

鎳資源國際控股有限公司

NICKEL RESOURCES INTERNATIONAL
HOLDINGS COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號：2889



2016
Interim Report
中期報告



1 Zhengzhou Office

2 Gongyi Plant

3 Gongyi Pilot Plant

4 Lianyungang Plant

5 Hong Kong Office

6 Singapore Office

7 Jakarta Office

8 Mine in South Kalimantan
(exclusive offtake right)

鄭州市辦事處

鞏義廠房

鞏義試驗廠房

連雲港廠房

香港辦事處

新加坡辦事處

雅加達辦事處

印尼南加里曼丹省礦場(獨家採購權)

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Dong Shutong (*Chairman and Chief Executive Officer*)
Mr. Wang Ping (*Deputy Chief Executive Officer*)
Mr. Dong Chengzhe (*Deputy Chief Executive Officer*)
Mr. Song Wenzhou
Mr. Yang Fei

Non-executive Director

Mr. Yang Tianjun

Independent Non-executive Directors

Mr. Bai Baohua
Mr. Huang Changhuai
Mr. Wong Chi Keung
Mr. Fahmi Idris

AUDIT COMMITTEE

Mr. Wong Chi Keung (*Committee Chairman*)
Mr. Huang Changhuai
Mr. Bai Baohua

REMUNERATION COMMITTEE

Mr. Huang Changhuai (*Committee Chairman*)
Mr. Dong Shutong
Mr. Bai Baohua
Mr. Wong Chi Keung

NOMINATION COMMITTEE

Mr. Dong Shutong (*Committee Chairman*)
Mr. Bai Baohua
Mr. Huang Changhuai
Mr. Wong Chi Keung

COMPANY SECRETARY

Mr. Choi Kwok Keung Sanvic

AUTHORISED REPRESENTATIVES

Mr. Dong Shutong
Mr. Yang Fei

REGISTERED OFFICE

Cricket Square, Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

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Shun Tak Centre
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Sheung Wan
Hong Kong

董事會

執行董事

董書通先生 (*主席兼總裁*)
王平先生 (*副總裁*)
董誠喆先生 (*副總裁*)
宋文州先生
楊飛先生

非執行董事

楊天鈞先生

獨立非執行董事

白葆華先生
黃昌淮先生
黃之強先生
法米先生

審核委員會

黃之強先生 (*委員會主席*)
黃昌淮先生
白葆華先生

薪酬委員會

黃昌淮先生 (*委員會主席*)
董書通先生
白葆華先生
黃之強先生

提名委員會

董書通先生 (*委員會主席*)
白葆華先生
黃昌淮先生
黃之強先生

公司秘書

蔡國強先生

授權代表

董書通先生
楊飛先生

註冊辦事處

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Grand Cayman, KY1-1111
Cayman Islands

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上環
干諾道中 168-200 號
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No. 7, Block F
Runhua Business Garden
No. 24 Jinshui Road, Jinshui District
Zhengzhou City, Henan Province
The PRC 450012

AUDITOR

PricewaterhouseCoopers

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Royal Bank of Canada
Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Hong Kong:

China CITIC Bank International Limited
The Hongkong and Shanghai Banking
Corporation Limited

The PRC:

Bank of Communications Co., Ltd.
China CITIC Bank Corporation Limited
Pudong Development Bank Co. Ltd.
Lianyungang Orient Rural Commercial Bank Co., Ltd.
Bank of Jiangsu Co., Ltd.

Singapore:

Citibank Singapore Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank Limited
China CITIC Bank International Limited

WEBSITE

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STOCK CODE

2889

中國主要營業地點

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鄭州市金水區金水路24號
潤華商務花園F座7號
郵編450012

核數師

羅兵咸永道會計師事務所

股份過戶登記總處

Royal Bank of Canada
Trust Company (Cayman) Limited
4th Floor
Royal Bank House
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George Town
Grand Cayman KY1-1110
Cayman Islands

股份過戶登記處香港分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心17M樓

主要往來銀行

香港：

中信銀行(國際)有限公司
香港上海滙豐銀行有限公司

中國：

交通銀行股份有限公司
中信銀行股份有限公司
上海浦東發展銀行股份有限公司
連雲港東方農村商業銀行股份有限公司
江蘇銀行股份有限公司

新加坡：

花旗銀行新加坡有限公司
香港上海滙豐銀行有限公司
星展銀行有限公司
中信銀行(國際)有限公司

網站

ir.nickelholdings.com

股份代號

2889

Financial Highlights

財務摘要

Six months ended 30 June
截至六月三十日止六個月

		2016 二零一六年 HK\$'000 千港元 (Unaudited) (未經審核)	2015 二零一五年 HK\$'000 千港元 (Unaudited) (未經審核)
Revenue	收益	33,406	28,182
Gross (Loss)/Profit	(毛損)／毛利	(41,401)	963
Loss before Interest, Tax, Depreciation and Amortisation ("LBITDA")	除利息、稅項、 折舊及攤銷前 之虧損(「LBITDA」)	(21,097)	(31,175)
Loss before Tax	除稅前虧損	(222,946)	(207,521)
Loss Attributable to Equity Holders of the Company	本公司權益持有人 應佔虧損	(221,844)	(207,260)
Gross (Loss)/Profit Margin	(毛損)／毛利率	(123.9%)	3.4%
LBITDA Margin	LBITDA 率	(63.2%)	(110.6%)
Net Loss Margin	淨虧損率	(668.7%)	(736.4%)

OPERATING ENVIRONMENT ANALYSIS

Impact of Export Ban

The Group purchases ores for both trading of limonitic ore business and self-use manufacturing of iron and special steel products. In the past few years, the Group enjoyed fixed price in ore supply through an exclusive offtake agreement entered into with PT. Yiwuan Mining (“Yiwuan”) (“EOA”).

Pursuant to the relevant regulations promulgated in Indonesia, unprocessed ore export by mining business licence holders in Indonesia (“IUP Holders”) has been banned from 12 January 2014 onwards unless the IUP Holders have carried out processing and refining domestically according to Government Regulation No. 23 of 2010 regarding implementation of activities of business of minerals and coal mining and have conducted refining and smelting in accordance with Law No. 4 of 2009 regarding minerals and coal mining (“Export Ban”). Due to the Export Ban, Yiwuan can no longer export unprocessed ore to the Group.

After the Export Ban, the ore trading business of the Group continued suspension in the first half of 2016.

Besides the direct impact on the ore trading business, the Export Ban also adversely affected the manufacturing of iron and special steel products. Without ore supply in stable price under the EOA, the Group had to purchase the ores from the PRC market with volatile ore price fluctuation which affected the cost of manufacturing of the iron and special steel products.

經營環境分析

出口禁運的影響

本集團購入礦石以供褐鐵礦石貿易業務及生產鐵及特鋼製品自營業務之用。過去數年，本集團藉一份與PT. Yiwuan Mining (「Yiwuan」) 簽訂的獨家採購協議 (「獨家採購協議」) 受惠於以固定價格取得礦石供應。

根據印尼頒佈的相關規例，印尼採礦業務牌照持有人 (「IUP 持有人」) 的未經處理礦石出口於二零一四年一月十二日起被禁止，惟 IUP 持有人已按二零一零年政府規例第 23 號 (有關開採礦物及煤業務活動實施) 在當地進行處理及提煉，並且已按二零零九年法例第 4 號 (有關開採礦物及煤) 進行提煉及冶煉則另作別論 (「出口禁運」)。由於出口禁運，Yiwuan 不再向本集團出口未經處理的礦石。

出口禁運實施後，於二零一六年上半年本集團之礦石貿易業務繼續停頓。

除了對礦石貿易業務造成直接影響，出口禁運亦對鐵及特鋼製品生產業務造成負面影響。失去獨家採購協議下價格穩定的礦石供應後，本集團須要向中國市場採購礦石，由於礦石價格相當波動，因而影響了鐵及特鋼製品的生產成本。

Management Discussion and Analysis

管理層討論與分析

Operating environment in the first half of 2016

The steel product price along with the iron ore price rebound began in 2016. The rebound may be attributable to the reversal of the weak construction and the recovery of the PRC's property market in the first quarter of 2016. With the industry-wide rebound along with the rebound of the general commodity of the market, it is believed that the steel manufacturer has passed the most difficult time.

Despite the recent rebound of the PRC steel market, we remain pessimistic about the steel market in the PRC in the short term due to the continuation of over-supply and the persisting weak steel price under fierce competition in the steel market. The PRC government started to study the appropriate solutions to mitigate such over-supply situation continuously. We expect the prices of iron and steel products will not have significant rebound in the near future. However, in the long term, we expect the global economy will gradually recover and the economy of the PRC will maintain its healthy growth trend. Going forward, domestic market in the PRC will become quality-oriented, which will impose higher requirements on products in terms of environmental-friendliness, safety and durability, sustainability and recycling. We expect that the quantitative demand for high quality steel products will increase significantly in the long run, and product development will incline to the high-end market.

To capture these business opportunities, the Group has shifted to the production of high quality iron and special steel products through the application of more environmental-friendly production method. Moreover, the Group completed the innovation on the new "high-strength special steel" product in the second half of the year 2014 which can be applied to bridge construction, offshore oil platform construction, marine construction, ship construction, power transmission engineering and marine transport facilities. Despite the new "high-strength special steel" products launching to the market is still at the beginning stage, the Directors believe that the "high-strength special steel" product can contribute substantially to the Group's future operating profits upon the successful exploration and development of the new "high-strength special steel" products in the PRC steel market in the near future.

於二零一六年上半年的營運環境

於二零一六年開始，鋼產品價格連同鐵礦石價格回升。該反彈可能歸因於於二零一六年第一季度疲軟的建築行業出現逆轉以及中國樓市的復甦。隨著整個行業回升加上商品整體市場的回升，相信鋼製造商已渡過最為困難的時期。

儘管中國鋼鐵市場近期出現反彈，但我們短期內仍對中國鋼鐵市場並不樂觀，原因為鋼鐵市場競爭激烈、供應過剩問題持續以及鋼鐵價格持續疲軟。中國政府已開始研究持續減少該等供應過剩情況的合適方案。我們預期鋼鐵產品的價格短期內不會有重大反彈。然而，長期而言，我們預期全球經濟將逐漸復甦，中國經濟亦會維持其健康增長趨勢。未來，中國國內市場將更著重質量，而對產品環保、安全及耐用、可持續及可回收方面要求更高。我們預期長遠內高質素鋼製品的需求量將會大幅增長，產品的發展將趨向高端市場。

為抓住此等商機，本集團已逐步轉向生產高質素鐵及特鋼製品，並採用更環保的生產方法。此外，本集團已於二零一四年下半年完成新「高強特鋼」產品之改進，其可應用於橋樑建設、海上石油平台建設、海洋建築、船舶建造、輸電工程及海洋運輸設備。儘管向市場推出全新「高強特鋼」產品仍然處於起步的階段，董事相信，待不久將來中國鋼鐵市場成功探索及開發出新「高強特鋼」產品後，「高強特鋼」產品將大大有助本集團之未來經營溢利。

BUSINESS REVIEW

Project Progress

In the PRC

Lianyungang City East Harvest Mining Company Limited, a wholly-owned subsidiary of the Company, has constructed a production plant to produce nickel fine powder. The first production line of the production plant started trial production in the second half year of 2012. The nickel fine powder can be treated as finished product for direct sales; alternatively, it can be treated in a blast furnace and processed into nickel-iron alloy fluid, which becomes a high-quality raw material for the production of stainless steel. The Lianyungang plant applies low carbon metallurgical technology developed by the Group. Ordinary coal, rather than coke used in traditional process, is used in the reduction purification process, under which the consumption of carbon may decrease by up to 40%. In addition, the plant can utilise low grade nickel ore for production, the cost of which is much lower than that used in traditional production process. The project is highly recognised by the local government. Moreover, the plant is situated at the Lianyungang port and benefits from geographical advantages. Ores and other raw materials from overseas can be conveniently transported to the plant, largely reducing the inland transportation costs and logistics pressure.

Due to the Export Ban and the continuation of over-supply and the persisting weak steel price under fierce competition in the steel market, the production of iron ores related products was affected substantially.

業務回顧

項目進展

在中國

本公司全資附屬公司連雲港市東茂礦業有限公司已興建生產廠房，以生產鎳精粉。該生產廠房的首條生產線已於二零一二年下半年投入試生產。鎳精粉既可作完成品直接出售，亦可於高爐加工成鎳鐵合金液，成為生產不銹鋼的上乘原材料。連雲港廠房採用由本集團研發的低碳冶金技術。傳統提純還原工藝採用焦煤，但新技術下則採用普通煤從而可減少碳消耗量最高達40%。此外，該廠可利用低品位鎳礦石進行生產，成本遠低於傳統生產工藝所用之原料。該項目備受地方政府認同。再者，該廠位於連雲港港口，佔盡地利，來自海外的礦石及其他原材料運入廠時相當便捷，大大減低經內陸運輸的成本及物流壓力。

由於出口禁運，加上鋼鐵市場競爭激烈，供應過剩問題持續以及鋼鐵價格持續疲軟，鐵礦石相關產品之生產明顯受到影響。

Management Discussion and Analysis

管理層討論與分析

In Indonesia

PT. Mandan Steel, our wholly-owned subsidiary incorporated in Indonesia, is our future processing and manufacturing arm in overseas. PT. Mandan Steel is also recognised as a key iron and special steel mill construction project of Indonesia with strong support from Indonesia central government, and offers manufacturing capability that is valuable considering the new mining regulations in Indonesia. The special steel mill project will produce special steel bar for concrete reinforcement to capture the market opportunities in Indonesia. This processing facility can save shipping fee, loading and unloading charges and inland port charges. After the Export Ban which affected our cash flow position together with the delay in disposal of 30% equity interest of S.E.A. Mineral Limited (“SEAM”), a wholly-owned subsidiary of the Company, the Group is seeking other financing sources to facilitate the development of the project. Management is currently negotiating with the relevant parties to facilitate the completion of the proposed disposal despite longer than expected time was spent as a result of the rapid changes in the environment that SEAM operates in.

Business Development

Ore trading business

The Group purchases ores from Indonesia through the EOA at fixed price for self-use or for sale, and has started selling ores to third parties since the end of 2009. The ore trading business had a remarkable contribution to our profitability and cash flows due to strong demand from the PRC customers in the past.

However, the ore trading business of the Group has been suspended upon the Export Ban and it is anticipated that this will have a continuous significant negative impact on the financial and operating results of the Group.

It is possible that the relevant mining regulations in Indonesia may be amended but there is no guarantee that the Export Ban will be uplifted in near future.

The Directors are considering any possible alternatives, including but not limited to, co-operation with local enterprises for building up special steel mills in Indonesia.

在印尼

本公司在印尼註冊成立的全資附屬公司PT. Mandan Steel將成為本集團未來的海外加工及生產線。PT. Mandan Steel亦獲認為印尼重點鐵及特鋼廠建設項目，得到印尼中央政府鼎力支持，且在印尼的新採礦規定下提供寶貴的產能。特鋼廠項目將生產特種鋼筋作加強混凝土之用，以抓緊印尼的市場機遇。此加工設施可節省船運成本、裝卸費用及內陸港口費用。影響本集團的現金流量狀況的出口禁運頒佈後，加上本公司全資附屬公司南洋礦業有限公司（「南洋礦業」）的30%股本權益出售延期，本集團現正尋求其他融資來源以協助項目發展。儘管南洋礦業的經營環境出現急促變化，導致已耗費的時間比預期更多，管理層目前正與相關訂約方進行磋商，促使完成建議出售。

業務發展

礦石貿易業務

本集團透過獨家採購協議以固定價格由印尼購入礦石以供自用或銷售，並且已於二零零九年年末開始向第三方銷售礦石。因為中國客戶的需求強勁，礦石貿易業務於過往對我們的盈利能力及現金流有可觀貢獻。

然而，在出口禁運後，本集團的礦石貿易業務已暫停。我們預期有關禁運將持續對本集團之財務及經營業績帶來重大負面影響。

印尼的相關採礦規例可能會有修訂，但不保證出口禁運將於不久將來取消。

董事現正考慮任何潛在替代方案，包括但不限於與地方企業合作，以便於印尼建立特鋼廠。

Special steel-making operations

For the special steel-making operations of the Group, both the sales volume and profit margins of stainless steel products and Ni-Cr alloy steel ingots continued to be low during the period as a result of over-supply under the intense competition on steel products market in the PRC. In addition, due to the Export Ban and the continuous weak demand in the iron and steel market in the PRC, the production plant of Zhengzhou Yongtong Special Steel Company Limited, a subsidiary of the Company, suspended production from January 2016 to February 2016, and from mid-July 2016 and up to date of this report because the Environmental Protection Bureau in Zhengzhou City, Henan Province has been taking measures to monitor and control the air pollution index since early July 2016. The Group expects the production can be resumed in September 2016. The substantial low production level and sales volume in the first half of 2016 was resulted. Following the new orders obtained in the first half of 2016 from a new customer for husbandry uses special steel product, the Group special steel-making operation has been resumed gradually and is going to step forward to the mass production capacity in the second half of 2016 in order to meet the new orders delivery schedules.

While we expect the keen competition in the steel market of the PRC will continue in 2016, the demand for steel products will gradually pick up. The Group is actively developing new high value-added special steel products and identifying PRC and overseas markets with growth potentials to strengthen our product portfolio and reduce market concentration risk.

Financing Arrangement

As at 30 June 2016, the Group had net current liabilities of approximately HK\$2,912.0 million. The Group has been actively negotiating with PRC and overseas banks and institutional investors for new borrowings and renewal of existing borrowings when they fall due. During the period, the Group had successfully obtained bank and other borrowings of HK\$772.1 million to finance its operation and for repayment of its borrowings when they fall due.

特鋼製造業務

就本集團的特鋼製造業務而言，不銹鋼產品及鎳鉻合金鋼錠的銷量及利潤率於期內均持續處低位，原因是中國鋼鐵產品市場競爭激烈、供應過剩。此外，由於出口禁運及中國鋼鐵市場的需求持續疲軟，與及由於河南省鄭州市環境保護局自二零一六年七月初起已採取措施監督及監控空氣污染指數，鄭州永通特鋼有限公司（本公司的一間附屬公司）的生產廠房於二零一六年一月至二零一六年二月及自二零一六年七月中旬及直至本報告日期暫停生產。本集團預期於二零一六年九月可重新恢復生產。這導致二零一六年上半年的產量及銷量大幅降低。自二零一六年上半年獲得來自一名新客戶的畜牧用途特鋼產品新訂單後，本集團之特鋼製造業務已逐步恢復生產，並將會在二零一六年下半年推進大規模生產以滿足新訂單交付計劃。

儘管我們預期中國鋼鐵市場競爭激烈的情況於二零一六年仍會持續，鋼產品的需求將會逐步回復。本集團現正積極發展新的高增值特鋼產品，並物色具增長潛力的中國及海外市場，以鞏固我們的產品組合，減低市場集中的風險。

融資安排

於二零一六年六月三十日，本集團之流動負債淨額為約2,912.0百萬港元。本集團已與中國境內及海外銀行以及機構投資者積極磋商新借款及將到期的現有借款展期。期內，本集團已順利獲得772.1百萬港元之銀行貸款及其他借貸，以撥付其經營資金及償還到期債務。

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In addition, based on the framework agreement with a potential investor for the disposal of 30% equity interest of SEAM, a wholly-owned subsidiary of the Group, the aggregate consideration will be approximately US\$150 million (equivalent to approximately HK\$1.1 billion). The transaction is still in progress due to the rapid change in operating and regulatory environment of SEAM, and the potential investor needs more time for conducting due diligence work.

Syndicated loans in PRC

In January 2016, the Group obtained a syndicated loan from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payable of the Group; and (ii) to provide additional loan facilities to the Group as working capital for an amount of approximately RMB150 million (the “New Facilities”) for a 3-year term. Up to the date of this report, all of the New Facilities have been drawn down.

Subscription agreement

Reference is made to the announcement of the Company dated 7 March 2016 in respect of, among other things, the (i) proposed issue of Subscription Shares under the Specific Mandate; (ii) application for the Whitewash Waiver; and (iii) Special Deal (the “Subscription Announcement”). Unless otherwise stated, capitalised terms used in this report shall have the same meanings as defined in the Subscription Announcement.

On 5 March 2016, the Company and a potential investor (the “Potential Investor” or “Subscriber”) entered into a share subscription agreement pursuant to which the Subscriber agreed to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of approximately HK\$0.1876 per share (the “Subscription Shares”), with proposed gross proceeds totalling HK\$275 million (the “Subscription”), subject to certain conditions precedent which, among others, include the following:

- approval from the Company’s shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company;

此外，按照就出售本集團全資附屬公司南洋礦業30%股本權益而與準投資者訂立的框架協議，代價總額約為150百萬美元(相當於約11億港元)。基於南洋礦業的經營環境及監管環境急變，該交易仍在進行中，而準投資者需要更多時間進行盡職審查。

中國銀團貸款

於二零一六年一月，本集團自中國一銀團取得一項銀團貸款：(i)從而取代本集團未償還的若干銀行貸款及應付票據；及(ii)為本集團提供額外貸款融資作為營運資金，金額約為人民幣150百萬元(「新造融資」)，為期三年。直至本報告日期，本集團已動用全部新造融資。

認購協議

茲提述本公司日期為二零一六年三月七日之公告，內容有關(其中包括)(i)建議根據特定授權發行認購股份；(ii)採用清洗豁免；及(iii)特別交易(「認購公告」)。除非另有所指，本報告所用之詞彙與認購公告所界定者具有相同涵義。

於二零一六年三月五日，本公司及一名潛在投資者(「潛在投資者」或「認購方」)訂立一項股份認購協議，據此認購方同意按每股約0.1876港元的認購價認購本公司合共1,465,898,410股新普通股(「認購股份」)，建議所得款項總額合計為275百萬港元(「認購事項」)，惟須受若干先決條件規限，包括但不限於以下各項：

- 在本公司股東特別大會上就下列事項取得本公司股東或獨立股東(按適當)的批准：(i)配發及發行認購股份；(ii)清洗豁免；及(iii)特別交易(定義見下文)；

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- a Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong (“SFC”) in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;
- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the “Special Deal”);
- approval of resumption of trading of the Company’s shares, and listing of the Subscription Shares from the Stock Exchange; and
- completion of a debt restructuring by the Company by way of the “Schemes” (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction of and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.
- 香港證券及期貨事務監察委員會(「證監會」)就認購方及其一致行動人士的責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有(或同意收購)的本公司所有已發行股份及其他有關證券提出強制性全面要約；
- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款(「特別交易」)；
- 聯交所批准本公司股份恢復買賣及認購股份上市；及
- 本公司透過「計劃」方式完成債務重組(「債務重組建議」)。債務重組指本公司的債項重組計劃，當中涉及(其中包括)：(i) 削減及註銷債券的未償還本金額至少80%；(ii) 削減及註銷債券所有未償還利息；(iii) 解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv) 削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。

Financial advisor and debt restructuring scheme advisor have been appointed by the Company to facilitate the Subscription and Debt Restructuring Proposal.

本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。

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Update on the status of the Debt Restructuring Proposal and Event of Default and Cross-Default Bonds

References are made to the announcements of the Company dated 30 May 2016, 13 June 2016 and 24 June 2016 regarding the convening of Meetings and Adjourned Meetings of Bondholders (the “Bond Announcements”). Capitalised terms used herein have the same meanings as those defined in the Bond Announcements unless defined otherwise.

Since December 2014, the Group had continuous default in payment of due interest and principal under the terms and conditions of the Bonds, the default may trigger a cross-default in accordance with respective terms and conditions of the Bonds. In such an event, DB Trustees (Hong Kong) Limited, in its respective capacities as trustee for the holders of the Bonds is entitled to, amongst other things, accelerate the Company’s obligations under the Bonds and declare the outstanding principal amounts of the Bonds to be immediately due and payable, together with outstanding interest and all other sums payable. Upon the passing of the Extraordinary Resolutions by the Company on 21 June 2016 and 6 July 2016, no Senior Bondholder or Convertible Bondholder shall demand repayment of any amount due under such Bonds or take any action to enforce the payment of monies or exercise any other right thereunder or otherwise take any action against the Company whether or not under the terms and conditions of such Bonds or request or require the relevant bonds trustee to take any action against the Company from the date of the Extraordinary Resolutions to (and including) the date upon which the Schemes are implemented.

As disclosed in the announcement of the Company dated 13 June 2016, (i) the principal amount of the 12% Coupon Senior Bonds of HK\$390,990,000 and the accrued interest of HK\$90,769,000 are outstanding; (ii) the principal amount of the 8% Coupon Convertible Bonds of HK\$117,525,000 and the accrued interest of HK\$18,725,000 are outstanding; and (iii) the principal amount of the Modified 10% Coupon Bonds of HK\$28,400,000 and the accrued interest of HK\$5,996,000 are outstanding.

債務重組建議狀況之更新及違約及交叉違約事件

債券

茲提述本公司日期為二零一六年五月三十日、二零一六年六月十三日及二零一六年六月二十四日之公告，內容有關召開債券持有人大會及續會（「債券公告」）。除非另有所指，此處所用之詞彙與債券公告所界定者具有相同涵義。

自二零一四年十二月以來，本集團持續拖欠支付債券條款及條件項下之應付利息及本金，根據債券有關條款及條件，拖欠款項可能導致交叉違約。於此事件下，作為債券持有人之信託人，德意志信託（香港）有限公司因而有權（其中包括）加快本公司之債券欠款償還及宣佈債券之未償還本金、未償還利息及所有其他應付金額到期及立即清還。本公司於二零一六年六月二十一日及二零一六年七月六日通過特別決議案後，自特別決議案日期至（及包括）計劃實施當日，優先債券持有人或可換股債券持有人不得要求償還該等債券項下任何到期金額或採取任何行動迫使支付款項或行使其項下任何其他權利或以其他方式向本公司採取任何行動（不論是否根據該等債券之條款及條件）或請求或要求相關債券受託人向本公司採取任何行動。

誠如本公司日期為二零一六年六月十三日之公告所披露，(i)12%票面息優先債券之未償還本金為390,990,000港元及應計利息為90,769,000港元；(ii)8%票面息可換股債券未償還本金為117,525,000港元及應計利息為18,725,000港元；及(iii)經修訂的10%票面息債券未償還本金為28,400,000港元及應計利息為5,996,000港元。

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Following the passing and effectiveness of the Extraordinary Resolutions by the Company on 21 June 2016 and 6 July 2016, (for details of background of the meetings of the Bondholders and the results of the Bondholders' meetings, please refer to paragraphs below headed "Background of the meetings of the Bondholders", "Meetings of the Bondholders", "Results, adjournment and dissolution of the meetings of the Bondholders" and "Results of the adjourned meeting of the convertible bondholders") the Company is preparing the necessary documents to submit to the courts for the creditors' approval and court sanction for the Cayman Scheme and Hong Kong Scheme under the Debt Restructuring Proposal. As disclosed in the Company's announcements, completion of the Subscription is conditional upon, among other things, the approval of the Schemes by the courts under the Debt Restructuring Proposal. The application to the courts and the approval of the Schemes by the creditors at the Scheme Meetings will be the next steps towards the satisfaction of the condition precedent to completion of the Subscription.

Background of the meetings of the Bondholders

As disclosed in the announcement of the Company dated 7 March 2016, completion of the Subscription is conditional upon, among other things, the necessary order of the High Court of Hong Kong and consent of the other relevant parties with respect to the execution of an approved scheme of arrangement between the Company and the creditors under the Debt Restructuring Proposal having been obtained.

As an initial step of the Debt Restructuring Proposal, separate meetings of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders were convened in order to give effect to the following:

- the Convertible Bondholders to be treated as a separate and single class under the Schemes, not as part of the class of secured creditors of the Company, who are creditors under the Schemes nor as part of the same class as the Senior Bondholders;

繼本公司的特別決議案於二零一六年六月二十一日及二零一六年七月六日獲通過及生效後，(有關債券持有人大會的背景及債券持有人大會結果的詳情，請參閱以下段落「債券持有人大會背景」、「債券持有人大會」、「債券持有人大會結果、延期及解散」及「可換股債券持有人延期大會的結果」)。本公司正在準備需呈交法院之文件，以獲得債務重組建議項下開曼群島計劃及香港計劃之債權人批准及法院頒令。誠如本公司公告所披露，認購事項須待(其中包括)債務重組建議項下法院批准計劃後，方告完成。向法院作出申請及債權人於計劃大會批准計劃將作為邁向滿足完成認購先決條件之下一步。

債券持有人大會背景

誠如本公司日期為二零一六年三月七日的公告所披露，認購事項須待(其中包括)就執行債務重組建議項下本公司與債權人之間的已批准重組安排計劃獲得香港高等法院的必要命令及其他相關方的同意後，方告完成。

作為債務重組建議的第一步，可換股債券持有人、優先債券持有人及10厘債券持有人已召開獨立大會以使以下各項生效：

- 可換股債券持有人被視作計劃項下獨立單一類別，而非為本公司有抵押債權人(為計劃項下債權人)類別的一部分，亦非為優先債券持有人同一類別的一部分；

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- the Senior Bondholders to be treated as part of the same class as the existing unsecured creditors of the Company (including the 10% Bondholders), who are creditors under the Schemes;
- the cancellation of all outstanding principal on the Bonds;
- the cancellation of all outstanding interest, accrued and unpaid, on the Bonds; and
- the release and discharge of all of the Convertible Bonds Security and the Senior Bonds Security, respectively,
- 優先債券持有人被視作本公司現有無抵押債權人(包括10厘債券持有人)(為計劃項下債權人)同一類別的一部分;
- 註銷債券所有未償還本金;
- 註銷債券所有應計及未付的未償還利息; 及
- 分別解除及免除所有可換股債券抵押品及優先債券抵押品,

in return for, in the case of the Senior Bonds and the 10% Bonds, a Cash Distribution and in the case of the Convertible Bonds, either a Cash Distribution or a Shares Distribution. No Convertible Bondholders shall be entitled to receive a combination of a Cash Distribution and a Shares Distribution. For details, please refer to the Bond Announcements.

倘為優先債券及10厘債券，可換取現金分派，而倘為可換股債券，則換取現金分派或股份分派。概無可換股債券持有人有權同時收取現金分派及股份分派。更多詳情，請參閱債券公告。

Meetings of the Bondholders

Separate meetings of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders were convened by the Company to consider and, if thought fit, pass separate extraordinary resolutions of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders, as the case may be (the "Extraordinary Resolutions"):

- for the Convertible Bondholders and the Senior Bondholders, as the case may be, to agree, and to instruct the relevant bonds trustee and the Security Trustee, not to enforce the Security in relation to the Convertible Bonds and the Senior Bonds, as the case may be, from the date of the meeting to the date the Schemes become Effective, or if the Debt Restructuring Proposal is not approved at the Scheme Meetings, the completion of the Scheme Meetings;
- 就可換股債券持有人及優先債券持有人(視情況而定)而言，同意及指示相關債券受託人及抵押受託人不得於大會日期起至計劃生效日期(或倘債務重組建議於計劃大會上不獲批准，則於計劃大會結束時)止就可換股債券及優先債券(視情況而定)執行抵押;

債券持有人大會

本公司已召開可換股債券持有人、優先債券持有人及10厘債券持有人獨立大會，以考慮及酌情通過可換股債券持有人、優先債券持有人及10厘債券持有人(視情況而定)的獨立特別決議案(「特別決議案」)：

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- to approve the terms of the Debt Restructuring Proposal; and
- to give instructions to the relevant Bonds Trustee to vote the full principal amount of the relevant Bonds which are outstanding in favour of the Schemes at the Scheme Meetings and any adjourned or rescheduled Scheme Meeting.
- 批准債務重組建議的條款；及
- 指示相關債券受託人於計劃大會及任何延期或改期計劃大會以相關債券全部未償還本金額投票贊成計劃。

Results, adjournment and dissolution of the meetings of the Bondholders

As at the date of the Meetings of the Bondholders, according to DB Trustees (Hong Kong) Limited, in its capacities as trustees for the relevant Bonds, the outstanding principal amounts of the Convertible Bonds, the Senior Bonds and the 10% Bonds were HK\$87,850,000, HK\$390,990,000 and HK\$28,400,000, respectively.

The Company announced that:

- (a) as a quorum was not present at the Meeting of the Convertible Bondholders convened and held at 10:30 a.m. (Hong Kong time) on 21 June 2016 after 15 minutes since the time appointed for holding such Meeting, such Meeting was adjourned in accordance with the terms of the Convertible Bonds Trust Deed to 6 July 2016 at 10:30 a.m. (Hong Kong time) at the same address as the original Meeting of the Convertible Bondholders, i.e. Room 3501, 35th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The notice for the adjourned Meeting of the Convertible Bondholders was published in accordance with the terms of the Convertible Bonds Trust Deed.

債券持有人大會結果、延期及解散

於債券持有人大會日期，根據作為相關債券受託人的德意志信託(香港)有限公司，可換股債券、優先債券及10厘債券未償還本金額分別為87,850,000港元、390,990,000港元及28,400,000港元。

本公司宣佈：

- (a) 由於二零一六年六月二十一日上午十時三十分(香港時間)所召開及舉行可換股債券持有人大會於有關大會指定舉行時間起計15分鐘後，未有足夠法定人數出席，因此，有關大會已根據可換股債券信託契據條款延期至二零一六年七月六日上午十時三十分(香港時間)假座原訂可換股債券持有人大會相同地點舉行，地址為香港干諾道中168至200號信德中心招商局大廈35樓3501室。延期舉行的可換股債券持有人大會通告已根據可換股債券信託契據條款刊發。

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(b) the Meeting of the Senior Bondholders convened and held at 11:00 a.m. (Hong Kong time) on 21 June 2016 was quorate at the first calling and the number of votes cast at such Meeting was as follows:

(b) 二零一六年六月二十一日上午十一時正(香港時間)所召開及舉行優先債券持有人大會於首次召開時已達法定人數，有關大會上投票表決的票數如下：

		FOR 贊成	AGAINST 反對
Total number of votes cast	投票總數	14,270	104
Votes as a percentage of all votes cast (%)	選票佔全部所投票數的百分比(%)	99.28%	0.72%
Votes as a percentage of all outstanding Senior Bonds (%)	選票佔全部未償還優先債券的百分比(%)	91.24%	0.67%

As at least three-quarters of the votes cast at the Meeting of the Senior Bondholders were cast in favour of the Extraordinary Resolution, the Extraordinary Resolution put forward to the Senior Bondholders was passed, and became effective subject to the Extraordinary Resolution to be considered by the Convertible Bondholders also being passed at the adjourned Meeting of the Convertible Bondholders (or any further adjournment thereof). No holder of the Senior Bonds was required to abstain from voting on the Extraordinary Resolution at the Meeting of the Senior Bondholders; and

由於優先債券持有人大會上最少四分之三的票數贊成特別決議案，因此，向優先債券持有人提呈的特別決議案已獲通過，並於可換股債券持有人將省覽的特別決議案於延期舉行的可換股債券持有人大會(或任何進一步延期大會)一同獲通過後生效。概無優先債券持有人須於優先債券持有人大會上就特別決議案放棄投票；及

(c) as a quorum was not present at the Meeting of the 10% Bondholders convened and held at 11:30 a.m. (Hong Kong time) on 21 June 2016 after 15 minutes since the time appointed for holding such Meeting, as agreed by the Company and the 10% Bonds Trustee, such Meeting was dissolved in accordance with the 10% Bonds Trust Deed.

(c) 由於二零一六年六月二十一日上午十一時三十分(香港時間)所召開及舉行10厘債券持有人大會於有關大會指定舉行時間起計15分鐘後，未有足夠法定人數出席，因此，在本公司與10厘債券受託人協定下，有關大會根據10厘債券信託契據予以解散。

Results of the adjourned meeting of the convertible bondholders

As at the date of the adjourned Meeting of the Convertible Bondholders, according to DB Trustees (Hong Kong) Limited, in its capacity as trustee for the Convertible Bonds, the outstanding principal amount of the Convertible Bonds was HK\$46,775,000.

The Company announced that the adjourned Meeting of the Convertible Bondholders convened and held at 10:30 a.m. (Hong Kong time) on 6 July 2016 was quorate and the number of votes cast at such adjourned Meeting was as follows:

可換股債券持有人延期大會的結果

於可換股債券持有人延期大會日期，根據作為可換股債券受託人的德意志信託(香港)有限公司，可換股債券的未償還本金額為46,775,000港元。

本公司宣佈，於二零一六年七月六日上午十時三十分(香港時間)召開及舉行的可換股債券持有人延期大會已達法定人數，有關延期大會上投票決定的票數如下：

		FOR 贊成	AGAINST 反對
Total number of votes cast	投票總數	1,446	285
Votes as a percentage of all votes cast (%)	選票佔全部所投票數的百分比(%)	83.54%	16.46%
Votes as a percentage of all outstanding Convertible Bonds (%)	選票佔全部未償還優先債券的百分比(%)	77.28%	15.23%

As at least three-quarters of the votes cast at the adjourned Meeting of the Convertible Bondholders were cast in favour of the Extraordinary Resolution, the Extraordinary Resolution put to the Convertible Bondholders was passed and became effective. No holder of the Convertible Bonds was required to abstain from voting on the Extraordinary Resolution at the adjourned Meeting of the Convertible Bondholders.

The Extraordinary Resolution put to the Meeting of the Senior Bondholders which was passed on 21 June 2016 has also become effective from the time the Extraordinary Resolution put to the Convertible Bondholders at the adjourned Meeting of the Convertible Bondholders was passed.

由於可換股債券持有人延期大會上最少四分之三的票數贊成特別決議案，因此，向可換股債券持有人提呈的特別決議案已獲通過並生效。概無可換股債券持有人須於可換股債券持有人延期大會上就特別決議案放棄投票。

提呈優先債券持有人大會並於二零一六年六月二十一日獲通過的特別決議案亦已自於可換股債券持有人延期大會上向可換股債券持有人提呈的特別決議案獲通過時起生效。

Management Discussion and Analysis

管理層討論與分析

Second Delisting Stage and Resumption Conditions

On 4 July 2016, the Stock Exchange issued a letter to the Company stating, among other things, that the Rules Governing the Listing of Securities on the Stock Exchange (the “Stock Exchange”) considered that the resumption proposal dated 6 June 2016 had not satisfactorily demonstrated sufficiency of operations or assets as required under Rule 13.24 of the Listing Rules. Accordingly, the Stock Exchange decided to place the Company into the second delisting stage under Practice Note 17 to the Listing Rules (the “Second Delisting Stage”).

The Company is required to submit a viable resumption proposal addressing the resumption conditions below at least 10 business days before the expiry of the Second Delisting Stage:

1. demonstrate its compliance with Rule 13.24 of the Listing Rules;
2. publish all outstanding financial results and address any audit qualifications;
3. demonstrate that the Company has sufficient working capital for its operation for at least twelve months from its expected resumption date;
4. demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its Listing Rules obligations; and
5. inform the market of all material information for the shareholders of the Company and the investors to appraise the Company’s position.

The Stock Exchange may impose further resumption conditions if necessary.

The Second Delisting Stage will expire on 3 January 2017. At the end of the Second Delisting Stage, the Stock Exchange will determine whether to place the Company into the third delisting stage under Practice Note 17 to the Listing Rules after considering any resumption proposal to be made by the Company.

第二階段除牌程序及復牌條件

聯交所於二零一六年七月四日來函通知本公司，(其中包括)聯交所證券上市規則(「聯交所」)認為日期為二零一六年六月六日的復牌建議並未能符合上市規則第13.24條所要求演示有足夠營運或資產。故此，聯交所決定根據上市條例實務註釋17把本公司置於第二階段除牌程序(「第二階段除牌程序」)。

本公司須在第二階段除牌程序屆滿前至少十個工作日提交針對以下復牌條件之可行的復牌建議：

1. 證明本公司已符合上市規則第13.24條的規定；
2. 刊發所有未刊發財務業績及處理任何審核保留意見；
3. 演示本公司有充足營運資金供其預計復牌日起計最少十二個月營運之用；
4. 演示本公司已有足夠財務資料報告程序及內部監控系統以符合上市規則下之責任；及
5. 向市場披露所有重大資料，使本公司股東及投資者可評估本公司狀況。

如有需要，聯交所可施加更多復牌條件。

第二階段除牌程序將於二零一七年一月三日屆滿。於第二階段除牌程序完結時，聯交所會在考慮本公司制訂之任何復牌建議後根據上市條例實務註釋17決定是否把本公司置於第三階段除牌程序。

Management Discussion and Analysis

管理層討論與分析

FINANCIAL REVIEW

Turnover and sales volume

Major products of the Group were stainless steel products, ferro-nickel alloys and Ni-Cr alloy steel ingots. The tables below set out the turnover and sales volume of the Group's products for the periods indicated:

財務回顧

營業額及銷量

本集團之主要產品為不銹鋼產品、鎳鐵合金及鎳鉻合金鋼錠。下表載列本集團產品於所示期間之營業額及銷量：

Turnover

營業額

		2016 二零一六年 First Half 上半年		2015 二零一五年 First Half 上半年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
Mineral Resources:	礦物資源：				
Limonitic ores	褐鐵礦	-	0%	-	0%
Iron and Steel Products:	鋼鐵製品：				
Stainless steel products	不銹鋼產品	4,066	12%	4,198	15%
Ferro-nickel alloys and others	鎳鐵合金及其他	18,029	54%	15,266	54%
Ni-Cr alloy steel ingots	鎳鉻合金鋼錠	11,311	34%	8,718	31%
Total	總計	33,406	100%	28,182	100%

Sales volume

銷量

		2016 二零一六年 First Half 上半年		2015 二零一五年 First Half 上半年	
		Tonnes 公噸	%	Tonnes 公噸	%
Mineral Resources:	礦物資源：				
Limonitic ores (dry tonnes)	褐鐵礦(乾公噸)	-	0%	-	0%
Iron and Steel Products:	鋼鐵製品：				
Stainless steel products	不銹鋼產品	545	5%	790	9%
Ferro-nickel alloys and others	鎳鐵合金及其他	6,348	64%	6,907	75%
Ni-Cr alloy steel ingots	鎳鉻合金鋼錠	3,041	31%	1,521	16%
Total	總計	9,934	100%	9,218	100%

Management Discussion and Analysis

管理層討論與分析

In the first half of 2016, the total revenue recorded an increase of HK\$5.2 million or 18.5% comparing to the same period of 2015, which was mainly contributed by increase in revenue from sales of both Ferro-nickel alloys and others and Ni-Cr alloy steel ingots. The production at our Zhengzhou plant was suspended during January 2016 to February 2016 due to the weak demand in the iron and steel market, and was resumed gradually since March 2016.

Comparing to the same period in 2015, the average unit selling price of stainless steel products surged by HK\$2,147 per tonne or 40.4% to HK\$7,461 per tonne. Despite the fact that the sales volume shrank by 245 tonnes or 31.0% to 545 tonnes, the revenue only slightly decreased by HK\$0.1 million or 3.1% to HK\$4.1 million.

The sales volume of Ferro-nickel alloys and others decreased by 559 tonnes or 8.1% to 6,348 tonnes in the first half of 2016. However, as the average unit selling price increased by HK\$630 per tonne or 28.5% to HK\$2,840 per tonne, the revenue from Ferro-nickel alloys and others has increased by HK\$2.7 million or 18.1% to HK\$18.0 million.

In contrast to the above, the average unit selling price of Ni-Cr alloy steel ingots decreased by HK\$2,012 per tonne or 35.1% to HK\$3,720 per tonne. However, the revenue increased by HK\$2.6 million or 29.7% because the sales volume of Ni-Cr alloy steel ingots surged by 1,520 tonnes or 99.9% to 3,041 tonnes.

On the other hand, the Group's ore trading business, which was the key revenue and cash flows contributor of the Group before the Export Ban, remained suspended in 2016. Unprocessed iron ore export from Yiwang to our Group has been suspended from 12 January 2014 onwards due to the Export Ban. It is possible that the relevant mining regulations in Indonesia may be amended but there is no guarantee that the Export Ban will be uplifted in near future.

於二零一六年上半年，總收益較二零一五年同期增加5.2百萬港元，增幅為18.5%，此乃主要由於銷售鎳鐵合金及其他及鎳鉻合金鋼錠產生的收益增加所致。由於鋼鐵市場需求疲軟，鄭州廠房於二零一六年一月至二零一六年二月期間暫停生產，並自二零一六年三月起逐步恢復生產。

與二零一五年同期相比，不銹鋼產品的平均單位售價每公噸上漲2,147港元或40.4%至每公噸7,461港元。雖然銷量減少245公噸或31.0%至545公噸，但收益僅輕微減少0.1百萬港元或3.1%至4.1百萬港元。

於二零一六年上半年，鎳鐵合金及其他的銷量減少559公噸或8.1%至6,348公噸。然而，由於平均單位售價每公噸上漲630港元或28.5%至每公噸2,840港元，來自鎳鐵合金及其他的收益增加2.7百萬港元或18.1%至18.0百萬港元。

但與之相反，鎳鉻合金鋼錠的平均單位售價每公噸下降2,012港元或35.1%至每公噸3,720港元。然而，由於鎳鉻合金鋼錠的銷量增加1,520公噸或99.9%至3,041公噸，故此收益增加2.6百萬港元或29.7%。

另一方面，出口禁運實施前，本集團的礦石貿易業務（為本集團收益及現金流的主要貢獻因素）於二零一六年仍處於停產狀態。由於出口禁運，Yiwang自二零一四年一月十二日起已暫停對本集團出口未經處理的鐵礦石。印尼的相關採礦規例可能會有修訂，但不保證出口禁運將於不久將來取消。

Management Discussion and Analysis

管理層討論與分析

Cost of sales

The cost of sales in the first half of 2016 increased by HK\$47.6 million, or 174.8%, to approximately HK\$74.8 million. The significant increase in cost of sales was mainly due to the initial set-up and trial production cost incurred for enlarging furnace production to meet the new sales order received by the Group in early 2016.

銷售成本

二零一六年上半年的銷售成本增加47.6百萬港元或174.8%至約74.8百萬港元。銷售成本大幅增加乃主要由於本集團擴大熔爐生產以滿足於二零一六年年初接獲的新銷售訂單而產生初期開辦及試產成本所致。

		2016		2015	
		二零一六年		二零一五年	
		First Half		First Half	
		上半年		上半年	
		HK\$'000	%	HK\$'000	%
		千港元		千港元	
Raw materials	原材料	15,512	21%	8,372	31%
Fuel and utilities	燃料及水電費	1,731	2%	2,669	10%
Depreciation	折舊	18,540	25%	12,252	45%
Staff costs	員工成本	15,260	20%	3,531	13%
Others	其他	23,764	32%	395	1%
Total	總計	74,807	100%	27,219	100%

Gross loss

The Group recorded the gross loss of HK\$41.4 million in 2016 (2015: gross profit of HK\$1.0 million). The gross loss margin in 2016 was 123.9% (2015: gross profit margin of 3.4%). The significant gross loss was mainly due to the initial set-up and trial production cost mentioned in the paragraph "cost of sales" above.

毛損

本集團於二零一六年錄得毛損41.4百萬港元(二零一五年:毛利1.0百萬港元)。二零一六年的毛損率為123.9%(二零一五年:毛利率3.4%)。錄得重大毛損乃主要由於上文「銷售成本」一段所述的初期開辦及試產成本所致。

Other gains, net

Other gains, net in 2016 increased by HK\$29.1 million or 329.3% to HK\$37.9 million (2015: HK\$8.8 million). The increase was mainly due to change in fair value of derivative financial instruments and reversal of impairment loss on property, plant and equipment in 2016.

其他盈利淨額

二零一六年的其他盈利淨額增加29.1百萬港元或329.3%至37.9百萬港元(二零一五年:8.8百萬港元)。增幅主要由於二零一六年衍生金融工具公允價值變動及物業、廠房及設備之減值虧損撥回所致。

Selling and distribution expenses

Selling and distribution expenses in 2016 increased by HK\$1.1 million, or 75.1%, to HK\$2.6 million (2015: HK\$1.5 million), representing 7.8% of turnover (2015: 5.3%). Increase in selling and distribution expenses was mainly due to the increase in sales.

銷售及分銷支出

二零一六年的銷售及分銷支出增加1.1百萬港元或75.1%至2.6百萬港元(二零一五年:1.5百萬港元),佔營業額的7.8%(二零一五年:5.3%)。銷售及分銷支出增加主要由於銷售增加所致。

Management Discussion and Analysis

管理層討論與分析

Administrative expenses

Administrative expenses in 2016 decreased by HK\$37.8 million, or 38.8%, to HK\$59.5 million (2015: HK\$97.3 million), representing 178.2% of turnover (2015: 345.2%). The decrease in administrative expense was mainly because certain manufacturing related administrative expenses in 2015 were reclassified as cost of sales in 2016 after resumption of production in March 2016.

Finance income

Finance income in 2016 decreased by HK\$12.7 million, or 79.4% to HK\$3.3 million (2015: HK\$16.0 million) mainly due to substantial reduction in pledged time deposits for repayment of notes payable in 2015.

Finance costs

Finance costs in 2016 increased by HK\$27.0 million, or 20.3% to HK\$160.0 million (2015: HK\$133.0 million) mainly due to increase in bank and other borrowings.

Other expenses

Other expenses in 2016 decreased by HK\$0.9 million, or 61.1%, to HK\$0.6 million (2015: HK\$1.5 million).

Loss before tax

As a result of the factors discussed above, the loss before tax for the period ended 30 June 2016 was HK\$222.9 million (2015: HK\$207.5 million). The Group's loss before tax margin was 667.4% (2015: 736.4%). The loss before interest, tax, depreciation and amortisation (LBITDA) margin was 63.2% (2015: 110.6%).

行政開支

二零一六年的行政開支減少37.8百萬港元或38.8%至59.5百萬港元(二零一五年: 97.3百萬港元), 佔營業額的178.2%(二零一五年: 345.2%)。行政開支減少主要由於二零一六年三月恢復生產後, 二零一五年若干生產相關行政開支在二零一六年重新分類為銷售成本。

融資收入

二零一六年的融資收入減少12.7百萬港元或79.4%至3.3百萬港元(二零一五年: 16.0百萬港元), 主要由於於二零一五年用於償還應付票據的已抵押定期存款大幅減少所致。

融資成本

二零一六年的融資成本增加27.0百萬港元或20.3%至160.0百萬港元(二零一五年: 133.0百萬港元), 主要由於銀行貸款及其他借貸增加所致。

其他開支

二零一六年的其他開支減少0.9百萬港元或61.1%至0.6百萬港元(二零一五年: 1.5百萬港元)。

除稅前虧損

基於以上所討論之因素, 截至二零一六年六月三十日止期間的除稅前虧損為222.9百萬港元(二零一五年: 207.5百萬港元)。本集團除稅前虧損率為667.4%(二零一五年: 736.4%)。除利息、稅項、折舊及攤銷前之虧損(LBITDA)率為63.2%(二零一五年: 110.6%)。

Management Discussion and Analysis

管理層討論與分析

Income tax expense

The applicable Hong Kong profits tax rate of the Company and its subsidiaries which operate in Hong Kong is 16.5% based on existing legislation. The entities within the Group which operate in the PRC, Singapore and Indonesia are subject to corporate income tax at rates of 10% to 25% for the period ended 30 June 2016. The income tax HK\$0.4 million in 2016 (2015: Nil) represented under-provision of 2014 income tax.

Loss for the period and loss attributable to equity holders of the Company

As a result of the factors discussed above, the Group's 2016 loss for the period was HK\$223.4 million (2015: HK\$207.5 million) and the 2016 loss attributable to equity holders of the Company was HK\$221.8 million (2015: HK\$207.3 million).

Key financial ratios

		Notes	Six months ended 30 June 2016 截至 二零一六年 六月三十日 止六個月	Year ended 31 December 2015 截至 二零一五年 十二月三十一日 止年度
Current ratio	流動比率	1	18%	17%
Inventories turnover days	存貨週轉日數	2	659 days	673 days
Debtor turnover days	應收賬款週轉日數	3	43 days	68 days
Creditor turnover days	應付賬款週轉日數	4	314 days	1,039 days
Interest cover	盈利對利息倍數	5	-0.4 times	-1.8 times
Interest-bearing gearing ratio	計息資本負債比率	6	2,308%	953%
Debt to LBITDA ratio	負債與LBITDA比率	7	-112.3 times	-9.0 times
Net debt/Capital and net debt ratio	淨負債／資本與淨負債比率	8	97%	93%

所得稅開支

根據現行法例，本公司及其於香港經營之附屬公司適用香港利得稅稅率為16.5%。截至二零一六年六月三十日止期間，本集團於中國、新加坡及印尼經營之實體須按介乎10%至25%之稅率繳納企業所得稅。於二零一六年繳納的所得稅0.4百萬港元（二零一五年：零）乃二零一四年所得稅撥備不足。

期內虧損及本公司權益持有人應佔虧損

基於以上所討論之因素，本集團於二零一六年之期內虧損為223.4百萬港元（二零一五年：207.5百萬港元）及本公司權益持有人應佔二零一六年虧損為221.8百萬港元（二零一五年：207.3百萬港元）。

主要財務比率

Management Discussion and Analysis

管理層討論與分析

Notes:

1. Current assets/current liabilities X 100%
2. Inventories/cost of sales X 181 days or 365 days
3. Trade and notes receivables/turnover X 181 days or 365 days
4. Trade and notes payables/cost of sales X 181 days or 365 days
5. Profit before interest and tax/net interest expense
6. Interest-bearing loans and other borrowings (including convertible bonds)/equity attributable to equity holders of the Company X 100%
7. Interest-bearing loans and other borrowings (including convertible bonds)/LBITDA
8. Net debt*/Capital and net debt X 100%

* Net debt included bank and other borrowings, convertible bonds (the liability component), trade and notes payables and other payables and accruals less cash and cash equivalents, pledged time deposits and restricted cash.

附註：

1. 流動資產／流動負債X100%
2. 存貨／銷售成本X181日或365日
3. 應收賬款及應收票據／營業額X181日或365日
4. 應付賬款及應付票據／銷售成本X181日或365日
5. 除利息及稅項前溢利／利息開支淨額
6. 計息貸款及其他借貸(包括可換股債券)／本公司權益持有人應佔權益X100%
7. 計息貸款及其他借貸(包括可換股債券)／LBITDA
8. 負債淨額*／資本及負債淨額X100%

* 負債淨額包括銀行及其他借貸、可換股債券(負債部分)、應付賬款及應付票據及其他應付款項及應計負債扣減現金及現金等值物與已抵押定期存款及受限制現金。

Property, plant and equipment

Property, plant and equipment as at 30 June 2016 mainly comprised plant and machinery, buildings and construction in progress. The decrease in balance by HK\$48.4 million or 7.8% to HK\$571.1 million (2015: HK\$619.5 million) was mainly due to the depreciation charged for the period and fluctuation of exchange rates on Renminbi, in which the property, plant and equipment were denominated, against Hong Kong dollar, the presentation currency of the Group's financial statements.

Intangible asset

The intangible asset solely represents the unamortised amount of the EOA from Yiwan secured by the Group in May 2007.

物業、廠房及設備

於二零一六年六月三十日之物業、廠房及設備主要包括廠房及機器、樓宇及在建工程。有關結餘減少48.4百萬港元或7.8%至571.1百萬港元(二零一五年：619.5百萬港元)乃主要歸因於期內折舊費用加上人民幣(物業、廠房及設備的計值貨幣)兌港元(本集團財務報表的呈列貨幣)匯率波動所致。

無形資產

無形資產僅指本集團於二零零七年五月獲得之Yiwan獨家採購權之未攤銷款項。

Inventories

The inventory turnover days decreased from 673 days in 2015 to 659 days in 2016. As at 30 June 2016, inventories balance increased by HK\$44.1 million, or 19.3%, to HK\$272.5 million (2015: HK\$228.4 million). Increase in inventory balance was mainly contributed by the finished goods pending for delivery upon confirmation from new customers at the period end.

Trade and notes receivables

The debtor turnover days decreased from 68 days in 2015 to 43 days in 2016. As at 30 June 2016, trade and notes receivables balance increased by HK\$0.8 million, or 10.2%, to HK\$8.0 million (2015: HK\$7.2 million) mainly due to increase in sales in the first half of 2016 compared to the second half of 2015 and accumulation of long outstanding receivables.

Prepayments and other receivables

As at 30 June 2016, prepayments and other receivables balance increased by HK\$60.7 million, or 28.2%, to HK\$276.0 million (2015: HK\$215.3 million). The increase was mainly due to resumption of production in March 2016 and hence increase of prepayment to other suppliers and deposits.

Cash and cash equivalents, pledged time deposits and restricted cash

The aggregate amount of cash and cash equivalents, pledged time deposits and restricted cash decreased by approximately HK\$62.1 million, or 43.0%, to HK\$82.3 million as at 30 June 2016 (2015: HK\$144.4 million). The decrease in the balance was mainly due to settlement of notes payables.

存貨

存貨週轉日數由二零一五年之673日減少至二零一六年之659日。於二零一六年六月三十日，存貨結餘增加44.1百萬港元或19.3%至272.5百萬港元(二零一五年：228.4百萬港元)。存貨結餘增加主要由於於期末製成品待新客戶確認後付運所致。

應收賬款及應收票據

應收賬款週轉日數由二零一五年之68日減少至二零一六年之43日。於二零一六年六月三十日，應收賬款及應收票據結餘增加0.8百萬港元或10.2%至8.0百萬港元(二零一五年：7.2百萬港元)，主要由於二零一六年上半年的銷售較二零一五年下半年增加及累計長期未償還應收款項增加所致。

預付款項及其他應收款項

於二零一六年六月三十日，預付款項及其他應收款項結餘增加60.7百萬港元或28.2%至276.0百萬港元(二零一五年：215.3百萬港元)。增加乃主要由於於二零一六年三月恢復生產，從而使預付其他供應商之款項及按金有所增加。

現金及現金等值物、已抵押定期存款及受限制現金

於二零一六年六月三十日之現金及現金等值物、已抵押定期存款及受限制現金總額減少約62.1百萬港元或43.0%至82.3百萬港元(二零一五年：144.4百萬港元)。結餘減少乃主要由於結算應付票據所致。

Management Discussion and Analysis

管理層討論與分析

Trade and notes payables

The creditor turnover days decreased from 1,039 days in 2015 to 314 days in 2016. As at 30 June 2016, trade and notes payables balance decreased by HK\$222.7 million, or 63.2%, to HK\$129.9 million (2015: HK\$352.6 million). The decrease in trade and notes payables balance was mainly due to settlement of note payables by pledged time deposits. The trade payables are unsecured, interest-free and are normally settled on terms of 60 to 180 days while the notes payable are generally on terms of 90 to 180 days.

Convertible bonds

Decrease in the convertible bonds balance from HK\$117.5 million as at 31 December 2015 to HK\$46.8 million as at 30 June 2016 was caused by the substantial conversion of the convertible bonds during the period.

Bank and other borrowings

As at 30 June 2016, total bank and other borrowings balance increased by HK\$239.0 million, or 11.5%, to HK\$2,322.4 million (2015: HK\$2,083.4 million). Increase in the bank and other borrowings was mainly due to new financing obtained by the Group.

Liquidity, going concern and capital resources

During the period ended 30 June 2016, the Group incurred a loss of approximately HK\$223.4 million and had a net operating cash outflow of approximately HK\$275.6 million. As at 30 June 2016, the Group's current liabilities exceeded its current assets by HK\$2,912.0 million and total bank and other borrowings amounting to HK\$2,272.0 million were either overdue or due for immediate repayment. The cash and cash equivalents of the Group amounted to HK\$67.1 million as at 30 June 2016.

應付賬款及應付票據

應付賬款週轉日數由二零一五年之1,039日減少至二零一六年之314日。於二零一六年六月三十日，應付賬款及應付票據結餘減少222.7百萬港元或63.2%至129.9百萬港元(二零一五年：352.6百萬港元)。應付賬款及應付票據結餘減少主要是由於使用已抵押定期存款清償應付票據所致。應付賬款為無抵押、免息及一般附有60至180天還款期，應付票據的一般還款期為90至180天。

可換股債券

可換股債券結餘由二零一五年十二月三十一日之117.5百萬港元減少至二零一六年六月三十日之46.8百萬港元，主要由於期內大量轉換可換股債券所致。

銀行貸款及其他借貸

於二零一六年六月三十日，總銀行貸款及其他借貸結餘增加239.0百萬港元或11.5%至2,322.4百萬港元(二零一五年：2,083.4百萬港元)。銀行貸款及其他借貸增加，主要由於本集團獲得新融資所致。

流動資金、持續經營及資本資源

截至二零一六年六月三十日止期間，本集團產生約223.4百萬港元虧損，並有經營現金流出淨額約275.6百萬港元。於二零一六年六月三十日，本集團的流動負債超出其流動資產2,912.0百萬港元及總銀行貸款及其他借貸為2,272.0百萬港元，已到期或須按要即時償還。本集團於二零一六年六月三十日的現金及現金等值物為67.1百萬港元。

Management Discussion and Analysis

管理層討論與分析

However, a series of remedial measures to mitigate the liquidity pressure were taken in 2016 to improve its financial and liquidity position of the Group, details of which are set out in the section “Board’s consideration — Mitigation measures to going concern issue” of this report. Please also refer to the details regarding uncertainties on the going concern of the Group as stipulated in the section headed “Going concern” in Note 2.1 to this report.

The Group’s working capital has been principally sourced from cash generated from operations and from long-term and short-term borrowings. The Group also utilised advances received from our customers to finance part of our working capital requirements. As at 30 June 2016, the advances from customers amounted to HK\$209.7 million.

Foreign currency risk

The Group’s purchase and sales of iron and special steel products are mainly denominated in Renminbi (“RMB”). As at 30 June 2016, the bonds were denominated in Hong Kong dollar (“HK\$”) while bank and other borrowings were mainly denominated in RMB, HK\$ and USD, and other assets and liabilities of the Group were mainly denominated in RMB.

As at 30 June 2016, the Group did not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the Directors considered the Group had no significant foreign currency risk. However, the Group will closely monitor the foreign currency risk and consider using necessary financial instruments for hedging purposes if they foresee the foreign currency risk is significant.

Security

As at 30 June 2016, the Group had the following assets being pledged: (1) time deposits of HK\$3.2 million (2015: HK\$117.7 million) and certain parcels of the Group’s leasehold lands situated in the PRC with aggregate carrying amounts of HK\$176.4 million (2015: HK\$183.8 million) were secured for notes payables of HK\$5.0 million (2015: HK\$234.6 million) and bank loans granted to the Group of HK\$680.1 million (2015: HK\$342.3 million); and (2) the EOA with Yiwan and a USD bank deposit of HK\$0.01 million (2015: HK\$0.01 million) were secured for the convertible bonds and senior bonds issued by the Company.

然而，本集團於二零一六年採取一系列減輕流動資金壓力之補救措施，以改善本集團的財務及流動資金狀況，有關詳情載於本報告「董事會考慮 — 有關持續經營事宜的改善措施」一節。有關本集團持續經營涉及的不明朗因素詳情，另請參閱本報告附註2.1「持續經營」一節。

本集團之營運資金主要來自經營活動之所得現金以及長期及短期借貸。本集團亦使用客戶墊款撥付部分所需營運資金。於二零一六年六月三十日，來自客戶之墊款為209.7百萬港元。

外匯風險

本集團鐵及特鋼製品之買賣主要以人民幣（「人民幣」）計值。於二零一六年六月三十日，債券以港元（「港元」）計值，而銀行貸款及其他借貸則主要以人民幣、港元及美元計值，本集團其他資產及負債主要以人民幣計值。

於二零一六年六月三十日，由於董事認為本集團並無重大外匯風險，故本集團並無為管理潛在外匯波動而進行任何對沖交易。然而，本集團將密切監控外匯風險，並在預見重大外匯風險時考慮利用必要的金融工具進行對沖。

抵押品

於二零一六年六月三十日，本集團有以下資產已作出質押：(1) 定期存款3.2百萬港元（二零一五年：117.7百萬港元）及本集團位於中國的租賃土地的若干地塊（總賬面值為176.4百萬港元（二零一五年：183.8百萬港元）），已就應付票據5.0百萬港元（二零一五年：234.6百萬港元）及授予本集團之銀行貸款680.1百萬港元（二零一五年：342.3百萬港元）作抵押；(2) 與Yiwan訂立的獨家採購協議及美元銀行存款0.01百萬港元（二零一五年：0.01百萬港元），已就本公司發行之可換股債券及優先債券作抵押。

Management Discussion and Analysis

管理層討論與分析

Capital commitment

As at 30 June 2016, the Group had capital commitments in the amount of approximately HK\$54.3 million (2015: HK\$54.5 million).

CONCLUSION AND PROSPECTS

The year of 2016 continues to be a challenging year full of uncertainties for both the PRC steel market and the Group. The over-supply situation had not fundamentally improved amid the increasingly fierce competition between similar products in the steel market although the PRC government started to study the solutions for the over-supply situation affecting the iron and steel market. During the period, the steel price was persistently weak. In addition, Export Ban which was implemented in early 2014 by the relevant governmental authorities of Indonesia has continuously casted significant doubt on the Group's financial performance and cash flows in 2016.

Following the continuous development of the high strength stainless structural special steel products by the Group, the success of obtaining new orders from a new customer for husbandry uses products in the first half of 2016, and the success of launching market strategies which would generate higher margin and be less affected by macro economic environment for household, electricity, communications, photovoltaic and animal husbandry uses, we foresee the Group will launch various new products to the higher margin market in the near future.

We also expect the economy of the PRC will continue its healthy growth and the demand for and profitability of our special steel products will rebound in the foreseeable future.

In the longer term, we expect the PRC will continue its modernisation and urbanisation that the demand of high quality special steel products for public infrastructure and equipment manufacturing will increase steadily. This definitely will bring enormous business opportunities for our Group.

We believe that after the technology industrialisation and modernisation of special steel products, the Group will have a stronger competitive advantage in the industry as well as the new market segments.

資本承擔

於二零一六年六月三十日，本集團之資本承擔約為54.3百萬港元(二零一五年：54.5百萬港元)。

總結與展望

對中國鋼鐵市場及本集團而言，二零一六年繼續為挑戰重重及充滿不確定性的一年。雖然中國政府開始研究供應過剩情況對鋼鐵市場造成嚴重影響的解決方案，但由於鋼鐵市場同類產品之間的競爭日益激烈，供應過剩問題並無實質性改善。期內，鋼鐵價格持續疲軟。此外，印尼相關政府機構於二零一四年初實施的出口禁運持續對本集團於二零一六年的財務表現及現金流量構成重大隱憂。

繼本集團持續開發高強結構用特種不銹鋼產品、於二零一六年上半年成功獲得來自一名新客戶的畜牧用途產品新訂單及成功推出家居、電力、通信、光伏及畜牧等高利潤且受宏觀經濟環境影響較小的產業所適用的市場策略後，我們預期本集團將於不久的將來向高利潤市場推出不同的新產品。

我們預期中國經濟會維持其健康增長，以及本集團的特鋼產品需求及溢利將於可預見未來反彈。

長遠來看，我們預期中國將繼續進行現代化及城市化進程，公共基礎設施及設備製造對優質特鋼產品的需求將穩步增長，由此定會為本集團帶來巨大商機。

我們相信，技術工業化及特鋼製品現代化後，本集團於業內以及新細分市場競爭優勢將更為強大。

Interim Condensed Consolidated Income Statement

中期簡明綜合收益表

For the six months ended 30 June 2016
截至二零一六年六月三十日止六個月

Six months ended 30 June
截至六月三十日止六個月

			2016	2015
		Notes	二零一六年	二零一五年
		附註	HK\$'000	HK\$'000
			千港元	千港元
			(Unaudited)	(Unaudited)
			(未經審核)	(未經審核)
Revenue	收益	5	33,406	28,182
Cost of sales	銷售成本		(74,807)	(27,219)
Gross (loss)/profit	(毛損)/毛利		(41,401)	963
Other gains, net	其他盈利淨額	5	37,880	8,823
Selling and distribution costs	銷售及分銷成本		(2,600)	(1,485)
Administrative expenses	行政開支		(59,522)	(97,298)
Finance income	融資收入	7	3,295	15,993
Finance costs	融資成本	7	(160,019)	(133,027)
Other expenses	其他開支		(579)	(1,490)
Loss before tax	除稅前虧損	6	(222,946)	(207,521)
Income tax expense	所得稅開支	8	(444)	-
Loss for the period	期內虧損		(223,390)	(207,521)
Attributable to:	屬於：			
Equity holders of the Company	本公司權益持有人		(221,844)	(207,260)
Non-controlling interests	非控股權益		(1,546)	(261)
			(223,390)	(207,521)
Loss per share attributable to equity holders of the Company	本公司權益持有人應佔每股虧損			
– Basic (HK cents)	– 基本(港仙)	10	(7.96)	(7.57)
– Diluted (HK cents)	– 攤薄(港仙)	10	(7.96)	(7.57)

The notes on pages 35 to 102 form an integral part of this interim condensed consolidated financial information.

第35至102頁附註為本中期簡明綜合財務資料的組成部分。

Interim Condensed Consolidated Statement of Comprehensive Income

中期簡明綜合全面收益表

For the six months ended 30 June 2016
截至二零一六年六月三十日止六個月

		Six months ended 30 June	
		截至六月三十日止六個月	
		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Loss for the period	期內虧損	(223,390)	(207,521)
Other comprehensive income/(loss)	其他全面收益/(虧損)		
<i>Items that may be subsequently reclassified to profit or loss</i>	<i>可能於其後重新分類至損益之項目</i>		
Exchange differences on translation of foreign operations	境外經營報表折算滙兌差額	10,756	(1,151)
Other comprehensive income/(loss) for the period, net of tax	期內除稅後其他全面收益/(虧損)	10,756	(1,151)
Total comprehensive loss for the period	期內全面虧損合計	(212,634)	(208,672)
Attributable to:	屬於：		
Equity holders of the Company	本公司權益持有人	(212,358)	(208,408)
Non-controlling interests	非控股權益	(276)	(264)
		(212,634)	(208,672)

The notes on pages 35 to 102 form an integral part of this interim condensed consolidated financial information.

第35至102頁附註為本中期簡明綜合財務資料的組成部分。

Interim Condensed Consolidated Statement of Financial Position

中期簡明綜合財務狀況表

As At 30 June 2016
於二零一六年六月三十日

			30 June 2016 二零一六年 六月三十日 HK\$'000 (Unaudited) (未經審核)	31 December 2015 二零一五年 十二月三十一日 HK\$'000 (Audited) (經審核)
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	571,082	619,540
Prepaid land lease payments	預付土地租賃款項		172,356	178,753
Intangible asset	無形資產	12	2,384,543	2,384,543
Other non-current assets	其他非流動資產		1,365	1,324
			3,129,346	3,184,160
Current assets	流動資產			
Inventories	存貨	13	272,549	228,370
Trade and notes receivables	應收賬款及應收票據	14	7,951	7,213
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	15	276,049	215,305
Restricted cash	受限制現金	16	12,051	12,294
Pledged time deposits	已抵押定期存款	16	3,178	117,738
Cash and cash equivalents	現金及現金等值物	16	67,054	14,337
			638,832	595,257
Total assets	總資產		3,768,178	3,779,417
EQUITY	權益			
Capital and reserves attributable to equity holders of the Company	本公司權益持有人應佔資本及儲備			
Share capital	股本	21	308,813	276,654
Reserves	儲備		(206,144)	(45,690)
			102,669	230,964
Non-controlling interests	非控股權益		6,406	6,682
Total equity	權益總額		109,075	237,646

Interim Condensed Consolidated Statement of Financial Position

中期簡明綜合財務狀況表

As At 30 June 2016
於二零一六年六月三十日

			30 June 2016 二零一六年 六月三十日 HK\$'000 (Unaudited) (未經審核)	31 December 2015 二零一五年 十二月三十一日 HK\$'000 (Audited) (經審核)
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Bank and other borrowings	銀行及其他借貸	19	98,280	-
Other long term payables	其他長期應付款項		8,764	9,073
Deferred tax liabilities	遞延稅項負債		1,260	1,285
			108,304	10,358
Current liabilities	流動負債			
Trade payables	應付賬款	17	124,938	118,009
Notes payables	應付票據	17	4,987	234,624
Other payables and accruals	其他應付款項及應計負債	18	1,105,978	902,154
Bank and other borrowings	銀行及其他借貸	19	2,224,148	2,083,431
Convertible bonds	可換股債券	20	46,775	117,525
Derivative financial instruments	衍生金融工具	20	8,682	41,769
Tax payable	應付稅項		35,291	33,901
			3,550,799	3,531,413
Total liabilities	總負債		3,659,103	3,541,771
Total equity and liabilities	權益及負債總額		3,768,178	3,779,417
Net current liabilities	流動負債淨值		(2,911,967)	(2,936,156)

The notes on pages 35 to 102 form an integral part of this interim condensed consolidated financial information.

第35至102頁附註為本中期簡明綜合財務資料的組成部分。

Interim Condensed Consolidated Statement of Changes in Equity

中期簡明綜合權益變動表

For the six months ended 30 June 2016
截至二零一六年六月三十日止六個月

Attributable to equity holders of the Company

本公司權益持有人應佔

		Share	Share	Contributed	Capital	Statutory	Share	Exchange	Accumulated	Non-		Total	
		capital	premium	surplus	reserve	reserves	option	reserve	losses	Sub-total	controlling		interests
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
(Unaudited)	(未經審核)												
For the six months ended	截至二零一六年六月三十日												
30 June 2016	止六個月												
At 1 January 2016	於二零一六年一月一日	276,654	3,185,286	47,514	115,807	89,774	37,158	469,065	(3,990,294)	230,964	6,682	237,646	
Loss for the period	期內虧損	-	-	-	-	-	-	-	(221,844)	(221,844)	(1,546)	(223,390)	
Other comprehensive income	期內其他全面收益：												
for the period:													
Exchange differences on translation of	境外經營報表折算匯兌												
foreign operations	差額	-	-	-	-	-	-	9,486	-	9,486	1,270	10,756	
Total comprehensive income/(loss)	期內全面收益/(虧損)												
for the period	總額	-	-	-	-	-	-	9,486	(221,844)	(212,358)	(276)	(212,634)	
Equity-settled share-based	以股權結算之股份補償開支												
compensation expense		-	-	-	-	-	113	-	-	113	-	113	
Conversion of convertible bonds	轉換可換股債券	32,159	51,791	-	-	-	-	-	-	83,950	-	83,950	
Total transactions with owners	與擁有人之交易總額	32,159	51,791	-	-	-	113	-	-	84,063	-	84,063	
At 30 June 2016	於二零一六年六月三十日	308,813	3,237,077	47,514	115,807	89,774	37,271	478,551	(4,212,138)	102,669	6,406	109,075	
For the six months ended	截至二零一五年六月三十日												
30 June 2015	止六個月												
At 1 January 2015	於二零一五年一月一日	267,654	3,152,210	47,514	115,807	89,774	36,471	443,660	(2,767,378)	1,385,912	8,465	1,394,377	
Loss for the period	期內虧損	-	-	-	-	-	-	-	(207,260)	(207,260)	(261)	(207,521)	
Other comprehensive loss for the period:	期內其他全面虧損：												
Exchange differences on translation of	境外經營報表折算匯兌												
foreign operations	差額	-	-	-	-	-	-	(1,148)	-	(1,148)	(3)	(1,151)	
Total comprehensive loss	期內全面虧損合計												
for the period	總額	-	-	-	-	-	-	(1,148)	(207,260)	(208,408)	(264)	(208,672)	
Equity-settled share-based	以股權結算之股份補償開支												
compensation expense		-	-	-	-	-	366	-	-	366	-	366	
Conversion of convertible bonds	轉換可換股債券	8,800	33,076	-	-	-	-	-	-	41,876	-	41,876	
Total transactions with owners	與擁有人之交易總額	8,800	33,076	-	-	-	366	-	-	42,242	-	42,242	
At 30 June 2015	於二零一五年六月三十日	276,654	3,185,286	47,514	115,807	89,774	36,837	442,512	(2,974,638)	1,219,746	8,201	1,227,947	

The notes on pages 35 to 102 form an integral part of this interim condensed consolidated financial information.

第35至102頁附註為本中期簡明綜合財務資料的組成部分。

Interim Condensed Consolidated Statement of Cash Flows

中期簡明綜合現金流量表

For the six months ended 30 June 2016
截至二零一六年六月三十日止六個月

Six months ended 30 June

截至六月三十日止六個月

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Cash flows from operating activities	經營活動之現金流量		
Cash used in operations	經營活動所用之現金	(275,370)	(602,401)
Income tax paid	已付所得稅	(205)	(360)
Net cash flows used in operating activities	經營活動所用之現金流量淨額	(275,575)	(602,761)
Cash flows from investing activities	投資活動之現金流量		
Interest received	已收利息	3,295	14,426
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	-	23,980
Purchase of property, plant and equipment	購買物業、廠房及設備	(496)	-
Decrease in pledged time deposits	已抵押定期存款減少	114,009	724,955
Net cash flows generated from investing activities	投資活動產生之現金流量淨額	116,808	763,361
Cash flows from financing activities	融資活動之現金流量		
Addition of bank and other borrowings	新增銀行及其他借貸	772,147	283,441
Repayment of bank and other borrowings	償還銀行及其他借貸	(524,614)	(318,283)
Interest paid	已付利息	(34,489)	(99,008)
Net cash flows generated from / (used in) financing activities	融資活動產生 / (所用) 之現金流量淨額	213,044	(133,850)
Net increase in cash and cash equivalents	現金及現金等值物之增加淨額	54,277	26,750
Cash and cash equivalents at beginning of year	年初之現金及現金等值物	14,337	11,520
Effect of foreign exchange rate changes, net	滙兌變動影響淨額	(1,560)	18
Cash and cash equivalents at end of period	期末之現金及現金等值物	67,054	38,288
Analysis of balances of cash and cash equivalents	現金及現金等值物結餘分析		
Cash and bank balances (Note 16)	現金及銀行結餘 (附註16)	67,054	38,288

The notes on pages 35 to 102 form an integral part of this interim condensed consolidated financial information.

第35至102頁附註為本中期簡明綜合財務資料的組成部分。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

1 GENERAL INFORMATION

Nickel Resources International Holdings Company Limited (formerly known as “China Nickel Resources Holdings Company Limited”) (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 11 March 2004 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred as “the Group”) is located at No.7, Block F, Runhua Business Garden, No. 24 Jinshui Road, Jinshui District, Zhengzhou city, Henan Province, the People’s Republic of China (the “PRC”), 450012. The principal place of business of the Company is Room 3501, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

Effective on 18 January 2016, the Company’s English name was changed from China Nickel Resources Holdings Company Limited to Nickel Resources International Holdings Company Limited following a special resolution passed by the Company’s shareholders at the Extraordinary General Meeting (“EGM”) and a Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 18 January 2016.

The principal activities of the Company are investment holding and the trading of ore. The Group is principally engaged in the manufacture and sale of iron and steel products in the PRC and the trading of ore. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

1 一般資料

鎳資源國際控股有限公司(前稱「中國鎳資源控股有限公司」(「本公司」))，於二零零四年三月十一日根據開曼群島公司法第22章(一九六一年第三號法例，經綜合及修訂)在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司及其附屬公司(統稱「本集團」)的主要營業地點位於中華人民共和國(「中國」)河南省鄭州市金水區金水路24號潤華商務花園F座7號(郵編450012)。本公司主要營業地點位於香港干諾道中168–200號信德中心招商局大廈3501室。

自二零一六年一月十八日起，透過本公司股東於股東特別大會(「股東特別大會」)上通過的一項特別決議案，本公司的英文名稱由「China Nickel Resources Holdings Company Limited」更改為「Nickel Resources International Holdings Company Limited」，且開曼群島公司註冊處已於二零一六年一月十八日發出本公司的變更名稱註冊證明書。

本公司之主要業務為投資控股及礦石貿易。本集團主要於中國從事鋼鐵製品生產和銷售及礦石貿易業務。本公司的股份於香港聯合交易所有限公司(「聯交所」)主板上市。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

1 GENERAL INFORMATION (continued)

In the opinion of the directors of the Company (the “Directors”), Easyman Assets Management Limited (“Easyman”), a company incorporated in the British Virgin Islands and wholly owned by Mr. Dong Shutong (“Mr. Dong”), an Executive Director, is the ultimate holding company of the Group.

The interim condensed consolidated financial information for the six months ended 30 June 2016 is unaudited and has been reviewed by the audit committee of the Company. This interim condensed consolidated financial information is presented in Hong Kong dollar (“HK\$”), unless otherwise stated, and has been approved for issue by the Board of Directors on 29 August 2016.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting” and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

1 一般資料(續)

根據本公司董事(「董事」)之意見，於英屬處女群島註冊成立並由執行董事董書通先生(「董先生」)全資擁有之Easyman Assets Management Limited(「Easyman」)為本集團之最終控股公司。

截至二零一六年六月三十日止六個月之中期簡明綜合財務資料未經審核但已經由本公司審核委員會審閱。本中期簡明綜合財務資料以港元(「港元」)列報(除非另有說明)，並已經由董事會在二零一六年八月二十九日批准刊發。

2 編製基準

截至二零一六年六月三十日止六個月之本中期簡明綜合財務資料乃根據國際會計準則(「國際會計準則」)第34號「中期財務報告」及聯交所證券上市規則之披露規定而編製。

本中期簡明綜合財務資料並未包括年度財務報表所要求之所有資料及披露事項，故應連同本公司截至二零一五年十二月三十一日止年度根據國際財務報告準則(「國際財務報告準則」)編製的年度財務報表一併閱讀。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern

In preparing this interim condensed consolidated financial information for the six months ended 30 June 2016, the Directors have considered the future liquidity of the Group.

During the six months ended 30 June 2016, the Group incurred a loss of approximately HK\$223,390,000 and had a net operating cash outflow of approximately HK\$275,575,000 due to the persisting weak steel market. As at 30 June 2016, the Group had net current liabilities of HK\$2,911,967,000 and the Group's total borrowings amounted to HK\$2,374,190,000, which comprised bank and other borrowings, convertible bonds and notes payables of HK\$2,322,428,000, HK\$46,775,000 and HK\$4,987,000, respectively as at 30 June 2016. Cash and cash equivalents of the Group amounted to HK\$67,054,000 as at 30 June 2016.

2 編製基準 (續)

2.1 持續經營

董事在編製截至二零一六年六月三十日止六個月之本中期簡明綜合財務資料時，已考慮本集團未來流動資金的狀況。

截至二零一六年六月三十日止六個月，由於鋼鐵市場持續疲軟，本集團錄得虧損約223,390,000港元，並有經營現金流出淨額約275,575,000港元。於二零一六年六月三十日，本集團的流動負債淨額為2,911,967,000港元，而本集團總借貸為2,374,190,000港元，當中包括於二零一六年六月三十日分別為2,322,428,000港元、46,775,000港元及4,987,000港元之銀行及其他借貸、可換股債券及應付票據。本集團於二零一六年六月三十日之現金及現金等值物為67,054,000港元。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

As at 30 June 2016, the Group's borrowings to the extent of HK\$2,271,976,000 were either overdue or due for immediate repayment despite the original contractual repayment dates of some of these borrowings are beyond twelve months after 30 June 2016. This is mainly because:

- (i) on 19 December 2014, the Group failed to make interest payment totaling HK\$16,108,000 under the relevant terms and conditions of its Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds (together the "Bonds"), details of which are disclosed in Notes 19 and 20. This constituted an event of default under the respective terms of the Bonds. Up to 30 June 2016, the Group failed to pay interest payment of the Bonds in aggregate of HK\$118,810,000. As a result, the outstanding principal amounts of the Bonds totaling HK\$466,165,000 became immediately due and payable, out of which the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds of HK\$390,990,000 (31 December 2015: HK\$390,990,000) and HK\$46,775,000 (31 December 2015: HK\$117,525,000), respectively with original contractual repayment date in 2018 have been reclassified as current liabilities as at 30 June 2016;

2 編製基準 (續)

2.1 持續經營 (續)

於二零一六年六月三十日，本集團之借貸2,271,976,000港元已逾期或須即時償還，即使當中有若干借貸之原合約償還日期為於二零一六年六月三十日之後超過十二個月。主要由於：

- (i) 於二零一四年十二月十九日，本集團未能根據其經修訂的10%票面息債券、12%票面息優先債券及8%票面息可換股債券(統稱「該等債券」)之相關條件及條款支付利息合共16,108,000港元，詳情於附註19及20中披露。根據該等債券之相關條款，這構成違約事件。直至二零一六年六月三十日，本集團未能支付該等債券的利息合共118,810,000港元。因此，該等債券未償還之本金額合共466,165,000港元即時成為到期應付，其中原合約還款日期為二零一八年，金額分別為390,990,000港元(二零一五年十二月三十一日：390,990,000港元)及46,775,000港元(二零一五年十二月三十一日：117,525,000港元)之12%票面息優先債券及8%票面息可換股債券於二零一六年六月三十日已重新分類為流動負債；

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

- (ii) as at 30 June 2016, certain other loans, other borrowings and notes payables to the extent of HK\$681,803,000, HK\$310,271,000 and HK\$1,053,000, respectively (totalling HK\$993,127,000) had become overdue;

- (iii) amounts due to related parties of HK\$92,717,000 were on repayable on demand terms;

2 編製基準(續)

2.1 持續經營(續)

- (ii) 於二零一六年六月三十日，金額分別為681,803,000港元、310,271,000港元及1,053,000港元(合共993,127,000港元)的若干其他貸款、其他借貸及應付票據已逾期；

- (iii) 應付關連方款項92,717,000港元須應要求償還；

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

- (iv) the Group has obtained a 3-year syndicated loan of approximately RMB498 million (equivalent to HK\$582,769,000) in January 2016 from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payable of the Group as at 31 December 2015 to the extent of RMB268,620,000 and RMB79,737,000, respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. The New Facilities have been fully drawn down during the six months ended 30 June 2016. The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments of certain subsidiaries of the Group. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement. As a result, the outstanding amount of the 3-year syndicated loan of HK\$582,769,000 became immediately due and payable as at 30 June 2016; and

2 編製基準 (續)

2.1 持續經營 (續)

- (iv) 於二零一六年一月，本集團已自中國一銀團取得一項為期三年的銀團貸款約人民幣498百萬元(相當於582,769,000港元)，(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日若干尚未償還的銀行貸款及應付票據，金額分別為人民幣268,620,000元及人民幣79,737,000元；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元(「新造融資」)，為期三年。截至二零一六年六月三十日止六個月，新造融資已完全動用。銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項擔保。然而，本集團於簽訂銀團貸款協議後未能履行該等銀團貸款融資項下的若干承擔及限制性契諾規定，因此，未償還的三年期銀團貸款金額582,769,000港元於二零一六年六月三十日即時成為到期應付；及

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

- (v) in addition, the Group has obtained an unsecured 3-year loan facility from a PRC bank for an amount of RMB360 million (the “Unsecured Loan Facility”) in June 2016. As at 30 June 2016, approximately RMB117,263,000 (equivalent to HK\$137,198,000) of the Unsecured Loan Facility has been drawn down, which was used to replace part of the loans in relation to the proposed disposal of a 30% equity interest in S.E.A. Mineral Limited (“SEAM”), a wholly-owned subsidiary of the Group, as detailed below. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. As a result, the outstanding amount of this loan of HK\$137,198,000 became immediately due and payable as at 30 June 2016. Subsequent to the reporting period and up to the approval of the interim condensed consolidated financial information, an additional amount of RMB139,273,000 (equivalent to HK\$162,950,000) has been drawn down from the Unsecured Loan Facility.

2 編製基準 (續)

2.1 持續經營 (續)

- (v) 此外，本集團已於二零一六年六月自中國一銀行取得無抵押三年期貸款融資，金額為人民幣360百萬元（「無抵押貸款融資」）。於二零一六年六月三十日，約人民幣117,263,000元（相當於137,198,000港元）的無抵押貸款融資已經動用，用以取代有關擬出售本集團全資附屬公司南洋礦業有限公司（「南洋礦業」）30%股本權益的部分貸款（詳述如下）。然而，本集團於簽訂貸款協議後未能履行該無抵押貸款融資項下的若干承擔及限制性契諾規定，因此，未償還的貸款金額137,198,000港元於二零一六年六月三十日即時成為到期應付。於報告期間後及直至中期簡明綜合財務資料批准日期，已自無抵押貸款融資提取額外一筆人民幣139,273,000元（相當於162,950,000港元）的款項。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

Together with the relevant accrued interest of the abovementioned borrowings to the extent of HK\$516,289,000 as at 30 June 2016 included in other payables and accruals, the aggregate borrowings and interest thereon that were either overdue or due for immediate repayment amounted to HK\$2,788,265,000 as at 30 June 2016.

In addition, the Company and a subsidiary are parties to various legal claims as detailed in the Note 24.

The aforementioned conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern such that it may not be able to realise its assets and discharge its liabilities in the normal course of business.

2 編製基準 (續)

2.1 持續經營 (續)

連同上述於二零一六年六月三十日已計入其他應付款項及應計負債中借貸的相關應計利息共516,289,000港元，於二零一六年六月三十日，已逾期或須即時償還的借貸總額及其利息合共為2,788,265,000港元。

此外，本公司及一間附屬公司亦涉及附註24詳述的多項法律索償事件。

上述狀況顯示存有重大不明朗因素，或會令本集團持續經營的能力產生重大疑慮，導致本集團或無法在日常業務過程中將其資產變現及償還其負債。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

In view of such circumstances, the Directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (1) On 5 March 2016, the Company and a potential investor (the "Potential Investor" or "Subscriber") entered into a share subscription agreement to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of HK\$0.1876 per share (the "Subscription Shares"), with proposed gross proceeds totalling approximately HK\$275 million (the "Subscription"), subject to certain conditions precedent which, among others, include the following:

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company ("EGM");

2 編製基準 (續)

2.1 持續經營 (續)

鑒於該等狀況，本公司董事在評核本集團是否有充足的財務資源以持續經營時，已審慎考慮本集團未來流動資金及表現以及其可得之融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況，包括但不限於以下各項：

- (1) 於二零一六年三月五日，本公司與一名潛在投資者（「潛在投資者」或「認購方」）訂立一項股份認購協議，以按每股0.1876港元的認購價認購本公司合共1,465,898,410股新普通股（「認購股份」），建議所得款項總額合共約為2.75億港元（「認購事項」），惟須受若干先決條件規限，包括但不限於以下各項：

- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（按適當）的批准：(i) 配發及發行認購股份；(ii) 清洗豁免；及(iii) 特別交易（定義見下文）；

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

(1) (continued)

- a Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong (“SFC”) in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;

2 編製基準 (續)

2.1 持續經營 (續)

(1) (續)

- 香港證券及期貨事務監察委員會(「證監會」)就認購方及其一致行動人士的責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有(或同意收購)的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

(1) (continued)

- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the "Special Deal");
- approval of resumption of trading of the Company's shares, and listing of the Subscription Shares from the Stock Exchange; and

2 編製基準(續)

2.1 持續經營(續)

(1) (續)

- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款(「特別交易」)；
- 聯交所批准本公司股份恢復買賣及認購股份上市；及

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

(1) (continued)

- completion of a debt restructuring by the Company by way of the “Schemes” (Note) (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.

2 編製基準 (續)

2.1 持續經營 (續)

(1) (續)

- 本公司透過「計劃」(附註)完成債務重組(「債務重組建議」)。債務重組指本公司的債項重組計劃，當中涉及(其中包括)：(i)削減及註銷債券的未償還本金額至少80%；(ii)削減及註銷債券所有未償還應計利息；(iii)解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv)削減及註銷債務重組建議所述的公司所有其他債項及或然負債至少80%。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

(1) (continued)

In respect of the above, the Company appointed a financial advisor and debt restructuring scheme advisor to facilitate the Subscription and Debt Restructuring Proposal.

At the meetings of the holders of the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, separate extraordinary resolutions ("Extraordinary Resolutions") were passed and resolved, among others, to approve the Debt Restructuring Proposal, not to enforce any security of the Bonds until approval of the Schemes and release the security as required under the Schemes following the Schemes becoming effective, vote the entire principal amount in favour of the Schemes at the meetings of the Schemes, waive any event of default or potential event of default which might or has occurred and not to demand repayment of any amount due under the Bonds.

Following the pass and effectiveness of the Extraordinary Resolutions by 6 July 2016, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

2 編製基準 (續)

2.1 持續經營 (續)

(1) (續)

就以上事項而言，本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。

分別於二零一六年六月二十一日及二零一六年七月六日舉行的12%票面息優先債券及8%票面息可換股債券持有人會議上，通過獨立特別決議案（「特別決議案」）決議（其中包括）批准債務重組建議，在計劃獲批准之前不就債券執行任何抵押並根據計劃的規定在計劃生效後解除抵押，於計劃大會上以全部本金額投票贊成計劃，豁免任何可能發生或已發生的違約事件或潛在違約事件以及不要求償還任何逾期的債券款項。

於二零一六年七月六日特別決議案獲通過及生效後，本公司正在準備需呈交法院之文件，以獲得債務重組建議下開曼群島計劃及香港計劃之相關債權人批准及法院頒令。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

(1) (continued)

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

Note: The proposed scheme of arrangement pursuant to Section 86 of the Companies Law (2007 Revision) of the Cayman Islands between the Company and the creditors under such scheme (the "Cayman Scheme") and the proposed scheme of arrangement pursuant to Sections 670, 673 and 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between the Company and the creditors under such scheme (the "Hong Kong Scheme"), collectively are referred to as the "Schemes".

(2) In relation to the syndicated bank loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$582,769,000 and HK\$137,198,000, respectively, the Group is actively negotiating with the respective banks for the waiver of the breach of the undertaking and restrictive covenant requirements.

(3) In relation to the notes payables of HK\$1,053,000, the Group is actively negotiating with the bank for any possible refinancing arrangements.

2 編製基準 (續)

2.1 持續經營 (續)

(1) (續)

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：本公司與建議安排計劃(「開曼群島計劃」)項下的債權人根據開曼群島公司法(2007年修訂版)第86條訂立的該計劃以及本公司與建議安排計劃(「香港計劃」)項下的債權人根據(香港法例第622章)公司條例第670、673及674條訂立的該計劃(統稱為「計劃」)。

(2) 就分別為582,769,000港元及137,198,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契諾規定與各銀行磋商。

(3) 就1,053,000港元的應付票據而言，本集團正積極就任何潛在的再融資安排與銀行磋商。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

- (4) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in SEAM, a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of the interim condensed consolidated financial information. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed.

In connection with the proposed disposal, Beijing Wincapital initially arranged certain loan finance to the Group in the aggregate amount of RMB700 million ("Financing Loans"). The Financing Loans can be settled by offsetting against the disposal consideration should the proposed disposal be completed.

2 編製基準 (續)

2.1 持續經營 (續)

- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司(「北京匯贏」)訂立有關出售本集團全資附屬公司南洋礦業30%股本權益的無約束力框架協議。總出售代價預計約為1.50億美元(約11.70億港元)。直至中期簡明綜合財務資料批准日期，此項建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境急速轉變，故此商討條款及條件細節所耗時間較預期長。

就此項建議出售事項而言，北京匯贏為本集團初步安排若干貸款融資總額人民幣7.00億元(「融資貸款」)。倘建議出售事項得以完成，融資貸款可藉抵銷出售代價支付。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

(4) (continued)

During the six months ended 30 June 2016, the Group replaced part of the Financing Loans to the extent of approximately RMB117 million by utilising the Unsecured Loan Facility of the same amount.

As at 30 June 2016, the outstanding Financing Loans amounted to approximately RMB583 million (equivalent to approximately HK\$682 million), all of these Financing Loans were overdue for repayments. Up to the date of approval of the interim condensed consolidated financial information, the Group has not received any letter from these lenders demanding for repayment of these loans. Management is currently negotiating with the relevant parties to formally extend the repayments of these loans to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for both parties, the proposed disposal will be completed and the Group will be able to offset all these borrowings against the disposal consideration.

2 編製基準 (續)

2.1 持續經營 (續)

(4) (續)

截至二零一六年六月三十日止六個月，本集團透過使用相同金額的無抵押貸款融資代替約人民幣1.17億元融資貸款。

於二零一六年六月三十日，未償還的融資貸款約為人民幣5.83億元(相當於約6.82億港元)，所有該等融資貸款已逾期償還。直至中期簡明綜合財務資料批准日期，本集團尚未接獲任何該等放貸人要求償還該等貸款之函件。管理層現正與相關訂約方進行磋商，以正式延長該等貸款之還款期，以促使完成建議出售事項。管理層相信訂約雙方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷所有該等借貸。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

(5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, related parties of the Potential Investor and other third parties of HK\$92,717,000, HK\$244,425,000 and HK\$65,846,000, respectively that were either overdue or due for immediate repayment as at 30 June 2016. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.

(6) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, including identification of potential investors to invest in various projects undertaken by the Group.

2 編製基準(續)

2.1 持續經營(續)

(5) 除上述第(1)至(4)所述之借貸外，本集團來自本集團的若干關連方、潛在投資者的關連方及其他第三方的其他借貸分別為92,717,000港元、244,425,000港元及65,846,000港元，於二零一六年六月三十日皆已逾期或到期立即償還。本集團一直積極與放債人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者的關連方的借貸還款日期延長2年。

(6) 本集團亦正與多間財務機構進行磋商，尋找本集團於可見將來為營運資金及承擔融資的不同方案，包括物色潛在投資者對本集團進行之多個項目作出投資。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

- (7) The Group is also maximising its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, and implementing more stringent cost control measures with a view to improving operating cash flows. During the six months ended 30 June 2016, the Group received certain new sales orders of its stainless steel products from several independent third party customers. Management believes that the Group will be able to record a significant increase in sales in the coming twelve months after the reporting period.
- (8) The Group has engaged legal advisors to handle all claims and disputes as detailed in Note 24. In preparing this interim condensed consolidated financial information, the Directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes with no significant cash outflows in the next twelve months.

2 編製基準 (續)

2.1 持續經營 (續)

- (7) 本集團正致力提升銷售力度，包括加快現有存貨銷售並於海外市場尋求新訂單或就開發新產品尋求新客戶，以及實施更嚴謹的成本監控措施，以改善經營現金流量。截至二零一六年六月三十日止六個月，本集團收到數名獨立第三方客戶有關不銹鋼產品的若干新銷售訂單。管理層相信，本集團將能於報告期後的未來十二個月錄得銷量大幅增長。
- (8) 本集團已委聘法律顧問處理附註24所詳述的所有申索及糾紛。於編製本中期簡明綜合財務資料的過程中，董事亦已就該等事宜取得法律顧問的意見，據此，董事認為本集團將能解決待決申索及糾紛且於未來十二個月內不會導致巨額的現金流出。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.1 Going concern (continued)

The Directors have reviewed the Group's cash flow projections prepared by management that covered a period of not less than twelve months from the end of the reporting period and considered that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period, and therefore it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

2.2 Accounting policies

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2015.

2 編製基準 (續)

2.1 持續經營 (續)

董事已審閱由管理層編製的本集團現金流量預測，其涵蓋的期間自報告期末起計不少於十二個月。考慮到上述計劃及措施，本集團將有充足的營運資金應付自報告期末起計未來十二個月內營運所需的資金以及履行到期的財務責任。因此，按持續經營基準編製中期簡明綜合財務資料是恰當的。

2.2 會計政策

編製中期簡明綜合財務資料要求管理層作出影響會計政策應用及所報告資產及負債、收入及開支的數額的判斷、估計及假設。實際結果或有別於有關估計。編製本簡明綜合財務資料時，由管理層對本集團在會計政策的應用及主要不確定數據的估計來源所作出的重要判斷與截至二零一五年十二月三十一日止年度的年度財務報表所採用者相同。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.2 Accounting policies (continued)

The accounting policies used in the preparation of the condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2015, except as mentioned below.

(a) Effect of adopting new standards and amendments to existing standards

The following new standards and amendments to standards are mandatory for accounting periods beginning on or after 1 January 2016. The adoption of these new standards and amendments to standards does not have any significant impact to the results and financial position of the Group.

2 編製基準 (續)

2.2 會計政策 (續)

編製簡明綜合財務資料所採納之會計政策與編製截至二零一五年十二月三十一日止年度之年度財務報表所採用者一致，惟以下除外。

(a) 採納新訂準則及現有準則的修訂的影響

以下新訂準則及準則的修訂須自二零一六年一月一日或之後開始的會計期間強制生效。採納該等新訂準則及準則的修訂對本集團的業績及財務狀況並無任何重大影響。

IFRSs (amendment)	Annual Improvements 2012–2014 cycle	國際財務報告準則 (修訂本)	二零一二年至二零一四年週期之年度改進
IAS 1 (amendment)	Disclosure Initiative	國際會計準則第1號 (修訂本)	披露計劃
IAS 16 and IAS 38 (amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	國際會計準則第16號及國際會計準則第38號 (修訂本)	對可接受的折舊和攤銷方法的澄清
IAS 16 and 41 (amendment)	Agriculture: Bearer Plants	國際會計準則第16號及國際會計準則第41號 (修訂本)	農業：生產性植物
IAS 27 (amendment)	Equity Method in Separate Financial Statements	國際會計準則第27號 (修訂本)	單獨財務報表之權益法
IAS 28, IFRS 10 and IFRS 12 (amendment)	Investment Entities: Applying the Consolidation Exception	國際會計準則第28號、國際財務報告準則第10號及國際財務報告準則第12號 (修訂本)	投資實體：應用綜合賬目之例外情況
IFRS 11 (amendment)	Accounting for Acquisitions of Interests in Joint Operations	國際財務報告準則第11號 (修訂本)	收購於合營業務之權益之會計方法
IFRS 14	Regulatory Deferred Accounts	國際財務報告準則第14號	監管遞延賬戶

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

2 BASIS OF PREPARATION (continued)

2.2 Accounting policies (continued)

(b) *New standards and amendments to standards that have been issued but are not effective*

IAS 7 (amendment)	Statement of Cash Flows ⁽¹⁾
IAS 12 (amendment)	Income Taxes ⁽¹⁾
IAS 28 and IFRS 10 (amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾
IFRS 9	Financial Instruments ⁽²⁾
IFRS 15	Revenue from Contracts with Customers ⁽²⁾
IFRS 16	Leases ⁽³⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 January 2017

⁽²⁾ Effective for the Group for annual period beginning on 1 January 2018

⁽³⁾ Effective for the Group for annual period beginning on 1 January 2019

⁽⁴⁾ Effective date to be determined

The Directors are in the process of assessing the impact of the adoption of these new standards and amendments to standards on the results and financial position of the Group.

2 編製基準 (續)

2.2 會計政策 (續)

(b) *已頒佈但尚未生效之新準則及準則之修訂*

國際會計準則第7號 (修訂本)	現金流量表 ⁽¹⁾
國際會計準則第12號 (修訂本)	所得稅 ⁽¹⁾
國際會計準則第28號及國際財務報告準則第10號 (修訂本)	投資者與其聯營公司或合營公司間之資產銷售或注入 ⁽⁴⁾
國際財務報告準則第9號	金融工具 ⁽²⁾
國際財務報告準則第15號	源於客戶合約的收益 ⁽²⁾
國際財務報告準則第16號	租賃 ⁽³⁾

⁽¹⁾ 於二零一七年一月一日開始之年度期間對本集團生效

⁽²⁾ 於二零一八年一月一日開始之年度期間對本集團生效

⁽³⁾ 於二零一九年一月一日開始之年度期間對本集團生效

⁽⁴⁾ 生效日期待定

董事正在評估採納該等新訂準則及準則的修訂對本集團業績及財務狀況造成的影響。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, cash flow and fair value interest rate risk, credit risk, foreign currency risk and liquidity risk. There have been no changes in the risk management policies since 31 December 2015.

4 OPERATING SEGMENT INFORMATION

For management purpose, the Group has one reportable operating segment: the trading of ore and the manufacturing and sale of iron and steel products. Management monitors the operating results of the Group's business units as a whole for the purpose of making decisions about resource allocation and performance assessment.

3 金融風險管理

本集團之業務活動承受多種金融風險：外匯風險、價格風險、現金流量及公允價值利率風險、信用風險、外幣風險及流動資金風險。風險管理政策自二零一五年十二月三十一日起並無變動。

4 經營分部資料

根據管理需要，本集團僅有一個可呈報經營分部：礦石貿易以及生產和銷售鋼鐵製品。管理層出於資源配置及績效考評之決策目的，將本集團的各業務單元之經營成果作為一個整體來進行管理。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

5 REVENUE AND OTHER GAINS, NET

Revenue represents the net invoiced value of goods sold, net of value-added tax.

5 收益及其他盈利淨額

收益指所售貨品之發票淨值(經扣除增值稅)。

Six months ended 30 June

截至六月三十日止六個月

2016	2015
二零一六年	二零一五年
HK\$'000	HK\$'000
千港元	千港元

Revenue	收益		
Sale of goods:	銷貨：		
Stainless steel base materials	不銹鋼基料	4,066	4,198
Ni-Cr alloy steel ingots	鎳鉻合金鋼錠	11,311	8,718
Ferro-nickel alloys and others	鎳鐵合金及其他	18,029	15,266
Total revenue	收益總額	33,406	28,182
Other gains, net	其他盈利淨額		
Change in fair value of derivative financial instruments	衍生金融工具公允價值變動	19,887	(3,596)
Foreign exchange (loss)/gain, net	匯兌(虧損)/盈利淨額	(2,416)	2,743
(Loss)/gain on disposal of property, plant and equipment	出售物業、廠房及設備之(虧損)/盈利	(444)	8,975
Reversal of impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損撥回	15,627	-
Write off of trade payables	撇銷應付賬款	3,848	-
Others	其他	1,378	701
Total other gains, net	總其他盈利淨額	37,880	8,823

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

6 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

6 除稅前虧損

本集團之除稅前虧損乃經扣除下列項目後得出：

Six months ended 30 June

截至六月三十日止六個月

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Staff costs (including Directors' remuneration):	員工成本(包括董事酬金)		
Salaries	薪金	25,222	22,419
Retirement benefit scheme contributions and other costs	退休福利計劃供款及其他成本	570	252
Equity-settled share-based compensation expense	以股權結算之股份補償開支	113	366
Total staff costs	總員工成本	25,905	23,037
Cost of inventories sold	已售存貨成本	74,807	27,219
Research expenses	研發開支	-	492
Depreciation (Note 11)	折舊(附註11)	42,996	57,088
Amortisation of prepaid land lease payment	預付土地租賃款項攤銷	2,129	2,224
Minimum lease payments under operating leases in respect of buildings and equipment	有關樓宇及設備之經營租賃之最低租賃付款	4,396	4,046

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

7 FINANCE COSTS, NET

7 融資成本淨額

Six months ended 30 June

截至六月三十日止六個月

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Finance income	融資收入		
Interest income on time deposits	定期存款利息收入	3,295	15,993
Finance costs	融資成本		
Interest on bank loans and other borrowings	銀行及其他借貸利息	(154,340)	(127,505)
Interest on convertible bonds	可換股債券利息	(5,679)	(5,522)
Total interest expense	利息開支總額	(160,019)	(133,027)
Finance costs, net	融資成本淨額	(156,724)	(117,034)

8 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

The applicable Hong Kong profits tax rate of the Company and its subsidiaries, which operate in Hong Kong was 16.5% (2015: 16.5%) based on existing legislation. The applicable income tax rate of subsidiaries of the Group incorporated in Singapore was 17% (2015: 17%). The subsidiaries of the Group incorporated in Indonesia were subject to a single income tax rate of 25% (2015: 25%).

8 所得稅

本集團須按實體基準就產生或源於本集團成員公司註冊及經營所在司法權區的溢利繳納所得稅。

根據開曼群島及英屬處女群島（「英屬處女群島」）法規及規例，本集團於開曼群島及英屬處女群島毋須繳納任何所得稅。

根據現行法例，本公司及其於香港經營之附屬公司所適用之香港利得稅稅率為16.5%（二零一五年：16.5%）。本集團於新加坡註冊成立的附屬公司的適用所得稅稅率為17%（二零一五年：17%）。本集團於印尼註冊成立之附屬公司須按25%（二零一五年：25%）之單一所得稅稅率繳納所得稅。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

8 INCOME TAX (continued)

According to the PRC Corporate Income Tax Law, the applicable income tax rate of the PRC subsidiaries of the Group was 25% for the six months ended 30 June 2016 (2015: 25%).

8 所得稅(續)

據中國企業所得稅法，本集團的中國附屬公司截至二零一六年六月三十日止六個月之適用所得稅稅率為25% (二零一五年：25%)。

Six months ended 30 June 截至六月三十日止六個月

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current income tax	即期所得稅		
– Singapore	– 新加坡		
– Under-provision in prior years	– 過往年度撥備不足	444	–
Income tax charge	所得稅費用	444	–

9 DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the year ending 31 December 2016 (2015: Nil).

9 股息

董事不建議宣派截至二零一六年十二月三十一日止年度之中期股息(二零一五年：無)。

10 LOSS PER SHARE Basic

The calculation of basic loss per share is based on the loss for the period attributable to equity holders of the Company, and the weighted average number of ordinary shares of 2,786,889,848 (2015: 2,736,214,231) in issue during the period.

10 每股虧損 基本

每股基本虧損乃根據本公司權益持有人應佔期內虧損及期內已發行普通股之加權平均股數即2,786,889,848股(二零一五年：2,736,214,231股)計算。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

10 LOSS PER SHARE (continued)

Diluted

The calculation of diluted loss per share for the six months ended 30 June 2016 is based on the loss attributable to equity holders of the Company, adjusted to reflect the interest on, and change in fair value of the derivative component of the convertible bonds and share options. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted loss per share is the same as basic loss per share for the six months ended 30 June 2016 because the impact of dilution of the convertible bonds and share options is anti-dilutive.

10 每股虧損(續)

攤薄

截至二零一六年六月三十日止六個月之每股攤薄虧損乃根據本公司權益持有人應佔虧損計算，並作出調整以反映可換股債券衍生工具部分及購股權公允價值變動之利息。計算所用之普通股加權平均股數為期內已發行普通股之加權平均股數(按計算每股基本虧損所使用者)，以及假設於所有潛在攤薄普通股視為行使或轉換為普通股時按無償方式發行之普通股加權平均股數。

截至二零一六年六月三十日止六個月，由於可換股債券及購股權之攤薄影響屬反攤薄，故每股攤薄虧損等於每股基本虧損。

11 PROPERTY, PLANT AND EQUIPMENT

11 物業、廠房及設備

Six months ended 30 June

截至六月三十日止六個月

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
As at 1 January	於一月一日	619,540	1,178,003
Additions	添置	496	2,149
Disposals	出售	(1,966)	(2,360)
Depreciation charge for the period	期內折舊費用	(42,996)	(57,088)
Reversal of impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損撥回	15,627	-
Foreign exchange realignment	外幣折算差額	(19,619)	436
As at 30 June	於六月三十日	571,082	1,121,140

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

12 INTANGIBLE ASSET

12 無形資產

Six months ended 30 June

截至六月三十日止六個月

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Exclusive offtake right	獨家採購權		
As at 1 January and 30 June	於一月一日及 六月三十日	2,384,543	2,384,543

13 INVENTORIES

13 存貨

30 June

31 December

2016 2015

二零一六年 二零一五年

六月三十日 十二月三十一日

HK\$'000 HK\$'000

千港元 千港元

Raw materials	原材料	105,617	130,457
Work in progress	在製品	7,858	1,984
Finished goods	製成品	316,082	257,207
Spare parts and consumables	備件及易耗品	15,637	14,815
		445,194	404,463
Less: Provision for impairment losses	減：減值虧損撥備	(172,645)	(176,093)
		272,549	228,370

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

14 TRADE AND NOTES RECEIVABLES

14 應收賬款及應收票據

		Notes	30 June 2016 二零一六年 六月三十日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
		附註		
Trade receivables	應收賬款	(a)	33,954	33,833
Notes receivables	應收票據	(b)	211	334
			34,165	34,167
Less: provision for impairment losses	減：減值虧損撥備		(26,214)	(26,954)
			7,951	7,213

The Group's trading terms with its customers are mainly on credit, except for new customers and customers of limonitic ores, where payment in advance is normally required. The credit period is generally one to two months. During the period, the Group generated its revenue from sales of special steel products, thereby exposing the Group to concentration of credit risk in the steel industry. The Group does not hold any collateral or other credit enhancements over these balances. Trade and notes receivables are non-interest-bearing. The carrying amounts of trade and notes receivables approximate their fair values.

本集團與客戶之交易主要以信貸方式結算，惟一般要求新客戶及褐鐵礦客戶預付款項。信貸期一般為一至兩個月。期內，本集團之收益來自銷售特鋼產品，因此，本集團面臨鋼鐵行業之信貸集中風險。本集團並無就該等結餘持有任何抵押品或其他信貸保證。應收賬款及應收票據不計利息。應收賬款及應收票據的賬面值與其公允價值相若。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

14 TRADE AND NOTES RECEIVABLES (continued)

(a) Trade receivables

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

		30 June 2016	31 December 2015
		二零一六年 六月三十日	二零一五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Within 90 days	90日內	2,897	1,966
91 to 180 days	91至180日	28	-
181 to 365 days	181至365日	5	4,913
Over 1 year	超過一年	31,024	26,954
		33,954	33,833

(b) Notes receivables

At the end of the reporting period, the maturity period of the Group's notes receivables is as follows:

		30 June 2016	31 December 2015
		二零一六年 六月三十日	二零一五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Within 90 days	90日內	211	215
91 to 180 days	91至180日	-	119
		211	334

14 應收賬款及應收票據(續)

(a) 應收賬款

於報告期末，按發票日期計算之應收賬款之賬齡分析如下：

		30 June 2016	31 December 2015
		二零一六年 六月三十日	二零一五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Within 90 days	90日內	2,897	1,966
91 to 180 days	91至180日	28	-
181 to 365 days	181至365日	5	4,913
Over 1 year	超過一年	31,024	26,954
		33,954	33,833

(b) 應收票據

於報告期末，本集團應收票據之屆滿期如下：

		30 June 2016	31 December 2015
		二零一六年 六月三十日	二零一五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Within 90 days	90日內	211	215
91 to 180 days	91至180日	-	119
		211	334

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

15 預付款項、按金及其他應收款項

		30 June 2016 二零一六年 六月三十日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
Prepayments to PT. Yiwang Mining ("Yiwang")	預付PT. Yiwang Mining (「Yiwang」)之款項	137,040	137,251
Prepayments to other suppliers	預付其他供應商之款項	51,986	5,983
Other prepayments	其他預付款項	2,280	2,393
Deposits and other receivables	按金及其他應收款項	23,653	7,960
Value-added tax recoverable	可收回增值稅	57,020	57,556
Current portion of prepaid land lease payments	預付土地租賃款項之即期部分	4,070	4,162
		276,049	215,305

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

16 CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

16 現金及現金等值物與已抵押定期存款

		30 June 2016 二零一六年 六月三十日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	67,054	14,337
Time deposits	定期存款	3,178	117,738
Restricted cash (note)	受限制現金(附註)	12,051	12,294
		82,283	144,369
Less: Pledged time deposits for bank borrowings (Note 19(e))	減：為銀行貸款之已抵押定期存款(附註 19(e))	-	(39,270)
Pledged time deposits for issuing bank acceptance notes (Note 17(b))	為取得銀行承兌票據之已抵押定期存款(附註 17(b))	(3,165)	(78,455)
Pledged time deposits for senior bonds and convertible bonds	為優先債券及可換股債券之已抵押定期存款	(13)	(13)
Restricted cash (note)	受限制現金(附註)	(12,051)	(12,294)
Cash and cash equivalents	現金及現金等值物	67,054	14,337

Note: As at 30 June 2016, bank balances of HK\$12,051,000 (31 December 2015: HK\$12,294,000) have been placed in a bank in lieu of certain leasehold land of the Group being seized by certain creditors in relation to claims for outstanding payables of the Group to the extent of HK\$12,125,000, which will be utilised as settlement proceeds if required.

附註：於二零一六年六月三十日，銀行結餘12,051,000港元(二零一五年十二月三十一日：12,294,000港元)已存放於一間銀行，以取代本集團被若干債權人就本集團未償還應付款項12,125,000港元之申索而佔有之若干租賃土地，如有必要將用作和解所得款項。

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

17 TRADE AND NOTES PAYABLES

17 應付賬款及應付票據

			30 June	31 December
			2016	2015
			二零一六年	二零一五年
			六月三十日	十二月三十一日
		Notes	HK\$'000	HK\$'000
		附註	千港元	千港元
Trade payables	應付賬款	(a)	124,938	118,009
Notes payables	應付票據	(b)	4,987	234,624
			129,925	352,633

(a) Trade payables

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

(a) 應付賬款

於報告期末，按發票日期計算之應付賬款之賬齡分析如下：

			30 June	31 December
			2016	2015
			二零一六年	二零一五年
			六月三十日	十二月三十一日
			HK\$'000	HK\$'000
			千港元	千港元
Within 90 days	90日內		26,905	8,646
91 to 180 days	91至180日		357	1,836
181 to 365 days	181至365日		914	6,134
1 to 2 years	1至2年		22,266	24,654
2 to 3 years	2至3年		12,174	45,441
Over 3 years	超過3年		62,322	31,298
			124,938	118,009

Trade payables are normally settled on terms of 60 to 180 days. The carrying amounts of trade payables approximate their fair values at the end of the reporting period.

應付賬款一般支付期為60至180日。於報告期末，應付賬款之賬面值與其公允價值相若。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

17 TRADE AND NOTES PAYABLES (continued)

(b) Notes payables

At 30 June 2016, notes payables of HK\$4,987,000 (31 December 2015: HK\$234,624,000) were secured by time deposits amounting to HK\$3,165,000 (31 December 2015: HK\$78,455,000) (Note 16).

An ageing analysis of the notes payables of the Group at 30 June 2016 is as follows:

		30 June 2016	31 December 2015
		二零一六年 六月三十日	二零一五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Within 90 days	90日內	3,934	1,432
91 to 180 days	91至180日	-	40,385
181 to 365 days	181至365日	1,053	47,385
1 to 2 years	1至2年	-	145,422
		4,987	234,624

17 應付賬款及應付票據(續)

(b) 應付票據

於二零一六年六月三十日，應付票據4,987,000港元(二零一五年十二月三十一日：234,624,000港元)由定期存款3,165,000港元(二零一五年十二月三十一日：78,455,000港元)作為抵押(附註16)。

於二零一六年六月三十日，本集團應付票據之賬齡分析如下：

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

18 OTHER PAYABLES AND ACCRUALS

18 其他應付款項及應計負債

		30 June 2016 二零一六年 六月三十日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
Advances from customers	來自客戶之墊款	209,653	127,281
Payables related to purchases of property, plant and equipment	與購入物業、廠房及設備有關之應付款項	72,853	79,017
Accrued interest expense	應計利息開支	520,101	406,438
Payroll payable	應付工資	34,821	40,396
Amount due to a director	應付一名董事款項	2,025	1,975
Others	其他	266,525	247,047
		1,105,978	902,154

As at 30 June 2016, the carrying amounts of other payables and accruals approximate their fair values.

於二零一六年六月三十日，其他應付款項及應計負債的賬面值與其公允價值相若。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS

19 銀行及其他借貸

		30 June 2016 二零一六年六月三十日			31 December 2015 二零一五年十二月三十一日		
		Contractual interest rate (%)	Original maturity	HK\$'000	Contractual interest rate (%)	Original maturity	HK\$'000
Notes 附註	合同利率(%)	原定到期日	千港元	合同利率(%)	原到期日	千港元	
Non-current	非即期						
Non-current bank loan – secured	非即期銀行貸款 – 有抵押	(a)	2019 二零一九年	98,280	-	-	-
				98,280			-
Current	即期						
Non-current syndicated bank loan – secured	非即期銀團貸款 – 有抵押	(b)	2019 二零一九年	582,769	-	-	-
Non-current bank loans – unsecured	非即期銀行貸款 – 無抵押	(c)	2019 二零一九年	137,198	-	-	-
Current bank loans – unsecured	即期銀行貸款 – 無抵押	(d)	-	-	6.6	2016 二零一六年	23,872
Non-current bank loan – unsecured	非即期銀行貸款 – 無抵押	(d)	-	-	7.2	2016 二零一六年	59,680
Other bank loan – unsecured	其他銀行貸款 – 無抵押	(d)	-	-	5.0	On demand 須按要求償還	52,675
Current bank loans – secured – USD	即期銀行貸款 – 有抵押 – 美元	(e)	-	-	2.5	2016 二零一六年	39,530
- RMB	- 人民幣	(f)	-	-	6.4 – 8.0	2015 – 2016 二零一五年至 二零一六年	302,721
Other loans	其他貸款	(g)	2014 – 2015 二零一四年至 二零一五年	681,803	10.0 – 11.4	2014 – 2015 二零一四年至 二零一五年	835,520
Other borrowings – unsecured – related parties	其他借貸 – 無抵押 – 關連方	(h)	On demand 須按要求償還	92,717	Nil 零 – 43.2	On demand 須按要求償還	90,262
- related parties of the Potential Investor	- 潛在投資者的關連方	(i)	On demand 須按要求償還	244,425	10.0 – 30.0	On demand 須按要求償還	189,676
- other third parties	- 其他第三方	(i)	2014 – 2015 二零一四年至 二零一五年	65,846	8.0 – 108.0	2014 – 2015 二零一四年至 二零一五年	70,105
The 12% Coupon Senior Bonds	12%票面息優先債券	(k)	2018 二零一八年	390,990	12.0	2018 二零一八年	390,990
The Modified 10% Coupon Bonds	經修訂10%票面息債券	(l)	2015 二零一五年	28,400	10.0	2015 二零一五年	28,400
				2,224,148			2,083,431
				2,322,428			2,083,431

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes:

(a) Non-current secured bank loan

In May 2016, the Group replaced certain overdue RMB secured bank loans and notes payables to the extent of RMB55,000,000 (equivalent to HK\$64,350,000) (31 December 2015: HK\$65,648,000) and RMB29,000,000 (equivalent to HK\$33,930,000) (31 December 2015: HK\$34,614,000), respectively by a 3-year term bank loan. As at 30 June 2016, this bank loan is secured by a number of leasehold land in Mainland China with net carrying amount of HK\$40,111,000 (31 December 2015: HK\$40,599,000).

(b) Non-current secured syndicated bank loan

In January 2016, the Group has obtained a 3-year syndicated loan of approximately RMB498 million (equivalent to HK\$582,769,000) from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payables of the Group as at 31 December 2015 to the extent of RMB268,620,000 and RMB79,737,000, respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. During the six months ended 30 June 2016, the New Facilities have been fully drawn down.

The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments of certain subsidiaries of the Group. However, the Group failed to fulfill certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement. As a result, the outstanding amount of the 3-year syndicated loan of HK\$582,769,000 became immediately due and payable as at 30 June 2016.

19 銀行及其他借貸(續)

附註：

(a) 非即期有抵押銀行貸款

於二零一六年五月，本集團以一項三年期銀行貸款取代若干逾期人民幣有抵押銀行貸款及應付票據，金額分別為人民幣55,000,000元(相當於64,350,000港元)(二零一五年十二月三十一日：65,648,000港元)及人民幣29,000,000元(相當於33,930,000港元)(二零一五年十二月三十一日：34,614,000港元)。於二零一六年六月三十日，該筆銀行貸款以數幅位於中國大陸，賬面淨值為40,111,000港元(二零一五年十二月三十一日：40,599,000港元)的租賃土地作為抵押。

(b) 非即期有抵押銀團貸款

於二零一六年一月，本集團自中國一銀團取得一項三年期的銀團貸款約人民幣498百萬(相當於582,769,000港元)，(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日若干尚未償還的銀行貸款及應付票據，金額分別為人民幣268,620,000元及人民幣79,737,000元；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元(「新造融資」)，為期三年。於截至二零一六年六月三十日止六個月，新造融資已全數提取。

銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項擔保。然而，本集團於簽訂銀團貸款協議後未能履行該等銀團貸款融資項下的若干承擔及限制性契約規定，因此，未償還的三年期銀團貸款金額582,769,000港元於二零一六年六月三十日即時成為到期應付。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(c) Non-current unsecured bank loan

During the six months ended 30 June 2016, the Group has obtained an unsecured 3-year loan facility from a PRC bank for an amount of RMB360 million. As at 30 June 2016, a loan of RMB117,263,000 (equivalent to HK\$137,198,000) has been drawn down from the Unsecured Loan Facility, which had been used to replace part of the loans in relation to the proposed disposal of a 30% equity interest in SEAM as detailed in note (g) below.

However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. As a result, the outstanding amount of this loan of HK\$137,198,000 became immediately due and payable as at 30 June 2016. Subsequent to the reporting period and up to the approval of the interim condensed consolidated financial information, an additional amount of RMB139,273,300 (equivalent to HK\$162,950,000) has been drawn down from the Unsecured Loan Facility.

(d) Unsecured bank loans

Overdue unsecured bank loans to the extent of RMB70,000,000 (equivalent to HK\$83,552,000) and as at 31 December 2015 have been refinanced by the syndicated loan with a term of 3 years as mentioned in note (b) above.

During the year ended 31 December 2015, notes payables of the Group amounting to RMB44,131,000 (equivalent to HK\$52,675,000) became overdue and the relevant bank has re-designated them as an unsecured bank loan as at 31 December 2015. This unsecured bank loan was subsequently settled by the Group in February 2016, which was mainly financed by borrowings from a related party of the Potential Investor of RMB50 million obtained in January 2016.

19 銀行及其他借貸(續)

附註：(續)

(c) 非即期無抵押銀行貸款

於截至二零一六年六月三十日止六個月，本集團已自中國一銀行取得無抵押三年期貸款融資，金額為人民幣360百萬元。於二零一六年六月三十日，已自無抵押貸款融資中提取一筆貸款人民幣117,263,000元(相當於137,198,000港元)，此乃用於取代有關建議出售南洋礦業30%股本權益的部分貸款(如下文附註(g)詳述)。

然而，本集團於簽訂貸款協議後未能履行該無抵押貸款融資項下的若干承擔及限制性契諾規定，因此，此筆貸款未償還金額137,198,000港元於二零一六年六月三十日即時成為到期應付。於報告期間後及直至中期簡明綜合財務資料批准日期，已自無抵押貸款融資提取額外一筆人民幣139,273,300元(相當於162,950,000港元)的款項。

(d) 無抵押銀行貸款

如上文附註(b)所述，逾期無抵押銀行貸款人民幣70,000,000元(相當於83,552,000港元)於二零一五年十二月三十一日已由一筆三年期的銀團貸款進行再融資。

於截至二零一五年十二月三十一日止年度，本集團應付票據人民幣44,131,000元(相當於52,675,000港元)已逾期，且於二零一五年十二月三十一日，相關銀行已重新將其指定為無抵押銀行貸款。此項無抵押銀行貸款隨後於二零一六年二月由本集團結清，資金主要來自於二零一六年一月自潛在投資者的一名關連方取得的借貸人民幣50百萬元。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(e) USD secured bank loans

As at 31 December 2015, the USD secured bank loans from a bank of US\$5,100,000 (equivalent to HK\$39,530,000) were secured by bank deposits of HK\$39,270,000.

During the year ended 31 December 2015, the Group failed to make interest payment on certain of these secured bank loans which resulted in an event of default and these loans became immediately due for repayment.

During the six months ended 30 June 2016, these USD secured bank loans of HK\$39,530,000 had been settled mainly by utilising the Group's pledged time deposits of HK\$39,270,000.

(f) RMB secured bank loans

As at 31 December 2015, the RMB secured bank loans comprised: (i) a bank loan of RMB50,000,000 (equivalent to HK\$59,680,000) secured by a number of leasehold land in Mainland China with net carrying amounts of HK\$143,183,000; (ii) bank loans of RMB55,000,000 (equivalent to HK\$65,648,000) secured by a number of leasehold land in Mainland China with net carrying amounts of HK\$40,599,000; and (iii) bank loans of RMB148,620,000 (equivalent to HK\$177,393,000) secured by a parcel of leasehold land in Mainland China and buildings and plant and machinery with aggregate net carrying amounts of Nil, and guaranteed by Mr. Dong.

19 銀行及其他借貸(續)

附註：(續)

(e) 美元有抵押銀行貸款

於二零一五年十二月三十一日，自一家銀行取得的美元有抵押銀行貸款5,100,000美元(相當於39,530,000港元)以銀行存款39,270,000港元作為抵押。

於截至二零一五年十二月三十一日止年度，本集團未能支付若干該等有抵押銀行貸款的利息，這導致違約事件且該等貸款即時成為到期償還。

於截至二零一六年六月三十日止六個月，該等美元有抵押銀行貸款39,530,000港元主要透過動用本集團已抵押定期存款39,270,000港元結清。

(f) 人民幣有抵押銀行貸款

於二零一五年十二月三十一日，人民幣有抵押銀行貸款包括：(i)以數幅位於中國大陸，賬面淨值為143,183,000港元的租賃土地作為抵押的銀行貸款人民幣50,000,000元(相當於59,680,000港元)；(ii)以數幅位於中國大陸，賬面淨值為40,599,000港元的租賃土地作為抵押的銀行貸款人民幣55,000,000元(相當於65,648,000港元)；及(iii)以一幢位於中國大陸的租賃土地，及賬面淨值總額為零港元之樓宇、廠房及機器作為抵押的銀行貸款人民幣148,620,000元(相當於177,393,000港元)，貸款亦由董先生擔保。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(f) RMB secured bank loans (continued)

As at 31 December 2015, bank loans totalling RMB155,000,000 (equivalent to HK\$185,008,000) were overdue or became due for immediate repayment as a result of the event of cross-default.

As at 30 June 2016, RMB secured bank loans amounting to RMB55,000,000 (equivalent to HK\$64,350,000) (31 December 2015: HK\$65,648,000) have been extended for a term of 3 years as mentioned in note (a) above. The remaining RMB secured bank loans to the extent of RMB198,620,000 (equivalent to HK\$232,386,000) (31 December 2015: HK\$237,073,000) have been refinanced by the syndicated loan with a term of 3 years as mentioned in note (b) above.

(g) Other loans

On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital in relation to the disposal of a 30% equity interest in SEAM, a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (equivalent to approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of the interim condensed consolidated financial information.

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance to the Group in the aggregate amounts of RMB700,000,000 (equivalent to HK\$835,520,000) as at 31 December 2015. Such borrowings can be settled by offsetting against the disposal consideration should the proposed disposal be completed.

19 銀行及其他借貸(續)

附註：(續)

(f) 人民幣有抵押銀行貸款(續)

於二零一五年十二月三十一日，銀行貸款合共人民幣155,000,000元(相當於185,008,000港元)已逾期或由於交叉違約事件成為即時到期償還。

於二零一六年六月三十日，人民幣有抵押銀行貸款金額人民幣55,000,000元(相當於64,350,000港元)(二零一五年十二月三十一日：65,648,000港元)已延期三年(如上述附註(a)所述)。剩餘人民幣有抵押銀行貸款金額人民幣198,620,000元(相當於232,386,000港元)(二零一五年十二月三十一日：237,073,000港元)由一項三年的銀團貸款進行再融資(如上述附註(b)所述)。

(g) 其他貸款

於二零一三年一月二十一日，本集團與北京匯贏訂立有關出售本集團全資附屬公司南洋礦業30%股本權益的無約束力框架協議。總出售代價預計約為1.50億美元(相當於約11.70億港元)。截至中期簡明綜合財務資料批准日期，此項建議交易尚未完成，亦未訂立任何正式買賣協議。

就此項建議出售事項而言，於二零一五年十二月三十一日，北京匯贏為本集團安排若干貸款融資總額人民幣7.00億元(相當於835,520,000港元)。倘建議之出售事項得以完成，有關借貸可藉抵銷出售代價支付。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(g) Other loans (continued)

The Financing Loans comprised:

- (i) A loan of RMB200,000,000 (equivalent to HK\$234,000,000) (31 December 2015: HK\$238,720,000) under a secured financing arranged by Beijing Wincapital for a term of two years up to January 2015.

In consideration of the financing, (i) Zhengzhou Yongtong Special Steel Ltd. ("Yongtong Special Steel"), a wholly-owned subsidiary of the Group, has assigned its rights and entitlements to all the income generated or otherwise receivable, if any, from the equity interest of its wholly-owned subsidiary, Henan Yongtong Stainless Steel Products Co., Ltd. and (ii) a personal guarantee provided by Mr. Dong for such period so long as the financing remains outstanding.

- (ii) Loans provided by Gongyi Jiahui Technology Promotion Service Centre LLP ("Gongyi Jiahui") in the aggregate of RMB382,737,000 (equivalent to HK\$447,803,000) (31 December 2015: HK\$596,800,000) for a term of three to six months from the respective drawdown dates.

Except for a loan of RMB49,200,000 (equivalent to HK\$57,564,000) (31 December 2015: HK\$58,725,000) which was secured by a charge over 1,307,786,705 ordinary shares of the Company held by Easyman, representing approximately 42.35% of the issued share capital of the Company as at 30 June 2016, all of these loans are unsecured.

During the six months ended 30 June 2016, as mentioned in note (c) above, RMB117,263,000 (equivalent to HK\$137,198,000) of the Financing Loans was repaid.

19 銀行及其他借貸(續)

附註：(續)

(g) 其他貸款(續)

融資貸款包括：

- (i) 貸款人民幣200,000,000元(相當於234,000,000港元)(二零一五年十二月三十一日：238,720,000港元)為北京匯贏安排的為期兩年(至二零一五年一月)的有抵押融資。

作為融資的代價，(i)鄭州永通特鋼有限公司(「永通特鋼」)(本集團的全資附屬公司)已轉讓自其全資附屬公司河南永通不銹鋼製品有限公司的股本權益所產生或應收的所有收入的權利及利益(如有)；及(ii)董先生於融資仍未償還之期間提供個人擔保。

- (ii) 鞏義市佳匯技術推廣服務中心(有限合夥)(「鞏義佳匯」)提供貸款合共人民幣382,737,000元(相當於447,803,000港元)(二零一五年十二月三十一日：596,800,000港元)，為期三至六個月(由相關提款日期起計)。

除貸款人民幣49,200,000元(相當於57,564,000港元)(二零一五年十二月三十一日：58,725,000港元)以質押Easyman所持本公司1,307,786,705股普通股(相當於本公司於二零一六年六月三十日已發行股本約42.35%)作為抵押品外，所有該等貸款為無抵押。

於截至二零一六年六月三十日止六個月，如上述附註(c)所述，已償還融資貸款人民幣117,263,000元(相當於137,198,000港元)。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(g) Other loans (continued)

As at 30 June 2016, all of the Financing Loans were overdue. The Group is in the process of negotiating with Beijing Wincapital and the above relevant lenders to extend the terms of these borrowings.

(h) Unsecured borrowings from related parties

As at 30 June 2016, unsecured borrowings from related parties comprised: (i) loans from Mr. Dong's relative of RMB25,700,000 (equivalent to HK\$30,069,000) (31 December 2015: HK\$30,676,000), which bear interest at rates of 36% to 43% per annum; and (ii) loans from the ultimate holding company of the Company consisting of amounts of SG\$7,757,000, US\$1,715,000 and HK\$5,518,000 (in aggregate equivalent to HK\$62,648,000) (31 December 2015: HK\$59,586,000), which bear interest at a rate of 8% per annum except for an amount of US\$1,715,000, which is interest free. As at 30 June 2016, borrowing to the extent of HK\$6,519,000 was overdue.

(i) Unsecured borrowings from related parties of the Potential Investor

As at 30 June 2016, the total borrowings obtained from certain related parties of the Potential Investor amounted to RMB208,910,000 (equivalent to HK\$244,425,000) (31 December 2015: HK\$189,676,000). All these borrowings were overdue as at 30 June 2016.

The Group has been actively negotiating with the lenders of the above borrowings for the renewal and extension of the repayment dates for a term of 2 years.

19 銀行及其他借貸(續)

附註：(續)

(g) 其他貸款(續)

於二零一六年六月三十日，所有融資貸款均已逾期。本集團正在與北京匯贏及上述相關放貸人進行磋商，以延長該等借貸之期限。

(h) 從關連方借入的無抵押借貸

於二零一六年六月三十日，從關連方借入的無抵押借貸包括：(i) 從董先生親屬借入的貸款人民幣25,700,000元(相當於30,069,000港元)(二零一五年十二月三十一日：30,676,000港元)，按年利率36厘至43厘計息；及(ii) 向本集團最終控股公司借入貸款，該貸款包括7,757,000新加坡元、1,715,000美元及5,518,000港元(相當於合共62,648,000港元)(二零一五年十二月三十一日：59,586,000港元)，除了貸款1,715,000美元為免息外，其他貸款按年利率8厘計息。於二零一六年六月三十日，借貸6,519,000港元已逾期。

(i) 來自潛在投資者的關連方的無抵押借貸

於二零一六年六月三十日，自潛在投資者的若干關連方取得借貸合共人民幣208,910,000元(相當於244,425,000港元)(二零一五年十二月三十一日：189,676,000港元)。所有該等借貸於二零一六年六月三十日逾期。

本集團一直積極與上述借貸之放貸人進行磋商，以重續及延長償還日期兩年。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(j) Unsecured borrowings from other third parties

As at 30 June 2016, unsecured borrowings from other third parties comprised: (i) a loan from an independent third party of RMB1,000,000 (equivalent to HK\$1,170,000) (31 December 2015: HK\$1,193,000), which bear interest at 12% per annum; (ii) a loan from an independent third party of US\$2,500,000 (equivalent to HK\$19,397,000) (31 December 2015: HK\$19,377,000), which bear interest at 8% per annum; (iii) loans from certain independent third parties of RMB21,000,000 (equivalent to HK\$24,570,000) (31 December 2015: HK\$25,066,000), RMB17,000,000 (equivalent to HK\$19,890,000) (31 December 2015: HK\$20,291,000), and RMB700,000 (equivalent to HK\$819,000) (31 December 2015: HK\$4,178,000) which bear interest at rates of 21.6% per annum, 19.2% per annum and 0.3% per day, respectively.

All these unsecured other borrowings were overdue as at 30 June 2016.

19 銀行及其他借貸(續)

附註：(續)

(j) 來自其他第三方的無抵押借貸於二零一六年六月三十日，自其他第三方的無抵押借貸包括(i)來自一名獨立第三方之貸款人民幣1,000,000元(相當於1,170,000港元)(二零一五年十二月三十一日：1,193,000港元)，按年利率12厘計息；(ii)來自一名獨立第三方之貸款2,500,000美元(相當於19,397,000港元)(二零一五年十二月三十一日：19,377,000港元)，按年利率8厘計息；(iii)來自若干獨立第三方之貸款人民幣21,000,000元(相當於24,570,000港元)(二零一五年十二月三十一日：25,066,000港元)、人民幣17,000,000元(相當於19,890,000港元)(二零一五年十二月三十一日：20,291,000港元)及人民幣700,000元(相當於819,000港元)(二零一五年十二月三十一日：4,178,000港元)，分別按年利率21.6厘、年利率19.2厘及日利率0.3厘計息。

所有該等無抵押其他借貸於二零一六年六月三十日逾期。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(k) The 12% Coupon Senior Bonds

The movements of the liability and derivative components of the 12% Coupon Senior Bonds are as follows:

	Liability component	Embedded derivatives	Total	
	負債部分	嵌入式衍生 工具	總計	
	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	
At 1 January, 30 June and 31 December 2015, 1 January and 30 June 2016	於二零一五年一月一日、 六月三十日及 十二月三十一日及 二零一六年一月一日及 六月三十日	390,990	-	390,990

Note:

During the year ended 31 December 2014, the Company failed to make interest payment under the relevant terms and conditions of the Modified 10% Coupon Bonds (see note (l) below), 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds of HK\$1,420,000, HK\$11,698,000 and HK\$2,990,000 respectively. This constituted an event of default under the respective terms of the Bonds. As a result, the outstanding carrying amounts of the Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds totalling HK\$352,644,000, shall become immediately due and payable. In addition, unwinding of interest totalling HK\$210,670,000 was accelerated; and all the liabilities of the Bonds have been classified as current liabilities.

19 銀行及其他借貸(續)

附註：(續)

(k) 12% 票面息優先債券

12%票面息優先債券之負債及衍生工具部分之變動如下：

	Liability component	Embedded derivatives	Total	
	負債部分	嵌入式衍生 工具	總計	
	HK\$'000	HK\$'000	HK\$'000	
	千港元	千港元	千港元	
At 1 January, 30 June and 31 December 2015, 1 January and 30 June 2016	於二零一五年一月一日、 六月三十日及 十二月三十一日及 二零一六年一月一日及 六月三十日	390,990	-	390,990

附註：

截至二零一四年十二月三十一日止年度，本公司未能根據經修訂10%票面息債券(見下文附註(i))、12%票面息優先債券及8%票面息可換股債券之相關條款及條件支付利息，分別為1,420,000港元、11,698,000港元及2,990,000港元。根據該等債券之相關條款，此事構成違約事件。因此，經修訂10%票面息債券、12%票面息優先債券及8%票面息可換股債券之未償還賬面值合共為352,644,000港元，成為即時到期應付。此外，已加速利息撥回合共210,670,000港元，而該等債券之所有負債已分類為流動負債。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

19 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(k) The 12% Coupon Senior Bonds (continued)

Note: (continued)

During the year ended 31 December 2015 and the six months ended 30 June 2016, the Company also failed to make further interest payments of the Bonds of HK\$64,344,000 and HK\$34,866,000 respectively (six months ended 30 June 2015: HK\$39,476,000).

Despite the above, DB Trustees (Hong Kong) Limited, the trustee for the holders of the Bonds, has not demanded immediate repayment of the Bonds and their related interest up to the date of approval of the interim condensed consolidated financial information. The Group has been actively negotiating with the holders of the Bonds for the execution of the Debt Restructuring Proposal to facilitate the Group meeting its obligations. At the meeting of the holders of the 12% Coupon Senior Bonds held on 21 June 2016, an extraordinary resolution was passed that no holder of the 12% Coupon Senior Bonds shall demand repayment of any amount due under the 12% Coupon Senior Bonds or take any action to enforce the payment of monies or exercise any other right thereunder or otherwise take any action against the Company whether or not under the terms and conditions of the 12% Senior Bonds or request or require the trustee to take any of the foregoing actions.

(l) The Modified 10% Coupon Bonds

As at 30 June 2016 and 31 December 2015, an event of default occurred under the terms of the Modified 10% Coupon Bonds, details of which have been disclosed in note (k) above.

19 銀行及其他借貸(續)

附註：(續)

(k) 12% 票面息優先債券(續)

附註：(續)

本公司未能於截至二零一五年十二月三十一日止年度及截至二零一六年六月三十日止六個月支付該等債券之進一步利息，分別為64,344,000港元及34,866,000港元(截至二零一五年六月三十日止六個月：39,476,000港元)。

儘管發生上述事件，截至中期簡明綜合財務資料批准日期，德意志信託(香港)有限公司(為該等債券持有人之受託人)並無要求即時償還該等債券及其相關利息。本集團已積極與該等債券持有人進行磋商，執行債務重組建議，促使本集團履行其責任。於二零一六年六月二十一日舉行的12%票面息優先債券持有人大會通過特別決議案，12%票面息優先債券持有人不得要求償還12%票面息優先債券項下任何到期金額或採取任何行動迫使支付款項或行使其項下任何其他權利或以其他方式向本公司採取任何行動(不論是否根據12%票面息優先債券之條款及條件)或請求或要求受託人向本公司採取任何上述行動。

(l) 經修訂10%票面息債券

於二零一六年六月三十日及二零一五年十二月三十一日，根據經修訂10%票面息債券之條款發生違約事件，詳情於上文附註(k)披露。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

20 CONVERTIBLE BONDS

The movements of the liability and derivative components of the 8% Coupon Convertible Bonds are as follows:

20 可換股債券

8%票面息可換股債券之負債及衍生工具部分之變動如下：

		Group and Company 本集團及本公司		
		Liability component of convertible bonds	Derivatives	Total
		可換股債券之 負債部分	衍生工具	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 January 2015	於二零一五年一月一日	143,925	84,373	228,298
Conversion into ordinary shares	轉換為普通股	(26,400)	(15,476)	(41,876)
Changes in fair value	公允價值之變動	-	3,596	3,596
At 30 June 2015	於二零一五年六月三十日	117,525	72,493	190,018
At 1 January 2016	於二零一六年一月一日	117,525	41,769	159,294
Conversion into ordinary shares	轉換為普通股	(70,750)	(13,200)	(83,950)
Changes in fair value	公允價值之變動	-	(19,887)	(19,887)
At 30 June 2016	於二零一六年六月三十日	46,775	8,682	55,457

The Company determined the fair value of the liability component of the 8% Coupon Convertible Bonds based on the valuation performed by Greater China Appraisal Limited using an equivalent market interest rate for a similar bond without a conversion option.

本公司乃根據漢華評值有限公司利用同類債券(並無兌換權)之相等市場利率作出之估值釐定8%票面息可換股債券負債部分之公允價值。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

20 CONVERTIBLE BONDS (continued)

The Company also recognised a number of derivatives, the values of which comprise:

- (i) The fair value of the option of the bondholders to convert the 8% Coupon Convertible Bonds into ordinary shares of the Company at the conversion price;
- (ii) The fair value of the option of the Company to redeem the 8% Coupon Convertible Bonds; and
- (iii) The fair value of the potential option of the holders to request the Company to redeem the 8% Coupon Convertible Bonds upon the occurrence of "Relevant Event" (note).

Note:

A "Relevant Event" occurs:

- (1) when the ordinary shares of the Company cease to be listed or admitted to trading, or the trading of which is suspended for a period of more than 90 consecutive calendars, on the Hong Kong Stock Exchange; or
- (2) when there is a change of control in the Company.

20 可換股債券(續)

本公司亦確認數項衍生工具，其價值包括以下各項：

- (i) 債券持有人按兌換價將8%票面息可換股債券兌換為本公司普通股的選擇權的公允價值；
- (ii) 本公司贖回8%票面息可換股債券的購股權公允價值；及
- (iii) 持有人要求本公司於發生「有關事件」(附註)後贖回8%票面息可換股債券的潛在購股權的公允價值。

附註：

「有關事件」於以下情況下發生：

- (1) 當本公司普通股不再於香港聯交所上市，或不再獲准於香港聯交所買賣，或其買賣暫停超過為期連續90個曆日；或
- (2) 倘本公司之控制權出現變動。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

20 CONVERTIBLE BONDS (continued)

These options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound derivative financial instrument was recognised.

The fair values of the derivatives were valued by Greater China Appraisal Limited using the trinomial model. As at 30 June 2016, the fair value of the liability component of the 8% Coupon Convertible Bonds was HK\$8,682,000.

The 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds are secured by (i) the pledge of the Group's time deposits amounting to HK\$13,000; (ii) all of the rights, interest, title and benefits of the Exclusive Offtake Agreement; and (iii) all of the shares held by First Elite Development Limited in S.E.A. Mining Limited, a private company incorporated in Hong Kong with limited liability, which is the sole legal and beneficial holder of the convertible bonds issued by Yiwon with principals amounting to HK\$46,500,000 and US\$3,000,000 respectively, which are convertible into ordinary shares of Yiwon.

As at 30 June 2016, an event of default occurred under the terms of the 8% Coupon Convertible Bonds, details of which have been disclosed in Note 19(k).

20 可換股債券(續)

由於僅可行使此等選擇權之其中一項，故此等選擇權為互相關連。因此，有關選擇權不可獨立入帳，並確認單一綜合衍生金融工具。

衍生工具之公允價值乃漢華評值有限公司使用三項式模式而作出的估值。於二零一六年六月三十日，8%票面息可換股債券負債部分之公允值為8,682,000港元。

12%票面息優先債券及8%票面息可換股債券由下列各項作抵押：(i)質押本集團定期存款13,000港元；(ii)獨家採購協議之所有權利、權益、所有權及利益；及(iii) First Elite Development Limited於南洋礦產有限公司持有之所有股份。南洋礦產有限公司乃一間於香港註冊成立的私人有限公司，為Yiwon所發行本金分別為46,500,000港元及3,000,000美元之可換股債券(可轉換為Yiwon的普通股)之唯一合法及實益持有人。

於二零一六年六月三十日，根據8%票面息可換股債券的條款發生違約事件，詳情於附註19(k)披露。

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

20 CONVERTIBLE BONDS (continued)

At the meetings of the holders of the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, separate extraordinary resolutions (“Extraordinary Resolutions”) were passed and resolved, among others, to approve the Debt Restructuring Proposal, not to enforce any security of the Bonds until approval of the Schemes and release the security as required under the Schemes following the Schemes becoming effective, vote the entire principal amount in favour of the Schemes at the meetings of the Schemes, waive any event of default or potential event of default which might or has occurred and not to demand repayment of any amount due under the Bonds.

Following the pass and effectiveness of the Extraordinary Resolutions by 6 July 2016, the Company is preparing the necessary documents to submit to the courts for the relevant creditors’ approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

20 可換股債券(續)

已分別於二零一六年六月二十一日及二零一六年七月六日舉行的12%票面息優先債券及8%票面息可換股債券持有人會議上，通過獨立特別決議案(「特別決議案」)決議(其中包括)批准債務重組建議，在計劃獲批准之前不就債券執行任何抵押並根據計劃的規定在計劃生效後解除抵押，於計劃大會上以全部本金額投票贊成計劃，豁免任何可能發生或已發生的違約事件或潛在違約事件以及不要求償還任何逾期的債券款項。

於二零一六年七月六日特別決議案獲通過及生效後，本公司正在準備需呈交法院之文件，以獲得債務重組建議下開曼群島計劃及香港計劃之相關債權人批准及法院頒令。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

21 SHARE CAPITAL

21 股本

		Six month ended 30 June 截至六月三十日止六個月			
		2016 二零一六年		2015 二零一五年	
		Number of ordinary shares 普通股數	HK\$'000 千港元	Number of ordinary shares 普通股數	HK\$'000 千港元
Authorised (HK\$0.1 each):	法定(每股0.1港元):				
At beginning and end of the period	於期初及期末	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid (HK\$0.1 each):	已發行及繳足 (每股0.1港元):				
At beginning of the period	於期初	2,766,540,198	276,654	2,678,540,198	267,854
Conversion of convertible bonds	轉換可換股債券	321,590,907	32,159	88,000,000	8,800
At end of the period	於期末	3,088,131,105	308,813	2,766,540,198	276,654

During the six months ended 30 June 2016, convertible bonds with principal amount of HK\$70,750,000 (2015: HK\$26,400,000) were converted into 321,590,907 (2015: 88,000,000) new ordinary shares of the Company at HK\$0.22 (2015: HK\$0.30) per share in accordance with the terms of the convertible bonds.

截至二零一六年六月三十日止六個月，本金金額為70,750,000港元(二零一五年：26,400,000港元)之可換股債券已根據可換股債券之條款按每股0.22港元(二零一五年：0.30港元)轉換為321,590,907股(二零一五年：88,000,000股)本公司新普通股。

22 SHARE-BASED PAYMENT

On 2 May 2005, the Company approved a share option scheme (the "Share Option Scheme") under which the Directors may, at their discretion, grant options to the Directors and employees of the Group to subscribe for shares in the Company. The subscription price for shares under the Share Option Scheme will be determined by the Directors, which shall be calculated at the time of grant of the relevant option and shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day; and (iii) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not exceed 10% of the share capital of the Company in issue and may not exceed in nominal value 30% of the issued share capital of the Company in issue for a period of 10 consecutive years. The Share Option Scheme will remain in force for the period of 10 years commencing on 2 May 2005. No option may be granted to any one person which, if exercised in full, would result in the total number of shares which were already issued and may fall to be issued to him under all the options previously granted to him pursuant to the Share Option Scheme in any 12-month period up to the date of grant, exceeding 1% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Share Option Scheme.

22 以股份付款

於二零零五年五月二日，本公司批准一項購股權計劃（「購股權計劃」），據此，董事可酌情授予本集團董事及僱員認購本公司股份之購股權。購股權計劃項下股份之認購價將由董事釐定，於授出有關購股權當日計算，並不得少於下列各項之最高者：(i) 股份面值；(ii) 於授出有關購股權當日（必須為營業日）香港聯交所日報表所列股份之收市價；及(iii) 緊接授出有關購股權當日前五個營業日香港聯交所日報表所列股份之平均收市價。

根據購股權計劃可授出之購股權涉及之股份數目最多不得超過本公司已發行股本之10%，亦不得超過本公司已發行股本面值之30%，為期連續十年。購股權計劃於二零零五年五月二日起為期十年有效。倘於截至授出日期止任何12個月期間全面行使先前授予一名人士之購股權將導致根據購股權計劃向其授出之所有購股權項下已向或可向其發行之股份總數，超過當時根據該購股權計劃已發行及可發行之股份最高總數1%，則不得向其授出購股權。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

22 SHARE-BASED PAYMENT (continued)

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

There were 1,590,000 share options lapsed, with no share options granted or exercised during the six months ended 30 June 2016.

23 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

22 以股份付款(續)

授予本公司董事、行政總裁或主要股東或彼等任何聯繫人士之購股權須事先取得獨立非執行董事批准。此外，如於任何12個月期間授予主要股東或獨立非執行董事或彼等任何聯繫人士之任何購股權超逾本公司任何時間已發行股份之0.1%，或有關購股權之總值(根據本公司股份於購股權授出日期之價格計算)超逾5,000,000港元，則須事先在股東大會上取得股東批准。

截至二零一六年六月三十日止六個月期間，1,590,000份購股權已失效，且概無購股權獲授出或行使。

23 公允價值層級

本集團按以下層級釐定及披露金融工具的公允價值：

- 第1級：公允價值乃按相同資產或負債於活躍市場中所報價格(未經調整)計量
- 第2級：公允價值乃按當中對入賬公允價值構成重大影響的所有輸入數據乃可直接或間接觀察的估值技術計量
- 第3級：公允價值乃按當中對入賬公允價值構成重大影響之任何輸入數據並非根據可觀察市場數據(不可觀察輸入數據)估值技術計量

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

23 FAIR VALUE HIERARCHY (continued)

As at 30 June 2016 and 31 December 2015, the Group did not have any financial instruments that are carried at fair value except for the derivative financial instruments.

At 30 June 2016 and 31 December 2015, the conversion rights of the Group's 8% Coupon Convertible Bonds, together with redemption rights (considered as a single derivative), classified as derivative financial instruments of HK\$8,682,000 (31 December 2015: HK\$41,769,000) was measured under level 3 of fair value hierarchy. The fair value was valued by estimating the value of the whole bond with and without the embedded derivatives.

The most significant inputs in determination of the fair value of conversion rights of the 8% Coupon Convertible Bonds are market price of the Company's ordinary shares, discount rate, and volatility rate of market price of the Company's ordinary shares.

24 CONTINGENT LIABILITIES

The Group follows the guidance of IAS37 "Provisions, Contingent Liabilities and Contingent Assets" to determine when contingent liabilities should be recognised, which requires significant judgement.

A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group's control, or when it is not possible to calculate the amount. Realisation of any contingent liabilities not currently recognised or disclosed could have a material impact on the Group's financial position.

23 公允價值層級(續)

於二零一六年六月三十日及二零一五年十二月三十一日，除衍生金融工具外，本集團並無任何金融工具按公允價值列賬。

於二零一六年六月三十日及二零一五年十二月三十一日，分類為衍生金融工具的本集團8%票面息可換股債券之換股權連同贖回權(被視為單一衍生工具)8,682,000港元(二零一五年十二月三十一日：41,769,000港元)乃以公允價值層級的第3級別計量。該公允價值乃透過估計全部債券包含及不包含嵌入式衍生工具的價值進行估值。

釐定8%票面息可換股債券換股權之公允價值的最重要輸入數據乃本公司普通股的市價、貼現率，以及本公司普通股的市價波動率。

24 或然負債

本集團遵從國際會計準則第37號「撥備、或然負債及或然資產」的指引，以斷定何時應確認或然負債，過程中需要作出重大的判斷。

當有可能產生責任，惟其存在與否須透過非本集團所能控制的未來事件確定，或當不可能計算責任所涉金額，則會披露為或然負債。任何目前未確認或披露的或然負債一旦實現，均有可能對本集團的財務狀況造成重大影響。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

The Group reviews significant outstanding litigations in order to assess the need for provisions. Among the factors considered are the nature of the litigation, legal processes and potential level of damages, the opinions and views of the legal counsels and advisors, and the management's intentions to respond to the litigations. To the extent the estimates and judgements do not reflect the actual outcome, this could materially affect the results for the period and the financial position.

(a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers")

In March 2014, the Company received certain legal letters (the "Letters") from the Buyers dated 20 March 2014, which purported to be statutory demands serviced to the Company pursuant to section 178(1) (a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) ("Statutory Demand").

24 或然負債(續)

本集團會審閱重大的待決訴訟，以評估有否撥備的需要。所考慮的因素包括訴訟的性質、法律程序及損害賠償的潛在程度、法律顧問及諮詢人的意見及見解以及管理層對回應訴訟的意向。倘估計及判斷與實際結果不相符，則有可能嚴重影響期內業績及財務狀況。

(a) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟

於二零一四年三月，本公司接獲買家發出日期為二零一四年三月二十日的若干法律函件(「該等函件」)，其中聲稱為根據《公司(清盤及雜項條文)條例》(第32章)第178(1)(a)條向本公司呈遞之法定要求索償書(「法定要求索償書」)。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(a) Litigation with Rock Resource Limited (“RR”) and United Mineral Limited (“UM”) (collectively referred to as the “Buyers”) (continued)

The Letters concern disputes between the Group and the Buyers relating to certain primary contracts for the sale and purchase of Indonesian iron ores, and contain claims for (i) an amount of US\$10,347,698 (equivalent to approximately HK\$80,242,000) which comprises the demand for return of an advance payment made by RR to the Group of US\$3,000,000 (equivalent to approximately HK\$23,264,000) and interest thereon to the extent of US\$7,347,698 (equivalent to approximately HK\$56,978,000) payable up to 20 March 2014; and (ii) an amount of RMB70,355,783 (equivalent to approximately HK\$89,488,000) which comprises the demand for return of an advance payment made by UM to the Group of RMB20,000,000 (equivalent to approximately HK\$25,438,000) and interest thereon to the extent of RMB50,355,783 (equivalent to approximately HK\$64,050,000) payable up to 20 March 2014. The Company as guarantor to the abovementioned primary contracts is therefore also a party to these litigations.

24 或然負債 (續)

(a) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟 (續)

該等函件涉及本集團與買家就買賣印尼鐵礦石而簽訂的若干主要合約的糾紛，其中載有以下索償：(i) 一筆為數10,347,698美元(相當於約80,242,000港元)的款項，包含RR向本集團要求退還已付墊款3,000,000美元(相當於約23,264,000港元)連同其中利息，金額為截至二零一四年三月二十日止應付的7,347,698美元(相當於約56,978,000港元)；及(ii) 一筆為數人民幣70,355,783元(相當於約89,488,000港元)的款項，包含UM向本集團要求退還已付墊款人民幣20,000,000元(相當於約25,438,000港元)連同其中利息，金額為截至二零一四年三月二十日止應付的人民幣50,355,783元(相當於約64,050,000港元)。由於本公司為上述主要合約之擔保人，因此亦屬該等訴訟之一方。

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(a) Litigation with Rock Resource Limited (“RR”) and United Mineral Limited (“UM”) (collectively referred to as the “Buyers”) (continued)

On 4 April 2014, the Group issued a legal letter to the legal representative of the Buyers requesting them to withdraw the Statutory Demand as the Group considers that it has bona fide defences on substantial grounds to the claims asserted from the Buyers, and the Group also considers it has very substantial counterclaims against the Buyers as a result of their non-performance of the relevant contracts.

On 7 April 2014, the Group received another legal letter from the legal representative of the Buyers informing that the Buyers will not present their winding up petition against the Company without serving a 3-day notice.

24 或然負債 (續)

(a) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟 (續)

於二零一四年四月四日，本集團向買家的法律代表發出法律函件，要求他們撤回法定要求索償書，理由是本集團認為其就買家提出的索償有實質理據作出真誠抗辯，且本集團亦認為基於買家亦未有履行有關合約，可向買家提出非常重大的反索償。

於二零一四年四月七日，本集團接獲買家法律代表另一封法律函件，通知本集團買家不會在未有發出3天通知的情況下，提請本公司清盤。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 11 April 2014, the Company received another statutory demand from the legal representative of UM to claim for certain interest charge ("Interest Charge") on certain loans provided by UM to the Group (the principal of which had been fully repaid before 31 December 2014) calculated up to 11 April 2014 (as supplemented by another legal letter dated 15 April 2014), together with the related penalty, to the extent of US\$3,839,000 (equivalent to approximately HK\$29,770,000). The Group has subsequently replied, through its legal representative, that most of the claimed Interest Charge are unenforceable at law but agreed to pay the relevant interest charge (after tax) calculated under normal contract terms in the amount of US\$345,000 (equivalent to approximately HK\$2,675,000) which had been provided for during the year ended 31 December 2013.

On 9 May 2014, the Group received another legal letter from the legal representative of UM informing that UM will not present its winding up petition against the Company without serving a 3-day notice.

In October 2014, the legal representative of UM issued a letter to the Group requesting payment for the amount of US\$345,000 and the Group fully settled the amount in November 2014.

24 或然負債(續)

(a) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟(續)

於二零一四年四月十一日，本公司接獲UM法律代表另一項法定要求索償書(經日期為二零一四年四月十五日另一封法律函件補充)，申索有關UM向本集團提供若干貸款(本金額已於二零一四年十二月三十一日前全數償還)截至二零一四年四月十一日止之若干利息收費(「利息收費」)，連同有關罰金，金額為3,839,000美元(相當於約29,770,000港元)。本集團隨後透過其法律代表回覆，申索的大部分利息收費在法律上為不可強制執行，但同意支付按正常合約條款計算的相關利息收費(稅後)345,000美元(相當於約2,675,000港元)，有關金額已於截至二零一三年十二月三十一日止年度作出撥備。

於二零一四年五月九日，本集團接獲UM法律代表另一封法律函件，通知本集團UM不會在未有發出3天通知的情況下，提請本公司清盤。

於二零一四年十月，UM法律代表向本集團發出函件，要求支付345,000美元之金額，本集團已於二零一四年十一月悉數結付有關金額。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(a) Litigation with Rock Resource Limited (“RR”) and United Mineral Limited (“UM”) (collectively referred to as the “Buyers”) (continued)

On 18 November 2014, a subsidiary of the Group received a legal letter from RR, which purported to be statutory demand serviced to the subsidiary pursuant to section 254(2) (a) of the Singapore Companies Act (Cap.50), requesting for settlement of a payable of US\$1,726,000 (equivalent to approximately HK\$13,387,000) (the “Unpaid Invoices”), which has been included as current liabilities of the Group in the interim condensed consolidated financial information.

On 8 December 2014, the Group issued a legal letter to RR requesting RR to withdraw such statutory demand and confirm that RR will not commence winding up of the aforementioned subsidiary as the Group considers it has bona fide defences on substantial grounds to the claims asserted in RR’s letter dated 18 November 2014 and significant cross-claims against RR and therefore the Unpaid Invoices should not be settled at this stage since the Group would be entitled to set these sums off against its very substantial counterclaims for RR and/or UM.

On 8 September 2015, Easyman entered into a Swap of Debt Agreement with RR and CNR Group Holdings Pte Ltd (“CNRG”), a subsidiary of the Group, which gave effect to provide a charge over a total of 31,762,295 shares in the Company to RR as a security for the above litigation. These shares can be used by RR for settlement of any liabilities that may arise and become payable by the Group to RR in respect of the above litigation.

24 或然負債 (續)

(a) 與 Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟 (續)

於二零一四年十一月十八日，本集團附屬公司接獲RR之法律函件，指稱根據新加坡公司條例(第50章)第254(2)(a)條向附屬公司送達法定要求索償書，要求清償應付款項1,726,000美元(相當於約13,387,000港元)(「未付發票」)，有關金額已計入本集團中期簡明綜合財務資料之流動負債。

於二零一四年十二月八日，本集團向RR發出法律函件，要求RR撤回該法定要求索償書，並確認RR將不會展開上述附屬公司之清盤，理由是本集團認為其就RR日期為二零一四年十一月十八日之函件提出的索償有實質理據作出真誠抗辯及針對RR提出重大反索償，而由於本集團將可針對RR及／或UM之非常重大反索償抵銷該等款項，故此於現階段毋須結付未付發票。

於二零一五年九月八日，Easyman與RR及本集團附屬公司CNR Group Holdings Pte Ltd (「CNRG」)訂立一份債務互換協議，據此將本公司合計31,762,295股股份押記予RR作為上述訴訟的抵押品。RR可將該等股份用於清償上述訴訟可能產生且本集團因上述訴訟須付予RR的任何負債。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

Save as disclosed in Note 27 to the interim condensed consolidated financial information, there has been no further correspondence between the Group and the Buyers since then and up to the date of approval of this interim condensed consolidated financial information. The Directors, after seeking legal advice on the above claims, consider that the Group has bona fide defences on substantial grounds to the claims asserted from the Buyers such that (i) the aforementioned advance payments received to the extent of approximately HK\$48,702,000 in aggregate are presently not due for repayment by the Group; (ii) the resulting interest so calculated are therefore miscalculated and grossly inflated; (iii) other than an amount of HK\$2,675,000 relating to the Interest Charge which has already been settled by the Group, the remaining sums of the claims are without merit; and (iv) the Unpaid Invoices should not be settled at this stage. The Directors are also of the opinion that the Group has significant ground for very substantial counterclaims and cross-claims against each of the Buyers as a result of their non-performance of the relevant contracts as mentioned in the Letters. Consequently, no provision has been made for these claims in this interim condensed consolidated financial information as the Directors consider that it is not probable that the above legal claims would result in any material outflow of economic benefits from the Group.

24 或然負債(續)

(a) 與Rock Resource Limited(「RR」)及United Mineral Limited(「UM」)(統稱「買家」)之訴訟(續)

除了本中期簡明綜合財務資料附註27所披露者外，自及截至本中期簡明綜合財務資料批准日期，本集團與買家並無任何其他通訊。董事就上述申索尋求法律意見後認為，本集團已就買家提出的索償有實質理據作出真誠抗辯，因為(i)上述已收的墊款上限合共約48,702,000港元目前未需由本集團償還；(ii)其計算的利息因而是被錯誤計算且嚴重誇大；(iii)除本集團已結付與利息收費相關的2,675,000港元外，索償的餘額缺乏充份理據；及(iv)未付發票毋須於現階段結付。董事亦認為，基於買家亦未有履行該等函件所述相關合約，本集團有實質的理據向每名買家提出相當重大的反索償及交叉索償。因此，由於董事認為上述法律申索不大可能使本集團流出任何重大的經濟利益，故此並無就有關申索於本中期簡明綜合財務資料內作出撥備。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(b) Dispute on Contracts of Affreightment (“COAs”)

The Group entered into certain COAs with various marine vessel owners committing certain minimum number of cargoes per calendar month for exporting iron ores from Indonesia. As a result of the unfavourable economic environment and the various changes in rules and regulations stipulated by the Indonesian government authorities since year 2012, the Group's ores export was adversely affected and therefore unable to fulfil the minimum cargoes commitments as stipulated by some of these COAs.

During the year ended 31 December 2014, the Group received various legal letters from TORM A/S (“TORM”), a marine vessel owner, to (i) claim for an outstanding freight charges payable by the Group to TORM of approximately US\$1,834,000 (equivalent to approximately HK\$14,268,000) (“Outstanding Freight Charges”); and (ii) notify the commencement of arbitration proceedings pursuant to the terms of the relevant COAs to claim for loss and damage suffered by TORM (“Other Losses”) with respect to approximately 51 unfulfilled cargoes under the terms of the relevant COAs which is estimated by TORM to be approximately US\$11,828,000 (equivalent to approximately HK\$91,721,000) up to 27 March 2014 (the amount stated in the latest claim submissions from TORM).

24 或然負債 (續)

(b) 就租船貨運合約(「租船貨運合約」)的爭議

本集團與多名船主訂立若干租船貨運合約，承諾每個曆月要求若干最低數目的貨船從印尼出口鐵礦石。鑒於不利的經濟環境，再加上印尼政府機構頒佈的規則及規例自二零一二年起有不少的變動，本集團的礦石出口受到不利影響，因而無法達到若干租船貨運合約規定的貨船最低數目承諾。

截至二零一四年十二月三十一日止年度，本集團接獲船主TORM A/S(「TORM」)的法律函件，內容為(i)申索本集團應付TORM的未支付運費約1,834,000美元(相當於約14,268,000港元)(「未支付運費」)；及(ii)通知根據有關租船貨運合約的條款展開仲裁程序，申索TORM根據有關租船貨運合約的條款就約51艘未履行的貨船蒙受的損失及損害(「其他損失」)，TORM估計截至二零一四年三月二十七日之金額約為11,828,000美元(相當於約91,721,000港元)，金額載於TORM提交的最近期申索呈請書內。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(b) Dispute on Contracts of Affreightment (“COAs”) (continued)

The dispute with TORM in respect of the Outstanding Freight Charges had been settled at an amount of US\$419,000 (equivalent to HK\$3,253,000) during the year ended 31 December 2014 and the claim had been fully discharged in June 2014.

In connection with the claims on Other Losses, the Group has engaged legal advisors to commence arbitration procedures with TORM in February 2014.

The Group has been actively negotiating with TORM on settlement of the above claims on Other Losses. In preparing this interim condensed consolidated financial information, the directors have obtain legal advice in this respect and, based on the current status of the proceedings, evidence exchanged and the latest communication with TORM, consider that most likely the Group will be able to settle the claims on Other Losses at a consideration of approximately US\$5 million (equivalent to HK\$38,782,000), and a provision for claims of the same amount has been made by the Group as at 30 June 2016 and 31 December 2015.

24 或然負債(續)

(b) 就租船貨運合約(「租船貨運合約」)的爭議(續)

與TORM爭議相關的未支付運費已於截至二零一四年十二月三十一日止年度清償419,000美元(相當於3,253,000港元),而有關申索已於二零一四年六月全面解除。

至於其他損失的申索,本集團於二零一四年二月委聘法律顧問與TORM展開仲裁程序。

本集團一直積極與TORM磋商就上述有關其他損失的申索達成和解。董事在編製本中期簡明綜合財務資料時,已就此獲取法律意見,並基於法律程序目前的進展、所交換的證據及與TORM的最新通訊,認為本集團極有可能將能夠以代價約5百萬美元(相當於38,782,000港元)就其他損失的申索達成和解,本集團於二零一六年六月三十日及二零一五年十二月三十一日已計提相同金額的申索撥備。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

24 CONTINGENT LIABILITIES (continued)

(b) Dispute on Contracts of Affreightment (“COAs”) (continued)

As at 30 June 2016 and up to the date of approval of the interim condensed consolidated financial information, based on the best knowledge and information of the directors, there are no other major claims in relation to any COAs that the Group has entered into saved as disclosed in this condensed consolidated financial information.

Should the resolution of these legal claims and disputes turn out to be unfavourable to the Group, the Group may need to record additional losses in respect of these claims and disputes in future reporting periods.

24 或然負債 (續)

(b) 就租船貨運合約 (「租船貨運合約」) 的爭議 (續)

於二零一六年六月三十日及截至中期簡明綜合財務資料獲批准當日，據董事所知及所悉，除本簡明綜合財務資料所披露者外，本集團再無涉及其訂立任何有關租船貨運合約之其他重大申索。

如上述法律申索及爭議的最終結果不利於本集團，本集團可能需在未來報告期間就該等申索及爭議錄得額外的損失。

25 COMMITMENTS

Capital commitments

25 承擔

資本承擔

30 June 2016 二零一六年 六月三十日 HK\$'000 千港元	31 December 2015 二零一五年 十二月三十一日 HK\$'000 千港元
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Contracted, but not provided for:

已訂約但未撥備：

Property, plant and equipment

物業、廠房及設備

54,344

54,544

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

25 COMMITMENTS (continued)

Operating lease commitments — as lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

25 承擔 (續)

經營租賃承擔 — 作為承租人
本集團根據經營租賃安排租用若干辦公室物業。經商定之物業租賃年期介乎兩至三年。

於二零一六年六月三十日，本集團於下列各段期間到期根據不可撤銷經營租賃之未來最低租金付款總額如下：

		30 June	31 December
		2016	2015
		二零一六年	二零一五年
		六月三十日	十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	6,580	6,832
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	887	3,040
		7,467	9,872

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

26 RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial information, the Group had the following material transactions with related parties during the six months ended 30 June 2016:

26 關連方交易

- (i) 除於中期簡明綜合財務資料其他地方詳述之交易外，本集團於截至二零一六年六月三十日止六個月與關連方進行下列重大交易：

Six months ended 30 June

截至六月三十日止六個月

Names of related parties 關連方名稱	Nature of transactions 交易性質	2016	2015
		二零一六年 HK\$'000 千港元	二零一五年 HK\$'000 千港元
Easyman (note a)	Interest expense (note b)		
Easyman (附註 a)	利息費用 (附註 b)	1,852	1,796
Ms. Sun Qiaodian ("Ms. Sun")	Interest expense (note c)		
孫巧點女士 (「孫女士」)	利息費用 (附註 c)	6,519	6,804

Notes to Interim Condensed Consolidated Financial Information 中期簡明綜合財務資料附註

26 RELATED PARTY TRANSACTIONS (continued)

(ii) Outstanding balances with related parties

26 關連方交易(續)

(ii) 與關連方的未結餘額

		30 June 2016	31 December 2015
		二零一六年 六月三十日	二零一五年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Prepayments to Yiwan (note d)	預付 Yiwan 之款項 (附註 d)	137,386	137,251
Loan to Full Harvest Development Limited (note e)	貸款予豐盛發展 有限公司(附註 e)	56,975	56,975
Amount due to Easyman (note b)	結欠 Easyman 款項 (附註 b)	62,648	59,586
Amount due to Ms. Sun (note c)	結欠孫女士款項 (附註 c)	30,069	30,676
Amount due to a director (note f)	結欠一名董事款項 (附註 f)	2,025	1,975

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

26 RELATED PARTY TRANSACTIONS (continued)

(ii) Outstanding balances with related parties (continued)

Notes:

- (a) Easyman is a company wholly owned by Mr. Dong. The Directors consider that Mr. Dong through Easyman, as a lender of Yiwan, has an indirect economic interest in Yiwan.
- (b) Details of the terms of amounts due to Easyman are disclosed in Note 19(h).
- (c) Ms. Sun Qiaodian is the spouse of Mr. Dong. Amount due to Ms. Sun is unsecured and repayable by 31 December 2015. Interest is calculated at mutually agreed terms. The balance is overdue as at 30 June 2016.
- (d) Prepayments are made to Yiwan for purchase of iron ores. The amount is unsecured and interest free and will be settled by offsetting the relevant purchases.
- (e) The shareholder's loan to Full Harvest Development Limited, an associate, is unsecured and interest-free.
- (f) Amount due to a director is unsecured, interest-free and repayable on demand.

26 關連方交易(續)

(ii) 與關連方的未結餘額(續)

附註：

- (a) Easyman乃一間由董先生全資擁有之公司。董事認為董先生通過Easyman作為Yiwan之放款人而於Yiwan擁有間接經濟利益。
- (b) 結欠Easyman款項條款之詳情披露於附註19(h)。
- (c) 孫巧點女士為董先生之配偶。結欠孫女士款項為無抵押及須於二零一五年十二月三十一日前償還。利息是按相互同意條款計算。該結餘於二零一六年六月三十日到期。
- (d) 預付Yiwan之款項乃為購買鐵礦石而作出。該金額為無抵押及免息，並將透過抵銷相關購貨而清償。
- (e) 對聯營公司豐盛發展有限公司提供的股東貸款為無抵押及免息。
- (f) 結欠一名董事款項為無抵押、免息及於要求時償還。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

26 RELATED PARTY TRANSACTIONS (continued)

(iii) Compensation of key management personnel of the Group:

		Six months ended 30 June 截至六月三十日止六個月	
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Fees	袍金	400	500
Salary, allowances and benefits	薪金、津貼及福利	3,616	3,490
Employee share option benefits	僱員購股權福利	16	54
Pension scheme contributions	退休金計劃供款	27	26
		4,059	4,070

26 關連方交易(續)

(iii) 本集團主要管理人員之報酬：

27 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this interim condensed consolidated financial information, the Group had the following major events occurred after the reporting period:

- (a) In order to resolve certain claims and disputes as detailed in Note 24(a), Yongtong Special Steel and CNRG, subsidiaries of the Group, entered into an agreement with RR on 6 June 2016, pursuant to which, and on a “no admission of liability” basis that, Yongtong Special Steel shall deliver certain equipments to RR as a consideration for offsetting any payables due by the Group to RR to the extent of RMB30,000,000. Upon delivery of all relevant equipments and acknowledgement receipt by RR, any liabilities that the Group may owe to RR as mentioned in Note 24(a) shall be reduced by RMB30,000,000. Up to the date of approval of the interim condensed consolidated financial information, delivery of these equipment is still in progress.

27 報告期後事項

除本中期簡明綜合財務資料其他地方所披露者外，本集團於報告期後發生下列重大事件：

- (a) 為了解決若干申索及糾紛(詳情載於附註24(a))，本集團的附屬公司永通特鋼及CNRG與RR於二零一六年六月六日訂立一份協議，據此及按「無須承擔責任」的基準，永通特鋼將會向RR交付若干設備，作為抵銷本集團應向RR支付的任何應付款項的代價，金額達人民幣30,000,000元。在交付相關設備及RR提供接收憑證後，如附註24(a)所述本集團可能欠RR的任何負債，將會減少人民幣30,000,000元。截至中期簡明綜合財務資料獲批准當日，該等設備的交付仍在進行中。

Notes to Interim Condensed Consolidated Financial Information

中期簡明綜合財務資料附註

27 EVENTS AFTER THE REPORTING PERIOD (continued)

- (b) Subsequent to the period end, CNRG received a statutory demand letter dated 25 August 2016 from a legal adviser acting for the Comptroller of Singapore Income Tax (the “Comptroller”) demanding a sum of approximately S\$5,159,000 (equivalent to approximately HK\$29,400,000), comprising the unpaid income tax and penalties imposed by the Comptroller to be paid or secured or compounded to the Comptroller’s satisfaction within three weeks from the date of the statutory demand, failing which the legal advisor had instructions to commence winding-up proceedings against CNRG pursuant to section 254(1)(e) read with section 254(2)(a) of the Singapore Companies Act (Cap.50). These liabilities have been fully provided for by the Group as at 30 June 2016.

The Group is now discussing the content of the letter with its legal advisor and assessing the impact of the statutory demand to the Group, including the consequences if winding up proceedings commence.

27 報告期後事項(續)

- (b) 於報告期末後，CNRG 於二零一六年八月二十五日接獲新加坡所得稅總監(「總監」)的法律顧問發出的法定付款要求通知書，要求支付合共約5,159,000新加坡元(相當於約29,400,000港元)的款項，包括欠繳所得稅及總監加徵的罰款，有關款項須由該法定付款要求日期起計三星期內支付或擔保或按複利計算而令總監滿意，否則法律顧問將按指示根據新加坡公司條例(第50章)第254(1)(e)條(連同第254(2)(a)條)對CNRG展開清盤程序。於二零一六年六月三十日，本集團已就該等負債作出全面撥備。

本集團現正與其法律顧問討論通知書的內容及評估法定付款要求對本集團的影響，包括展開清盤程序的後果。

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the six months ended 30 June 2016, the Company has complied with the code provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviations:

(1) Code Provision A.2.1

The executive Director, Mr. Dong Shutong, served as the Chairman and Chief Executive Officer of the Company. The Chairman is responsible for overseeing the Company’s operations in respect of compliance with both internal rules and statutory requirements, and promoting the corporate governance of the Company. The Company did not appoint another individual to act as the Chief Executive Officer for the period ended 30 June 2016. This constitutes a deviation from code provision A.2.1. The Board believes that it is in the best interests of the Company and the shareholders as a whole since Mr. Dong Shutong is knowledgeable in the business of the Group and possesses the essential leadership skills to guide discussions of the Board. Important decision-making and the day-to-day management of the Company are carried out by all of the executive Directors. Although the roles of the Chairman and the Chief Executive Officer of the Company are not segregated, the functions of the chief executive were carried out by all of the executive Directors collectively.

The Board considered that the Group’s prevailing structures and systems met the code provisions in the CG Code. The current practices will be reviewed and updated regularly in order to follow the latest practices in corporate governance.

遵守企業管治守則

董事瞭解本集團管理層施行良好企業管治的重要性。截至二零一六年六月三十日止六個月，本公司已遵守上市規則附錄14所載企業管治守則（「企業管治守則」）的守則條文，惟以下偏離除外：

(1) 守則條文第A.2.1條

執行董事董書通先生乃本公司主席兼首席執行官。主席負責監督本公司營運遵守內部規則以及法定要求，並推廣本公司企業管治。本公司於截至二零一六年六月三十日止期間並無委任另一人士擔任首席執行官，此舉偏離守則條文第A.2.1條。董事會相信，因為董書通先生對本集團業務認識深厚及具備所需領導才能領導董事會進行討論，故符合本公司及股東之整體最佳利益。本公司之重要決策及日常管理由全體執行董事執行。儘管本公司之主席及首席執行官並無分開，但首席執行官之職能由全體執行董事共同執行。

董事會認為本集團之現行架構及體系符合企業管治守則之守則條文。現行常規將定期進行檢討及更新，以遵循企業管治之最新常規。

Corporate Governance and Other Information

企業管治及其他資料

(2) Code Provision A.4.1

Under code provision A.4.1, non-executive Directors should be appointed for a specific term. Except for Mr. Fahmi Idris, independent non-executive Director, who was appointed for a term of three years, Mr. Yang Tianjun, non-executive Director and the remaining independent non-executive Directors including Mr. Bai Baohua, Mr. Huang Changhuai and Mr. Wong Chi Keung were not appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, according to the articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting and the Directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice in this respect is in line with that provided in the CG Code.

(3) Code Provision C.2.5

Under code provision C.2.5 of the CG Code, the Group should have an internal audit function. Given the Group's under debt restructuring and the potential cost burden, the Group has not set up an internal audit department for the time being and the audit committee under the Board is considering to set up an internal audit department to perform the internal audit function internally or to engage a professional to perform the internal audit function regularly. The Board will conduct a detailed review on the internal audit function issue and such findings shall be disclosed in the Corporate Governance Report.

(2) 守則條文第A.4.1條

根據守則條文第A.4.1條，非執行董事之委任應有特定任期。除獨立非執行董事法米先生任期為三年外，非執行董事楊天鈞先生及其餘獨立非執行董事包括白葆華先生、黃昌淮先生及黃之強先生均無特定任期。此事偏離守則條文第A.4.1條。然而，根據本公司之章程細則，於每次股東週年大會，三分之一之當時董事須輪流退任，而須輪流退任之董事須為最近重選或委任後任期最長之董事。因此，本公司認為已採取足夠措施確保本公司之企業管治常規在此方面與企業管治守則所規定者一致。

(3) 守則條文第C.2.5條

根據企業管治守則守則條文第C.2.5條，本集團應設立內部審核職能。由於本集團債務重組和潛在的成本負擔，本集團目前尚未成立內部審核部門，董事會轄下之審核委員會正考慮成立內部審核部門，以執行內部的內部審核職能或委聘專業人員定期執行內部審核職能。董事會將對內部審核職能事宜作出詳細檢討，且該等檢討結果須於企業管治報告中披露。

(4) Code Provision E.1.2

The Chairman of the Board, who is also the chairman of the nomination committee of the Company, did not attend the annual general meeting of the Company held on 21 June 2016 (the "2016 AGM") as he had another business engagement. The Chairman of the remuneration committee of the Company, also did not attend the 2016 AGM due to another business engagement. The executive Director of the Company, who took the chair of the 2016 AGM, and other members of the Board together with the chairman of the audit committee and other members of each of the audit, remuneration and nomination committees attended the 2016 AGM.

The Company considers that the members of the Board and the audit, remuneration and nomination committees who attended the 2016 AGM were already of sufficient calibre and number for answering questions at the 2016 AGM.

BOARD'S CONSIDERATION – MITIGATION MEASURES TO GOING CONCERN ISSUE

The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (1) Reference is made to the announcement of the Company dated 7 March 2016 in respect of, among other things, the (i) proposed issue of Subscription Shares under the Specific Mandate; (ii) application for the Whitewash Waiver; and (iii) Special Deal (the "Subscription Announcement"). Unless otherwise stated, capitalised terms used in this report shall have the same meanings as defined in the Subscription Announcement.

(4) 守則條文第E.1.2條

由於董事會主席(彼亦為本公司提名委員會主席)另有要務在身,未能出席本公司於二零一六年六月二十一日舉行的股東週年大會(「二零一六年股東週年大會」),本公司薪酬委員會的董事因另有要務在身,亦無參加二零一六年股東週年大會。本公司執行董事以二零一六年股東週年大會主席身份與其他董事會成員,連同審核委員會主席,以及審核委員會、薪酬委員會及提名委員會的其他成員一併出席二零一六年股東週年大會。

本公司認為出席二零一六年股東週年大會的董事會成員及審核委員會、薪酬委員會及提名委員會的成員,已有足夠能力及人數回答二零一六年股東週年大會上的提問。

董事會考慮 – 有關持續經營事宜的改善措施

董事在評核本集團有否充足的財務資源持續經營時,已審慎考慮本集團未來流動資金及表現以及其可行之融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況,包括但不限於以下各項:

- (1) 茲提述本公司日期為二零一六年三月七日之公告,內容有關(其中包括)(i)建議根據特定授權發行認購股份;(ii)採用清洗豁免;及(iii)特別交易(「認購公告」)。除非另有所指,本報告所用之詞彙與認購公告所界定者具有相同涵義。

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On 5 March 2016, the Company and a potential investor (the “Potential Investor” or “Subscriber”) entered into a share subscription agreement to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of approximately HK\$0.1876 per share (the “Subscription Shares”), with proposed gross proceeds totalling HK\$275 million (the “Subscription”), subject to certain conditions precedent which, among others, include the following:

- approval from the Company’s shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company;
- a Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong (“SFC”) in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;
- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the “Special Deal”);
- approval of resumption of trading of the Company’s shares, and listing of the Subscription Shares from the Stock Exchange; and

於二零一六年三月五日，本公司與一名潛在投資者（「潛在投資者」或「認購方」）訂立一項股份認購協議，按每股股份約0.1876港元的認購價認購本公司合共1,465,898,410股新普通股（「認購股份」），建議所得款項總額合共為275百萬港元（「認購事項」），惟須受若干先決條件規限，其中包括以下各項：

- 在本公司股東特別大會上就下列事項取得本公司股東或獨立股東（按適當）的批准：(i)配發及發行認購股份；(ii)清洗豁免；及(iii)特別交易（定義見下文）；
- 香港證券及期貨事務監察委員會（「證監會」）就認購方及其一致行動人士的任何責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有（或同意收購）的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；
- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款（「特別交易」）；
- 聯交所批准本公司股份恢復買賣及認購股份上市；及

- completion of a debt restructuring by the Company by way of the “Schemes” (note) (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.

In respect of the above, the Company appointed a financial advisor and debt restructuring scheme advisor to facilitate the Subscription and Debt Restructuring Proposal.

At the meetings of the holders of the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, separate extraordinary resolutions (“Extraordinary Resolutions”) were passed and resolved, among others, to approve the Debt Restructuring Proposal, not to enforce any security of the Bonds until approval of the Schemes and release the security as required under the Schemes following the Schemes becoming effective, vote the entire principal amount in favour of the Schemes at the meetings of the Schemes, waive any event of default or potential event of default which has occurred and not to demand repayment of any amount due under the Bonds.

- 本公司透過「計劃」（附註）（「債務重組建議」）完成債務重組。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：(i) 削減及註銷債券的未償還本金額至少80%；(ii) 削減及註銷債券所有未償還應計利息；(iii) 解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv) 削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。

就以上事項而言，本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。

已分別於二零一六年六月二十一日及二零一六年七月六日舉行的12%票面息優先債券及8%票面息可換股債券持有人會議上，通過獨立特別決議案（「特別決議案」）決議（其中包括）批准債務重組建議，在計劃獲批准之前不就債券執行任何抵押並根據計劃的規定在計劃生效後解除抵押，於計劃大會上以全部本金額投票贊成計劃，豁免任何已成發生的違約事件或潛在違約事件以及不要求償還任何逾期的債券款項。

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Following the pass and effectiveness of the Extraordinary Resolutions by 6 July 2016, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and Hong Kong Scheme under the Debt Restructuring Proposal.

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

Note:

The proposed scheme of arrangement pursuant to Section 86 of the Companies Law (2007 Revision) of the Cayman Islands between the Company and the creditors under such scheme (the "Cayman Scheme") and the proposed scheme of arrangement of pursuant to Sections 670, 673 and 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between the Company and the creditors under such scheme (the "Hong Kong Scheme"), collectively are referred to as the "Schemes".

(2) During the six months ended 30 June 2016, the Group obtained a 3-year syndicated loan from a syndicate of PRC banks and an unsecured 3-year loan facility from a PRC bank. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these facilities. As a result, the outstanding amounts of these facilities became immediately due and payable as at 30 June 2016. In relation to the syndicated loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$582,769,000 and HK\$137,198,000, respectively, the Group is actively negotiating with the respective bank for the waiver of the breach of the undertaking and restrictive covenant requirements.

於二零一六年七月六日特別決議案獲通過及生效後，本公司正在準備需呈交法院之文件，以獲得債務重組建議下開曼群島計劃及香港計劃之相關債權人批准及法院頒令。

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：

本公司與建議安排計劃（「開曼群島計劃」）項下的債權人根據開曼群島公司法（2007年修訂版）第86條訂立的該計劃以及本公司與建議安排計劃（「香港計劃」）項下的債權人根據（香港法例第622章）公司條例第670、673及674條訂立的該計劃（統稱為「計劃」）。

(2) 截至二零一六年六月三十日止六個月期間，本集團已自中國銀團取得一項為期三年的銀團貸款和自中國一銀行取得一項無抵押為期三年的貸款融資。然而，本集團未能履行該等融資項下的若干承擔及限制性契諾規定，因此，該等融資的未償還金額於二零一六年六月三十日即時成為到期應付。就分別為582,769,000港元及137,198,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契諾規定與各銀行磋商。

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- (3) In relation to the overdue notes payables of HK\$1,053,000, the Group is actively negotiating with the bank for any possible refinancing arrangements.
- (3) 就1,053,000港元的逾期應付票據而言，本集團正積極就任何潛在的再融資安排與銀行磋商。
- (4) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in S.E.A. Mineral Limited ("SEAM"), a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of the interim condensed consolidated financial information. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed.
- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司（「北京匯贏」）訂立有關出售本集團全資附屬公司南洋礦業有限公司（「南洋礦業」）30%股本權益的無約束力框架協議。總出售代價預計約為1.50億美元（約11.70億港元）。截至中期簡明綜合財務資料批准日期，此項建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境急速轉變，故此商討條款及條件細節所耗時間較預期長。

In connection with the proposed disposal, Beijing Wincapital initially arranged certain loan finance to the Group in the aggregate amount of RMB700 million ("Financing Loans"). The Financing Loans can be settled by offsetting against the disposal consideration should the proposed disposal be completed.

就此項建議出售事項而言，北京匯贏為本集團初步安排若干貸款融資總額人民幣7.00億元（「融資貸款」）。倘建議之出售事項得以完成，融資貸款可藉抵銷出售代價支付。

During the six months ended 30 June 2016, the Group replaced part of the Financing Loans to the extent of approximately RMB117 million by utilising the Unsecured Loan Facility of the same amount.

截至二零一六年六月三十日止六個月，本集團透過使用相同金額的無抵押貸款融資代替約人民幣1.17億元的部份融資貸款。

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As at 30 June 2016, the outstanding Financing Loans amounted to approximately RMB583 million (equivalent to approximately HK\$682 million), all of these Financing Loans were overdue for repayment. Up to the date of approval of the interim condensed consolidated financial information, the Group has not received any letter from these lenders demanding for repayment of these loans. Management is currently negotiating with the relevant parties to formally extend the repayments of these loans to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for both parties, the proposed disposal will be completed and the Group will be able to offset all these borrowings against the disposal consideration.

- (5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, related parties of the Potential Investor and other third parties of HK\$92,717,000, HK\$244,425,000 and HK\$65,846,000, respectively that were either overdue or due for immediate repayment as at 30 June 2016. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.
- (6) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, including identification of potential investors to invest in various projects undertaken by the Group.

於二零一六年六月三十日，未償還的融資貸款約為人民幣5.83億元（相當於約6.82億港元），所有該等融資貸款已逾期償還。直至中期簡明綜合財務資料批准日期，本集團尚未接獲任何該等放貸人要求償還該等貸款之函件。管理層現正與相關訂約方進行磋商，以正式延長該等貸款之還款期，以促使完成建議出售事項。管理層相信訂約雙方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷所有該等借貸；

- (5) 除上述第(1)至(4)項所述之借貸外，本集團來自本集團的若干關連方、潛在投資者的關連方及其他第三方的其他借貸分別為92,717,000港元、244,425,000港元及65,846,000港元，於二零一六年六月三十日已逾期或須即時償還。本集團一直積極與放債人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者的關連方的借貸還款日期延長2年。
- (6) 本集團亦正與多間財務機構進行磋商，尋找本集團於可見將來為營運資金及承擔融資的不同方案，包括物色潛在投資者對本集團正進行之多個項目作出投資。

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- (7) The Group is also maximising its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, and implementing more stringent cost control measures with a view to improving operating cash flows. During the six months ended 30 June 2016, the Group received certain new sales orders of its stainless steel products from several independent third party customers. Management believes that the Group will be able to record a significant increase in sales in the coming twelve months after the reporting period.
- (7) 本集團正致力提升銷售力度，包括加快現有存貨銷售並於海外市場尋求新訂單或就開發新產品尋求新客戶，以及實施更嚴謹的成本監控措施，以改善經營現金流量。截至二零一六年六月三十日止六個月，本集團收到數名獨立第三方客戶有關不銹鋼產品的若干新銷售訂單。管理層相信，本集團將能於報告期後的未來十二個月錄得銷量大幅增長。
- (8) The Group has engaged legal advisors to handle all claims and disputes as detailed in Note 24 to the interim condensed consolidated financial information. In preparing this interim condensed consolidated financial information, the directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes with no significant cash outflows in the next twelve months.
- (8) 本集團已委聘法律顧問處理中期簡明綜合財務資料附註24所詳述的所有申索及糾紛。於編製本中期簡明綜合財務資料的過程中，董事亦已就該等事宜取得法律顧問的意見，據此，董事認為本集團將能解決待決申索及糾紛且於未來十二個月內不會導致巨額的現金流出。

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

On 5 March 2007, SEAM, an indirect wholly owned subsidiary of the Company, entered into the EOA with Yiwang, a limited company incorporated in Indonesia and substantially owned by Mr. Soen Bin Kuan, who at 30 June 2016 and the date of this report holds more than 5% of the issued share capital of the Company. Pursuant to the EOA, Yiwang agreed to exclusively sell and SEAM agreed to buy the iron ores produced by Yiwang at a fixed price of US\$16 per dry tonne, for a minimum 40 million dry tonnes of iron ores throughout a period of approximately 14 years expiring on 24 January 2021, which has subsequently been extended by a supplemental agreement to 24 January 2036. Pursuant to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce which granted the export approval to Yiwang, the export price of iron ore was changed to US\$23.5 commencing from 1 July 2012. By virtue of the convertible bonds issued by Yiwang to S.E.A. Mining Limited and S. E.A. Mining Resources Limited which are indirectly substantially owned by Mr. Dong Shutong, Executive Director and Chairman of the Board, Mr. Dong has an indirect interest in the EOA.

董事於交易、安排或合約之權益

於二零零七年三月五日，本公司間接全資附屬公司南洋礦業與Yiwang（於印尼註冊成立之有限公司，主要由李民權先生擁有，其於二零一六年六月三十日及本報告日期持有本公司已發行股本超過5%）訂立獨家採購協議。根據獨家採購協議，Yiwang同意獨家出售而南洋礦業同意購買Yiwang生產之鐵礦石，協定之固定價格為每乾公噸16美元，於二零一一年一月二十四日屆滿之整個約14年期間須購買最少40百萬乾公噸鐵礦石。其後，獨家採購權期限經附加協議延長至二零三六年一月二十四日。根據煤礦務部長於二零一二年六月二十五日向授與Yiwang出口批准的商務部長發出的推薦函件，鐵礦石的出口價自二零一二年七月一日起更改為23.5美元。由於Yiwang發行可換股債券予南洋礦產有限公司及南洋礦產資源有限公司，而執行董事兼董事會主席董書通先生為這兩家公司之間接大股東，故此董先生於獨家採購協議擁有間接權益。

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the Directors in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the shares of the Company as at 30 June 2016:

Name of Directors	Capacity in which interest are held	Number of shares	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的具投票權股份之概約百分比
董事姓名	持有權益之身份	股份數目	
Dong Shutong 董書通	Held by controlled corporations (note) 由受控法團持有 (附註)	1,465,898,410	47.47%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	1,500,000	0.05%

Note: As at 30 June 2016, 1,441,042,410 shares and 24,856,000 shares were held by Easyman and Sino Regent Worldwide Limited ("Sino Regent"), respectively. As the entire issued share capital of each of Easyman and Sino Regent is held by Mr. Dong, Mr. Dong is deemed to be beneficially interested in such Shares by virtue of the SFO.

附註：於二零一六年六月三十日，Easyman 及 Sino Regent Worldwide Limited (「Sino Regent」) 分別持有 1,441,042,410 股及 24,856,000 股股份。由於 Easyman 及 Sino Regent 各自的全部已發行股本均由董先生所持有，根據證券及期貨條例，董先生被視為於該等股份中擁有實益權益。

董事於股份、相關股份及債權證之權益及淡倉

於二零一六年六月三十日，董事於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份(就根據股權衍生工具持有的持倉而言)及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉(包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益及淡倉)；或(b)根據證券及期貨條例第352條規定須列入該條例所述登記冊之權益及淡倉；或(c)根據上市規則附錄10所載之上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及淡倉如下：

(i) 於二零一六年六月三十日於本公司股份之好倉：

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(ii) Long positions in the underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 30 June 2016:

(ii) 於二零一六年六月三十日於本公司相關股份(就根據股權衍生工具持有的持倉而言)之好倉：

Name of Directors	Capacity in which interest are held	Number of share options (note)	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的具投票權股份之概約百分比
董事姓名	持有權益之身份	購股權數目 (附註)	
Dong Shutong 董書通	Held by spouse 由配偶持有	1,700,000	0.06%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	2,775,000	0.09%
Song Wenzhou 宋文州	Beneficial owner 實益擁有人	1,500,000	0.05%
Yang Fei 楊飛	Beneficial owner 實益擁有人	2,775,000	0.09%

Note: The share options are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005 and expired on 2 May 2015. Upon exercise of the share options in accordance with such share option scheme, shares are issuable to the option holder(s) who exercise(s) the rights.

附註：該等購股權為根據本公司於二零零五年五月二日採納及於二零一五年五月二日屆滿之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可向行使有關權利的購股權持有人發行股份。

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SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (IN RESPECT OF POSITIONS HELD PURSUANT TO EQUITY DERIVATIVES) OF THE COMPANY

As at 30 June 2016, shareholders (other than the interest disclosed above in respect of the Director who is also a substantial shareholder of the Company) who had interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 30 June 2016:

主要股東於本公司股份及相關股份(就根據股權衍生工具持有的持倉而言)中之權益及淡倉

於二零一六年六月三十日，股東(不包括上文披露同時為本公司主要股東之董事所涉權益)於本公司股份及相關股份(就根據股權衍生工具持有的持倉而言)中，擁有根據證券及期貨條例第XV部第2及第3分部之規定已向本公司披露、或記錄於本公司根據證券及期貨條例第336條規定須存置之登記冊內之權益及淡倉如下：

於二零一六年六月三十日於本公司股份及相關股份(就根據股權衍生工具持有的持倉而言)之好倉：

Name of Shareholders	Capacity in which interest are held	Number of shares/ underlying shares (in respect of positions held pursuant to equity derivatives) 股份／相關股份 (就根據股權衍生工具持有的持倉而言)數目	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的具投票權股份之概約百分比
股東姓名	持有權益之身份		
Easyman	Beneficial owner 實益擁有人	1,441,042,410	46.66%
Soen Bin Kuan 李民權	Beneficial owner 實益擁有人	182,734,104	5.92%
Sun Qiaodian (note 1) 孫巧點(附註1)	Beneficial owner 實益擁有人	1,700,000 (note 2) (附註2)	0.06%
	Held by spouse 由配偶持有	1,465,898,410	47.47%

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Notes:

1. Ms. Sun Qiaodian is the spouse of Mr. Dong Shutong, whose interest was disclosed in previous section.
2. The share option are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005 and expired on 2 May 2015. Upon exercise of the share options in accordance with such share option scheme, shares are issuable to the option holder(s) who exercise(s) the rights.

Save as disclosed above, so far as was known to the Directors, there was no other person who, as at 30 June 2016, had an interest or short position in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued voting shares of the Company; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 2 May 2005, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The Share Option Scheme remained in force for a period of 10 years from adoption of such scheme and expired on 2 May 2015.

附註：

1. 孫巧點女士乃董書通先生之配偶，董先生的權益於前一節中披露。
2. 該等購股權為根據本公司於二零零五年五月二日採納及於二零一五年五月二日屆滿之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可向行使有關權利的購股權持有人發行股份。

除上文所披露者外，就董事迄今所知，於二零一六年六月三十日，概無其他人士於本公司之股份、相關股份（就根據股權衍生工具持有的持倉而言）或債券證中，擁有根據證券及期貨條例第XV部第2及第3分部須知會本公司之權益或淡倉，或直接或間接於本公司已發行的具投票權股份中擁有5%或以上的實益權益，或直接或間接擁有附有任何情況下於本集團的任何成員公司的股東大會上投票權利的任何類別股本面值10%或以上權益。

購股權計劃

根據於二零零五年五月二日通過之普通決議案，本公司採納一項購股權計劃（「購股權計劃」），以使本公司能招聘及挽留優秀僱員及將有價值之資源引入本集團，並使本公司能以多種方式獎勵、獎賞、提供薪酬、補償及／或提供福利予為本集團作出貢獻或能為本集團帶來利益之有關人士。該購股權計劃自採納之日起計十年內有效，並於二零一五年五月二日屆滿。

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The options granted under the Share Option Scheme have an exercise period of 10 years from the date of acceptance of the options, which is in compliance with the terms of the Share Option Scheme, subject to a vesting schedule of 5 years whereby only 20% of the options is exercisable 12 months after the date of acceptance of the options and an additional 20% of the options shall be exercisable by the grantee in each subsequent year until the last day of the 5-year period after the date of acceptance of the options when 100% of the options become exercisable. Details of movements in the Company's share options during the period are as follows:

根據購股權計劃之條款，根據購股權計劃授出之購股權之行使期由接納購股權當日起計為期十年，惟受五年歸屬時間表所限，據此，僅20%之購股權可於接納購股權當日12個月後行使，而承授人可於每接續之一年行使額外20%購股權，直至購股權獲接納日期後五年期之最後一日方可行使全部購股權。期內本公司購股權之變動詳情如下：

		No. of share options 購股權數目					
Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2016	Exercise price of share options (note 1)	Price of Company's shares at exercise date of options (note 2)	
於二零一六年 一月一日 尚未行使	於期內授出	於期內行使	於期內失效	於二零一六年 六月三十日 尚未行使	購股權之 行使價 (附註1)	本公司股份 於購股權 行使日的股價 (附註2)	
					HK\$ 港元	HK\$ 港元	
Directors	董事						
Mr. Dong Chengzhe	董誠喆先生	1,275,000	-	-	1,275,000	1.91	N/A 不適用
		1,500,000	-	-	1,500,000	0.63	N/A 不適用
Mr. Song Wenzhou	宋文州先生	1,500,000	-	-	1,500,000	0.63	N/A 不適用
Mr. Yang Fei	楊飛先生	1,275,000	-	-	1,275,000	1.91	N/A 不適用
		1,500,000	-	-	1,500,000	0.63	N/A 不適用
Sub-total for number of share options to Directors	授予董事之購股權 數目小計	7,050,000	-	-	7,050,000	-	-
Other employees	其他僱員						
		7,195,000	-	(190,000)	7,005,000	2.45	N/A 不適用
		26,300,000	-	(1,400,000)	24,900,000	0.63	N/A 不適用
Sub-total for number of share options to other employees	授予其他僱員之 購股權數目小計	33,495,000	-	(1,590,000)	31,905,000		
Total	總計	40,545,000	-	(1,590,000)	38,955,000		

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Notes:

1. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. The price of the shares of the Company as at the date of exercise of the share options is the Stock Exchange's closing price on the trading date immediately prior to the date on which the share options were exercised.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option Scheme" above, at no time during the period ended 30 June 2016 was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period, none of the Directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 27 to the interim condensed consolidated financial information.

附註：

1. 購股權之行使價可能因供股或紅股發行或本公司股本之其他類似變動而調整。
2. 本公司於購股權行使日期之股價為緊接購股權行使日期前之交易日之聯交所收市價。

董事收購股份或債權證之權利

除上述「購股權計劃」一節中所披露者外，於截至二零一六年六月三十日止期間任何時間，本公司、其控股公司或其任何附屬公司及同系附屬公司並無訂立任何安排，使董事可藉收購本公司或任何其他法團公司之股份或債權證而獲利。

董事於競爭業務之權益

期內，概無董事直接或間接於與本集團業務競爭或可能競爭之業務中擁有任何權益。

報告期後事項

本集團報告期後重大事項之詳情載於中期簡明綜合財務資料附註27。

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AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 May 2005 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and internal control procedures of the Group.

The audit committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua and Mr. Huang Changhuai — Independent Non-executive Directors of the Company and Mr. Wong Chi Keung is the Chairman of the audit committee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements for the six months ended 30 June 2016.

REMUNERATION COMMITTEE

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 10 April 2006 in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing rules (“CG Code”).

The remuneration committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua, Mr. Huang Changhuai — Independent Non-executive Directors of the Company and Mr. Dong Shutong — Executive Director of the Company. Mr. Huang Changhuai is the chairman of the remuneration committee.

NOMINATION COMMITTEE

The Company established a nomination committee pursuant to a resolution of the Directors passed on 30 December 2011 in compliance with the CG Code.

The nomination committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua, Mr. Huang Changhuai — Independent Non-executive Directors of the Company and Mr. Dong Shutong — Executive Director of the Company. Mr. Dong Shutong is the chairman of the nomination committee.

審核委員會

本公司遵照上市規則第3.21條，根據於二零零五年五月二日通過之董事決議案成立審核委員會。審核委員會主要負責審議本集團之財務匯報過程及內部監控程序。

審核委員會由本公司獨立非執行董事黃之強先生、白葆華先生及黃昌淮先生組成，其中黃之強先生為審核委員會主席。

審核委員會已與管理層審閱本集團所採納之會計準則及慣例，並討論核數、內部監控及財務匯報事項，包括審閱截至二零一六年六月三十日止六個月之財務報表。

薪酬委員會

本公司遵照上市規則附錄14所載企業管治守則（「企業管治守則」），根據於二零零六年四月十日通過之董事決議案成立薪酬委員會。

薪酬委員會由本公司獨立非執行董事黃之強先生、白葆華先生及黃昌淮先生以及本公司執行董事董書通先生組成。黃昌淮先生為薪酬委員會之主席。

提名委員會

本公司遵照企業管治守則，根據於二零一一年十二月三十日通過之董事決議案成立提名委員會。

提名委員會由本公司獨立非執行董事黃之強先生、白葆華先生、黃昌淮先生及本公司執行董事董書通先生組成，其中董書通先生為提名委員會主席。

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EMPLOYEES REMUNERATION POLICY

As at 30 June 2016, the Group had approximately 1,000 employees, of whom 30 were management personnel. The remuneration policy of the Group to reward its employees and executive Directors is based on their performance, qualifications, competence displayed, market comparable and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, discretionary bonus, other fringe benefits and the Group's contribution to retirement benefits schemes. The remuneration of executive Directors and senior management are determined by the remuneration committee of the Company which will review them regularly.

The remuneration of an employee consists of basic salary and performance-based bonus. During the period, the staff costs of the Group amounted to HK\$25.9 million (2015: HK\$23.0 million).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code for securities transactions by Directors. Having made specific enquiries, the Company has confirmed that all Directors have complied with the requirements set out in the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the six months ended 30 June 2016 and up to the latest practicable date prior to the printing of this interim report.

僱員薪酬政策

於二零一六年六月三十日，本集團約有1,000名僱員，其中30名為管理層人員。本集團回報僱員及執行董事的薪酬政策乃根據其表現、資歷、所示才能、市場水平及本集團表現而釐定。薪酬待遇一般包括薪金、房屋津貼、酌情花紅、其他額外利益以及本集團對退休福利計劃的供款。執行董事及高級管理層的薪酬由本公司的薪酬委員會釐定及定期檢討。

僱員薪酬包括薪金及表現花紅。期內，本集團之員工成本為25.9百萬港元（二零一五年：23.0百萬港元）。

購買、贖回或出售本公司之上市證券

本公司及其任何附屬公司於截至二零一六年六月三十日止六個月概無購買、贖回或出售本公司任何上市證券。

證券交易的標準守則

本公司已採納上市規則附錄10所載之上市發行人董事進行證券交易之標準守則（「標準守則」），作為董事進行證券交易之守則。經作出具體查詢後，本公司確認全體董事均已遵循標準守則所載之規定。

充足之公眾持股量

本公司於截至二零一六年六月三十日止六個月及直至本中期報告印刷前的最後可行日期保持充足之公眾持股量。

鎳資源國際控股有限公司
NICKEL RESOURCES INTERNATIONAL
HOLDINGS COMPANY LIMITED

