款項淨額與項目賬面值的差額計算)乃於項目取消確認的期間內計入期內損益。

投資物業

投資物業指持作賺取租金及/或資本增值的物業。於初始確認時,投資物業以成本計算。成本包括任何關連的直接開支。於初始確認後,投資物業以成本扣除往後累積折舊及任何累積減值虧損列出。投資物業的折舊經計及其估計剩餘價值後採用直線法於租賃期中將成本撇銷。

Property, Plant and Equipment

Property, plant and equipment, including freehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction in progress and freehold land) over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line methods.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over the lease term and after taking into account of their estimated residual value, using the straight-line method.

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投資物業於出售或當投資物業永久不再使用時或預期不會藉其出售而產生未來經濟效益時，則終止確認。終止確認該資產所產生的任何損益(按出售所得款項淨額與資產賬面值的差額計算)會在該項目終止確認的期間計入期內損益。

土地使用權

為獲得土地使用權支付的款項被視為預付經營租賃款項。土地使用權按成本減累積攤銷及任何累計減值虧損後列賬，而攤銷以直線法按權利的期限或各實體獲授予土地使用權的期限(以較短者為準)於損益中扣除。

就租賃分類而言，租賃土地及樓宇中土地及樓宇部份乃分開計算，除非租金支出無法可靠地在土地及樓宇部份之間作出分配，則在此情況下，整份租賃一般作為財務租賃處理及作為物業、廠房及設備入賬。倘能可靠地分配租金，則土地的租賃權益作為經營租賃入賬，並按直線法於租賃期內攤銷。

租賃

如租賃條款將主權絕大部份風險及收益轉嫁給承租人，則該等租賃被視為財務租賃。所有其他租賃則被視為經營租賃。

本集團作為出租人

經營租賃的租金收入乃按有關租賃年期以直線法在損益確認。

本集團作為承租人

經營租賃款項按直線法於相關租賃期確認為開支。作為訂立經營租賃獎勵的已收及應收利益則會按租賃年期以直線法確認為扣減租金支出。

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Land Use Rights

Payment for obtaining land use rights is considered as prepaid operating lease payment. Land use rights are stated at cost less accumulated amortisation and any accumulated impairment losses, amortisation is charged to profit or loss over the period of the rights or the term of the respective enterprise to which the land use rights are granted, whichever is the shorter, using the straight-line method.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

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無形資產

於業務合併中收購的無形資產

在業務合併中收購的無形資產，若符合無形資產的定義，而公平值能可靠地計量，則須與商譽分開識別及確認。有關無形資產的成本確認為其於收購日期的公平值。

於首次確認後，具有有限使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期的無形資產以直線法按其估計可使用年期計提攤銷。或者，擁有無限使用年期的資產可按成本減任何其後累計減值虧損列賬。

技術知識

購入技術知識的開支撥作資本，並按自技術知識可使用日期起計分五年估計可使用年期以直線法攤銷。

研究及開發開支

研究活動開支於產生期間確認為費用。

由發展項目（或由一項在發展階段期間的內部項目）內部所產生的無形資產，只會在以下全部已被證明的情況下方會予以確認：

- 具可行性技術以完成無形資產並使其將可供使用或出售；
- 有意向完成及使用或出售之無形資產；
- 具能力可使用或出售之無形資產；
- 無形資產如何產生可能的將來經濟利益；

Intangible Assets

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Technical Know-how

Expenditure on acquired technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of 5 years, from the date when the technical know-how is available for use.

Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

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- 有足夠之技術、財政及其他資源可完成發展項目並使用或出售之無形資產；及
 - 有能力確實地計量無形資產在其發展階段時所應佔的費用。
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
 - the ability to measure reliably the expenditure attributable to the intangible asset during the development.

就內部產生的無形資產初始確認的金額為由無形資產首次符合上述確認要求的日期起所涉的開支總額。倘並無內部產生的無形資產可予確認，開發開支則會於產生期間的損益賬內扣除。

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

於初始確認後，內部產生的無形資產乃按與獨立購買的無形資產相同的基準，以成本扣除累計攤銷及累計減值虧損(如有)計算。

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

採礦權

採礦權包括所轉撥之勘探及評估資產，以成本扣除累計攤銷及任何減值虧損後列示。採購權按生產量除以礦產資源總儲量作攤銷。倘礦山被廢置時，則採礦權在損益表中攤銷。

Mining Rights

Mining rights, including transferred exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the production quantities over the total estimated mineral reserve. Mining rights are written off to the profit or loss if the mining property is abandoned.

外幣

編製本集團旗下各個別實體的財務報表時，以該實體的功能貨幣以外貨幣(外幣)進行的交易按交易日期的匯率以其功能貨幣(即該實體經營業務所在主要經濟環境的貨幣)列賬。於各報告期末，以外幣結算的貨幣項目按該日的匯率重新換算。以外幣計值並以公平值列賬之非現金項目於公平值釐定當日按當前比率重新換算。按過往成本以外幣結算的非貨幣項目不會重新換算。

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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結算貨幣項目及換算貨幣項目時產生的匯兌差額於產生期間在損益確認。重新換算非貨幣項目產生的匯兌差額按公平值納入有關期間的損益內。

就綜合財務報表呈報方式而言，本集團海外業務的資產及負債按報告期末的匯率換算為本集團的呈報貨幣（即港元），而其收入及開支則按年內平均匯率換算，除非匯率於期內出現大幅波動，在此情況下，則採用交易日期的匯率換算。所產生匯兌差額（如有）於其他全面收益確認並於（如適用，按非控股權益應佔之）股本（匯兌儲備）累計。

於出售海外業務（即出售本集團於海外業務的全部權益或涉及失去對一家從事海外業務的附屬公司的控制權的出售、涉及失去對一家從事海外業務的共同控制實體的共同控制權的出售、或失去對一家從事海外業務的聯營企業的重大影響力的出售）時，就本公司擁有人應佔該業務之權益而累計之所有匯兌差額重新分類至損益。

因2005年1月1日或之後收購海外業務而產生之所購入可識別資產之商譽及公平值調整已按作為該海外業務的資產及負債處理，並按報告期末匯率重新換算，所產生的匯兌差額於其他全面收益中確認並在權益中累計。

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rates of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (i.e. the translation reserve) (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

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借貸成本

直接歸屬於收購、建築或生產合資格資產的借貸成本，而該等資產需要較長時間才能準備好供擬定用途使用或銷售，則該借貸成本則加入該等資產的成本，直至該等資產大致可供擬定用途使用或銷售。

所有其他借貸成本於產生之期內在損益確認。

退休福利費用

向國家管理退休福利計劃及強制性公積金計劃（「強積金計劃」）的供款於僱員提供服務後而符合領取有關供款的資格時列作支出扣除。

現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括手頭現金及活期存款，以及可隨時轉換為已知數額現金並一般於購入後三個月內到期，且價值變動風險微不足道之短期及高度流通投資，另扣除須按要償還及構成本集團現金管理一部份之銀行透支。

股份付款交易

授予僱員的購股權

就須待達成指定歸屬條件的購股權的授出而言，參照授出當日已授出購股權的公平值而釐定已收取服務的公平值，於歸屬期間按直線法支銷，而股本（僱員報酬儲備）則相應增加。

於報告期末，本集團修訂預期最終歸屬的購股權估計數目。倘原先估計數目有所修訂（如有），則於歸屬期間修訂估計的影響在損益確認，並於僱員報酬儲備中作相應的調整。

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Cash and Cash Equivalents

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

Share-based Payment Transactions

Share Options Granted to Employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (employee compensation reserve).

At the end of the reporting period, the Group revises its estimates of number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to employee compensation reserve.

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就授出日期已即時歸屬的購股權而言，已授出購股權的公平值隨即於損益支銷。

購股權獲行使時，先前於僱員報酬儲備中確認之數額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於到期日仍未獲行使，先前於僱員報酬儲備中確認之數額將轉撥至保留盈利。

稅項

所得稅開支指目前應付稅項及遞延稅項的總額。

當期應付的稅項乃按本年度的應課稅溢利計算。由於應課稅溢利不包括於其他年度應課稅或可扣稅的收入或開支，亦不包括毋須課稅或不可扣稅的項目，故此應課稅溢利與綜合損益及其他全面收益表所載溢利並不相同。本集團的當期稅務負債乃按於報告期末已生效或實質上已生效的稅率計算。

遞延稅項為就財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基的暫時差額。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般乃於可能出現應課稅溢利對銷可用的所有可扣稅暫時差額時確認。倘若暫時差額由商譽或不影響應課稅溢利及會計溢利的交易中初始確認(業務合併除外)的其他資產及負債所產生，則不會確認該等資產及負債。

For share options that are vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in employee compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee compensation reserve will be transferred to retained earnings.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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由附屬公司的投資所產生的應課稅暫時差額確認為遞延稅項負債，惟若本集團可控制暫時差額的撥回而暫時差額於可見將來應不會撥回的情況除外。遞延稅項資產只會就因該等有關投資及利息所產生之可扣減的暫時差額，在有足夠的應課稅溢利可能出現以致暫時差額的利益被利用，且預期在可見未來將可被撥回時確認。

於各報告期末均審閱遞延稅項資產之賬面值，並在沒可能有足夠應課稅溢利收回全部或部分資產時作調減。

遞延稅項負債及資產乃按預期於負債獲償還或資產變現期間適用的稅率（以報告期末已生效或實質上已生效的稅率（及稅法）為基準）計算。遞延稅項負債及資產的計量反映本集團於報告期末，預期將要收回或償還其資產及負債的賬面值的稅務後果。即期及遞延稅項於損益中被確認，惟倘有關事項在其他全面收益或直接在權益中被確認之情況下，遞延稅項亦會於其他全面收益或直接於權益中各自地被確認。

存貨

存貨按成本與可變現淨值兩者的較低者列賬。成本以加權平均法計算。可變現淨值指存貨之估計售價減完成之所有估計成本以及出售所需之成本。

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make sale.

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金融工具

當集團個體成為工具合約條款的一方時，會確認金融資產及金融負債。

金融資產和金融負債在初始確認時會以公平值進行計量。直接歸屬於購置或發行金融資產和金融負債(按公平值計入損益的金融資產及金融負債除外)的交易費用在初始確認時計入或扣自各金融資產或金融負債(視何者適用而定)的公平值。直接歸屬於購置按公平值計入損益的金融資產或金融負債的交易費用立即在損益賬中確認。

金融資產

金融資產分為以下類別，包括按公平值計入損益的金融資產、貸款及應收款項、持至到期投資及可供出售金融資產。分類視乎金融資產的性質及目的，並於初次確認時釐訂。所有一般性購買或銷售金融資產按交易日期基準確認及取消確認。一般性購買或銷售為按於市場規定或慣例確立的時間期限內交付資產的金融資產的購買或銷售。

實際利息法

實際利息法乃計算債務工具的攤銷成本以及分配相關期間的利息收入的方法。實際利率乃於初始確認時按債務工具的預計年期或適用的較短期間內準確貼現估計未來收取的現金(包括構成實際利率一部份的所有已付或已收的費用及利率差價、交易成本及其他溢價或折讓)至賬面淨值的利率。

就債務工具而言，利息收入按實際利息基準確認。

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sales financial assets. The classification depends on the nature and purpose of financial assets and is determined at time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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按公平值計入損益(「按公平值計入損益」)的金融資產

按公平值計入損益的金融資產指持作買賣投資。

金融資產會被歸類為持作買賣，倘：

- 購入主要為於不久將來銷售；或
- 構成本集團合併管理的金融工具的確定組合的一部份及具有最近實際短期獲利模式；或
- 金融資產為未被指定的衍生工具及可有效作為對沖工具。

按公平值計入損益的金融資產將按公平值計量，而重新計量產生之公平值之變動將在其產生期間直接在損益確認。於損益確認之收益或虧損淨額包括金融資產賺取之任何股息或利息。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，且並無在活躍市場計算報價。於初始確認後，貸款及應收款項(包括貿易及其他應收款項、銀行存款、現金及等同現金項目、應收附屬公司款項及應收股息)採用實際利息法計算其攤銷成本，減任何已識別減值虧損列賬(見下文金融資產減值的會計政策)。

利息收入按實際利率確認，惟終止確認之影響微不足道的短期應收款項則除外。

Financial Assets at Fair Value through Profit or Loss (“FVTPL”)

Financial assets at FVTPL represent investments held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits with banks, cash and cash equivalents, amounts due from subsidiaries and dividend receivable) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discontinuing is immaterial.

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持作到期投資

持作到期投資包括有固定或可確定付款金額及有固定期限而本集團有明確意向和能力持至到期日的非衍生金融資產。於初始確認後，持作到期投資按實際利率法減任何可識別減值虧損後以攤銷成本計值（見下文金融資產減值之會計政策）。

可供出售金融資產

可供出售金融資產為非衍生工具，其為指定可供出售或不獲分類為按公平值計入損益的金融資產、貸款及應收款項或持作到期之投資。

於各報告期末，可供出售金融資產乃按公平值計量。公平值變動於其他全面收益確認，並於重估儲備項下累計，直至金融資產投資獲出售或釐定已減值為止，屆時先前於重估儲備累計盈虧會重新分類至損益。

就並無活躍市場報價及公平值不能可靠計量之可供出售股本投資以及與投資無報價股本掛鈎且必須以交付該無報價股本投資結付之衍生工具而言，於報告期末乃以成本減已識別減值虧損計量。

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, they are measured at cost less any identified impairment losses at the end of the reporting period.

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金融資產的減值

金融資產(不包括按公平值計入損益的金融資產)於各報告期末以減值指標予以評估。當有客觀證據顯示,於金融資產首次確認後發生一項或以上事件,影響其估計未來現金流量,則金融資產出現減值。

至於本集團所有金融資產,減值的客觀證據可能包括:

- 發行人或對手方出現重大財務困難;或
- 違反合約,如利息或本金付款失責或拖欠;或
- 借款人可能面臨破產或進行財務重組。
- 因財政困難而導致金融資產失去活躍市場。

對於若干類別的金融資產,例如貿易應收款項,個別獲評估為並無減值的資產其後共同就減值進行評估。一組應收款項減值的客觀證據可能包括本集團過往收回款項及延遲還款數目增加的經驗及與拖欠貿易應收款項相關的國家或當地經濟狀況出現可觀察變動。

按攤銷成本列賬的金融資產,其減值虧損金額為資產賬面值與按金融資產的原實際利率折現估計未來現金流量後的現值兩者的差額。

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all of the Group's financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

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就按成本計值的金融資產而言，減值虧損的金額以資產的賬面值與估計未來現金流量的現值（以類似金融資產的當前市場回報率折現）之間的差額計量。該等減值虧損不會於其後期間撥回。

金融資產的賬面值按所有金融資產直接蒙受的減值虧損減少，惟貿易應收款項則透過使用撥備賬削減賬面值。撥備賬賬面值的變動於損益確認。當貿易應收款項視為不可收回時，則與撥備賬撇銷。其後收回以往撇銷的款項記入損益。撥備賬的賬面值變動於損益確認。

對於按攤銷成本計量的金融資產，倘減值虧損的款項於其後期間減少，而減幅能客觀證明與確認減值虧損後所發生的事件有關，則以往確認的減值虧損透過損益撥回，惟減值撥回當日的資產賬面值不得超過如無確認減值時的原攤銷成本。

金融負債及股本

集團實體發行的金融負債及股本工具根據所訂立合約安排的性質以及金融負債及股本工具的定義進行分類。

其他金融負債

本集團之金融負債一般分類為其他金融負債（包括貿易及其他應付款項以及借貸），並其後採用實際利息法按攤銷成本計量。

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial Liabilities and Equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Other Financial Liabilities

The Group's financial liabilities are generally classified into other financial liabilities, including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

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實際利息法

實際利息法乃計算金融負債的攤銷成本以及分配相關期間的利息開支的方法。實際利率乃按金融負債的預計年期或適用的較短期間內準確貼現估計未來的現金付款(包括構成實際利率一部份之已付或已收所有費用、交易成本以及其他溢價或折扣)至初始確認時之賬面淨值的利率。

利息開支按實際利息基準確認。

股本工具

股本工具為證明於本集團資產的剩餘權益(經扣除其所有負債)的任何合約。本公司發行之股本工具按已收所得款項列賬，扣除直接發行成本。

本公司購回本身的股本工具於權益中直接確認及扣除。購買、出售、發行或註銷本公司本身之股本工具概不會於損益確認收益或虧損。

可換股債券

本公司發行之複合工具(可轉換票據)之組成部份乃根據合約安排之實際性質以及金融負債、股本工具及衍生金融工具之定義而獨立歸類為金融負債、股本及衍生工具。以定額現金或另一金融資產交換本公司本身定額數目之股本工具之方式結算之轉換權為股本工具。

於發行日期，負債部份之公平值乃採用有關同類非可轉換工具通行之市場利率作出估算。該金額乃按實際利息法以攤銷成本確認為負債，直至於轉換時或工具到期日被註銷為止。

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that from an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Convertible Bonds

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities, equity and derivatives in accordance with the substance of the contractual arrangements and the definitions of a financial liability, an equity instrument and derivative financial instruments. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar nonconvertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

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分類為股本的轉換權乃透過從整體複合工具之公平值中扣減負債部份金額而釐定。其將於扣除所得稅影響後在股本中確認及入賬，且隨後不可重新計量。此外，分類為股本之轉換權將一直保留於股本內，直至轉換權獲行使為止，在該情況下，在股本中確認之結餘將轉撥至股份溢價。倘轉換權於可轉換票據到期日仍未獲行使，在股本中確認之結餘將轉撥至保留盈利。在轉換權獲轉換或到期時，不會在損益確認任何收益或虧損。

與發行可轉換票據相關之交易成本乃按分配所得款項總額之比例分配至負債及股本部份。與股本部份相關之交易成本乃直接於損益扣除。與負債部份相關之交易成本乃計入負債部份之賬面值，並按可轉換票據之期限採用實際利率法攤銷。

財務擔保合約

財務擔保合約指因指定債務人未能按債務工具的條款如期付款時，發行人須向持有人支付指定金額以補償其所遭受虧損的合約。

本集團所發行的財務擔保合約初步按公平值計量，倘並無指定為按公平值計入損益處理，則隨後按以下較高者計量：

- 根據香港會計準則第37號撥備、或然負債及或然資產所釐定之合約責任金額；及
- 初始確認的金額扣除（倘適用）按收入確認政策確認的累計攤銷。

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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終止確認

當自資產收取資產現金流量的合約權利屆滿，或金融資產已轉讓且本集團已將其於金融資產擁有權的絕大部份風險及回報轉移至另一實體，則會終止確認金融資產。倘本集團並無轉讓或保留其於擁有權的絕大部份風險及回報，並繼續控制已轉讓資產，則本集團會確認其於資產的保留權益以及其或須支付款項的相關負債。倘本集團保留其於已轉讓金融資產擁有權的絕大部份風險及回報，則本集團會繼續確認金融資產及以已收取之所得款項確認為有抵押貸款。

於全面取消確認金融資產時，資產賬面值與已收及應收代價以及已於其他全面收入確認並於權益累計之累計損益之總和之差額，將於損益中確認。

除全面取消確認外，於取消確認金融資產時，（即本集團保留購回部份已轉讓資產之選擇權或保留不會導致保留擁有權絕大部份風險及回報之餘下權益，及本集團保留控制權），本集團會將金融資產之過往賬面值，按於轉讓日期之相對公平值於其確認為繼續參與之部份及不再確認之部份兩者間作出分配，而分配至不再確認部份之賬面值與就不再確認部份所收代價及已於其他全面收入確認之所獲分配任何累計收益或虧損之總和間差額，乃於損益內確認。已於其他全面收入確認之累計收益或虧損，將按繼續確認之部份及不再確認之部份之相對公平值在兩者間作出分配。

Derecognition

The Group derecognises a financial asset when the contractual rights to receive cash flows from the assets expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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當有關合約所訂明的責任獲解除、註銷或屆滿時，金融負債會被終止確認。被終止確認的金融負債的賬面值與已付或應付代價間差額會於損益確認。

商譽以外之有形及無形資產減值虧損

於各報告期末，本集團均會審閱其有形資產及無形資產之賬面值，以釐定是否有任何跡象顯示資產已出現減值虧損。如出現任何該等跡象，則會估計資產之可收回金額，以釐定減值虧損(如有)之程度。如不可能估計個別資產之可收回金額，則本集團會估計資產所屬現金產生單位之可收回金額。在可得出合理一貫分配基準之情況下，公司資產亦分配至個別現金產生單位，否則將分配至可得出合理一貫分配基準之最小現金產生單位組別。

具有無限可使用年期之無形資產及尚不可供使用之無形資產至少每年及於出現可能減值之跡象時進行減值測試。

可收回金額為公平值減去出售成本後與使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃使用稅前折現率折現至其現值，折現率反映目前資金時間值之市場估量及並未調整其估計未來現金流量之資產相關特定風險。

倘資產(或現金產生單位)之可收回金額估計將低於其賬面值，則資產(或現金產生單位)之賬面值減至其可收回金額。減值虧損即時於損益確認。

Financial liabilities are derecognised when the obligation specific in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment Losses on Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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倘某項減值虧損其後撥回，則該項資產的賬面值須增至其可收回金額的經修訂估計數額，惟增加後的賬面值不得超過以往年度資產並無確認減值虧損而釐定的賬面值。撥回減值虧損將即時在損益中確認。

撥備

當本集團因過往事件而須承擔現時之法定或推定責任，並且履行該責任可能要求資源流出及有關責任之金額能可靠估計時，即會確認撥備。倘貨幣時間價值之影響重大，則撥備金額為預計履行責任所需支出於報告期末之現值。

關連人士交易

在下列情況下，有關人士將被視為與本集團有關連：

- (1) 倘屬以下人士，即該人士或該人士之直系親屬與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。
- (2) 倘符合下列任何條件，即實體與本集團有關連：
 - (i) 該實體與本公司屬同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）。

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as immediately in profit or loss.

Provision

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value money is material, the amount of a provision is the present value at the end of the reporting period of the expenditures expected to be required to settle the obligation.

Related Parties Transactions

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

- (1) 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 of a parent of the Group.
- (2) 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).

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| (ii) 一間實體為另一實體的聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。 | (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) 兩間實體均為同一第三方的合營企業。 | (iii) Both entities are joint ventures of the same third party. |
| (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司。 | (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. |
| (v) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。倘本集團本身便是該計劃，提供資助的僱主亦與本集團有關連。 | (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. If the Group is itself such a plan, the sponsoring employers are also related to the Group. |
| (vi) 實體受(1)所識別人土控制或受共同控制。 | (vi) The entity is controlled or jointly controlled by a person identified in (1). |
| (vii) 於(1)(i)所識別人土對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。 | (vii) A person identified in (1) (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). |

關連人士之間轉讓資源或責任的交易，乃視為關連人士交易。

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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分部報告

經營分部及綜合財務資料所呈列各分部的金額，乃從為向本集團各項業務及地理位置分配資源及評估其業績而定期向本集團多數最高行政管理層提供的財務報表當中識別出來。

個別重要的經營分部不會合計以供財務報告之用，但如該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以至監管環境的本質等經濟特性均屬類似，則作別論。個別不重要的經營分部如果符合以上大部份條件，則可以合計為一個報告分部。

4. 關鍵會計判斷及估計不明朗因素的主要來源

於應用於附註3所述之本集團之會計政策時，本公司之董事須對未能透過其他來源確定之資產及負債之賬面值作出判斷、估計及假設。所作出之估計及相關假設乃以過往經驗及其他被視為相關之因素為基準。實際業績可能與該等估計有異。

估計及相關假設乃以持續基準被審閱。倘對會計估計之修訂僅影響進行修訂之期間，則於該期間確認，或倘修訂會影響目前及未來期間，則會於目前及未來期間確認。

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 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 segments which are not individually material may be aggregated if they share a majority of these criteria.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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估計不明朗因素的主要來源

以下為於報告期末極可能導致本集團資產與負債賬面值於下一財政年度需要作出重大調整之未來相關重要假設及導致估計不明朗因素的其他主要來源。

(a) 投資物業、採礦權、物業、廠房及設備和無形資產減值的估計

根據附註3所述的會計政策，倘任何事件或情況改變顯示資產的賬面值不能收回，則本集團會評估投資物業、採礦權、物業、廠房及設備和無形資產有否出現減值。現金產生單位的可收回金額指資產之公平值減銷售成本或其可使用價值（以較高者為準）。公平值減銷售成本或其可使用價值之計算方法需要作出估計。於本年度，本集團並無就投資物業、採礦權、物業、廠房及設備和無形資產計提減值撥備（2013年：零港元）。

Key Sources of Estimation Uncertainty

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

(a) *Estimated Impairment of Investment Properties, Mining Rights, Property, Plant and Equipment and Intangible Assets*

The Group evaluates whether investment properties, mining rights, property, plant and equipment and intangible assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units represent the higher of the asset's fair value less costs to sell or its value-in-use. The calculations of fair value less costs to sell or value-in-use require the use of estimates. During the year, the Group did not provide any impairment for investment properties, mining rights, property, plant and equipment and intangible assets (2013: HK\$Nil).

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(b) 投資物業、物業、廠房及設備、無形資產和採礦權的可使用年期的估計

本集團的管理層為其投資物業、採礦權、廠房及設備及無形資產釐定估計可使用年期及相關折舊／攤銷費用。此估計以相似性質及功能的投資物業、物業、廠房及設備及無形資產過往經驗的實際可使用年期及獨立技術顧問所釐定的礦產資源為基準，其可因科技創新及競爭者對市況作出反應而有很大差距。倘可使用年期較之前估計年期短，管理層將提高折舊／攤銷費用，或註銷或撇銷已棄置或出售的技術上過時或非策略性的資產。

本集團於截至2014年及2013年12月31日止年度內並無更改投資物業、物業、廠房及設備、無形資產以及採礦權之估計可使用年期。

(c) 估計存貨減值

本集團管理層於各報告期末按逐項貨品基準審閱存貨清單。管理層主要根據最近的發票價格及目前市況估計有關項目的可變現淨值。於本年度，本集團並無就存貨計提任何撥備(2013年：零港元)。

(b) Estimated Useful Lives of Investment Properties, Property, Plant and Equipment, Intangible Assets and Mining Rights

The Group's management determines the estimated useful lives and related depreciation/amortisation charges for its investment properties, property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of investment properties, property, plant and equipment and intangible assets of similar nature and functions and the mineral reserve determined by independent technical adviser. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

During the years ended 31 December 2014 and 2013, the Group did not change the estimated useful lives of investment properties, property, plant and equipment, intangible assets and mining rights.

(c) Estimated Impairment of Inventories

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. During the year, the Group did not provide any allowance for inventories (2013: HK\$Nil).

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For the year ended 31 December 2014

(d) 所得稅

本集團於多個司法權區均須繳納所得稅。若干交易及計算方法存在不明朗之最終稅項決定。本集團以額外稅項會否到期之估計就預期稅項事宜確認負債。倘該等事宜之最終稅務結果有別於首次記錄之金額，有關差額將於作出決定之期間影響當期及遞延稅項撥備。

(e) 貿易及其他應收款項之減值

貿易及其他應收款項之減值乃根據持續評估未收回應收款項之估計可收回程度及賬齡分析，以及按管理層判斷釐定。本集團之收款不時會出現延誤。當貿易及其他應收款項之可收回性存疑而導致對其償付能力有所減損時，則需要進行撥備。若干應收款項可能會於最初時被確認為可收回，但其後可能無法收回及導致其後於綜合損益及其他全面收益表中將有關應收款項撇銷。倘未能為可收回性出現變化之貿易及其他應收款項作出撥備，則可能會對本集團之營運業績構成影響。於本年度，本集團並無就貿易及其他應收款項計提任何減值撥備（2013年：零港元）。

(d) *Income Tax*

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues 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 tax provisions in the period in which such determination is made.

(e) *Impairment of Trade and Other Receivables*

The impairment of trade and other receivables are based on the ongoing evaluation of collectability and ageing analysis of the outstanding receivables and on management's judgment. From time to time, the Group may experience delays in collection. Where recoverability of trade and other receivables are called into doubts, resulting in an impairment of their ability to make payments, provision may be required. Certain receivables may be initially identified as collectable, yet subsequently become uncollectable and result in a subsequent write-off of the related receivables to the consolidated statement of profit or loss and other comprehensive income. Changes in the collectability of trade and other receivables for which provisions are not made could affect our results of operations. During the year, the Group did not make any provision for impairment on trade and other receivables (2013: HK\$Nil).

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5. 金融工具

(a) 金融工具類別

5. Financial instruments

(a) Categories of Financial Instruments

		本集團		本公司	
		The Group		The Company	
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
金融資產	Financial assets				
貸款及應收款項(包括 銀行存款以及現金 及等同現金項目)	Loans and receivables (including deposits with banks and cash and cash equivalents)	1,181,942	697,864	1,321,970	853,535
可供出售投資	Available-for-sale investment	30,391	142,453	-	-
衍生金融資產	Derivative financial assets	243	-	243	-
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	9,900	7,387	-	-
		1,222,476	847,704	1,322,213	853,535
金融負債	Financial liabilities				
攤銷成本	Amortised cost	1,156,391	431,371	296,927	1,481
財務擔保合約	Financial guarantee contracts	-	-	81	85
		1,156,391	431,371	297,008	1,566

(b) 財務風險管理目標及政策

本集團及本公司的主要金融工具包括持作買賣投資、貿易及其他應收款項、銀行存款、現金及等同現金項目、貿易及其他應付款項以及借貸。金融工具詳情於個別附註披露。與該等金融工具有關的風險包括外匯風險、利率風險、其他價格風險、信貸風險及流動資金風險。以下載列如何緩和該等風險的政策。本集團及本公司的整體風險管理計劃著重於不可預測的金融市場和尋求最大程度地降低本集團及本公司財務表現所遭受的潛在不利風險。

(b) Financial Risk Management Objectives and Policies

The Group's and the Company's major financial instruments include investments held for trading, trade and other receivables, deposits with banks, cash and cash equivalents, trade and other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include foreign exchange risk, interest rate risk, other price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group's and the Company's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

財務報表附註

Notes to the Financial Statements

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For the year ended 31 December 2014

(i) 外匯風險

鑑於本集團大部份業務交易、資產及負債主要以各附屬公司的功能貨幣計值，故此所承受的外匯風險微不足道。本集團目前並無就外幣交易、資產及負債訂立外匯對沖政策。本集團將密切監測其外匯風險，並在需要時考慮對沖重大外幣風險。

(ii) 利率風險

本集團須面對有關銀行存款及借貸之公平值利率風險（詳情分別參閱附註27及30）。

本公司並無重大利率風險。

敏感度分析

倘若於2014年12月31日之銀行存款及現金及等同現金項目及借貸利率較實際利率上升／下降10個基點（年利率0.1%）（2013年：10個基點），本集團的年度溢利將因銀行存款及借貸的公平值上升／下降而增加／減少約233,000港元（2013年：122,000港元）。

由於管理層認為本集團面臨的上述公平值利率風險並非重大，因此於年內管理層並無採取息率掉期或其他對沖措施。

本集團亦須面對有關按當前市場比率計值之銀行結餘之現金流利率風險。然而，由於銀行結餘全部均為短期性質，因此本集團面對之風險屬輕微。

(i) Foreign Exchange Risk

The Group has minimal exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency hedging significant foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to deposits with banks and borrowings (see Notes 27 and 30 respectively for details).

The Company has no significant interest rate risk.

Sensitivity Analysis

If interest rates on deposits with banks and cash and cash equivalents and borrowings as at 31 December 2014 had been 10 basis points (0.1% per annum) (2013: 10 basis points) higher/lower than the actual effective interest rate, the Group's profit for the year would have been approximately HK\$233,000 (2013: HK\$122,000) higher/lower as a result of a increase/decrease in fair value of deposits with banks and borrowings.

As management considers the Group's exposure to the above fair value interest rate risk is not significant, no interest-rate swaps or other hedging activities are undertaken by management during the year.

The Group is also exposed to cash flow interest rate risk in relation to bank balances carried at prevailing market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

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(iii) 其他價格風險

本集團透過其於上市股本證券及非上市投資基金之投資承受股本價格風險。管理層透過維持不同風險投資組合以管理此風險。本集團其他價格風險主要集中於在中國上市之股本工具及金融機構報價之基金投資。

敏感度分析

以下敏感度分析根據報告日須面對之股本價格風險釐定。

倘各自股本工具之價格上升/下降10% (2013年: 10%)，本集團之年度溢利將增加/減少約990,000港元 (2013年: 739,000港元)，反映持作買賣投資之公平值之變動。

倘各自股本工具之價格上升/下降10% (2013年: 10%)，本集團之其他全面收入總額將增加/減少約3,039,000港元 (2013年: 14,245,000港元)，反映可供出售投資之公平值變動。

(iv) 信貸風險

茲因交易對方未能履行於報告期末就各類已確認金融資產的責任，本集團須承受的最高信貸風險為於綜合財務狀況表列賬之該等資產的賬面值。

本集團僅與認可及信貸記錄良好的第三方進行交易。本集團的政策是所有欲以信貸期作交易的客戶須參與信貸驗證程序。此外，本集團會持續監察應收結餘。

(iii) Other Price Risk

The Group is exposed to equity price risk through its investments in listed equity securities and unlisted investments in funds. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's other price risk is mainly concentrated on equity instruments listed in the PRC and on fund investment quoted by the financial institutions.

Sensitivity Analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments has been 10% (2013: 10%) higher/lower, the Group's profit for the year would increase/decrease by approximately HK\$990,000 (2013: HK\$739,000) as a result of the changes in fair value of investments held for trading.

If the prices of respective equity instruments has been 10% (2013: 10%) higher/lower, the Group's other comprehensive income would increase/decrease by approximately HK\$3,039,000 (2013: HK\$14,245,000) as a result of the changes in fair value of available-for-sale investment.

(iv) Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

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就本集團其他金融資產(包括現金及等同現金項目)所產生之信貸風險而言，本集團因對方拖欠還款而須面對的信貸風險有限，此乃由於對方擁有良好信貸評級，而本集團預期不會因該等實體的未分配墊款/按金而引起重大損失。

本集團並無高度集中的信貸風險。本集團訂有既定政策確保向具有良好信貸記錄的客戶銷售產品。本集團的銀行存款及存放於金融機構之存款均存放於無重大信貸風險的優質金融機構。

由於有關金融機構並無拖欠付款記錄，故董事認為本集團存放於銀行及金融機構的存款不會存在重大信貸風險。

(v) 流動資金風險

本集團奉行審慎的流動資金風險管理，即意味著維持足夠現金及有價證券、透過款額充裕的信貸融資以維持可供動用資金，以及結算市場頭寸的能力。本集團致力保持可供動用的足夠信貸額度，藉以維持資金供應的靈活性。

With respect to credit risk arising from the other financial assets of the Group which comprise cash and cash equivalents, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good credit standing and the Group does not expect to incur significant loss for unallocated advances/deposits from these entities.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. The Group's deposits with bank and deposits placed with financial institutions are placed in high quality financial institutions without significant exposure to credit risk.

The directors consider that there is no significant credit risk in respect of the Group's deposits with banks and deposits placed with financial institutions as the financial institutions have no record of default payment.

(v) *Liquidity Risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping adequate facilities available.

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下表顯示本集團及本公司將以淨額基準結算的金融負債，此乃按照相關的到期組別，根據由報告期末至合約到期日的剩餘時間進行分析。表內所披露的金額為合約性未折現的現金流量。由於折現的影響並不重大，因此在12個月內到期的結餘確認相等於其賬面值。

The table below analyses the Group's and the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months upon recognition equal their carrying balances, as the impact of discounting is not significant.

本集團 2014

The Group 2014

	加權平均 實際利率 Weighted average effective interest rate %	一年以下 Less than 1 year 千港元 HK\$'000	一年以上 Over 1 year 千港元 HK\$'000	未折現 現金流量總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	266,097	-	266,097	266,097
借貸 Borrowings	5.32	303,696	291,718	595,414	595,414
可換股債券 Convertible bonds	15.70	115,000	180,000	295,000	294,880
		684,793	471,718	1,156,511	1,156,391

2013

2013

	加權平均 實際利率 Weighted average effective interest rate %	一年以下 Less than 1 year 千港元 HK\$'000	一年以上 Over 1 year 千港元 HK\$'000	未折現 現金流量總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	130,295	-	130,295	130,295
借貸 Borrowings	6.26	301,076	-	301,076	301,076
		431,371	-	431,371	431,371

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本公司
2014

The Company
2014

	加權平均 實際利率 Weighted average effective interest rate %	一年以下 Less than 1 year 千港元 HK\$'000	一年以上 Over 1 year 千港元 HK\$'000	未折現現金流量 總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	2,047	-	2,047	2,047
財務擔保合約(附註) Financial guarantee contracts (note)	-	297,097	-	297,097	81
可換股債券 Convertible Bonds	15.70	115,000	180,000	295,000	294,880
		414,144	180,000	594,144	297,008

2013

2013

	加權平均 實際利率 Weighted average effective interest rate %	一年以下 Less than 1 year 千港元 HK\$'000	一年以上 Over 1 year 千港元 HK\$'000	未折現現金流量 總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	1,481	-	1,481	1,481
財務擔保合約(附註) Financial guarantee contracts (note)	-	114,050	-	114,050	85
		115,531	-	115,531	1,566

附註：

上述財務擔保合約包含的金額為在擔保對方索償情況下，本公司根據安排可能須結付全數擔保金額的最高金額。根據報告期末的預期，本公司認為須根據安排付款的機會極微。然而，該估計將視乎對方根據擔保提出索償的可能性而有所改變，而提出索償的可能性則取決於對方所持獲擔保財務應收款項出現信貸虧損的可能性。

note:

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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(c) 公平值計量

本附註提供資料說明本集團為各項金融資產及金融負債釐定公平值的方法。

(i) 根據經常性基準按公平值計量的本集團金融資產及金融負債的公平值

本集團部份金融資產及金融負債於各報告期末按公平值計量。下表所載資料說明如何釐定該等金融資產及金融負債的公平值(尤其是所用估值技術及輸入數據)。

(c) Fair Value Measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

金融資產 Financial assets	於以下日期的公平值 Fair value as at		公平值級別 Fair value hierarchy	估值方法及主要輸入數據 Valuation techniques and key inputs
	2014年12月31日 31 December 2014	2013年12月31日 31 December 2013		
1) 持作買賣的非衍生金融資產 (附註25) Held for trading non-derivative financial assets (Note 25)	於香港以外上市股本證券： 9,900,000港元 Listed equity securities outside Hong Kong: HK\$9,900,000	於香港以外上市股本證券： 7,387,000港元 Listed equity securities outside Hong Kong: HK\$7,387,000	第1類 Level 1	活躍市場所報買入價 Quoted bid prices in an active market
2) 上市可供出售投資(附註22) Listed available-for-sale investment (Note 22)	於香港以外上市股本證券： 30,391,000港元 Listed equity securities outside Hong Kong: HK\$30,391,000	於香港以外上市股本證券： 142,453,000港元 Listed equity securities outside Hong Kong: HK\$142,453,000	第1類 Level 1	活躍市場所報買入價 Quoted bid prices in an active market
3) 衍生金融資產(附註26) Derivative financial assets (Note 26)	資產：243,000港元 Asset: HK\$243,000	- -	第2類 Level 2	二項式期權定價模式 Binomial Option Pricing Model

兩個年度內並無在第1類及第2類之間的轉移。

There were no transfers between Levels 1 and 2 in both years.

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- (ii) 並非根據經常性基準按公平值計量的本集團金融資產及金融負債的公平值

董事認為，於綜合財務報表確認的金融資產及金融負債的賬面值與其公平值相若，惟本集團賬面值約為294,880,000港元的可換股債券的公平值約為292,677,000港元除外。

- (ii) *Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis*

Except the Group's convertible bonds with carrying amount of approximately HK\$294,880,000 which have fair value of approximately HK\$292,677,000, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximately their fair values.

		於2014年12月31日 的公平值級別			
		Fair value hierarchy as at 31 December 2014			
		第1類	第2類	第3類	總計
		Level 1	Level 2	Level 3	Total
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
金融資產	Financial assets				
持作買賣投資	Investments held for trading	9,900	-	-	9,900
衍生金融資產	Derivative financial assets	-	243	-	243
可供出售投資	Available-for-sale investment				
上市股本證券	Listed equity securities	30,391	-	-	30,391
總計	Total	40,291	243	-	40,534

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		於2013年12月31日 的公平值級別 Fair value hierarchy as at 31 December 2013			
		第1類 Level 1 千港元 HK\$'000	第2類 Level 2 千港元 HK\$'000	第3類 Level 3 千港元 HK\$'000	總計 Total 千港元 HK\$'000
金融資產	Financial assets				
持作買賣投資	Investments held for trading	7,387	–	–	7,387
可供出售投資	Available-for-sale investment				
上市股本證券	Listed equity securities	142,453	–	–	142,453
總計	Total	149,840	–	–	149,840

包含在上述第2類的金融資產及金融負債的公平值在二項式模式基礎上按公認定價模式釐定。定價模式的最重要輸入數據為股價、波幅、屆滿時間、轉換價及股息率。

The fair values of the financial assets and financial liabilities included in the level 2 above have been determined in accordance with generally accepted pricing models based on a Binomial Model, with the most significant inputs being the share price, volatility, time to maturity, conversion price and dividend yield.

6. 資金風險管理

本集團的資金管理目標是保障本集團能繼續營運的能力，藉以為股東和其他股東提供回報，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支予股東的股息數額、向股東分派的資本退還、發行新股或出售資產以減低債務。

本集團利用負債比率監察其資本。此比率按照借貸總值除以資產總值計算。資產總值已列於綜合財務狀況表內。

6. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets as shown in the consolidated statement of financial position.

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截至2014年12月31日止年度，本集團的策略為將負債比率維持在50%內。於2014年及2013年12月31日的負債比率如下：

During the year ended 31 December 2014, the Group's strategy is to maintain a gearing ratio within 50%. The gearing ratios at 31 December 2014 and 2013 were as follows:

		2014 千港元 HK\$'000	2013 千港元 HK\$'000
借貸總值	Total borrowings	890,294	301,076
資產總值	Total assets	3,796,956	2,840,222
負債比率	Gearing ratio	23.4%	10.6%

7. 收入

本集團主要從事金屬鎂產品業務、農業肥料業務及煉鋼熔劑業務。本集團於年內之收入分析如下：

7. Revenue

The Group is principally engaged in magnesium product business, fertiliser business and metallurgical flux business. An analysis of the Group's revenue for the year is as follows:

		2014 千港元 HK\$'000	2013 千港元 HK\$'000
銷售金屬鎂產品	Sales of magnesium products	696,904	547,366
銷售農業肥料產品	Sales of fertiliser products	1,277,282	1,028,068
銷售煉鋼熔劑產品	Sales of metallurgical flux products	98,333	64,857
		2,072,519	1,640,291

8. 分部資料

就資源調配及分部表現評估向本公司行政總裁（主要營運決策者）報告之資料側重於經營類別。本集團根據香港財務報告準則第8號經營及申報的分部如下：

- 金屬鎂產品業務
- 農業肥料業務
- 煉鋼熔劑業務

有關本集團之可報告分部於下文呈報。

8. Segment Information

Information reported to the Company's Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- Magnesium product business
- Fertiliser business
- Metallurgical flux business

Information regarding the Group's reportable segments is presented below.

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分部收入及業績

本集團按可報告分部之收入及業績分析如下。

截至2014年12月31日止年度：

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2014:

		金屬鎂產品 業務 Magnesium product business 千港元 HK\$'000	農業肥料 業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑 業務 Metallurgical flux business 千港元 HK\$'000	合計 Total 千港元 HK\$'000
分部收入	Segment revenue	696,904	1,277,282	113,766	2,087,952
分部間收入	Inter-segment revenue	-	-	(15,433)	(15,433)
來自外部客戶的收入	Revenue from external customers	696,904	1,277,282	98,333	2,072,519
分部業績	Segment results	224,540	308,662	23,626	556,828
其他收入及收益	Other income and gains				15,055
中央行政費用	Central administrative costs				(60,011)
財務費用	Finance costs				(44,186)
除所得稅前溢利	Profit before income tax				467,686

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For the year ended 31 December 2014

截至2013年12月31日止年度：

For the year ended 31 December 2013:

		金屬鎂產品 業務 Magnesium product business 千港元 HK\$'000	農業肥料 業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑 業務 Metallurgical flux business 千港元 HK\$'000	合計 Total 千港元 HK\$'000
分部收入	Segment revenue	547,366	1,028,068	76,149	1,651,583
分部間收入	Inter-segment revenue	-	-	(11,292)	(11,292)
來自外部客戶的收入	Revenue from external customers	547,366	1,028,068	64,857	1,640,291
分部業績	Segment results	183,219	245,791	9,318	438,328
其他收入及收益	Other income and gains				11,782
中央行政費用	Central administrative costs				(57,080)
財務費用	Finance costs				(21,441)
除所得稅前溢利	Profit before income tax				371,589

上文呈列之分部收入，乃代表外部客戶所產生之收入。分部間交易均按公平基準訂立。

可報告分部之會計政策與本集團會計政策相同。分部業績指於並無分配中央行政費用(包括董事薪酬、其他收入及收益、財務費用及所得稅開支)情況下各分部之業績。此為向主要營運決策者報告以供其調配資源及評估分部表現之方式。

Segment revenue reported above represents revenue generated from external customers. Inter-segment transactions are entered into at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' emoluments, other income and gains, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

財務報表附註 Notes to the Financial Statements

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For the year ended 31 December 2014

分部資產及負債

於2014年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

Segment Assets and Liabilities

The segment assets and liabilities as at 31 December 2014 and capital expenditure for the year then ended by reportable segments are as follows:

		金屬鎂產品 業務 Magnesium product business 千港元 HK\$'000	農業肥料 業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑 業務 Metallurgical flux business 千港元 HK\$'000	分部合計 Total segments 千港元 HK\$'000	未分配 Unallocated 千港元 HK\$'000	合計 Total 千港元 HK\$'000
分部資產	Segment assets	1,243,504	753,405	744,287	2,741,196	1,055,760	3,796,956
分部負債	Segment liabilities	514,503	236,803	175,960	927,266	503,049	1,430,315
添置非流動資產	Additions to non-current assets	350,695	220,655	55,891	627,241	1,143	628,384

於2013年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

The segment assets and liabilities as at 31 December 2013 and capital expenditure for the year then ended by reportable segments are as follows:

		金屬鎂產品 業務 Magnesium product business 千港元 HK\$'000	農業肥料 業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑 業務 Metallurgical flux business 千港元 HK\$'000	分部合計 Total segments 千港元 HK\$'000	未分配 Unallocated 千港元 HK\$'000	合計 Total 千港元 HK\$'000
分部資產	Segment assets	941,909	442,308	726,383	2,110,600	729,622	2,840,222
分部負債	Segment liabilities	160,757	202,445	209,819	573,021	114,239	687,260
添置非流動資產	Additions to non-current assets	307,484	57,740	47,843	413,067	1,981	415,048

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For the year ended 31 December 2014

為達成監察分部表現及於分部間調配資源之目標：

- 除投資物業、無形資產、銀行存款、現金及等同現金項目和其他企業使用資產，包括物業、廠房及設備和其他應收款項外，所有資產均分配至可報告分部；及
- 除企業用途之借貸及其他應付款項外，所有負債均分配至可報告分部。

資本開支包括對物業、廠房及設備的添置和購買物業、廠房及設備的按金(2013年：對物業、廠房及設備的添置、支付收購專利款項和購買物業、廠房及設備的按金)。除對若干物業、廠房及設備作為行政用途添置外，所有資本開支均分配至分部。

其他分部資料

截至2014年12月31日止年度：

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment properties, intangible assets, deposits with banks, cash and cash equivalents and other assets for corporate use which including property, plant and equipment and other receivables; and
- all liabilities are allocated to reportable segments other than borrowings for corporate use and other payables.

Capital expenditure comprises additions to property, plant and equipment and deposits for acquisition of property, plant and equipment (2013: additions to property, plant and equipment, payment for acquisition of patents and deposits for acquisition of property, plant and equipment). Except for the additions to certain property, plant and equipment for administrative purposes, all the capital expenditure was allocated to segments.

Other Segment Information

For the year ended 31 December 2014:

		金屬鎂產品 業務 Magnesium product business 千港元 HK\$'000	農業肥料 業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑 業務 Metallurgical flux business 千港元 HK\$'000	未分配 Unallocated 千港元 HK\$'000	合計 Total 千港元 HK\$'000
物業、廠房及設備和 投資物業折舊	Depreciation of property, plant and equipment and investment properties	10,306	35,950	10,434	5,046	61,736
土地使用權、採礦權 及無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	2,401	229	13,300	319	16,249
出售物業、廠房及 設備的(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	-	(44)	320	(200)	76
持作買賣投資的 已變現及未變現收益	Realised and unrealised gain on investments held for trading	-	-	-	(3,291)	(3,291)
所得稅開支	Income tax expense	48,858	74,735	4,307	145	128,045

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For the year ended 31 December 2014

截至2013年12月31日止年度：

For the year ended 31 December 2013:

	金屬鎂產品 業務	農業肥料 業務	煉鋼熔劑 業務	未分配	合計	
	Magnesium product business	Fertiliser business	Metallurgical flux business	Unallocated	Total	
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	
物業、廠房及設備和 投資物業折舊	Depreciation of property, plant and equipment and investment properties	9,183	36,960	9,484	3,911	59,538
土地使用權、採礦權 及無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	1,984	358	13,282	184	15,808
出售物業、廠房及 設備的(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	(102)	-	274	82	254
持作買賣投資的 已變現及未變現虧損	Realised and unrealised loss on investments held for trading	-	-	-	1,313	1,313
所得稅開支	Income tax expense	37,931	55,870	542	113	94,456

地區資料

截至2014年及2013年12月31日止年度，本集團主要於中國營運及本集團所有收入均來自中國，而於2014年12月31日及2013年12月31日，本集團大部份非流動資產均位於中國。概無披露本集團按地區劃分的業績及資產分析。

主要客戶資料

由於截至2014年及2013年12月31日止年度並無對任何單一客戶之銷售超過本集團總收入之10%，因此並無有關主要客戶的資料呈列。

Geographical Information

During the years ended 31 December 2014 and 2013, the Group mainly operated in the PRC and all of the Group's revenue are derived from the PRC and most of non-current assets of the Group are located in the PRC as at 31 December 2014 and 31 December 2013. No analysis of the Group's result and assets by geographical area is disclosed.

Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2014 and 2013.

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9. 其他收入及收益

9. Other Income and Gains

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
租金收入	Rental income	4,766	5,241
利息收入	Interest income	8,544	5,157
股息收入	Dividend income	292	417
雜項收入	Sundry income	1,453	967
		15,055	11,782

10. 財務費用

10. Finance Costs

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
可換股債券之利息開支	Interest expenses on convertible bonds	23,157	-
須於5年內全數償還之 借貸的利息	Interest on borrowings wholly repayable within 5 years	16,319	21,441
須於5年後全數償還之 借貸的利息	Interest on borrowings wholly repayable after 5 years	6,729	-
借貸成本總額	Total borrowing costs	46,205	21,441
減：已於合資格資產成本 資本化之金額	Less: Amount capitalised in the cost of qualifying assets	(2,019)	-
		44,186	21,441

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11. 所得稅開支

於綜合損益及其他全面收益表內扣除／(計入)
的所得稅開支數額指：

11. Income Tax Expense

The amount of income tax expense charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
即期稅項	Current tax		
— 香港利得稅	— Hong Kong Profits Tax	—	—
— 中國企業所得稅	— PRC Enterprise Income Tax	131,278	97,562
遞延稅項	Deferred taxation	(3,233)	(3,106)
		128,045	94,456

(a) 香港利得稅

香港利得稅乃按截至2014年及2013年12月31日止年度之估計應課稅溢利之16.5%計算。由於香港應課稅溢利已被過往年度的稅項虧損全數抵扣，故並無就年內溢利繳納任何稅項。

(b) 中國企業所得稅

中國企業所得稅乃按截至2014年及2013年12月31日止年度之估計應課稅溢利之25%計算。

(c) 海外所得稅

本公司乃根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，並據此獲豁免繳納開曼群島所得稅。本公司於英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法註冊成立，並獲豁免繳納英屬處女群島所得稅。

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 December 2014 and 2013. No tax is payable on the profit for the year arising in Hong Kong since assessable profit is wholly absorbed by tax losses brought forward.

(b) The PRC Enterprise Income Tax

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the years ended 31 December 2014 and 2013.

(c) Overseas Income Tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, are exempted from British Virgin Islands income tax.

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本集團的除所得稅前溢利與以中國企業的標準稅率25%計算的理論數額的差別如下：

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using a tax rate of 25%, the standard income tax rate of the PRC enterprises, as follows:

		2014		2013	
		千港元		千港元	
		HK\$'000	%	HK\$'000	%
除所得稅前溢利	Profit before income tax	467,686		371,589	
按適用所得稅稅率25% (2013年：25%) 計算的稅項支出	Tax charge at applicable income tax rate of 25% (2013: 25%)	116,921	25.0	92,897	25.0
於其他司法權區經營的 附屬公司的不同稅率之影響	Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,519)	(0.3)	(5,385)	(1.4)
毋須課稅的收入之稅務影響	Tax effect of income not taxable for tax purpose	(11,830)	(2.5)	(6,576)	(1.8)
不可扣稅之稅項開支之 稅務影響	Tax effect of expenses not deductible for tax purpose	20,742	4.4	15,001	4.0
先前年度超額撥備	Over-provision of tax in prior year	(6)	0.0	(139)	0.0
使用先前未確認之稅務虧損	Utilisation of previous unrecognised tax losses	(3,149)	(0.7)	(6,104)	(1.6)
無確認之估計稅項虧損 的稅務影響	Tax effect of estimated tax losses not recognised	6,886	1.5	4,762	1.2
所得稅開支	Income tax expense	128,045	27.4	94,456	25.4

於2014年12月31日，本集團未確認稅項虧損約90,354,000港元(2013年：101,141,000港元)可結轉以抵銷未來應課稅溢利。約72,710,000港元(2013年：76,772,000港元)之稅項虧損將於自與彼等有關之評估年度起計五年後到期，而約17,644,000港元(2013年：24,369,000港元)之稅項虧損則可予以無限期結轉。由於認為日後之應課稅溢利未必可能會與未動用的稅項虧損對銷，故該等稅項虧損之遞延稅項收益並未確認。

As at 31 December 2014, the Group has unrecognised tax losses of approximately HK\$90,354,000 (2013: HK\$101,141,000), which can be carried forward to offset future taxable profit. Tax losses of approximately HK\$72,710,000 (2013: HK\$76,772,000) will expire after five years from the year of assessment they relate to while tax losses of approximately HK\$17,644,000 (2013: HK\$24,369,000) can be carried forward indefinitely. The deferred tax benefit of such tax losses has not been recognised as it is not considered probable that future taxable profit will be available to utilise the unused tax losses.

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12. 年內溢利

年內溢利已扣除／(抵免)下列費用：

12. Profit for the Year

Profit for the year has been arrived at after charging/(crediting):

		2014 千港元 HK\$'000	2013 千港元 HK\$'000
工資及薪金	Wages and salaries	90,813	65,332
授予董事及僱員之購股權	Share options granted to directors and employees	2,082	4,760
定額供款退休計劃	Payment to defined contribution retirement plans	1,887	1,749
總員工成本(包括董事薪酬)	Total staff costs (including directors' emoluments)	94,782	71,841
核數師薪酬	Auditors' remuneration	1,028	1,024
折舊及攤銷	Depreciation and amortisation	77,985	75,346
出售物業、廠房及設備之虧損淨額	Net loss on disposal of property, plant and equipment	76	254
持作買賣投資的已變現收益	Realised gain on investments held for trading	(166)	(214)
持作買賣投資的未變現(收益)／虧損	Unrealised (gain)/loss on investments held for trading	(3,125)	1,527
存貨成本確認為支出	Cost of inventories recognised as an expense	1,256,519	1,014,389
土地及樓宇之經營租約租金	Operating lease rentals in respect of land and buildings	2,614	2,458

附註：

- (a) 中國規則及法例訂明，本集團為其中國僱員向一項由政府營辦的退休計劃供款，該計劃屬於定額供款計劃。根據當地政府的規定，本集團按僱員薪金約14%向該計劃供款，並且除年度供款之外，本集團概無日後實際支付養老金或退休後福利之責任。該項由政府營辦的退休計劃負責退休僱員的全部養老金責任。

本集團已為其香港僱員安排強積金計劃。強積金計劃屬於定額供款計劃，由獨立信託人管理。根據強積金計劃，本集團及其香港僱員須各自根據強制性公積金條例按僱員收入之5%按月向該計劃供款。自2014年6月1日起，本集團及僱員供款之上限為每月1,500港元。

截至2014年12月31日止年度，本集團向上述養老金計劃作出的供款總額約1,887,000港元(2013年：1,749,000港元)。於2014年12月31日，本集團並無權利獲得任何沒收供款可用於減少本集團未來的供款(2013年：零港元)。

note:

- (a) As stipulated by rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC, which is a defined contribution plan. The Group contributes approximately 14% of the employees' salary as specified by the local government, and the Group has no future obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations to retired employees.

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Since 1 June 2014, both the Group's and the employees' contributions are subject to a cap of HK\$1,500 per month.

During the year ended 31 December 2014, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$1,887,000 (2013: HK\$1,749,000). As at 31 December 2014, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions (2013: HK\$Nil).

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For the year ended 31 December 2014

13. 董事、主要行政人員及僱員薪酬及最高薪酬人士

(a) 董事薪酬

截至2014年12月31日止年度各董事之薪酬載列如下：

13. Directors', Chief Executives' and Employees' Emoluments and Individuals with Highest Emoluments

(a) Directors' Emoluments

The emoluments of each director for the year ended 31 December 2014 is set below:

董事姓名	Name of director	袍金 Fees 千港元 HK\$'000	薪金 Salaries 千港元 HK\$'000	購股權 Share options 千港元 HK\$'000	僱主的養老金 計劃供款 Employer's contribution to pension scheme 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事及行政總裁	Executive director and CEO					
池文富	Chi Wen Fu	-	1,300	79	17	1,396
執行董事	Executive directors					
沈世捷	Shum Sai Chit	-	650	59	17	726
池碧芬	Chi Bi Fen	-	650	59	17	726
楊玉川	Yang Yuchuan	-	650	-	17	667
非執行董事	Non-executive director					
郭孟勇	Guo Mengyong	35	-	20	-	55
獨立非執行董事	Independent non-executive directors					
鄭炳文	Kwong Ping Man	75	-	20	-	95
廖開強 ²	Liu Hoi Keung ²	18	-	7	-	25
盛洪	Sheng Hong	35	-	20	-	55
劉智傑 ¹	Lau Chi Kit ¹	161	-	-	-	161
		324	3,250	264	68	3,906

¹ 於2014年4月29日獲委任

² 於2014年4月28日退任

¹ Appointed on 29 April 2014

² Retired on 28 April 2014

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截至2013年12月31日止年度各董事之
薪酬載列如下：

The emoluments of each director for the year ended 31
December 2013 is set below:

董事姓名	Name of director	袍金 Fees 千港元 HK\$'000	薪金 Salaries 千港元 HK\$'000	購股權 Share options 千港元 HK\$'000	僱主的養老金 計劃供款 Employer's contribution to pension scheme 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事及行政總裁		Executive director and CEO				
池文富	Chi Wen Fu	-	1,108	124	15	1,247
執行董事		Executive directors				
沈世捷	Shum Sai Chit	-	560	93	15	668
池碧芬	Chi Bi Fen	-	560	93	15	668
楊玉川 ¹	Yang Yuchuan ¹	-	325	-	8	333
非執行董事		Non-executive director				
郭孟勇	Guo Mengyong	33	-	30	-	63
獨立非執行董事		Independent non-executive directors				
鄭炳文	Kwong Ping Man	73	-	30	-	103
廖開強	Liu Hoi Keung	53	-	30	-	83
盛洪	Sheng Hong	33	-	30	-	63
		192	2,553	430	53	3,228

¹ 於2013年7月1日獲委任

¹ Appointed on 1 July 2013

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(b) 5位最高薪酬人士

於年內，本集團5位最高薪酬人士包括3位(2013年：3位)本公司董事，有關董事酬金的分析已於上文披露。年內應付予餘下之2位(2013年：2位)人士之酬金如下：

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included 3 (2013: 3) directors of the Company whose directors' emoluments are disclosed in the above analysis. The emoluments payable to the rest 2 (2013: 2) individuals during the year are as follows:

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
基本薪金、購股權、 其他津貼及實物利益	Basic salaries, share options, other allowances and benefits in kind	1,844	1,762
退休金費用一定額 供款計劃	Pension costs-defined contribution plan	33	30
		1,877	1,792

該2位(2013年：2位)最高薪酬人士的薪酬屬於以下範疇：

The emoluments of the 2 (2013: 2) individuals with the highest emoluments are within the following bands:

		人數	
		2014	2013
		Number of individuals	
零至1,000,000港元	Nil – HK\$1,000,000	1	2
1,000,001港元至2,000,000港元	HK\$1,000,001 – HK\$2,000,000	1	–
		2	2

(c) 截至2014年及2013年12月31日止年度，本集團並無向任何本公司董事及5位最高薪酬人士支付酬金作為加入本集團或加入本集團時的獎勵，或作為離職補償。於截至2014年及2013年12月31日止年度，概無本公司董事及5位最高薪酬人士同意放棄或已放棄領取任何酬金。

(c) During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There was no director of the Company and the five highest paid individuals agreed to waive or waived any emoluments during the years ended 31 December 2014 and 2013.

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14. 股息

14. Dividend

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
擬派末期股息每股普通股	Proposed final dividend of 0.50 HK cents		
0.50港仙(2013年： 2.00港仙)	(2013: 2.00 HK cents) per ordinary share	14,528	55,115

擬派末期股息有待股東於本公司在2015年5月28日舉行之股東週年大會上批准。

The proposed final dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 28 May 2015.

董事會建議向本公司全體股東發行紅股，基準為名列本公司股東名冊之股東每持有本公司20股現有股份獲發1股新股份(「紅股」)(「發行紅股」)，擬派紅股將在各方面與本公司現有股份享同等地位、發行紅股須待股東及其他相關監管機構批准。

The Board also proposed to make a bonus issue to all the shareholders of the Company on the basis of 1 new share (the "Bonus Share(s)") for every 20 existing shares of the Company held by the shareholders whose names appear on the register of members of the Company (the "Bonus Issue"). The proposed Bonus Shares will rank pari passu in all respects with the existing shares of the Company. The Bonus Issue is subject to the approval of shareholders and relevant regulatory authorities.

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
年內確認為分派的股息：	Dividend recognised as distribution during the year:		
2013年宣派及派付的 末期息每股普通股 2.00港仙(2012年： 1.03港仙)	2013 final dividend declared and paid of 2.00 HK cents (2012: 1.03 HK cents) per ordinary share	56,201	26,280

於2014年3月18日，54,295,000股普通股因行使購股權而發行，此乃早於截至2013年12月31日止年度之末期股息記錄日期(即2014年5月21日)，因此，派付之末期股息多於截至2013年12月31日止年度擬派股息。

On 18 March 2014, 54,295,000 ordinary shares were issued pursuant to the exercise of share options before the record date of the final dividend for the year ended 31 December 2013, i.e. 21 May 2014. As such, final dividend paid was more than the proposed dividend for the year ended 31 December 2013.

財務報表附註

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For the year ended 31 December 2014

15. 每股盈利

(a) 基本

每股基本盈利是根據本公司擁有人應佔年內溢利，除以年內已發行普通股加權平均數計算。

15. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

		2014	2013
本公司擁有人應佔年內溢利 (千港元)	Profit for the year attributable to owners of the Company (HK\$'000)	287,910	230,215
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue ('000)	2,812,557	2,570,488
每股基本盈利(每股港仙)	Basic earnings per share (HK cents per share)	10.24	8.96

(b) 攤薄

每股攤薄盈利是假設轉換所有攤薄性潛在普通股，以調整已發行普通股加權平均數計算。本公司有兩類攤薄性潛在普通股：購股權及可換股債券。

就購股權而言，本公司按尚未行使購股權所附之認購權貨幣值，計算若按公平值(以本公司期內之股份平均市場價值釐定)能購入的股份數目。按上文所述計算的股份數目，與假設行使購股權後所發行的股份數目作一比較。

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and convertible bonds.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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由於本公司的尚未行使可換股債券具反攤薄效應，故本公司的尚未行使可換股債券並未獲計入每股攤薄盈利的計算中。

The Company's outstanding convertible bonds were not included in the calculation of diluted earnings per share because the effect of which were anti-dilutive.

		2014	2013
本公司擁有人應佔年內溢利 (千港元)	Profit for the year attributable to owners of the Company (HK\$'000)	287,910	230,215
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue ('000)	2,812,557	2,570,488
就購股權作出調整(千股)	Adjustment for share options ('000)	78,427	78,849
每股攤薄盈利的普通股加權 平均數(千股)	Weighted average number of ordinary shares for diluted earnings per share ('000)	2,890,984	2,649,337
每股攤薄盈利(每股港仙)	Diluted earnings per share (HK cents per share)	9.96	8.69

16. 土地使用權

本集團於土地使用權中之權益指預付經營租賃付款，其賬面淨值分析如下：

16. Land Use Rights

The Group's interests in land use rights represent prepaid operating lease payments and their net carrying values are analysed as follows:

		2014 千港元 HK\$'000	2013 千港元 HK\$'000
在中國，根據各項持有： 中期租約	In the PRC, held on: Medium term leases	144,386	151,488
流動資產	Current assets	3,400	3,485
非流動資產	Non-current assets	140,986	148,003
		144,386	151,488

於2014年12月31日，賬面值為約139,958,000港元(2013年：146,815,000港元)之土地使用權已作為銀行借貸之抵押(附註30)。

As at 31 December 2014, land use rights with a carrying amount of approximately HK\$139,958,000 (2013: HK\$146,815,000) have been pledged to secure bank borrowings (Note 30).

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17. 物業、廠房及設備 (a) 本集團

17. Property, Plant and Equipment (a) The Group

		樓宇	物業裝修	廠房及機器	傢俬及 辦公室設備	汽車	船舶	在建工程	總計
		(附註(i))						(附註(ii))	
		Buildings (note (i))	Leasehold improvements	Plant and machinery	Furniture and office equipment	Motor vehicles	Ship	Construction- in-progress (note (ii))	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
成本 COST									
於2013年1月1日	As at 1 January 2013	153,626	22,978	444,236	8,029	7,631	868	203,733	841,101
添置	Additions	-	848	12,246	251	3,190	-	332,330	348,865
轉撥	Transfers	5,260	-	45,715	-	-	-	(50,979)	-
出售	Disposals	-	(323)	(226)	-	(972)	-	-	(1,521)
匯兌調整	Exchange alignment	4,715	678	14,561	238	266	26	12,610	33,084
於2013年12月31日 及2014年1月1日	As at 31 December 2013 and 1 January 2014	163,601	24,181	516,532	8,518	10,115	894	497,698	1,221,539
添置	Additions	611	-	5,723	177	724	-	585,763	592,998
轉撥	Transfers	4,929	-	39,158	-	-	-	(44,087)	-
出售	Disposals	-	-	(667)	-	(1,437)	-	-	(2,104)
匯兌調整	Exchange alignment	(4,048)	(570)	(13,041)	(201)	(220)	(21)	(17,100)	(35,201)
於2014年12月31日	As at 31 December 2014	165,093	23,611	547,705	8,494	9,182	873	1,022,274	1,777,232
累計折舊及減值 Accumulated depreciation and impairment									
於2013年1月1日	As at 1 January 2013	40,002	22,978	147,030	6,070	5,634	347	-	222,061
年內折舊	Charge for the year	3,063	268	51,109	1,085	930	175	-	56,630
出售時撇銷	Eliminated on disposal	-	(323)	(21)	-	(724)	-	-	(1,068)
匯兌調整	Exchange alignment	1,266	678	5,561	204	146	14	-	7,869
於2013年12月31日 及2014年1月1日	As at 31 December 2013 and 1 January 2014	44,331	23,601	203,679	7,359	5,986	536	-	285,492
年內折舊	Charge for the year	3,235	295	53,339	430	973	176	-	58,448
出售時撇銷	Eliminated on disposal	-	-	(546)	-	(1,233)	-	-	(1,779)
匯兌調整	Exchange alignment	(1,111)	(570)	(5,494)	(181)	(118)	(14)	-	(7,488)
於2014年12月31日	As at 31 December 2014	46,455	23,326	250,978	7,608	5,608	698	-	334,673
賬面淨值 Net carrying values									
於2014年12月31日	As at 31 December 2014	118,638	285	296,727	886	3,574	175	1,022,274	1,442,559
於2013年12月31日	As at 31 December 2013	119,270	580	312,853	1,159	4,129	368	497,698	936,047

附註：

- (i) 該等樓宇位於中國。
- (ii) 於2014年12月31日，約2,019,000港元(2013年：零港元)被資本化及計入在建工程。有關在建工程之分析如下：

notes:

- (i) The buildings are situated in the PRC.
- (ii) As at 31 December 2014, approximately HK\$2,019,000 (2013: HK\$Nil) was capitalised and included in construction-in-progress. An analysis of construction-in-progress is as follows:

		2014 千港元 HK\$'000	2013 千港元 HK\$'000
樓宇	Buildings	99,501	137,447
廠房及機器	Plant and machinery	922,773	360,251
		1,022,274	497,698

- (iii) 於2014年12月31日，賬面值為約160,334,000港元(2013年：165,546,000港元)之樓宇、廠房及設備已作為銀行借貸之抵押(附註30)。

- (iii) As at 31 December 2014, buildings and plant and machinery with a carrying amount of approximately HK\$160,334,000 (2013: HK\$165,546,000) have been pledged to secure bank borrowings (Note 30).

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(b) 本公司

(b) The Company

		物業裝修 Leasehold improvements 千港元 HK\$'000	汽車 Motor vehicle 千港元 HK\$'000	傢俬及辦公室 設備 Furniture and office equipment 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本	Cost				
於2013年1月1日	As at 1 January 2013	323	927	125	1,375
添置	Additions	848	-	181	1,029
出售	Disposals	(323)	-	-	(323)
於2013年12月31日 及2014年1月1日	As at 31 December 2013 and 1 January 2014	848	927	306	2,081
添置	Additions	-	724	75	799
出售	Disposals	-	(927)	-	(927)
於2014年12月31日	As at 31 December 2014	848	724	381	1,953
累計折舊	Accumulated depreciation				
於2013年1月1日	As at 1 January 2013	323	848	38	1,209
出售時撇銷	Eliminated on disposal	(323)	-	-	(323)
年內折舊	Charge for the year	268	79	41	388
於2013年12月31日 及2014年1月1日	As at 31 December 2013 and 1 January 2014	268	927	79	1,274
出售時撇銷	Eliminated on disposal	-	(927)	-	(927)
年內折舊	Charge for the year	295	100	69	464
於2014年12月31日	As at 31 December 2014	563	100	148	811
賬面淨值	Net carrying values				
於2014年12月31日	As at 31 December 2014	285	624	233	1,142
於2013年12月31日	As at 31 December 2013	580	-	227	807

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於本年度之物業、廠房及設備之使用年期如下：

— 樓宇	租賃期內
— 物業裝修	2至5年
— 廠房及機器	5至25年
— 傢俬及辦公室設備	5年
— 汽車	5年
— 船舶	5年

The useful lives of property, plant and equipment adopted for the current year are as follows:

— Buildings	Over the lease terms
— Leasehold improvements	2 to 5 years
— Plant and machinery	5 to 25 years
— Furniture and office equipment	5 years
— Motor vehicles	5 years
— Ship	5 years

18. 投資物業

18. Investment Properties

		千港元 HK\$'000
成本	Cost	
於2013年1月1日	As at 1 January 2013	163,285
匯兌調整	Exchange alignment	4,884
於2013年12月31日及2014年1月1日	As at 31 December 2013 and 1 January 2014	168,169
匯兌調整	Exchange alignment	(4,109)
於2014年12月31日	As at 31 December 2014	164,060
累計折舊	Accumulated depreciation	
於2013年1月1日	As at 1 January 2013	23,177
年內折舊	Charge for the year	2,908
匯兌調整	Exchange alignment	761
於2013年12月31日及2014年1月1日	As at 31 December 2013 and 1 January 2014	26,846
年內折舊	Charge for the year	3,288
匯兌調整	Exchange alignment	(686)
於2014年12月31日	As at 31 December 2014	29,448
賬面淨值	Net carrying values	
於2014年12月31日	As at 31 December 2014	134,612
於2013年12月31日	As at 31 December 2013	141,323

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投資物業指與雲霄物業第一期、第二期及第三期有關的樓宇。

The investment properties represent the buildings related to phase one, phase two and phase three of the Yunxiao properties.

上述投資物業於租賃期內以直線法進行折舊。

The above investment properties are depreciated on a straight line basis over the lease term.

於2014年12月31日，賬面值約為134,612,000港元(2013年：141,323,000港元)之投資物業已作為銀行借貸之抵押。(附註30)

As at 31 December 2014, investment properties with a carrying amount of approximately HK\$134,612,000 (2013: HK\$141,323,000) have been pledged to secure bank borrowings. (Note 30)

於2014年12月31日，本集團投資物業之公平值約為161,311,000港元(2013年：146,463,000港元)。估值由與本集團概無關連之獨立合資格估值師作出。根據管理層參考獨立合資格估值師發出之估值報告後作出之評估結果，本集團之投資物業於2014年及2013年12月31日之賬面值沒有減值。

The fair value of the Group's investment properties at 31 December 2014 was approximately HK\$161,311,000 (2013: HK\$146,463,000). The valuation was performed by independent qualified valuers not connected with the Group. Based on the result of management's assessment by making reference to the valuation report issued by the independent qualified valuers, there is no impairment on the carrying amount of the Group's investment properties as at 31 December 2014 and 2013.

於截至2014年12月31日止年度，投資物業所產生之租金收入為5,278,000港元(2013年：5,241,000港元)，租金回報率為4.4%(2013年：3.7%)。投資物業的租金收入(經扣減直接支出約512,000港元(2013年：零港元))約為4,766,000港元(2013年：約5,241,000港元)。

During the year ended 31 December 2014, rental income of HK\$5,278,000 (2013: HK\$5,241,000) and rental yield of 4.4% (2013: 3.7%) were generated from the investment properties. The rental income from investment properties less direct outgoings of approximately HK\$512,000 (2013: HK\$ Nil) amounted to approximately HK\$4,766,000 (2013: approximately HK\$5,241,000).

上述投資物業的賬面值包括：

The carrying amounts of investment properties shown above comprise:

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
在中國，根據各項持有：	In the PRC, held on:		
中期租約	Medium term lease	134,612	141,323

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19. 無形資產

19. Intangible Assets

		技術知識 Technical know-how 千港元 HK\$'000	會所會籍 Club membership 千港元 HK\$'000	開發成本 Development costs 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本	COST				
於2013年1月1日、 2013年12月31日、 2014年1月1日 及2014年12月31日	As at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	3,687	80	9,092	12,859
累計攤銷及減值	Accumulated amortisation and impairment				
於2013年1月1日、 2013年12月31日、 2014年1月1日 及2014年12月31日	As at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	3,687	-	9,092	12,779
賬面淨值	Net carrying values				
於2014年12月31日	As at 31 December 2014	-	80	-	80
於2013年12月31日	As at 31 December 2013	-	80	-	80

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20. 採礦權

20. Mining Rights

		千港元 HK\$'000
成本	Cost	
於2013年1月1日	As at 1 January 2013	593,931
匯兌調整	Exchange alignment	17,763
於2013年12月31日及2014年1月1日	As at 31 December 2013 and 1 January 2014	611,694
匯兌調整	Exchange alignment	(14,946)
於2014年12月31日	As at 31 December 2014	596,748
累計攤銷及減值	Accumulated amortisation and impairment	
於2013年1月1日	As at 1 January 2013	22,072
年內折舊	Charge for the year	12,401
匯兌調整	Exchange alignment	943
於2013年12月31日及2014年1月1日	As at 31 December 2013 and 1 January 2014	35,416
年內折舊	Charge for the year	12,816
匯兌調整	Exchange alignment	(982)
於2014年12月31日	As at 31 December 2014	47,250
賬面淨值	Net carrying values	
於2014年12月31日	As at 31 December 2014	549,498
於2013年12月31日	As at 31 December 2013	576,278

餘額代表中國江蘇省東海縣的蛇紋石礦及中國吉林省白山市之白雲石礦的兩項採礦權，而兩項採礦權均已按產量及礦石儲量攤銷。

The balance represents two mining rights, the Serpentine mine located in Donghai County of Jiangsu Province, the PRC and the dolomite mine located in Baishan City of Jilin Province, the PRC, which are amortised by the production quantity over the ore reserve.

於2014年12月31日，賬面值約491,689,000港元(2013年：515,314,000港元)之採礦權已作為銀行借貸之抵押。(附註30)

As at 31 December 2014, mining rights with a carrying amount of approximately HK\$491,689,000 (2013: HK\$515,314,000) have been pledged to secure bank borrowings. (Note 30)

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21. 於附屬公司之投資及應收附屬公司款項

(a) 於附屬公司之投資

21. Investments in and Amounts due from Subsidiaries

(a) Investments in Subsidiaries

		本公司 The Company	
		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
投資，按成本值：	Investments, at cost:		
非上市股本	Unlisted share capital	2,108	2,108

於2014年12月31日，本集團的主要附屬公司之詳情如下：

Particulars of the Group's principal subsidiaries as at 31 December 2014 are as follow:

公司名稱 Name	註冊成立地點及 法人實體類別 Place of incorporation and kind of legal entity	主要業務 和營業地點 Principal activities and place of operation	已發行股份/ 繳足註冊股本之詳情 Particulars of issued share/ paid up registered capital	本公司持有的擁有權比例權益 Proportion of ownership interest held by the Company				持有的投票權比例 Proportion of voting power held	
				直接 Directly		間接 Indirectly			
				2014	2013	2014	2013	2014	2013
白山市天安金屬礦業 有限公司 Baishan City Tianan Magnesium Resources Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售 金屬鎂相關產品 Manufacturing and sale of magnesium-related products in the PRC	註冊及繳足股本 人民幣180,332,000元 Registered and paid up capital of RMB180,332,000	-	-	78.2%	78.2%	78.2%	78.2%
世紀陽光生態科技 有限公司 Century Sunshine Ecological Technology Limited	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holding in Hong Kong	1,000股普通股 每股面值1.00港元 1,000 ordinary shares of HK\$1.00 each	-	-	100%	100%	100%	100%
世紀陽光(漳州)生態 科技有限公司 Century Sunshine (Zhangzhou) Ecological Technology Limited	中國，有限責任公司 The PRC, limited liability company	於中國投資控股 Investment holding in the PRC	註冊及繳足股本 30,000,000港元 Registered and paid up capital HK\$30,000,000	-	-	100%	100%	100%	100%
中國稀鎂科技控股有限公司 China Rare Earth Magnesium Technology Holdings Limited	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holding in Hong Kong	10,310股普通股 每股面值1港元 10,310 ordinary shares of HK\$1 each	-	-	78.2%	78.2%	78.2%	78.2%

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公司名稱 Name	註冊成立地點及 法人實體類別 Place of incorporation and kind of legal entity	主要業務 和營業地點 Principal activities and place of operation	已發行股份/ 繳足註冊股本之詳情 Particulars of issued share/ paid up registered capital	本公司持有的擁有權比例權益				持有的投票權比例	
				Proportion of ownership interest held by the Company		Proportion of voting power held			
				直接 Directly	間接 Indirectly	2014	2013	2014	2013
江蘇湛藍科技開發有限公司 Jiangsu Azureblue Technology Development Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售 複合(混)類肥料及 生物有機類肥料 Manufacturing and sale of compound and organic fertilisers in the PRC	註冊及繳足股本 人民幣100,000,000元 Registered and paid up capital of RMB100,000,000	-	-	91.9%	83.2%	91.9%	83.2%
江蘇龍騰化工有限公司 Jiangsu Longteng Petrochemical Limited	中國，有限責任公司 The PRC, limited liability company	於中國進行蛇紋石 加工、開採及銷售 Processing, exploration and sales of serpentine in the PRC	註冊及繳足股本 人民幣14,160,000元 Registered and paid up capital of RMB14,160,000	-	-	91.3%	91.3%	91.3%	91.3%
- Ming Xin Developments Limited (note 2)	英屬處女群島， 有限責任公司 British Virgin Islands, limited liability company	於香港投資控股 Investment holding in Hong Kong	100股普通股 每股面值1美元 100 ordinary shares of US\$1 each	-	-	100%	-	100%	-

附註：

- 於報告期末，概無附屬公司有任何已發行並尚未償還之債務證券。
- 於截至2014年12月31日止年度註冊成立。

上表載列董事認為對年度業績有重大影響或構成本集團淨資產重大部份的本公司主要附屬公司。董事認為詳列其他附屬公司的資料會使篇幅過於冗長。

此外，本公司董事已於首次應用香港財務報告準則第12號時及於報告期末進行評估。董事認為，並無附屬公司個別地擁有對本集團屬重大的非控股權益，因此，並無就此等非全資附屬公司披露任何資料。

(b) 應收附屬公司款項

應收附屬公司款項為無抵押、免息並按
要求收回。

notes:

- None of the subsidiaries had any debt securities issued outstanding at the end of the reporting period.
- Incorporated during the year ended 31 December 2014.

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year materially or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, in the opinion of the directors, would result in particulars of excessive length.

In addition, the directors of the Company made an assessment as at the date of initial application of HKFRS 12 and at the end of the reporting period. In the opinion of the directors, there is no subsidiary that have non-controlling interests individually that are material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

(b) Amounts due from Subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and recoverable on demand.

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22. 可供出售投資

22. Available-for-sale Investment

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
上市投資	Listed investments		
– 澳洲之上市股本證券， 按公平值(附註)	– Equity securities listed in Australia, at fair value (note)	30,391	142,453
就申報目的分析為：	Analysed for reporting purposes as:		
流動資產	Current assets	30,391	142,453
非流動資產	Non-current assets	–	–
		30,391	142,453

附註：

可供出售投資指本集團於澳洲之上市證券投資。本集團持有TTG Fintech Limited(「TTG」) 14,744,000股股份。本公司董事楊玉川先生自2011年12月起為TTG之非執行董事。

上市股本證券投資之公平值乃參考活躍市場之買入價而釐定。

截至2014年12月31日止年度，重估可供出售投資之虧損淨額約112,062,000港元(2013年：收益淨額約18,867,000港元)已於其他全面(開支)/收入內確認。

note:

Available-for-sale investment represents the Group's investment in listed securities in Australia. The Group held 14,744,000 shares of TTG Fintech Limited ("TTG"). Mr. Yang Yuchuan, director of the Company, is a non-executive director of TTG since December 2011.

Fair values of the investments in listed equity securities are determined by reference to bid prices quoted in active markets.

For the year ended 31 December 2014, the net loss arising on revaluation of available-for-sale investment recognised in other comprehensive (expenses)/income amounted to approximately HK\$112,062,000 (2013: net gain of approximately HK\$18,867,000).

23. 存貨

23. Inventories

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
原料	Raw materials	95,391	50,173
在製品	Work in progress	1,524	3,653
製成品	Finished goods	84,485	39,341
		181,400	93,167

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24. 貿易及其他應收款項、預付款項及按金

24. Trade and Other Receivables, Prepayments and Deposits

		本集團		本公司	
		The Group		The Company	
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
應收貿易款項	Trade receivables	314,934	228,618	-	-
應收票據	Bills receivables	28,641	37,657	-	-
預付款項及按金	Prepayments and deposits	30,619	27,952	1,091	799
其他應收款項	Other receivables	7,310	7,223	37	-
存放於財務機構之存款	Deposits placed with financial institutions	2,275	1,465	44	56
		383,779	302,915	1,172	855

附註：

- (a) 於2014年12月31日，應收票據約28,641,000港元(2013年：37,657,000港元)將於報告期末六個月(2013年：六個月)內到期。所有應收票據均以人民幣計值。
- (b) 於2014年12月31日，其他應收款項主要包括中國的可收回增值稅約為1,448,000港元(2013年：1,509,000港元)。

於2014年12月31日，概無其他應收款項為已逾期及須減值。(2013年：零港元)

notes:

- (a) As at 31 December 2014, bills receivables of approximately HK\$28,641,000 (2013: HK\$37,657,000) will be matured within six months (2013: six months) after the end of the reporting period. All the bills receivables are denominated in RMB.
- (b) As at 31 December 2014, other receivables mainly comprised of value-added tax recoverable in the PRC of approximately HK\$1,448,000 (2013: HK\$1,509,000).

As at 31 December 2014, none of the other receivables are past due and impaired. (2013: HK Nil)

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貿易及其他應收款項、預付款項及按金以下列貨幣計值：

Trade and other receivables, prepayments and deposits were denominated in the following currencies:

		本集團		本公司	
		The Group		The Company	
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
人民幣	RMB	377,749	301,476	-	-
港元	HK\$	6,030	1,439	1,172	855
		383,779	302,915	1,172	855

於2014年12月31日，本集團應收貿易款項的賬齡分析(按發票日期呈列)如下：

As at 31 December 2014, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
30日以內	Within 30 days	142,784	107,063
31至60日	31 to 60 days	87,955	92,143
61至90日	61 to 90 days	64,703	22,546
超過90日	Over 90 days	19,492	6,866
		314,934	228,618

本集團給予貿易客戶之信貸期一般不超過180日(2013年：不超過180日)。

The Group allows a credit period normally not more than 180 days (2013: not more than 180 days) to its trade customers.

並無逾期及減值的貿易應收款項涉及無近期拖欠記錄的不同類別客戶。已逾期但未減值的貿易應收款項乃與一批與本集團有良好交易記錄的多名客戶有關。由於信貸質素並無重大變動及結餘仍然視為可以完全收回，根據過往經驗，管理層認為並無必要就該等結餘作出減值撥備。本集團概無就該等結餘持有任何抵押品。

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverable. The Group does not hold any collateral over these balances.

於截至2014年及2013年12月31日止年度，並無作出減值撥備。

During the years ended 31 December 2014 and 2013, no provision for impairment was made.

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逾期但未減值之貿易應收款項賬齡分析如下：

Ageing analysis of trade receivables which are past due but not impaired:

	合計 Total	未逾期 且未減值 Neither past due nor impaired	逾期但未減值 Past due but not impaired		
			90日以內 <90 days	91至180日 91-180 days	181至365日 181-365 days
	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
2014	314,934	295,442	14,712	1,953	2,827
2013	228,618	221,752	-	5,434	1,432

於釐定貿易應收款項的可收回程度時，本集團考慮由首次授出信貸日期起直至報告期結束止期間，貿易應收款項的信貸質素是否出現變動。由於客戶基礎龐大且概無關連，故信貸風險的集中程度有限。

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

25. 持作買賣投資

25. Investments Held for Trading

		2014 千港元 HK\$'000	2013 千港元 HK\$'000
中國之上市股本證券， 按公平值	Listed equity securities in the PRC, at fair value	9,900	7,387

公平值乃參考市場所報買入價釐定。

Fair values are determined with reference to quoted market bid price.

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26. 衍生金融資產

26. Derivative Financial Assets

		千港元 HK\$'000
於2013年1月1日、2013年 12月31日及2014年1月1日	As at 1 January 2013, 31 December 2013 and 1 January 2014	-
發行可換股債券(附註31(ii))	Issue of convertible bonds (Note 31(ii))	304
公平值變動	Fair value changes	(61)
於2014年12月31日	As at 31 December 2014	243

衍生金融資產乃指可換股債券所含允許本集團行使提前贖回權之提早贖回選擇權衍生工具。公平值於初始確認時及於本報告期末使用二叉樹模型計量。

Derivative financial assets represent the early redemption option derivatives embedded in convertible bonds which allows the Group exercise the early redemption rights. The fair value is measured using the binomial tree model at initial recognition and at the end of the reporting period.

可換股債券詳情於綜合財務報表附註31披露。

Details of the convertible bonds were disclosed in Note 31 to the consolidated financial statements.

27. 銀行存款和現金及等同現金項目

27. Deposits with Banks and Cash and Cash Equivalents

於2014年12月31日，到期日超過三個月但少於一年之銀行存款86,351,000元(2013年：40,992,000港元)之固定年利率為1.9厘至2.76厘(2013年：1.4厘至3.1厘)。銀行存款以人民幣計值。

As at 31 December 2014, the fixed interest rate on deposits with banks of HK\$86,351,000, (2013: HK\$40,992,000), with maturity over three months but less than one year, was ranging from 1.9% to 2.76% (2013: 1.4% to 3.1%) per annum. The deposits with banks were denominated in RMB.

於2014年12月31日，概無銀行存款(2013年：15,372,000港元)已作為應付票據之抵押。

As at 31 December 2014, no deposits with banks (2013: HK\$15,372,000) have been pledged to secure bills payables.

於2014年12月31日，銀行存款約24,994,000港元(2013年：零港元)已作為銀行借貸之抵押(附註30)。

As at 31 December 2014, deposits with banks of approximately HK\$24,994,000 (2013: HK\$Nil) have been pledged to secure bank borrowings (Note 30).

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於報告期末，現金及等同現金項目包括以下項目：

At the end of the reporting period, cash and cash equivalents comprise of the followings:

		本集團 The Group		本公司 The Company	
		2014	2013	2014	2013
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
短期銀行存款	Short-term bank deposits	513,169	318,969	-	-
銀行現金及手頭現金	Cash at bank and on hand	229,262	62,940	21,288	613
		742,431	381,909	21,288	613

於報告期末，短期銀行存款之實際利率為1.47厘(2013年：2.37厘)；該等存款之平均到期日期均少於三個月(2013年：三個月)。

At the end of the reporting period, the effective interest rate on short-term bank deposits was 1.47% (2013: 2.37%); these deposits have an average maturity of less than three months (2013: three months).

現金及等同現金項目按以下貨幣計值：

Cash and cash equivalents were denominated in the following currencies:

		本集團 The Group		本公司 The Company	
		2014	2013	2014	2013
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
人民幣	RMB	375,751	376,037	-	-
港元	HK\$	332,800	5,832	21,258	576
其他	Others	33,880	40	30	37
		742,431	381,909	21,288	613

將以人民幣計值之現金及等同現金項目匯出中國須受中國政府實施的外匯管制所規限。

The remittance of cash and cash equivalents denominated in RMB out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

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28. 貿易及其他應付款項

28. Trade and Other Payables

		本集團		本公司	
		The Group		The Company	
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
應付貿易款項	Trade payables	135,831	69,197	-	-
應付票據	Bills payables	-	15,372	-	-
預收款項	Receipts in advance	45,368	79,487	-	-
應計款項及其他應付款項 (附註)	Accruals and other payables (note)	130,266	45,726	2,047	1,481
		311,465	209,782	2,047	1,481

附註：於2014年12月31日，應計款項及其他應付款項主要包括收購附屬公司額外權益之應付代價約64,984,000港元(相當於人民幣52,000,000元)(2013年：零港元)、收購物業、廠房及設備之應付款項約12,653,000港元(2013年：2,237,000港元)以及其他應付稅項約6,855,000港元(2013年：4,094,000港元)。

note: As at 31 December 2014, accruals and other payables mainly comprised of consideration payable for acquisition of additional interest of a subsidiary of approximately HK\$64,984,000 (equivalent to RMB52,000,000) (2013: HK\$ Nil), payable for acquisition of property, plant and equipment of approximately HK\$12,653,000 (2013: HK\$2,237,000) and other tax payable of approximately of HK\$6,855,000 (2013: HK\$4,094,000).

於2014年12月31日，本集團應付貿易款項之賬齡分析(按發票日期呈列)如下：

As at 31 December 2014, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
30日以內	Within 30 days	72,395	41,518
31至60日	31 to 60 days	21,691	21,514
61至90日	61 to 90 days	36,083	4,878
超過90日	Over 90 days	5,662	1,287
		135,831	69,197

採購貨品之平均信貸期為90日(2013年：90日)。本集團設有財務風險管理政策，以確保所有應付款項於信貸期內償付。

The average credit period on purchases of goods is 90 days (2013: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

財務報表附註 Notes to the Financial Statements

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29. 財務擔保合約

29. Financial Guarantee Contracts

		本公司 The Company	
		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
就銀行融資向若干附屬公司 提供擔保	Guarantee given to certain subsidiaries for banking facilities	81	85

此為擔保獲悉數提取而可能支付之總額，其中約297,097,000港元(2013年：114,050,000港元)已由銀行借款人動用。

This represents the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety, of which approximately HK\$297,097,000 (2013: HK\$114,050,000) has been utilised by the bank's borrowers.

30. 借貸

30. Borrowings

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
銀行借貸	Bank borrowings	403,673	301,076
其他借貸(附註b)	Other borrowings (note b)	191,741	–
		595,414	301,076
借貸：	Borrowings:		
一年以內	Within one year	303,696	301,076
一年以上但不超過五年	More than one year but not exceeding five years	182,520	–
超過五年	More than five years	109,198	–
		595,414	301,076
減：列作流動負債之款項	Less: Amounts shown under current liabilities	(303,696)	(301,076)
		291,718	–
借貸：	Borrowings:		
有抵押	Secured	532,929	301,076
無抵押(附註c)	Unsecured (note c)	62,485	–
		595,414	301,076

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附註：

(a) 於2014年12月31日，銀行借貸由分別約160,334,000港元、139,958,000港元、134,612,000港元、491,689,000港元及24,994,000港元(2013年：165,546,000港元、146,815,000港元、141,323,000港元、515,314,000港元及零港元)之本集團物業、廠房及設備、土地使用權、投資物業、採礦權及銀行存款作抵押。此外，本公司一名董事向銀行提供個人擔保以擔保一間附屬公司之約56,237,000港元(2013年：57,645,000港元)借貸。

於2014年12月31日，約323,673,000港元、80,000,000港元及191,741,000港元(2013年：251,076,000港元、50,000,000港元及零港元)之借貸分別以人民幣、港幣及美元計值。於2014年12月31日之加權平均實際利率為5.32厘(2013年：6.26厘)。

(b) 於2014年5月，本集團與國際金融公司(「國際金融公司」)訂立貸款安排。根據該貸款安排，國際金融公司向本公司一間附屬公司授出25,000,000美元(約191,741,000港元)之貸款。該貸款按倫敦銀行同業拆息加3.5厘之年利率計息，並按貸款所載的預期還款日期償還。國際金融公司授出之該貸款以下列各項作抵押：(i)本公司作出之企業擔保；及(ii)質押由冠華國際有限公司(「冠華」，為控股股東)擁有之本公司344,868,000股股份。此外，本公司董事兼控股股東池文富先生(透過其於冠華之權益)向國際金融公司承諾維持本公司之最低持股量。本公司及本集團遵守若干契約，包括(其中包括)貸款協議項下之若干財務契約。

(c) 截至2014年12月31日，本集團無抵押借貸約62,485,000港元(2013年：零港元)由本公司作擔保。

本集團借貸之賬面值及公平值如下：

notes:

(a) As at 31 December 2014, the borrowings were secured by property, plant and equipment, land use rights, investment properties, mining rights and deposits with banks of the Group amounting to approximately HK\$160,334,000, HK\$139,958,000, HK\$134,612,000, HK\$491,689,000 and HK\$24,994,000 (2013: HK\$165,546,000, HK\$146,815,000, HK\$141,323,000, HK\$515,314,000 and HK\$Nil) respectively. In addition, a director of the Company provide personnel guarantee to a bank for securing a borrowing of a subsidiary amounting to approximately HK\$56,237,000 (2013: HK\$57,645,000).

As at 31 December 2014, the borrowings amounting to approximately HK\$323,673,000, HK\$80,000,000 and HK\$191,741,000 (2013: HK\$251,076,000, HK\$50,000,000 and HK\$Nil) were denominated in RMB, HK\$ and US\$ respectively. The weighted average effective interest rate at 31 December 2014 was 5.32% (2013: 6.26%).

(b) The Group entered into a loan arrangement with International Finance Corporation ("IFC") in May 2014. Pursuant to the loan arrangement, IFC had granted a loan of US\$25,000,000 (approximately HK\$191,741,000) to a subsidiary of the Company. The loan bears interest at LIBOR plus 3.5% per annum and the amounts due are based on the scheduled repayment dates set out in the loan. The loan granted by IFC was secured by (i) corporate guarantee given by the Company; and (ii) pledges of 344,868,000 shares in the Company, as owned by Alpha Sino International Limited ("Alpha Sino"), the controlling shareholder. In addition, Mr. Chi Wen Fu, a director and controlling shareholder of the Company (through his interest in Alpha Sino), has given an undertaking to IFC to maintain a minimum level of shareholding in the Company. The Company and the Group are complied with certain covenants, including, among other things, certain financial covenants, under the loan arrangement.

(c) The unsecured borrowings of approximately HK\$62,485,000 (2013: HK\$ Nil) of the Group are guaranteed by the Company as at 31 December 2014.

The carrying amount and fair value of the Group's borrowings are as follows:

		賬面值		公平值	
		Carrying amount		Fair value	
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
借貸	Borrowings	595,414	301,076	595,414	301,076

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31. 可換股債券

可換股債券負債部份之賬面值如下：

31. Convertible Bonds

The carrying values of the liability component of the convertible bonds are as follows:

		可換股債券 1 Convertible Bonds 1	可換股債券 2 Convertible Bonds 2	合計 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2013年1月1日、 2013年12月31日及 2014年1月1日	As at 1 January 2013, 31 December 2013 and 1 January 2014	-	-	-
發行可換股債券(附註)	Issue of convertible bonds (notes)	110,664	167,861	278,525
已扣除估算利息開支	Imputed interest expense charged	9,181	13,976	23,157
已付利息	Interest paid	(2,652)	(4,150)	(6,802)
於2014年12月31日	As at 31 December 2014	117,193	177,687	294,880

附註：

- (i) 於2014年6月27日，本公司發行本金額為115,000,000港元之可換股債券(「可換股債券1」)以換取現金。可換股債券按4.5厘之年利率計息，每半年支付一次。可換股債券持有人有權按轉換價1.20港元將可換股債券轉換為股份。可換股債券1之到期日為發行日期起計滿一年之日期。

可換股債券1可於到期日前任何時間進行轉換。倘可換股債券並無於到期日獲轉換，本公司將贖回有關債券。

可換股債券1包含兩個部份：負債部份及權益部份。負債部份分類為流動負債，採用實際利息法按攤銷成本列賬。確認負債部份後之剩餘價值分類為權益部份。

負債部份於初始確認時之實際年利率為15.66厘。

權益部份於權益「可換股債券權益儲備」中呈列。

notes:

- (i) On 27 June 2014, the Company issued convertible bonds ("Convertible Bonds 1") with the principal amount of HK\$115,000,000 for cash. The convertible bonds bear an interest of 4.5% per annum payable in arrear semi-annually. The convertible bonds entitle the holder to convert to shares at a conversion price of HK\$1.20. The maturity date of the Convertible Bonds 1 is the date falling 1 year from the date of issue.

Conversion may occur at any time before maturity date of the Convertible Bonds 1. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date.

The Convertible Bonds 1 contains two components: liability component and equity component. The liability component is classified as current liabilities and carried at amortised costs using effective interest method. The residual value after recognising the liability component is classified as equity component.

The effective interest rate of the liability component on initial recognition is 15.66% per annum.

The equity component is presented in equity heading "convertible bonds equity reserve".

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附註：

- (ii) 於2014年6月27日，本公司發行本金額為180,000,000港元之可換股債券（「可換股債券2」）以換取現金。可換股債券按4.5厘之年利率計息，每半年支付一次。可換股債券持有人有權按轉換價1.20港元將可換股債券轉換為股份。可換股債券2之到期日為自可換股債券2發行日期起計兩年屆滿之日（「期限」）。可換股債券2持有人提前30日向本公司發出事先書面通知後，可將到期日自期限最後一日起延長一年。

可換股債券2可於到期日前任何時間進行轉換。倘可換股債券並無於到期日獲轉換，本公司將贖回有關債券，或於本公司根據債券工具之條款及條件行使贖回權時予以贖回。

可換股債券2包含四個部份：衍生金融資產部份（附註26）、衍生金融負債部份、負債部份及權益部份。負債部份分類為非流動負債，採用實際利息法按攤銷成本列賬。提前贖回選擇權分類為衍生金融資產。延長選擇權分類為衍生金融負債，且其於初始確認時及本報告期末使用二項式期權定價模式計量之公平值均等於零港元。剩餘價值分類為權益部份，並於權益「可換股債券權益儲備」中呈列。

負債部份於初始確認時之實際年利率為15.72厘。

notes:

- (ii) On 27 June 2014, the Company issued convertible bonds ("Convertible Bonds 2") with the principal amount of HK\$180,000,000 for cash. The convertible bonds bear an interest of 4.5% per annum payable in arrear semi-annually. The convertible bonds entitle the holder to convert to shares at a conversion price of HK\$1.20. The maturity date of the Convertible Bonds 2 is two years commencing from the date of issue of the Convertible Bonds 2 (the "Term"). The maturity date shall, upon prior notice in writing by the holder(s) of the Convertible Bonds 2 to the Company thirty days in advance, be extended for another one year from the last day of the Term.

Conversion may occur at any time before maturity date of the Convertible Bonds 2. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date or redeem when the Company exercises the redemption rights as pursuant to the terms and conditions of the bond instrument.

The Convertible Bonds 2 contains four components: derivative financial assets component (Note 26), derivative financial liability component, liability component and equity component. The liability component is classified as non-current liabilities and carried at amortised costs using effective interest method. The early redemption option is classified as derivative financial assets. The extension option is classified as derivative financial liabilities and its fair value measured using Binomial Option Pricing Model at initial recognition and at the end of the reporting period were both equal to HK\$Nil. The residual value is classified as equity component and presented in equity heading "convertible bonds equity reserve".

The effective interest rate of the liability component on initial recognition is 15.72% per annum.

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32. 遞延收入

32. Deferred Revenue

	2014 千港元 HK\$'000	2013 千港元 HK\$'000
已收與資產有關的政府撥款	70,333	24,980

為促進金屬鎂業之發展，白山市天安金屬鎂礦業有限公司於2012年與當地政府訂立一份協議。根據該協議，當地政府同意向白山市天安金屬鎂礦業有限公司提供財務資助（「資助」）以改善其生產科技及提高物業、廠房及設備的產能。

In order to encourage the development of magnesium industry, Baishan City Tianan Magnesium Resources Co., Limited entered into an agreement with the local government in 2012. Pursuant to the agreement, the local government agree to provide financial assistance (the "Assistance") to Baishan City Tianan Magnesium Resources Company Limited to improve their production technology and enhance the capacity of the property, plant and equipment.

截至2014年12月31日止年度，本集團收取部份資助約為46,387,000港元（相當於人民幣36,780,000元）（2013年：24,980,000港元（相當於人民幣19,500,000元））。

During the year ended 31 December 2014, the Group has received part of the Assistance of HK\$46,387,000 (equivalent to RMB36,780,000) (2013: approximately HK\$24,980,000 (equivalent to RMB19,500,000)).

所收資助或成為應收款項，初始確認為遞延收入及其後以扣減折舊法開支，按該須予折舊資產可用年期於損益賬確認。

The Assistance received or which becomes receivables is initially recognised as deferred revenue and subsequently recognised in profit or loss over the life of a depreciable asset by way of as a reduced depreciation charge expense.

33. 遞延稅項

33. Deferred Taxation

年內於綜合財務狀況表確認之遞延稅項結餘的組成部份及其變動如下：

The components of deferred tax balances recognised in the consolidated statement of financial position and the movements during the year are as follows:

遞延稅項負債

Deferred Tax Liabilities

		採礦權		土地使用權		物業、廠房及設備		總計	
		Mining rights		Land use rights		Property, plant and equipment		Total	
		2014 千港元 HK\$'000	2013 千港元 HK\$'000	2014 千港元 HK\$'000	2013 千港元 HK\$'000	2014 千港元 HK\$'000	2013 千港元 HK\$'000	2014 千港元 HK\$'000	2013 千港元 HK\$'000
於1月1日	As at 1 January	112,873	112,018	17,624	17,504	955	1,199	131,452	130,721
計入綜合損益及 其他全面收益表	Credited to the consolidated statement of profit or loss and other comprehensive income	(2,439)	(2,438)	(397)	(394)	(397)	(274)	(3,233)	(3,106)
匯兌調整	Exchange alignment	(2,735)	3,293	(427)	514	(20)	30	(3,182)	3,837
於12月31日	As at 31 December	107,699	112,873	16,800	17,624	538	955	125,037	131,452

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34. 股本

34. Share Capital

	附註 notes	股份數目 Number of shares 千股 '000	股本 Share capital 千港元 HK\$'000
法定：	Authorised:		
於2013年1月1日、 2013年12月31日、 2014年1月1日及 2014年12月31日： 每股面值0.02港元之 普通股(「股份」)	As at 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014: Ordinary shares of HK\$0.02 each (the "Shares")	5,000,000	100,000
已發行及繳足：	Issued and fully paid:		
於2013年1月1日	As at 1 January 2013	2,544,343	60,683
按以股代息計劃發行之股份	Issue of shares upon scrip dividend scheme	36,273	726
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	20,055	401
於2013年12月31日及 2014年1月1日	As at 31 December 2013 and 1 January 2014	2,600,671	61,810
配發普通股	Allotment of ordinary shares (a)	155,077	3,102
按以股代息計劃發行之股份	Issue of shares upon scrip dividend scheme (b)	63,546	1,271
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options (c)	86,345	1,727
於2014年12月31日	As at 31 December 2014	2,905,639	67,910

附註：

- (a) 於2014年1月28日，本公司與國際金融公司訂立認購協議(認購協議)。有關認購事項已於2014年2月24日完成。根據認購協議，本公司以每股0.75港元之價格發行合共155,077,000股面值0.02港元之普通股。
- (b) 本公司根據於2014年5月23日公佈之以股代息計劃，給予股東就2013年末期股息可以選擇以股代息，因此於2014年6月27日以每股0.7港元發行及分配63,545,669股股份。新股份與已發行之股份享有同等權利。詳情請參閱本公司於2014年5月23日發佈之通函。
- (c) 於截至2014年12月31日止年度內，本公司按加權平均行使價每股0.54港元發行及分配合共86,345,000股股份。詳情請參閱附註37。

notes:

- (a) On 28 January 2014, the Company entered into a subscription agreement (the Subscription Agreement) with IFC. On 24 February 2014, the subscription was completed. Pursuant to the Subscription Agreement, the Company issued at a total of 155,077,000 ordinary shares with par value of HK\$0.02 each at a price of HK\$0.75 each.
- (b) On 27 June 2014, the Company issued and allotted 63,545,669 shares at HK\$0.7 per share to the shareholders who elected to receive shares in the Company in lieu of cash for the 2013 final dividends pursuant to the scrip dividend scheme announced by the Company on 23 May 2014. The new shares rank pari passu in all respects with the existing shares. For more detail, please refer to the circular of the Company dated 23 May 2014.
- (c) During the year ended 31 December 2014, the Company issued and allotted an aggregate of 86,345,000 shares at a weighted average exercise price HK\$0.54 per share. For more details, please refer to Note 37.

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35. 儲備 本集團

本集團於本年度及過往年度之儲備金額及變動已於綜合權益變動表呈列。

本公司

35. Reserves The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The Company

		股本	股份溢價	資本贖回 儲備	可換股債券 儲備	購股權儲備	保留盈利	總額
		Share capital	Share premium	Capital redemption reserve	Convertible bond reserve	Share option reserve	Retained earnings	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2013年1月1日	As at 1 January 2013	60,683	733,752	3,499	-	1,819	4,290	804,043
年內溢利	Profit for the year	-	-	-	-	-	40,716	40,716
年內其他全面收入	Other comprehensive income for the year	-	-	-	-	-	-	-
年內全面收入總額	Total comprehensive income for the year	-	-	-	-	-	40,716	40,716
已付末期股息	Final dividend paid	726	(4,589)	-	-	-	-	(3,863)
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	401	10,069	-	-	(443)	-	10,027
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	4,760	-	4,760
於2013年12月31日及 2014年1月1日	As at 31 December 2013 and 1 January 2014	61,810	739,232	3,499	-	6,136	45,006	855,683
年內溢利	Profit for the year	-	-	-	-	-	3,461	3,461
年內其他全面收入	Other comprehensive income for the year	-	-	-	-	-	-	-
年內全面收入總額	Total comprehensive income for the year	-	-	-	-	-	3,461	3,461
配發普通股	Allotment of ordinary shares	3,102	113,206	-	-	-	-	116,308
已失效購股權	Share option lapsed	-	-	-	-	(50)	50	-
發行可換股債券	Issue of convertible bonds	-	-	-	16,779	-	-	16,779
已付末期股息	Final dividend paid	1,271	(12,990)	-	-	-	-	(11,719)
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	1,727	47,741	-	-	(2,516)	-	46,952
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	2,082	-	2,082
於2014年12月31日	As at 31 December 2014	67,910	887,189	3,499	16,779	5,652	48,517	1,029,546

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36. 本公司擁有人應佔年內溢利

截至2014年12月31日止年度，本公司擁有人應佔溢利約為3,461,000港元(2013年：40,716,000港元)，已於本公司財務報表處理。

37. 購股權

於2008年12月3日，本公司股東批准購股權計劃(「該計劃」)。根據該計劃，本公司可授出購股權予本集團董事或僱員、本集團的顧問或諮詢人、分銷商、分包商、供應商、服務供應商、代理、客戶及業務夥伴(「合資格參與者」)，以認購本公司股份。

購股權可按董事全權酌情釐定的歸屬、行使或其他方面的條款及條件而授出，惟有關條款及條件須與該計劃的任何其他條款及條件相符一致。

認購價不會低於以下最高者：(i) 股份於購股權提呈日期於聯交所每日報價表所列於主板之收市價；(ii) 股份於緊接購股權提呈日期前五個交易日於聯交所每日報價表所列於主板之平均價；及(iii) 股份之面值。本集團並無法定或推定責任以現金購回或償付購股權。

購股權僅於合資格參與者自購股權授出日期至指定之行使期內仍於本集團服務方可行使。

36. Profit for the Year Attributable to Owners of the Company

The profit attributable to owners of the Company for the year ended 31 December 2014 which has been dealt with in the financial statements of the Company amounted to approximately HK\$3,461,000 (2013: HK\$40,716,000).

37. Share Options

On 3 December 2008, a share option scheme (the "Scheme") was approved by the shareholders of the Company. Under the Scheme, the Company may grant options to the directors or employees of the Group, consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the "Eligible Participant") to subscribe for shares in the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the directors may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms conditions of the Scheme.

The subscription price is not less than the highest of (i) the closing price of the shares on Main Boards stated in the Stock Exchange's daily quotation sheet on the date of offer of the option; (ii) the average prices of the shares on Main Board as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options are exercisable only if the Eligible Participants remain in the service of the Group from the grant date of the share options up to the designated exercise date.

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於2014年12月31日，計劃項下尚未行使之購股權合共可認購151,100,000股股份（「購股權」）。

As at 31 December 2014, options to subscribe for a total of 151,100,000 Shares (the “Share Options”) were outstanding under the Scheme.

	於2013年	年內授出 之購股權	年內行使 之購股權	2013年	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	於2014年	行使價	附註
	1月1日 持有			12月31日及 於2014年 1月1日持有				12月31日 持有		
	Held at 1 January 2013	Options granted during the year	Options exercised during the year	31 December 2013 and 1 January 2014	Options granted during the year	Options exercised during the year	Options lapsed during the year	Held at 31 December 2014	Exercise price 港元 HK\$	note
(A) 僱員										
Employees	150,500,000	-	(15,065,000)	135,445,000	-	(67,745,000)	-	67,700,000	0.5	(a)
	-	40,000,000	-	40,000,000	-	(12,600,000)	-	27,400,000	0.8	(b)
(B) 董事										
Directors										
池文富 Chi Wen Fu	20,000,000	-	-	20,000,000	-	-	-	20,000,000	0.5	(a)
沈世捷 Shum Sai Chit	15,000,000	-	(3,000,000)	12,000,000	-	(3,000,000)	-	9,000,000	0.5	(a)
池碧芬 Chi Bi Fen	15,000,000	-	-	15,000,000	-	-	-	15,000,000	0.5	(a)
郭孟勇 Guo Mengyong	5,000,000	-	-	5,000,000	-	(2,000,000)	-	3,000,000	0.5	(a)
鄺炳文 Kwong Ping Man	5,000,000	-	-	5,000,000	-	-	-	5,000,000	0.5	(a)
廖開強 Liu Hoi Keung	5,000,000	-	(2,000,000)	3,000,000	-	-	(3,000,000)	-	0.5	(a)
盛洪 Sheng Hong	5,000,000	-	-	5,000,000	-	(1,000,000)	-	4,000,000	0.5	(a)
	220,500,000	-	(20,065,000)	200,445,000	-	(73,745,000)	(3,000,000)	123,700,000	0.5	(a)
	-	40,000,000	-	40,000,000	-	(12,600,000)	-	27,400,000	0.8	(b)

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於報告期末，尚未行使購股權有以下屆滿日期、行使期及行使價。

Share options outstanding at the end of the reporting period have the following expiry date, exercise period and exercise prices.

購股權類別	屆滿日期	行使期	每股行使價	購股權數目	
Type of Share Options	Expiry date	Exercise period	Exercise prices per Share	2014	2013
			港元	千股	千股
			HK\$	'000	'000
甲類	2014年10月31日	自2012年11月1日起至 2014年10月31日	0.5	–	51,000
Type A	31 October 2014	From 1 November 2012 to 31 October 2014			
乙類	2015年10月31日	自2012年11月1日起至 2015年10月31日	0.5	26,000	31,000
Type B	31 October 2015	From 1 November 2012 to 31 October 2015			
丙類	2017年12月30日	自2012年11月1日起至 2017年12月30日	0.5	91,700	112,445
Type C	30 December 2017	From 1 November 2012 to 30 December 2017			
	2017年12月30日	自2016年11月1日起至 2017年12月30日	0.5	6,000	6,000
	30 December 2017	From 1 November 2016 to 30 December 2017			
丁類	2015年10月31日	自2013年11月1日起至 2015年10月31日	0.8	15,000	25,000
Type D	31 October 2015	From 1 November 2013 to 31 October 2015			
戊類	2018年12月31日	自2013年11月1日起至 2018年12月31日	0.8	12,400	15,000
Type E	31 December 2018	From 1 November 2013 to 31 December 2018			
				151,100	240,445

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截至2011年12月31日止年度，授出的購股權使用柏力克－舒爾斯期權定價模式釐定。輸入該估值模式的重要計算因素為於授出日期的股價0.217港元（已就股份分拆的影響作出調整）、上述行使價、預期股價回報標準偏差39.20%至66.37%、年度無風險利率0.33%至1.08%、約1至6年預計購股權年期及1.43%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2006年7月31日至2011年12月31日的每日股價的統計分析計算得出。截至2014年12月31日止年度，約596,000港元（2013年：1,047,000港元）已計入綜合損益及其他全面收益表內。

截至2013年12月31日止年度，授出的購股權公平值使用柏力克－舒爾斯期權定價模式釐定，約為5,830,000港元。輸入該估值模式的重要計算因素為於授出日期的股價0.80港元（已就股份分拆的影響作出調整）、上述行使價、預期波幅介乎42.05%至52.22%、年度無風險利率0.11%至0.58%、約1.6至5.2年預計購股權年期及2.47%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2007年9月25日至2013年3月19日的每日股價的統計分析計算得出。截至2014年12月31日止年度，約1,486,000港元（2013年：3,713,000港元）已計入綜合損益及其他全面收益表內。

截至2014年12月31日止年度期間，約2,082,000港元（2013年：4,760,000港元）以股份為基礎之付款須計入綜合損益及其他全面收益表內。

The options granted during the year ended 31 December 2011 determined using the Black-Scholes valuation model. The significant inputs into the model were share price of HK\$0.217, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, standard deviation of expected share price return of 39.20% to 66.37%, annual risk-free interest rate of 0.33% to 1.08%, expected life of options of approximately 1 to 6 years and dividend payout ratio of 1.43%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 31 July 2006 to 31 December 2011. During the year ended 31 December 2014, approximately HK\$596,000 (2013: HK\$1,047,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

The fair value of options granted during the year ended 31 December 2013 determined using the Black-Scholes valuation model was approximately HK\$5,830,000. The significant inputs into the model were share price of HK\$0.80, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 42.05% to 52.22%, annual risk-free interest rate of 0.11% to 0.58%, expected life of options of approximately 1.6 to 5.2 years and dividend payout ratio of 2.47%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 25 September 2007 to 19 March 2013. During the year ended 31 December 2014, approximately HK\$1,486,000 (2013: HK\$3,713,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 December 2014, the share-based payments of approximately HK\$2,082,000 (2013: HK\$4,760,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

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38. 承擔

(a) 資本承擔

		本集團		本公司	
		The Group	2013	The Company	2013
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
已訂約但尚未於 綜合財務報表 撥備之有關收購 物業、廠房及設備 之資本支出	Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	88,894	109,990	-	-

(b) 經營租約承擔

本集團作為承租人

本集團根據不可撤銷租賃協議租賃各類寫字樓及貨倉。該等租賃之租期、調整租金之條款及續約權利各有不同。

於報告期末，本集團及本公司就日後根據不可撤銷經營租約於下列期間到期應付的最低租金還款承擔如下：

38. Commitments

(a) Capital Commitments

(b) Operating Lease Commitments

The Group as Lessee

The Group leases various office premises and warehouses under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		本集團		本公司	
		The Group	2013	The Company	2013
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
一年內	Within one year	2,937	2,719	-	-
第二年至第五年 (包括首尾兩年)	In the second to fifth years inclusive	2,459	3,623	-	-
超過五年	Over five years	2,955	3,442	-	-
		8,351	9,784	-	-

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本集團作為出租人

所有已持有投資物業於未來三年已保證有租戶。

於報告期末，本集團已就下列日後最低租約付款與租戶訂約：

The Group as Lessor

All of the investment properties held have committed tenants for the next three year.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		本集團 The Group		本公司 The Company	
		2014	2013	2014	2013
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
一年內	Within one year	2,887	3,554	-	-
第二年至第五年 (包括首尾兩年)	In the second to fifth years inclusive	1,203	4,193	-	-
		4,090	7,747	-	-

39. 重大關連人士交易

除綜合財務報表另有披露外，年內本集團已進行以下主要關連人士交易：

(a) 主要管理人員酬金

		2014	2013
		千港元	千港元
		HK\$'000	HK\$'000
董事(附註13)	Directors (Note 13)	3,906	3,228
其他主要管理人員： 薪金及其他短期僱員福利	Other key management personnel: Salaries and other short-term employee benefits	1,877	1,792
		5,783	5,020

(b) 池文富先生已向國際金融公司作出承諾，將本公司之股權維持在最低水平作為借貸抵押品詳情參見附註30。

39. Material Related Party Transactions

Except as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions during the year.

(a) Key Management Compensation

(b) Mr. Chi Wen Fu has given an undertaking to IFC to maintain a minimum level of shareholding in the Company as collateral of the borrowings as detailed in Note 30.

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40. 非現金交易

本公司根據於2014年5月23日公佈之以股代息計劃，於2014年6月27日以每股0.70港元發行及分配63,545,669股每股面值0.02港元之新繳足股份，給予就2013年末期股息選擇以股代息之股東。新普通股與本公司現有普通股在各方面享有同等權利。詳情請參閱本公司於2014年5月23日發佈之通函。

41. 附屬公司擁有權權益之變動

於截至2014年12月31日止年度內，本集團於香港之附屬公司和國內之附屬公司分別收購連雲港綠滴肥料有限公司及江蘇湛藍科技開發有限公司之100%及8.696%股本權益。由於上述交易，本集團分別確認減少非控股權益約27,227,000港元和減少其他儲備約102,305,000港元。

截至2013年12月31日止年度，本集團透過全資附屬公司首智投資有限公司增加於中國稀鎂科技控股有限公司合共21.6%之實效股本權益。由於上述交易，本集團分別確認減少非控股權益約31,812,000港元和增加其他儲備約53,383,000港元。

40. Non-Cash Transactions

On 27 June 2014, the Company issued and allotted 63,545,669 new fully paid shares of HK\$0.02 each in the Company at HK\$0.70 to the shareholders who elected to receive shares in the Company in lieu of cash for the 2013 final dividends pursuant to the scrip dividend schemes announced by the Company on 23 May 2014. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. For more details, please refer to the circular of the Company dated 23 May 2014.

41. Change in Ownership Interest in Subsidiaries

During the year ended 31 December 2014, the Group's Hong Kong subsidiary and PRC subsidiary has acquired 100% and 8.696% of the equity interests in 連雲港綠滴肥料有限公司 and Jiangsu Azureblue Technology Development Company Limited respectively. As a result of the above transactions, the Group recognised a decrease in non-controlling interests and decrease in other reserve of approximately HK\$27,227,000 and HK\$102,305,000 respectively.

During the year ended 31 December 2013, the Group, through a wholly-owned subsidiary, Capital Idea Investments Limited, increased in aggregate of 21.6% effective equity interest in China Rare Earth Magnesium Technology Holdings Limited. As a result of the above transactions, the Group recognised a decrease in non-controlling interests and increase in other reserve of approximately HK\$31,812,000 and HK\$53,383,000 respectively.

財務報表附註

Notes to the Financial Statements

截至2014年12月31日止年度
For the year ended 31 December 2014

42. 訴訟與或然負債

參考本公司2014年10月9日之有關對首智投資有限公司(「首智」)之民事訴訟，於本財務報表日期，據本公司所知悉，有關訴訟的傳訊令狀尚未送達首智。首智待收到該法律文件後，將就有關追討尋求法律意見及就此應予採取的必要行動。董事會認為，該訴訟不會對本集團於業務、營運及財務情況構成重大不利影響。

42. Litigations and Contingent Liabilities

Reference was made to the announcement of the Company dated 9 October 2014 regarding a civil claim against Capital Idea Investments Limited ("Capital Idea"). As of the date of the consolidated financial statement, to the best knowledge of the Company, the writ of summons of the litigation has not yet been served on Capital Idea. Upon receiving this legal document, Capital Idea will seek legal advice in relation to the claim and the necessary actions to be taken in this respect and will vigorously defend against the claim. The Board of the Company is of the view that this claim will not have a material adverse impact on the business, operation and financial position of the Group.

43. 報告期後事項

(a) 於2014年12月19日，本集團全資附屬公司Ming Xin Developments Limited訂立了一份買賣協議及一份認購協議，以收購及認購權智(國際)有限公司(股份代號：601)(「權智」)500,000,000股現有股份及239,532,000股新股份，代價分別為229,600,000港元及76,650,000港元。該等交易已於2015年2月26日完成。由於本集團於完成後獲得權智之51.46%控股權益，故本集團於2015年3月5日作出強制性全面收購，預期將於2015年3月26日完成。有關進一步詳情請參閱本公司於港交所及本公司網站刊發之相關公告及通函。

根據香港財務報告準則第3號業務合併，該等交易入賬列作業務合併。截至綜合財務報表日期止，本集團董事仍在釐定可識別資產淨值之公平值及該等交易之相關披露。

本集團並無因該等交易而對該等綜合財務報表作出任何調整。

43. Events after the Reporting Period

(a) On 19 December 2014, Ming Xin Developments Limited, a wholly owned subsidiary of the Group, entered into a sale and purchase agreement and a subscription agreement for the acquisition of 500,000,000 existing shares and the subscription of 239,532,000 new shares of Group Sense (International) Limited (Stock Code: 601) ("Group Senses") at the consideration of HK\$229,600,000 and HK\$76,650,000 respectively. The transactions were completed on 26 February 2015. As the Group gained 51.46% controlling interest in Group Senses after the completion, mandatory general offer were made by the Group on 5 March 2015 and expected to complete on 26 March 2015. For further details, please refer to the relevant announcements and circulars of the Company as posted on the websites of the HKEx and the Company.

The transactions is to be accounted for as a business combination in accordance with HKFRS 3, Business Combination. Up to the date of the consolidated financial statements, the directors of the Group are still in process of determining the fair value of the net identifiable assets and the relevant disclosures of the transactions.

No adjustment have been made to these consolidated financial statements as a result of the transactions.

財務報表附註

Notes to the Financial Statements

截至2014年12月31日止年度

For the year ended 31 December 2014

(b) 於2015年2月4日，本公司與一獨立第三方(「賣方」)就有關建議收購賣方持有之項目營運公司(「目標公司」)之100%股權，訂立不具法律約束力之框架協議(「建議收購」)。目標公司主要經營金屬鎂以及與之相配套的發電、蘭炭等業務。跟建議收購有關之詳情，請參閱本公司於2015年2月4日之公告。

(b) On 4 February 2015, the Company entered into a non-legally binding framework agreement with an independent third party (the "Vendor") in relation to the proposed acquisition of 100% equity interest in operating project companies (the "Subject Companies") as owned by the Vendor (the "Proposed Acquisition"). The Subject Companies mainly engage in magnesium business and its ancillary businesses including power generation and semi-coke.

44. 比較數字

若干比較金額已作重新分類，以符合本年度之呈列方式。

44. Comparatives

Certain comparative amounts have been reclassified to conform with current year's presentation.

45. 授權刊發綜合財務報表

董事會於2015年3月18日批准及授權刊發綜合財務報表。

45. Authorisation for Issue of Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 18 March 2015.

獨立核數師報告 INDEPENDENT AUDITORS' REPORT



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

香港
中環
畢打街11號
置地廣場
告羅士打大廈31樓

31/F., Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

致世紀陽光集團控股有限公司股東
(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第59至164頁世紀陽光集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此財務報表包括於2013年12月31日的綜合及公司財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他解釋。

董事就綜合財務報表須承擔的責任

貴公司董事負責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》的披露規定編製及真實而公平地列報該等綜合財務報表，以及維持董事認為必須之相關內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表表達意見，僅向整體股東報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等綜合財務報表是否存有重大錯誤陳述。

**TO THE SHAREHOLDERS
OF CENTURY SUNSHINE GROUP HOLDINGS LIMITED**
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 164, which comprise the consolidated and Company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

核數師的責任(續)

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報綜合財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價綜合財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證能充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及貴集團於2013年12月31日的財務狀況及貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

國衛會計師事務所有限公司
香港執業會計師

韓冠輝
執業證書編號：P05029

香港，2014年3月5日

Auditors' Responsibility (Continued)

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

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

Opinion

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

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 5 March 2014

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至2013年12月31日止年度
For the year ended 31 December 2013

		附註 Notes	2013 千港元 HK\$'000	2012 千港元 HK\$'000
持續經營業務	Continuing operations			
收入	Revenue	7	1,640,291	1,242,930
銷售成本	Cost of sales		(1,132,526)	(910,734)
毛利	Gross profit		507,765	332,196
其他收入及收益	Other income and gains	9	11,782	12,015
銷售及市場推廣費用	Selling and marketing costs		(69,437)	(48,948)
行政開支	Administrative expenses		(55,767)	(48,084)
持作買賣投資的已變現及 未變現(虧損)/收益	Realised and unrealised (loss)/gain on investments held for trading		(1,313)	1,457
財務費用	Finance costs	10	(21,441)	(20,363)
除所得稅前溢利	Profit before income tax		371,589	228,273
所得稅開支	Income tax expense	11	(94,456)	(47,984)
持續經營業務的年內溢利	Profit for the year from continuing operations		277,133	180,289
已終止經營業務	Discontinued operation			
已終止經營業務的 年內虧損	Loss for the year from discontinued operation		-	(11,705)
年內溢利	Profit for the year	12	277,133	168,584
其後可能重新分類至 損益之項目：	Items that may be reclassified subsequently to profit or loss:			
其他全面收入 (扣除所得稅)：	Other comprehensive income (net of income tax):			
可供出售投資：	Available-for-sale investment:			
年內重估可供出售投資 產生之收益淨額	Net gain arising on revaluation of available-for-sale investment during the year		18,867	123,557
換算海外業務所產生之 匯兌差額	Exchange differences arising from translation of foreign operations		54,953	28,584
年內其他全面收入 (扣除所得稅)	Other comprehensive income for the year (net of income tax)		73,820	152,141
年內全面收入總額	Total comprehensive income for the year		350,953	320,725

綜合損益及其他全面收益表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至2013年12月31日止年度

For the year ended 31 December 2013

	附註 Notes	2013 千港元 HK\$'000	2012 千港元 HK\$'000
下列人士應佔年內溢利：	Profit for the year attributable to:		
本公司擁有人	Owners of the Company	230,215	130,312
非控股權益	Non-controlling interests	46,918	38,272
		277,133	168,584
下列人士應佔全面 收入總額：	Total comprehensive income attributable to:		
本公司擁有人	Owners of the Company	295,930	249,417
非控股權益	Non-controlling interests	55,023	71,308
		350,953	320,725
每股盈利：	Earnings per share:		
來自持續及 已終止經營業務	From continuing and discontinued operations		
— 基本	– basic	8.96仙cents	5.08仙cents
— 攤薄	– diluted	8.69仙cents	5.08仙cents
來自持續經營業務	From continuing operations		
— 基本	– basic	8.96仙cents	5.41仙cents
— 攤薄	– diluted	8.69仙cents	5.41仙cents

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於2013年12月31日
As at 31 December 2013

	附註 Notes	2013 千港元 HK\$'000	2012 千港元 HK\$'000
非流動資產	Non-current assets		
土地使用權	Land use rights	17	148,003
物業、廠房及設備	Property, plant and equipment	18(a)	936,047
投資物業	Investment properties	19	141,323
無形資產	Intangible assets	20	80
採礦權	Mining rights	21	576,278
支付專利對價款項	Payment for acquisition of patents		57,645
購買物業、廠房 及設備的按金	Deposits for acquisition of property, plant and equipment		8,538
可供出售投資	Available-for-sale investment	23	-
			123,586
		1,867,914	1,601,762
流動資產	Current assets		
可供出售投資	Available-for-sale investment	23	142,453
存貨	Inventories	24	93,167
土地使用權	Land use rights	17	3,485
貿易及其他應收款項、 預付款項及按金	Trade and other receivables, prepayments and deposits	25	302,915
持作買賣投資	Investments held for trading	26	7,387
銀行存款	Deposits with banks	27	40,992
現金及等同現金項目	Cash and cash equivalents	27	381,909
			972,308
			761,676
減：流動負債	Less: Current liabilities		
貿易及其他應付款項	Trade and other payables	28	209,782
應付所得稅	Income tax payable		19,970
借貸	Borrowings	30	301,076
			530,828
			463,203
流動資產淨值	Net current assets		441,480
			298,473
資產總值減流動負債	Total assets less current liabilities		2,309,394
			1,900,235
減：非流動負債	Less: Non-current liabilities		
遞延收入	Deferred revenue	31	24,980
遞延稅項負債	Deferred tax liabilities	32	131,452
			156,432
			130,721
資產淨值	Net assets		2,152,962
			1,769,514

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於2013年12月31日

As at 31 December 2013

	附註 Notes	2013 千港元 HK\$'000	2012 千港元 HK\$'000
本公司擁有人應佔股本及儲備	Capital and reserves attributable to owners of the Company		
股本	Share capital	61,810	60,683
儲備	Reserves	1,927,679	1,568,569
		1,989,489	1,629,252
非控股權益	Non-controlling interests	163,473	140,262
權益總額	Total equity	2,152,962	1,769,514

董事會於2014年3月5日批准及授權刊發載於第59至164頁之綜合財務報表，並由下列董事代表簽署：

The consolidated financial statements on pages 59 to 164 were approved and authorised for issue by the board of directors on 5 March 2014 and are signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

財務狀況表 STATEMENT OF FINANCIAL POSITION

於2013年12月31日
As at 31 December 2013

		附註 Notes	2013 千港元 HK\$'000	2012 千港元 HK\$'000
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	18(b)	807	166
於附屬公司之投資	Investments in subsidiaries	22(a)	2,108	2,108
			2,915	2,274
流動資產	Current assets			
貿易及其他應收款項、 預付款項及按金	Trade and other receivables, prepayments and deposits	25	855	1,545
持作買賣投資	Investments held for trading	26	–	3,252
應收附屬公司款項	Amounts due from subsidiaries	22(b)	852,866	799,130
現金及等同現金項目	Cash and cash equivalents	27	613	377
			854,334	804,304
減：流動負債	Less: Current liabilities			
貿易及其他應付款項	Trade and other payables	28	1,481	2,535
財務擔保合約	Financial guarantee contracts	29	85	–
			1,566	2,535
流動資產淨值	Net current assets		852,768	801,769
資產總值減流動負債	Total assets less current liabilities		855,683	804,043
資產淨值	Net assets		855,683	804,043
本公司擁有人應佔股本 及儲備	Capital and reserves attributable to owners of the Company			
股本	Share capital	33	61,810	60,683
儲備	Reserves	34	793,873	743,360
權益總額	Total equity		855,683	804,043

董事會於2014年3月5日批准及授權刊發載於第59至164頁之財務報表，並由下列董事代表簽署：

The financial statements on pages 59 to 164 were approved and authorised for issue by the board of directors on 5 March 2014 and are signed on its behalf by:

池文富
Chi Wen Fu
董事
Director

沈世捷
Shum Sai Chit
董事
Director

財務報表附註屬本財務報表的一部份。

The accompanying notes form an integral part of these financial statements.

ANNUAL REPORT 2013
CENTURY SUNSHINE GROUP HOLDINGS LIMITED

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綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2013年12月31日止年度
For the year ended 31 December 2013

		本公司擁有人應佔 Attributable to owners of the Company												
		股本	股份溢價	資本贖回 儲備 (附註(i)) Capital redemption reserve	重估儲備	資本儲備 (附註(ii)) Capital reserve (note (ii))	法定儲備 (附註(iii)) Statutory reserve (note (iii))	購股權 儲備	外幣換算 儲備	其他儲備	保留盈利	小計	非控股 權益	總計
		Share capital	Share premium	reserve (note (i))	Revaluation reserve	reserve (note (ii))	Statutory reserve (note (iii))	Share option reserve	Translation reserve	Other reserve	Retained earnings	Sub-total	Non- controlling interests	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2012年1月1日	As at 1 January 2012	61,513	740,925	2,669	-	13,666	35,050	-	70,498	(105)	470,632	1,394,848	87,177	1,482,025
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	130,312	130,312	38,272	168,584
年內其他全面收入 (扣除所得稅)	Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	-	-	-	-	-	-
可供出售投資：	Available-for-sale investment:													
年內重估可供出售投資 產生之收益淨額	Net gain arising on revaluation of available-for-sale investment during the year	-	-	-	92,668	-	-	-	-	-	-	92,668	30,889	123,557
換算海外業務所產生 之匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	26,437	-	-	26,437	2,147	28,584
年內全面收入總額	Total comprehensive income for the year	-	-	-	92,668	-	-	-	26,437	-	130,312	249,417	71,308	320,725
註銷股份	Cancellation of shares	(830)	(7,173)	830	-	-	-	-	-	-	(830)	(8,003)	-	(8,003)
已付末期股息	Final dividend paid	-	-	-	-	-	-	-	-	-	(9,026)	(9,026)	-	(9,026)
轉撥至儲備	Transfer to reserve	-	-	-	-	510	-	-	-	-	(510)	-	-	-
收購附屬公司額外權益	Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	(254)	-	(254)	(1,745)	(1,999)
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	-	-	1,819	-	-	-	1,819	-	1,819
出售附屬公司(附註37)	Disposal of subsidiaries (Note 37)	-	-	-	-	-	-	-	197	254	-	451	(16,478)	(16,027)
於2012年12月31日及 2013年1月1日	As at 31 December 2012 and 1 January 2013	60,683	733,752	3,499	92,668	13,666	35,560	1,819	97,132	(105)	590,578	1,629,252	140,262	1,769,514
年內溢利	Profit for the year	-	-	-	-	-	-	-	-	-	230,215	230,215	46,918	277,133
年內其他全面收入 (扣除所得稅)	Other comprehensive income for the year (net of income tax)	-	-	-	-	-	-	-	-	-	-	-	-	-
可供出售投資：	Available-for-sale investment:													
年內重估可供出售投資 產生之收益淨額	Net gain arising on revaluation of available-for-sale investment during the year	-	-	-	14,150	-	-	-	-	-	-	14,150	4,717	18,867
換算海外業務所產生 之匯兌差額	Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	51,565	-	-	51,565	3,388	54,953
年內全面收入總額	Total comprehensive income for the year	-	-	-	14,150	-	-	-	51,565	-	230,215	295,930	55,023	350,953
已付末期股息	Final dividend paid	726	(4,589)	-	-	-	-	-	-	-	-	(3,863)	-	(3,863)
轉撥至儲備	Transfer to reserve	-	-	-	-	32,252	-	-	-	-	(32,252)	-	-	-
於附屬公司之 擁有權變動(附註41)	Change in ownership interest in subsidiaries (Note 41)	-	-	-	-	-	-	-	-	53,383	-	53,383	(31,812)	21,571
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	401	10,069	-	-	-	-	(443)	-	-	-	10,027	-	10,027
股權結算股份付款之交易	Equity settled share-based transactions	-	-	-	-	-	-	4,760	-	-	-	4,760	-	4,760
於2013年12月31日	As at 31 December 2013	61,810	739,232	3,499	106,818	13,666	67,812	6,136	148,697	53,278	788,541	1,989,489	163,473	2,152,962

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至2013年12月31日止年度

For the year ended 31 December 2013

附註：

(i) 資本贖回儲備指本公司於購回及註銷股份時由本公司保留盈利轉撥之本公司股份之面值。

(ii) 資本儲備指根據集團重組已收購及資本化之附屬公司股份面值，與用作交換有關股份而發行之本公司股份的面值，兩者間之差額。

(iii) 法定儲備主要為附屬公司按其中華人民共和國（「中國」）法定財務報表所列純利的10%及為若干安全生產活動提撥的資金。

根據中國成立之附屬公司之組織章程細則及相關之中國法則及法規，該等附屬公司須撥出10%之扣除所得稅後溢利（按中國國內法定財務報表記錄為準）作為法定儲備，除非該公積金結餘已達附屬公司註冊資本50%。該公積金僅可用於對銷附屬公司過往年度之虧損、擴充附屬公司之生產業務或增加附屬公司之股本。

根據中國國家安全生產監督管理總局及其他相關監管機構發佈的若干規例，本集團需按規定比例為白雲石及蛇紋石採掘活動提撥資金。該等資金可供用於維護及/或改善上述安全生產，不得向股東分派。

notes:

(i) Capital redemption reserve represents the nominal value of the Shares of the Company which was transferred from the Company's retained earnings upon repurchase and cancellation of Shares by the Company.

(ii) Capital reserve represents the difference between the nominal value of the shares of the subsidiaries that have been acquired and capitalised pursuant to a group reorganisation over the nominal value of the Company's Shares issued in exchange therefore.

(iii) Statutory reserve mainly represents the fund set aside by the subsidiaries based on 10% of their net profit of the People's Republic of China (the "PRC") statutory financial statements and that for the purpose of certain safety production activities.

In accordance with the articles of association of the subsidiaries established in the PRC and the relevant PRC rules and regulations, these subsidiaries are required to set aside 10% of their profit after income tax as recorded in the PRC statutory financial statements as statutory reserve, except where the reserve fund balance has reached 50% of the subsidiaries' registered capital. The reserve fund can only be used to make good the subsidiaries' previous years' losses, to expand the subsidiaries' production operations or to increase the capital of the subsidiaries.

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the Group is required to set aside funds mainly for mining of dolomite and serpentine at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and is not available for distribution to shareholders.

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至2013年12月31日止年度
For the year ended 31 December 2013

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
經營活動	Operating activities		
除所得稅前溢利／(虧損)	Profit/(loss) before income tax		
— 持續經營業務	— Continuing operations	371,589	228,273
— 已終止經營業務	— Discontinued operation	—	(11,430)
		371,589	216,843
就下列項目作出調整：	Adjustments for:		
折舊及攤銷	Depreciation and amortisation	75,346	65,716
財務費用	Finance costs	21,441	20,363
出售物業、廠房及設備 的虧損	Loss on disposal of property, plant and equipment	254	119
呆賬撥備	Allowance for doubtful debts	—	1,944
撥回應收貿易款項 減值虧損	Reversal of impairment loss on trade receivables	—	(2,068)
持作買賣投資的已變現 及未變現虧損／(收益)	Realised and unrealised loss/(gain) on investments held for trading	1,313	(4,679)
出售附屬公司的虧損	Loss on disposal of subsidiaries	—	1,964
股息收入	Dividend income	(417)	(693)
利息收入	Interest income	(5,157)	(8,247)
匯兌虧損淨額	Net exchange loss	—	528
股權結算股份 付款之交易	Equity settled share-based payments	4,760	1,819
營運資金變動前的經營 現金流量	Operating cash flows before movements in working capital	469,129	293,609
存貨(增加)／減少	(Increase)/decrease in inventories	(20,617)	5,594
貿易及其他應收款項、 預付款項及按金 (增加)／減少	(Increase)/decrease in trade and other receivables, prepayments and deposits	(131,638)	16,806
貿易及其他應付款項 增加／(減少)	Increase/(decrease) in trade and other payables	75,168	(17,906)
購買持作買賣投資	Purchase of investments held for trading	—	(54,635)
出售持作買賣投資的所得 款項	Proceeds from disposal of investments held for trading	—	63,034
經營業務所產生的現金	Cash generated from operations	392,042	306,502
已付所得稅	Income tax paid	(94,137)	(53,964)
經營活動所產生的現金淨額	Net cash generated from operating activities	297,905	252,538

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至2013年12月31日止年度

For the year ended 31 December 2013

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
投資活動	Investing activities		
提早贖回持至到期投資	Early redemption of held-to-maturity investment	-	10,000
銀行存款減少	Decrease in deposits with banks	72,734	218,129
出售持作買賣投資的所得款項	Proceeds from disposal of investments held for trading	3,466	-
購買物業、廠房及設備	Purchase of property, plant and equipment	(348,865)	(375,405)
購買可供出售投資	Purchase of available-for-sale investment	-	(29)
支付專利對價款項	Payment for acquisition of patents	(57,645)	-
購買物業、廠房及設備的按金	Deposits for acquisition of property, plant and equipment	(8,538)	-
有關出售附屬公司的現金流入淨額	Net cash inflow in respect of the disposal of subsidiaries	7,536	22,256
已收利息	Interest received	7,395	8,247
已收股息	Dividend received	417	693
出售物業、廠房及設備的所得款項	Proceeds from disposal of property, plant and equipment	199	234
投資活動所用的現金淨額	Net cash used in investing activities	(323,301)	(115,875)
融資活動	Financing activities		
新造貸款的所得款項	Proceeds from new borrowings	295,451	172,704
償還借貸	Repayment of borrowings	(321,215)	(142,569)
已付利息	Interest paid	(20,428)	(18,224)
已付末期股息	Final dividend paid	(3,863)	(9,026)
行使購股權後發行之普通股	Issue of ordinary shares upon exercise of share options	10,027	-
註銷股份	Cancellation of shares	-	(8,003)
於附屬公司之擁有權變動之現金流入淨額	Net cash inflow in respect of change in ownership interest of subsidiaries	21,571	(1,999)
遞延收入增加	Increase in deferred revenue	24,420	-
融資活動所產生/(所用)的現金淨額	Net cash generated from/(used in) financing activities	5,963	(7,117)
現金及等同現金項目(減少)/增加淨額	Net (decrease)/increase in cash and cash equivalents	(19,433)	129,546
年初的現金及等同現金項目	Cash and cash equivalents at the beginning of the year	391,151	240,739
外幣匯率變動的影響	Effect of foreign exchange rate changes	10,191	20,866
年末的現金及等同現金項目	Cash and cash equivalents at the end of the year	381,909	391,151

財務報表附註屬本綜合財務報表的一部份。

The accompanying notes form an integral part of these consolidated financial statements.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至2013年12月31日止年度
For the year ended 31 December 2013

1. 一般資料

世紀陽光集團控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事金屬鎂產品業務、農業肥料業務和煉鋼熔劑業務。截至2012年12月31日止年度內，本集團已出售其金融服務業務。

本公司乃於2003年1月21日根據開曼群島公司法第22章(1961年法律3，經綜合及修訂)在開曼群島註冊成立的獲豁免有限公司。本公司的股份於2004年2月17日於香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市，並於2008年7月31日撤銷其於創業板的上市地位。自2008年8月1日起，本公司的股份已於聯交所主板上市。董事認為，本公司之最終控股公司為冠華國際有限公司，該公司為於英屬處女群島註冊成立之公司。

綜合財務報表均以港元(「港元」)為單位，與本公司的功能貨幣相同。除非另有說明，否則所有金額均以近千位(「千港元」)計值。

1. General Information

Century Sunshine Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in magnesium product business, fertiliser business, metallurgical flux business. During the year ended 31 December 2012, the Group has disposed its financial service business.

The Company was incorporated in the Cayman Islands on 21 January 2003 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. On 17 February 2004, the Company's shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM Board on 31 July 2008. Since 1 August 2008, the Company's shares have been listing on the Main Board of the Stock Exchange. In the opinion of the directors, the ultimate holding company of the Company is Alpha Sino International Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至2013年12月31日止年度

For the year ended 31 December 2013

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)
本年度，本集團已採納以下由香港會計師公會(「香港會計師公會」)頒佈之與本集團營運有關且於2013年1月1日或之後開始之年度期間生效之新訂及經修訂準則、修訂及詮釋(「新香港財務報告準則」)。

香港財務報告準則第1號(修訂本)	政府貸款
香港財務報告準則第10號	綜合財務報表
香港財務報告準則第11號	共同安排
香港財務報告準則第12號	披露於其他實體之權益
香港財務報告準則第13號	公平值計量
香港財務報告準則第7號(修訂本)	披露—抵銷金融資產及金融負債
香港財務報告準則第10號、香港財務報告準則第11號及香港財務報告準則第12號(修訂本)	綜合財務報表、共同安排及披露於其他實體之權益：
香港財務報告準則(修訂本)	過渡指引
香港會計準則第1號(修訂本)	香港財務報告準則年度改進(2009年至2011年週期)
香港會計準則第1號(修訂本)	呈列其他全面收益項目
香港會計準則第19號(於2011年經修訂)	僱員福利
香港會計準則第27號(於2011年經修訂)	獨立財務報表
香港會計準則第28號(於2011年經修訂)	投資於聯營公司及合營企業
香港(國際財務報告詮釋委員會)—詮釋第20號	露天礦場生產階段之剝採成本

除香港會計準則第1號(修訂本)外，應用該等新訂香港財務報告準則對本集團之業績及財務狀況並無重大影響。

採納香港會計準則第1號(修訂本)後會計政策的即時變動性質描述如下。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2013.

HKFRS 1 (Amendments)	Government Loan
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for the amendments to HKAS 1, the application of these new HKFRSs has no material impact on the results and the financial position of the Group.

The nature of the impending changes in accounting policy on adoption of the amendments to HKAS 1 is described below.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第1號(修訂本)呈列其他全面收益項目

香港會計準則第1號(修訂本)於2012年7月1日或之後開始之年度期間生效。

香港會計準則第1號(修訂本)引入全面收益表及收益表的新專門用語。根據香港會計準則第1號(修訂本)，全面收益表乃更名為損益及其他全面收益表，及收益表乃更名為損益表。香港會計準則第1號(修訂本)保留以單一或兩個獨立但連續報表呈列損益及其他全面收益之選擇。然而，香港會計準則第1號(修訂本)要求其他全面收益在其他全面收益部份歸類成兩個類別：(a)其後不會重新分類至損益之項目及(b)當符合特定條件時，其後可能會重新分類至損益之項目。其他全面收益項目之所得稅須根據相同基礎分配。該等修訂本並無改變以除稅前或除稅後之方式呈列其他全面收益項目之選擇。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012.

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至2013年12月31日止年度
For the year ended 31 December 2013

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第1號(修訂本)呈列其他全面收益項目(續)

本集團並無於該等綜合財務報表中提早應用下列已頒佈但未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第9號	金融工具 ³
香港財務報告準則第9號、 香港財務報告準則第7號及 香港會計準則第39號 (修訂本)	對沖會計及香港財務報告準則第9號、香港財務報告準則第7號及香港會計準則第39號之修訂 ³
香港財務報告準則第10號、 香港財務報告準則第12號及 香港會計準則第27號 (修訂本)	投資實體 ¹
香港會計準則第19號 (修訂本)	定額福利計劃—僱員供款 ²
香港會計準則第32號 (修訂本)	抵銷金融資產及金融負債 ¹
香港會計準則第36號	非金融資產可收回金額披露 ¹
香港會計準則第39號 (修訂本)	衍生工具更替及對沖會計之延續 ¹
香港財務報告準則 (修訂本)	香港財務報告準則年度改進(2010年至2012年週期) ²
香港財務報告準則 (修訂本)	香港財務報告準則年度改進(2011年至2013年週期) ²
香港(國際財務報告詮釋委員會)—詮釋第21號	徵費 ¹

¹ 於2014年1月1日或之後開始之年度期間生效，可允許提早應用。
² 於2014年7月1日或之後開始之年度期間生效，可允許提早應用。
³ 強制生效日期尚未釐定，但可供採納。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

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

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 9 HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Financial Instruments ³ Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39 ³
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ¹
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ¹
HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting ¹
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HK(IFRIC)-Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
³ No mandatory effective date yet determined but is available for adoption.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具

香港財務報告準則第9號(於2009年頒佈)引入金融資產分類及計量的新規定。香港財務報告準則第9號於2010年修訂以加入有關金融負債及取消確認的分類及計量規定。

香港財務報告準則第9號之主要規定載述如下：

- 所有屬香港會計準則第39號金融工具：確認及計量範疇內的已確認金融資產，其後均按攤銷成本或公平值計量。尤其是，按商業模式持有而目的為收取合約現金流量的債務投資，以及僅為支付本金及未償還本金利息的合約現金流量的債務投資，一般均於其後會計期間結束時按攤銷成本計量。所有其他債務投資及股本投資均於其後會計期間結束時按公平值計量。此外，根據香港財務報告準則第9號，實體可不可撤回地選擇於其他全面收益呈列股本投資(並非持作買賣者)公平值的其後變動，惟股息收入一般於損益內確認。
- 就指定為按公平值計入損益的金融負債計量而言，香港財務報告準則第9號規定，因金融負債信貸風險有變而導致其公平值變動的款項乃於其他全面收益呈列，除非於其他全面收益呈報該負債信貸風險變動的影響會產生或增加損益的會計錯配，則作別論。因金融負債信貸風險而導致其公平值變動其後不會重新分類至損益。過往，根據香港會計準則第39號，指定為按公平值計入損益的金融負債的全部公平值變動款項均於損益中呈列。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)
(續)

香港財務報告準則第9號金融工具
(續)

實體將須應用香港財務報告準則第9號之日期先前訂明為2015年1月1日。此強制生效日期規定已刪除以為財務報表編製者提供充足時間，從而過渡至將於尚未公佈之較後日期生效之新規定。

董事預期，日後採納香港財務報告準則第9號可能對本集團金融資產及金融負債呈報之數額產生重大影響(如本集團可供出售投資於其後報告期間結束時可能須按公平值計量，而公平值變動於損益中確認)。就本集團金融資產而言，然而，直至詳細審閱完成前，提供該影響之合理估計並不可行。

香港財務報告準則第7號及香港會計準則第32號(修訂本)－抵銷金融資產及金融負債以及相關披露

香港會計準則第32號(修訂本)澄清與抵銷金融資產與金融負債規定有關的現有應用問題。尤其是，有關修訂澄清「現時擁有於法律上可強制執行的抵銷權」及「同時變現及結算」的涵義。

香港財務報告準則第7號(修訂本)規定實體須就可執行的總淨額結算協議或同類安排下的金融工具披露有關抵銷權及相關安排(如抵押過賬規定)的資料。

香港財務報告準則第7號(修訂本)於2013年1月1日或以後開始之年度期間及該等年度期間內的中期期間生效。所有可資比較期間的資料亦須追溯披露。然而，香港會計準則第32號(修訂本)將於2014年1月1日或之後開始之年度期間生效，並須追溯應用。

董事預期應用該等香港會計準則第32號及香港財務報告準則第7號(修訂本)將導致日後就抵銷金融資產及金融負債作出更多的披露。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial Instruments (Continue)

The date when entities would be required to apply HKFRS 9 was previously stated at 1 January 2015. This mandatory effective date has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements, which will now become effective from a later date yet to be announced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group’s financial assets and financial liabilities (e.g. the Group’s available-for-sale investments may have to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss). Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 7 and HKAS 32 – Offsetting Financial Assets and Financial Liabilities and the related disclosures

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第36號(修訂本)－資產減值：非金融資產可收回金額披露

香港會計準則第36號(修訂本)旨在撤銷因頒佈香港財務報告準則第13號而對香港會計準則第36號(修訂本)作出後續修訂而可能引入之若干非建議披露規定。此外，該等修訂本規定，當減值資產之可收回金額乃按公平值減出售成本計算時，須披露有關公平值計量之其他資料。香港會計準則第36號(修訂本)於2014年1月1日或之後開始之年度期間生效並可允許提早應用。然而，實體不可於並無應用香港財務報告準則第13號之期間(包括可比較期間)應用該等修訂本。

董事預期應用該等香港會計準則第36號(修訂本)將不會對本集團之財務表現及狀況產生重大影響。

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第27號(2011年)(修訂本)－投資實體

投資實體修訂本適用於符合資格作為投資實體之特定業務類別。「投資實體」一詞所指實體是指其業務宗旨是純粹為獲得資本增值回報、投資收入或兩者兼得。投資實體亦須按公平值基準評估其投資表現。該等實體可以包括私募股權機構、創業投資機構、退休基金、主權財富基金及其他投資基金。

根據香港財務報告準則第10號，報告實體須將其控制之所有被投資公司(即全部附屬公司)綜合入賬。財務報表之編製者及使用者均指出，將投資實體之附屬公司綜合入賬並無得出對投資者有用之資料。相反，按公平值報告所有投資(包括於附屬公司之投資)提供最有用且相關之資料。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

Amendments to HKAS 36 – Impairment of Assets: Recoverable Amount Disclosure for Non-Financial Assets

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The directors anticipate that the application of these amendments to HKAS 36 will have no material impact on the Group’s financial performance and positions.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The investment entities amendments apply to a particular class of business that qualify as investment entities. The term ‘investment entity’ refers to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds.

Under HKFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). Preparers and users of financial statements have suggested that consolidating the subsidiaries of investment entities does not result in useful information for investors. Rather, reporting all investments, including investments in subsidiaries, at fair value, provides the most useful and relevant information.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第27號(2011年)(修訂本) – 投資實體(續)

有見及此，修訂本對香港財務報告準則第10號之綜合入賬規定提供了例外情況，並規定投資實體按公平值在損益計量特定附屬公司，而並非將該等附屬公司綜合入賬。修訂本亦載列適用於投資實體之披露規定。

修訂本由2014年1月1日起生效並可允許提前採納，以供投資實體在首次採用香港財務報告準則第10號之其餘規定時可同時應用有關修訂本。

董事預期應用該等香港財務報告準則第10號、香港財務報告準則第12號及香港財務報告準則第27號(修訂本)(2011年)將不會對本集團之財務表現及狀況產生重大影響。

香港會計準則第39號(修訂本) – 衍生工具更替及對沖會計之延續

由於法例或規例，適用範圍較窄之有關修訂本於衍生工具(已指定為對沖工具)被更替以與中央對手方進行結算之情況下將容許繼續使用對沖會計法，惟前提是須符合特定條件(就此而言，更替乃指合約之各訂約方同意以新對手方取代原有對手方)。

此寬減措施已推出以應對於許多司法管轄區可能導致場外衍生工具大量合約更替的法律變化。該等法律變化乃由二十國集團承諾提高場外衍生工具透明度及以國際一致及非歧視性的方式監管所促使。

類似寬減措施將被納入香港財務報告準則第9號內。

有關修訂本將於2014年1月1日或其後開始之年度期間生效，可追溯應用並可允許提早應用。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities (Continued)

In response to this, the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

The amendments are effective from 1 January 2014 with early adoption permitted in order to allow investment entities to apply the amendments at the same time they first apply the rest of HKFRS 10.

The directors anticipate that the application of these amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) will have no material impact on the Group’s financial performance and positions.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. These legislative changes were prompted by a G20 commitment to improve transparency and regulatory oversight of over-the-counter derivatives in an internationally consistent and non-discriminatory way.

Similar relief will be included in HKFRS 9.

The amendments will be effective for annual periods beginning on or after 1 January 2014 and applied retrospectively. Earlier application is permitted.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)
香港會計準則第39號(修訂本)－衍生工具更替及對沖會計之延續(續)

董事預期應用該等香港會計準則第39號(修訂本)將不會對本集團之財務表現及狀況產生重大影響。

香港(國際財務報告詮釋委員會)－詮釋第21號徵費

香港(國際財務報告詮釋委員會)－詮釋第21號是對香港會計準則第37號的詮釋，並論述實體應如何於其財政報表中說明用於支付政府所設的徵費而非所得稅項的負債。主要問題在於實體應何時確認負債用以支付徵費。其澄清因用於支付徵費的負債而產生的責任事件為引致支付徵費的相關立法所述的活動。香港(國際財務報告詮釋委員會)－詮釋第21號於2014年1月1日或之後開始之年度期間生效，並可允許提早應用。

3. 主要會計政策概要

於編製此等綜合財務報表時應用之主要會計政策載列如下。除非另有說明，此等政策已一致應用於所有呈列年度。

綜合財務報表已根據所有適用香港財務報告準則編製，香港財務報告準則為包括香港會計師公會頒佈之所有適用個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋以及香港一般採納之會計政策之統稱。此外，綜合財務報表載有聯交所證券上市規則(「上市規則」)及香港公司條例規定之適用披露。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)
Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (Continue)

The directors anticipate that the application of these amendments to HKAS 39 will have no material impact on the Group’s financial performance and positions.

HK (IFRIC) – Int 21 Levies

HK (IFRIC) – Int 21 is an interpretation of HKAS 37 and addresses how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. The principal question raised was about when the entity should recognise a liability to pay a levy. It clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. HK(IFRIC) – Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”), and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

3. 主要會計政策概要(續)

編製基準

除若干按公平值計量的金融工具外，誠如下文會計政策所釋，綜合財務報表已按歷史成本基準編製。歷史成本通常根據為換取資產支付的代價的公平值釐定。

綜合基準

綜合財務報表包括本公司及本公司所控制的實體(包括特殊目的實體)(其附屬公司)的財務報表。控制是指本公司有權掌管該實體的財務及營運政策，從而受惠於其經營活動。

綜合損益及其他全面收益表載有於本年度所購入或出售的附屬公司的收支，由有效收購日期起至有效出售日期(倘適用)為止。即使會使非控股權益出現虧絀，一間附屬公司的全面收益及開支總額仍歸本公司擁有人及非控股權益所有。

如有需要，會對附屬公司的財務報表作出調整，以使其會計政策與本集團其他成員公司採用的會計政策一致。

所有集團內部交易、結餘、收益及開支已於編製綜合賬目時悉數抵銷。

附屬公司的非控股權益與本集團的權益分開呈列。

3. Summary of Significant Accounting Policies (Continued)

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. 主要會計政策概要(續)

綜合基準(續)

本集團於現有附屬公司之擁有權變動

本集團於附屬公司擁有權之變動並無導致本集團對附屬公司失去控制權，而作為股本交易入賬。本集團之權益及非控股權益之賬面值經調整以反映彼等於附屬公司之有關權益變動。非控股權益之面額與已付或已收代價之公平值間任何差額直接於權益中確認並歸屬於本公司擁有人所有。

當本集團失去附屬公司控制權時，出售損益按(i)已收代價的公平值及任何保留權益公平值的總額與(ii)附屬公司先前的資產(包括商譽)及負債和任何非控制權益賬面值的差額計算。倘附屬公司的若干資產按重估金額或公平值計量，且相關累計損益已於其他全面收益表確認並於權益累計，則之前於其他全面收益表確認並於權益累計的金額猶如本公司已直接出售有關資產(即重新分類至損益或直接轉撥至保留盈利)入賬。根據香港會計準則第39號「金融工具：確認及計量」，於失去控制權之日在前附屬公司保留的任何投資公平值視為首次確認公平值或(如適用)聯營公司或共同控制實體投資的首次確認成本，以供日後入賬處理。

3. Summary of Significant Accounting Policies (Continued)

Basis of Consolidation (Continued)

Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. 主要會計政策概要(續)

業務合併

業務收購乃採用收購法入賬。於業務合併轉撥的代價按公平值計量，而計算方式為本集團轉撥的資產、本集團對被收購方的前擁有人產生的負債及本集團於交換被收購方的控制權所發行的股權於收購日期的公平值總和。與收購事項有關的成本於產生時在損益賬中確認。

於收購日期，已收購可識別資產及承擔負債按其公平值確認，惟下列項目除外：

- (i) 遞延稅項資產或負債及與僱員福利安排有關的負債或資產分別根據香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- (ii) 與被收購方或本集團以股份支付的交易重置被收購方以股份支付的交易有關的負債或股本工具於收購日根據香港財務報告準則第2號「以股份支付」計量；及
- (iii) 根據香港財務報告準則第5號持作出售的非流動資產及已終止經營業務劃分為持作出售的資產(或出售組合)並根據該準則計量。

所轉撥的代價、與被收購方的任何非控股權益及收購方之前持有被收購方的股權的(如有)公平值的總和超出所收購的可識別資產及承擔的負債於收購日期的淨額的部分確認為商譽。倘(評估過後)本集團於被收購方的可識別資產淨值及承擔負債的公平值權益超出所轉撥的代價、於被收購方任何非控股權益的金額及收購方先前持有被收購方權益(如有)的公平值的總和，超出部分即時於損益賬中確認廉價購買收益。

3. Summary of Significant Accounting Policies (Continued)
Business Combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- (i) deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- (ii) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and
- (iii) assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. 主要會計政策概要(續)

業務合併(續)

代表擁有權益並賦予其持有人於清盤時按比例分佔一間實體資產淨值之非控股權益初步按公平值或非控股權益按比例分佔被收購方可資識別資產淨值之已確認金額計量。計量基準根據每項交易而作出。其他類型之非控股權益按其公平值或其他準則規定之其他計量基準計算。

本集團於一項業務合併轉讓的代價包括或然代價安排所產生的資產或負債，或然代價乃按收購日期之公平值計算，視為於業務合併中轉讓代價之一部分。合資格作為計量期間的調整的或然代價公平值變動乃予追溯調整，並對商譽或廉價購買收益作相應調整。計量期間的調整乃於計量期間內取得與收購日期已存在的事實及情況有關的額外資料而產生的調整。計量期間由收購日期起計不超過一年。

就不合資格作為計量期間的調整之或然代價公平值變動，其後的會計處理方法視乎該或然代價的分類方式而定。屬於權益類別的或然代價不會於其後的報告日期重新計量，其後的結算則於權益列賬。屬於資產或負債類別的或然代價乃按照香港會計準則第39號或香港會計準則第37號撥備、或然負債及或然資產(如適用)於其後的報告日期重新計量，相應的收益或虧損於損益確認。

倘業務合併分階段完成，本集團以往持有的被收購方股權乃重新計量為收購日期(即本集團取得控制權當日)的公平值，所產生的收益或虧損(如有)乃於損益確認。先前已於其他全面收益確認之收購日期前於被收購方之權益產生之數額重新分類至損益(此處理方式適用於該權益獲出售時)。

3. Summary of Significant Accounting Policies (Continued)

Business Combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. 主要會計政策概要(續)

業務合併(續)

任何於收購日期前在其他全面收益確認並於權益累計的過往所持股權價值變動，於本集團取得被收購方控制權時重新分類至損益。

倘於合併產生之報告期末仍未完成業務合併之初步會計處理，本集團則就仍未完成會計處理之項目呈報暫定金額。該等暫定金額於計量期間(見上文)內作出調整，或確認額外資產或負債，以反映獲得有關於收購日期已存在事實及情況之新資料，而倘知悉該等資料，將會影響於當日確認之金額。

收購附屬公司額外權益

當本集團增加其於本集團已控制企業之權益時，該收購所產生之商譽乃指收購額外權益之成本與本集團應佔可確定資產、負債及或然負債賬面淨值之增加的差額。收購額外權益之成本與所收購額外權益應佔可識別資產、負債及或然負債之賬面值的差額被確認為儲備變動(其他儲備)。此差額乃指自原收購日本集團於該附屬公司所增加權益應佔之差額。於出售附屬公司後，儲備會轉撥至保留盈利。

3. Summary of Significant Accounting Policies (Continued)

Business Combinations (Continued)

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Acquisition of Additional Interest in a Subsidiary

When the Group increases its interest in an entity that is already controlled by the Group, goodwill arising on such acquisition represents the difference between the cost of additional interest acquired and the increase in the Group's share of the net carrying amount of the identifiable assets, liabilities and contingent liabilities acquired. The difference between the cost of additional interest acquired and the book value of the identifiable assets, liabilities and contingent liabilities attributable to the additional interest acquired is recognised as a reserve movement (other reserve). The difference represents the difference that arose since the original acquisition date that is attributable to the Group's increased interest in the subsidiary. On the subsequent disposal of the subsidiary, the reserve is transferred to retained earnings.

3. 主要會計政策概要(續)

商譽

自收購業務產生之商譽指收購成本超過於收購日期本集團於相關業務之可資識別資產、負債及或然負債之公平值之權益之金額。該商譽以成本減任何累計減值虧損列賬。

就減值測試而言，收購所產生之商譽分配至預期將受惠於收購協同效益之各有關現金產生單位或現金產生單位組別。獲分配商譽之現金產生單位於每年及如有跡象顯示該單位可能已經減值時進行減值測試。就於財政年度因收購而產生之商譽而言，獲分配商譽之現金產生單位於該財政年度結束之前進行減值測試。當現金產生單位之可收回金額少於該單位之賬面值時，減值虧損首先分配作減低該單位獲分配之任何商譽之賬面值，其後根據該單位中各項資產賬面值之比例分配予該單位之其他資產。商譽之任何減值虧損直接於損益確認。商譽之減值虧損不會於隨後期間撥回。

於出售相關現金產生單位時，釐定出售損益金額時計入應佔資本化商譽之金額。

收入確認

收入乃按已收或應收代價之公平值計算，指於一般業務過程中已售貨品之應收款項扣除折扣及銷售相關稅項。

貨品銷售收入於交付貨品及轉移所有權後確認。

3. Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

3. 主要會計政策概要(續)

收入確認(續)

來自金融資產(不包括透過損益以公平值計量的金融資產)之利息收入按未償還本金額及適用實際利率以時段比例累積計算,該利率為確實地將金融資產之預計可使用年期內之估計未來現金收入貼現至該資產初始確認時之賬面淨值之貼現率。

來自投資(包括透過損益以公平值計量之金融資產)之股息收入於股東收取款項之權利獲確立後確認。

諮詢服務收入乃於完成服務後確認。倘有關服務只完成一部分,則本集團僅按有關服務已完成部分之金額或已收取之金額(以較低者為準)確認收入。

經紀收入按交易日期基準確認。

佣金收入、股票處理收入、託管費收入、轉介費收入、投資管理費收入、表現費收入及其他諮詢服務費收入,於提供服務時確認。

租賃收入於租賃期內按直線法確認。

金融服務費收入於提供服務時確認。

服務協議之辦公室管理費收入按假設服務已提供後根據合約年期按比例確認。

上述未有提及之任何其他收入,於收取或應收時確認。

3. Summary of Significant Accounting Policies (Continued)
Revenue Recognition (Continued)

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investment including financial assets at fair value through profit or loss is recognised when the shareholders' right to receive payment have been established.

Advisory service income is recognised whenever the services are completed. When the service are partly completed, the Group only recognises the revenue to the extent of amount representing the proportion of services completed or equals to the amount received, whichever is lower.

Brokerage income is recognised on a trade date basis.

Commission income, stock handling income, custodian fee income, referral fee income, investment management fee income, performance fee income and other advisory service fee income are recognised when services are rendered.

Rental income is recognised on a straight-line basis over the lease terms.

Financial service fee income is recognised when services are rendered.

Office management fee income from service agreements is recognised pro-rata over the life of the agreement corresponding to notional delivery of the service.

Any other income not mentioned above is recognised whenever it is received or receivable.

3. 主要會計政策概要(續)

政府撥款

政府撥款不予確認，直至有合理保證，本集團將符合政府撥款隨附的條件，以及將收獲撥款後，方會確認。

倘政府撥款成為應收款項，作為已產生的開支或虧損的彌償，或提供予本集團而沒有相關未來成本即時財務支持，則於成為應收款項之期間於損益確認。

物業、廠房及設備

物業、廠房及設備(包括用作生產或供應貨物或服務，或行政用途的永久業權土地及樓宇，在建工程除外)按成本減其後累計折舊及累計減值虧損列賬。

永久業權土地不計算折舊。折舊乃按物業、廠房及設備(在建工程及永久業權土地除外)之估計可使用年期以直線法(經考慮其估計殘值)將其成本撇銷。

在建工程包括建造以供生產或本身運用的物業、廠房及設備。在建工程乃按成本減任何已確認減值虧損列賬。當在建工程完成及可供擬定用途，則撥入物業、廠房及設備的適當分類。此等資產以其他物業資產的相同基準，當資產可供擬定用途時開始計算折舊。

物業、廠房及設備於出售時或預期持續使用該資產不再帶來未來經濟利益時取消確認。因資產取消確認產生的任何收益或虧損(按出售所得款項淨額與項目賬面值的差額計算)乃於項目取消確認的期間內計入期內損益。

3. Summary of Significant Accounting Policies (Continued)

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Property, Plant and Equipment

Property, plant and equipment, including freehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction in progress and freehold land) over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line methods.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

3. 主要會計政策概要(續)

投資物業

投資物業指持作賺取租金及/或資本增值的物業。於初始確認時，投資物業以成本計算。成本包括任何關連的直接開支。於初始確認後，投資物業以成本扣除往後累積折舊及任何累積減值虧損列出。投資物業的折舊經計及其估計剩餘價值後採用直線法於租賃期中將成本撇銷。

投資物業於出售或當投資物業永久不再使用時或預期不會藉其出售而產生未來經濟效益時，則終止確認。終止確認該資產所產生的任何損益(按出售所得款項淨額與資產賬面值的差額計算)會在該項目終止確認的期間計入期內損益。

土地使用權

為獲得土地使用權支付的款項被視為預付經營租賃款項。土地使用權按成本減累積攤銷及任何累計減值虧損後列賬，而攤銷以直線法按權利的期限或各實體獲授予土地使用權的期限(以較短者為準)於損益中扣除。

就租賃分類而言，租賃土地及樓宇中土地及樓宇部分乃分開計算，除非租金支出無法可靠地在土地及樓宇部分之間作出分配，則在此情況下，整份租賃一般作為財務租賃處理及作為物業、廠房及設備入賬。倘能可靠地分配租金，則土地的租賃權益作為經營租賃入賬，並按直線法於租賃期內攤銷。

3. Summary of Significant Accounting Policies (Continued)

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over the lease term and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Land Use Rights

Payment for obtaining land use rights is considered as prepaid operating lease payment. Land use rights are stated at cost less accumulated amortisation and any accumulated impairment losses, amortisation is charged to profit or loss over the period of the rights or the term of the respective enterprise to which the land use rights are granted, whichever is the shorter, using the straight-line method.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

3. 主要會計政策概要(續)

租賃

如租賃條款將主權絕大部份風險及收益轉嫁給承租人，則該等租賃被視為財務租賃。所有其他租賃則被視為經營租賃。

本集團作為出租人

經營租賃的租金收入乃按有關租賃年期以直線法在損益確認。

本集團作為承租人

經營租賃款項按直線法於相關租賃期確認為開支。作為訂立經營租賃獎勵的已收及應收利益則會按租賃年期以直線法確認為扣減租金支出。

無形資產

於業務合併中收購的無形資產

在業務合併中收購的無形資產，若符合無形資產的定義，而公平值能可靠地計量，則須與商譽分開識別及確認。有關無形資產的成本確認為其於收購日期的公平值。

於首次確認後，具有有限使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期的無形資產以直線法按其估計可使用年期計提攤銷。或者，擁有無限使用年期的資產可按成本減任何其後累計減值虧損列賬。

技術知識

購入技術知識的開支撥作資本，並按自技術知識可使用日期起計分五年估計可使用年期以直線法攤銷。

3. Summary of Significant Accounting Policies (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownerships to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Intangible Assets

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Technical Know-how

Expenditure on acquired technical know-how is capitalised and amortised using the straight-line method over its estimated useful life of 5 years, from the date when the technical know-how is available for use.

3. 主要會計政策概要(續)

無形資產(續)

研究及開發開支

研究活動開支於產生期間確認為費用。

由發展項目(或由一項在發展階段期間的內部項目)內部所產生的無形資產，只會在以下全部已被證明的情況下方會予以確認：

- 具可行性技術以完成無形資產並使其將可供使用或出售；
- 有意向完成及使用或出售之無形資產；
- 具能力可使用或出售之無形資產；
- 無形資產如何產生可能的將來經濟利益；
- 有足夠之技術、財政及其他資源可完成發展項目並使用或出售之無形資產；及
- 有能力確實地計量無形資產在其發展階段時所應佔的費用。

就內部產生的無形資產初始確認的金額為由無形資產首次符合上述確認要求的日期起所涉的開支總額。倘並無內部產生的無形資產可予確認，開發開支則會於產生期間的損益賬內扣除。

於初始確認後，內部產生的無形資產乃按與獨立購買的無形資產相同的基準，以成本扣除累計攤銷及累計減值虧損(如有)計算。

3. Summary of Significant Accounting Policies (Continued)

Intangible Assets (Continued)

Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during the development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

3. 主要會計政策概要(續)

採礦權

採礦權包括所轉撥之勘探及評估資產，以成本扣除累計攤銷及任何減值虧損後列示。採購權按生產量除以礦產資源總儲量作攤銷。倘礦山被廢置時，則採礦權在損益表中攤銷。

外幣

編製本集團旗下各個別實體的財務報表時，以該實體的功能貨幣以外幣(外幣)進行的交易按交易日期的匯率以其功能貨幣(即該實體經營業務所在主要經濟環境的貨幣)列賬。於各報告期末，以外幣結算的貨幣項目按該日的匯率重新換算。以外幣計值並以公平值列賬之非現金項目於公平值獲釐定當日按當前比率重新換算。按過往成本以外幣結算的非貨幣項目不會重新換算。

結算貨幣項目及換算貨幣項目時產生的匯兌差額於產生期間在損益確認。重新換算非貨幣項目產生的匯兌差額按公平值納入有關期間的損益內。

就綜合財務報表呈報方式而言，本集團海外業務的資產及負債按報告期末的匯率換算為本集團的呈報貨幣(即港元)，而其收入及開支則按年內平均匯率換算，除非匯率於期內出現大幅波動，在此情況下，則採用交易日期的匯率換算。所產生匯兌差額(如有)於其他全面收益確認並於(如適用，按非控股權益應佔之)股本(匯兌儲備)累計。

於出售海外業務(即出售本集團於海外業務的全部權益或涉及失去對一家從事海外業務的附屬公司的控制權的出售、涉及失去對一家從事海外業務的共同控制實體的共同控制權的出售、或失去對一家從事海外業務的聯營企業的重大影響力的出售)時，就本公司擁有人應佔該業務之權益而累計之所有匯兌差額重新分類至損益。

3. Summary of Significant Accounting Policies (Continued) Mining Rights

Mining rights, including transferred exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the production quantities over the total estimated mineral reserve. Mining rights are written off to the profit or loss if the mining property is abandoned.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rates of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (i.e. the translation reserve) (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. 主要會計政策概要(續)

外幣(續)

因2005年1月1日或之後收購海外業務而產生之所購入可識別資產之商譽及公平值調整已按作為該海外業務的資產及負債處理，並按報告期末匯率重新換算，所產生的匯兌差額於其他全面收益中確認並在權益中累計。

借貸成本

直接歸屬於收購、建築或生產合資格資產的借貸成本，而該等資產需要較長時間才能準備好供擬定用途使用或銷售，則該借貸成本則加入該等資產的成本，直至該等資產大致可供擬定用途使用或銷售。

所有其他借貸成本於產生之期內在損益確認。

退休福利費用

向國家管理退休福利計劃及強制性公積金計劃(「強積金計劃」)的供款於僱員提供服務後而符合領取有關供款的資格時列作支出扣除。

現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括手頭現金及活期存款，以及可隨時轉換為已知數額現金並一般於購入後三個月內到期，且價值變動風險微不足道之短期及高度流通投資，另扣除須按要求償還及構成本集團現金管理一部分之銀行透支。

3. Summary of Significant Accounting Policies (Continued)

Foreign Currencies (Continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Cash and Cash Equivalents

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

3. 主要會計政策概要(續)

股份付款交易

授予僱員的購股權

就須待達成指定歸屬條件的購股權的授出而言，參照授出當日已授出購股權的公平值而釐定已收取服務的公平值，於歸屬期間按直線法支銷，而股本(僱員報酬儲備)則相應增加。

於報告期末，本集團修訂預期最終歸屬的購股權估計數目。倘原先估計數目有所修訂(如有)，則於歸屬期間修訂估計的影響在損益確認，並於僱員報酬儲備中作相應的調整。

就授出日期已即時歸屬的購股權而言，已授出購股權的公平值隨即於損益支銷。

購股權獲行使時，先前於僱員報酬儲備中確認之數額將轉撥至股份溢價。倘購股權於歸屬日期後被沒收或於到期日仍未獲行使，先前於僱員報酬儲備中確認之數額將轉撥至保留盈利。

稅項

所得稅開支指目前應付稅項及遞延稅項的總額。

當期應付的稅項乃按本年度的應課稅溢利計算。由於應課稅溢利不包括於其他年度應課稅或可扣稅的收入或開支，亦不包括毋須課稅或不可扣稅的項目，故此應課稅溢利與綜合損益及其他全面收益表所載溢利並不相同。本集團的當期稅務負債乃按於報告期末已生效或實質上已生效的稅率計算。

3. Summary of Significant Accounting Policies (Continued)

Share-based Payment Transactions

Share Options Granted to Employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (employee compensation reserve).

At the end of the reporting period, the Group revises its estimates of number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss with a corresponding adjustment to employee compensation reserve.

For share options that are vested immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in employee compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in employee compensation reserve will be transferred to retained earnings.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. 主要會計政策概要(續)

稅項(續)

遞延稅項為就財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基的暫時差額。遞延稅項負債一般就所有應課稅暫時差額確認。遞延稅項資產一般乃於可能出現應課稅溢利對銷可用的所有可扣稅暫時差額時確認。倘若暫時差額由商譽或不影響應課稅溢利及會計溢利的交易中初始確認(業務合併除外)的其他資產及負債所產生，則不會確認該等資產及負債。

由附屬公司的投資所產生的應課稅暫時差額確認為遞延稅項負債，惟若本集團可控制暫時差額的撥回而暫時差額於可見將來應不會撥回的情況除外。遞延稅項資產只會就因該等有關於投資及利息所產生之可扣減的暫時差額，在有足夠的應課稅溢利可能出現以致暫時差額的利益被利用，且預期在可見未來將可被撥回時確認。

於各報告期末均審閱遞延稅項資產之賬面值，並在沒可能有足夠應課稅溢利收回全部或部分資產時作調減。

遞延稅項負債及資產乃按預期於負債獲償還或資產獲變現期間適用的稅率(以報告期末已生效或實質上已生效的稅率(及稅法)為基準)計算。遞延稅項負債及資產的計量反映本集團於報告期末，預期將要收回或償還其資產及負債的賬面值的稅務後果。即期及遞延稅項於損益中被確認，惟倘有關之事項在其他全面收益或直接在權益中被確認之情況下，遞延稅項亦會於其他全面收益或直接或於權益中各自地被確認。

3. Summary of Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. 主要會計政策概要(續)

存貨

存貨按成本與可變現淨值兩者的較低者列賬。成本以加權平均法計算。可變現淨值指存貨之估計售價減完成之所有估計成本以及出售所需之成本。

金融工具

當集團個體成為工具合約條款的一方時，會確認金融資產及金融負債。

金融資產和金融負債在初始確認時會以公平值進行計量。直接歸屬於購置或發行金融資產和金融負債(按公平值計入損益的金融資產及金融負債除外)的交易費用在初始確認時計入或扣自各金融資產或金融負債(視何者適用而定)的公平值。直接歸屬於購置按公平值計入損益的金融資產或金融負債的交易費用立即在損益賬中確認。

金融資產

金融資產分為以下類別，包括按公平值計入損益的金融資產、貸款及應收款項、持至到期投資及可供出售金融資產。分類視乎金融資產的性質及目的，並於初次確認時釐訂。所有一般性購買或銷售金融資產按交易日期基準確認及取消確認。一般性購買或銷售為按於市場規定或慣例確立的時間期限內交付資產的金融資產的購買或銷售。

實際利息法

實際利息法乃計算債務工具的攤銷成本以及分配相關期間的利息收入的方法。實際利率乃於初始確認時按債務工具的預計年期或適用的較短期間內準確貼現估計未來收取的現金(包括構成實際利率一部份的所有已付或已收的費用及利率差價、交易成本及其他溢價或折讓)至賬面淨值的利率。

就債務工具而言，利息收入按實際利息基準確認。

3. Summary of Significant Accounting Policies (Continued) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make sale.

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

Financial assets are classified into the following categories, including financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sales financial assets. The classification depends on the nature and purpose of financial assets and is determined at time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. 主要會計政策概要(續)

金融工具(續)

按公平值計入損益(「按公平值計入損益」)的金融資產

按公平值計入損益的金融資產指持作買賣投資。

金融資產會被歸類為持作買賣，倘：

- 購入主要為於不久將來銷售；或
- 構成本集團合併管理的金融工具的確定組合的一部分及具有最近實際短期獲利模式；或
- 金融資產為未被指定的衍生工具及可有效作為對沖工具。

按公平值計入損益的金融資產將按公平值計量，而重新計量產生之公平值之變動將在其產生期間直接在損益確認。於損益確認之收益或虧損淨額包括金融資產賺取之任何股息或利息。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，且並無在活躍市場計算報價。於初始確認後，貸款及應收款項(包括貿易及其他應收款項、銀行存款、現金及等同現金項目、應收附屬公司款項及應收股息)採用實際利率法計算其攤銷成本，減任何已識別減值虧損列賬(見下文金融資產減值的會計政策)。

利息收入按實際利率確認，惟終止確認之影響微不足道的短期應收款項則除外。

持作到期投資

持作到期投資包括有固定或可確定付款金額及有固定期限而本集團有明確意向和能力持至到期日的非衍生金融資產。於初始確認後，持作到期投資按實際利率法減任何可識別減值虧損後以攤銷成本計值(見下文金融資產減值之會計政策)。

3. Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL represent investments held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits with banks, cash and cash equivalents, amounts due from subsidiaries and dividend receivable) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discontinuing is immaterial.

Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. 主要會計政策概要(續)

金融工具(續)

可供出售金融資產

可供出售金融資產為非衍生工具，其為指定可供出售或不獲分類為按公平值計入損益的金融資產、貸款及應收款項或持作到期之投資。

於各報告期末，可供出售金融資產乃按公平值計量。公平值變動於其他全面收益確認，並於重估儲備項下累計，直至金融資產投資獲出售或釐定已減值為止，屆時先於重估儲備累計盈虧會重新分類至損益。

就並無活躍市場報價及公平值不能可靠計量之可供出售股本投資以及與投資無報價股本掛鉤且必須以交付該無報價股本投資結付之衍生工具而言，於報告期末乃以成本減已識別減值虧損計量。

金融資產的減值

金融資產(不包括按公平值計入損益的金融資產)於各報告期末以減值指標予以評估。當有客觀證據顯示，於金融資產首次確認後發生一項或以上事件，影響其估計未來現金流量，則金融資產出現減值。

至於本集團所有金融資產，減值的客觀證據可能包括：

- 發行人或對手方出現重大財務困難；或
- 違反合約，如利息或本金付款失責或拖欠；或
- 借款人可能面臨破產或進行財務重組。
- 因財政困難而導致金融資產失去活躍市場。

3. Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve until the financial asset is disposed of or determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments, they are measured at cost less any identified impairment losses at the end of the reporting period.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all of the Group's financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- the disappearance of an active market for that financial asset because of financial difficulties.

3. 主要會計政策概要(續)

金融工具(續)

金融資產的減值(續)

對於若干類別的金融資產，例如貿易應收款項，個別獲評估為並無減值的資產其後共同就減值進行評估。一組應收款項減值的客觀證據可能包括本集團過往收回款項及延遲還款數目增加的經驗及與拖欠貿易應收款項相關的國家或當地經濟狀況出現可觀察變動。

按攤銷成本列賬的金融資產，其減值虧損金額為資產賬面值與按金融資產的原實際利率折現估計未來現金流量後的現值兩者的差額。

就按成本計值的金融資產而言，減值虧損的金額以資產的賬面值與估計未來現金流量的現值(以類似金融資產的當前市場回報率折現)之間的差額計量。該等減值虧損不會於其後期間撥回。

金融資產的賬面值按所有金融資產直接蒙受的減值虧損減少，惟貿易應收款項則透過使用撥備賬削減賬面值。撥備賬賬面值的變動於損益確認。當貿易應收款項視為不可收回時，則與撥備賬撇銷。其後收回以往撇銷的款項記入損益。撥備賬的賬面值變動於損益確認。

對於按攤銷成本計量的金融資產，倘減值虧損的款項於其後期間減少，而減幅能客觀證明與確認減值虧損後所發生的事件有關，則以往確認的減值虧損透過損益撥回，惟減值撥回當日的資產賬面值不得超過如無確認減值時的原攤銷成本。

金融負債及股本

集團實體發行的金融負債及股本工具根據所訂立合約安排的性質以及金融負債及股本工具的定義進行分類。

3. Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Impairment of Financial Assets (Continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial Liabilities and Equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

3. 主要會計政策概要(續)

金融工具(續)

其他金融負債

本集團之金融負債一般分類為其他金融負債(包括貿易及其他應付款項以及借貸)，並其後採用實際利息法按攤銷成本計量。

實際利息法

實際利息法乃計算金融負債的攤銷成本以及分配相關期間的利息開支的方法。實際利率乃按金融負債的預計年期或適用的較短期間內準確貼現估計未來的現金付款(包括構成實際利率一部份之已付或已收所有費用、交易成本以及其他溢價或折扣)至初始確認時之賬面淨值的利率。

利息開支按實際利息基準確認。

股本工具

股本工具為證明於本集團資產的剩餘權益(經扣除其所有負債)的任何合約。本公司發行之股本工具按已收所得款項列賬，扣除直接發行成本。

本公司購回本身的股本工具於權益中直接確認及扣除。購買、出售、發行或註銷本公司本身之股本工具概不會於損益確認收益或虧損。

可換股債券

本公司附屬公司發行之可換股債券包括負債及兌換購股權部份，於初始確認時獨立分類至各自之項目。兌換購股權將以定額現金或其他金融資產結算，以交換固定數目之附屬公司所擁有之股本工具。可換股債券分類為股本工具。

於初始確認時，負債部份之公平值按同類不可換股債項之當時市場利率釐定。發行可換股債券之所得款項總額與指定為負債部份(即持有人將票據轉換為權益之選擇權)之公平值兩者之差額，乃計入權益(可換股債券權益儲備)內。

3. Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Other Financial Liabilities

The Group's financial liabilities are generally classified into other financial liabilities, including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that from an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Convertible Bonds

Convertible bonds issued by a subsidiary of the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the subsidiary's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate of similar non-convertible instruments. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity (convertible bonds equity reserve).

3. 主要會計政策概要(續)

金融工具(續)

可換股債券(續)

於隨後期間，可換股債券之負債部分，乃採用實際利息法按攤銷成本列賬。權益部分(即負債部分轉換為附屬公司普通股之兌換權)將保留在可換股票據權益儲備內，直至兌換權獲行使為止(於可換股債券轉換時，可換股債券權益儲備所列之結餘將轉撥至股份溢價)。倘兌換權於屆滿日期仍未行使，可換股債券權益儲備之結餘將轉移至保留盈利。兌換兌換權或兌換權屆滿後，將不會於損益確認任何盈虧。

有關發行可換股債券之交易成本乃按所得款項總額之分配比例劃分至負債及權益部分。有關權益部分之交易成本會直接計入權益內。而負債部分之交易成本則計入負債部分之賬面值，並以實際利率法於可換股債券期間內攤銷。

財務擔保合約

財務擔保合約指因指定債務人未能按債務工具的條款如期付款時，發行人須向持有人支付指定金額以補償其所遭受虧損的合約。

本集團所發行的財務擔保合約初步按公平值計量，倘並無指定為按公平值計入損益處理，則隨後按以下較高者計量：

- 根據香港會計準則第37號撥備、或然負債及或然資產所釐定之合約責任金額；及
- 初始確認的金額扣除(倘適用)按收入確認政策確認的累計攤銷。

3. Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)
Convertible Bonds (Continued)

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the subsidiary, will remain in convertible bonds equity reserve until the conversion option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance recognised in convertible bonds equity reserve will be released to the retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3. 主要會計政策概要(續)**金融工具(續)****終止確認**

當自資產收取資產現金流量的合約權利屆滿，或金融資產已轉讓且本集團已將其於金融資產擁有權的絕大部份風險及回報轉移至另一實體，則會終止確認金融資產。倘本集團並無轉讓或保留其於擁有權的絕大部份風險及回報，並繼續控制已轉讓資產，則本集團會確認其於資產的保留權益以及其或須支付款項的相關負債。倘本集團保留其於已轉讓金融資產擁有權的絕大部份風險及回報，則本集團會繼續確認金融資產及以已收取之所得款項確認為有抵押貸款。

於全面取消確認金融資產時，資產賬面值與已收及應收代價以及已於其他全面收入確認並於權益累計之累計損益之總和之差額，將於損益中確認。

除全面取消確認外，於取消確認金融資產時，(即本集團保留購回部分已轉讓資產之選擇權或保留不會導致保留擁有權絕大部分風險及回報之餘下權益，及本集團保留控制權)，本集團會將金融資產之過往賬面值，按於轉讓日期之相對公平值於其確認為繼續參與之部分及不再確認之部分兩者間作出分配，而分配至不再確認部分之賬面值與就不再確認部分所收代價及已於其他全面收入確認之所獲分配任何累計收益或虧損之總和間差額，乃於損益內確認。已於其他全面收入確認之累計收益或虧損，將按繼續確認之部分及不再確認之部分之相對公平值在兩者間作出分配。

當有關合約所訂明的責任獲解除、註銷或屆滿時，金融負債會被終止確認。被終止確認的金融負債的賬面值與已付或應付代價間差額會於損益確認。

3. Summary of Significant Accounting Policies (Continued)**Financial Instruments (Continued)****Derecognition**

The Group are derecognises a financial asset when the contractual rights to receive cash flows from the assets expire or, when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial liabilities are derecognised when the obligation specific in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 主要會計政策概要(續)

商譽以外之有形及無形資產減值虧損

於各報告期末，本集團均會審閱其有形資產及無形資產之賬面值，以釐定是否有任何跡象顯示資產已出現減值虧損。如出現任何該等跡象，則會估計資產之可收回金額，以釐定減值虧損(如有)之程度。如不可能估計個別資產之可收回金額，則本集團會估計資產所屬現金產生單位之可收回金額。在可得出合理一貫分配基準之情況下，公司資產亦分配至個別現金產生單位，否則將分配至可得出合理一貫分配基準之最小現金產生單位組別。

具有無限可使用年期之無形資產及尚不可供使用之無形資產至少每年及於出現可能減值之跡象時進行減值測試。

可收回金額為公平值減去出售成本後與使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量乃使用稅前折現率折現至其現值，折現率反映目前資金時間值之市場估量及並未調整其估計未來現金流量之資產相關特定風險。

倘資產(或現金產生單位)之可收回金額估計將低於其賬面值，則資產(或現金產生單位)之賬面值減至其可收回金額。減值虧損即時於損益確認。

倘某項減值虧損其後撥回，則該項資產的賬面值須增至其可收回金額的經修訂估計數額，惟增加後的賬面值不得超過以往年度資產並無確認減值虧損而釐定的賬面值。撥回減值虧損將即時在損益中確認。

3. Summary of Significant Accounting Policies (Continued)

Impairment Losses on Tangible and Intangible Assets other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as immediately in profit or loss.

3. 主要會計政策概要(續)

撥備

當本集團因過往事件而須承擔現時之法定或推定責任，並且履行該責任可能要求資源流出及有關責任之金額能可靠估計時，即會確認撥備。倘貨幣時間價值之影響重大，則撥備金額為預計履行責任所需支出於報告期末之現值。

關連人士交易

在下列情況下，有關人士將被視為與本集團有關連：

- (1) 倘屬以下人士，即該人士或該人士之直系親屬與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。

3. Summary of Significant Accounting Policies (Continued)

Provision

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value money is material, the amount of a provision is the present value at the end of the reporting period of the expenditures expected to be required to settle the obligation.

Related Parties Transactions

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

- (1) 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 of a parent of the Group.

3. 主要會計政策概要(續)

關連人士交易(續)

(2) 倘符合下列任何條件，即實體與本集團有關連：

- (i) 該實體與本公司屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關連)。
- (ii) 一間實體為另一實體的聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之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，而另一實體為該第三方實體的聯營公司。
- (v) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。倘本集團本身便是該計劃，提供資助的僱主亦與本集團有關連。
- (vi) 實體受(1)所識別人士控制或受共同控制。
- (vii) 於(1)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。

關連人士之間轉讓資源或責任的交易，乃視為關連人士交易。

3. Summary of Significant Accounting Policies (Continued)

Related Parties Transactions (Continued)

(2) 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.
- (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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1) (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).

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. 主要會計政策概要(續)

分部報告

經營分部及綜合財務資料所呈列各分部的金額，乃從為向本集團各項業務及地理位置分配資源及評估其業績而定期向本集團多數最高行政管理層提供的財務報表中識別出來。

個別重要的經營分部不會合計以供財務報告之用，但如該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以至監管環境的本質等經濟特性均屬類似，則作別論。個別不重要的經營分部如果符合以上大部分條件，則可以合計為一個報告分部。

4. 關鍵會計判斷及估計不明朗因素的主要來源

於應用於附註3所述之本集團之會計政策時，本公司之董事須對未能透過其他來源確定之資產及負債之賬面值作出判斷、估計及假設。所作出之估計及相關假設乃以過往經驗及其他被視為相關之因素為基準。實際業績可能與該等估計有異。

估計及相關假設乃以持續基準被審閱。倘對會計估計之修訂僅影響進行修訂之期間，則於該期間確認，或倘修訂會影響目前及未來期間，則會於目前及未來期間確認。

**3. Summary of Significant Accounting Policies (Continued)
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 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 segments which are not individually material may be aggregated if they share a majority of these criteria.

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源

以下為於報告期末極可能導致本集團資產與負債賬面值於下一財政年度需要作出重大調整之未來相關重要假設及導致估計不明朗因素的其他主要來源。

(a) 投資物業、採礦權、物業、廠房及設備和無形資產減值的估計

根據附註3所述的會計政策，倘任何事件或情況改變顯示資產的賬面值不能收回，則本集團會評估投資物業、採礦權、物業、廠房及設備和無形資產有否出現減值。現金產生單位的可收回金額指資產之公平值減銷售成本或其可使用價值(以較高者為準)。公平值減銷售成本或其可使用價值之計算方法需要作出估計。於本年度，本集團並無就投資物業、採礦權、物業、廠房及設備和無形資產計提減值撥備(2012年：零港元)。

(b) 投資物業、物業、廠房及設備、無形資產和採礦權的可使用年期的估計

本集團的管理層為其投資物業、採礦權、廠房及設備及無形資產釐定估計可使用年期及相關折舊／攤銷費用。此估計以相似性質及功能的投資物業、物業、廠房及設備及無形資產過往經驗的實際可使用年期及獨立技術顧問所釐定的礦產資源為基準，其可因科技創新及競爭者對市況作出反應而有很大差距。倘可使用年期較之前估計年期短，管理層將提高折舊／攤銷費用，或註銷或撇銷已棄置或出售的技術上過時或非策略性的資產。

本集團於截至2013年及2012年12月31日止年度內並無更改投資物業、物業、廠房及設備、無形資產以及採礦權之估計可使用年期。

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)
Key Sources of Estimation Uncertainty

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

(a) *Estimated Impairment of Investment Properties, Mining Rights, Property, Plant and Equipment and Intangible Assets*

The Group evaluates whether investment properties, mining rights, property, plant and equipment and intangible assets have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units represent the higher of the asset's fair value less costs to sell or its value-in-use. The calculations of fair value less costs to sell or value-in-use require the use of estimates. During the year, the Group did not provide any impairment for investment properties, mining rights, property, plant and equipment and intangible assets (2012: HK\$Nil).

(b) *Estimated Useful Lives of Investment Properties, Property, Plant and Equipment, Intangible Assets and Mining Rights*

The Group's management determines the estimated useful lives and related depreciation/amortisation charges for its investment properties, property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of investment properties, property, plant and equipment and intangible assets of similar nature and functions and the mineral reserve determined by independent technical adviser. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

During the years ended 31 December 2013 and 2012, the Group did not change the estimated useful lives of investment properties, property, plant and equipment, intangible assets and mining rights.

4. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源(續)

(c) 估計存貨減值

本集團管理層於各報告期末按逐項貨品基準審閱存貨清單。管理層主要根據最近的發票價格及目前市況估計有關項目的可變現淨值。於本年度，本集團並無就存貨計提任何撥備(2012年：零港元)。

(d) 所得稅

本集團於多個司法權區均須繳納所得稅。若干交易及計算方法存在不明朗之最終稅項決定。本集團以額外稅項會否到期之估計就預期稅項事宜確認負債。倘該等事宜之最終稅務結果有別於首次記錄之金額，有關差額將於作出決定之期間影響當期及遞延稅項撥備。

(e) 貿易及其他應收款項之減值

貿易及其他應收款項之減值乃根據持續評估未收回應收款項之估計可收回程度及賬齡分析，以及按管理層判斷釐定。本集團之收款不時會出現延誤。當貿易及其他應收款項之可收回性存疑而導致對其償付能力有所減損時，則需要進行撥備。若干應收款項可能會於最初時被確認為可收回，但其後可能無法收回及導致其後於綜合損益及其他全面收益表中將有關應收款項撇銷。倘未能為可收回性出現變化之貿易及其他應收款項作出撥備，則可能會對本集團之營運業績構成影響。於本年度，本集團已就貿易及其他應收款項計提減值虧損零港元(2012年：1,944,000港元)。

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Continued)

Key Sources of Estimation Uncertainty (Continued)

(c) Estimated Impairment of Inventories

The management of the Group reviews the inventories listing on a product-by-product basis at the end of the reporting period. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. During the year, the Group did not provide any allowance for inventories (2012: HK\$Nil).

(d) Income Tax

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues 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 tax provisions in the period in which such determination is made.

(e) Impairment of Trade and Other Receivables

The impairment of trade and other receivables are based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgment. From time to time, the Group may experience delays in collection. Where recoverability of trade and other receivables are called into doubts, resulting in an impairment of their ability to make payments, provision may be required. Certain receivables may be initially identified as collectable, yet subsequently become uncollectable and result in a subsequent write-off of the related receivables to the consolidated statement of profit or loss and other comprehensive income. Changes in the collectability of trade and other receivables for which provisions are not made could affect our results of operations. During the year, the Group has provided impairment loss of HK\$Nil for trade and other receivables (2012: HK\$1,944,000).

5. 金融工具

(a) 金融工具類別

5. Financial instruments

(a) Categories of Financial Instruments

		本集團 The Group		本公司 The Company	
		2013	2012	2013	2012
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
金融資產	Financial assets				
貸款及應收款項(包括 銀行存款以及現金 及等同現金項目)	Loans and receivables (including deposits with banks and cash and cash equivalents)	697,864	653,574	853,535	799,565
可供出售投資	Available-for-sale investment	142,453	123,586	–	–
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	7,387	11,941	–	3,252
		847,704	789,101	853,535	802,817
金融負債	Financial liabilities				
攤銷成本	Amortised cost	431,371	396,273	1,481	2,535
財務擔保合約	Financial guarantee contracts	–	–	85	–
		431,371	396,273	1,566	2,535

(b) 財務風險管理目標及政策

本集團及本公司的主要金融工具包括持作買賣投資、貿易及其他應收款項、銀行存款、現金及等同現金項目、貿易及其他應付款項以及借貸。金融工具詳情於個別附註披露。與該等金融工具有關的風險包括外匯風險、利率風險、其他價格風險、信貸風險及流動資金風險。以下載列如何緩和該等風險的政策。本集團及本公司的整體風險管理計劃著重於不可預測的金融市場和尋求最大程度地降低本集團及本公司財務表現所遭受的潛在不利風險。

(b) Financial Risk Management Objectives and Policies

The Group's and the Company's major financial instruments include investment held for trading, trade and other receivables, deposits with banks, cash and cash equivalents, trade and other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include foreign exchange risk, interest rate risk, other price risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Group's and the Company's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

5. 金融工具(續)

(b) 財務風險管理目標及政策(續)

(i) 外匯風險

鑑於本集團大部分業務交易、資產及負債主要以各附屬公司的功能貨幣計值，故此所承受的外匯風險微不足道。本集團目前並無就外幣交易、資產及負債訂立外匯對沖政策。本集團將密切監測其外匯風險，並在需要時考慮對沖重大外幣風險。

(ii) 利率風險

本集團須面對有關銀行存款及借貸之公平值利率風險(詳情分別參閱附註27及30)。

本公司並無重大利率風險。

敏感度分析

倘若於2013年12月31日之銀行存款及現金及等同現金項目及借貸利率較實際利率上升/下降10個基點(年利率0.1%) (2012年: 10個基點)，本集團的年度溢利將因銀行存款及借貸的公平值上升/下降而增加/減少約122,000港元(2012年: 186,000港元)。

由於管理層認為本集團面臨的上述公平值利率風險並非重大，因此於年內管理層並無採取息率掉期或其他對沖措施。

本集團亦須面對有關按當前市場比率計值之銀行結餘之現金流利率風險。然而，由於銀行結餘全部均為短期性質，因此本集團面對之風險屬輕微。

5. Financial Instruments (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(i) Foreign Exchange Risk

The Group has minimal exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency hedging significant foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to deposits with banks and borrowings (see Notes 27 and 30 respectively for details).

The Company has no significant interest rate risk.

Sensitivity Analysis

If interest rates on deposits with banks and cash and cash equivalents and borrowings as at 31 December 2013 had been 10 basis points (0.1% per annum) (2012: 10 basis points) higher/lower than the actual effective interest rate, the Group's profit for the year would have been approximately HK\$122,000 (2012: HK\$186,000) higher/lower as a result of a increase/decrease in fair value of deposits with banks and borrowings.

As management considers the Group's exposure to the above fair value interest rate risk is not significant, no interest-rate swaps or other hedging activities are undertaken by management during the year.

The Group is also exposed to cash flow interest rate risk in relation to bank balances carried at prevailing market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

5. 金融工具(續)

(b) 財務風險管理目標及政策(續)

(iii) 其他價格風險

本集團透過其於上市股本證券及非上市投資基金之投資承受股本價格風險。管理層透過維持不同風險投資組合以管理此風險。本集團其他價格風險主要集中於在中國上市之股本工具及金融機構報價之基金投資。

敏感度分析

以下敏感度分析根據報告日須面對之股本價格風險釐定。

倘各自股本工具之價格上升/下降10%(2012年:10%)，本集團之年度溢利將增加/減少約739,000港元(2012年:1,194,000港元)，反映持作買賣投資之公平值之變動。

倘各自股本工具之價格上升/下降10%(2012年:10%)，本集團之其他全面收入總額將增加/減少約14,245,000港元(2012年:12,359,000港元)，反映可供出售投資之公平值變動。

(iv) 信貸風險

茲因交易對方未能履行於報告期末就各類已確認金融資產的責任，本集團須承受的最高信貸風險為於綜合財務狀況表列賬之該等資產的賬面值。

5. Financial Instruments (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(iii) Other Price Risk

The Group is exposed to equity price risk through its investments in listed equity securities and unlisted investments in funds. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's other price risk is mainly concentrated on equity instruments listed in the PRC and on fund investment quoted by the financial institutions.

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 10% (2012: 10%) higher/lower, the Group's profit for the year would increase/decrease by approximately HK\$739,000 (2012: HK\$1,194,000) as a result of the changes in fair value of investments held for trading.

If the prices of respective equity instruments has been 10% (2012: 10%) higher/lower, the Group's other comprehensive income would increase/decrease by approximately HK\$14,245,000 (2012: HK\$12,359,000) as a result of the changes in fair value of available-for-sale investment.

(iv) Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

5. 金融工具(續)

(b) 財務風險管理目標及政策(續)

(iv) 信貸風險(續)

本集團僅與認可及信貸記錄良好的第三方進行交易。本集團的政策是所有欲以信貸期作交易的客戶須參與信貸驗證程序。此外，本集團會持續監察應收結餘。

就本集團其他金融資產(包括現金及等同現金項目)所產生之信貸風險而言，本集團因對方拖欠還款而須面對的信貸風險有限，此乃由於對方擁有良好信貸評級，而本集團預期不會因該等實體的未分配墊款／按金而引起重大損失。

本集團並無高度集中的信貸風險。本集團訂有既定政策確保向具有良好信貸記錄的客戶銷售產品。本集團的銀行存款及存放於金融機構之存款均存放於無重大信貸風險的優質金融機構。

由於有關金融機構並無拖欠付款記錄，故董事認為本集團存放於銀行及金融機構的存款不會存在重大信貸風險。

(v) 流動資金風險

本集團奉行審慎的流動資金風險管理，即意味著維持足夠現金及有價證券、透過款額充裕的信貸融資以維持可供動用資金，以及結算市場頭寸的能力。本集團致力保持可供動用的足夠信貸額度，藉以維持資金供應的靈活性。

5. Financial Instruments (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(iv) Credit Risk (Continued)

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

With respect to credit risk arising from the other financial assets of the Group which comprise cash and cash equivalents, the Group's exposure to credit risk arising from default of the counterparties is limited as the counterparties have good credit standing and the Group does not expect to incur significant loss for unallocated advances/deposits from these entities.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of goods are made to customers with an appropriate credit history. The Group's deposits with bank and deposits placed with financial institutions are placed in high quality financial institutions without significant exposure to credit risk.

The directors consider that there is no significant credit risk in respect of the Group's deposits with banks and deposits placed with financial institutions as the financial institutions have no record of default payment.

(v) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping adequate facilities available.

5. 金融工具(續)

(b) 財務風險管理目標及政策(續)

(v) 流動資金風險(續)

下表顯示本集團及本公司將以淨額基準結算的金融負債，此乃按照相關的到期組別，根據由報告期末至合約到期日的剩餘時間進行分析。表內所披露的金額為合約性未折現的現金流量。由於折現的影響並不重大，因此在12個月內到期的結餘確認相等於其賬面值。

本集團
2013

	加權平均 實際利率 Weighted average effective interest rate %	一年以下	一年以上	未折現 現金流量總額	賬面值
		Less than 1 year 千港元 HK\$'000	Over 1 year 千港元 HK\$'000	Total undiscounted cash flows 千港元 HK\$'000	Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	130,295	-	130,295	130,295
借貸 Borrowings	6.26	301,076	-	301,076	301,076
		431,371	-	431,371	431,371

2012

	加權平均 實際利率 Weighted average effective interest rate %	一年以下	一年以上	未折現 現金流量總額	賬面值
		Less than 1 year 千港元 HK\$'000	Over 1 year 千港元 HK\$'000	Total undiscounted cash flows 千港元 HK\$'000	Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	79,171	-	79,171	79,171
借貸 Borrowings	7.07	327,065	-	327,065	317,102
		406,236	-	406,236	396,273

5. Financial Instruments (Continued)

(b) Financial Risk Management Objectives and Policies (Continued)

(v) Liquidity Risk (Continued)

The table below analyses the Group's and the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months upon recognition equal their carrying balances, as the impact of discounting is not significant.

The Group
2013

2012

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5. 金融工具(續)
(b) 財務風險管理目標及政策
(續)
(v) 流動資金風險(續)
本公司
2013

5. Financial Instruments (Continued)
(b) Financial Risk Management Objectives and
Policies (Continued)
(v) Liquidity Risk (Continued)
The Company
2013

	加權平均 實際利率 Weighted average effective interest rate %	未折現現金流量 總額及須於 一年內償還 Total undiscounted cash flows and due within one year 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	1,481	1,481
財務擔保合約 Financial guarantee contracts (附註) (note)	-	114,050	85
	-	115,531	1,566

2012

2012

	加權平均 實際利率 Weighted average effective interest rate %	未折現現金流量 總額及須於 一年內償還 Total undiscounted cash flows and due within one year 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
貿易及其他應付款項 Trade and other payables	-	2,535	2,535

附註：

上述財務擔保合約包含的金額為在擔保對方索償情況下，本公司根據安排可能須結付全數擔保金額的最高金額。根據報告期末的預期，本公司認為須根據安排付款的機會極微。然而，該估計將視乎對方根據擔保提出索償的可能性而有所改變，而提出索償的可能性則取決於對方所持獲擔保財務應收款項出現信貸虧損的可能性。

note:

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

5. 金融工具(續)

(c) 公平值計量

此附註提供有關本集團如何釐定各種金融資產及金融負債的公平值的資料。

按經常性基準以公平值計量的本集團金融資產及金融負債的公平值

本集團部分金融資產及金融負債於各報告期末按公平值計量。下表提供有關如何釐定該等金融資產及金融負債的公平值(特別是所使用的估值技巧及輸入數據)的資料。

5. Financial Instruments (Continued)

(c) Fair Value Measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair Value of the Group's Financial Assets and Financial Liabilities that are Measured at Fair Value on a Recurring Basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

金融資產 Financial assets	於以下日期的公平值 Fair value as at		公平值級別 Fair value hierarchy	估值方法及 主要輸入數據 Valuation techniques and key inputs
	2013年12月31日 31 December 2013	2012年12月31日 31 December 2012		
1) 持作買賣的 非衍生金融 資產(附註26) Held for trading non-derivative financial assets (Note 26)	於香港以外 上市股本證券： 7,387,000港元 Listed equity securities outside Hong Kong: HK\$7,387,000	於香港 上市股本證券： 3,252,000港元 於香港以外 上市股本證券： 8,689,000港元 Listed equity securities in Hong Kong: HK\$3,252,000 Outside Hong Kong: HK\$8,689,000	第1類 Level 1	活躍市場所報 買入價 Quoted bid prices in an active market
2) 上市可供出售 投資(附註23) Listed available- for-sale investment (Note 23)	於香港以外 上市股本證券： 142,453,000港元 Listed equity securities outside Hong Kong: HK\$142,453,000	於香港以外 上市股本證券： 123,586,000港元 Listed equity securities outside Hong Kong: HK\$123,586,000	第1類 Level 1	活躍市場所報 買入價 Quoted bid prices in an active market

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5. 金融工具(續)
(c) 公平值計量(續)

5. Financial Instruments (Continued)
(c) Fair Value Measurements (Continued)

		2013年12月31日 31 December 2013			總計
		第1類 Level 1 千港元 HK\$'000	第2類 Level 2 千港元 HK\$'000	第3類 Level 3 千港元 HK\$'000	總計 Total 千港元 HK\$'000
按公平值計入損益 的金融資產	Financial assets at fair value through profit or loss				
持作買賣投資	Investments held for trading	7,387	-	-	7,387
可供出售投資	Available-for-sale investment				
上市股本證券	Listed equity securities	142,453	-	-	142,453
總計	Total	149,840	-	-	149,840

		2012年12月31日 31 December 2012			總計
		第1類 Level 1 千港元 HK\$'000	第2類 Level 2 千港元 HK\$'000	第3類 Level 3 千港元 HK\$'000	總計 Total 千港元 HK\$'000
按公平值計入損益 的金融資產	Financial assets at fair value through profit or loss				
持作買賣投資	Investments held for trading	11,941	-	-	11,941
可供出售投資	Available-for-sale investment				
上市股本證券	Listed equity securities	123,586	-	-	123,586
總計	Total	135,527	-	-	135,527

兩個年度內並無在第1類及第2類之間的轉移。

There were no transfers between Levels 1 and 2 in both years.

6. 資金風險管理

本集團的資金管理目標是保障本集團能繼續營運的能力，藉以為股東和其他股東提供回報，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本退還、發行新股或出售資產以減低債務。

截至2012年12月31日止年度，本公司若干附屬公司受香港證券及期貨事務監察委員會規管，並須根據香港證券及期貨條例，遵守若干最低資金要求。管理層監管本集團之流動資金，以確保符合香港證券及期貨(財政資源)規則之最低流動資金要求。該等附屬公司於2012年11月被出售。

本集團利用資本負債比率監察其資本。此比率按照借貸總值除以權益總額計算。權益總額已列於綜合財務狀況表內。

6. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year ended 31 December 2012, several subsidiaries of the Company are regulated by the Hong Kong Securities and Futures Commission and are required to comply with certain minimum capital requirements according to the Hong Kong Securities and Futures Ordinance. Management monitors the Group's liquid capital to ensure meet the minimum liquid capital requirement in accordance with the Hong Kong Securities and Futures (Financial Resources) Rules. These subsidiaries were disposed in November 2012.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity as shown in the consolidated statement of financial position.

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截至2013年12月31日止年度

For the year ended 31 December 2013

6. 資金風險管理(續)

截至2013年12月31日止年度，本集團的策略與截至2012年12月31日止年度比較維持不變，將資本負債比率維持在30%內。於2013年及2012年12月31日的資本負債比率如下：

6. Capital Risk Management (Continued)

During the year ended 31 December 2013, the Group's strategy, which was unchanged from that of the year ended 31 December 2012, is to maintain a gearing ratio within 30%. The gearing ratios as at 31 December 2013 and 2012 were as follows:

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
借貸總值	Total borrowings	301,076	317,102
權益總值	Total equity	2,152,962	1,769,514
資本負債比率	Gearing ratio	14.0%	17.9%

7. 收入

本集團主要從事金屬鎂產品業務、農業肥料業務及煉鋼熔劑業務。本集團於截至2012年12月31日止年度內已出售其金融服務業務。本集團持續及已終止經營業務於年內之收入分析如下：

7. Revenue

The Group is principally engaged in magnesium product business, fertiliser business and metallurgical flux business. During the year ended 31 December 2012, the Group disposed its financial services business. An analysis of the Group's revenue, for both continuing and discontinued operations, for the year is as follows:

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
持續經營業務	Continuing operations		
銷售金屬鎂產品	Sales of magnesium products	547,366	379,932
銷售農業肥料產品	Sales of fertiliser products	1,028,068	802,464
銷售煉鋼熔劑產品	Sales of metallurgical flux products	64,857	60,534
		1,640,291	1,242,930
已終止經營業務	Discontinued operation		
提供金融服務	Provision of financial services	-	11,061

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For the year ended 31 December 2013

8. 分部資料

就資源調配及分部表現評估向本公司行政總裁(主要營運決策者)報告之資料側重於經營類別。本集團根據香港財務報告準則第8號經營及申報的分部如下：

- 金屬鎂產品業務
- 農業肥料業務
- 煉鋼熔劑業務
- 金融服務業務

截至2012年12月31日止年度，本集團已出售其金融服務業務。

有關本集團之可報告分部於下文呈報。

分部收入及業績

本集團按可報告分部之收入及業績分析如下：

截至2013年12月31日止年度：

8. Segment Information

Information reported to the Company's Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the operating divisions. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

- Magnesium product business
- Fertiliser business
- Metallurgical flux business
- Financial services business

During the year ended 31 December 2012, the Group disposed its financial services business.

Information regarding the Group's reportable segments is presented below.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable segments.

For the year ended 31 December 2013:

		持續經營業務 Continuing operations			
		金屬鎂產品業務 Magnesium product business 千港元 HK\$'000	農業肥料業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑業務 Metallurgical flux business 千港元 HK\$'000	合計 Total 千港元 HK\$'000
分部收入	Segment revenue	547,366	1,028,068	76,149	1,651,583
分部間收入	Inter-segment revenue	-	-	(11,292)	(11,292)
來自外部客戶的收入	Revenue from external customers	547,366	1,028,068	64,857	1,640,291
分部業績	Segment results	183,219	245,791	9,318	438,328
其他收入及收益	Other income and gains				11,782
中央行政費用	Central administrative costs				(57,080)
財務費用	Finance costs				(21,441)
除所得稅前溢利	Profit before income tax				371,589

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8. 分部資料(續)
分部收入及業績(續)

截至2012年12月31日止年度：

8. Segment Information (Continued)
Segment Revenue and Results (Continued)

For the year ended 31 December 2012:

		持續經營業務			小計	已終止	合計
		Continuing operations				Discontinued operation	
		金屬鎂產品業務	農業肥料業務	煉鋼熔劑業務		金融服務業務	
		Magnesium product business	Fertiliser business	Metallurgical flux business	Sub-total	Financial services business	Total
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
分部收入	Segment revenue	379,932	802,464	63,132	1,245,528	11,103	1,256,631
分部間收入	Inter-segment revenue	-	-	(2,598)	(2,598)	(42)	(2,640)
來自外部客戶的收入	Revenue from external customers	379,932	802,464	60,534	1,242,930	11,061	1,253,991
分部業績	Segment results	125,213	148,637	9,398	283,248	(6,142)	277,106
其他收入及收益	Other income and gains				13,472	7,772	21,244
中央行政費用	Central administrative costs				(48,084)	(13,060)	(61,144)
財務費用	Finance costs				(20,363)	-	(20,363)
除所得稅前溢利/(虧損)	Profit/(loss) before income tax				228,273	(11,430)	216,843

上文呈列之分部收入，乃代表外部客戶所產生之收入。分部間交易均按公平基準訂立。

可報告分部之會計政策與本集團會計政策相同。分部業績指於並無分配中央行政費用(包括董事薪酬、其他收入及收益、財務費用及所得稅開支)情況下各分部之業績。此為向主要營運決策者報告以供其調配資源及評估分部表現之方式。

Segment revenue reported above represents revenue generated from external customers. Inter-segment transactions are entered into at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of central administrative costs including directors' emoluments, other income and gains, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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8. 分部資料(續)

分部資產及負債

於2013年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

		持續經營業務 Continuing operations			分部合計	未分配	合計
		金屬鎂產品業務 Magnesium product business 千港元 HK\$'000	農業肥料業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑業務 Metallurgical flux business 千港元 HK\$'000	Total segments 千港元 HK\$'000	Unallocated 千港元 HK\$'000	Total 千港元 HK\$'000
分部資產	Segment assets	941,909	442,308	726,383	2,110,600	729,622	2,840,222
分部負債	Segment liabilities	160,757	202,445	209,819	573,021	114,239	687,260
添置非流動資產	Additions to non-current assets	307,484	57,740	47,843	413,067	1,981	415,048

於2012年12月31日之分部資產及負債和截至該日止年度按可報告分部之資本開支如下：

		持續經營業務 Continuing operations			已終止經營業務 Discontinued operation	分部合計	未分配	合計
		金屬鎂產品業務 Magnesium product business 千港元 HK\$'000	農業肥料業務 Fertiliser business 千港元 HK\$'000	煉鋼熔劑業務 Metallurgical flux business 千港元 HK\$'000	金融服務業務 Financial services business 千港元 HK\$'000	Total segments 千港元 HK\$'000	Unallocated 千港元 HK\$'000	Total 千港元 HK\$'000
分部資產	Segment assets	560,685	315,262	680,719	-	1,556,666	806,772	2,363,438
分部負債	Segment liabilities	87,967	146,589	144,511	-	379,067	214,857	593,924
添置非流動資產	Additions to non-current assets	259,189	97,347	5,269	45	361,850	13,555	375,405

為達成監察分部表現及於分部間調配資源之目標：

- 除投資物業、無形資產、銀行存款、現金及等同現金項目和其他企業使用資產，包括物業、廠房及設備和其他應收款項外，所有資產均分配至可報告分部；及
- 除企業用途之借貸及其他應付款項外，所有負債均分配至可報告分部。

資本開支包括對物業、廠房及設備的添置、支付專利對價款項和購買物業、廠房及設備的按金(2012年：投資物業和物業、廠房及設備的添置)。除對若干物業、廠房及設備作為行政用途添置外，所有資本開支均分配至分部。

8. Segment Information (Continued)

Segment Assets and Liabilities

The segment assets and liabilities as at 31 December 2013 and capital expenditure for the year then ended by reportable segments are as follows:

The segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended by reportable segments are as follows:

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investment properties, intangible assets, deposits with banks, cash and cash equivalents and other assets for corporate use which including property, plant and equipment and other receivables; and
- all liabilities are allocated to reportable segments other than borrowings for corporate use and other payables.

Capital expenditure comprises additions to property, plant and equipment, payment for acquisition of patents and deposits for acquisition of property, plant and equipment (2012: additions to investment properties and property, plant and equipment). Except for the additions to certain property, plant and equipment for administrative purposes, all the capital expenditure was allocated to segments.

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8. 分部資料(續)

其他分部資料

於截至2013年12月31日止年度：

8. Segment Information (Continued)

Other Segment Information

For the year ended 31 December 2013:

		持續經營業務			未分配	合計
		Continuing operations				
		金屬鎂產品業務	農業肥料業務	煉鋼熔劑業務		
		Magnesium product business	Fertiliser business	Metallurgical flux business	Unallocated	Total
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
物業、廠房及設備和投資物業折舊	Depreciation of property, plant and equipment and investment properties	9,183	36,960	9,484	3,911	59,538
土地使用權、採礦權及無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	1,984	358	13,282	184	15,808
出售物業、廠房及設備的(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	(102)	-	274	82	254
持作買賣投資的已變現及未變現虧損	Realised and unrealised loss on investments held for trading	-	-	-	1,313	1,313
所得稅開支	Income tax expense	37,931	55,870	542	113	94,456

於截至2012年12月31日止年度：

For the year ended 31 December 2012:

		持續經營業務			已終止經營業務		合計
		Continuing operations			Discontinued operation		
		金屬鎂產品業務	農業肥料業務	煉鋼熔劑業務	金融服務業務	未分配	
		Magnesium product business	Fertiliser business	Metallurgical flux business	Financial services business	Unallocated	Total
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
物業、廠房及設備和投資物業折舊	Depreciation of property, plant and equipment and investment properties	5,910	33,703	6,698	426	3,205	49,942
土地使用權、採礦權及無形資產攤銷	Amortisation of land use rights, mining rights and intangible assets	1,647	360	13,532	54	181	15,774
出售物業、廠房及設備的(收益)/虧損	(Gain)/loss on disposal of property, plant and equipment	-	138	(22)	3	-	119
持至到期投資的利息收入	Interest income from held-to-maturity investment	-	-	-	(697)	-	(697)
持作買賣投資的利息收入	Interest income from investments held for trading	-	-	-	(1,119)	-	(1,119)
持作買賣投資的已變現及未變現收益	Realised and unrealised gain on investments held for trading	-	-	-	(3,222)	(1,457)	(4,679)
呆賬撥備	Allowance for doubtful debts	-	-	-	713	1,231	1,944
所得稅開支	Income tax expense	26,638	20,220	1,126	275	-	48,259

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8. 分部資料(續)

主要產品及服務的收入

本集團主要產品及服務的收入如下：

8. Segment Information (Continued)

Revenue from Major Products and Services

The Group's revenue from its major products and services were as follows:

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
持續經營業務	Continuing operations		
金屬鎂產品：	Magnesium products:		
稀土鎂合金	Rare earth magnesium alloys	358,975	196,317
基礎鎂產品	Basic magnesium products	166,162	167,634
其他	Others	22,229	15,981
		547,366	379,932
農業肥料產品：	Fertilisers products:		
複合(混)類肥料	Compound fertilisers	749,916	614,400
生物有機類肥料	Organic fertilisers	275,468	174,452
其他	Others	2,684	13,612
		1,028,068	802,464
煉鋼熔劑產品	Metallurgical flux products	64,857	60,534
已終止經營業務	Discontinued operation	1,640,291	1,242,930
金融服務	Financial services	–	11,061
		1,640,291	1,253,991

地區資料

由於本集團的業務全部位於中國／香港，並且本集團之外部客戶收入亦源於中國／香港，故並無呈列地區之資料。

主要客戶資料

由於截至2013年及2012年12月31日止年度並無對任何單一客戶之銷售超過本集團總收入之10%，因此並無有關主要客戶的資料呈列。

Geographical Information

No geographical information is presented as all of the Group's businesses are carried out in the PRC/Hong Kong and the Group's revenue from external customers is in the PRC/Hong Kong.

Information about Major Customers

No information about major customers is presented as no single customer contributed over 10% of the total revenue of the Group during the years ended 31 December 2013 and 2012.

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9. 其他收入及收益

9. Other Income and Gains

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
持續經營業務	Continuing operations		
租金收入	Rental income	5,241	4,633
利息收入：	Interest income:		
— 銀行存款	— bank deposits	5,157	6,104
股息收入	Dividend income	417	411
雜項收入	Sundry income	967	867
		11,782	12,015
已終止經營業務	Discontinued operation		
利息收入：	Interest income:		
— 銀行存款	— bank deposits	—	7
— 持至到期之投資	— held-to-maturity investment	—	697
— 持作買賣投資	— investments held for trading	—	1,119
— 託管費	— custodian	—	276
— 股票按倉	— margin	—	44
股息收入	Dividend income	—	282
撥回應收貿易 款項減值	Reversal of impairment loss on trade receivables	—	2,068
持作買賣投資的 已變現收益	Realised gain on investments held for trading	—	1,177
持作買賣投資的 未變現收益	Unrealised gain on investments held for trading	—	2,045
雜項收入	Sundry income	—	57
		—	7,772

10. 財務費用

10. Finance Costs

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
持續經營業務	Continuing operations		
須於5年內全數償還之 借貸的利息	Interest on borrowings wholly repayable within 5 years	21,441	20,363

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11. 所得稅開支

於綜合損益及其他全面收益表內扣除／(計入)的所得稅開支數額指：

11. Income Tax Expense

The amount of income tax expense charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

		Continuing operations		Discontinued operation		Consolidated	
		持續經營業務		已終止經營業務		綜合	
		2013	2012	2013	2012	2013	2012
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
即期稅項	Current tax						
— 香港利得稅	— Hong Kong Profits Tax	-	-	-	(12)	-	(12)
— 中國企業所得稅	— PRC Enterprise Income Tax	97,562	50,847	-	12	97,562	50,859
遞延稅項	Deferred taxation	(3,106)	(2,863)	-	275	(3,106)	(2,588)
		94,456	47,984	-	275	94,456	48,259

(a) 香港利得稅

香港利得稅乃按截至2013年及2012年12月31日止年度之估計應課稅溢利之16.5%計算。

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the years ended 31 December 2013 and 2012.

(b) 中國企業所得稅

中國企業所得稅乃按截至2013年及2012年12月31日止年度之估計應課稅溢利之25%計算。

(b) The PRC Enterprise Income Tax

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the years ended 31 December 2013 and 2012.

11. 所得稅開支(續)

(c) 海外所得稅

本公司乃根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，並據此獲豁免繳納開曼群島所得稅。本公司於英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法註冊成立，並獲豁免繳納英屬處女群島所得稅。

本集團的除所得稅前溢利與以中國企業的標準稅率25%計算的理論數額的差別如下：

11. Income Tax Expense (Continued)

(c) Overseas Income Tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, are exempted from British Virgin Islands income tax.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using a tax rate of 25%, the standard income tax rate of the PRC enterprises, as follows:

		2013		2012	
		千港元	%	千港元	%
		HK\$'000		HK\$'000	
除所得稅前溢利/(虧損)	Profit/(loss) before income tax				
— 持續經營業務	— Continuing operations	371,589		228,273	
— 已終止經營業務	— Discontinued operation	-		(11,430)	
		371,589		216,843	
按適用所得稅稅率25% (2012年：25%) 計算的稅項支出	Tax charge at applicable income tax rate of 25% (2012: 25%)	92,897	25.0	54,211	25.0
於其他司法權區經營的附屬公司的不同稅率之影響	Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,385)	(1.4)	(6,165)	(2.8)
毋須課稅的收入之稅務影響	Tax effect of income not taxable for tax purpose	(6,576)	(1.8)	(8,159)	(3.8)
不可扣稅之稅項開支之稅務影響	Tax effect of expenses not deductible for tax purpose	15,001	4.0	15,454	7.1
先前年度超額撥備	Over-provision of tax in prior year	(139)	0.0	(4,625)	(2.1)
使用先前未確認之稅務虧損	Utilisation of previous unrecognised tax losses	(6,104)	(1.6)	(10,114)	(4.7)
無確認之估計稅項虧損的稅務影響	Tax effect of estimated tax losses not recognised	4,762	1.2	7,657	3.5
所得稅開支	Income tax expense	94,456	25.4	48,259	22.2

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11. 所得稅開支(續)

於2013年12月31日，本集團未確認稅項虧損約101,141,000港元(2012年：108,377,000港元)可結轉以抵銷未來應課稅溢利。約76,772,000港元(2012年：60,429,000港元)之稅項虧損將於自與彼等有關之評估年度起計五年後到期，而約24,369,000港元(2012年：47,948,000港元)之稅項虧損則可予以無限期結轉。由於認為日後之應課稅溢利未必可能會與未動用的稅項虧損對銷，故該等稅項虧損之遞延稅項收益並未確認。

12. 年內溢利

持續經營業務之年內溢利已扣除／(抵免)下列費用：

11. Income Tax Expense (Continued)

As at 31 December 2013, the Group has unrecognised tax losses of approximately HK\$101,141,000 (2012: HK\$108,377,000), which can be carried forward to offset future taxable profit. Tax losses of approximately HK\$76,772,000 (2012: HK\$60,429,000) will expire after five years from the year of assessment they relate to while tax losses of approximately HK\$24,369,000 (2012: HK\$47,948,000) can be carried forward indefinitely. The deferred tax benefit of such tax losses has not been recognised as it is not considered probable that future taxable profit will be available to utilise the unused tax losses.

12. Profit for the Year

Profit for the year from continuing operations has been arrived at after charging/(crediting):

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
工資及薪金	Wages and salaries	70,713	54,512
授予董事及僱員之購股權	Share options granted to directors and employees	4,760	1,819
定額供款退休計劃	Payment to defined contribution retirement plans	1,749	1,594
總員工成本 (包括董事薪酬)	Total staff costs (including directors' emoluments)	77,222	57,925
核數師薪酬	Auditors' remuneration	1,024	1,350
折舊及攤銷	Depreciation and amortisation	75,346	65,236
出售物業、廠房及 設備之虧損	Loss on disposal of property, plant and equipment	254	116
持作買賣投資的已變現收益	Realised gain on investments held for trading	(214)	(64)
持作買賣投資的未變現虧損／ (收益)	Unrealised loss/(gain) on investments held for trading	1,527	(1,393)
存貨成本確認為支出	Cost of inventories recognised as an expense	1,014,389	785,576
土地及樓宇之 經營租約租金	Operating lease rentals in respect of land and buildings	2,458	2,070

已終止經營業務之年內虧損已扣除下列費用：

Loss for the year from discontinued operation has been arrived at after charging:

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
核數師薪酬	Auditors' remuneration	-	-
折舊及攤銷	Depreciation and amortisation	-	480

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12. 年內溢利(續)

附註：

- (a) 中國規則及法例訂明，本集團為其中國僱員向一項由政府營辦的退休計劃供款，該計劃屬於定額供款計劃。根據當地政府的規定，本集團按僱員薪金約14%向該計劃供款，並且除年度供款之外，本集團概無日後實際支付養老金或退休後福利之責任。該項由政府營辦的退休計劃負責退休僱員的全部養老金責任。

本集團已為其香港僱員安排強積金計劃。強積金計劃屬於定額供款計劃，由獨立信託人管理。根據強積金計劃，本集團及其香港僱員須各自根據強制性公積金條例按僱員收入之5%按月向該計劃供款。自2012年6月1日起，本集團及僱員供款之上限為每月1,250港元。

截至2013年12月31日止年度，本集團向上述養老金計劃作出的供款總額約1,749,000港元(2012年：1,594,000港元)。於2013年12月31日，本集團並無權利獲得任何沒收供款可用於減少本集團未來的供款(2012年：零港元)。

12. Profit for the Year (Continued)

note:

- (a) As stipulated by rules and regulations in the PRC, the Group contributes to a state-sponsored retirement plan for its employees in the PRC, which is a defined contribution plan. The Group contributes approximately 14% of the employees' salary as specified by the local government, and the Group has no future obligations for the actual payment of pensions or postretirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations to retired employees.

The Group has arranged for its Hong Kong employees to join the MPF Scheme, a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Since 1 June 2012, both the Group's and the employees' contributions are subject to a cap of HK\$1,250 per month.

During the year ended 31 December 2013, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK\$1,749,000 (2012: HK\$1,594,000). As at 31 December 2013, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions (2012: HK\$Nil).

13. 董事、主要行政人員及僱員薪酬及最高薪酬人士

(a) 董事薪酬

截至2013年12月31日止年度各董事之薪酬載列如下：

13. Directors', Chief Executives' and Employees' Emoluments and Individuals with Highest Emoluments

(a) Directors' Emoluments

The emoluments of each director for the year ended 31 December 2013 is set below:

董事姓名	Name of director	袍金 Fees 千港元 HK\$'000	薪金 Salaries 千港元 HK\$'000	認股權證 Share options 千港元 HK\$'000	僱主的養老金 計劃供款 Employer's contribution to pension scheme 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事及行政總裁 池文富	Executive director and CEO Chi Wen Fu	-	1,108	124	15	1,247
執行董事	Executive directors					
沈世捷	Shum Sai Chit	-	560	93	15	668
池碧芬	Chi Bi Fen	-	560	93	15	668
楊玉川 ¹	Yang Yuchuan ¹	-	325	-	8	333
非執行董事	Non-executive director					
郭孟勇	Guo Mengyong	33	-	30	-	63
獨立非執行董事	Independent non-executive directors					
鄺炳文	Kwong Ping Man	73	-	30	-	103
廖開強	Liu Hoi Keung	53	-	30	-	83
盛洪	Sheng Hong	33	-	30	-	63
		192	2,553	430	53	3,228

¹ 於2013年7月1日獲委任

¹ Appointed on 1 July 2013

13. 董事、主要行政人員及僱員薪酬及最高薪酬人士(續)

(a) 董事薪酬(續)

截至2012年12月31日止年度各董事之薪酬載列如下：

13. Directors', Chief Executives' and Employees' Emoluments and Individuals with Highest Emoluments (Continued)

(a) Directors' Emoluments (Continued)

The emoluments of each director for the year ended 31 December 2012 is set below:

董事姓名	Name of director	袍金 Fees 千港元 HK\$'000	薪金 Salaries 千港元 HK\$'000	認股權證 Share options 千港元 HK\$'000	僱主的養老金 計劃供款 Employer's contribution to pension scheme 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事及行政總裁						
池文富	Chi Wen Fu	-	884	218	14	1,116
執行董事						
沈世捷	Shum Sai Chit	-	455	163	14	632
池碧芬	Chi Bi Fen	-	455	163	3	621
非執行董事						
郭孟勇	Guo Mengyong	30	-	55	-	85
獨立非執行董事						
鄺炳文	Kwong Ping Man	70	-	55	-	125
廖開強	Liu Hoi Keung	50	-	55	-	105
盛洪	Sheng Hong	30	-	55	-	85
		180	1,794	764	31	2,769

13. 董事、主要行政人員及僱員薪酬及最高薪酬人士(續)

(b) 5位最高薪酬人士

於年內，本集團5位最高薪酬人士包括3位(2012年：1位)本公司董事，有關董事酬金的分析已於上文披露。年內應付予餘下之2位(2012年：4位)人士之酬金如下：

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
基本薪金、購股權、 其他津貼及實物利益	Basic salaries, share options, other allowances and benefits in kind	1,762	10,619
退休金費用一定額 供款計劃	Pension costs-defined contribution plan	30	43
		1,792	10,662

該2位(2012年：4位)最高薪酬人士的薪酬屬於以下範疇：

		人數 Number of individuals	
		2013	2012
零至1,000,000港元	Nil – HK\$1,000,000	2	1
1,000,001港元至2,000,000港元	HK\$1,000,001 – HK\$2,000,000	–	2
2,000,001港元至3,000,000港元	HK\$2,000,001 – HK\$3,000,000	–	–
3,000,001港元至4,000,000港元	HK\$3,000,001 – HK\$4,000,000	–	–
4,000,001港元至5,000,000港元	HK\$4,000,001 – HK\$5,000,000	–	–
5,000,001港元至6,000,000港元	HK\$5,000,001 – HK\$6,000,000	–	–
6,000,001港元至7,000,000港元	HK\$6,000,001 – HK\$7,000,000	–	1
		2	4

(c) 截至2013年及2012年12月31日止年度，本集團並無向任何本公司董事及5位最高薪酬人士支付酬金作為加入本集團或加入本集團時的獎勵，或作為離職補償。

(d) 截至2013年及2012年12月31日止年度，支付予任何一位高級管理層之酬金均屬於之範疇：零至1,000,000港元。

13. Directors', Chief Executives' and Employees' Emoluments and Individuals with Highest Emoluments (Continued)

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year included 3 (2012: 1) directors of the Company whose directors' emoluments are disclosed in the above analysis. The emoluments payable to the rest 2 (2012: 4) individuals during the year are as follows:

The emoluments of the 2 (2012: 4) individuals with the highest emoluments are within the following bands:

(c) During the years ended 31 December 2013 and 2012, no emoluments were paid by the Group to any of the directors of the Company and the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

(d) During the years ended 31 December 2013 and 2012, emoluments paid by the Group to any of the senior management all are within the band: Nil – HK\$1,000,000.

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14. 已終止經營業務

於2012年11月29日，本公司全資附屬公司世紀陽光生態科技有限公司與一個獨立第三方訂立買賣協議以出售陽光博大金融控股有限公司及其附屬公司之全部股本權益。交易代價於2013年2月26日釐定為73,141,987港元。出售事項的詳情於附註37披露。

已終止經營業務之虧損已於綜合損益及其他全面收益表及綜合現金流量表入賬，詳情載列如下：

14. Discontinued Operation

On 29 November 2012, Century Sunshine Ecological Technology Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party to dispose of 100% equity interest in Sunshine Partners Financial Holdings Limited and its subsidiaries, for a consideration as determined on 26 February 2013 at HK\$73,141,987. Details of the disposal are disclosed in Note 37.

The loss from the discontinued operation which has been included in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows are set out below:

		2012 千港元 HK\$'000
已終止經營業務之期內虧損	Loss for the period from discontinued operation	
收入	Revenue	11,061
其他收入及收益	Other income and gains	7,772
開支	Expenses	(28,299)
		(9,466)
除所得稅前虧損	Loss before income tax	(9,466)
所得稅開支	Income tax expense	(275)
		(9,741)
出售業務虧損	Loss on disposal of operation	(1,964)
已終止經營業務之期內虧損	Loss for the period from discontinued operation	(11,705)
下列人士應佔期內虧損：	Loss for the period attributable to:	
本公司擁有人	Owners of the Company	(8,373)
非控股權益	Non-controlling interests	(3,332)
		(11,705)
已終止經營業務之現金流量	Cash flows from discontinued operation	
經營活動所產生之現金流出淨額	Net cash outflows from operating activities	(12,924)
投資活動所產生之現金流入淨額	Net cash inflows from investing activities	10,072
融資活動所產生之現金流入淨額	Net cash inflows from financing activities	4,940
現金流入淨額	Net cash inflows	2,088

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15. 股息

15. Dividend

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
擬派末期股息每股普通股 2.00港仙 (2012年：1.03港仙)	Proposed final dividend of 2.00 HK cents (2012: 1.03 HK cents) per ordinary share	55,115	26,207

擬派末期股息有待股東於本公司在2014年4月28日舉行之股東週年大會(「2014年股東週年大會」)上批准。股東將可選擇以新股份的形式收取末期股息以代替現金。該以股代息安排須待：(1)於2014年股東週年大會上批准建議末期股息；及(2)聯交所批准根據以股代息安排將予發行之新股份上市及買賣。此等財務報表並不反映此項應付股息。

The proposed final dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 28 April 2014 ("2014 AGM"). Shareholders will be given the option to receive the final dividend in new shares in lieu of cash. This scrip dividend arrangement is subject to: (1) the approval of proposed final dividend at 2014 AGM; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto. These financial statements do not reflect this dividend payable.

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
年內確認為分派的股息： 2012年宣派及派付的末期 息每股普通股1.03港仙 (2011年：0.35港仙)	Dividend recognised as distribution during the year: 2012 final dividend declared and paid 1.03 HK cents (2011: 0.35 HK cents) per ordinary share	26,280	9,026

於2013年4月，7,100,000股股份因行使購股權而發行，此乃早於截至2012年12月31日止年度之末期股息記錄日期(即2013年5月21日)，因此，派付之末期股息多於截至2012年12月31日止年度擬派股息。

In April 2013, 7,100,000 shares were issued pursuant to the exercise of share options before the record date of the final dividend for the year ended 31 December 2012, i.e. 21 May 2013. As such, final dividend paid was more than the proposed dividend for the year ended 31 December 2012.

16. 每股盈利

(a) 基本

每股基本盈利是根據本公司擁有人應佔溢利，除以年內已發行普通股加權平均數計算。

16. Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

16. 每股盈利(續)

(a) 基本(續)

持續及已終止經營業務

16. Earnings Per Share (Continued)

(a) Basic (Continued)

Continuing and Discontinued Operations

		2013	2012
本公司擁有人應佔溢利 (千港元)	Profit attributable to owners of the Company (HK\$'000)	230,215	130,312
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue ('000)	2,570,488	2,564,779
每股基本盈利 (每股港仙)	Basic earnings per share (HK cents per share)	8.96	5.08

持續經營業務

Continuing Operations

		2013	2012
本公司擁有人應佔溢利 (千港元)	Profit attributable to owners of the Company (HK\$'000)	230,215	138,685
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue ('000)	2,570,488	2,564,779
每股基本盈利 (每股港仙)	Basic earnings per share (HK cents per share)	8.96	5.41

已終止經營業務

Discontinued Operation

		2013	2012
本公司擁有人應佔虧損 (千港元)	Loss attributable to owners of the Company (HK\$'000)	-	(8,373)
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue ('000)	2,570,488	2,564,779
每股基本虧損 (每股港仙)	Basic loss per share (HK cents per share)	-	0.33

(b) 攤薄

每股攤薄盈利是假設轉換所有攤薄性潛在普通股，以調整已發行普通股加權平均數計算。本公司有一類攤薄性潛在普通股：購股權。就購股權而言，本公司按尚未行使購股權所附之認購權貨幣值，計算若按公平值(以本公司年內之股份平均市場價格釐定)能購入的股份數目。按上文所述計算的股份數目，與假設行使購股權後所發行的股份數目作一比較。

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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16. 每股盈利(續)
(b) 攤薄(續)

16. Earnings Per Share (Continued)
(b) Diluted (Continued)

		2013
本公司擁有人應佔溢利 (千港元)	Profit attributable to owners of the Company (HK\$'000)	230,215
已發行普通股加權平均數 (千股)	Weighted average number of ordinary shares in issue ('000)	2,570,488
就購股權作出調整(千股)	Adjustment for share options ('000)	78,849
每股攤薄盈利的普通股 加權平均數(千股)	Weighted average number of ordinary shares for diluted earnings per share ('000)	2,649,337
每股攤薄盈利(每股港仙)	Diluted earnings per share (HK cents per share)	8.69

截至2012年12月31日止年度，由於本公司的尚未行使購股權具反攤薄效應，故本公司的尚未行使購股權並未獲計入每股攤薄盈利的計算中。

For the year ended 31 December 2012, the Company's outstanding share options were not included in the calculation of diluted earnings per share because the effects of the Company's outstanding share options were anti-dilutive.

17. 土地使用權

本集團於土地使用權中之權益指預付經營租賃付款，其賬面淨值分析如下：

17. Land Use Rights

The Group's interests in land use rights represent prepaid operating lease payments and their net carrying values are analysed as follows:

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
在中國，根據各項持有： 中期租約	In the PRC, held on: Medium term leases	151,488	150,474
流動資產	Current assets	3,485	3,385
非流動資產	Non-current assets	148,003	147,089
		151,488	150,474

於2013年12月31日，賬面值為約146,815,000港元(2012年：145,806,000港元)之土地使用權已作為銀行借貸之抵押(附註30)。

As at 31 December 2013, land use rights with a carrying amount of approximately HK\$146,815,000 (2012: HK\$145,806,000) have been pledged to secure bank borrowings (Note 30).

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18. 物業、廠房及設備
(a) 本集團

18. Property, Plant and Equipment
(a) The Group

		樓宇 (附註(i))	物業裝修	廠房及機器	傢俬及 辦公室設備 Furniture and office equipment	汽車	船舶	在建工程 (附註(ii)) Construction-in- progress (note (ii))	總計
		Buildings (note (i)) 千港元 HK\$'000	Leasehold improvements 千港元 HK\$'000	Plant and machinery 千港元 HK\$'000	千港元 千港元 HK\$'000	Motor vehicles 千港元 HK\$'000	Ship 千港元 HK\$'000	千港元 千港元 HK\$'000	Total 千港元 HK\$'000
成本	COST								
於2012年1月1日	As at 1 January 2012	143,314	23,116	220,000	7,939	7,506	1,028	77,763	480,666
添置	Additions	7,374	-	153,501	1,124	-	-	213,406	375,405
轉撥	Transfers	124	-	66,715	-	-	-	(66,839)	-
轉讓至投資物業 (附註19)	Transfers to investment properties (Note 19)	-	-	-	-	-	-	(23,552)	(23,552)
出售	Disposals	-	-	(2,773)	(86)	-	(177)	-	(3,036)
出售附屬公司	Disposal of subsidiaries	-	(566)	-	(1,112)	-	-	-	(1,678)
匯兌調整	Exchange alignment	2,814	428	6,793	164	125	17	2,955	13,296
於2012年12月31日 及2013年1月1日	As at 31 December 2012 and 1 January 2013	153,626	22,978	444,236	8,029	7,631	868	203,733	841,101
添置	Additions	-	848	12,246	251	3,190	-	332,330	348,865
轉撥	Transfers	5,260	-	45,715	-	-	-	(50,975)	-
出售	Disposals	-	(323)	(226)	-	(972)	-	-	(1,521)
匯兌調整	Exchange alignment	4,715	678	14,561	238	266	26	12,610	33,094
於2013年12月31日	As at 31 December 2013	163,601	24,181	516,532	8,518	10,115	894	497,698	1,221,539
累計折舊及減值	Accumulated depreciation and impairment								
於2012年1月1日	As at 1 January 2012	36,358	22,707	106,012	5,036	4,511	205	-	174,829
年內折舊	Charge for the year	2,918	158	41,121	1,677	1,040	173	-	47,087
出售時撇銷	Eliminated on disposal	-	-	(2,570)	(76)	-	(37)	-	(2,683)
出售附屬公司	Disposal of subsidiaries	-	(315)	-	(685)	-	-	-	(1,000)
匯兌調整	Exchange alignment	726	428	2,467	118	83	6	-	3,828
於2012年12月31日及 2013年1月1日	As at 31 December 2012 and 1 January 2013	40,002	22,978	147,030	6,070	5,634	347	-	222,061
年內折舊	Charge for the year	3,063	268	51,109	1,085	930	175	-	56,630
出售時撇銷	Eliminated on disposal	-	(323)	(21)	-	(724)	-	-	(1,068)
匯兌調整	Exchange alignment	1,266	678	5,561	204	146	14	-	7,869
於2013年12月31日	As at 31 December 2013	44,331	23,601	203,679	7,359	5,986	536	-	285,492
賬面淨值	Net carrying values								
於2013年12月31日	As at 31 December 2013	119,270	580	312,853	1,159	4,129	358	497,698	936,047
於2012年12月31日	As at 31 December 2012	113,624	-	297,206	1,959	1,997	521	203,733	619,040

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18. 物業、廠房及設備(續)

(a) 本集團(續)

附註：

- (i) 該等樓宇位於中國。
- (ii) 於2013年及2012年12月31日概無利息被資本化及計入在建工程內。有關在建工程之分析如下：

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
樓宇	Buildings	137,447	93,241
廠房及機器	Plant and machinery	360,251	110,492
		497,698	203,733

- (iii) 於2013年12月31日，賬面值為約165,546,000港元(2012年：168,414,000港元)之樓宇、廠房及設備已作為銀行借貸之抵押(附註30)。

18. Property, Plant and Equipment (Continued)

(a) The Group (Continued)

notes:

- (i) The buildings are situated in the PRC.
- (ii) No interest was capitalised and included in construction-in-progress as at 31 December 2013 and 2012. An analysis of construction-in-progress is as follows:

- (iii) As at 31 December 2013, buildings and plant and machinery with a carrying amount of approximately HK\$165,546,000 (2012: HK\$168,414,000) have been pledged to secure bank borrowings (Note 30).

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For the year ended 31 December 2013

18. 物業、廠房及設備(續)
(b) 本公司

18. Property, Plant and Equipment (Continued)
(b) The Company

		物業裝修 Leasehold improvements 千港元 HK\$'000	汽車 Motor vehicle 千港元 HK\$'000	傢俬及 辦公室設備 Furniture and office equipment 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本		Cost			
於2012年1月1日	As at 1 January 2012	323	927	-	1,250
添置	Additions	-	-	125	125
於2012年12月31日及 2013年1月1日	As at 31 December 2012 and 1 January 2013	323	927	125	1,375
添置	Additions	848	-	181	1,029
出售	Disposals	(323)	-	-	(323)
於2013年12月31日	As at 31 December 2013	848	927	306	2,081
累計折舊		Accumulated depreciation			
於2012年1月1日	As at 1 January 2012	323	657	-	980
年內折舊	Charge for the year	-	191	38	229
於2012年12月31日 及2013年1月1日	As at 31 December 2012 and 1 January 2013	323	848	38	1,209
出售時撇銷	Eliminated on disposal	(323)	-	-	(323)
年內折舊	Charge for the year	268	79	41	388
於2013年12月31日	As at 31 December 2013	268	927	79	1,274
賬面淨值		Net carrying values			
於2013年12月31日	As at 31 December 2013	580	-	227	807
於2012年12月31日	As at 31 December 2012	-	79	87	166

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For the year ended 31 December 2013

18. 物業、廠房及設備(續)

於本年度之物業、廠房及設備之使用年期如下：

—樓宇	租賃期內
—物業裝修	2至5年
—廠房及機器	5至25年
—傢俬及辦公室設備	5年
—汽車	5年
—船舶	5年

18. Property, Plant and Equipment (Continued)

The useful lives of property, plant and equipment adopted for the current year are as follows:

– Buildings	Over the lease terms
– Leasehold improvements	2 to 5 years
– Plant and machinery	5 to 25 years
– Furniture and office equipment	5 years
– Motor vehicles	5 years
– Ship	5 years

19. 投資物業

19. Investment Properties

		千港元 HK\$'000
成本	Cost	
於2012年1月1日	As at 1 January 2012	136,849
轉撥自在建工程(附註18)	Transfer from construction-in-progress (Note 18)	23,552
匯兌調整	Exchange alignment	2,884
於2012年12月31日及2013年1月1日	As at 31 December 2012 and 1 January 2013	163,285
匯兌調整	Exchange alignment	4,884
於2013年12月31日	As at 31 December 2013	168,169
累計折舊	Accumulated depreciation	
於2012年1月1日	As at 1 January 2012	19,910
年內折舊	Charge for the year	2,855
匯兌調整	Exchange alignment	412
於2012年12月31日及2013年1月1日	As at 31 December 2012 and 1 January 2013	23,177
年內折舊	Charge for the year	2,908
匯兌調整	Exchange alignment	761
於2013年12月31日	As at 31 December 2013	26,846
賬面淨值	Net carrying values	
於2013年12月31日	As at 31 December 2013	141,323
於2012年12月31日	As at 31 December 2012	140,108

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For the year ended 31 December 2013

19. 投資物業(續)

投資物業指與雲霄物業第一期、第二期及第三期有關的樓宇。

上述投資物業於租賃期內以直線法進行折舊。

於2013年12月31日，賬面值約為141,323,000港元(2012年：140,108,000港元)之投資物業已作為銀行借貸之抵押。(附註30)

於2013年12月31日，本集團投資物業之公平值約為146,463,000港元(2012年：142,809,000港元)。估值由與本集團概無關連之獨立合資格估值師作出。根據管理層參考獨立合資格估值師發出之估值報告後作出之評估結果，本集團之投資物業於2013年及2012年12月31日之賬面值沒有減值。

於截至2013年12月31日止年度，投資物業所產生之租金收入為5,241,000港元(2012年：4,633,000港元)，租金回報率為3.7%(2012年：3.3%)。

上述投資物業的賬面值包括：

19. Investment Properties (Continued)

The investment properties represent the buildings related to phase one, phase two and phase three of the Yunxiao properties.

The above investment properties are depreciated on a straight-line basis over the lease term.

As at 31 December 2013, investment properties with a carrying amount of approximately HK\$141,323,000 (2012: HK\$140,108,000) have been pledged to secure bank borrowings. (Note 30)

The fair value of the Group's investment properties at 31 December 2013 was approximately HK\$146,463,000 (2012: HK\$142,809,000). The valuation was performed by independent qualified valuers not connected with the Group. Based on the result of management's assessment by making reference to the valuation report issued by the independent qualified valuers, there is no impairment on the carrying amount of the Group's investment properties as at 31 December 2013 and 2012.

During the year ended 31 December 2013, rental income of HK\$5,241,000 (2012: HK\$4,633,000) and rental yield of 3.7% (2012: 3.3%) were generated from the investment properties.

The carrying amounts of investment properties shown above comprise:

	2013 千港元 HK\$'000	2012 千港元 HK\$'000
在中國，根據各項持有： 中期租約	141,323	140,108
In the PRC, held on: Medium term lease		

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20. 無形資產

20. Intangible Assets

		商譽 Goodwill 千港元 HK\$'000	技術知識 Technical know-how 千港元 HK\$'000	交易權 Trading right 千港元 HK\$'000	會所會籍 Club membership 千港元 HK\$'000	客戶名單 Customer list 千港元 HK\$'000	開發成本 Development costs 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本	Cost							
於2012年1月1日	As at 1 January 2012	21,451	3,662	500	80	1,166	9,030	35,889
出售附屬公司	Disposal of subsidiaries	(21,451)	-	(500)	-	(1,166)	-	(23,117)
匯兌調整	Exchange alignment	-	25	-	-	-	62	87
於2012年12月31日、 2013年1月1日及 2013年12月31日	As at 31 December 2012, 1 January 2013 and 31 December 2013	-	3,687	-	80	-	9,092	12,859
累計攤銷及減值	Accumulated amortisation and impairment							
於2012年1月1日	As at 1 January 2012	45	3,662	-	-	78	9,030	12,815
年內攤銷	Amortised during the year	-	-	-	-	54	-	54
出售附屬公司	Disposal of subsidiaries	(45)	-	-	-	(132)	-	(177)
匯兌調整	Exchange alignment	-	25	-	-	-	62	87
於2012年12月31日、 2013年1月1日及 2013年12月31日	As at 31 December 2012, 1 January 2013 and 31 December 2013	-	3,687	-	-	-	9,092	12,779
賬面淨值	Net carrying values							
於2013年12月31日	As at 31 December 2013	-	-	-	80	-	-	80
於2012年12月31日	As at 31 December 2012	-	-	-	80	-	-	80

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21. 採礦權

21. Mining Rights

千港元
HK\$'000

成本	Cost	
於2012年1月1日	As at 1 January 2012	582,853
匯兌調整	Exchange alignment	11,078
於2012年12月31日及2013年1月1日	As at 31 December 2012 and 1 January 2013	593,931
匯兌調整	Exchange alignment	17,763
於2013年12月31日	As at 31 December 2013	611,694
累計攤銷及減值	Accumulated amortisation and impairment	
於2012年1月1日	As at 1 January 2012	9,884
年內折舊	Charge for the year	11,712
匯兌調整	Exchange alignment	476
於2012年12月31日及2013年1月1日	As at 31 December 2012 and 1 January 2013	22,072
年內折舊	Charge for the year	12,401
匯兌調整	Exchange alignment	943
於2013年12月31日	At at 31 December 2013	35,416
賬面淨值	Net carrying values	
於2013年12月31日	As at 31 December 2013	576,278
於2012年12月31日	As at 31 December 2012	571,859

餘額代表中國江蘇省東海縣的蛇紋石礦及中國吉林省白山市之白雲石礦的兩項採礦權，而兩項採礦權均已按產量及礦石儲量攤銷。

The balance represents two mining rights, the Serpentine mine located in Donghai County of Jiangsu Province, the PRC and the dolomite mine located in Baishan City of Jilin Province, the PRC, which are amortised by the production quantity over the ore reserve.

於2013年12月31日，賬面值約515,314,000港元(2012年：零港元)之採礦權已作為銀行借貸之抵押。(附註30)

As at 31 December 2013, mining rights with a carrying amount of approximately HK\$515,314,000 (2012: HK\$Nil) have been pledged to secure bank borrowings. (Note 30)

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22. 於附屬公司之投資及應收附屬公司款項

(a) 於附屬公司之投資

22. Investments in and Amounts due from Subsidiaries

(a) Investments in Subsidiaries

		本公司 The Company	
		2013	2012
		千港元 HK\$'000	千港元 HK\$'000
投資，按成本值：	Investments, at cost:		
非上市股本	Unlisted share capital	2,108	2,108

於2013年12月31日，本集團的主要附屬公司之詳情如下：

Particulars of the Group's principal subsidiaries as at 31 December 2013 are as follow:

公司名稱 Name	註冊成立地點 及法人實體類別 Place of incorporation and kind of legal entity	主要業務 和營業地點 Principal activities and place of operation	已發行股份/ 繳足註冊股本之詳情 Particulars of issued share/ paid up registered capital	本公司持有的擁有權比例權益 Proportion of ownership interest held by the Company		持有的投票權比例 Proportion of voting power held			
				直接 Directly	間接 Indirectly	2013	2012	2013	2012
佛山市天安金屬礦業有限公司 Baishan City Tianan Magnesium Resources Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售 金屬鎂相關產品 Manufacturing and sale of magnesium-related products in the PRC	註冊及繳足股本 人民幣120,037,750元 Registered and paid up capital of RMB120,037,750	-	-	78.2%	56.6%	78.2%	56.6%
世紀陽光生態科技有限公司 Century Sunshine Ecological Technology Limited	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holding in Hong Kong	1,000股普通股 每股面值1.00港元 1,000 ordinary shares of HK\$1.00 each	-	-	100%	100%	100%	100%
世紀陽光(漳州)生態科技 有限公司 Century Sunshine (Zhangzhou) Ecological Technology Limited	中國，有限責任公司 The PRC, limited liability company	於中國投資控股 Investment holding in the PRC	註冊及繳足 股本30,000,000港元 Registered and paid up capital HK\$30,000,000	-	-	100%	100%	100%	100%
中國稀鎂科技控股有限公司 (前稱：中國鎂業有限公司) China Rare Earth Magnesium Technology Holdings Limited (Formerly known as: China Magnesium Limited)	香港，有限責任公司 Hong Kong, limited liability company	於香港投資控股 Investment holding in Hong Kong	10,310股普通股 每股面值1港元 10,310 ordinary shares of HK\$1 each	-	-	78.2%	56.6%	78.2%	56.6%

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22. 於附屬公司之投資及應收附屬公司款項(續)

(a) 於附屬公司之投資(續)

22. Investments in and Amounts due from Subsidiaries (Continued)

(a) Investments in Subsidiaries (Continued)

公司名稱 Name	註冊成立地點 及法人實體類別 Place of incorporation and kind of legal entity	主要業務 和營業地點 Principal activities and place of operation	已發行股份/ 繳足註冊股本之詳情 Particulars of issued share/ paid up registered capital	本公司持有的擁有權比例權益 Proportion of ownership interest held by the Company		持有的投票權比例 Proportion of voting power held			
				直接 Directly	間接 Indirectly	2013	2012	2013	2012
江蘇港藍科技開發有限公司 Jiangsu Azureblue Technology Development Company Limited	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售 複合(混)類肥料及 生物有機類肥料 Manufacturing and sale of compound and organic fertilisers in the PRC	註冊及繳足股本 人民幣100,000,000元 Registered and paid up capital of RMB100,000,000	-	-	83.2%	83.2%	83.2%	83.2%
江蘇龍騰化工有限公司 Jiangsu Longteng Petrochemical Limited	中國，有限責任公司 The PRC, limited liability company	於中國進行蛇紋石加工、 開採及銷售 Processing, exploration and sales of serpentine in the PRC	註冊及繳足股本 人民幣14,160,000元 Registered and paid up capital of RMB14,160,000	-	-	91.3%	91.3%	91.3%	91.3%
連雲港綠源肥料有限公司	中國，有限責任公司 The PRC, limited liability company	於中國製造及銷售生物 有機類肥料及硅鎂肥料 Manufacturing and sale of organic fertilisers and silicon magnesium fertilisers in the PRC	註冊及繳足股本 人民幣30,000,000元 Registered and paid up capital of RMB30,000,000	-	-	91.5%	91.5%	91.5%	91.5%

附註：

- (1) 於報告期末，概無附屬公司有任何已發行並尚未償還之債務證券。
- (2) 福建省尤溪縣綠地生物製品有限公司及世紀陽光(福建)農業科技發展有限公司已於截至2012年12月31日止年度內註銷。

notes:

- (1) None of the subsidiaries had any debt securities issued outstanding at the end of the reporting period.
- (2) During the year ended 31 December 2012, Green Land Bio-Products Company Limited and 世紀陽光(福建)農業科技發展有限公司 were deregistered.

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22. 於附屬公司之投資及應收附屬公司款項(續)

(a) 於附屬公司之投資(續)

附註:(續)

上表載列董事認為對年度業績有重大影響或構成本集團淨資產重大部分的本公司主要附屬公司。董事認為詳列其他附屬公司的資料會使篇幅過於冗長。

此外，本公司董事已於首次應用香港財務報告準則第12號時及於報告期末進行評估。董事認為，並無附屬公司個別地擁有對本集團屬重大的非控股權益，因此，並無就此等非全資附屬公司披露任何資料。

(b) 應收附屬公司款項

應收附屬公司款項為無抵押、免息並按要求收回。

22. Investments in and Amounts due from Subsidiaries (Continued)

(a) Investments in Subsidiaries (Continued)

notes: (Continued)

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, principal affected the results for the year materially or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries, in the opinion of the directors, would result in particulars of excessive length.

In addition, the directors of the Company made an assessment as at the date of initial application of HKFRS 12 and at the end of the reporting period. In the opinion of the directors, there is no subsidiary that have non-controlling interest individually that are material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

(b) Amounts due from Subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and recoverable on demand.

23. 可供出售投資

23. Available-for-sale Investment

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
上市投資	Listed investments		
— 澳洲之上市股本證券， 按公平值(附註)	— Equity securities listed in Australia, at fair value (note)	142,453	123,586
就申報目的分析為：	Analysed for reporting purposes as:		
流動資產	Current assets	142,453	—
非流動資產	Non-current assets	—	123,586
		142,453	123,586

附註：

本集團持有之可供出售投資為於澳洲上市之證券投資。於TTG Mobile Coupon Services Limited (「TTG」)之股份在澳洲證券交易所(Australian Securities Exchange)上市前，本集團收購TTG 14,744,000股股份。自TTG於2012年11月27日上市，有達24個月之禁售期限制本集團出售該等股份。本公司董事楊玉川先生自2011年12月起為TTG之非執行董事。

上市股本證券投資之公平值乃參考活躍市場之買入價而釐定。

截至年結日2013年12月31日，本集團之可供出售投資之總公平值收益約為18,867,000港元(2012年：123,557,000港元)已於其他全面收入內確認。

note:

Available-for-sale investment represents the Group's investment in listed securities in Australia. The Group acquired 14,744,000 shares of TTG Mobile Coupon Services Limited ("TTG") prior to TTG's shares listed on Australian Securities Exchange. There is a lock-up period for up to 24 months starting from the listing date of TTG on 27 November 2012 for the Group to sell those shares. Mr. Yang Yuchuan, director of the Company, has been a non-executive director of TTG since December 2011.

Fair values of the investments in listed equity securities are determined by reference to bid prices quoted in active markets.

For the year ended 31 December 2013, the gross fair value gain in respect of the Group's available-for-sale investment recognised in other comprehensive income amounted to approximately HK\$18,867,000 (2012: HK\$123,557,000).

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24. 存貨

24. Inventories

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
原料	Raw materials	50,173	40,788
在製品	Work in progress	3,653	1,502
製成品	Finished goods	39,341	27,691
		93,167	69,981

25. 貿易及其他應收款項、預付款項及按金

25. Trade and Other Receivables, Prepayments and Deposits

		本集團 The Group		本公司 The Company	
		2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
應收貿易款項	Trade receivables	228,618	91,534	-	-
應收票據	Bills receivable	37,657	41,460	-	-
預付款項及按金	Prepayments and deposits	27,952	22,795	799	1,486
其他應收款項	Other receivables	7,223	16,224	-	-
存放於財務機構之存款	Deposits placed with financial institutions	1,465	1,162	56	59
		302,915	173,175	855	1,545

附註：

notes:

(a) 於2013年12月31日，應收票據約37,657,000港元(2012年：41,460,000港元)將於報告期末六個月(2012年：六個月)內到期。所有應收票據均以人民幣計值。

(a) As at 31 December 2013, bills receivable of approximately HK\$37,657,000 (2012: HK\$41,460,000) will be matured within six months (2012: six months) after the end of the reporting period. All the bills receivable are denominated in RMB.

(b) 於2013年12月31日，其他應收款項主要包括中國的可收回增值稅約為1,509,000港元(2012年：1,959,000港元)。於2012年12月31日，其他應收款項包括出售陽光博太金融控股有限公司及其附屬公司之約7,536,000港元應收代價。上述應收代價已於截至2013年12月31日止年度收取。

(b) As at 31 December 2013, other receivables mainly comprised of value-added tax recoverable in the PRC of approximately HK\$1,509,000 (2012: HK\$1,959,000). As at 31 December 2012, included in other receivables of approximately HK\$7,536,000 was consideration receivables for disposal of Sunshine Partners Financial Holdings Limited and its subsidiaries. The above mentioned consideration receivables were received during the year ended 31 December 2013.

於2013年12月31日，已逾期及須減值的其他應收款項為零港元(2012年：1,231,000港元)。個別減值應收款項與面對財政困難的應收款項有關，董事評估預期不能收回該等應收款項。

As at 31 December 2013, other receivables of HK\$Nil (2012: HK\$1,231,000) that are past due and impaired. The individual impaired receivables related to receivables that were in financial difficulties and directors assessed that the receivables were not expected to be recovered.

25. 貿易及其他應收款項、預付款項及按金(續)

貿易及其他應收款項、預付款項及按金以下列貨幣計值：

		本集團 The Group		本公司 The Company	
		2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
人民幣	RMB	301,476	164,148	-	-
港元	HK\$	1,439	9,027	855	1,545
		302,915	173,175	855	1,545

於2013年12月31日，本集團應收貿易款項的賬齡分析(按發票日期呈列)如下：

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
30日以內	Within 30 days	107,063	74,776
31至60日	31 to 60 days	92,143	12,278
61至90日	61 to 90 days	22,546	2,283
超過90日	Over 90 days	6,866	2,197
		228,618	91,534

本集團給予貿易客戶之信貸期一般不超過180日(2012年：不超過180日)。

並無逾期及減值的貿易應收款項涉及無近期拖欠記錄的不同類別客戶。已逾期但未減值的貿易應收款項乃與一批與本集團有良好交易記錄的多名客戶有關。由於信貸質素並無重大變動及結餘仍然視為可以完全收回，根據過往經驗，管理層認為並無必要就該等結餘作出減值撥備。本集團概無就該等結餘持有任何抵押品。

25. Trade and Other Receivables, Prepayments and Deposits (Continued)

Trade and other receivables, prepayments and deposits were denominated in the following currencies:

As at 31 December 2013, the ageing analysis of the trade receivables of the Group presented based on the invoice date was as follows:

The Group allows a credit period normally not more than 180 days (2012: not more than 180 days) to its trade customers.

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balance are still considered fully recoverable. The Group does not hold any collateral over these balances.

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25. 貿易及其他應收款項、預付款項及按金(續)

逾期但未減值之貿易應收款項賬齡分析如下：

25. Trade and Other Receivables, Prepayments and Deposits (Continued)

Ageing analysis of trade receivables which are past due but not impaired:

	合計 Total 千港元 HK\$'000	未逾期 且未減值 Neither past due nor impaired 千港元 HK\$'000	逾期但未減值		
			90日 以內 Past due but not impaired <90 days 千港元 HK\$'000	91至180日 91-180 days 千港元 HK\$'000	181至365日 181-365 days 千港元 HK\$'000
2013	228,618	221,752	-	5,434	1,432
2012	91,534	89,337	-	607	1,590

呆賬撥備之變動

Movement in the Allowance for Doubtful Debts

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
於1月1日	As at 1 January	-	2,105
就應收貿易款項確認 減值虧損	Impairment losses recognised on trade receivables	-	713
撥回撥備	Reversal of provision	-	(2,068)
於期內撇銷列為無法收回 之款項	Amounts written off during the period as uncollectible	-	(133)
出售附屬公司	Disposal of subsidiaries	-	(617)
於12月31日	As at 31 December	-	-

於釐定貿易應收款項的可收回程度時，本集團考慮由首次授出信貸日期起直至報告期結束止期間，貿易應收款項的信貸質素是否出現變動。由於客戶基礎龐大且概無關連，故信貸風險的集中程度有限。

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

26. 持作買賣投資

26. Investments Held for Trading

	本集團 The Group		本公司 The Company	
	2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
香港之上市股本 證券，按公平值	-	3,252	-	3,252
中國之上市股本 證券，按公平值	7,387	8,689	-	-
	7,387	11,941	-	3,252

公平值乃參考市場所報買入價釐定。

Fair values are determined with reference to quoted market bid price.

27. 銀行存款和現金及等同現金項目

於2013年12月31日，到期日超過三個月但少於一年之銀行存款40,992,000港元(2012年：112,043,000港元)之固定年利率為1.4厘至3.1厘(2012年：3.3厘至4.4厘)。銀行存款以人民幣計值。

於2013年12月31日，銀行存款約15,372,000港元(2012年：零港元)已作為應付票據之抵押。

於2012年12月31日，銀行存款約109,454,000港元已作出抵押，作為一項貸款還款的保證。該筆已抵押銀行存款已於截至2013年12月31日止年度內因償付相關借貸時解除。詳情請參閱附錄30。

於報告期末，現金及等同現金項目包括以下項目：

27. Deposits with Banks and Cash and Cash Equivalents

As at 31 December 2013, the fixed interest rate on deposits with banks of HK\$40,992,000, (2012: HK\$112,043,000), with maturity over three months but less than one year, was ranging from 1.4% to 3.1% (2012: 3.3% to 4.4%) per annum. The deposits with banks were denominated in RMB.

As at 31 December 2013, deposits with banks of amounting to approximately HK\$15,372,000 (2012: HK\$Nil) have been pledged to secure bills payables.

As at 31 December 2012, deposits with banks of amounting to approximately HK\$109,454,000 have been pledged for securing repayment of a borrowing. The pledged bank deposits were released upon the settlement of relevant borrowing during the year ended 31 December 2013. For more details, please refer to Note 30.

At the end of the reporting period, cash and cash equivalents comprise of the followings:

	本集團 The Group		本公司 The Company	
	2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
短期銀行存款 Short-term bank deposits	318,969	235,028	-	-
銀行現金及 手頭現金 Cash at bank and on hand	62,940	156,123	613	377
	381,909	391,151	613	377

於報告期末，短期銀行存款之實際利率為2.37厘(2012年：1.23厘)；該等存款之平均到期日期均少於三個月(2012年：三個月)。

At the end of the reporting period, the effective interest rate on short-term bank deposits was 2.37% (2012: 1.23%); these deposits have an average maturity of less than three months (2012: three months).

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27. 銀行存款和現金及等同現金項目(續)

現金及等同現金項目按以下貨幣計值：

		本集團 The Group		本公司 The Company	
		2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
人民幣	RMB	376,037	382,168	-	-
港元	HK\$	5,832	8,935	576	333
其他	Others	40	48	37	44
		381,909	391,151	613	377

將以人民幣計值之現金及等同現金項目匯出中國須受中國政府實施的外匯管制所規限。

27. Deposits with Banks and Cash and Cash Equivalents (Continued)

Cash and cash equivalents were denominated in the following currencies:

The remittance of cash and cash equivalents denominated in RMB out of the PRC is subject to the foreign exchange control restrictions imposed by the government of the PRC.

28. 貿易及其他應付款項

		本集團 The Group		本公司 The Company	
		2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
應付貿易款項	Trade payables	69,197	13,213	-	-
應付票據	Bills payables	15,372	-	-	-
預收款項	Receipts in advance	79,487	50,942	-	-
應計款項及其他應付款項	Accruals and other payables	45,726	65,958	1,481	2,535
		209,782	130,113	1,481	2,535

於2013年12月31日，本集團應付貿易款項之賬齡分析(按發票日期呈列)如下：

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
30日以內	Within 30 days	41,518	10,115
31至60日	31 to 60 days	21,514	1,894
61至90日	61 to 90 days	4,878	11
超過90日	Over 90 days	1,287	1,193
		69,197	13,213

採購貨品之平均信貸期為90日(2012年：90日)。本集團設有財務風險管理政策，以確保所有應付款項於信貸期內償付。

28. Trade and Other Payables

As at 31 December 2013, the ageing analysis of trade payables of the Group presented based on the invoice date was as follows:

The average credit period on purchases of goods is 90 days (2012: 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

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29. 財務擔保合約

29. Financial Guarantee Contracts

		本公司 The Company	
		2013	2012
		千港元	千港元
		HK\$'000	HK\$'000
就銀行融資向若干附屬公司提供擔保	Guarantee given to certain subsidiaries for banking facilities	85	-

30. 借貸

30. Borrowings

		2013	2012
		千港元	千港元
		HK\$'000	HK\$'000
借貸： 一年以內	Borrowings: Within one year	301,076	317,102
一年以上但不超過五年	More than one year but not exceeding five years	-	-
減：列作流動負債之款項	Less: Amounts shown under current liabilities	301,076 (301,076)	317,102 (317,102)
		-	-
借貸： 有抵押(附註a及b)	Borrowings: Secured (notes a & b)	301,076	317,102
無抵押	Unsecured	-	-
		301,076	317,102

附註：

(a) 於2013年12月31日，銀行借貸由分別約165,546,000港元、146,815,000港元、141,323,000港元、515,314,000港元及零港元(2012年：168,414,000港元、145,806,000港元、140,108,000港元、零港元及109,454,000港元)之本集團物業、廠房及設備、土地使用權、投資物業、採礦權及銀行存款作抵押。此外，本公司一名董事向銀行提供個人擔保以擔保一間子公司之約57,645,000港元借貸。

於2013年12月31日，約251,076,000港元及50,000,000港元之借貸分別以人民幣及港幣計值。於2013年12月31日之實際利率為6.26厘。

notes:

(a) As at 31 December 2013, the borrowings were secured by property, plant and equipment, land use rights, investment properties, mining right and deposit with bank of the Group amounting to approximately HK\$165,546,000, HK\$146,815,000, HK\$141,323,000, HK\$515,314,000 and HK\$Nil (2012: HK\$168,414,000, HK\$145,806,000, HK\$140,108,000, HK\$Nil and HK\$109,454,000) respectively. In addition, a director of the Company provide personnel guarantee to a bank for securing a borrowing of a subsidiary amounting to approximately HK\$57,645,000.

As at 31 December 2013, the borrowings amounting to approximately HK\$251,076,000 and HK\$50,000,000 were denominated in RMB and HK\$ respectively. The effective interest rate at 31 December 2013 was 6.26%.

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30. 借貸(續)

附註：(續)

(b) 於2006年11月，本集團與國際金融公司(「國際金融公司」)訂立貸款安排。根據該貸款安排，國際金融公司向本公司若干附屬公司授出人民幣120,000,000元(約149,256,000港元)之貸款。該貸款按年利率5.38厘計息，並須於2013年11月作一次性償還。國際金融公司授出之該貸款以下列各項作抵押：(i)本公司作出之企業擔保；及(ii)質押本公司244,578,000股股份(已就作股份拆細(「股份拆細」)作出調整，由冠華國際有限公司(「冠華」，為控股股東)擁有)。根據該貸款協議，本集團須分別於2010年12月31日、2011年12月31日及2012年12月31日為國際金融公司存放人民幣32,000,000元(約39,802,000港元)、人民幣64,000,000元(約79,603,000港元)及人民幣88,000,000元(約109,454,000港元)之銀行存款。此外，本公司董事兼控股股東池文富先生(透過其於冠華之權益)向國際金融公司承諾維持本公司之最低持股量。本公司及本集團遵守若干契約，包括(其中包括)貸款協議項下之若干財務契約。於2012年12月31日，約147,323,000港元國際金融公司貸款歸類為流動負債。截至2013年12月31日止年度，國際金融公司之貸款已全數清償。

於2012年12月31日，已為國際金融公司存入約109,454,000港元，作為該項貸款還款的保證。借貸以人民幣計值，並於一年以內到期。於2012年12月31日之實際利率為7.07厘。

30. Borrowings (Continued)

notes: (continued)

(b) The Group entered into a loan arrangement with International Finance Corporation ("IFC") in November 2006. Pursuant to the loan arrangement, IFC had granted a loan of RMB120,000,000 (approximately HK\$149,256,000) to certain subsidiaries of the Company. The loan bears interest at 5.38% per annum and is due for repayment in one bullet payment in November 2013. The loan granted by IFC was secured by (i) corporate guarantee given by the Company; and (ii) pledges of 244,578,000 shares in the Company, as adjusted for the effect of the share subdivision ("Share Subdivision"), owned by Alpha Sino International Limited ("Alpha Sino"), the controlling shareholder. Pursuant to the loan agreement, the Group is required to place bank deposits of RMB32,000,000 (approximately HK\$39,802,000), RMB64,000,000 (approximately HK\$79,603,000) and RMB88,000,000 (approximately HK\$109,454,000) for IFC as at 31 December 2010, 31 December 2011 and 31 December 2012, respectively. In addition, Mr. Chi Wen Fu, a director and controlling shareholder of the Company (through his interest in Alpha Sino), has given an undertaking to IFC to maintain a minimum level of shareholding in the Company. The Company and the Group are complied with certain covenants, including, among other things, certain financial covenants, under the loan arrangement. As at 31 December 2012, approximately HK\$147,323,000 of IFC loan was classified under current liabilities. During the year ended 31 December 2013, the IFC loan was fully settled.

As at 31 December 2012, there were approximately HK\$109,454,000 bank deposits placed for IFC for securing repayment of the IFC loan. The borrowings are denominated in RMB, and have a maturity of less than 1 year. The effective interest rate at 31 December 2012 was 7.07%.

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30. 借貸(續)

本集團借貸之賬面值及公平值如下：

30. Borrowings (Continued)

The carrying amount and fair value of the Group's borrowings are as follows:

		賬面值		公平值	
		Carrying amount		Fair value	
		2013	2012	2013	2012
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
借貸	Borrowings	301,076	317,102	301,076	317,152

31. 遞延收入

31. Deferred revenue

		2013	2012
		千港元	千港元
		HK\$'000	HK\$'000
已收與資產有關的政府撥款	Government grants received related to assets	24,980	-

為促進金屬鎂業之發展，白山市天安金屬鎂礦業有限公司於2012年與當地政府訂立一份協議。根據該協議，當地政府同意向白山市天安金屬鎂礦業有限公司提供財務資助(「資助」)以改善其生產科技及提高物業、廠房及設備的產能。

截至2013年12月31日止年度，本集團收取部分資助約為24,980,000港元(相當於人民幣19,500,000元)。(2012年：零港元)。

所收資助或成為應收款項，初始確認為遞延收入及其後以扣減折舊法開支，按該項折舊資產可用年期於損益賬確認。

In order to encourage the development of magnesium industry, Baishan City Tianan Magnesium Resources Co., Limited entered into an agreement with the local government in 2012. Pursuant to the agreement, the local government agree to provide financial assistance (the "Assistance") to Baishan City Tianan Magnesium Resources Co., Limited to improve their production technology and enhance the capacity of the property, plant and equipment.

During the year ended 31 December 2013, the Group has received part of the Assistance of approximately HK\$24,980,000 (equivalent to RMB19,500,000) (2012: HK\$Nil).

The Assistance received or which becomes receivables is initially recognised as deferred revenue and subsequently recognised in profit or loss over the life of a depreciable asset by way of as a reduced depreciation charge expense.

32. 遞延稅項

年內於綜合財務狀況表確認之遞延稅項結餘的組成部份及其變動如下：

遞延稅項負債

		Deferred Tax Liabilities									
		無形資產		採礦權		土地使用權		物業、廠房及設備		總計	
		Intangible assets		Mining rights		Land use rights		Property, plant and equipment		Total	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於1月1日	As at 1 January	-	194	112,018	112,269	17,504	17,247	1,199	1,296	130,721	131,006
出售附屬公司	Disposal of subsidiaries	-	(185)	-	-	-	-	-	-	-	(185)
計入綜合損益及 其他全面收益表	Credited to the consolidated statement of profit or loss and other comprehensive income	-	(9)	(2,438)	(2,357)	(394)	(386)	(274)	(120)	(3,106)	(2,872)
匯兌調整	Exchange alignment	-	-	3,293	2,106	514	643	30	23	3,837	2,772
於12月31日	As at 31 December	-	-	112,873	112,018	17,624	17,504	955	1,199	131,452	130,721

遞延稅項資產

		Deferred Tax Assets					
		加速稅項折舊		稅項虧損		總計	
		Accelerated tax depreciation		Tax losses		Total	
		2013	2012	2013	2012	2013	2012
		千港元	千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
於1月1日	As at 1 January	-	18	-	574	-	592
自綜合損益及 其他全面 收益表扣除	Debited to the consolidated statement of profit or loss and other comprehensive income	-	(2)	-	(282)	-	(284)
出售附屬公司 時解除	Release upon disposal of subsidiaries	-	(16)	-	(292)	-	(308)
於12月31日	As at 31 December	-	-	-	-	-	-

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33. 股本

33. Share Capital

	附註 notes	股份數目 Number of shares 千股 '000	股本 Share capital 千港元 HK\$'000
法定：	Authorised:		
於2012年1月1日、 2012年12月31日、 2013年1月1日及 2013年12月31日： 每股面值0.02港元之 普通股(「股份」)	As at 1 January 2012, 31 December 2012, 1 January 2013 and 31 December 2013: Ordinary shares of HK\$0.02 each (the "Shares")	5,000,000	100,000
已發行及繳足：	Issued and fully paid:		
於2012年1月1日 註銷已發行股份	As at 1 January 2012 Cancellation of issued Shares (c)	2,578,903 (34,560)	61,513 (830)
於2012年12月31日及 2013年1月1日	As at 31 December 2012 and 1 January 2013	2,544,343	60,683
按以股代息計劃發行之 股份	Issue of Shares upon scrip dividend scheme (a)	36,273	726
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options (b)	20,055	401
於2013年12月31日	As at 31 December 2013	2,600,671	61,810

附註：

(a) 本公司根據於2013年5月27日公佈之以股代息計劃，給予股東就2012年末期股息可以選擇以股代息，因此於2013年6月28日以每股0.618港元發行及分配36,272,535股股份。新股份與已發行之股份享有同等權利。詳情請參閱本公司於2013年5月27日發佈之通函。

(b) 於截至2013年12月31日止年度內，本公司按行使購股權以行使價每股0.5港元發行及分配合共20,055,000股股份。詳情請參閱附註36。

(c) 於截至2012年12月31日止年度內，本公司以總代價約8,003,000港元(未計費用)按每股介乎0.208港元至0.270港元之價格於聯交所購回34,560,000股股份。其後，購回之股份已於當年註銷。因此，本公司之已發行股本已相應按該等股份之面值予以削減。購回股份應付之溢價已於本公司股份溢價帳支銷。

notes:

(a) On 28 June 2013, the Company issued and allotted 36,272,535 Shares at HK\$0.618 per Share to the shareholders who elected to receive Shares in the Company in lieu of cash for the 2012 final dividends pursuant to the scrip dividend schemes announced by the Company on 27 May 2013. The new Shares rank pari passu in all respects with the existing Shares. For more details, please refer to the circular of the Company dated 27 May 2013.

(b) During the year ended 31 December 2013, the Company issued and allotted an aggregate of 20,055,000 Shares at an exercise price HK\$0.5 per Share as pursuant to the exercise of share options. For more details, please refer to Note 36.

(c) During the year ended 31 December 2012, the Company repurchased 34,560,000 Shares at an aggregate consideration of approximately HK\$8,003,000 before expenses at prices ranging from HK\$0.208 to HK\$0.270 per Share on the Stock Exchange. The repurchased shares were subsequently cancelled during the year. Accordingly, the issued share capital of the Company was reduced by the nominal value thereof. The premium payable on repurchase was charged against the share premium account of the Company.

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34. 儲備
本集團

本集團於本年度及過往年度之儲備金額及變動已於綜合權益變動表呈列。

34. Reserves
The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

本公司

The Company

		股本	股份溢價	資本贖回 儲備	購股權 儲備	保留盈利	總額
		Share capital	Share premium	Capital redemption reserve	Share option reserve	Retained earnings	Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於2012年1月1日	As at 1 January 2012	61,513	740,925	2,669	-	16,711	821,818
年內虧損	Loss for the year	-	-	-	-	(2,565)	(2,565)
年內其他全面收入	Other comprehensive income for the year	-	-	-	-	-	-
年內全面虧損總額	Total comprehensive loss for the year	-	-	-	-	(2,565)	(2,565)
確認為分派之股息	Dividend recognised as distribution	-	-	-	-	(9,026)	(9,026)
註銷已發行股份	Cancellation of issued shares	(830)	(7,173)	830	-	(830)	(8,003)
股權結算股份付款 之交易	Equity settled share-based transaction	-	-	-	1,819	-	1,819
於2012年12月31日 及2013年1月1日	As at 31 December 2012 and 1 January 2013	60,683	733,752	3,499	1,819	4,290	804,043
年內溢利	Profit for the year	-	-	-	-	40,716	40,716
年內其他全面收入	Other comprehensive income for the year	-	-	-	-	-	-
年內全面收入總額	Total comprehensive income for the year	-	-	-	-	40,716	40,716
已付末期股息	Final dividend paid	726	(4,589)	-	-	-	(3,863)
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	401	10,069	-	(443)	-	10,027
股權結算股份 付款之交易	Equity settled share-based transactions	-	-	-	4,760	-	4,760
於2013年12月31日	As at 31 December 2013	61,810	739,232	3,499	6,136	45,006	855,683

35. 本公司擁有人應佔年內溢利／
虧損

截至2013年12月31日止年度，本公司擁有人應佔溢利約為40,716,000港元（2012年：虧損2,565,000港元），已於本公司財務報表處理。

35. Profit/loss for the Year Attributable to Owners of
the Company

The profit attributable to owners of the Company for the year ended 31 December 2013 which has been dealt with in the financial statements of the Company amounted to approximately HK\$40,716,000 (2012: loss of HK\$2,565,000).

36. 購股權

於2008年12月3日，本公司股東批准購股權計劃（「該計劃」）。根據該計劃，本公司可授出購股權予本集團董事或僱員、本集團的顧問或諮詢人、分銷商、分包商、供應商、服務供應商、代理、客戶及業務夥伴（「合資格參與者」），以認購本公司股份。

購股權可按董事全權酌情釐定的歸屬、行使或其他方面的條款及條件而授出，惟有關條款及條件須與該計劃的任何其他條款及條件相符一致。

認購價不會低於以下最高者：(i) 股份於購股權提呈日期於聯交所每日報價表所列於主板之收市價；(ii) 股份於緊接購股權提呈日期前五個交易日於聯交所每日報價表所列於主板之平均價；及(iii) 股份之面值。本集團並無法定或推定責任以現金購回或償付購股權。

購股權僅於合資格參與者自購股權授出日期至指定之行使期內仍於本集團服務方可行使。

36. Share Options

On 3 December 2008, a share option scheme (the "Scheme") was approved by the shareholders of the Company. Under the Scheme, the Company may grant options to the directors or employees of the Group, consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the "Eligible Participant") to subscribe for shares in the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the directors may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms conditions of the Scheme.

The subscription price is not less than the highest of (i) the closing price of the shares on Main Boards stated in the Stock Exchange's daily quotation sheet on the date of offer of the option; (ii) the average prices of the shares on Main Board as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options are exercisable only if the Eligible Participants remain in the service of the Group from the grant date of the share options up to the designated exercise date.

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36. 購股權 (續)

於2013年4月3日，本集團已向本集團若干僱員授出40,000,000份購股權。

於2013年12月31日，計劃項下尚未行使之購股權合共可認購240,445,000股股份(「購股權」)。

36. Share Options (Continued)

On 3 April 2013, the Group had granted 40,000,000 share options to certain employees of the Group.

As at 31 December 2013, options to subscribe for a total of 240,445,000 Shares (the "Share Options") were outstanding under the Scheme.

	於2012年 1月1日 持有	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	2012年 12月31日及 於2013年 1月1日持有	年內授出 之購股權	年內行使 之購股權	年內失效 之購股權	於2013年 12月31日 持有	行使價	附註
	Held at 1 January 2012	Options granted during the year	Options exercised during the year	Options lapsed during the year	31 December 2012 and 1 January 2013	Options granted during the year	Options exercised during the year	Options lapsed during the year	Held at 31 December 2013	Exercise price 港元 HK\$	note
(A) 僱員											
Employees	150,500,000	-	-	-	150,500,000	-	(15,055,000)	-	135,445,000	0.5	(a)
	-	-	-	-	-	40,000,000	-	-	40,000,000	0.8	(b)
(B) 董事											
Directors											
池文富 Chi Wen Fu	20,000,000	-	-	-	20,000,000	-	-	-	20,000,000	0.5	(a)
沈世捷 Shum Sai Chit	15,000,000	-	-	-	15,000,000	-	(3,000,000)	-	12,000,000	0.5	(a)
池碧芬 Chi Bi Fen	15,000,000	-	-	-	15,000,000	-	-	-	15,000,000	0.5	(a)
郭孟勇 Guo Mengyong	5,000,000	-	-	-	5,000,000	-	-	-	5,000,000	0.5	(a)
鄭炳文 Kwong Ping Man	5,000,000	-	-	-	5,000,000	-	-	-	5,000,000	0.5	(a)
廖爾強 Liu Hoi Keung	5,000,000	-	-	-	5,000,000	-	(2,000,000)	-	3,000,000	0.5	(a)
盛洪 Sheng Hong	5,000,000	-	-	-	5,000,000	-	-	-	5,000,000	0.5	(a)
	220,500,000	-	-	-	220,500,000	-	(20,055,000)	-	200,445,000	0.5	(a)
	-	-	-	-	-	40,000,000	-	-	40,000,000	0.8	(b)

36. 購股權 (續)

根據購股權之條款，有關購股權可按下列方式行使：

(a) 於2011年12月30日授出行使價為0.5港元之該等購股權須按以下方式行使：

(i) 就向若干承授人授出可認購合共55,000,000股股份之購股權(「甲類購股權」)而言，購股權自授出日期至2014年10月31日止有效。甲類購股權可行使以認購：

- 最多22,000,000股股份，為期自2012年11月1日至2013年10月31日止(包括首尾兩日)；及
- 最多33,000,000股股份另加上文段落尚未行使之總餘額，為期自2013年11月1日至2014年10月31日止(包括首尾兩日)。於年內，根據甲類購股權內此界別已認購了4,000,000股股份；

(ii) 就向其他承授人授出可認購合共32,000,000股股份之購股權(「乙類購股權」)而言，購股權自授出日期至2015年10月31日止有效。乙類購股權可行使以認購：

36. Share Options (Continued)

In accordance with the terms of the Share Options, the Share Options are exercisable in the following manner:

(a) The Share Options of exercise price HK\$0.5 granted on 30 December 2011 are exercisable in the following manner:

(i) in respect of the Share Options granted to certain grantees to subscribe for a total of 55,000,000 Shares ("Type A Share Options"), the Share Options are valid from the date of grant until 31 October 2014. The Type A Share Options are exercisable to subscribe for:

- a maximum of 22,000,000 Shares within the period between 1 November 2012 to 31 October 2013 (both dates inclusive); and
- a maximum of 33,000,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2013 to 31 October 2014 (both dates inclusive). During the year, 4,000,000 shares were subscribed under this band of Type A Share Options;

(ii) in respect of the Share Options granted to other grantees to subscribe for a total of 32,000,000 Shares ("Type B Share Options"), the Share Options are valid from the date of grant until 31 October 2015. The Type B Share Options are exercisable to subscribe for:

36. 購股權 (續)

- | | | |
|-----|------|-----|
| (a) | (續) | |
| | (ii) | (續) |
- 最多8,000,000股股份，為期自2012年11月1日至2013年10月31日止(包括首尾兩日)；
 - 最多12,000,000股股份另加上文段落尚未行使之總餘額，為期自2013年11月1日至2014年10月31日止(包括首尾兩日)。於年內，根據乙類購股權內此界別已認購了1,000,000股股份；及
 - 最多12,000,000股股份另加上文段落尚未行使之總餘額，為期自2014年11月1日至2015年10月31日止(包括首尾兩日)；

36. Share Options (Continued)

- | | |
|-----|------------------|
| (a) | (continued) |
| | (ii) (continued) |
- a maximum of 8,000,000 Shares within the period between 1 November 2012 to 31 October 2013 (both dates inclusive);
 - a maximum of 12,000,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2013 to 31 October 2014 (both dates inclusive). During the year, 1,000,000 Shares were subscribed under this band of Type B Share Options; and
 - a maximum of 12,000,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2014 to 31 October 2015 (both dates inclusive);

36. 購股權 (續)

- (a) (續)
- (iii) 就向其他承授人授出可認購合共133,500,000股股份之購股權(「丙類購股權」)而言，購股權自授出日期至2017年12月30日止有效。涉及127,500,000股股份之丙類購股權可行使以認購：
- 最多25,500,000股股份，為期自2012年11月1日至2013年10月31日止(包括首尾兩日)；
 - 最多25,500,000股股份另加上文段落尚未行使之總餘額，為期自2013年11月1日至2014年10月31日止(包括首尾兩日)。於年內，根據丙類購股權內此界別已認購了15,055,000股股份；
 - 最多25,500,000股股份另加上文段落尚未行使之總餘額，為期自2014年11月1日至2015年10月31日止(包括首尾兩日)；
 - 最多25,500,000股股份另加上文段落尚未行使之總餘額，為期自2015年11月1日至2016年10月31日止(包括首尾兩日)；及
 - 最多25,500,000股股份另加上文段落尚未行使之總餘額，為期自2016年11月1日至2017年12月30日止(包括首尾兩日)；及

36. Share Options (Continued)

- (a) (continued)
- (iii) in respect of the Share Options granted to other grantees to subscribe for a total of 133,500,000 Shares ("Type C Share Options"), the Share Options are valid from the date of grant until 30 December 2017. The Type C Share Options in respect of 127,500,000 Shares are exercisable to subscribe for:
- a maximum of 25,500,000 Shares within the period between 1 November 2012 to 31 October 2013 (both dates inclusive);
 - a maximum of 25,500,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2013 to 31 October 2014 (both dates inclusive). During the year, 15,055,000 Shares were subscribed under this band of Type C Share Options;
 - a maximum of 25,500,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2014 to 31 October 2015 (both dates inclusive);
 - a maximum of 25,500,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2015 to 31 October 2016 (both dates inclusive); and
 - a maximum of 25,500,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2016 to 30 December 2017 (both dates inclusive); and

36. 購股權 (續)

- (a) (續)
- (iv) 涉及餘下6,000,000股股份之丙類購股權可於為期自2016年11月1日至2017年12月30日止(包括首尾兩日)行使。

- (b) 於2013年3月19日授出行使價為0.8港元之該等購股權須按以下方式行使：

- (i) 就向若干承授人授出可認購合共25,000,000股股份之購股權(「丁類購股權」)而言，購股權自授出日期至2015年10月31日止有效。丁類購股權可行使認購：

- 最多12,500,000股股份，為期自2013年11月1日至2014年10月31日止(包括首尾兩日)；及
- 最多12,500,000股股份另加上文段落尚未行使之總餘額，為期自2014年11月1日至2015年10月31日止(包括首尾兩日)；

36. Share Options (Continued)

- (a) (continued)

- (iv) the Type C Share Options in respect of the remaining 6,000,000 Shares are exercisable within the period between 1 November 2016 to 30 December 2017 (both dates inclusive).

- (b) The Share Options of exercise price HK\$0.8 granted on 19 March 2013 are exercisable in the following manner:

- (i) in respect of the Share Options granted to certain grantees to subscribe for a total of 25,000,000 Shares ("Type D Share Options"), the Share Options are valid from the date of grant until 31 October 2015. The Type D Share Options are exercisable to subscribe for:

- a maximum of 12,500,000 Shares within the period between 1 November 2013 to 31 October 2014 (both dates inclusive); and
- a maximum of 12,500,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2014 to 31 October 2015 (both dates inclusive);

36. 購股權 (續)

(b) (續)

(ii) 就向其他承授人授出可認購合共15,000,000股股份之購股權(「戊類購股權」)而言，購股權自授出日期至2018年12月31日止有效。戊類購股權可行使以認購：

- 最多3,000,000股股份，為期自2013年11月1日至2014年10月31日止(包括首尾兩日)；
- 最多3,000,000股股份另加上文段落尚未行使之總餘額，為期自2014年11月1日至2015年10月31日止(包括首尾兩日)；
- 最多3,000,000股股份另加上文段落尚未行使之總餘額，為期自2015年11月1日至2016年10月31日止(包括首尾兩日)；
- 最多3,000,000股股份另加上文段落尚未行使之總餘額，為期自2016年11月1日至2017年10月31日止(包括首尾兩日)；及
- 最多3,000,000股股份另加上文段落尚未行使之總餘額，為期2017年11月1日至2018年12月31日止(包括首尾兩日)。

36. Share Options (Continued)

(b) (continued)

(ii) in respect of the Share Options granted to other grantees to subscribe for a total of 15,000,000 Shares ("Type E Share Options"), the Share Options are valid from the date of grant until 31 December 2018. The Type E Share Options are exercisable to subscribe for:

- a maximum of 3,000,000 Shares within the period between 1 November 2013 to 31 October 2014 (both dates inclusive);
- a maximum of 3,000,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2014 to 31 October 2015 (both dates inclusive);
- a maximum of 3,000,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2015 to 31 October 2016 (both dates inclusive);
- a maximum of 3,000,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2016 to 31 October 2017 (both dates inclusive); and
- a maximum of 3,000,000 Shares plus aggregate balance not yet exercised in paragraph above within the period between 1 November 2017 to 31 December 2018 (both dates inclusive).

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36. 購股權 (續)

於報告期末，尚未行使購股權有以下屆滿日期、行使期及行使價。

36. Share Options (Continued)

Share options outstanding at the end of the reporting period have the following expiry date, exercise period and exercise prices.

購股權類別 Type of Share Options	屆滿日期 Expiry date	行使期 Exercise period	每股行使價 Exercise prices per Share 港元 HK\$	購股權數目 Number of Share Options 2013 千股 '000	2012 千股 '000
甲類 Type A	2014年10月31日 31 October 2014	自2012年11月1日起至 2014年10月31日 From 1 November 2012 to 31 October 2014	0.5	51,000	55,000
乙類 Type B	2015年10月31日 31 October 2015	自2012年11月1日起至 2015年10月31日 From 1 November 2012 to 31 October 2015	0.5	31,000	32,000
丙類 Type C	2017年12月30日 30 December 2017	自2012年11月1日起至 2017年12月30日 From 1 November 2012 to 30 December 2017	0.5	112,445	127,500
	2017年12月30日 30 December 2017	自2016年11月1日起至 2017年12月30日 From 1 November 2016 to 30 December 2017	0.5	6,000	6,000
丁類 Type D	2015年10月31日 31 October 2015	自2013年11月1日起至 2015年10月31日 From 1 November 2013 to 31 October 2015	0.8	25,000	–
戊類 Type E	2018年12月31日 31 December 2018	自2013年11月1日起至 2018年12月31日 From 1 November 2013 to 31 December 2018	0.8	15,000	–
				240,445	220,500

截至2011年12月31日止年度，授出的購股權使用柏力克－舒爾斯期權定價模式釐定。輸入該估值模式的重要計算因素為於授出日期的股價0.217港元(已就股份分拆的影響作出調整)、上述行使價、預期股價回報標準偏差39.20%至66.37%、年度無風險利率0.33%至1.08%、約1至6年預計購股權年期及1.43%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2006年7月31日至2011年12月31日的每日股價的統計分析計算得出。截至2013年12月31日止年度，約1,047,000港元已計入綜合損益及其他全面收益表內。

The options granted during the year ended 31 December 2011 determined using the Black-Scholes valuation model. The significant inputs into the model were share price of HK\$0.217, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, standard deviation of expected share price return of 39.20% to 66.37%, annual risk-free interest rate of 0.33% to 1.08%, expected life of options of approximately 1 to 6 years and dividend payout ratio of 1.43%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 31 July 2006 to 31 December 2011. During the year ended 31 December 2013, approximately HK\$1,047,000 were charged to the consolidated statement of profit or loss and other comprehensive income.

36. 購股權 (續)

截至2013年12月31日止年度，授出的購股權公平值使用柏力克－舒爾斯期權定價模式釐定，約為5,830,000港元。輸入該估值模式的重要計算因素為於授出日期的股價0.80港元(已就股份分拆的影響作出調整)、上述行使價、預期波幅介乎42.05%至52.22%、年度無風險利率0.11%至0.58%、約1.6至5.2年預計購股權年期及2.47%派息率。按預期股價回報的標準偏差而計量的波幅，乃根據由2007年9月25日至2013年3月19日的每日股價的統計分析計算得出。截至2013年12月31日止年度，約3,713,000港元已計入綜合損益及其他全面收益表內。

截至2013年12月31日止年度期間，約4,760,000港元(2012年：1,819,000港元)以股份為基礎之付款須計入綜合損益及其他全面收益表內。

37. 出售附屬公司

於2012年11月29日，本公司全資附屬公司世紀陽光生態科技有限公司與一名獨立第三方訂立及完成買賣協議出售陽光博大金融控股有限公司及其附屬公司之全部股本權益。交易代價於2013年2月26日釐定為73,141,987港元。

附屬公司於出售日期之淨資產如下：

36. Share Options (Continued)

The fair value of options granted during the year ended 31 December 2013 determined using the Black-Scholes valuation model was approximately HK\$5,830,000. The significant inputs into the model were share price of HK\$0.80, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 42.05% to 52.22%, annual risk-free interest rate of 0.11% to 0.58%, expected life of options of approximately 1.6 to 5.2 years and dividend payout ratio of 2.47%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 25 September 2007 to 19 March 2013. During the year ended 31 December 2013, approximately HK\$3,713,000 were charged to the consolidated statement of profit or loss and other comprehensive income.

During the year ended 31 December 2013, the share-based payments of approximately HK\$4,760,000 (2012: HK\$1,819,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

37. Disposal of Subsidiaries

On 29 November 2012, Century Sunshine Ecological Technology Limited, a wholly-owned subsidiary of the Company, entered into and completed a sale and purchase agreement with an independent third party to dispose of 100% equity interest in Sunshine Partners Financial Holdings Limited and its subsidiaries, for a consideration as determined on 26 February 2013 at HK\$73,141,987.

The net assets of subsidiaries at the date of disposal were as follows:

		2012年11月29日 29 November 2012 千港元 HK\$'000
所出售之淨資產：	Net assets disposed of:	
物業、廠房及設備	Property, plant and equipment	678
無形資產	Intangible assets	22,940
遞延稅項資產	Deferred tax assets	308
貿易及其他應收款項、預付款項及按金	Trade and other receivables, prepayments and deposits	27,885
持作買賣投資	Investments held for trading	14,930
現金及等同現金項目	Cash and cash equivalents	43,350
遞延稅項負債	Deferred tax liabilities	(185)
貿易及其他應付款項	Trade and other payables	(13,831)
應付所得稅	Income tax payables	(2)
借貸	Borrowings	(4,940)
		91,133
釋出其他儲備	Release of other reserve	254
釋出匯兌儲備	Release of translation reserve	197
非控股權益	Non-controlling interests	(16,478)
出售附屬公司虧損	Loss on disposal of subsidiaries	(1,964)
總代價	Total consideration	73,142
藉以下方式支付：	Satisfied by:	
現金	Cash	73,142
來自出售之淨現金流入：	Net cash inflow from disposal:	
現金代價	Cash consideration	73,142
應收代價款項	Consideration receivables	(7,536)
所出售之現金及等同現金項目	Cash and cash equivalents disposed	(43,350)
		22,256

財務報表附註

NOTES TO THE FINANCIAL STATEMENTS

截至2013年12月31日止年度

For the year ended 31 December 2013

37. 出售附屬公司(續)

由2012年1月1日至出售日期期間，上述附屬公司主要於香港從事金融服務業務。該等附屬公司貢獻收入約11,061,000港元及約11,705,000港元虧損乃於截至2012年12月31日止年度之本集團溢利中確認。

37. Disposal of Subsidiaries (Continued)

For the period from 1 January 2012 to the date of disposal, the above subsidiaries were engaged in financial services business mainly in Hong Kong. The revenue contributed by the subsidiaries were approximately HK\$11,061,000 and loss of approximately HK\$11,705,000 has recognised in the Group's profit for the year ended 31 December 2012.

38. 承擔

(a) 資本承擔

	本集團		本公司	
	The Group		The Company	
	2013	2012	2013	2012
	千港元	千港元	千港元	千港元
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
已訂約但尚未於綜合財務報表撥備之有關收購物業、廠房及設備之資本支出				
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	109,990	186,429	-	-

38. Commitments

(a) Capital Commitments

(b) 經營租約承擔

本集團作為承租人

本集團根據不可撤銷租賃協議租賃各類寫字樓及貨倉。該等租賃之租期、調整租金之條款及續約權利各有不同。

於報告期末，本集團及本公司就日後根據不可撤銷經營租約於下列期間到期應付的最低租金還款承擔如下：

(b) Operating Lease Commitments

The Group as Lessee

The Group leases various office premises and warehouses under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the end of the reporting period, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	本集團		本公司	
	The Group		The Company	
	2013	2012	2013	2012
	千港元	千港元	千港元	千港元
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
一年內	2,719	2,027	-	-
第二年至第五年 (包括首尾兩年)	3,623	3,891	-	-
超過五年	3,442	681	-	-
	9,784	6,599	-	-

38. 承擔(續)

(b) 經營租約承擔(續)

本集團作為出租人

所有已持有投資物業於未來三年已保證有租戶。

於報告期末，本集團已就下列日後最低租約付款與租戶訂約：

		本集團 The Group		本公司 The Company	
		2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
一年內	Within one year	3,554	6,118	-	-
第二年至第五年 (包括首尾兩年)	In the second to fifth years inclusive	4,193	3,837	-	-
		7,747	9,955	-	-

38. Commitments (Continued)

(b) Operating Lease Commitments (Continued)
The Group as Lessor

All of the investment properties held have committed tenants for the next three year.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

39. 重大關連人士交易

除綜合財務報表另有披露外，年內本集團已進行以下主要關連人士交易：

39. Material Related Party Transactions

Except as disclosed elsewhere in the consolidated financial statements, the Group entered into the following significant related party transactions during the year.

(a) 主要管理人員酬金

		2013 千港元 HK\$'000	2012 千港元 HK\$'000
董事(附註13)	Directors (Note 13)	3,228	2,769
其他主要管理人員： 薪金及其他短期僱員福利	Other key management personnel: Salaries and other short-term employee benefits	1,792	1,676
		5,020	4,445

(a) Key Management Compensation

(b) 池文富先生已向國際金融公司作出承諾，將本公司之股權維持在最低水平作為借貸抵押品詳情參見附註30。於2013年11月，鑑於該貸款已全數清還，該承諾已獲解除。

(b) Mr. Chi Wen Fu has given an undertaking to IFC to maintain a minimum level of shareholding in the Company as collateral of the borrowings as detailed in Note 30. In November 2013, the undertaking was released upon the full payment of the borrowings.

39. 重大關連人士交易(續)

(c) 於截至2012年12月31日止年度，本公司前間接附屬公司博大證券有限公司就向池文富先生及沈世捷先生提供金融服務，分別向彼等收取費用約1,000港元及零港元。

40. 非現金交易

於2013年4月3日，本集團已向本集團若干僱員授出40,000,000份購股權(2012年：無)。截至2013年12月31日止年度期間，約4,760,000港元(2012年：1,819,000港元)以股份為基礎之付款須計入綜合損益及其他全面收益表內。詳情請參閱附註36。

本公司根據於2013年5月27日公佈之以股代息計劃，於2013年6月28日以每股0.618港元發行及分配每股面值0.02港元之36,272,535股新繳足股份，給予就2012年末期股息選擇以股代息之股東。新普通股與本公司現有普通股在各方面享有同等權利。詳情請參閱本公司於2013年5月27日發佈之通函。

41. 附屬公司擁有權益之變動

截至2013年12月31日止年度，本集團透過全資附屬公司首智投資有限公司(「首智」)增加於中國稀鎂科技控股有限公司(「中國稀鎂」)(前稱為中國鎂業有限公司)合共21.6%之實效股本權益。該等交易之詳情載述如下：

於2013年1月15日，本公司全資附屬公司首智與繆希住先生(「繆先生」)訂立合約，內容有關以約32,089,000港元之代價向繆先生收購中國稀鎂的已發行股本21.8%。詳情請參閱本公司日期為2013年1月16日之公告。

於2013年1月16日，首智與一名獨立第三方訂立合約，內容有關以約3,238,000港元之代價向該第三方收購中國稀鎂已發行股本2.2%。

於2013年6月30日，中國稀鎂發行新股，合共佔已擴大發行股份數目約3%，以引進額外科技及策略投資者。

39. Material Related-Party Transactions (Continued)

(c) During the year ended 31 December 2012, Partners Capital Securities Limited, a former indirect subsidiary of the Company, received fee amount of approximately HK\$1,000 and HK\$Nil from Mr. Chi Wen Fu and Mr. Shum Sai Chit respectively, for the financial services provided.

40. Non-Cash Transactions

On 3 April 2013, the Group had granted 40,000,000 Share Options (2012: Nil) to certain employees of the Group. During the year ended 31 December 2013, the share-based payments of approximately HK\$4,760,000 (2012: HK\$1,819,000) were charged to the consolidated statement of profit or loss and other comprehensive income. For more details, please refer to Note 36.

On 28 June 2013, the Company issued and allotted 36,272,535 new fully paid shares of HK\$0.02 each in the Company at HK\$0.618 to the shareholders who elected to shares who elected to receive shares in the Company in lieu of cash for the 2012 final dividends pursuant to the scrip dividend schemes announced by the Company on 27 May 2013. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. For more details, please refer to the circular of the Company dated 27 May 2013.

41. Change in Ownership Interest in a Subsidiary

During the year ended 31 December 2013, the Group, through a wholly-owned subsidiary, Capital Idea Investments Limited ("Capital Idea"), increased in aggregate of 21.6% effective equity interest in China Rare Earth Magnesium Technology Holdings Limited ("China Rare Earth Magnesium") (formerly Known as China Magnesium Limited). Details of the transactions as follows:

On 15 January 2013, Capital Idea, being a wholly-owned subsidiary of the Company, entered into a contract with Mr. Miao Xi Zhu ("Mr. Miao") in relation to acquisition of 21.8% of the issued share capital of China Rare Earth Magnesium at a consideration of approximately HK\$32,089,000 from Mr. Miao. For more details, please refer to the Company's announcement dated 16 January 2013.

On 16 January 2013, Capital Idea entered into the contract with an independent third party in relation to acquisition of 2.2% of the issued share capital of China Rare Earth Magnesium at a consideration of approximately HK\$3,238,000 from that third party.

On 30 June 2013, China Rare Earth Magnesium has issued new shares of an aggregate approximately 3% of the enlarged number of issued shares in order to recruit new technological and strategic investors.

41. 附屬公司擁有權權益之變動 (續)

由於上述交易，本集團分別確認減少非控股權益約31,812,000港元和增加其他儲備約53,383,000港元。

截至2012年12月31日止年度，本集團透過一間間接持有75%的附屬公司，向博大證券有限公司(「博大證券」)之非控股權益，以現金約2,000,000港元，收購博大證券之額外9.91%權益(實質為7.43%)。本集團因此確認減少非控股權益和其他儲備，分別約為1,745,000港元和254,000港元。

41. Change in Ownership Interest in a Subsidiary (Continued)

As a result of the above transactions, the Group recognised a decrease in non-controlling interests and increase in other reserve of approximately HK\$31,812,000 and HK\$53,383,000 respectively.

During the year ended 31 December 2012, the Group, through a 75% indirectly owned subsidiary, acquired additional 9.91% (effectively 7.43%) equity interest in Partners Capital Securities Limited ("Partners Capital") from the non-controlling interests of Partners Capital at a cash consideration of approximately HK\$2,000,000. The Group recognised a decrease in non-controlling interests and other reserve of approximately HK\$1,745,000 and HK\$254,000 respectively.

42. 或然負債

42. Contingent Liabilities

	本集團 The Group		本公司 The Company	
	2013 千港元 HK\$'000	2012 千港元 HK\$'000	2013 千港元 HK\$'000	2012 千港元 HK\$'000
向銀行提供之 財務擔保			114,050	-
Financial guarantees given to banks	-	-	114,050	-

此為擔保獲悉數提取而可能支付之總額，其中約114,050,000港元(2012年12月31日：零港元)已由銀行借款人動用。於報告期末，約85,000港元(2012年12月31日：零港元)已於綜合財務狀況表內確認為負債(見附註29)。

This represents the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety, of which approximately HK\$114,050,000 (31 December 2012: HK\$Nil) has been utilised by the bank's borrowers. At the end of the reporting period, an amount of approximately HK\$85,000 (31 December 2012: HK\$Nil) has been recognised in the statement of financial position as liabilities (see Note 29).

43. 報告期後事項

於2014年1月28日，本公司與國際金融公司訂立股份認購協議。按股份認購協議，國際金融公司同意以每股認購股份0.75港元之價格，認購合共155,077,000股已繳足股本之本公司認購股份。有關認購事項，已於2014年2月24日完成。詳情請參閱本公司日期為2014年2月24日之公告。

43. Events after the Reporting Period

On 28 January 2014, the Company and IFC entered into a share subscription agreement, pursuant to which, IFC has agreed to subscribe for an aggregate of 155,077,000 fully paid subscription shares at HK\$0.75 each. The relevant subscription was completed on 24 February 2014. For more details, please refer to the Company's announcement dated 24 February 2014.

44. 比較數字

若干比較金額已作重新分類，以符合本年度之呈列方式。

44. Comparatives

Certain comparative amounts have been reclassified to conform with current year's presentation.

45. 授權刊發綜合財務報表

董事會於2014年3月5日批准及授權刊發綜合財務報表。

45. Authorisation for Issue of Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 5 March 2014.

The Issuer

Century Sunshine Group Holdings Limited

Registered Office of the Issuer

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office of the Issuer

Unit 2605, 26th Floor, Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Arranger and Dealer

Oversea-Chinese Banking Corporation Limited

63 Chulia Street
#03-05 OCBC Centre East
Singapore 049514

The Trustee

The Bank of New York Mellon, Singapore Branch

One Temasek Avenue #03-01
Millenia Tower
Singapore 039192

***Principal Paying Agent,
CDP Transfer Agent and CDP Registrar***
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue #03-01
Millenia Tower
Singapore 039192

Non-CDP/CMU Paying Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

***CMU Lodging and Paying Agent,
CMU Transfer Agent and CMU Registrar***
The Bank of New York Mellon, Hong Kong Branch
Level 24, Three Pacific Place
1 Queen's Road East
Hong Kong

***Non-CDP/CMU Transfer Agent
and Non-CDP/CMU Registrar***
The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building, Polaris
2-4 rue Eugène Ruppert
L-2453, Luxembourg

Legal Advisers

*To the Issuer and the Guarantors
as to the laws of Singapore*
Wong Partnership LLP
12 Marina Boulevard, Level 28
Marina Bay Financial Centre Tower 3
Singapore 018982

*To the Issuer
as to the laws of Hong Kong*
Sit, Fung, Kwong & Shum
9/F, York House, The Landmark
15 Queen's Road Central
Hong Kong

*To the Issuer
as to the laws of Cayman Islands*

Conyers Dill & Pearman
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*To the Guarantors incorporated under
the British Virgin Islands
as to the laws of the British Virgin Islands*
Conyers Dill & Pearman
2901 One Exchange Square
8 Connaught Place
Central, Hong Kong

*To the Arranger and the Trustee
as to the laws of Singapore*
Morgan Lewis Stamford LLC
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

*To the Arranger
as to the laws of the PRC*
Global Law Office
15/F Tower 1, China Central Place
No. 81 Jianguo Road Chaoyang District
Beijing 100025, China

Auditor

HLB Hodgson Impey Cheng Limited

31/F Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong