



中國疏浚環保控股有限公司

China Dredging Environment Protection Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 871

Annual Report 年報

2016





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Corporate Information 公司資料

Board of Directors

Executive Directors:

Mr. Liu Kaijin (*Chairman*)
Mr. Wu Bin (*Vice Chairman*)
Mr. Wu Xuze (*Chief Executive Officer*)
Ms. Zhou Shuhua

Non-Executive Director:

Mr. Liu Longhua (*Vice Chairman*)

Independent Non-Executive Directors:

Mr. Huan Xuedong
Mr. Chan Ming Sun Jonathan
Mr. Liang Zequan

Audit Committee

Mr. Chan Ming Sun Jonathan (*Chairman*)
Mr. Huan Xuedong
Mr. Liang Zequan

Remuneration Committee

Mr. Liang Zequan (*Chairman*)
Mr. Liu Longhua
Mr. Chan Ming Sun Jonathan

Nomination Committee

Mr. Liu Longhua (*Chairman*)
Mr. Chan Ming Sun Jonathan
Mr. Liang Zequan

Authorised Representatives

Mr. Liu Kaijin
Ms. Wong Kwan Lai

董事會

執行董事：

劉開進先生(*主席*)
伍斌先生(*副主席*)
吳旭澤先生(*行政總裁*)
周淑華女士

非執行董事：

劉龍華先生(*副主席*)

獨立非執行董事：

還學東先生
陳銘樂先生
梁澤泉先生

審核委員會

陳銘樂先生(*主席*)
還學東先生
梁澤泉先生

薪酬委員會

梁澤泉先生(*主席*)
劉龍華先生
陳銘樂先生

提名委員會

劉龍華先生(*主席*)
陳銘樂先生
梁澤泉先生

授權代表

劉開進先生
黃君麗女士

Corporate Information (Continued)

公司資料(續)

Company Secretary

Ms. Wong Kwan Lai

公司秘書

黃君麗女士

Legal Advisor

Chiu & Partners (as to Hong Kong Law)

法律顧問

趙不渝馬國強律師事務所(香港法律顧問)

Auditor

CWC CPA Limited
Certified Public Accountants

核數師

張黃會計師事務所有限公司
執業會計師

Principal Bankers

China Merchants Bank Co. Ltd, Yancheng Branch
Agricultural Bank of China Limited, Yancheng Branch
China Construction Bank Asia Corporation

主要往來銀行

中國招商銀行鹽城分行
中國農業銀行股份有限公司鹽城分行
中國建設銀行(亞洲)股份有限公司

Registered Address

Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman KY1-1111,
Cayman Islands

註冊地址

Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman KY1-1111,
Cayman Islands

Corporate Information (Continued)

公司資料(續)

Headquarters and Principal Place of Business

The People's Republic of China:
No. 1 Xingyu Road, Baocai Industrial Zone,
Yandu District, Yancheng City,
Jiangsu Province, the PRC

Hong Kong:
Office 19, 36th Floor, China Merchants Tower,
Shun Tak Centre,
No.168-200 Connaught Road Central,
Hong Kong

Principal Share Registrar

Conyers Trust Company (Cayman) Limited
(formerly known as Codan Trust Company (Cayman) Limited)

Hong Kong Share Registrar

Tricor Investor Services Limited

Website

www.cdep.com.hk

總部及主要營業地點

中華人民共和國：
中國江蘇省
鹽城市鹽都區
寶才工業區興宇路1號

香港：
香港
干諾道中168-200號
信德中心
招商局大廈36樓19號

主要股份登記處

Conyers Trust Company (Cayman) Limited
(前稱Codan Trust Company (Cayman) Limited)

香港股份登記處

卓佳證券登記有限公司

網站

www.cdep.com.hk

Definitions

釋義

<p>“Audit Committee” 「審核委員會」</p>	<p>the audit committee of the Board 董事會審核委員會</p>
<p>“Board” 「董事會」</p>	<p>the board of Directors 董事會</p>
<p>“CG Code” 「企業管治守則」</p>	<p>the code provisions as contained in “Corporate Governance Code and Corporate Governance Report” set out in Appendix 14 to the Listing Rules (as amended from time to time), which are adopted (with modification) by the Board as its corporate governance code 上市規則附錄十四所載的「企業管治守則及企業管治報告」中所列的守則條文(經不時修訂)，董事會已附加修訂採用作為其企業管治守則</p>
<p>“Company”/“China Dredging ENV” 「本公司」/「中國疏浚環保」</p>	<p>China Dredging Environment Protection Holdings Limited 中國疏浚環保控股有限公司</p>
<p>“Contractual Arrangements” 「合約安排」</p>	<p>a series of contracts, brief details of which are set out in note 38 to the consolidated financial statements in this annual report, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu are transferred to Xiangyu PRC 一系列合約，簡介載於本年報綜合財務報表附註38，據此江蘇興宇的業務中產生的一切經濟利益及風險均轉撥至翔宇中國</p>
<p>“Director(s)” 「董事」</p>	<p>director(s) of the Company 本公司董事</p>
<p>“Group” 「本集團」</p>	<p>the Company and its subsidiaries 本公司及其附屬公司</p>
<p>“HK\$” 「港元」</p>	<p>Hong Kong dollars, the lawful currency of Hong Kong 港元，香港法定貨幣</p>
<p>“Jiangsu Fengyu” 「江蘇豐宇」</p>	<p>Jiangsu Fengyu Property Development Co., Ltd.*, a wholly-owned subsidiary of the Company 江蘇豐宇置業有限公司，本公司一間全資附屬公司</p>

Definitions (Continued)

釋義 (續)

<p>“Jiangsu Jiaolong” 「江蘇蛟龍」</p>	<p>Jiangsu Jiaolong Salvage Harbour Engineering Co. Ltd.*, a non-wholly owned subsidiary of the Company 江蘇蛟龍打撈航務工程有限公司，本公司一間非全資附屬公司</p>
<p>“Jiangsu Xingyu”/ “PRC Operational Entity” 「江蘇興宇」/ 「中國經營實體」</p>	<p>Jiangsu Xingyu Holdings Group Limited* (formerly known as Jiangsu Xingyu Port Construction Company Limited*), a wholly-owned subsidiary of the Company 江蘇興宇控股集團有限公司(前稱江蘇興宇港建有限公司)，本公司一間全資附屬公司</p>
<p>“Listing Rules” 「上市規則」</p>	<p>Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) 聯交所證券上市規則(經不時修訂)</p>
<p>“Model Code” 「標準守則」</p>	<p>Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (as amended from time to time) 上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(經不時修訂)</p>
<p>“Mr. Liu” 「劉先生」</p>	<p>Mr. Liu Kaijin, chairman and an executive Director (who is the spouse of Ms. Zhou) 主席兼執行董事劉開進先生(為周女士之配偶)</p>
<p>“Ms. Zhou” 「周女士」</p>	<p>Ms. Zhou Shuhua, an executive Director (who is the spouse of Mr. Liu) 執行董事周淑華女士(為劉先生之配偶)</p>
<p>“Nomination Committee” 「提名委員會」</p>	<p>the nomination committee of the Board 董事會提名委員會</p>
<p>“PRC” 「中國」</p>	<p>the People’s Republic of China 中華人民共和國</p>

Definitions (Continued)

釋義 (續)

<p>“Remuneration Committee” 「薪酬委員會」</p>	<p>the remuneration committee of the Board 董事會薪酬委員會</p>
<p>“RMB” 「人民幣」</p>	<p>Renminbi, the lawful currency of the PRC 人民幣，中國法定貨幣</p>
<p>“Reporting Period/Review Period” 「報告期間／回顧期間」</p>	<p>for the year ended 31 December 2016 截至二零一六年十二月三十一日止年度</p>
<p>“SFO” 「證券及期貨條例」</p>	<p>the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (as amended from time to time) 香港法例第571章證券及期貨條例(經不時修訂)</p>
<p>“Shareholder(s)” 「股東」</p>	<p>shareholder(s) of the Company 本公司股東</p>
<p>“Share(s)” 「股份」</p>	<p>ordinary share(s) of the Company 本公司之普通股</p>
<p>“Share Option Scheme” 「購股權計劃」</p>	<p>the share option scheme of the Company approved by Shareholders on 24 May 2011 股東於二零一一年五月二十四日批准之本公司購股權計劃</p>
<p>“Stock Exchange” 「聯交所」</p>	<p>The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司</p>
<p>“Xiangyu Environment Protection” 「翔宇環保」</p>	<p>Jiangsu Xiangyu Environment Protection Equipment Company Limited*, a wholly-owned subsidiary of the Company 江蘇翔宇環保設備有限公司，本公司一間全資附屬公司</p>

Definitions (Continued)

釋義 (續)

“Xiangyu PRC”

「翔宇中國」

Jiangsu Xiangyu Port Constructing Project Administration Co. Ltd.*, a wholly-owned subsidiary of the Company

江蘇翔宇港建工程管理有限公司，本公司一間全資附屬公司

“Xiangyu Water Management”

「翔宇水務」

Jiangsu Xiangyu Water Management Company Limited*, a wholly-owned subsidiary of the Company

江蘇翔宇水務有限公司，本公司一間全資附屬公司

* For identification purpose only

* 僅供識別

Financial Summary

財務概要

The following is a summary of the published results and assets and liabilities of the Group for the past five financial years.

以下為本集團於過往五個財政年度的已公佈業績以及資產及負債概要。

Results

業績

		Year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年 RMB'000 人民幣千元 (audited) (經審核)	2015 二零一五年 RMB'000 人民幣千元 (audited) (經審核)	2014 二零一四年 RMB'000 人民幣千元 (audited) (經審核)	2013 二零一三年 RMB'000 人民幣千元 (audited) (經審核)	2012 二零一二年 RMB'000 人民幣千元 (audited) (經審核)
Revenue	收益	667,154	700,996	910,592	973,615	966,027
Profit (loss) before tax	除稅前溢利(虧損)	122,220	(237,333)	162,145	259,817	294,886
Income tax (expense)	所得稅(開支)抵免 credit	(46,970)	46,822	(53,566)	(78,535)	(80,494)
Net profit (loss) and total comprehensive income (expense)	溢利(虧損)淨額及 全面收益(開支) 總額	75,250	(190,511)	108,579	181,282	214,392
Net profit (loss) and total comprehensive income (expense) attributable to: Owners of the company	以下人士應佔 溢利(虧損)淨額 及全面收益 (開支)總額: 本公司擁有人	68,794	(197,864)	92,524	164,757	199,495
Non-controlling interests	非控股權益	6,456	7,353	16,055	16,525	14,897
		75,250	(190,511)	108,579	181,282	214,392

Financial Summary (Continued)

財務概要(續)

Assets and Liabilities

資產及負債

		31 December				
		於十二月三十一日				
		2016	2015	2014	2013	2012
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(audited)	(audited)	(audited)	(audited)	(audited)
		(經審核)	(經審核)	(經審核)	(經審核)	(經審核)
Non-current assets	非流動資產	2,441,565	2,492,129	2,054,209	2,026,550	1,577,510
Current assets	流動資產	1,389,083	1,385,034	1,414,379	1,384,822	1,019,689
Current liabilities	流動負債	(1,445,784)	(1,601,679)	(1,139,464)	(1,278,906)	(955,466)
Non-current liabilities	非流動負債	(115,362)	(152,067)	(394,209)	(402,315)	(97,858)
Net assets	資產淨值	2,269,502	2,123,417	1,934,915	1,730,151	1,543,875

Financial Summary (Continued)

財務概要(續)

Statement of Financial Position of the Company

本公司的財務狀況表

The statement of financial position of the Company as at the end of the reporting period is as follows:

本公司於報告期末的財務狀況表如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
ASSETS	資產		
Unlisted investments in subsidiaries	於附屬公司之非上市投資	259,214	259,214
Amounts due from subsidiaries	應收附屬公司的款項	979,465	971,202
Other receivables	其他應收款項	—	14
Bank balances and cash	銀行結餘及現金	173	1,415
		1,238,852	1,231,845
LIABILITIES	負債		
Other payables	其他應付款項	8,716	8,146
Bank borrowings	銀行借貸	—	7,698
Amounts due to directors	應付董事款項	1,875	18,318
Bonds payable	應付債券	246,381	—
Convertible bonds	可換股債券	—	246,510
Derivative financial liabilities embedded in convertible bonds	嵌入可換股債券的衍生金融負債	—	7,030
		256,972	287,702
TOTAL ASSETS LESS TOTAL LIABILITIES	總資產減總負債	981,880	944,143
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	123,483	102,045
Reserves (note)	儲備(附註)	858,397	842,098
		981,880	944,143

Financial Summary (Continued)

財務概要(續)

Statement of Financial Position of the Company (Continued)

Note:

Reserves of the Company

本公司的財務狀況表(續)

附註：

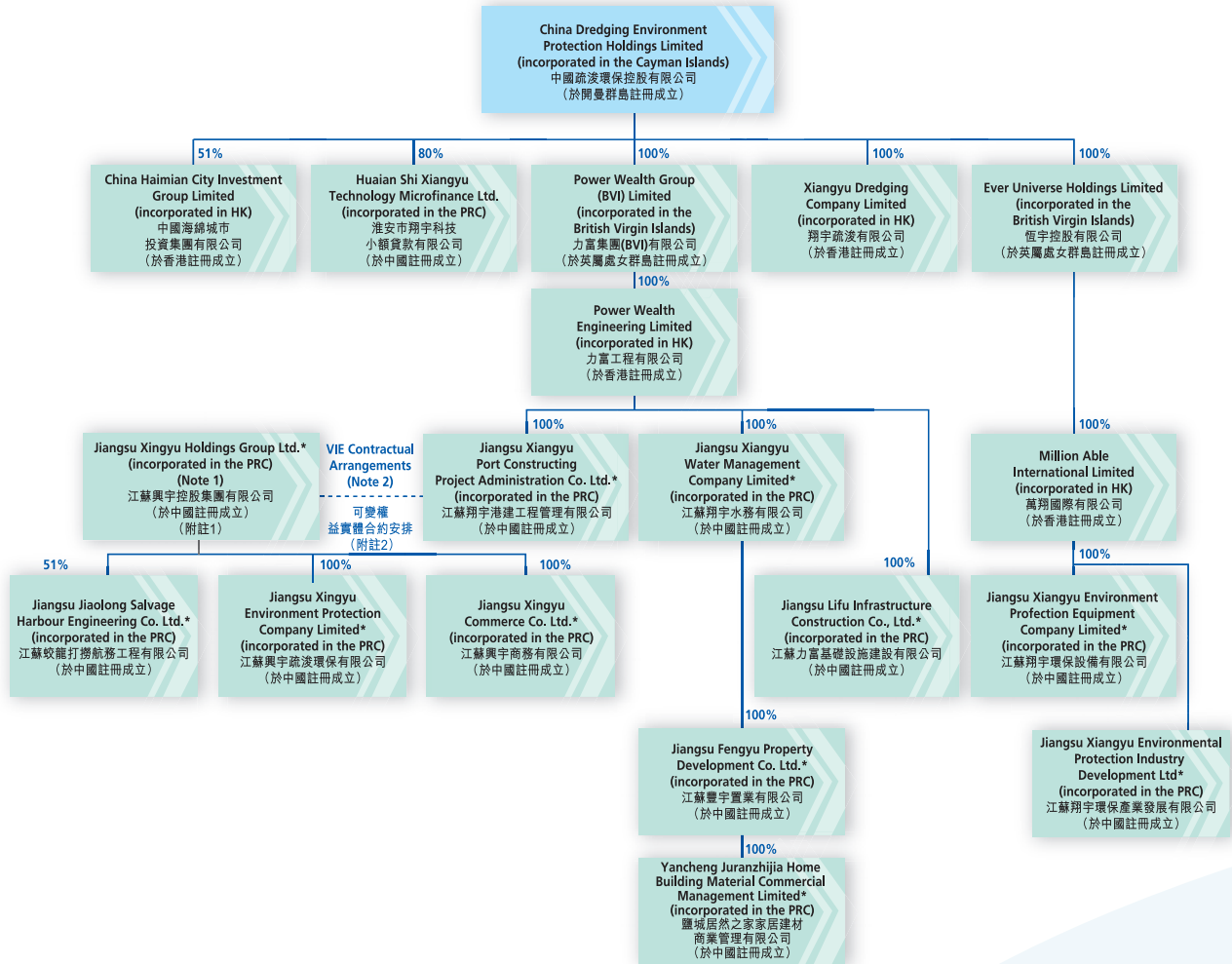
本公司的儲備

		Share premium	Other reserve	Accumulated losses	Total
		股份溢價	其他儲備	累計虧損	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2015	於二零一五年一月一日	520,567	165,238	(147,625)	538,180
Loss and total comprehensive expense for the year	年內虧損及綜合開支總額	—	—	(44,642)	(44,642)
Placing of shares	股份配售	348,560	—	—	348,560
At 31 December 2015	於二零一五年十二月三十一日	869,127	165,238	(192,267)	842,098
Loss and total comprehensive expense for the year	年內虧損及綜合開支總額	—	—	(37,554)	(37,554)
Placing of shares	股份配售	53,853	—	—	53,853
At 31 December 2016	於二零一六年十二月三十一日	922,980	165,238	(229,821)	858,397

Group Chart 集團架構

The following sets out the corporate structure of the Group as at 31 December 2016:

下圖列示本集團於二零一六年十二月三十一日的企業架構：



Notes:

- Mr. Liu and Ms. Zhou are the registered holders of the registered capital in Jiangsu Xingyu, and Ms. Zhou holds all her equity interest in Jiangsu Xingyu as trustee for Mr. Liu.
 - On 19 April 2011, Jiangsu Xingyu, Xiangyu PRC, Mr. Liu and Ms. Zhou entered into the Contractual Arrangements, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu are transferred to Xiangyu PRC.
 - China Haimian City Investment Group Limited was acquired on 23 November 2016.
- * For identification purpose only

附註：

- 劉先生及周女士為江蘇興宇註冊資本的登記持有人，及周女士作為劉先生的信託人持有其於江蘇興宇的所有股權。
 - 於二零一一年四月十九日，江蘇興宇、翔宇中國、劉先生及周女士訂立合約安排，據此，江蘇興宇業務產生的所有經濟利益及風險均轉讓予翔宇中國。
 - 於二零一六年十一月二十三日收購中國海綿城市投資集團有限公司。
- * 僅供識別

Chairman's Statement

主席報告



Chairman's Statement (Continued)

主席報告(續)

To Shareholders,

The year 2016 was a challenging year. The delay and/or the prolongment of the tendering and/or the decision-making process for construction of government projects, resulting in a slowdown in the infrastructure and reclamation dredging business and the environmental protection dredging business, and the fierce horizontal competition imposed a large pressure over the Group's operation. In face of the unfavourable factors, the Group continuously strengthened daily operation and management and obtained certain achievements. In the financial year of 2016, the Group recorded a total revenue of approximately RMB667.2 million, representing a decrease of 4.8% as compared with the total revenue of approximately RMB701.0 million for the financial year of 2015, and a gross profit of approximately RMB233.1 million, representing a slight increase of 2.8% as compared with the gross profit of approximately RMB226.7 million for the financial year of 2015, and the overall profit margin also increased from 32.3% to 34.9%. In 2016, the Group turned loss into profit, and recorded a profit attributable to Shareholders of approximately RMB75.3 million as compared with a net loss attributable to Shareholders of approximately RMB190.5 million for the financial year of 2015.

The Group commenced property management business in 2016, and currently manages "居然之家鹽城店(Easyhome Yancheng Shopping Mall*)", a 8-floor shopping mall constructed by the Group. The project will become another source of long-term stable income to provide stable cash flow support for the Group's further development of environmental protection dredging business in the future.

As environmental protection is still a significant subject of the work of central government and people's livelihood, the government attaches great importance to the environmental protection industry and will launch favourable policies on a continued basis to support the development of dredging industry. We are convinced that such favourable policies will generate more opportunities, which will facilitate the elimination of factors detrimental to operation. The Group will further exert and consolidate its advantages in terms of operation and management, and endeavour to seize and create more business opportunities to promote the Group's business growth.

致各股東：

二零一六年為具挑戰的一年，面對政府項目的招標及／或興建決策過程被延遲及／或延長，導致我們原先預期的基建及填海疏浚以及環保疏浚項目進展緩慢，再加上同業的激烈競爭，為本集團的營運帶來沉重的壓力。惟本集團積極應對不利因素，不斷加強日常經營管理，取得一定成效。於二零一六年財政年度，本集團錄得總收益約人民幣667,200,000元，較二零一五年財政年度錄得約人民幣701,000,000元的總收益下降4.8%，毛利則由二零一五年財政年度的約人民幣226,700,000元微升2.8%至約人民幣233,100,000元，整體毛利率亦較二零一五年財政年度有所改善，由32.3%上升至34.9%。本集團轉虧為盈，於二零一六年財政年度錄得股東應佔溢利約人民幣75,300,000元，而二零一五年財政年度淨虧損則為約人民幣190,500,000元。

本集團自二零一六年起開始涉足物業管理業務，現時管理由本集團自行興建的八層商場「居然之家鹽城店」，此項目將成為另一項中長期穩定的收入來源，以便為集團今後進一步拓展環保疏浚業務提供穩定的現金流支援。

鑒於環保依然是中央政府工作和社會民生的重大主題，政府高度重視環保產業，將對疏浚行業持續推出利好政策的支持，我們相信該等利好政策將產生更多機遇，有助於扭轉一直以來不利營運的因素，本集團將進一步發揮並強化自身在運營管理，竭力把握並創造更多商機，促進本集團業務的增長。

Chairman's Statement (Continued)

主席報告(續)

The year 2017 will be full of challenges and opportunities. In order to better cope with challenges and rise up to difficulties, as a supplier that has provided professional dredging services for years and a frontrunner with advanced management, quality clients and an excellent reputation in the industry, we will insist on the traditional dredging business and environmental protection dredging business, our two principal businesses, and stay loyal to our clients to provide them with quality service while keeping on robust and prudent operation strategies despite of great difficulties.

Liu Kaijin

Chairman and Executive Director

29 March 2017

二零一七年將為充滿挑戰及機遇的一年，為了更好應對各項挑戰，迎難而上，本集團作為一個具有多年經驗的專業疏浚服務提供者，亦作為一個管理先進、擁有眾多優質客戶和極好聲譽口碑的行業排頭兵，無論挑戰如何艱巨，我們會始終堅守傳統疏浚和環保疏浚這兩大的主營業務，忠於我們的客戶和為客戶提供服務的品質，堅持穩健和審慎的經營策略。

主席兼執行董事

劉開進

二零一七年三月二十九日

Management Discussion and Analysis

管理層討論及分析



Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Overview

The Group is primarily engaged in dredging business, which can be divided into three main operating and reportable segments, namely, (i) capital and reclamation dredging business (the “CRD Business”); (ii) environmental protection dredging (“EPD”) and water management business (the “EPD and Water Management Business”); and (iii) other works operated in marine sites such as salvage and hoisting works (the “Other Marine Business”). In addition, the Group also commenced property management business (the “Property Management Business”) in respect of the management of 居然之家鹽城店 (Easyhome Yancheng Shopping Mall*) during the Reporting Period.

During the Reporting Period, the Group turned around from a net loss of approximately RMB190.5 million in the financial year of 2015 to a net profit of approximately RMB75.3 million.

Financial Review

Revenue

During the Reporting Period, the Group recorded a drop by about 4.8% in total revenue from RMB701.0 million for the year ended 31 December 2015 to about RMB667.2 million. As regards the CRD Business segment, the revenue generated during the Reporting Period was approximately RMB354.0 million, which represented a decrease of approximately 3.6% compared to the revenue for the year ended 31 December 2015. The decrease was due to the slowdown of the implementation of the construction projects in the domestic dredging industry, and the drop in number of newly contracted construction projects as the Group implemented a more prudent and careful policy in selecting new projects since 2015. The EPD and Water Management Business segment recorded revenue of RMB154.7 million, which represented a decrease of approximately 13.8% from the corresponding segment’s revenue for the year ended 31 December 2015. The decrease was due to the slow progress in implementing certain EPD projects. Other Marine Business maintained stable and contributed a revenue of approximately RMB153.5 million to the Group for the Reporting Period, which represented a slight decrease of 0.5% as compared with approximately RMB154.2 million in the corresponding period of 2015.

概覽

本集團主要致力於疏浚業務，相關的業務可分為三個主要營運及呈報分部，即(i)基建及填海疏浚業務(「基建及填海疏浚業務」)；(ii)環保疏浚及水務管理業務(「環保疏浚及水務管理業務」)；(iii)海上操作的其他工程，如吊裝及打撈工程(「其他海事業務」)。此外，本集團於報告期間就管理居然之家鹽城店開始經營物業管理業務(「物業管理業務」)。

於報告期間，本集團轉虧為盈，錄得純利約人民幣75,300,000元，而二零一五年財政年度淨虧損則為約人民幣190,500,000元。

財務回顧

收益

於報告期間，本集團於疏浚業務收益錄得下跌，由截至二零一五年十二月三十一日止年度的約人民幣701,000,000元減少約4.8%至約人民幣667,200,000元。於報告期間，基建及填海疏浚業務分部錄得收益約人民幣354,000,000元，較截至二零一五年十二月三十一日止年度的收益減少約3.6%，收益減少的原因是國內疏浚行業的工程項目實施節奏放緩，以及本集團於二零一五年開始對新項目的篩選採用更為穩健和審慎的經營策略導致新承接工程項目減少。環保疏浚及水務管理業務分部錄得收益約人民幣154,700,000元，較截至二零一五年十二月三十一日止年度相應分部收益減少約13.8%，收益減少是由於若干環保疏浚項目施工進度放緩所致。其他海事業務則維持穩定，於報告期間為本集團貢獻約人民幣153,500,000元，較二零一五年同期約人民幣154,200,000元只輕微下跌0.5%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The revenue of the newly developed Property Management Business segment for the Reporting Period was approximately RMB5.0 million. The growth of this business segment is subject to the duration of the marketing and promotion efforts, the cultivation process of customer base as well as the ultimate customers' recognition of the brand and shopping mall.

Operating Cost and Gross Profit

The Group's operating cost decreased from about RMB474.3 million for the year ended 31 December 2015 to about RMB434.0 million for the Reporting Period, representing a decrease of about 8.5%. Such decrease was mainly attributable to the decrease in business volume, drop in oil price and tighten cost controls.

The Group recorded a gross profit of about RMB233.1 million for the Reporting Period, representing an increase of about 2.8% as compared with the year ended 31 December 2015 of about RMB226.7 million, and the Group's gross profit margin slightly increased from 32.3% for the year ended 31 December 2015 to 34.9% for the Reporting Period. Such increase in gross profit was due to the effective cost control during the Reporting Period.

The gross profit margin of CRD Business segment increased from about 35.9% for the year ended 31 December 2015 to about 39.7% for the Reporting Period, representing an increase of 3.8 percentage points. Such increase was mainly due to the Group adopting more stringent thresholds for vetting and selection of the new projects during the Reporting Period.

The gross profit margin of EPD and Water Management Business slightly decreased from about 29.9% for the year ended 31 December 2015 to about 28.3% for the Reporting Period.

During the Reporting Period, the gross profit margin of the Group's Other Marine Business decreased from 14.4% for the year ended 31 December 2015 to about 11.5% for the Reporting Period. The drop in the profit margin was due to more intensive business competition and the rising staff costs which further lowered the project prices.

於報告期間剛開拓期的物業管理業務分部收入約人民幣5,000,000元。該業務的增長，受制於市場推廣和宣傳的持續性，客戶群的培育過程，以及最終用戶對品牌和商場的認可度。

營運成本及毛利

本集團的營運成本由截至二零一五年十二月三十一日止年度的約人民幣474,300,000元減少至報告期間的約人民幣434,000,000元，減少約8.5%，乃主要由於業務量下降，油價下調及緊縮成本控制所致。

本集團於報告期間錄得毛利約人民幣233,100,000元，較截至二零一五年十二月三十一日止年度的約人民幣226,700,000元增加約2.8%，毛利率由截至二零一五年十二月三十一日止的32.3%輕微上升至報告期間的34.9%。毛利上升乃由於報告期間實行有效的成本控制。

基建及填海疏浚業務的分部毛利率由截至二零一五年十二月三十一日止年度約35.9%增加至報告期間的約39.7%，升幅達3.8個百分點，乃主要由於報告期間對新項目實施更嚴格的篩選和挑選所致。

環保疏浚及水務管理業務的分部毛利率由截至二零一五年十二月三十一日止年度約29.9%輕微下降至報告期間約28.3%。

於報告期間，本集團其他海事業務的分部毛利率由截至二零一五年十二月三十一日止年度14.4%下降至報告期間的約11.5%，利潤率下降乃主要由於業務競爭更加激烈和人工成本上升導致單價進一步降低所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Other Income

Other income decreased by approximately 34.7% to approximately RMB24.9 million as compared with the year ended 31 December 2015, mainly due to the decrease in interest income in respect of bank accounts and consideration receivables.

Allowance for Doubtful Debts

As a further prudent measure in managing the account receivables, an allowance for doubtful debts of aggregate sum of about RMB11.9 million was made based on the recoverability of the receivables for the Reporting Period (allowance for doubtful debts in 2015 was approximately RMB376.6 million in total). The allowance for receivables was made based on the assessment in recoverability and the judgment by the management after considering the estimated future cash flows discounted at the present value of the original effective interest rate.

Marketing and Promotion Expenses

Marketing and promotion expenses for the Reporting Period was approximately RMB11.1 million, representing an increase of 28.3% as compared with the year ended 31 December 2015 of approximately RMB8.6 million, which was mainly attributable to the launch of series of marketing and promotion activities for the formal operation of 居然之家鹽城店 (Easyhome Yancheng Shopping Mall*) during the Reporting Period.

Administrative Expenses

Administrative expenses for the Reporting Period amounted to about RMB48.7 million, representing an increase of about 18.1% from RMB41.3 million for the year ended 31 December 2015. This was mainly due to the increase in new staff salary cost and utilities cost as a result of the operation of 居然之家鹽城店 (Easyhome Yancheng Shopping Mall*), and the increase in professional fees.

Foreign Exchange Difference

Due to the fluctuation in the foreign exchange rate during the Reporting Period, part of the Group's bank borrowings and bank deposits were denominated in United States dollars and Hong Kong dollars. The foreign exchange difference of RMB39.2 million was recognised in the Reporting Period (31 December 2015: loss of approximately RMB30.2 million).

其他收入

其他收入較截至二零一五年十二月三十一日止年度減少約34.7%至報告期間的約人民幣24,900,000元，主要是由於銀行利息及有關應收代價的利息收入減少所致。

呆賬撥備

作為管理應收賬款之進一步審慎措施，本集團已就報告期應收賬款可收回情況作出合共約人民幣11,900,000元呆賬撥備(二零一五年作出呆賬撥備合共約人民幣376,600,000元)。該等應收賬款撥備乃根據可收回情況的評估及管理層經參考原實際利率貼現現值的估計未來現金流量後所作判斷而作出。

市場推廣及宣傳開支

於報告期間的市場推廣及宣傳開支約為人民幣11,100,000元，較於截至二零一五年十二月三十一日止年度的約人民幣8,600,000元增加約28.3%，此乃主要由於居然之家鹽城店於報告期間正式投入營運，本集團推出一系列的推廣宣傳活動。

行政開支

於報告期間，本集團的行政開支約為人民幣48,700,000元，較截至二零一五年十二月三十一日止年度的人民幣41,300,000元增加約18.1%。此乃主要由於居然之家鹽城店的運營導致新員工薪酬開支及水電煤費增加，以及專業費增加所致。

匯兌差額

由於報告期間匯率波動，本集團的部分銀行貸款和銀行存款以美元及港元計值，已於報告期間確認匯兌損失人民幣39,200,000元(二零一五年十二月三十一日：損失約人民幣30,200,000元)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Finance Costs

Finance costs increased by approximately 25.8% from the year ended 31 December 2015 of approximately RMB55.6 million to approximately RMB70.0 million for the Reporting Period.

Income Tax Expense

Income tax expense for the Reporting Period amounted to about RMB47.0 million, while the income tax credit amounted to about RMB46.8 million for the year ended 31 December 2015.

Profit for the Period

As a combination effect of the above, the net profit for the Reporting Period was about RMB75.3 million, while the loss was RMB190.5 million for the year ended 31 December 2015. Such gain was mainly attributable to the significant decrease in allowance for doubtful debts compared with 2015 and the gain from disposal of Jiangsu Lugang (as defined below) of about RMB24.3 million for the Reporting Period.

Earnings Per Share

Basic earnings per Share for the Reporting Period was RMB0.055 per Share, while the loss per Share for the year ended 31 December 2015 was RMB0.19 per Share.

Financial Management Policies

The Group in its ordinary course of business is exposed to market risks such as currency risk and interest rate risk. The Group's risk management strategy aims to mitigate the adverse effects of these risks on its financial performance in full measure.

As most of the Group's trading transactions, monetary assets and liabilities are denominated mainly in Renminbi, which is the Group's functional and reporting currency, and save for convertible bonds and certain bank borrowing and deposits denominated in United States dollars and Hong Kong dollars, the foreign exchange loss recognised during the Reporting Period was approximately RMB39.2 million (31 December 2015: loss of approximately RMB30.2 million). The Group is giving full attention to respond to the related foreign exchange rate risks.

融資成本

融資成本由截至二零一五年十二月三十一日止年度的約人民幣55,600,000元增加約25.8%至報告期間的約人民幣70,000,000元。

所得稅開支

於報告期間，所得稅開支約人民幣47,000,000元，而截至二零一五年十二月三十一日止年度則為所得稅抵免約人民幣46,800,000元。

期內溢利

由於以上因素的綜合影響，報告期間錄得純利約人民幣75,300,000元(截至二零一五年十二月三十一日止年度的虧損為人民幣190,500,000元)。錄得盈利主要因為報告期間的呆賬撥備較二零一五年大幅減少，以及報告期內出售江蘇路港獲利約人民幣24,300,000元(定義見下文)。

每股盈利

報告期間每股基本盈利為每股人民幣0.055元(截至二零一五年十二月三十一日止年度每股虧損人民幣0.19元)。

財務管理政策

本集團於其一般業務過程中面臨市場風險(包括貨幣風險及利率風險)。本集團的風險管理策略旨在將該等風險對其財務表現的不利影響降至最低。

由於本集團的大部分買賣交易、貨幣資產及負債主要以人民幣(本集團的功能及呈報貨幣)計值，惟可換股債券及若干銀行貸款及結餘以美元及港元計值，於報告期確認匯兌損失約人民幣39,200,000元(二零一五年十二月三十一日：損失約人民幣30,200,000元)，本集團正密切應對相關匯率風險。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As current interest rates stay at relatively low levels, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instrument. However, the Group continues to monitor its related interest rate exposure closely.

Financial Position

As at 31 December 2016, the total equity of the Group amounted to approximately RMB2,269.5 million (31 December 2015: approximately RMB2,123.4 million). The increase was mainly attributable to the increase of capital due to new shares issued during the Reporting Period and the income from operation for the year.

The Group's net current liabilities as at 31 December 2016 amounted to approximately RMB56.7 million (31 December 2015: approximately RMB216.6 million). The current ratio, which is calculated by dividing current assets by current liabilities, was 0.96 as at 31 December 2016 (31 December 2015: 0.86).

Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and improve the usage efficiency of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi and Hong Kong dollars.

Included in current assets were cash and various bank deposits which was about RMB49.5 million in total as at 31 December 2016, representing an decrease by about 75.4% as compared with that of about RMB201.1 million as at 31 December 2015.

During the Reporting Period, the Company issued the consideration shares in an amount of approximately HK\$86.1 million (equivalent to approximately RMB75 million) as the consideration for acquisition of land use rights with properties and machines.

The Group's accounts receivables as at 31 December 2016 amounted to approximately RMB1,361.0 million (2015: approximately RMB1,121.5 million).

由於現行利率處於相對較低水平，故本集團並無訂立任何利率對沖合約或任何其他利率相關衍生金融工具。然而，本集團將繼續密切監察其所面對的相關利率風險。

財務狀況

於二零一六年十二月三十一日，本集團的權益總額約為人民幣2,269,500,000元(二零一五年十二月三十一日：約人民幣2,123,400,000元)。權益總額增加主要是因為報告期間發行新股份而增加資本及本年度經營收益所致。

本集團於二零一六年十二月三十一日的流動負債淨值約為人民幣56,700,000元(二零一五年十二月三十一日：約人民幣216,600,000元)。於二零一六年十二月三十一日的流動比率(按流動資產除以流動負債計算)為0.96(二零一五年十二月三十一日：0.86)。

流動資金及財務資源

本集團採取審慎的現金及財務管理政策。為求能夠更好控制成本及盡量降低資金成本，本集團的財資活動均為集中管理，而現金一般會存放於銀行，大部分以人民幣及港元計值。

於二零一六年十二月三十一日，流動資產中包括現金及多項銀行存款共約人民幣49,500,000元，較於二零一五年十二月三十一日的約人民幣201,100,000元減少約75.4%。

於報告期間，本公司發行代價股份約86,100,000港元(相等於約人民幣75,000,000元)，作為支付收購物業土地使用權及機器之代價。

本集團於二零一六年十二月三十一日的應收賬款約人民幣1,361,000,000元(二零一五年：約人民幣1,121,500,000元)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The overdue receivables as at 31 December 2016 increased by about 31.3% to approximately RMB1,024.1 million (2015: approximately RMB780.2 million).

As at 31 December 2016, the total liabilities of the Group amounted to approximately RMB1,561.1 million (31 December 2015: RMB1,753.7 million). The decrease in total liabilities was mainly due to the decrease of bank borrowings and accounts and other payables. The Group's gearing ratio (calculated by interest bearing instruments (including bank borrowings, other borrowings and bonds) divided by total equity) decreased to a level of 36.2% (2015: 47.7%).

Capital Structure of the Group

The capital structure of the Group consists of debts, which include amounts due to Directors, amounts due to non-controlling interests of a subsidiary, bank borrowings, other borrowings, bond payable and convertible bonds and equity reserves attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts.

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi and Hong Kong dollars. During the Reporting Period, most of the transactions were denominated and settled in Renminbi. The Group recorded a net exchange loss amounting to RMB39.2 million during the Period.

於二零一六年十二月三十一日的逾期應收款項增加約31.3%至約人民幣1,024,100,000元(二零一五年:約人民幣780,200,000元)。

於二零一六年十二月三十一日,本集團的總負債約為人民幣1,561,100,000元(二零一五年:人民幣1,753,700,000元)。總負債下降主要由於銀行借貸及應付賬款及其他應付款減少。本集團的資產負債比率(以計息工具(包括銀行借貸、其他借貸及債券)除以權益總額計算)下降至36.2%(二零一五年:47.7%)。

本集團的資本結構

本集團的資本結構由債務組成,其中包括應付董事款項、應付一間附屬公司非控股權益的款項、銀行借貸、其他借貸、應付債券及可換股債券以及本公司所有人應佔權益儲備,包括已發行股本及各種儲備。

董事每半年檢討資本結構一次。作為檢討的一部分,董事考慮資本成本及每一類資本附帶的風險。根據董事的建議,本集團將透過發行新股及購回股份以及發行新債或贖回現行債務平衡其整體資本結構。

本集團的貨幣資產、負債及交易主要以人民幣及港元計值。於報告期間,大部分交易以人民幣計值及結算。本集團於期內錄得匯兌損失淨額人民幣39,200,000元。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Charge over Assets of the Group

As at 31 December 2016, the Group's bank borrowings were secured by pledged bank deposits of approximately RMB15.0 million, charges over certain dredgers, accounts receivables and land owned by the Group, a property owned by a company which Mr. Liu has beneficial interest, and personal guarantees by Mr. Liu and Ms. Zhou. There were also intra-group charges between two of the Company's wholly-owned subsidiaries as a result of the contractual arrangements, pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu have been transferred to Xiangyu PRC.

Material acquisitions and disposals

On 9 March 2016, Jiangsu Xingyu entered into a share transfer agreement with Ms. Xu Xiulan and Ms. Chou Zhaoxiu (collectively called the "Purchasers") pursuant to which Jiangsu Xingyu agreed to sell the entire equity interest of 江蘇省路港建設工程有限公司 (Jiangsu Province Lugang Construction Project Co. Ltd.*) ("Jiangsu Lugang"), an indirect wholly-owned subsidiary of the Company, to the Purchasers, among which 98.89% equity interest should be acquired by Ms. Xu Xiulan and the remaining 1.11% equity interest should be acquired by Ms. Chou Zhaoxiu. The total consideration is RMB85.8 million. Jiangsu Lugang is principally engaged in port and waterway construction and reclamation dredging business. The transaction was completed on 17 March 2016.

Pursuant to the above share transfer agreement, the Purchasers shall undertake that after completion of the share transfer, the Purchasers shall continue to cooperate with Jiangsu Xingyu on its business to ensure that the operation of investment projects of Jiangsu Xingyu which tenders have been awarded will not be affected by the sale of Jiangsu Lugang.

本集團資產抵押

於二零一六年十二月三十一日，本集團的銀行借貸乃以已抵押銀行存款約人民幣15,000,000元、本集團所持有的若干挖泥船、應收賬款及土地、劉先生擁有實益權益的一家公司所持有的一處物業以及劉先生及周女士的個人擔保作抵押。本公司兩間全資附屬公司間因合約安排(據此由江蘇興宇的業務中產生的一切經濟利益及風險均轉撥至翔宇中國)而產生集團內抵押。

重大收購事項及出售事項

於二零一六年三月九日，江蘇興宇與徐秀蘭女士及仇兆秀女士(統稱「買方」)訂立股份轉讓協議，據此，江蘇興宇同意出售江蘇省路港建設工程有限公司(「江蘇路港」，為本公司的間接全資附屬公司)之全部股本權益給買方，其中98.89%股本權益由徐秀蘭女士收購，其餘1.11%股本權益則由仇兆秀女士收購，總代價為人民幣85,800,000元。江蘇路港主要從事港口與航道工程、填海疏浚工程業務。該交易已於二零一六年三月十七日完成。

根據上述股份轉讓協議，買方承諾於股份轉讓完成後，買方應繼續就其業務與江蘇興宇合作，以確保江蘇興宇投標獲得的投資項目運營將不會受到出售江蘇路港權益的影響。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Capital Commitments and Contingent Liabilities

As at 31 December 2016, the Group had capital commitments of approximately RMB125.9 million (31 December 2015: approximately RMB107.5 million) which mainly included the construction cost of approximately RMB118.8 million for a hotel.

As at 31 December 2016, the Group did not have any material contingent liability (31 December 2015: nil).

Business Review

The Group recorded an operating revenue of about RMB667.2 million and gross profit of about RMB233.1 million, representing a decrease of 4.8% and an increase of 2.8% respectively for the corresponding period last year. The decrease in operating revenue was mainly due to the slowdown of the construction projects in domestic dredging industry and the drop in number of newly contracted construction projects as the Group adopted a more prudent strategy in selecting new projects as disclosed in the annual report 2015. The increase in gross profit was due to the fact that the Group adopted positive cost effectiveness for dredging projects.

The CRD Business is a core business of the Group. The Group has undertaken and commenced new projects during the Reporting Period, including the projects in Binhai, Jiangsu and Tangshan, Hebei. Though revenue generated from the segment decreased during the Reporting Period, gross profit margin from it remained increasing, which was attributable to our healthy and prudent operating strategy, reflected by a better understanding of the background and a more detailed and thorough due diligence review of newly contracted constructions, including but not limited to the feasibility of fund raising, natural conditions and construction status of the projects, to ensure a reliable capital return and a more controllable level of gross profit of such new projects.

資本承擔及或然負債

於二零一六年十二月三十一日，本集團的資本承擔約為人民幣125,900,000元(二零一五年十二月三十一日：約人民幣107,500,000元)，當中主要包括建設一家酒店的建設成本約人民幣118,800,000元。

於二零一六年十二月三十一日，本集團並無任何重大或然負債(二零一五年十二月三十一日：無)。

業務回顧

本集團錄得營運收益約人民幣667,200,000元，較去年同期下降4.8%，毛利為約人民幣233,100,000元，較去年同期上升2.8%。營運收益減少乃主要由於國內疏浚行業的工程項目實施節奏放緩，以及誠如二零一五年年報所述，本集團對新項目的篩選採用更為穩健和審慎的經營策略導致新承接工程項目減少。毛利上升乃由於本集團對疏浚項目採取積極的成本效益所致。

基建及填海疏浚業務為本集團的核心業務，於報告期間有新項目承接和開工，包括於江蘇濱海及河北唐山項目。儘管基建及填海疏浚業務分部於報告期間所產生之收益減少，惟自該業務分部所產生之毛利率持續增加，此乃因我們採用穩健和審慎的經營策略，對新承接工程的背景瞭解和盡職調查更加細緻深入，包括但不限於對其資金籌集的可靠性、工程的自然條件和施工狀況等，以確保新承接工程資金回籠可靠，毛利空間更加可控。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

The Group proactively develops and expands the EPD and Water Management Business segment. The Group recorded a decrease in revenue during the Reporting Period, which was attributable to the slow progress in implementing certain EPD projects. Due to the sludge dewatering equipment produced by the Group for the sole use of EPD works, our dredging capacity increased by approximately 2 million cubic meters from 6 million cubic meters per annum in 2015 to 8 million cubic meters per annum during the Reporting Period.

Other Marine Business includes marine hoisting, installation, salvaging, vessel chartering and other engineering services. The service prices of the segment fell due to the fact of intensified market competition among hoisting and salvaging business.

The Group completed the construction of a 8-floor shopping mall located in the core area of Yancheng National High-tech Industrial Development Zone, Yandu District, Yancheng City, Jingsu Province. The land where the shopping mall constructed was acquired by the Group in May 2012 with a gross floor area of 75,600 square meters, mainly used for leasing under the Property Management Business. The shopping mall was officially named 居然之家鹽城店 (Easyhome Yancheng Shopping Mall*) and commenced operation on 26 March 2016, positioning as a large scale home building material-themed shopping center offering onestop services from furniture, housewares to decoration materials to customers. Leveraging on the brand of "Easyhome" and its mode of operation, the Group wishes to improve its competitiveness to boost the occupancy rate of the shopping mall and pursue higher profitability.

In addition to the operation and lease of shopping malls, the Group also commenced the construction of a 17-floor hotel with 200 guest rooms located at the west of Caihong Road, Yancheng City, Jiangsu Province, with a gross floor area of 20,000 square meters, which was preliminarily expected to be completed by the end of 2018. The Group expects to provide ongoing and diversified source of revenue for the Group and stable cash flows to the further expansion of the EPD business in the future through the development of new business.

環保疏浚及水務管理分部為本集團積極開拓發展的業務，由於若干環保疏浚項目推進進度放緩，以致本集團於報告期間收益減少。本集團自行生產環保疏浚工程專用的泥漿脫水設備，令本集團的環保疏浚能力，由二零一五年的每年600萬立方米，增加200萬立方米，至於報告期間的每年800萬立方米。

至於其他海事業務，即包括海上吊裝、安裝、打撈、船舶包租及其他工程服務，由於市場吊裝及打撈業務的競爭加劇而導致該分部服務價格下降。

本集團興建位於江蘇省鹽城市鹽都區鹽城國家高新技術產業開發區核心地段的八層商場，該商場的土地於二零一二年五月收購，總建築面積達7.56萬平方米，主要用於物業管理業務之租賃用途。商場正式命名為「居然之家鹽城店」已於二零一六年三月二十六日開業，主要為顧客提供傢俱、家居用品及裝潢裝飾材料等「一站式」服務的大型家居建材主題購物中心。本集團希望透過「居然之家」的品牌和其經營模式，從而提升競爭力，增加商場的出租率，以爭取更高的盈利能力。

除經營出租商場外，本集團亦於報告期間開始江蘇省鹽城市彩虹路西側區建設一家樓高17層200間客房的酒店，總建築面積約2萬平方米，初步預計將於二零一八年年底完工。本集團希望透過開拓新業務，能為集團提供持續並多元化的收入來源，以及今後進一步拓展環保疏浚業務提供穩定的現金流支援。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Event after end of Reporting Period

On 21 March 2017, the Company entered into a second amendment agreement and supplemental deed to the original deed poll (the "Second Amendment Agreement") with Citic Capital China Access Fund Limited (the "Bondholder") in relation to, among other matters, the extension of the maturity date to 21 September 2017 of an aggregate of HK\$243 million three per cent convertible bonds due 2016 (the "Bonds") issued by the Company to the Bondholder under the then general mandate.

Under the Second Amendment Agreement, the Company shall repay to the Bondholder a sum of not less than HK\$15,533,000, HK\$62,132,000 and HK\$229,467,798 on or before 24 March 2017, 21 April 2017 and 21 September 2017 respectively to fully redeem the outstanding Bonds. The repayments comprise interests accrued on and also part repayment of the outstanding principal amount of the bonds. For more details, please refer to the Company's announcement dated 22 March 2017.

Employees and Remuneration Policy

The sustained development of our business is owing to the ongoing contributions of our employees. The Board regards employees as the Group's most valuable wealth and is committed to improving their growth environment, providing them competitive remuneration packages and safeguarding their health and safety. As at 31 December 2016, the Group has 645 (2015: 620) employees. The total staff cost for the Reporting Period was about RMB54.1 million (2015: RMB53.6 million). The Group's remuneration policy is basically determined by the Directors based on the performance of individual employees and the market conditions. In addition to salaries and discretionary bonuses, employee benefits included pension contributions and options which may be granted under share option scheme (under which options to subscribe for Shares that could be granted to independent non-executive Directors would be subject to the applicable conditions and independence restrictions as set out in the Listing Rules).

During the year under review, the Group did not experience any strikes, work stoppages or significant labour disputes which affected its operations in the past and it did not experience any significant difficulties in recruiting and retaining qualified staff.

報告期末後事件

於二零一七年三月二十一日，本公司與Citic Capital China Access Fund Limited(「債券持有人」)訂立第二份修訂協議及原平邊契據的補充契據(「第二份修訂協議」)，內容有關(其中包括)本公司根據當時的一般授權向債券持有人發行合共243,000,000港元於二零一六年到期的三厘可換股債券(「債券」)之到期日延後至二零一七年九月二十一日。

根據第二份修訂協議，本公司須分別於二零一七年三月二十四日、二零一七年四月二十一日及二零一七年九月二十一日或之前向債券持有人償還數額不少於15,533,000港元、62,132,000港元及229,467,798港元，以悉數贖回尚未行使的債券。償還款項包括應計利息及部分償付債券的未贖回本金金額。詳情請參閱本公司日期為二零一七年三月二十二日之公告。

僱員及薪酬政策

我們的業務能夠持續發展，有賴本集團員工的持續奉獻。董事會認為員工為本集團最重要的財富，一直致力於改善員工的成長環境、提供具有競爭力的薪酬方案及確保員工的健康和安全。於二零一六年十二月三十一日，本集團擁有645名(二零一五：620名)員工。於報告期間之總員工成本約為人民幣54,100,000元(二零一五年：人民幣53,600,000元)。本集團之薪酬政策乃基本上由董事基於個別僱員表現及市場狀況而釐訂。除薪金及酌情花紅外，員工福利包括退休金供款及根據購股權計劃可能授出之購股權(據此可授予獨立非執行董事以認購股份之購股權將受限於適用條件及上市規則所載列之獨立性限制)。

於回顧年內，本集團過往並無經歷對其營運造成影響的任何罷工、停工或重大勞資糾紛，且其於聘請及挽留合資格員工方面並無遭遇任何重大困難。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Outlook

Looking into the year of 2017, the Group will carry on its efforts to enhance the effectiveness of its dredging business, and expects to bring reasonable returns through obtaining more work contracts by virtue of our rich construction experience on dredging projects. In addition, the Group will continue to increase its investment in research in the environmental protection regime to cover the technological development and research of integrated usage of relevant resources including soil management and heavy metal management. With the support under the “One Belt One Road” strategy, the Group is expanding the business to foreign markets including Southeast market.

In terms of capital operation, the Group will actively identify and materialise healthy and feasible financial plans based on the progress of its construction projects, so as to further optimise the financial position and enhance the capital base of the Group.

展望

展望二零一七年，本集團將繼續努力提升疏浚業務效益，希望憑著我們對疏浚工程的豐富施工經驗，爭取更多工程合約，以為本集團帶來合理回報。另外，本集團對環保領域科研投入仍會持續，包括土壤整治、重金屬治理等相關資源綜合利用領域的技術開發和研究。隨著「一帶一路」策略支持下，本集團亦正在拓展東南亞等海外市場。

在資本運營方面，本集團根據工程項目運營的進度，積極尋找落實穩健可行的融資方案，從而達到進一步優化本集團的財務狀況，增強夯實本集團的資本基礎。

Directors' and Senior Management's Profile

董事及高級管理層簡介

Board of Directors

Executive Directors

Mr. Liu Kaijin, aged 56, the founder of the Group, was appointed as a Director on 31 May 2010, was re-designed from a Director to an executive Director on 24 May 2011, and was re-designed from a joint chairman to the chairman of the Board of the Group on 23 September 2016. He was the chief executive officer of the Company for the period from 24 May 2011 to 5 January 2017. Mr. Liu is the spouse of Ms. Zhou, an executive Director.

Mr. Liu completed his secondary education in 1977. In 2003, Mr. Liu obtained a certificate as a senior construction engineer from the Human Resources Bureau of Yancheng City* (鹽城市人事局). As his experience and knowledge in the PRC dredging business grew, Mr. Liu established Jiangsu Xingyu in 2007. Mr. Liu has been working in the dredging industry of the PRC for over 20 years.

Mr. Liu was a member of the 7th session of the committee of the Chinese People's Political Consultative Conference of Yancheng City, Jiangsu Province* (中國人民政治協商會議江蘇省鹽城市第七屆委員會委員).

Mr. Liu is the chairman of Jiangsu Xingyu and Huaian Shi Xiangyu Technology Microfinance Ltd.* (淮安市翔宇科技小額貸款有限公司) and the chairman and general manager of Xiangyu PRC, Xiangyu Water Management, Xiangyu Environment Protection, Jiangsu Fengyu, Jiangsu Xingyu Commerce Co. Ltd.* (江蘇興宇商務有限公司), Jiangsu Lifu Infrastructure Construction Co., Ltd.* (江蘇力富基礎設施建設有限公司), Jiangsu Xiangyu Environmental Protection Industry Development Ltd.* (江蘇翔宇環保產業發展有限公司) ("Xiangyu Environmental Protection Industry") and Jiangsu Xingyu Environment Protection Company Limited* (江蘇興宇疏浚環保有限公司); and has been responsible for overseeing their daily operations and planning their business strategies. Other than the above mentioned companies, Mr. Liu is the director of Power Wealth Group (BVI) Limited, Xiangyu Dredging Company Limited, Ever Universe Holdings Limited, Power Wealth Engineering Limited and Million Able International Limited. He is also a director of Wangji Limited, being a substantial shareholder.

Please refer to the "Directors' Report" for details of his discloseable interests in the Company under the provisions of the SFO.

董事會

執行董事

劉開進先生，56歲，本集團的創辦人，於二零一零年五月三十日獲委為董事，於二零一一年五月二十四日由董事調任為執行董事，並於二零一六年九月二十三日由本集團董事會聯席主席調任為主席。彼自二零一一年五月二十四日至二零一七年一月五日期間擔任本公司行政總裁。劉先生為執行董事周女士的配偶。

劉先生於一九七七年完成中學課程。於二零零三年，劉先生獲鹽城市人事局頒發高級建築工程師證書。隨著劉先生於中國疏浚業的經驗及知識日深，劉先生於二零零七年成立江蘇興宇。劉先生於中國從事疏浚業逾二十年。

劉先生為中國人民政治協商會議江蘇省鹽城市第七屆委員會委員。

劉先生現擔任江蘇興宇及淮安市翔宇科技小額貸款有限公司的董事長以及翔宇中國、翔宇水務、翔宇環保、江蘇豐宇、江蘇興宇商務有限公司、江蘇力富基礎設施建設有限公司、江蘇翔宇環保產業發展有限公司(「翔宇環保產業」)及江蘇興宇疏浚環保有限公司的董事長兼總經理，負責監督其日常營運及策劃其業務策略。除上述公司外，劉先生亦為力富集團(BVI)有限公司、翔宇疏浚有限公司、恒宇控股有限公司、力富工程有限公司及萬翔國際有限公司的董事。彼亦作為主要股東擔任旺基有限公司的董事。

彼於本公司擁有根據證券及期貨條例規定須予披露之權益。請參閱本年報「董事會報告」部份。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Executive Directors (Continued)

Mr. Wu Bin, aged 48, has been appointed as a vice chairman of the Board and an executive Director on 5 January 2017.

Mr. Wu obtained tertiary education qualification. He is the chairman of Jiangsu Yuanqi Property Development Co., Ltd* (江蘇遠旗置業有限公司) and has many years of experience in investment management.

Please refer to the "Directors' Report" for details of his discloseable interests in the Company under the provisions of the SFO.

Mr. Wu Xuze, aged 50, has been appointed as an executive Director and the chief executive officer of the Company on 5 January 2017.

Mr. Wu graduated from the Party School of Jiangsu Committee of the Communist Party of China* (中共江蘇省委黨校) and obtained tertiary education qualification in economic management. Mr. Wu has invested in and managed various companies in the PRC and has acted as chairman, general manager and director of those companies. He has over 10 years of experience in investment management.

Please refer to the "Directors' Report" for details of his discloseable interests in the Company under the provisions of the SFO.

Ms. Zhou Shuhua, aged 54, was appointed as a Director on 18 August 2010, and was re-designed as an executive Director on 24 May 2011. Ms. Zhou is mainly responsible for general administrative work of our Group. She is the spouse of Mr. Liu, the chairman of the Board and an executive Director.

Ms. Zhou graduated from The Correspondence Institute of the Party School of the Central Committee of the Communist Party of China* (中共中央黨校函授學院), the PRC in December 1999 and obtained a graduation certificate for undergraduate courses in administrative management. She also obtained a graduation certificate for undergraduate courses in broadcasting in May 2001 from Nanjing Normal University* (南京師範大學), the PRC.

董事會(續)

執行董事(續)

伍斌先生，48歲，於二零一七年一月五日獲委任為董事會副主席及執行董事。

伍先生擁有大專學歷。伍先生任江蘇遠旗置業有限公司董事長，擁有多年投資管理經驗。

彼於本公司擁有根據證券及期貨條例規定須予披露之權益。請參閱本年報「董事會報告」部份。

吳旭澤先生，50歲，於二零一七年一月五日獲委任為本公司執行董事及行政總裁。

吳先生畢業於中共江蘇省委黨校，取得經濟管理專業大專學歷。吳先生投資並管理多家中國公司，並擔任該等公司董事長、總經理及董事職務，擁有逾十年的投資管理經驗。

彼於本公司擁有根據證券及期貨條例規定須予披露之權益。請參閱本年報「董事會報告」部份。

周淑華女士，54歲，於二零一零年八月十八日獲委任為董事，並於二零一一年五月二十四日調任為執行董事。周女士主要負責本集團的一般行政工作。彼為本集團董事會主席及執行董事劉先生的配偶。

周女士於一九九九年十二月畢業於中國中共中央黨校函授學院，取得行政管理本科學歷。彼亦於二零零一年五月於中國南京師範大學取得播音主持人文學本科學歷。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Executive Directors (Continued)

Ms. Zhou acts as a Director for Jiangsu Xingyu, Xiangyu Environment Protection, Xiangyu Environmental Protection Industry and Jiangsu Jiaolong.

Please refer to the "Directors' Report" for details of her discloseable interests in the Company under the provisions of the SFO.

Non-executive Director

Mr. Liu Longhua, aged 65, was appointed as the non-executive Director, the chairman of the Nomination Committee and member of the Remuneration Committee on 25 April 2012. He was re-designated from a joint chairman to a vice chairman of the Board of the Group on 23 September 2016.

Mr. Liu graduated from Tsinghua University and he was accredited with the qualification of senior engineer. Mr. Liu was the chairman of Beijing Urban Construction Investment Development Co., Ltd. ("Beijing Urban Construction"), a company listed on the Shanghai Stock Exchange (stock code: 600266) and acted as the vice chairman and general manager of Beijing Construction Engineering Group Co., Limited* (北京建工集團有限責任公司) and the chairman and party secretary of Beijing Urban Construction Group Co., Ltd. (a major shareholder of Beijing Urban Construction). He has extensive experience in corporate governance of sizeable state-owned enterprises.

Mr. Liu was the vice chairman of China Construction Industry Association* (中國建築業協會副會長) and the chairman of the Constructor Committee of China Construction Industry Association* (中國建築業協會建造師分會會長).

董事會(續)

執行董事(續)

周女士出任江蘇興宇、翔宇環保、翔宇環保產業及江蘇蛟龍董事職務。

彼於本公司擁有根據證券及期貨條例規定須予披露之權益。請參閱本年報「董事會報告」部份。

非執行董事

劉龍華先生，65歲，於二零一二年四月二十五日獲委任為非執行董事及提名委員會主席，並為薪酬委員會成員。彼於二零一六年九月二十三日由本集團董事會聯席主席調任為副主席。

劉先生畢業於清華大學，擁有高級工程師資格。劉先生曾任北京城建投資發展股份有限公司(「北京城建」)(上海證券交易所上市公司)(股份代號：600266)的董事長，並擔任北京建工集團有限責任公司副董事長兼總經理及北京城建的主要股東北京城建集團有限責任公司的董事長兼黨委書記職務。彼在大型國有企業管治方面擁有豐富經驗。

劉先生曾擔任中國建築業協會副會長及中國建築業協會建造師分會會長。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Independent Non-executive Directors

Mr. Huan Xuedong, aged 66, was appointed as an independent non-executive Director on 25 April 2012. He is also the member of the Audit Committee.

Mr. Huan graduated from the Correspondence Institute of the Party School of the Central Committee of the Communist Party of China (中共中央黨校函授學院), the PRC with a graduation certificate for undergraduate courses in party administration. He also completed his postgraduate studies in Applied Sociology in Nanjing University (南京大學).

Mr. Huan has served as the Head of Bureau of Township Enterprises of Yan Cheng City* (鹽城市鄉鎮企業局) and the Head of Bureau of Water Management of Yan Cheng City* (鹽城市水利局). Currently, Mr. Huan is the chairman of the Agricultural and Water Enterprises Association of Yan Cheng City* (鹽城市農水企業協會).

Mr. Chan Ming Sun Jonathan, aged 44, was appointed as an independent non-executive Director in 30 November 2012. He is a member of the Remuneration Committee and the Nomination Committee and the chairman of Audit committee.

Mr. Chan graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree in Accounting and Computer Information Systems. Mr. Chan is both a member of the Hong Kong Institute of Certified Public Accountants and Certified Public Accountants, Australia. He has extensive working experience in accounting, investment and corporate finance. Mr. Chan worked in an international accounting firm for about five years and currently, he is an investment manager of Sprint Asset Management Limited.

董事會(續)

獨立非執行董事

還學東先生，66歲，於二零一二年四月二十五日獲委任為獨立非執行董事。彼亦為審核委員會成員。

還先生畢業於中國中共中央黨校函授學院，取得黨政本科學歷。彼亦獲得南京大學應用社會學修畢研究生。

還先生歷任鹽城市鄉鎮企業局局長及鹽城市水利局局長。還先生現任鹽城市農水企業協會會長。

陳銘樂先生，44歲，於二零一二年十一月三十日獲委任為獨立非執行董事。彼為薪酬委員會及提名委員會成員以及審核委員會主席。

陳先生畢業於澳洲新南威爾斯大學，持有會計及電腦資訊系統學系商學士學位。陳先生現為香港會計師公會及澳洲會計師公會之會員。彼於會計、投資及企業財務方面擁有豐富的工作經驗。陳先生曾於一間國際會計師事務所任職近五年，現時為新銳資產管理有限公司的投資經理。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Independent Non-executive Directors (Continued)

Mr. Chan is currently an independent non-executive director of Hao Tin Resources Group Limited (stock code: 474), Far East Holdings International Limited (stock code: 36) and Shenyang Public Utility Holdings Company Limited (stock code: 747), whose securities are listed on the main board of the Stock Exchange, and of Changhong Jiahua Holdings Limited (stock code: 8016) and Dining Concepts Holdings Limited (stock code: 8056), whose securities are listed on the growth enterprise market of the Stock Exchange. Mr. Chan acted as an independent non-executive director of Focus Media Network Limited (stock code: 8112) from 21 April 2015 to 27 November 2015 and L&A International Holdings Limited (stock code: 8195) for the period from 10 October 2014 to 3 March 2017, whose securities are listed on the growth enterprise market of the Stock Exchange.

Mr. Liang Zequan, aged 48, has been appointed as an independent non-executive Director, a member of the Audit Committee, the chairman of Remuneration Committee and a member of the Nomination Committee on 23 September 2016.

Mr. Liang has been the chairman, secretary of the Communist Party's committee and the general manager of Chengnan Branch of Jiangsu Renhe Zhongheng Consulting Group* (江蘇仁禾中衡諮詢集團). He is also an independent non-executive director of Jiangsu Gaohe Intelligent Equipment Co., Ltd. (stock code 831787), a company listed on the Shenzhen Stock Exchange. He held various positions including the chairman, secretary of the Communist Party's general sub-division committee and general manager of Chengnan Branch of Jiangsu Renhe Zhongheng Engineering Consulting Real Estate Valuation Co., Ltd* (江蘇仁禾中衡工程諮詢房地產估價有限公司), the chairman of Jiangsu Renhe Zhongheng CPA Limited* (江蘇仁禾中衡會計師事務所有限公司), the chairman of Yancheng Renhe Capital Construction Investment Valuation Co., Ltd* (鹽城仁禾基本建設投資估價事務所有限公司) and the vice chairman of Yancheng Zhengdao CPA Limited* (鹽城正道會計師事務所有限公司). Mr. Liang graduated from Yancheng Institute of Technology and obtained the Industrial and Civil Building Engineering professional qualification. He is a PRC principal senior economist with the qualifications of PRC certified engineer, asset appraiser and real estate appraiser.

董事會(續)

獨立非執行董事(續)

陳先生現為昊天能源集團有限公司(股份代號：474)、遠東控股國際有限公司(股份代號：36)及審陽公用發展股份有限公司(股份代號：747)之獨立非執行董事，其證券於聯交所主板上市，並為長虹佳華控股有限公司(股份代號：8016)及飲食概念控股有限公司(股份代號：8056)之獨立非執行董事，其證券於聯交所創業板上市。陳先生亦自二零一五年四月二十一日至二零一五年十一月二十七日於Focus Media Network Limited(股份代號：8112)及自二零一四年十月十日至二零一七年三月三日於樂亞國際控股有限公司(股份代號：8195)出任獨立非執行董事，其證券於聯交所創業板上市。

梁澤泉先生，48歲，於二零一六年九月二十三日獲委任為獨立非執行董事、審核委員會成員、薪酬委員會主席及提名委員會成員。

梁先生現任職江蘇仁禾中衡諮詢集團董事長、黨委書記兼城南分公司總經理。彼亦為一家於深圳證券交易所上市之公司江蘇高和智能裝備股份有限公司(股份代號：831787)之獨立非執行董事。梁先生曾擔任多個職位，包括江蘇仁禾中衡工程諮詢房地產估價有限公司董事長、黨總支書記兼城南分公司總經理，江蘇仁禾中衡會計師事務所有限公司董事長，鹽城仁禾基本建設投資估價事務所有限公司董事長，以及鹽城正道會計師事務所有限公司副所長等職位。梁先生畢業於鹽城工學院，並獲工業與民用建築專業學歷。梁先生乃中國正高級經濟師，並具有中國註冊造價工程師、資產評估師及房地產估價師資格。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Board of Directors (Continued)

Independent Non-executive Directors (Continued)

Mr. Liang currently serves as the vice chairman of Jiangsu Province Real Estate Appraisers and Agents Association* (江蘇省房地產估價與經紀協會), an expert of Jiangsu Cost Advisory Expert Committee* (江蘇省造價諮詢專家委員會), an executive director of Registered Accountants Association of Yancheng City, Jiangsu Province *(江蘇省鹽城市註冊會計師協會), a special auditor of Audit Bureau of Yancheng City, Jiangsu Province* (江蘇省鹽城市審計局), the vice chairman of Junior Chamber of Commerce of Tingfu District, Yancheng City, Jiangsu Province* (江蘇省鹽城市亭湖區青年商會), a representative of the 7th Congress of the Communist Party of China of Tingfu District, Yancheng City, Jiangsu Province* (中共江蘇省鹽城市亭湖區七屆黨代表), the vice chairman of Association of Forensic Sciences of Yancheng City, Jiangsu Province *(江蘇省鹽城市司法鑒定協會) and the vice chairman of Federation of Industry and Commerce of Yancheng City, Jiangsu Province* (江蘇省鹽城市工商聯副主席).

Senior Management

Mr. Xu Wenyue, aged 45, joined the Group in October 2011 and is the chief financial officer of the Company. He is the head of accounting department of the Group and is responsible for overseeing the daily accounting and financial matters of the Group, both in the PRC and Hong Kong.

Mr. Xu graduated from the profession of accounting of Nanjing Economic Institute* (南京經濟學院) in 1999. Mr. Xu is a senior accountant in the PRC (中國高級會計師) and both a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) and the China Certified Tax Agents Association (中國註冊稅務師協會). Prior to joining the Group, Mr. Xu worked in a listed group in Hong Kong as a financial controller.

董事會(續)

獨立非執行董事(續)

梁先生現擔任江蘇省房地產估價與經紀協會副會長、江蘇省造價諮詢專家委員會專家、江蘇省鹽城市註冊會計師協會常務理事、江蘇省鹽城市審計局特約審計員、江蘇省鹽城市亭湖區青年商會副會長、中共江蘇省鹽城市亭湖區七屆黨代表、江蘇省鹽城市司法鑒定協會副會長及江蘇省鹽城市工商聯副主席。

高級管理層

徐文躍先生，45歲，於二零一一年十月加盟本集團。現為本公司財務總監。彼為本集團會計部主管並負責監督本集團於中國及香港的日常會計及財務事宜。

徐先生於一九九九年畢業於南京經濟學院會計學專業。徐先生先為中國高級會計師、中國註冊會計師協會會員及中國註冊稅務師協會會員。加盟本集團前，徐先生在香港一間上市集團擔任財務總監。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Senior Management (Continued)

Mr. Lee Chih Chiang Michael (李志強先生), aged 67, joined the Group in April 2011 and is the Group's Chief Engineer of the environmental protection dredging division.

Mr. Lee obtained a Master of Science degree in Multinational Operations Management in 1979 from the West Coast University, Los Angeles, the United States. Mr. Lee has received water treatment training organised by the National Taipei University of Technology (formerly known as National Taipei Institute of Technology) and the Foundation of Taiwan Industry Service.

Mr. Lee has been engaged in the environmental protection dredging, operation and maintenance for about 20 years. Before joining the Group, Mr. Lee has worked as a manager or a chief engineer with several water treatment and environmental protection dredging companies in Taiwan and the PRC.

Ms. Ding Jiying (丁繼穎女士), aged 42, joined the Group in December 2011 as the internal control officer. She is responsible for overseeing the internal control matters of the Group.

Ms. Ding passed the examinations of the PRC Accountant Examination (Intermediate level)* (全國中級會計師考試) and Nanjing University of Finance and Economics* (南京財經大學) in 2000 and 2007, respectively, and awarded with the Bachelor of Management. She is qualified as a PRC Certified Accountant* (全國註冊會計師) and China Real Estate Appraisers* (全國註冊房地產估價師).

Ms. Ding has about 13 years' experience in accounting, financial and internal control aspects. Prior to joining the Group, she has worked in certain sizeable enterprises as financial manager and also worked in the auditing and business consulting division of a PRC accounting firm, mainly responsible for internal control review engagements.

高級管理層(續)

李志強先生，67歲，於二零一一年四月加盟本集團，現為本集團環保疏浚部首席工程師。

李先生於一九七九年自美國洛杉磯西海岸大學取得跨國經營管理理學碩士學位。李先生曾接受國立台北科技大學(前稱台灣省台北工業專科學校)及財團法人台灣產業服務基金會主辦有關水處理方面的培訓。

李先生從事環保疏浚、經營及維護約20年。於加盟本集團前，李先生於台灣及中國多間水處理及環保疏浚公司擔任經理或首席工程師。

丁繼穎女士，42歲，於二零一一年十二月加盟本集團為內部監控專員。彼負責監督本集團的內部監控事宜。

丁女士分別於二零零零年及二零零七年通過全國中級會計師考試及南京財經大學考試，獲得管理學學士學位。彼亦擁有全國註冊會計師及全國註冊房地產估價師資格。

丁女士擁有約13年的會計、財務及內部監控經驗。加盟本集團前，丁女士在若干大型企業擔任財務經理，亦於中國一所會計師事務所的審計、企業管理諮詢部工作，主理審查內部監控的工作。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Senior Management (Continued)

Mr. Yang Xianbo (楊先波先生), aged 52, joined the Group as general manager of Jiangsu Xingyu in November 2012 and is responsible for overseeing the Group's dredging operations.

Mr. Yang has more than 20 years of experience in the dredging industry. Mr. Yang has been responsible for the development, implementation and management of a number of national key dredging projects and he is highly renowned in the dredging industry. Prior to joining Jiangsu Xingyu, Mr. Yang was appointed as the deputy director of Changjiang Wuhan Waterway Engineering Company* (長江武漢航道工程局副局長), a sizeable state-owned dredging enterprise under the Ministry of Transport (交通運輸部). He was awarded with the Certificate of Senior Engineer in waterways engineering* (航道工程高級工程師) by the Ministry of Communication (交通部) (now known as the Ministry of Transport (交通運輸部)) in 2006 and the Certificate of Registration of Constructor of First Class* (一級建造師) by the Ministry of Construction (建設部) in 2008.

Mr. Wang Julin (王菊林先生), aged 65, joined the Group as the chief engineer in August 2010, and is responsible for the management of the engineering department of Jiangsu Xingyu. Mr. Wang studied the profession of ports and waterways at Hohai University (河海大學) of the PRC (formerly known as East China Technical University of Water Resources (華東水利學院)) from 1974 to 1978. He was awarded the Certificate of Senior Engineer in waterways engineering by the Ministry of Communications (交通部) (now known as the Ministry of Transport (交通運輸部)) in 1998 and was awarded the Certificate of Registration of Constructor of First Class by the Ministry of Construction (建設部) in 2008.

高級管理層(續)

楊先波先生，52歲，於二零一二年十一月加盟本集團為江蘇興宇總經理，並負責監督本集團的疏浚業務。

楊先生擁有超過二十年疏浚行業的經驗。楊先生曾負責過多個國家重點疏浚項目的發展、實施及管理，並獲得疏浚業內好評。加入江蘇興宇前，楊先生獲委任為交通運輸部轄下的大型國有疏浚企業長江武漢航道工程局副局長。彼於二零零六年獲交通部(現稱交通運輸部)頒發航道工程高級工程師證書及於二零零八年獲建設部頒發一級建造師註冊證書。

王菊林先生，65歲，於二零一零年八月加盟本集團為首席工程師及負責管理江蘇興宇的工程部。王先生於一九七四年至一九七八年於中國河海大學(前稱華東水利學院)修讀港口及航道專業。彼於一九九八年獲交通部(現稱交通運輸部)頒發航道工程高級工程師證書，並於二零零八年獲建設部頒發一級建造師註冊證書。

Directors' and Senior Management's Profile (Continued)

董事及高級管理層簡介(續)

Senior Management (Continued)

Mr. Wang has over 30 years of experience in the implementation, management and administration of waterways engineering. Before joining the Group, he worked for the engineering department of Changjiang Wuhan Waterway Engineering Company* (長江武漢航道工程局) for about 15 years and has held the positions of officer and project manager. He has been responsible for sizeable dredging projects in the PRC. Thereafter, Mr. Wang worked in a subsidiary under Changjiang Wuhan Waterway Engineering Company* (長江武漢航道工程局) as a manager for about three years. In 1996, Mr. Wang re-joined Changjiang Wuhan Waterway Engineering Company for about eight years and has held the positions of deputy chief and chief of the engineering and business department and deputy chief engineer (constructor of first class). He has been responsible for the inspection, negotiation and overseeing of various projects and entering into of relevant contracts.

高級管理層(續)

王先生擁有超過30年航道工程施工、管理及行政經驗。在加盟本集團之前，彼在長江武漢航道工程局工作約15年，曾出任科員及項目經理，負責處理中國大型的疏浚項目。其後，王先生於長江武漢航道工程局的一家附屬公司擔任經理約三年。於一九九六年，王先生重返長江武漢航道工程局工作約8年，曾擔任工程、經營科副科長、科長及副總工程師(一級建造師)。彼曾負責多個項目的勘察、洽談及監察並訂立相關合約。

Corporate Governance Report

企業管治報告

The Board is pleased to present the corporate governance report for the Review Period. This report describes how the Group has applied its corporate governance practices to its daily activities.

Corporate Governance Practices

The Group's corporate governance framework bases on two main beliefs:

- We are well-committed to maintaining good corporate governance practices and procedures; and
- We recognise the need to adopt practices that improve ourselves continuously for a quality management.

The Group has applied these principles and adopted all code provisions, where applicable, of the CG Code contained in Appendix 14 to the Listing Rules as our own code of corporate governance. The Directors consider that the Company has complied with all applicable code provisions under the CG Code except for the deviation from code provision A.2.1 of the CG Code as explained below.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Before 23 September 2016, Mr. Liu, former joint chairman and chief executive officer of the Company, was responsible for the day-to-day management of the Group's businesses whilst Mr. Liu Longhua, former joint chairman, was responsible for the management of the Board. On 23 September 2016, Mr. Liu was re-designated from joint chairman to the chairman and Mr. Liu Longhua was re-designated from joint chairman to vice chairman of the Company, so Mr. Liu have the dual roles of both chairman and chief executive officer of the Company and the Company has then deviated from this code provision A.2.1. The Board believed that the balance of power and authority for the arrangement would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively.

董事會欣然呈報回顧期間之企業管治報告。本報告描述本集團如何在日常業務中應用其企業管治常規。

企業管治常規

本集團的企業管治框架乃基於兩條主要信念：

- 我們致力於維持良好的企業管治常規及程序；及
- 我們認識到需要採納不斷改善我們自身發展的常規，以確保管理層具備資格。

本集團一直應用上市規則附錄十四所載的企業管治守則的有關原則，並已採納所有守則條文(倘適用)，作為我們自身的企業管治守則。董事認為，本公司已遵守企業管治守則之所有適用守則條文，惟下文所述之偏離企業管治守則之守則條文第A.2.1條除外。

根據企業管治守則之守則條文第A.2.1條，主席與行政總裁之角色應予區分，並不應由同一人士擔任。於二零一六年九月二十三日前，本公司前任聯席主席及行政總裁劉先生負責本集團業務的日常經營，而前任聯席主席劉龍華先生負責董事會管理。於二零一六年九月二十三日，劉先生由聯席主席調任為主席，而劉龍華先生由聯席主席調任為本公司副主席，故劉先生兼任本公司主席兼行政總裁雙重職務，本公司自當時偏離本守則條文第A.2.1條。董事會認為，該安排不會影響權力與授權之間的平衡，而該架構將令本公司能夠及時有效地作出及執行決策。

Corporate Governance Report (Continued)

企業管治報告(續)

Corporate Governance Practices (Continued)

The Company understands the importance of complying with code provision A.2.1 of the CG Code. On 5 January 2017, Mr. Liu resigned as the chief executive officer of the Company and Mr. Wu Xuze was appointed the same position. Hence, the Company has re-complied with the code provision from that date onwards.

Compliance with the Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. In response to specific enquiry made by the Company, each of the Directors confirmed that he/she had complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the Review Period.

We believe through the operation of an effective board, sound internal controls, and accountability to Shareholders, we are able to maximise the value of all Shareholders. The following summarised the corporate governance practices adopted and observed by the Group during the Review Period.

Board of Directors

Board Composition

As at 31 December 2016 and up to the date of this annual report, the Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors.

企業管治常規(續)

本公司知悉遵守企業管治守則之守則條文第A.2.1條之重要性。於二零一七年一月五日，劉先生辭任本公司行政總裁及吳旭澤先生獲委任為該職位。因此，本公司已自該日起重新遵守守則條文。

遵守標準守則

本公司已採納上市規則附錄十所載的標準守則，作為本公司董事進行證券交易的本公司操守守則。經本公司作出特定查詢後，各董事已確認其於整個回顧期間遵守交易的規定準則及董事進行證券交易的操守準則。

我們相信，通過董事會的有效運作、健全的內部監控以及對股東的問責性，我們能使所有股東價值最大化。下文概述本集團於回顧期間採納及遵守的企業管治常規。

董事會

董事會的組成

於二零一六年十二月三十一日直至本年報日期，董事會由四名執行董事、一名非執行董事及三名獨立非執行董事組成。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Board Composition (Continued)

Composition of the Board and its changes during the Review Period and up to date of this annual report are as follows:

Executive Directors:

Mr. Liu Kaijin
 Mr. Wu Bin (appointed on 5 January 2017)
 Mr. Wu Xuze (appointed on 5 January 2017)
 Ms. Zhou Shuhua

Non-executive Director:

Mr. Liu Longhua

Independent non-executive Directors:

Mr. Huan Xuedong
 Mr. Chan Ming Sun Jonathan
 Mr. Xu Hengju (resigned on 23 September 2016)
 Mr. Liang Zequan (appointed on 23 September 2016)

The biographical details of the Directors and the relationships among them are set out in the section headed "Directors' and Senior Management's Profile" of this annual report.

The Board believes that it has a balanced composition of executive Directors, non-executive Director and independent non-executive Directors and there is an independent element on the Board, which can effectively exercise independent judgement. As at 31 December 2016, the Company has three independent non-executive Directors who provide the Group with adequate check and balance. Each of them is considered to be independent and has complied with the provisions set out in Rule 3.13 of the Listing Rules. All of them are identified as such in all communications that disclose the names of the Directors. Their functions are not only limited to a restricted scope and they have contributed to the Group with diversified industry expertise, and advised on the Group's management and proceedings.

One of the three independent non-executive Directors, namely Mr. Chan Ming Sun Jonathan, has professional qualifications in accounting or related financial management expertise.

董事會(續)

董事會的組成(續)

回顧期間及直至本年報日期，董事會的組成如下：

執行董事：

劉開進先生
 伍斌先生(於二零一七年一月五日獲委任)
 吳旭澤先生(於二零一七年一月五日獲委任)
 周淑華女士

非執行董事：

劉龍華先生

獨立非執行董事：

還學東先生
 陳銘樂先生
 徐恒菊先生(於二零一六年九月二十三日辭任)
 梁澤泉先生(於二零一六年九月二十三日獲委任)

董事的履歷詳情及彼等之間的關係載列於本年報「董事及高級管理層簡介」一節。

董事會相信，其執行董事、非執行董事及獨立非執行董事的組成比例均衡，董事會具備獨立性，能夠有效行使獨立判斷。於二零一六年十二月三十一日，本公司擁有一名獨立非執行董事，以令本集團具備適當的制衡。彼等各自均被視為具有獨立性，並一直遵守上市規則第3.13條所載條文。於所有披露董事姓名的公司通訊刊物中，應列明彼等的身份。彼等的職能不只是局限於受限範圍內，彼等還以其多元化的行業知識為本集團作出貢獻，並為本集團的管理及議事程序提出建議。

在三名獨立非執行董事中，其中一名(即陳銘樂先生)具備會計專業資格或相關財務管理知識。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Responsibilities of the Board and Delegation

The Board is responsible for the approval and monitoring of the Group's overall strategies and policies, approval of business plans, evaluation of its performance, overseeing the management and in charge of corporate governance function. It is also responsible for promoting the success of the Group and its businesses by directing and supervising the Group's affairs.

The Board delegates day-to-day operations of the Group to executive Directors and senior management while reserving certain key matters for its approval. Board committees for specific functions are also set up to ensure efficient Board operations. The respective functions and responsibilities reserved to the Board and those delegated to Board committees have been clearly set out in their respective terms of reference.

Decisions of the Board are communicated to the management through executive Directors who have attended the Board meetings.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties of the Company including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

董事會(續)

董事會責任及授權

董事會負責批准及監察本集團的整體策略及政策、審批商業計劃、評核其的表現、監督管理層的工作及負責企業管治職務。此外，董事會負責指導及監督本集團的事務，以推進本集團及其業務的成功運作。

董事會將本集團的日常運作交由執行董事及高級管理層處理，但保留對若干重大事宜作出審批的權利。本公司亦就具體職能設立董事委員會，以確保董事會的高效運作。董事會保留及授予董事委員會的各職能及職責已分別明確載列於各職權範圍內。

董事會之決定將由出席董事會會議之執行董事轉達管理層。

企業管治職能

董事會負責履行本公司之企業管治職能，包括：

- (a) 制定及檢討本公司之企業管治政策及常規；
- (b) 檢討及監察董事及高級管理人員之培訓及持續專業發展；
- (c) 檢討及監察本公司在遵守法律及監管規定方面之政策及常規；
- (d) 制定、檢討及監察僱員及董事的行為守則及合規手冊(如有)；及
- (e) 檢討本公司遵守企業管治守則之情況及在企業管治報告內之披露。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Corporate Governance Functions (Continued)

During the Review Period, the Board reviewed the compliance with the CG Code and the disclosure in this corporate governance report and the training and continuous professional development of the Directors.

Chairman and Chief Executive Officer

Prior to 23 September 2016, Mr. Liu Kaijin, former joint chairman and chief executive officer of the Company, was responsible for the day-to-day management of the Group's businesses, while Mr. Liu Longhua, former joint chairman, was responsible for the management of the Board. On 23 September 2016, both Mr. Liu Kaijin and Mr. Liu Longhua were re-designated as the chairman and vice chairman of the Company respectively, thus Mr. Liu Kaijin have the dual roles of both the chairman and the chief executive officer of the Company. On 5 January 2017, Mr. Liu Kaijin ceased to act as the chief executive officer of the Company and Mr. Wu Xuze was appointed the same position. Subsequent to the above changes, Mr. Liu Kaijin, being the chairman, is responsible for the management of the Board and Mr. Wu Xuze, being the chief executive officer of the Company, is responsible for the day-to-day management of the Group's businesses.

Appointments, Re-election and Removal of Directors

Each of the executive Directors is engaged on a Director's service contract with the Company. The letters of appointment of non-executive Director and independent non-executive Directors also set out the specific terms and conditions relative to their respective appointment. All remuneration paid to executive Directors are covered by respective service contracts and all remuneration paid to non-executive Directors are covered by respective letters of appointment. Details of the terms of appointment of the Directors are disclosed in the section "Director's Service Contracts" of the Directors' Report in this annual report.

董事會(續)

企業管治職能(續)

於檢討期間，董事會已檢討企業管治守則的遵守情況及於本企業管治報告的披露以及董事的培訓及持續專業發展。

主席及行政總裁

二零一六年九月二十三日前，本公司前任聯席主席及行政總裁劉開進先生負責本集團業務的日常管理，而前任聯席主席劉龍華先生負責董事會管理。於二零一六年九月二十三日，劉開進先生及劉龍華先生分別獲調任為主席及副主席，因此劉開進先生兼任本公司主席兼行政總裁雙重職務。於二零一七年一月五日，劉開進先生不再擔任本公司行政總裁而吳旭澤先生獲委任為該職位。上述變更後，主席劉開進先生負責董事會管理而本公司行政總裁吳旭澤先生負責本集團業務日常管理。

委任、重選及罷免董事

獲委聘的各執行董事與本公司訂立董事服務合約。非執行董事及獨立非執行董事的委任書亦載有與彼等的委任相關的具體條款及條件。所有向執行董事支付的酬薪均根據各自訂立的服務合約作出以及所有向非執行董事支付的酬薪均根據各自訂立的委任書作出。委任董事條款詳情於本年報董事會報告「董事的服務合約」一節披露。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Appointments, Re-election and Removal of Directors (Continued)

Pursuant to the Articles, any Director appointed by the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Wu Bin, Mr. Wu Xuze and Mr. Liang Zequan will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election at the meeting.

Pursuant to the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including the non-executive Director and independent non-executive Directors) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Liu Kaijin and Ms. Zhou Shuhua will retire by rotation at the forthcoming annual general meeting in accordance with the Articles. The retiring Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Orientation is provided to newly appointed Directors upon their appointments. Each of them will receive a director's manual from the Company which contains a package of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under the Listing Rules and statutory regulations.

董事會(續)

委任、重選及罷免董事(續)

根據細則，任何獲董事會委任的董事須任職至本公司舉行下屆股東大會為止，屆時將符合資格膺選連任。因此，伍斌先生、吳旭澤先生及梁澤泉先生將於應屆股東週年大會上退任，彼等合資格並且願意於會上重選連任。

根據細則，在每屆股東週年大會上，當時三分之一董事(或，倘人數並非三或三的倍數，則以最接近但不少於三分之一的人數為準)將輪值退任，惟每名董事(包括非執行董事及獨立非執行董事)須至少每三年輪值退任一次。因此，劉開進先生及周淑華女士將根據細則於應屆股東週年大會上輪值告退。合資格退任董事自願於應屆股東週年大會上重選連任。

本公司於新上任董事獲委任後立刻向其提供迎新介紹。彼等將各獲發一份本公司的董事手冊，當中載有一套有關本集團營運及業務的迎新資料，以及與上市規則及監管規定下的董事職責及責任有關的資料。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Board Meetings

The Group adopted the practice of holding Board meetings for executive Directors regularly and holding Board meetings that included both executive Directors and non-executive Directors at least four times every year. The Board will also meet on other occasions when a board-level decision on a particular matter is required.

Generally, at least 14-days' notice for the Company's regular Board meeting, and reasonable time for all other meetings, would be given prior to such meetings. Agenda for a meeting are sent to all Directors prior to the meeting. The Directors will receive details of agenda items for decision at least three days before regular Board meetings.

Throughout the Review Period, the Directors also participated in the consideration and approval of matters of the Company by way of written resolutions circulated to them. Supporting written materials were provided in the circulation and verbal briefings were given by company secretary of the Company when required.

In order to ensure that Board procedures, and all applicable rules and regulations are followed, all Directors are able to access the Company's company secretary for advice from time to time. Moreover, upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances at the Company's expense. All Directors were given an opportunity to include matters in the agenda of meetings for discussion.

董事會(續)

董事會會議

本集團採納的常規是定期為執行董事舉行董事會會議及每年至少舉行四次有執行董事及非執行董事出席的董事會會議。董事會亦將於董事會須對某一事宜作出決定的其他情況下召開會議。

一般而言，於舉行本公司定期董事會會議前，至少須發出14日的通知，至於所有其他會議，則須於會議舉行前發出合理的時間通知。會議議程將於舉行會議前發送至全體董事。董事將於舉行定期董事會會議前至少三日收到詳細議程，以便作出決定。

回顧期間內，各董事亦獲傳閱書面決議案，參與考慮及批准本公司事宜。本公司在傳閱時已提供書面資料，而在需要時則由本公司秘書作出口頭陳述。

為確保遵守董事會程序以及所有適用的規則及規例，所有董事均可不時自本公司的公司秘書獲取意見。此外，於提出合理要求後，董事將可在合適的情況下尋求獨立專業意見，費用由本公司承擔。所有董事均有機會將有關事宜納入會議議程內，以進行討論。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Board Meetings (Continued)

To ensure a competent Board operation, all Directors gave sufficient time and attention to the affairs of the Group during the Review Period. During the Review Period, 8 Board meetings (excluding delegated committees' meetings) were held and attendance of each Director is set out as follows:

董事會(續)

董事會會議(續)

為確保董事會的有效運作，於回顧期間，所有董事已為本集團的事宜投入充分的時間及精力。於回顧期間，已舉行8次董事會會議(不包括授權委員會會議)，各董事的出席情況載列如下：

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
<i>Executive Directors</i>			
Mr. Liu Kaijin	執行董事 劉開進先生	8	8
Mr. Wu Bin (appointed on 5 January 2017)	伍斌先生 (於二零一七年一月五日獲委任)	N/A 不適用	N/A 不適用
Mr. Wu Xuze (appointed on 5 January 2017)	吳旭澤先生 (於二零一七年一月五日獲委任)	N/A 不適用	N/A 不適用
Ms. Zhou Shuhua	周淑華女士	6	8
<i>Non-executive Director</i>			
Mr. Liu Longhua	非執行董事 劉龍華先生	8	8
<i>Independent non-executive Directors</i>			
Mr. Huan Xuedong	獨立非執行董事 還學東先生	8	8
Mr. Chan Ming Sun Jonathan	陳銘樂先生	8	8
Mr. Xu Hengju (resigned on 23 September 2016)	徐恒菊先生 (於二零一六年九月二十三日辭任)	5	5
Mr. Liang Zequan (appointed on 23 September 2016)	梁澤泉先生 (於二零一六年九月二十三日獲委任)	3	3

Minutes of Board meetings and meetings of Board committees are kept by the company secretary or other duly authorised person. All minutes are open for inspection by any Director on reasonable notice. Such minutes are recorded in sufficient detail of the matters considered and decisions reached. Draft and final versions of minutes of Board meetings are sent to all Directors for their comments and records.

董事會會議及董事委員會會議的會議記錄乃由公司秘書或獲正式授權的其他人士保存。所有會議記錄在合理通知下可供任何董事查閱。該等會議記錄足夠詳細地記錄已考慮的事宜及作出的決定。董事會會議記錄的初稿及最終定稿會發送至所有董事，以供彼等作出意見及保存。

Corporate Governance Report (Continued)

企業管治報告(續)

Board of Directors (Continued)

Directors' Training

As part of an ongoing process of directors' training, the Company updates directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

During the Review Period, all Directors participated in appropriate continuous professional development activities summarised as follows:

董事會(續)

董事培訓

作為董事持續培訓之一部分，本公司不時向董事提供有關上市規則及其他適用監管規定之最新發展資料，以確保董事遵守該等規則及提高其對良好企業管治常規之認知。

於回顧期間，所有董事均有參與合適之持續專業發展活動，概述如下：

Name of Director

董事姓名

Reading materials and/or attending training courses relevant to the Company's business, to their duties and responsibilities and/or to corporate governance or regulation
閱讀材料及/或出席培訓課程內容有關本公司業務、彼等的職務或職責及/或企業管治或規定

<i>Executive Directors:</i>	執行董事：	
Mr. Liu Kaijin	劉開進先生	✓
Mr. Wu Bin (appointed on 5 January 2017)	伍斌先生 (於二零一七年一月五日獲委任)	N/A 不適用
Mr. Wu Xuze (appointed on 5 January 2017)	吳旭澤先生 (於二零一七年一月五日獲委任)	N/A 不適用
Ms. Zhou Shuhua	周淑華女士	✓
<i>Non-executive Director:</i>	非執行董事：	
Mr. Liu Longhua	劉龍華先生	✓
<i>Independent non-executive Directors:</i>	獨立非執行董事：	
Mr. Huan Xuedong	還學東先生	✓
Mr. Chan Ming Sun Jonathan	陳銘樂先生	✓
Mr. Xu Hengju (resigned on 23 September 2016)	徐恒菊先生 (於二零一六年九月二十三日辭任)	✓
Mr. Liang Zequan (appointed on 23 September 2016)	梁澤泉先生 (於二零一六年九月二十三日獲委任)	✓

Every newly appointed Director has been provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations.

所有新委任的董事均獲提供必要的入職培訓及資料，確保其對本公司的營運及業務以及其於相關條例、法例、規則及法規下的責任有適當程度的了解。

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees

Remuneration Committee

The Company has set up a remuneration committee with specific terms of reference with appropriate modification when necessary, which state clearly its authority and duties. To keep the Remuneration Committee's terms of reference in line with the Listing Rules amendments, the Board adopted new terms of reference of the Remuneration Committee in March 2012.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management and reviewing the specific remuneration packages of all executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

During the Review Period, the Remuneration Committee conducted review of the remuneration policy and structure of the Directors and senior management which took into account the prevailing market condition and the responsibilities and performance of individual members. No change to the terms was proposed to the Board by the Remuneration Committee. Further, the Remuneration Committee made recommendations to the Board on the remuneration package for a newly appointed Director during the Review Period.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the Review Period is set out below:

In the band of 範圍		Number of individuals 僱員人數
Nil to HK\$1,000,000	零至1,000,000港元	5

董事委員會

薪酬委員會

本公司已成立薪酬委員會，並制定特定的職權範圍(必要時作出適當修改)，清楚列明其職權及職責。為使薪酬委員會的職權範圍符合上市規則之修訂，董事會已於二零一二年三月採納新的薪酬委員會職權範圍。

薪酬委員會的主要職責包括就本集團董事及高級管理層的全體薪酬政策及架構向董事會提出建議，及因應董事會不時所訂的企業方針及目標而審核全體執行董事及高級管理層的特定薪酬待遇。

回顧期間，薪酬委員會對董事及高級管理層的薪酬政策及架構作出檢討，並計及現行市況及個別成員的職責及表現。薪酬委員會並無向董事會建議修改有關條款。此外，薪酬委員會於回顧期間就新上任董事之薪酬待遇向董事會作出推薦建議。

根據企業管治守則的守則條文B.1.5，高級管理層人員於回顧期間之薪酬範圍載列如下：

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees (Continued)

Remuneration Committee (Continued)

As at 31 December 2016, a majority of the Remuneration Committee's members are independent non-executive Directors. During the Review Period, one committee meeting was held and the attendance of each member as to the said meeting is set out as follows:

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
<i>Non-executive Directors:</i>	<i>非執行董事：</i>		
Mr. Liu Longhua	劉龍華先生	1	1
<i>Independent Non-executive Directors:</i>	<i>獨立非執行董事：</i>		
Mr. Chan Ming Sun Jonathan	陳銘樂先生	1	1
Mr. Xu Hengju [#] (resigned on 23 September 2016)	徐恒菊先生 [#] (於二零一六年九月二十三日辭任)	1	1
Mr. Liang Zequan [#] (appointed on 23 September 2016)	梁澤泉先生 [#] (於二零一六年九月二十三日獲委任)	0	0

[#] Mr. Xu Hengju acted as the chairman of the Remuneration Committee until 23 September 2016. Mr. Liang Zequan was appointed as the chairman of the Remuneration Committee on 23 September 2016.

董事委員會(續)

薪酬委員會(續)

於二零一六年十二月三十一日，薪酬委員會的絕大多數成員為獨立非執行董事。於回顧期間，已舉行1次委員會會議，各成員出席上述會議的情況載列如下：

[#] 徐恒菊先生擔任薪酬委員會主席直至二零一六年九月二十三日。梁澤泉先生於二零一六年九月二十三日獲委任為薪酬委員會主席。

Nomination Committee

The Company has set up a nomination committee with specific terms of reference with appropriate modification when necessary, which state clearly its authority and duties. To keep the Nomination Committee's terms of reference in line with the Listing Rules amendments relating to board diversity, the Board adopted new terms of reference of the Nomination Committee including a board diversity policy in August 2013.

提名委員會

本公司已成立提名委員會，並制定特定的職權範圍(必要時作出適當修改)，清楚列明其職權及職責。為使提名委員會的職權範圍符合上市規則有關董事會多元化之修訂，董事會已於二零一三年八月採納新的提名委員會職權範圍(包括董事會多元化政策)。

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees (Continued)

Nomination Committee (Continued)

The Company recognises and embraces the benefits of diversity of the Board members. The following measurable objectives (the "Measurable Objectives") for the purpose of implementation of the board diversity policy are adopted:

- (a) at least 40% of the members of the Board shall be non-executive directors or independent non-executive directors;
- (b) at least 65% of the members of the Board shall have attained bachelor's degree or above;
- (c) at least 30% of the members of the Board shall have obtained accounting or other professional qualifications;
- (d) at least 75% of the members of the Board shall have more than seven years of experience in the industry he is specialised in;
- (e) at least 50% of the members of the Board shall have China-related work experience.

The principal duties of the Nomination Committee include reviewing the size, structure and composition of the Board, developing and formulating relevant policies and procedures for nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence and appropriateness of the independent non-executive Directors based on the criteria such as reputation for integrity, accomplishment and experience in the relevant sectors, professional and educational background, and potential time commitments.

The Nomination Committee has reviewed the size and composition of the Board and the independence of independent non-executive Directors and also made recommendations to the Board in relation to the re-appointment of the retiring Directors and appointment of a Director for the Review Period. The Measurable Objectives set out above for the purpose of implementation of the Board Diversity Policy are achieved.

董事委員會(續)

提名委員會(續)

本公司明白並深信董事會成員多元化裨益良多。就實施董事會多元化政策而言，乃採納以下可計量目標(「可計量目標」)：

- (a) 至少40%董事會成員須為非執行董事或獨立非執行董事；
- (b) 至少65%董事會成員須獲得學士或以上學位；
- (c) 至少30%董事會成員須獲得會計或其他專業資格；
- (d) 至少75%董事會成員須於其專攻行業內擁有七年以上經驗；
- (e) 至少50%董事會成員須擁有中國相關工作經驗。

提名委員會的主要職責包括檢討董事會的規模、架構及組成、擬定及制定有關提名及委任董事的政策及程序、就董事的委任及繼任計劃向董事會作出推薦建議，以及根據有關標準(如誠信、在有關領域的成就及經驗、專業及教育背景及可投入的時間等)評估獨立非執行董事的獨立性及合適性。

回顧期間，提名委員會已檢討董事會的規模及組成以及獨立非執行董事的獨立性，並就重新委任退任董事及委任董事向董事會作出推薦建議。上述可計量目標為達致執行董事會多元化政策。

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees (Continued)

Nomination Committee (Continued)

During the Review Period, one committee meeting was held and the attendance of each member as to the said meetings is set out as follows:

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
<i>Non-executive Director:</i>	<i>非執行董事：</i>		
Mr. Liu Longhua [#]	劉龍華先生 [#]	1	1
<i>Independent Non-executive Directors:</i>	<i>獨立非執行董事：</i>		
Mr. Chan Ming Sun Jonathan	陳銘樂先生	1	1
Mr. Xu Hengju (resigned on 23 September 2016)	徐恒菊先生 (於二零一六年九月二十三日辭任)	1	1
Mr. Liang Zequan (appointed on 23 September 2016)	梁澤泉先生 (於二零一六年九月二十三日獲委任)	0	0

[#] Mr. Liu Longhua acted as the chairman of the Nomination Committee.

董事委員會(續)

提名委員會(續)

於回顧期間，已舉行1次委員會會議，各成員出席上述會議的情況載列如下：

[#] 劉龍華先生為提名委員會主席。

Audit Committee

The Company has established an audit committee with specific written terms of reference that have included the duties which are set out in CG Code provision C.3.3 with appropriate modification when necessary. To keep the Audit Committee's terms of reference in line with the Listing Rules amendments, the Board adopted new terms of reference of the Audit Committee in December 2015 to include duties regarding risk management.

The major role and function of the Audit Committee are to ensure the maintenance of proper relationship with the Company's auditor, the establishment of proper review and control arrangements relating to internal control and risk management systems, financial reporting and the compliance to applicable reporting requirements.

審核委員會

本公司已成立審核委員會，並制定特定的書面職權範圍，當中包括企業管治守則的守則條文C.3.3所載的職責(於必要時作出適當修訂)。為使審核委員會的職權範圍符合上市規則之修訂，董事會已於二零一五年十二月採納新的審核委員會職權範圍以納入有關風險管理的職責。

審核委員會的主要職責及職務是確保與本公司核數師維持良好關係，及就內部監控及風險管理制度、財務報告及遵守適用報告規定作出適當檢討及監控安排。

Corporate Governance Report (Continued)

企業管治報告(續)

Board Committees (Continued)

Audit Committee (Continued)

The Audit Committee reviewed the consolidated financial statements for the six months ended 30 June 2016 and consolidated financial statements for the Review Period of the Group, including the Group's adopted accounting principles and practices, the continuing connected transactions of the Company, internal control systems and financial reporting matters (in conjunction with the external auditor for the annual results). The Audit Committee also monitors the effectiveness of the external audit and oversees the appointment, remuneration and terms of engagement of the Company's external auditor, as well as its independence. The Audit Committee endorsed the accounting treatments adopted by the Company and, to the best of its ability assured itself that the disclosures of the financial information in this annual report comply with the applicable accounting standards and Appendix 16 to the Listing Rules.

As at 31 December 2016, the Audit Committee comprised three independent non-executive Directors and regular Audit Committee meetings were held pursuant to its terms of reference. During the Review Period, two committee meetings were held in the attendance of the external auditor, and the attendance of each member as to the said meetings is set out as follows:

Name of Director		Number of attendance	Number of meetings held during term of office
董事姓名		出席次數	任職期內舉行的會議次數
<i>Independent Non-executive Directors:</i>	<i>獨立非執行董事：</i>		
Mr. Huan Xuedong	還學東先生	2	2
Mr. Chan Ming Sun Jonathan [#]	陳銘樂先生 [#]	2	2
Mr. Xu Hengju (resigned on 23 September 2016)	徐恒菊先生 (於二零一六年九月二十三日辭任)	2	2
Mr. Liang Zequan (appointed on 23 September 2016)	梁澤泉先生 (於二零一六年九月二十三日獲委任)	0	0

[#] Mr. Chan Ming Sun, Jonathan acted as the chairman of the Audit Committee.

董事委員會(續)

審核委員會(續)

審核委員會已檢討本集團截至二零一六年六月三十日止六個月的綜合財務報表及回顧期間的綜合財務報表，包括本集團採納的會計原則及慣例、本公司持續關聯交易、內部監控制度及財務報告事宜(就年度業績與外聘核數師一同檢討)。審核委員會亦監察外部審核的成效及對本公司外聘核數師的委任、薪酬、聘任條款及其獨立性進行監督。審核委員會贊同本公司採納的會計處理方法，並已盡力確保本年報披露的財務資料符合適用的會計準則及上市規則附錄十六。

於二零一六年十二月三十一日，審核委員會包括三名獨立非執行董事，並根據職權範圍定期舉行審核委員會會議。於回顧期間，已在外聘核數師出席的情況下舉行兩次委員會會議，各成員出席上述會議的情況載列如下：

[#] 陳銘樂先生擔任審核委員會主席。

Corporate Governance Report (Continued)

企業管治報告(續)

Directors' Interests in Competing Businesses

None of the Directors or the management of the Company or their respective close associates (as defined under the Listing Rules) had any interests in a business which competes or may compete with the business of the Group, or had any other conflict of interest with the Group during the year.

The Company has received from each of the Directors an annual confirmation of his/her undertaking as to non-competition.

Non-Competition Undertakings

The then controlling Shareholders (namely Mr. Liu, Wangji Limited ("Wangji"), Mr. Dong Liyong ("Mr. Dong") and Shen Wang Limited ("Shen Wang"), through a deed of non-competition dated 24 May 2011 ("Principal Deed"), have given undertakings ("Undertakings") to the Company not to directly or indirectly engage in the business which competes or may compete with the Group, on terms and conditions as disclosed in the prospectus of the Company dated 8 June 2011 ("Prospectus"). For details of the Undertakings, please refer to page 162 to 165 of the Prospectus.

On 2 April 2015, the Company, Mr. Liu, Wangji, Mr. Dong and Shen Wang entered into a supplemental deed of non-competition (which was approved by the Shareholders in the Company's annual general meeting for the year 2014) to amend certain terms contained in the principal Deed ("Supplemental Deed"). Pursuant to the Supplemental Deed, Mr. Dong and Shen Wang were no longer bound by the Principal Deed nor were they be deemed as part of the controlling Shareholders for the purpose of the Principal Deed. For details, please refer to the Company's announcement dated 2 April 2015.

董事於競爭業務的權益

年內，本公司董事或管理層或彼等各自的緊密聯繫人(定義見上市規則)概無於與本集團業務構成競爭或可能構成競爭的業務中擁有任何權益，或與本集團存在任何其他利益衝突。

本公司已收到各董事有關不競爭承諾的年度確認書。

不競爭承諾

當時的控股股東(即劉先生、旺基有限公司(「旺基」)、董立勇先生(「董先生」)及深旺有限公司(「深旺」)已透過日期為二零一一年五月二十四日的不競爭契據(「主體契據」)根據披露於本公司日期為二零一一年六月八日之招股章程(「招股章程」)內的相關條款及條件向本公司承諾，概不直接或間接從事對本集團構成或可能構成競爭的業務(「該等承諾」)。有關該等承諾的詳情，請參閱招股章程第162頁至165頁。

於二零一五年四月二日，本公司、劉先生、旺基、董先生及深旺訂立不競爭補充契據(於二零一四年本公司股東週年大會獲通過)以修訂主體契據所載若干條款(「補充契據」)。根據補充契據，董先生及深旺不再受主體契據約束，而彼等就主體契據而言亦不再被視作控股股東的一部分。詳情請參閱本公司於二零一五年四月二日之公告。

Corporate Governance Report (Continued)

企業管治報告(續)

Non-Competition Undertakings (Continued)

The status of compliance with the Undertakings by the controlling Shareholders during the Review Period is as follows:

- (1) the Board received from each of Mr. Liu and Wangji a confirmation (i) of compliance with the Undertakings for the Review Period, and (ii) that during the Review Period, neither they nor their close associates (as defined in the Listing Rules) had any interest in any project or business opportunity (otherwise than through their interests held through the Group) which relate to the business activities by the Group;
- (2) none of the Director are aware of any circumstances which indicate that the controlling Shareholders or their close associates are in breach of the Undertakings during the Review Period; and
- (3) save for the terms as amended by the Supplemental Deed, the terms of the Undertakings have remained unchanged since the Company's listing on the Stock Exchange in June 2011.

Financial Reporting and Audit

The Directors acknowledged their responsibility for preparing the financial statements that give a true and fair view in accordance with applicable statutory requirements and accounting standards and the requirements of the Listing Rules. The Group adopted the going concern basis in preparing its financial statements.

A statement by the external auditor of the Company about its reporting responsibilities is set out in the section headed "Independent Auditor's Report" in this annual report.

During the Review Period, remuneration in respect of non-audit services, namely, the review of continuing connected transactions and preliminary results announcements and tax advisory provided by CWC CPA Limited amounted to about RMB180,000. The remuneration in respect of audit service was amounted to about RMB1,932,000.

不競爭承諾(續)

有關回顧期間之控股股東遵守該等承諾的情況如下：

- (1) 董事會已分別收到來自劉先生及旺基的確認函，函件確認(i)於回顧期間遵守該等承諾；及(ii)於回顧期間，彼等或彼等的緊密聯繫人(定義見上市規則)概無於任何與本集團業務活動有關的項目或商機內持有任何權益，惟透過彼等於本集團持有的權益者除外；
- (2) 概無董事知悉任何情況，顯示控股股東或彼等的緊密聯繫人於回顧期間違反該等承諾；及
- (3) 除補充契據修訂的條款外，該等承諾的條款自本公司於二零一一年六月於聯交所上市以來維持不變。

財務申報及核數

董事確認彼等按照適用法定要求及會計準則及上市規則規定編製真實與公平之財務報表之責任。本集團已採納持續經營基準編製其財務報表。

本公司外聘核數師就其申報責任所作出的聲明載於本年報「獨立核數師報告」一節。

回顧期間，由張黃會計師事務所有限公司提供的非核數服務(即審閱持續關連交易及初步業績公告及稅務諮詢)的酬金約為人民幣180,000元。有關核數服務之酬金約為人民幣1,932,000元。

Corporate Governance Report (Continued)

企業管治報告(續)

Internal Control and Risk Management

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually. The Audit Committee assists the Board in fulfilling its oversight role in the Group's risk management and internal controls.

The risk management and internal control systems are to ensure that the Group's assets are safeguarded, relevant rules and regulations are complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. However, the systems are designed to manage rather than eliminate the risk of failures to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has an internal audit function reporting directly to the Audit Committee. The role of internal audit is to evaluate and improve the effectiveness of internal control, risk management and business governance processes. The regular work of the internal audit covers the major activities of the Group's operations.

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure is made.

During the Review Period, the Audit Committee not only reviewed the internal audit's report but also the certain key risk management and internal control issues identified by the external auditor. The Board has reviewed the effectiveness of the internal control and risk management systems of the Group, covering all material financial, operational and compliance controls and concluded that the key areas of the Groups' internal control and risk management systems are reasonably and adequately implemented to their satisfaction, with room of improvement.

內部監控及風險管理

董事會確認其責任為至少每年監管本集團的風險管理及內部控制系統及審核其有效性。審核委員會協助董事會履行其監管本集團風險管理及內部控制系統的職責。

風險管理及內部控制系統乃為確保保障本集團的資產，遵守相關規則及規範，並根據相關會計準則及規範報告規定存置可靠的財務及會計報告，以及妥為識別並管理影響本集團業績的主要風險。然而，該等系統旨在管理而非消除未能達致業務目標的風險，且僅能提供合理保證，無法完全保證不出現任何重大錯誤陳述或損失。

本集團的內部審核職能為直接向審核委員會報告。內部審核的作用為評估及提高內部控制、風險管理及業務管治流程的有效性。內部審核的常規工作為審核本集團主要業務活動。

資料披露政策已經實施，以確保獲得潛在內部資料及對該資料保密，直至作出一致及及時的披露。

於審核期間，審核委員會不僅審核內部審核報告，亦審核外部核數師發現的若干風險管理及內部控制問題。董事會已審核本集團內部控制及風險管理系統的有效性，涵蓋重大財務、營運及合規控制方面，並認為本集團內部控制及風險管理系統的主要方面已獲合理及妥善實施，令人滿意，但尚有提升空間。

Corporate Governance Report (Continued)

企業管治報告(續)

Company Secretary

Ms. Wong Kwan Lai has been appointed as the company secretary of the Company with effect from 20 June 2016. The company secretary is responsible for ensuring good information flow within the Board and that Board's policy and procedures are followed as well as for providing advice on governance matters. For the year ended 31 December 2016, Ms. Wong confirmed that she had taken no less than 15 hours of relevant professional training to update her skills and knowledge.

Communication with Shareholders and Investors

General Meetings with Shareholders

The Company communicates with its Shareholders through its annual report, interim report and statutory and voluntary announcements. The Directors, company secretary or appropriate members of senior management, where appropriate, also respond to inquiries from Shareholders and investors on a timely basis.

The Company's annual general meeting provides a useful platform for direct communication between the Board and Shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings. The annual general meeting for the year ended 31 December 2015 ("2015 AGM") was held on 2 June 2016.

Resolutions put to vote at the general meetings of the Company are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at the commencement of each general meeting. The poll results are posted on the websites of the Stock Exchange and the Company respectively on the same day as the poll.

Pursuant to Code Provision A.6.7 of the CG code, independent non-executive Directors should attend general meetings. All Directors (including independent non-executive Directors) who held office at time of the 2015 AGM attended the 2015 AGM. Representative of the Company's external auditors also attended the 2015 AGM.

公司秘書

黃君麗女士已獲委任為本公司公司秘書，自二零一六年六月二十日起生效。公司秘書負責確保董事會成員之間資訊交流良好，及遵循董事會政策及程序以及就管治事項提供意見。截至二零一六年十二月三十一日止年度，黃女士確認彼已參與不少於15個小時的相關專業培訓，以提升技能及知識。

與股東及投資者進行溝通

與股東舉行股東大會

本公司通過年報、中期報告及法定及自願公告向其股東傳達訊息。董事、公司秘書或合適的高級管理層成員(倘適用)亦會及時回應股東及投資者的提問。

本公司的股東週年大會為董事會直接與股東溝通提供了一個實用的平台。本公司將於股東大會上就每項實質上不同的議題提呈獨立決議案。截至二零一五年十二月三十一日止年度的股東週年大會(「二零一五年度股東週年大會」)已於二零一六年六月二日舉行。

在本公司股東大會上提呈表決的決議案將會按股數投票的方式進行。於每次股東大會開始時，將會向股東說明按股數投票的程序。而按股數投票方式表決的結果會於同日分別登載於聯交所及本公司的網頁。

根據企業管治守則的守則條文A.6.7，獨立非執行董事須出席股東大會。於二零一五年度股東週年大會召開日期所有在任董事(包括獨立非執行董事)均有出席二零一五年度股東週年大會。本公司外聘核數師代表亦有出席二零一五年度股東週年大會。

Corporate Governance Report (Continued)

企業管治報告(續)

Communication with Shareholders and Investors (Continued)

Shareholders' Rights to Convene Extraordinary General Meeting and Put Forward Proposals at General Meetings

In accordance with Article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company's company secretary for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Directors shall be reimbursed to the requisitioner(s) by the Company.

There is no provision in the Articles setting out procedures for Shareholders to put forward a resolution at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

In accordance with article 110 of the Articles, if a Shareholder intends to propose a person other than a Director for election as a Director at any general meeting, the Shareholder concerned shall lodge with Hong Kong head office or Hong Kong share registrar of the Company for the attention of the Board and the company secretary of the Company (i) a written notice of his/her intention to propose that person for election as a Director; and (ii) a written notice by that person of his/her willingness to be elected as a Director together with the necessary information within the period commencing no earlier than the day after the dispatch of the notice of the general meeting and ending no later than seven clear days prior to the date of such general meeting.

與股東及投資者進行溝通(續)

股東召開股東特別大會及向股東大會提出提案的權力

根據細則第64條，股東特別大會須於一名或多名於要求遞交當日持有不少於本公司有權於股東大會上投票之實繳股本十分之一的股東要求時召開。該項要求須以書面向董事會或本公司公司秘書提呈，以要求董事會就處理該要求下任何指定業務召開股東特別大會。該大會須於該項要求遞交後兩個月內舉行。倘董事會於遞交該項要求後21日內未能召開該大會，提出要求者本人(彼等)可以相同方式召開大會，而本公司須向提出要求人士償付所有由提出要求人士因董事會未能召開大會而產生之合理開支。

細則並無載有就股東向股東大會提出決議案之程序規定。有意動議決議案之股東可依循上一段所載程序要求本公司召開股東大會。

根據細則第110條，如股東擬於任何股東大會提名董事以外之人士備選董事，有關股東須將以下文件呈交本公司香港總辦事處或香港股份登記處，抬頭註明由董事會及本公司公司秘書收：(i)其有意提名有關人士備選為董事的書面通知；及(ii)該名人士表明備選意願的書面通知，連同所需資料，而呈交文件限期應不早於寄發召開股東大會通告翌日開始，並不得遲於該股東大會日期前七個完整日為止。

Corporate Governance Report (Continued)

企業管治報告(續)

Communication with Shareholders and Investors (Continued)

Investor Relations

The Company endeavours to disclose all material information about the Group to all interested parties as widely and timely as possible. It has disclosed all necessary information to the Shareholders in compliance with the Listing Rules. When announcements are made through the Stock Exchange, the same information will be made available on the Company's website. During the year ended 31 December 2016, the Company has issued announcements which can be viewed on the Company's website.

Shareholders and investors may at any time send their enquiries and concerns to the Board in writing to the company secretary at the Company's office in Hong Kong or through the e-mail address: info@cdep.com.hk. Shareholders may also raise their enquiries in general meetings.

Constitutional Documents

No amendment to the memorandum and articles of association of the Company was made during the Review Period.

與股東及投資者進行溝通(續)

投資者關係

本公司致力以最全面及適時的方式向所有感興趣人士披露與本集團有關的所有重要資料。本公司已根據上市規則向股東披露所有必需資料。在透過聯交所作出公佈時，相同資料將於本公司網頁登載。截至二零一六年十二月三十一日止年度，本公司已刊發多份公告，可於本公司網頁查閱。

股東及投資者可隨時透過公司秘書以書面形式將向董事會提出的查詢及疑慮郵寄至本公司於香港辦事處或透過電郵地址：info@cdep.com.hk寄發。股東亦可在股東大會上提問。

公司組織章程文件

於回顧期間，概無對本公司的組織章程大綱及細則作出任何修訂。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group is committed to fulfilling its corporate social responsibility through working with the key stakeholders including the employees, customers, suppliers and Shareholders.

We have given full consideration to issues that are of concern to major stakeholders and have adhered to the principles of materiality, completeness, comparability and stakeholder involvement, all of which form the contents of this report. This report spans over one financial year from 1 January 2016 to 31 December 2016 and covers information of the Group — our Hong Kong and China Yancheng headquarters as well as dredging and property management businesses in the PRC.

This report highlights the Group's sustainability efforts in environmental and social aspects as stipulated in the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules. We shall explain this in terms of four areas namely, environment protection, employment and labour practices, operating practices and community investment.

For details of our corporate governance, please refer to the corporate governance report included in this annual report.

Environmental Protection

Emissions

The Group recognizes the importance of good environmental management and is committed to protecting the environment. We factor our environmental concerns into our business processes and strive to continuing to improve our environmental performance in compliance with the applicable regulations and industry-specific guidelines.

本集團致力與主要持份者(包括僱員、客戶、供應商和股東)合作,承擔企業社會責任。

我們充分考慮了主要持份者所關心的議題,同時遵循重要性、完整性、可比性以及持份者的參與等原則,確定了本報告中的內容。本報告涵蓋二零一六年一月一日至二零一六年十二月三十一日的財務年度,並覆蓋本集團有關香港及中國鹽城總部,以及於中國的疏浚業務和物業管理業務的資料。

本報告重點列出本集團於上市規則附錄二十七項下的《環境、社會及管治報告指引》所規定之環境及社會層面可持續發展的努力,並就環境保護、僱傭及勞工常規、營運慣例及社區投資四個範疇加以說明。

有關我們企業管治的詳情,請參閱本年報內的企業管治報告。

環境保護

排放物

本集團重視良好的環境管理,並致力保護環境。我們在業務過程中融入環保理念,遵守相關的法規及業界特定的指引,致力持續改善環保表現。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

The Group strictly complies with the relevant national maritime regulations to identify and manage the released substances during dredging to ensure their safe treatment, transportation, storage, recycling and disposal. We strive for high accuracy in both positioning and excavation during the dredging process to ensure proper removal of excavated materials (including mud and solid matter) and pollutants and to minimize over-excavation and soil agitation. We also take anti-diffusion and leakage measures to ensure high concentrations of inhalation in order to avoid pollution by the contaminants in their suspended state in the surrounding water. Besides, in the dredging process the excavated materials and contaminated sediments are stored on the dredgers in accordance with the relevant national regulations. We transport them to the shore through barges or pipeline to avoid their leakage which may cause secondary pollution to water. Finally, we arrange qualified recyclers for their disposal.

In the horizons of waste management and recycling, the Group recorded approximately 6 tons of domestic waste, 13 tons of kitchen waste and 29 tons of diesel dregs during the Reporting Period. The Group requires our employees to keep contaminated substances in separation and treat wastes in classification. Excavated materials and contaminated sediments in the dredging process are stored on the dredgers and transported to the shore according to the relevant national laws and regulations. Other wastes are stored in specialised storage areas and handled in accordance with the Standard for Pollution Control on Hazardous Waste Storage. The Group has commissioned qualified companies to recycle and declare under the registration system pursuant to the relevant laws and regulations.

During the Reporting Period, the Group is not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to air and greenhouse gases emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

本集團嚴格按照國家海事法規執行識別和控制，以確保在疏浚過程中釋出的排放物質得到安全的處理、運輸、存儲、回收和處置。在疏浚挖掘過程中會採取高定位精度及高開挖精度，在徹底清除挖掘出的物料(包括泥漿和固體物)及污染物外，盡量減少超挖量及泥沙攪動，並採取防擴散和洩漏措施，保證高濃度吸入，以避免處於懸浮狀態的污染物對周圍水體造成污染。此外，各船舶在疏浚過程中挖掘的物料及污染底泥會按照國家相關法規先儲存在挖泥船上，透過駁船或管道的輸送過程中避免洩漏對水體造成二次污染，運至岸邊後安排合資格回收公司運送。

在廢物管理回收利用方面，本集團於報告期間營運中產生約6噸生活垃圾、13噸廚房垃圾及29噸柴油渣。本集團要求員工隔離放置此等污染物，並將垃圾分類處理。在疏浚工程中挖掘出的物料及污染底泥會按照國家相關法規在挖泥船安全傳輸至岸邊，而其他廢棄物會存放在專門區域，按《危險廢物貯存污染控制標準》的要求執行，本集團委託有資質單位後繼處理，按法規執行回收及申報登記制度。

於報告期間，集團並不知悉有任何因不遵守有關氣體及溫室氣體排放、排放至水源及土地，以及產生有毒及無毒廢料之法例及規例而令其受到重大影響之情況。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Use of resources

In response to China's "12th Five-Year Plan" call, the Group advocates green lighting. The Group uses energy saving lamps for the lighting system in the newly constructed 居然之家鹽城店 (Easyhome Yancheng Shopping Mall*), which can improve the power efficiency and accomplish the low-carbon strategy. The Group requires its employees to make sure that lights and electronic appliances are switched off before they leave the office and encourages them to purchase energy-efficient equipment. During the Reporting Period, the Group had an electricity consumption of approximately 940,000 kilowatts.

From the perspective of water management, the Group has provided signs to remind its staff to reduce water consumption. During the Reporting Period, the Group's water consumption was about 8,300 tons.

Environment and Natural Resources

Dredging construction projects affect the environment and natural resources. The Group is committed to managing the impact of its operations related to the environment and natural resources and preventing significant adverse impacts on the environment.

Our environmental protection dredging technology outperforms the traditional technology as it does not cause secondary pollution and conforms with the keynote of China's environmental protection policies. Our sludge dewatering equipment is capable of continuous operation and meeting the requirements and standards of dewatering volume without adding solidification materials such as lime or concrete during operation. It does not change the acidity and alkaline property of the mud cake after dewatering and can be used in sludge soil resource recovery and reuse or otherwise can be turned into harmless environmental protection bury. The remaining water after processing is clear and up to the standard, which can be directly re-discharged into the lake.

Environmental impact is also fully taken into consideration when the Group makes investment decisions.

資源使用

本集團為響應國家「十二五」規劃號召，提倡綠色照明，本集團新開業的居然之家鹽城店所有照明系統均使用高效節能燈，以提高電力利用效率及貫徹落實低碳策略。本集團要求員工離開前需確認電燈及電器設備已關妥，同時鼓勵購置具能源效益的設備。於報告期間，本集團用電量約94萬千瓦。

至於水資源管理方面，本集團透過張貼標識以提醒員工節約水用。於報告期間，本集團用水量約8,300噸。

環境及天然資源

疏浚工程項目對環境及天然資源有一定影響。本集團承諾負責任地管理業務對環境和天然資源的影響，防止對環境造成損害。

我們的環保疏浚技術的環保效能較傳統環保疏浚技術為高，沒有二次污染問題，且符合國家環保政策主調。脫水設備可連續式作業，在過程不添加石灰或水泥等固化材料下，已可達到脫水量要求標準。同時，不會改變脫水後泥餅的酸鹼性質，可作污泥土壤資源回收及再利用，或成無害化環保掩埋，處理後的餘水清澈達標，可以直接回排入湖。

在投資決策時，本集團亦充分考慮項目對環境的影響。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Employment and Labour Practices

Employment

The policy of maintaining a good working condition is a people-oriented principle. In relation to personnel management affairs on staff hiring, promotion, performance evaluation and compensation, the Group establishes an employer-employee relationship based on legitimacy and equality, which enables us to avoid any discrimination resulting from different genders, ages, languages, nationalities and religions of employees.

The Group recruits employees mainly by recruitment via public means. The recruitment of our employees embodies the principles of social responsibilities such as the equality of employment, the respect for human rights, the diversity of employees, the prohibition of use of child labour and the prohibition of forced labour. The Group provides its new employees with clear codes of practice, rules and regulations, as well as information relating to salary and welfare system.

As of 31 December 2016, the Group had a total of 645 employees, of which over 90% were employed for our operations in the PRC. As for positions, 33% are managerial and technical staff and 67% are general staff. In respect of ages, we have an even age distribution among our staff, of which 65% our workforce is between 30 to 50 years old, 19% of our employees are below 30 years old and 16% are over 50 years old.

In respect of salaries and benefits, the Group provides a comprehensive remuneration package of compensation and benefits for its employees. The remuneration package is mainly determined according to the individual employee's development and performance as well as the Group's performance. The Group provides work lunch to those staff in the PRC and also sets aside reserved funds for activities, which help our employees to relieve stress and serve to exemplify the Group's corporate culture of the spirit of solidarity and cohesion among its employees. In accordance with the applicable Chinese labour laws, the Group contributes to various national social security insurances and one housing fund for our mainland employees.

僱傭及勞工常規

僱傭

本集團的工作環境政策是以人為本。藉此在員工聘用、晉升、績效評估、薪酬之人員管理事務上發展人力資源合法平等的政策，不因員工性別、年齡、語言、國籍和宗教信仰等之不同而有任何歧視行為。

本集團主要通過公開渠道招募甄選人才，著重就業平等、尊重人權和員工多樣性。同時，禁止使用童工及禁止強迫勞工等社會責任理念融入到招募工作中。本集團均向新員工提供清晰的職工守則、規章制度、薪資及福利制度的資料。

截至二零一六年十二月三十一日，本集團僱員總數為645人，其中超過90%員工任職於中國業務。至於職位方面，管理技術人員佔33%，基層員工佔67%。年齡方面，員工在各年齡分佈平均，其中65%的勞動力年齡介於30歲至50歲，19%的員工低於30歲，有16%的員工年齡高於50歲。

薪酬福利方面，本集團為員工提供完善的薪酬福利，薪酬主要與員工發展、個人績效、集團表現密切相關。本集團於國內員工提供工作午餐，亦有預留經費以支持各項團體活動，為員工舒緩工作壓力之餘，亦充分體現了本集團的團結精神的企業文化及員工凝聚力。本集團根據中國勞動法的相關規定為國內員工繳納各項社會保險及住房公積金。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Recognising the importance of communication with its employees, the Group encourages its employees to share their ideas with the Group and raise questions or make suggestions to the Group. With the availability of a wide array of communication channels, the Group offers its employees access to the latest information of the Group through the Group's website. Employees can also maintain timely and smooth communication with the management of the companies within the Group through the representatives of the employees.

Health and safety

The Group trains its employees to prevent occupational hazards from time to time and distributes labour protection supplies and first aid supplies to employees as needed. We also post up hazard warning signs and labour protection supplies reminders in the relevant work places. We provide to the relevant staff annual occupational health examinations. Meanwhile, we also implement the labor protection supplies regulatory mechanism. With regular inspections by dedicated persons, we remind and request employees to wear labour protection supplies to maintain their health and safety.

At the production safety level, each of the dredgers and the key safety equipment must carry a valid ship inspection certificate issued by the ship inspection agency. All the ships and offices are also equipped with first aid and medicine boxes, and we also arrange staff representatives to participate in first aid training. At the individual's level, the Group provides targeted safety trainings to newly recruited employees and then strengthens their safety awareness through the implementation of the mentoring system in daily work. The Group has reinforced on-the-job safety trainings by requiring all department heads responsible for work injury to carry out safety trainings for their department staff and through a series of measures to enhance the safety awareness of employees in order to avoid the recurrence of similar incidents.

Moreover, the Group has assigned dedicated people to conduct regular inspections of the fire equipment on the ships and in offices. We perform full fire drills twice per year to increase their awareness of fire safety and fire prevention for all employees. As a result, no work accident was recorded by the Group in the Reporting Period.

本集團重視與員工的溝通，鼓勵他們分享自己的想法，對集團提出問題或建議。集團亦為員工創立多樣的溝通管道，員工可以通過集團網站得到集團之最新資訊，員工亦能透過員工代表與集團各公司管理層保持及時和順暢的溝通。

健康與安全

本集團會不定期培訓員工預防職業病危害的知識，按需要向員工免費發放勞保用品及急救箱用品等。我們亦會在相關崗位張貼危害警示牌、勞保用品防護提醒等標示，給相關崗位員工每年進行相關職業病體檢，同時執行勞動防護用品佩戴監管機制，定期派專人巡查，提醒並要求員工按照要求佩戴防護用品，維護員工身體健康。

在生產安全方面，所有的船舶和船上有關航行安全的重要設備必須具有船舶檢驗機構簽發的有效船舶檢驗證書，所有的船舶及辦公場所亦設立了急救醫藥箱，同時安排各員工代表參加公司內部的急救知識培訓。在個人層面，集團會為新入職員工提供針對性的個人安全教育培訓，再通過實行師徒制度在日常工作上加強新入職員工的安全意識。為加強在職安全培訓，集團要求所有發生工傷的部門負責人對本部門員工進行了安全培訓，通過一系列措施再增強員工的安全意識，以避免以後同類事故的再次發生。

另外，集團安排專人定期對船舶上及辦公室內的消防器材進行狀態檢查；每年進行兩次消防演習，增加所有員工安全防火意識。因此，於報告期間，本集團沒有發生任何工傷意外。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Development and training

The Group highly emphasizes on the internal and external learning and training to enhance the educational standards and working abilities of employees.

New employees are provided with on-board training to help them familiarise themselves with the culture, business and operation of the Group. In addition, employees are also entitled to various subsidies and sponsorships for job-related training courses to encourage lifelong learning.

Labour standards

All work should be voluntarily performed and shall not involve forced labour, debt repayment or contractually binded labour. The Group prohibits child labour in any workplace. The Group also prohibits discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in recruitment, treatment, promotion, etc.

The Group also strictly complies with the relevant PRC labour regulations relating to working hours, rest and holidays to ensure the physical and mental of all employees. Employees are not to be forced to work beyond working hours and are entitled to overtime pay in accordance with the local regulations. All employees perform works voluntarily and are not subject to discrimination.

Operating Practices

Supply chain management

Our suppliers are our business partners and we aim to maintain a long-term partnership with them to continuously improve the quality of our products and services.

Based on supply chain social and environmental responsibilities management, the principal raw material currently required by the Group's operation is diesel, and other resources involve owned and leased dredgers, crews and subcontractors' participation. There are over hundreds of dredger leasing companies, subcontractors and fuel suppliers on our list.

發展與培訓

本集團高度重視內部和外部的學習和培訓，以提升員工的教育水準和工作能力。

集團為所有新員工安排入職培訓，以幫助他們熟悉本集團的文化、業務和營運情況。此外，員工亦享有各種與其工作相關的培訓課程之補貼和贊助，以鼓勵終身學習。

勞工準則

所有工作應當是自願而不是使用強迫、抵債或用契約束縛的勞工。本集團不容許有童工在任何工作場所工作。本集團亦禁止因種族、膚色、年齡、性別、性傾向、種族、殘疾、懷孕、信仰、政治派別、工會成員或婚姻狀況而影響其錄用、待遇、晉升等。

本公司還嚴格遵守與工作時間、休息與假期相關的中國勞動法規，以保證所有員工的身心健康。員工不會被強迫加班，並有權按當地法規獲得加班費。所有員工在沒有強迫下工作和非法歧視。

營運慣例

供應鏈管理

供應商是集團的業務夥伴，且我們計劃與彼等保持長期合作，以提高產品及服務質量。

集團按照供應鏈社會與環境責任管理。目前，本集團營運主要的原材料為柴油，而所需投入的資源包括自有及包租挖泥船、船員及分包商參與等。集團有逾百間國內的出租挖泥船供應商、分包商及燃料供應商。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

In addition to factors such as pricing, quality, facilities and experience, and past performance evaluation, the Group also takes into account the suppliers' performance in fulfilling their social responsibilities and commitment to environmental protection in our selection of suppliers. We require our suppliers to comply with the laws and regulations in countries and regions where their operations are located and to operate in good faith by adhering to their business ethics. The Group prohibits discrimination arising from regional, racial, cultural and political factors in the course of its supplier evaluation.

Product responsibility

The Group attaches great importance to the quality of dredging projects and establishes comprehensive quality control procedures. The project management team is responsible for testing the quality of the dredging projects. The project manager conducts daily on-site inspections and supervise works to ensure that the quality standards and regulations of the dredging and related projects are carried out in accordance with the customers' requirements. After the completion of the works but before the project completion, customers will check whether the quality of the project meets their requirement.

During the Reporting Period, the Group did not have to rework for completed project due to the project quality issue.

Anti-corruption

The Group is committed to maintaining high ethical standards in all of our operations and business activities. With this in mind, the Group is dedicated to a zero-tolerance policy with regard to any involvement in corruption or bribery activities of any type.

We include anti-corruption code in our internal operational manual to ensure that employees understand the Group's expectations. The code sets out the legal responsibilities and ethical standards for the expected behaviour of all employees. It explicitly prohibits employees from soliciting, accepting, or offering bribes or any other form of advantage. The code also provides guidance for daily interactions with customers, suppliers, government officials and other business partners and outlines the Group's expectations on employees with regard to conflicts of interests and encourages employees to report any malpractice and misconduct. The Group has set up hotline and email to receive reports from all employees.

在選擇此等供應商時，除供應商價格、品質、設備和經驗、以往表現評估等因素外，本集團亦會考慮各供應商於履行社會責任及環境保護的投入、要求供應商遵守國家和地區的法律法規，嚴守商業道德準則，誠信經營。本集團在供應商評估過程中禁止區域、種族、文化和政治等因素的歧視行為。

產品責任

本集團高度重視疏浚工程的品質，並制定了一套完善的品質控制程序。項目管理團隊負責檢測疏浚工程的品質，項目經理會每日實地檢測及監督工程，以確保嚴格按照客戶要求執行疏浚及相關工程項目的品質標準及規定。於項目完工後及交收項目前，客戶會檢測工程品質是否到位。

於報告期間，集團未發生已竣工項目因工程品質問題被要求修補的現象。

反貪污

集團致力在營運及業務活動中恪守高道德標準，因此，集團對參與任何類型的貪污或賄賂活動的行為奉行零容忍政策。

我們在《內部管理制度》內加入反貪污守則有助於確保僱員理解本公司的期望。該守則闡述所有僱員預期行為的法律責任及道德基準，明確禁止僱員索取、收受或提供賄賂或任何其他形式的利益，同時為客戶、供應商、政府官員及其他業務夥伴的日常交往提供指引，概述集團對僱員在處理利益衝突方面的期望，以及鼓勵僱員舉報任何違規和不當行為。集團設立舉報熱線及電子郵箱，接收所有僱員就相關的提出舉報。

Environmental, Social and Governance Report (Continued)

環境、社會及管治報告(續)

Community Investment

The Group emphasizes the support of the community and actively participates in charitable activities for the relief of poverty in the communities in which we operate our businesses. For instance, the Group donated RMB100,000 to help victims of the tornado hail disaster in Funing and Sheyang areas in Yancheng City, Jiangsu Province, the PRC during the Reporting Period.

社區投資

本集團重視回饋社區的支持，一向積極參與業務所在地的城市社區扶貧慈善活動。例如，本集團於報告期間捐款人民幣100,000元幫助於中國江蘇省鹽城市阜寧及射陽地區受龍捲風冰雹災害影響的受害者。

Directors' Report

董事會報告

The Directors are pleased to present their report and the audited financial statements of the Company and of the Group for the year ended 31 December 2016.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Business Review

A fair review of the business of the Group during the year and particulars of important events affecting the Group that have occurred since the end of the financial year 2016 as well as a discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. In addition, details of the Group's relationship with its employees, customers and suppliers are disclosed in the section headed "Environmental, Social and Governance Report" of this annual report. The above discussions form part of this directors' report.

Discussions on the compliance with applicable laws and regulations which have a significant impact on the Group, the Group's major risks and risk management and the Group's environmental policies and performance can be found in the paragraphs below.

董事會欣然提呈彼等的報告及本公司及本集團截至二零一六年十二月三十一日止年度的經審核財務報表。

主要業務

本公司的主要業務為投資控股。主要附屬公司的主要業務詳情載於綜合財務報表附註38。年內，本集團主要業務的性質並無重大變動。

業務回顧

年內對本集團業務的中肯審視及自二零一六年財政年度結束後發生的而對本集團有影響的重大事件的詳情以及對本集團未來業務發展的討論，分別載於本年報「主席報告書」及「管理層討論及分析」章節。此外，有關本集團與僱員、客戶及供應商的关系於本年報「環境、社會及管治報告」一節中披露。上述討論構成董事會報告一部分。

就遵守對本集團有重大影響的適用法律及法規、本集團的主要風險及風險管理及本集團的環境政策及表現之討論載於以下段落。

Directors' Report (Continued)

董事會報告(續)

Business Review (Continued)

Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group

The Group and its activities are subject to requirements under an array of laws, including the Tendering and Bidding Law of the People's Republic of China, the Implementation Rules of Tendering and Bidding Law of the People's Republic of China, the Contract Law of the People's Republic of China and the Production Safety Law of the People's Republic of China, as well as other applicable regulations, guidelines, policies and terms issued or promulgated pursuant to or in respect of these formal laws. In addition, the Listing Rules are also applicable to the Group. The Group is committed to ensuring compliance with such requirements by taking various measures using specific resources at all levels, including internal monitoring and approval procedures, training and supervision over different segments. The Group always attaches paramount importance to compliance with the requirements under applicable laws and regulations, despite the fact that such measures involve a lot of internal resources and incur additional operating costs.

Tendering and Bidding Law of the People's Republic of China

According to the Tendering and Bidding Law of the People's Republic of China and the Implementation Rules of Tendering and Bidding Law of the People's Republic of China, when bidding for a new project, the Group must, in accordance with the laws and regulations, have the capacity, qualifications and conditions to undertake the project and respond in details to substantive requirements and conditions under the bidding document, and must not, among others, collude with others to make a tender offer, undermine fair competition by squeezing out other bidders, bribe tenderer or any member of the bid evaluation committee, make a bid at a price lower than costs, and participate in the bidding in the event that the tenderer is interested in the Group and thus may compromise bidding fairness. In the case of any violation of relevant regulations by the Group as a bidder, its bid shall be invalid and it may be punished by the tenderer or relevant authorities.

業務回顧(續)

遵守對本集團有重大影響的適用法律及法規

本集團及其活動須遵守多項法律規定，包括《中華人民共和國招標投標法》、《中華人民共和國招標投標法實施細則》、《中華人民共和國合同法》、《中華人民共和國安全生產法》以及根據或有關這些成文法所發出或頒佈的其他適用法規、指引、政策及條款。此外，上市規則亦適用於本集團。本集團致力於各個層面的特定資源透過內部監控及審批程序、培訓及監督不同分部等多項措施，確保遵守該等規定。儘管這些措施需動用大量內部資源，產生額外營運成本，但本集團非常重視要確保符合適用法律及法規要求。

《中華人民共和國招標投標法》

根據《中華人民共和國招標投標法》和《中華人民共和國招標投標法實施細則》，本集團參加新工程投標，必須按照法律法規實施，包括應當具備承擔招標項目的能力、資格、條件，對招標文件提出的實質性要求和條件作出具體響應，其中包括，不得與他人串通投標報價，不得排擠其他投標人的公平競爭，不得向招標人或者評標委員會成員行賄，不得以低於成本的報價競標，招標人存在利害關係可能影響招標公正性時不得參加投標等等。如果本集團作為投標人違反相關規定，其投標無效，並可被招標人或相關部門處罰。

Directors' Report (Continued)

董事會報告(續)

Business Review (Continued)

Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group (Continued)

Contract Law of the People's Republic of China

The Contract Law of the People's Republic of China ("Contract Law") clearly stipulates, among others, qualifications of the contract parties, contract forms, principal terms, cancellation conditions, contract validity, constituent elements of invalid and cancelable contracts, fulfillment of obligations, conditions for contract alteration and transfer, termination of rights and obligations under a contract and liability for breach of contract.

For construction contracts, the Contract Law sets out specific requirements, including: contracts for major national construction projects shall be entered into in accordance with state-stipulated procedures and state-approved documents such as investment plans and feasibility study reports; with the consent of the contractee, the contractor can sublet part of its contracted works to a third party, provided that construction of the main structure of the construction project must be completed by the contractor who is forbidden to sublet its works to an unqualified entity. After the completion of the construction project, the contractee shall timely conduct acceptance inspection of the project pursuant to construction acceptance rules and quality inspection standards issued by the state. If the project passes the acceptance inspection, the contractee shall accept it and make the agreed payment. In the case of the Group's failure to fulfill its contractual obligations (either non-fulfillment or non-agreed fulfillment) as the performing party and/or constructor, it must assume the liability for breach of contract, including continuing to fulfill the contract, taking remedial measures or compensating for any resulting losses. In the case of the construction project quality falling below the agreed level due to the constructor's fault, the contractee has the right to require the constructor to repair, revamp or rebuild it within a reasonable period, without any extra charge, and to bear the liability for breach of contract for the resulting delayed delivery (if any).

業務回顧(續)

遵守對本集團有重大影響的適用法律及法規(續)

《中華人民共和國合同法》

《中華人民共和國合同法》(「《合同法》」)(其中包括)對合同訂立的主體資格、訂立形式、主要條款、撤銷條件、合同效力、無效合同和可撤銷合同的構成要件、履行責任、合同的變更和轉讓條件、合同的權利義務終止、違約責任等均有明確規定。

對於施工合同，《合同法》列示具體要求，包括：國家重大建設工程合同，應當按照國家規定的程序和國家批准的投資計劃、可行性研究報告等文件訂立；經發包人同意，承包人可以將自己承包的部分工作交由第三方完成，但建設工程主體結構的施工必須由承包人自行完成，禁止承包人將工程分包給不具備相應資質條件的單位；建設工程竣工後，發包人應當根據國家頒發的施工驗收規範和質量檢驗標準及時進行驗收，驗收合格的，發包人應當按照約定支付價款，並接收該建設工程。本集團作為履約人及(或)施工人，如果不能履行合同義務(包括不履行義務或者履行合同義務不符合約定)，必須承擔違約責任，包括應當承擔繼續履行、採取補救措施或者賠償損失等違約責任；因施工人的原因致使建設工程質量不符合約定的，發包人有權要求施工人在合理期限內無償修理或者返工、改建，經過修理或者返工、改建後，造成逾期交付的，施工人應當承擔違約責任(如有)。

Directors' Report (Continued)

董事會報告(續)

Business Review (Continued)

Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group (Continued)

Production Safety Law of the People's Republic of China

The National People's Committee made revisions to the Production Safety Law of the People's Republic of China on August 2014, and the amendments came into force in 1 December 2014. According to the revised Production Safety Law of the People's Republic of China, for the production and operating unit held responsible, a major accident may incur a fine of up to RMB20 million in addition to typical liabilities including the required legal compensation. To ensure compliance with the newly revised Production Safety Law of the People's Republic of China, the Group avoids production safety incidents by providing training courses from time to time on production safety and emergency rescue drills to staff engaged in project design, construction, equipment repair and maintenance, safety supervision, etc. to ensure production safety.

Compliance with Laws and Regulations

During the year ended 31 December 2016 and up to the date of this report, the Group has complied with relevant laws and regulations that have a significant impact on the Group.

業務回顧(續)

遵守對本集團有重大影響的適用法律及法規(續)

《中華人民共和國安全生產法》

全國人大常委會於二零一四年八月對《中華人民共和國安全生產法》進行了修改，修改後的內容於二零一四年十二月一日起實施。根據修改後的《中華人民共和國安全生產法》，發生生產安全事故，對負有責任的生產經營單位除要求其依法承擔相應的賠償等責任外，最高可被安全生產監督管理部門處以人民幣二千萬元的罰款。為遵守新修正的《中華人民共和國安全生產法》，避免生產安全事故，本集團為從事工程設計、施工、設備檢修和維護、安全督查等業務的員工不時提供安全生產課程培訓和應急救援預案演練，以保障生產安全。

遵守法律及法規

於截至二零一六年十二月三十一日止年度及直至本報告日期，本集團已遵守對本集團有重大影響的相關法律及法規。

Directors' Report (Continued)

董事會報告(續)

Business Review (Continued)

Major Risks and Risk Management

The Board is well aware of its responsibility to maintain the effectiveness of the Group's internal control and risk management systems. Such systems are designed to manage risks of failed business objectives and provide reasonable guarantee against material misrepresentation or losses.

Business Risks

The Group's business risk factors include changes in the overall market conditions, downward pressure on China's economy and the number and progress of domestic projects in the entire industry, which may affect the construction environment, settlement prices and capital turnover rates of its construction projects. The Board is responsible for overall business management and review of major business decisions involving disclosure of significant risks from time to time.

Financial Risks

The Group has adopted a series of financial risk management policies to manage its liquidity risk, credit term allocation risk, financing structure risk, interest rate risk and exchange rate risk. The Board also reviews the Group's management accounts, capital structure and key operational data on a monthly basis.

Compliance Risks

The Board takes effective measures to ensure compliance of the Company with the laws, regulations and rules. The Company has engaged professional consultants and advisors to keep the Company updated on the latest changes in the regulatory environment, including legal, financial, environmental and operational development. The Company also imposes strict policies to prohibit any unauthorized use or publication of confidential information or insider information.

業務回顧(續)

主要風險及風險管理

董事會知悉其維持本集體內部控制及風險管理系統有效性的責任。該等系統旨在管理未能達成業務目標的風險及就重大失實陳述或損失提供合理的保證。

業務風險

本集團的業務風險包括整體市場狀況的變化、中國整體經濟的衰退壓力，以及國內整個行業開工數量和推進進度，進而影響工程項目的施工環境、結算價格和資金回籠速度。董事會負責業務的整體管理及檢討涉及不時的重大風險披露的重大業務決策。

財務風險

本集團採納財務風險管理政策管理其流動性風險、信貸期限配置風險、融資結構風險、利率風險、匯率風險。董事會亦每月檢討本集團的管理賬目、資本構架及主要營運數據。

合規風險

董事會採取程序確保本公司遵守法律、規則及法規。本公司委聘專業諮詢人及顧問以讓本公司緊跟監管環境的最新變化，包括法律、財務、環境及營運發展。本公司亦採取嚴格政策，禁止任何未經授權使用或發布機密資料或內幕消息。

Directors' Report (Continued)

董事會報告(續)

Business Review (Continued)

Major Risks and Risk Management (Continued)

Operational Risks

The Company has adopted effective measures to manage its operational risks such as low equipment utilization efficiency, high consumption of consumables and frequent production failures.

The Board has reviewed the effectiveness of the Group's internal control and risk management systems covering its business, financial, operational and compliance risks, and is of the view that such systems are effective.

Environmental Policies and Performance

We commit ourselves to environmental protection in all aspects of operations. Over the years, the Group has been doing its utmost to protect the environment. The management of the Group has implemented various measures and regulations to make sure that we honor our responsibilities for the environment. We regularly hold special internal meetings with professional teams to review environmental issues at the construction sites and office areas and exchange ideas on environmental improvement. The management of the Group will continue its efforts in securing ongoing high environmental standards in major areas and key links.

Results and Dividends

The Group's loss for the year ended 31 December 2016 and the financial position of the Company and of the Group at that date are set out in the accompanying financial statements.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016.

業務回顧(續)

主要風險及風險管理(續)

營運風險

本公司採取程序管理其營運風險，如設備使用效率不足、易損件耗用過高及生產故障過頻等。

董事會已就本集團內部控制及風險管理系統的有效性進行檢討，涵蓋本集團的業務、財務、合規及營運風險，且認為該等系統屬有效。

環保政策及表現

我們致力在營運的各個環節保護環境。多年來，本集團竭盡所能保護環境。本集團管理層已實施多項措施及管制，以確保我們能履行對環境的責任。我們定期舉行內部專門會議，與專業人士組成的團隊檢討施工場所及辦公區域的環保事宜，交流有助改進環境的意見。本集團管理層將繼續努力，確保在重點領域和關鍵環節上均能持續符合環保的高標準。

業績及股息

本集團截至二零一六年十二月三十一日止年度的虧損及本公司及本集團於該日的財務狀況載於隨附的財務報表。

董事並無建議就截至二零一六年十二月三十一日止年度派付末期股息。

Directors' Report (Continued)

董事會報告(續)

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Share Capital

During the Review Period, the Company issued 246,000,000 Shares pursuant to a subscription agreement dated 7 November 2016 entered into among the Company, Jiangsu Xiangyu Environmental Protection Industry Development Ltd* (江蘇翔宇環保產業發展有限公司), an indirect wholly-owned subsidiary of the Company and Jiangsu Baisite Environmental Engineering Co., Ltd* (江蘇百斯特環境工程有限公司) on 24 November 2016. Further details of the issue of consideration Shares are set out in the Company's announcements dated 7 November 2016 and 24 November 2016.

Details of movements in the Company's share capital during the year are set out in note 29 to the consolidated financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

物業、廠房及設備

年內，本集團的物業、廠房及設備的變動詳情載於綜合財務報表附註15。

股本

於回顧期間，根據本公司、江蘇翔宇環保產業發展有限公司(本公司之間接全資附屬公司)及江蘇百斯特環境工程有限公司於二零一六年十一月七日訂立之認購協議，本公司於二零一六年十一月二十四日發行246,000,000股股份。有關發行代價股份之進一步詳情載於本公司日期為二零一六年十一月七日及二零一六年十一月二十四日的公告。

年內，本公司股本的變動詳情載於綜合財務報表附註29。

優先購買權

細則或開曼群島(即本公司註冊成立所在的司法權區)法律概無規定本公司須按比例向現有股東發售新股份的優先購買權的條文。

Directors' Report (Continued)

董事會報告(續)

Equity-Linked Agreements

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

On 24 November 2016, pursuant to the sale and purchase agreement entered into between Jiangsu Xiangyu Environmental Protection Industry Development Ltd* (江蘇翔宇環保產業發展有限公司) (the "Purchaser"), an indirect wholly-owned subsidiary of the Company, and Jiangsu Baisite Environmental Engineering Co., Ltd* (江蘇百斯特環境工程有限公司) (the "Vendor") and the subscription agreement entered into between the Company, the Purchaser and the Vendor both dated 7 November 2016, the Company issued a total of 246,000,000 Shares at the issue price of HK\$0.35 per each such new Share, in the sum of HK\$86,100,000 being the consideration for the sale and purchase of the land use rights in 2 parcels of land at Fenghuang Juweihu Wuzu, Longgang Town, Yandu District, Yancheng City, Jiangsu Province, the PRC * (中國江蘇省鹽城市鹽都區龍岡鎮鳳凰居委會五組), and the 10-storey office building with a total gross floor area of approximately 12,420.24 square metres and 2 blocks of 1-storey factories with a total gross floor area of approximately 9,679.15 and 6,695 square metres, all of which are situated at those 2 parcels of land, and the equipment and machinery located at the factories of the said property in accordance with the Sale and Purchase Agreement.

As for the Share Option Scheme, please refer to the section headed "Share Option Scheme".

Other than the above subscription agreement and the Share Option Scheme, no equity-linked agreements were entered into by the Company during the year or subsisting at the end of the year ended 31 December 2016.

股票掛鈎協議

於年內訂立或於今年年底存續的股票掛鈎協議的詳情載列如下：

於二零一六年十一月二十四日，根據江蘇翔宇環保產業發展有限公司(「買方」)(本公司之間接全資附屬公司)與江蘇百斯特環境工程有限公司(「賣方」)訂立的買賣協議及本公司、買方及賣方訂立的認購協議(兩份協議均於二零一六年十一月七日訂立)，本公司以發行價每股有關新股份0.35港元發行合共246,000,000股股份，金額86,100,000港元為根據買賣協議買賣中國江蘇省鹽城市鹽都區龍岡鎮鳳凰居委會五組的兩幅土地、總樓面面積約為12,420.24平方米之十層辦公樓及總樓面面積約為9,679.15及6,695平方米之一層工廠的兩個區間(均位於該兩幅土地上)之土地使用權以及位於上述物業之工廠之設備及機器之代價。

有關購股權計劃，請參閱「購股權計劃」一節。

除上述認購協議及購股權計劃外，本公司並無於年內訂立或於截至二零一六年十二月三十一日止年度年底存續的股票掛鈎協議。

Directors' Report (Continued)

董事會報告(續)

Permitted Indemnity Provision

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover for the Directors and officers of Group.

Tax Relief

For the year ended 31 December 2016, Shareholders were not entitled to any tax relief by virtue of their holding of the Shares.

Purchase, Redemption or Sale of Listed Securities of the Company

For the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in the statement of financial position of the Company on page 12 of this annual report and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

As at 31 December 2016, the Company has no reserve available for distribution as calculated in accordance with the Companies Law (2001 Revision) of the Cayman Islands. Under the laws of the Cayman Islands, the share premium account is distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

獲准許的彌補條文

本公司於年內已購買及維持董事及行政人員責任保險，為本集團董事及行政人員提供適當的保障。

稅務減免

截至二零一六年十二月三十一日止年度，股東無權就其持有股份而享有任何稅務減免。

購買、贖回或出售本公司上市證券

於截至二零一六年十二月三十一日止年度，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

儲備

年內，本公司及本集團的儲備變動詳情分別載於本年報第12頁本公司的財務狀況表及綜合權益變動表。

可供分派儲備

於二零一六年十二月三十一日，本公司根據開曼群島公司法(二零零一年修訂版)計算概無可供分派的儲備。根據開曼群島法，股份溢價賬可派發予股東，惟緊隨建議分派股息日期後，本公司可在日常業務過程中，在債務到期之時予以清償。股份溢價賬亦可以繳足紅股的方式分派。

Directors' Report (Continued)

董事會報告(續)

Major Customers and Suppliers

In the year under review, revenue to the Group's five largest customers accounted for about 71% (2015: 59%) of the Group's total revenue for the year and the revenue from the largest customer included therein accounted for about 18% (2015: 23%) of the Group's total revenue.

The Group's five largest customers comprise PRC state-owned companies and private enterprises which have business relationships with the Group for a period ranging from one to six years. Services provided to them by the Group include CRD Business, and EPD and Water Management Business. Their contracts with the Group were project-based, which provided for either monthly progress payments with reference to the value of work completed each month or annual payments with a fixed percentage for each year throughout the contract period. Such credit terms were in line with those granted to other customers of the Group. No long-term agreements had been entered into between the Group's five largest customers and the Group.

During the year ended 31 December 2016, the Board adopted a more prudent approach regarding the accounts receivable and resolved to make an allowance for doubtful debts of RMB11.9 million for certain receivables (2015: allowance for doubtful debts: RMB376.6 million). An underlying deferred tax credit of RMB2.9 million was also incurred. The allowance for doubtful debts was based on the assessment in recoverability and the judgement by the management after considering the estimated future cash flows discounted at the present value of the original effective interest rate. For details please refer to note 21 to the financial statement in this annual report.

主要客戶及供應商

於回顧年內，來自本集團五大客戶的收益佔本集團年內總收益約71%（二零一五年：59%），而來自其中最大客戶的收益則佔本集團總收益約18%（二零一五年：23%）。

本集團五大客戶包括中國國有企業及私有企業，該等企業已與本集團維持介乎一至六年的業務關係。本集團向該等企業提供的服務包括基建及填海疏浚業務以及環保疏浚及水務管理業務。彼等以工程項目為基礎與本集團簽訂合同，合同訂明根據每個月完工工程的價值按月支付工程進度款項，或者在合同期內每年按固定比例支付年度款項。上述信用期與授予本集團其他客戶者一致。本集團五大客戶與本集團並無簽訂任何長期協議。

截至二零一六年十二月三十一日止年度，董事會就應收賬款採取更為審慎策略，並議決就若干應收款項作出呆賬撥備人民幣11,900,000元（二零一五年：呆賬撥備：人民幣376,600,000元），亦產生相關遞延稅項抵免人民幣2,900,000元。呆賬撥備乃根據可收回情況的評估及管理層經參考原實際利率貼現現值的估計未來現金流量後所作判斷而作出。有關詳情請參閱本年報財務報表附註21。

Directors' Report (Continued)

董事會報告(續)

Major Customers and Suppliers (Continued)

Since the Group's major customers accounted for a significant portion of the Group's total revenue for the year, if in the future the Group loses one of its major customers or if any of the Group's major customers significantly reduces its volume of business with the Group while the Group is unable to get new projects from other existing and/or potential customers, net revenues and profitability of the Group would be heavily reduced. Nonetheless, the Group believes that it has developed close relationships with its major customers that they cannot easily replace the Group with other suppliers. The Group has also entered into contracts with and will continue to seek business from other customers.

In the year under review, supplies from the Group's five largest suppliers accounted for about 30.1% (2015: 33%) of the Group's total operating cost for the year and supplies from the largest supplier included therein accounted for about 19.8% (2015: 25%) of the Group's total operating cost.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers for the year ended 31 December 2016.

Directors' Rights to Acquire Shares or Debentures

Save for those disclosed in the paragraphs headed "Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" in this Directors' report in this annual report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

主要客戶及供應商(續)

由於本集團的主要客戶佔本集團年內總收益的很大一部分，倘本集團日後失去其任何一個主要客戶，或本集團任何主要客戶大幅減少與本集團的業務量，而本集團無法從其他現有及／或潛在客戶獲得新項目，則本集團的淨收入及盈利能力將會大幅下降。然而，本集團認為，本集團與其主要客戶已建立緊密的合作關係，彼等不會輕易以其他供應商取代本集團。本集團已與其他客戶簽訂合同，並且將繼續向其他客戶尋求業務。

於回顧年內，向本集團五大供應商購買供應品佔年內本集團總營運成本約30.1%（二零一五年：33%），而向其中最大供應商購買供應品則佔本集團總營運成本約19.8%（二零一五年：25%）。

截至二零一六年十二月三十一日止年度，概無董事或彼等的緊密聯繫人或任何股東（就董事所深知，該等人士擁有本公司已發行股本的逾5%）於本集團五大客戶及／或五大供應商中擁有任何實益權益。

董事購入股份或債券的權利

除於本年報中本董事會報告「購股權計劃」及「董事及主要行政人員於股份及相關股份的權益及淡倉」各段所披露者外，年內任何時候概無授予任何董事或彼等各自的配偶或未成年子女以購入本公司股份或債券的方式而獲益的權利；或由彼等行使任何該等權利；或由本公司或其任何附屬公司為任何安排訂約方致令董事可於任何其他法人團體獲得該等權利。

Directors' Report (Continued)

董事會報告(續)

Directors

The Directors who held office during the year and up to the date of this report were:

Executive Directors:

Mr. Liu Kaijin
Mr. Wu Bin (appointed on 5 January 2017)
Mr. Wu Xuze (appointed on 5 January 2017)
Ms. Zhou Shuhua

Non-executive Director:

Mr. Liu Longhua

Independent Non-executive Directors:

Mr. Huan Xuedong
Mr. Chan Ming Sun Jonathan
Mr. Xu Hengju (resigned on 23 September 2016)
Mr. Liang Zequan (appointed on 23 September 2016)

In accordance with article 105(A) of the Articles, Mr. Liu Kaijin and Ms. Zhou Shuhua will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 109 of the Article, Mr. Wu Bin, Mr. Wu Xuze and Mr. Liang Zequan will retire at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

Independence Confirmations from Independent Non-Executive Directors

The Company has received, from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of its independent non-executive Directors to be independent.

董事

年內及直至本報告日期在任的董事如下：

執行董事：

劉開進先生
伍斌先生(於二零一七年一月五日獲委任)
吳旭澤先生(於二零一七年一月五日獲委任)
周淑華女士

非執行董事：

劉龍華先生

獨立非執行董事：

還學東先生
陳銘樂先生
徐恒菊先生(於二零一六年九月二十三日辭任)
梁澤泉先生(於二零一六年九月二十三日獲委任)

根據細則第105(A)條，劉開進先生及周淑華女士將輪值退任，並合資格於應屆股東週年大會上膺選連任。

根據細則第109條，伍斌先生、吳旭澤先生及梁澤泉先生將於應屆股東週年大會上退任，彼等合資格於會上膺選連任。

獨立非執行董事的獨立身份確認書

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出的獨立身份確認書。本公司認為，所有獨立非執行董事均屬獨立人士。

Directors' Report (Continued)

董事會報告(續)

Directors' Service Contracts

Each of the executive Directors has entered into a Director's service contract and each of the non-executive Directors signed a letter of appointment with the Company commencing from their respective date of appointment. All of them are subject to retirement by rotation and re-election in accordance with the Articles.

Mr. Liu Kaijin and Ms. Zhou Shuhua, both being executive Directors, have entered into service agreements with the Company for a term of three years commencing from 1 June 2014. Each of them has entered into a renewal service agreement with the Company on the same terms with immediate effect after the expiry of the term of the original service agreement.

Both Mr. Wu Bin and Mr. Wu Xuze, all being executive Directors, have entered into service agreements with the Company for an initial term of one year commencing from 5 January 2017.

Mr. Liu Longhua, non-executive Director, has entered into an appointment letter with the Company for a term of three years commencing from 25 April 2015.

Each of Mr. Huan Xuedong, Mr. Chan Ming Sun Jonathan and Mr. Liang Zequan, all being independent non-executive Directors, has entered into an appointment letter with the Company for a term of three years commencing from 25 April 2015, 30 November 2015 and 23 September 2016 respectively.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

董事的服務合約

各執行董事已與本公司訂立董事服務合約，以及各非執行董事已與本公司簽訂委任書，自彼等各自委任日期起計。根據細則，所有該等人士須輪值退任，並膺選連任。

執行董事劉開進先生及周淑華女士已與本公司簽訂服務協議，自二零一四年六月一日起計為期三年。彼等各自亦與本公司按相同條款重續其服務協議，於原有服務協議屆滿後即時生效。

執行董事伍斌先生及吳旭澤先生已與本公司簽訂服務協議，自二零一七年一月五日起計初步為期一年。

非執行董事劉龍華先生已與本公司簽訂委聘書，自二零一五年四月二十五日起計為期三年。

獨立非執行董事還學東先生、陳銘樂先生及梁澤泉先生各與本公司簽訂委聘書，分別自二零一五年四月二十五日、二零一五年十一月三十日及二零一六年九月二十三日起計為期三年。

概無建議於應屆股東週年大會上膺選連任的董事與本公司訂立不可於一年內毋須作出賠償(法定賠償除外)而由本公司終止的服務合約。

董事的薪酬

董事袍金須由股東在股東大會上批准。其他酬金則由董事會經參考董事職責、責任及表現以及本集團業績而釐定。

Directors' Report (Continued)

董事會報告(續)

Directors' Interests in Contracts

During the year ended 31 December 2016, save for those disclosed in the financial statements, no Director or any entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

Management Contracts

Save for the Contractual Arrangements between subsidiaries of the Group, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Continuing Connected Transactions

According to relevant PRC laws, foreign investors are prohibited from owning more than a 50% equity interest in any enterprise which owns vessels for conducting dredging business. Otherwise the Maritime Safety Administration of the PRC will not register the ownership of a vessel to an enterprise. Our Group has decided that Xiangyu PRC owns 50% of interest in the relevant vessels, being the maximum percentage that a foreign investor may own under PRC laws to register the ownership of the relevant vessels for certain commercial reasons. In addition, our Group intends to participate in some dredging projects which forbid any involvement of foreign-invested companies under PRC laws. Even in certain dredging projects which foreign-invested companies are technically allowed to engage under PRC laws, the foreign-invested companies find it difficult, in common practice, to secure dredging business opportunities. Based on the above reasons, the PRC Operational Entity has not become equity-owned by our Company, but will be controlled by our Company through the Contractual Arrangements.

董事於合約的權益

於截至二零一六年十二月三十一日止年度，除財務報表所披露者外，董事或與董事相關的任何實體於年內概無於對本集團的業務有重大影響的任何交易、安排或合約(而本公司或其任何附屬公司為該合約的訂約方)中直接或間接擁有重大實益權益。

管理合約

除本集團附屬公司之間的合約安排外，年內概無訂立或存在任何有關本集團全部或任何主要部分業務的管理及行政合約。

持續關連交易

根據中國有關法律，海外投資者不得於擁有船舶以進行疏浚業務的任何企業中擁有超過50%的股本權益，否則中國海事局將不會登記其船舶的擁有權。本集團已決定讓翔宇中國擁有有關船舶的50%權益(即外國投資者根據中國法律可擁有的最高百分比)，以就若干商業原因登記有關船舶的擁有權。此外，本集團擬參與中國法律禁止或限制外國投資公司參與的若干疏浚項目。儘管中國法律在技術上而言乃允許外國投資公司參與若干疏浚項目，但在一般慣例下，外國投資公司仍難以把握該等疏浚商機。基於上述原因，中國經營實體的股權並非由本公司擁有，而將由本公司透過合約安排控制。

Directors' Report (Continued)

董事會報告(續)

Continuing Connected Transactions (Continued)

The Group carried out the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A of the Listing Rules) during the year ended 31 December 2016:

On 19 April 2011, the following entities entered into the Contractual Arrangements pursuant to which all economic benefits and risks arising from the business of Jiangsu Xingyu are transferred to Xiangyu PRC:

- (i) Xiangyu PRC, a wholly foreign-owned enterprise and a wholly-owned subsidiary of the Company,
- (ii) Jiangsu Xingyu, a limited liability company established in the PRC and deemed to be a wholly-owned subsidiary of the Company under the Contractual Arrangements, and mainly engages in CRD and EPD segments and is the largest subsidiary of the Group in terms of operating assets owned and construction scale, and
- (iii) equity interests holders of Jiangsu Xingyu, namely Mr. Liu and Ms. Zhou (both of them are executive Directors and controlling shareholders of the Company).

Jiangsu Jiaolong, a limited liability company established in the PRC, mainly engages in the provision of marine hoisting, installation and other engineering services. It is the provider of the Group's other marine business. Jiangsu Xingyu owns a 51% equity interest in it and is its controlling shareholder.

Further details of the Contractual Arrangements are described in note 38 to the financial statements of this annual report.

The Stock Exchange has granted a waiver pursuant to Rule 14A.105 of the Listing Rules to the Company for all transactions under the Contractual Arrangements from strict compliance with the applicable announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The amount of revenue and assets subject to the Contractual Arrangements accounted for 80.8% and 60.6% of the Group's total revenue and assets respectively for the year ended 31 December 2016 (2015: 76.8% and 58.4%).

持續關連交易(續)

於截至二零一六年十二月三十一日止年度，本集團進行以下持續關連交易(根據上市規則第14A條獲豁免的持續關連交易除外)：

於二零一一年四月十九日，以下實體訂立合約安排，據此，江蘇興宇業務產生的一切經濟利益及風險均轉撥至翔宇中國：

- (i) 翔宇中國，一間外商全資企業及本公司的全資附屬公司，
- (ii) 江蘇興宇，一間於中國成立的有限責任公司及根據合約安排被視為本公司一間全資附屬公司，主要從事基建及填海疏浚業務，為本集團擁有經營資產最多、施工規模最大的附屬公司，及
- (iii) 江蘇興宇的股權持有人劉先生及周女士(彼等均為本公司的執行董事及控股股東)。

江蘇蛟龍，一間於中國成立的有限責任公司，主要從事海上吊裝、安裝、打撈、船舶包租等工程服務，本集團的其他海事業務均由其提供。江蘇興宇擁有其51%股權，為其控股股東。

有關合約安排的進一步詳情載於本年報財務報表附註38。

聯交所已根據上市規則第14A.105條向本公司授出豁免，令合約安排項下的所有交易豁免嚴格遵守上市規則第14A章項下的適用公告及獨立股東批准規定。

合約安排的收益及資產分別佔本集團截至二零一六年十二月三十一日止年度總收益及資產的80.8%及60.6%(二零一五年：76.8%及58.4%)。

Directors' Report (Continued)

董事會報告(續)

Continuing Connected Transactions (Continued)

The followings are the major risks relating to the Contractual Arrangements:

- The Group conducts its business operation in the PRC through the PRC Operational Entity by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws. Therefore, in the event of breach of any agreements constituting the Contractual Arrangements by Mr. Liu, Ms. Zhou and/or the PRC Operational Entity, and if the Group is unable to enforce the Contractual Arrangements, the Group may not be able to exert effective control over the PRC Operational Entity, and the Group's ability to conduct its business may be negatively affected.
- If the PRC government finds that the Contractual Arrangements or the ownership structures or business operations of the Company or the PRC Operational Entity do not comply with any of the PRC laws and regulations, the Group's business, financial condition or results of operations could be materially and adversely affected, as revenue in relation to the Contractual Arrangements accounted for 80.8% of the Group's total revenue for the year ended 31 December 2016.
- The Contractual Arrangements related to critical aspects of the Group's operations with the PRC Operational Entity and its shareholders which may not be as effective as direct ownership in providing operational control. In the event that the Group is unable to enforce these Contractual Arrangements, the Group may be unable to exert effective control over the PRC Operational Entity, and the Group's ability to conduct its business may be materially and adversely affected.
- Shareholders of the PRC Operational Entity, Mr. Liu and Ms. Zhou, may potentially have a conflict of interest with the Group, and they may breach their contracts with the Group. Such disputes and proceedings may significantly disrupt the Group's business operations, adversely affect its ability to control the PRC Operational Entity and/or otherwise result in negative publicity.

持續關連交易(續)

下列為有關合約安排的主要風險：

- 本集團以合約安排方式透過中國經營實體於中國經營其業務，但根據中國法律，合約安排中的若干條款或未能強制執行。因此，倘劉先生、周女士及／或中國經營實體違反構成合約安排的任何協議及倘本集團無法強制執行合約安排，本集團可能無法對中國經營實體行使控制權，且本集團開展其業務的能力可能會受到負面影響。
- 由於有關合約安排的收益佔本集團截至二零一六年十二月三十一日止年度總收益的80.8%，如中國政府認為合約安排或本公司或中國經營實體的擁有權架構或業務營運不符合中國任何法例及規例，本集團的業務、財務狀況或經營業績可能會受到重大不利影響。
- 有關本集團與中國經營實體及其股東的經營的重要範疇的合約安排於經營監控上或不及直接擁有有效。如本集團未能執行合約安排，本集團可能無法有效控制中國經營實體，而本集團進行其業務的能力亦可能受到重大不利影響。
- 中國經營實體股東劉先生及周女士或與本集團有潛在利益衝突，及彼等或違反與本集團訂立的合約。有關糾紛及訴訟可能會嚴重中斷本集團的業務營運、對其控制中國經營實體的能力造成不利影響及／或以其他方式使公眾形象受損。

Directors' Report (Continued)

董事會報告(續)

Continuing Connected Transactions (Continued)

The Group has adopted the following measures to ensure the sound and effective operation of the Group following the implementation of the Contractual Arrangements:

- as part of the internal control measures, major issues arising from implementation of the Contractual Arrangements had been and will be reviewed by the Board on a regular basis;
- matters relating to compliance and regulatory enquiries from governmental authorities had been and will be discussed at such regular meetings or extraordinary meetings of the Board;
- the relevant business units and operation divisions of the Group reported regularly to the senior management of the Company on the compliance and performance conditions under the Contractual Arrangements and other related matters;
- legal advisors and/or other professionals had been and will continue to be retained to assist the Group to deal with specific issues arising from the Contractual Arrangements; and
- the independent non-executive Directors had and will continue to conduct annual reviews on the Contractual Arrangements to ensure that it is fair and reasonable and in the best interests of the Group and its Shareholders as a whole.

The Directors confirm that during the Review Period, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules (save for the exemptions granted under the above-mentioned waiver).

持續關連交易(續)

本集團已採取以下措施，以確保本集團在實施合約安排後穩健有效地營運：

- 作為內部監控措施的一部分，實施合約安排所產生的主要問題已經及將由董事會定期進行審議；
- 有關遵守規定及來自政府機構的監管查詢的事宜，已經及將於該等例會或董事會特別會議上討論；
- 本集團的相關業務單位及營運部門已定期向本公司高級管理層匯報有關遵守及履行合約安排的條件及其他有關事宜；
- 已經及將持續委聘法律顧問及／或其他專業人士以協助本集團處理合約安排所產生的特定問題；及
- 獨立非執行董事已經及將會繼續就合約安排進行年度審閱，確保其公平合理，並符合本集團及其股東的整體最佳利益。

董事確認於回顧期間本公司一直遵守上市規則第14A章項下的披露規定(根據上述豁免授予的豁免除外)。

Directors' Report (Continued)

董事會報告(續)

Continuing Connected Transactions (Continued)

The independent non-executive Directors have confirmed that the above-mentioned continuing connected transactions were entered into:

- (i) in the ordinary and usual course of the Group's business;
- (ii) in accordance with the terms of the respective agreements governing such transactions on terms that were fair and reasonable and in the interests of the Shareholders of the Company as a whole; and
- (iii) either on normal commercial terms or on terms no less favorable to the Group than those available to or from independent third parties.

Besides, the independent non-executive Directors have conducted an annual review on the Contractual Arrangements and have confirmed that:

- (i) the transactions carried out during the year ended 31 December 2016 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and have been operated so that all revenue generated by Jiangsu Xingyu has been retained by Xiangyu PRC;
- (ii) no dividends or other distributions have been made by Jiangsu Xingyu to its equity interest holders; and
- (iii) any new contracts or renewed contracts have been entered into on the same terms as the existing Contractual Arrangements and are fair and reasonable so far as the Group is concerned and in the interests of the Shareholders as a whole.

In accordance with Rule 14A.56 of the Listing Rules, the Board engaged the auditor of the Company to perform procedures on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

持續關連交易(續)

獨立非執行董事確認上述持續關連交易乃於下列情況下訂立：

- (i) 在本集團的日常及一般業務過程中；
- (ii) 根據規管該等交易的相關協議條款，而有關條款乃屬公平合理並符合本公司股東的整體利益；及
- (iii) 按照正常商業條款或就本集團而言，該等條款不遜於獨立第三方可取得或提供的條款。

此外，獨立非執行董事已對合約安排進行年度檢討，並確認：

- (i) 截至二零一六年十二月三十一日止年度進行的該等交易乃根據合約安排的有關條文而訂立，並一直在進行中，以便江蘇興宇產生的所有收益歸翔宇中國所有；
- (ii) 江蘇興宇概無向其股權持有人作出股息或其他分派；及
- (iii) 任何新合約或續期合約已根據與現有合約安排相同的條款而訂立，且就本集團而言，該等合約屬公平合理，並符合股東的整體利益。

根據上市規則第14A.56條，董事會已根據香港審核保證委聘準則第3000號「審核或審閱過去財務資料以外的核證委聘」及參照香港會計師公會發出的實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」委聘本公司核數師，對上述持續關連交易進行審核程序。

Directors' Report (Continued)

董事會報告(續)

Continuing Connected Transactions (Continued)

The auditor of the Company has confirmed that nothing has come to the auditor's attention that causes them to believe that :

- a. the disclosed continuing connected transactions have not been approved by the Board;
- b. the said transactions were not entered into in accordance with the relevant agreements governing such transactions; and
- c. dividends or other distributions have been made by Jiangsu Xingyu to the holders of its equity interests.

Related Party Transactions

Details of the related party transactions are set out in note 35 to the consolidated financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules, except for those described in the paragraph headed "Continuing Connected Transactions" above, in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

持續關連交易(續)

本公司核數師已確認，概無發現任何事項致使核數師相信：

- a. 已披露的持續關連交易並無獲得董事會的批准；
- b. 上述交易並未根據規管該等交易的有關協議而訂立；及
- c. 江蘇興宇已向其股權持有人作出股息或其他分派。

關連方交易

關連方交易詳情載於綜合財務報表附註35。除上文「持續關連交易」(已遵守上市規則第14A章項下的披露規定)一段所述者外，概無該等關連方交易構成上市規則所界定的須予披露關連交易。

Directors' Report (Continued)

董事會報告(續)

Share Option Scheme

The Company has adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Share Option Scheme, the Directors may at their discretion grant options to (i) any Director and employees of the Company, any of its subsidiaries or any entity in which the Group holds an equity interest; or (ii) any suppliers, customers, consultants who provided services to the Group, shareholders of the subsidiaries of the Group and joint venture partners to subscribe for the shares.

The offer of a grant of options must be taken up within 21 days of the date of offer. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not exceed 30% of the issued share capital of the Company at any point in time. The total number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the shares in issue at the time dealings in the shares first commence on the Stock Exchange. This limit was last refreshed by the Shareholders in the extraordinary general meeting of the Company held on 23 October 2014 so that the maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme shall not exceed 85,560,000 Shares, being 10% of the Shares in issue as at the date of passing the relevant resolution on 23 October 2014.

The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

購股權計劃

本公司已採納購股權計劃，以嘉許及獎勵為本集團成功營運作出貢獻的合資格參與者。根據購股權計劃，董事可酌情向(i)本公司、其任何附屬公司或本集團持有股本權益的任何實體的任何董事及僱員；或(ii)任何供應商、客戶、為本集團提供服務的顧問、本集團附屬公司股東及合營公司合夥人授出購股權以認購股份。

授出購股權要約必須於要約日期起計21天內接納。根據購股權計劃可授出的購股權所涉及的股份數目，在任何時候最高不得超過本公司已發行股本的30%。根據購股權計劃可授出的購股權所涉及的股份總數，合共不得超過股份首次開始於聯交所交易時已發行股份的10%。本公司股東最後於二零一四年十月二十三日舉行之本公司股東特別大會上更新該上限，以使根據購股權計劃將授出之全部購股權獲行使後可發行之最高股份數目不超過85,560,000股股份，即於二零一四年十月二十三日通過相關決議案當日已發行股份的10%。

除非根據上市規則獲得本公司股東批准，否則於任何十二個月期間授予任何個別人士的購股權涉及的最高股份數目，不得超過於該十二個月期間的最後一日已發行股份的1%。

Directors' Report (Continued)

董事會報告(續)

Share Option Scheme (Continued)

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it can be exercised) as may be determined by the Directors and commences after a certain vesting period and ends in any event not later than 10 years from the date of grant of the relevant share option, subject to the provisions for early termination thereof. Options may be granted upon payment of HK\$1 as consideration for each grant. The exercise price is equal to the highest of (i) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer of grant; and (iii) nominal value of the shares. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Share Option Scheme will remain in force for a period of 10 years from the date of adoption and will expire on 23 May 2021.

No option was granted, exercised, cancelled or lapsed during the year 31 December 2016. As at 31 December 2016, there was no outstanding share option. The total number of Shares available for issue under the Share Option Scheme was 85,560,000, representing approximately 5.79% of the issued Shares as at the date of this annual report.

購股權計劃(續)

承授人可於董事可能決定的期間(包括購股權行使前必須持有的最短期限(「如有」)行使購股權,並於若干歸屬期後開始且無論如何須於有關購股權授出日期起計不得超逾十年屆滿,惟受有關提早終止之條文規限。於支付1港元作為每次獲授的代價後,可授出購股權。行使價相等於下列價格的最高者:(i)股份於要約授出日期在聯交所每日報價表所報的收市價;(ii)股份在緊接要約授出日期前五個營業日在聯交所每日報價表所報的平均收市價;及(iii)股份面值。董事認為,購股權計劃(參與基準有所放寬)使得本集團能夠就僱員、董事及其他選定參與者為本集團所作貢獻對彼等作出獎勵。購股權計劃將自採納日期起計十年內有效,並將於二零二一年五月二十三日屆滿。

截至二零一六年十二月三十一日止年度概無購股權獲授出、行使、註銷或失效。於二零一六年十二月三十一日概無未行使之購股權。根據購股權計劃可供發行之股份總數為85,560,000股,佔於本年報日期已發行股份約5.79%。

Directors' Report (Continued)

董事會報告(續)

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2016, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares in and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which 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 been taken under such provisions of the SFO) or pursuant to the Model Code, or were required to be entered in the register kept by the Company pursuant to section 352 of the SFO:

Interests in the Company

董事及主要行政人員於股份及相關股份的權益及淡倉

於二零一六年十二月三十一日，董事及本公司主要行政人員及彼等各自的聯繫人於本公司及其相關法團(定義見證券及期貨條例第XV部)的股份及相關股份中，擁有根據證券及期貨條例第XV部第7及8分部(包括彼等根據證券及期貨條例的該等條文被當作或視為擁有的權益及淡倉)或根據標準守則須知會本公司及聯交所，或根據證券及期貨條例第352條須記錄於本公司所存置的登記冊的權益如下：

於本公司的權益

Name of Director 董事姓名	Capacity 身份	Notes 附註	Long position 好倉	
			Number of ordinary Shares 普通股數目	Approximate percentage of total number of Shares 佔股份總數的概約百分比
Mr. Liu Kaijin 劉開進先生	Interest in controlled corporation 於受控法團的權益	1	351,600,000	23.79%
	Beneficial owner 實益擁有人		36,703,000	2.48%
Ms. Zhou Shuhua 周淑華女士	Interest in spouse 配偶權益	2	388,303,000	26.27%
Mr. Wu Bin 伍斌先生	Beneficial owner 實益擁有人		7,218,000	0.49%
Mr. Wu Xuze 吳旭澤先生	Interest in spouse 配偶權益		28,242,000	1.91%

Directors' Report (Continued)

董事會報告(續)

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares (Continued)

Interests in the Company (Continued)

Notes:

1. Mr. Liu is the sole beneficial owner of Wangji Limited ("Wangji"), a company incorporated in the British Virgin Islands with limited liability, which is the direct owner of 351,600,000 Shares. Further, Mr. Liu is the beneficial owner of 36,703,000 Shares.
2. Ms. Zhou is the spouse of Mr. Liu who is also a Director. By virtue of the SFO, Ms. Zhou is deemed to be interested in all interests of Mr. Liu in the Company including long position and short position.

Interests in associated corporations

董事及主要行政人員於股份及相關股份的權益及淡倉(續)

於本公司的權益(續)

附註：

1. 劉先生為旺基有限公司(「旺基」，一間於英屬處女群島註冊成立的有限公司)的唯一實益擁有人，而旺基為351,600,000股股份的直接擁有人。此外，劉先生為36,703,000股股份的實益擁有人。
2. 周女士為劉先生的配偶，彼亦為一名董事。根據證券及期貨條例，周女士被視為於劉先生持有的所有本公司權益(包括好倉及淡倉)中擁有權益。

於相聯法團的權益

Name of Director 董事姓名	Name of associated corporation 相聯法團名稱	Capacity 身份	Notes 附註	Long position 好倉	
				Share capital 股本	Approximate percentage of total number of shareholding 佔股權總數的概約百分比
Mr. Liu Kaijin 劉開進先生	Wangji 旺基	Beneficial owner 實益擁有人	1	200 ordinary shares 200股普通股	100%
	Jiangsu Xingyu 江蘇興宇	Beneficial owner 實益擁有人	1	Register capital of RMB39,315,800 註冊資本人民幣39,315,800元	100%
Ms. Zhou Shuhua 周淑華女士	Wangji 旺基	Interest in spouse 配偶權益	2	200 ordinary shares 200股普通股	100%
	Jiangsu Xingyu 江蘇興宇	Interest in spouse 配偶權益	2	Register capital of RMB39,315,800 註冊資本人民幣39,315,800元	100%

Directors' Report (Continued)

董事會報告(續)

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares (Continued)

Interests in associated corporations (Continued)

Notes:

1. Mr. Liu is the sole beneficial owner of the entire registered capital of Jiangsu Xingyu. Mr. Liu and Ms. Zhou are registered holders of 98.47% and 1.53% in the registered capital in Jiangsu Xingyu respectively. The 1.53% interest in the registered capital of Jiangsu Xingyu were held on trust by Ms. Zhou for Mr. Liu pursuant to a shareholding confirmation dated 12 July 2010.
2. Ms. Zhou is the spouse of Mr. Liu who is also a Director. By virtue of the SFO, Ms. Zhou is deemed to be interested in all interests of Mr. Liu in the associated corporations including long positions and short position.

Saved as disclosed above, none of the Directors and chief executive of the Company or any of their associates had any interests or short positions in the Shares, underlying shares or debentures of the Company or any associated corporation as at 31 December 2016 (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事及主要行政人員於股份及相關股份的權益及淡倉(續)

於相聯法團的權益(續)

附註：

1. 劉先生亦為江蘇興宇的全部註冊資本的唯一實益擁有人。劉先生及周女士分別為江蘇興宇98.47%及1.53%註冊資本的登記持有人。根據二零一零年七月十二日訂立的一項股權確認，周女士以信託方式代劉先生持有江蘇興宇註冊資本的1.53%權益。
2. 周女士為劉先生的配偶，彼亦為一名董事。根據證券及期貨條例，周女士被視為於劉先生持有的所有相聯法團權益(包括好倉及淡倉)中擁有權益。

除上文所披露者外，於二零一六年十二月三十一日，本公司董事及主要行政人員或彼等的任何聯繫人概無於本公司或任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的任何權益或淡倉(包括本公司董事或主要行政人員根據證券及期貨條例的該等條文被當作或視為擁有的權益及淡倉)或根據證券及期貨條例第352條須記錄於本公司所存置的登記冊的任何權益或淡倉，或根據標準守則須知會本公司及聯交所的任何權益或淡倉。

Directors' Report (Continued)

董事會報告(續)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2016, to the best of the knowledge and belief of the Directors, other than those set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares" in this annual report, persons had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares

Substantial Shareholders

Name 名稱	Capacity 身份	Notes 附註	Number of Shares 股份數目	Approximate percentage of holding 概約股權百分比
Wangji 旺基	Beneficial owner 實益擁有人		351,600,000	23.79%
東台際華機械配件有限公司	Beneficial Owner 實益擁有人		171,120,000	11.58%
Luck Morgan Investment Limited	Nominee 提名人	1	246,000,000	16.64%
Jiangsu Baisite Environment Engineering Co., Ltd* 江蘇百斯特環境工程有限公司*	Beneficial Owner 實益擁有人		246,000,000	16.64%

Note:

- 1 Luck Morgan Investment Limited acts as nominee for Jiangsu Baisite Environment Engineering Co. Ltd to hold 246,000,000 Shares.

主要股東於本公司股份及相關股份中的權益及淡倉

於二零一六年十二月三十一日，就董事深知及確信，除本年報「董事及主要行政人員於股份及相關股份的權益及淡倉」一節所述者外，根據證券及期貨條例第336條須存置的登記冊中所記錄的於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露的權益或淡倉之人士如下：

股份好倉

主要股東

附註：

- 1 Luck Morgan Investment Limited以江蘇百斯特環境工程有限公司的提名人身份持有246,000,000股股份。

Directors' Report (Continued)

董事會報告(續)

Audit Committee, Remuneration Committee and Nomination Committee

Details of the Audit Committee, Remuneration Committee and Nomination Committee are set out in section headed "Corporate Governance Report" of this annual report.

Sufficiency of Public Float

As at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company.

Event after end of Reporting Period

For details, please refer to the section headed "Management Discussion and Analysis" in this annual report.

Auditor

CWC CPA Limited was appointed as auditor of the Company in place of Deloitte Touche Tohmatsu with effect from 26 November 2015.

CWC CPA Limited will retire and a resolution for their re-appointment as auditor of the Company will be submitted at the forthcoming annual general meeting.

On behalf of the Board

Liu Kaijin
Chairman

Hong Kong, 29 March 2017

審核委員會、薪酬委員會及提名委員會

審核委員會、薪酬委員會及提名委員會的詳情載於本年報「企業管治報告」一節。

足夠公眾持股量

根據本公司所得公開資料及就本公司董事所知，於本年報日期，本公司已根據上市規則的規定維持指定的公眾持股量。

報告期後事項

有關詳情請參閱本年報「管理層討論及分析」一節。

核數師

張黃會計師事務所有限公司獲委任為本公司核數師，代替德勤•關黃陳方會計師行，自二零一五年十一月二十六日起生效。

張黃會計師事務所有限公司將於應屆股東週年大會上退任本公司核數師，而該大會將提呈重新聘任彼為本公司核數師之決議案。

代表董事會

主席
劉開進

香港，二零一七年三月二十九日

Independent Auditor's Report

獨立核數師報告

CWC

Certified Public
Accountants (Practising)

TO THE MEMBERS OF CHINA DREDGING ENVIRONMENT PROTECTION HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

致中國疏浚環保控股有限公司股東

(於開曼群島註冊成立之有限公司)

Opinion

We have audited the consolidated financial statements of China Dredging Environment Protection Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 99 to 212, which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

本行已審核載列於第99至212頁中國疏浚環保控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，其包括於二零一六年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表、以及綜合財務報表的附註(包括重大會計政策概要)。

本行認為，該等綜合財務報表已根據香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一六年十二月三十一日的綜合財務狀況以及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見的基準

本行已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。本行在該等準則下的責任已於本報告「核數師就審計綜合財務報表承擔的責任」一節中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(以下簡稱「守則」)，本行獨立於貴集團，並已履行守則中的其他道德責任。本行相信，本行所獲得的審計憑證能充足及適當地為本行的審計意見提供基礎。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which describes the circumstances surrounding the failure by the Group to settle the convertible bonds when the bonds fell due for repayment on their maturity date. Furthermore, the Group has net current liabilities of approximately RMB56.7 million. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

與持續經營相關之重大不確定性

吾等提呈閣下垂注綜合財務報表附註2，當中列明關於貴集團未能於債券到期日結清到期應償還可換股債券之情況。此外，貴集團錄得流動負債淨值約人民幣56.7百萬元。如附註2所述，該等事件或狀況，連同附註2所載其他事項，顯示存在重大不確定性或會對貴集團之持續經營能力造成重大疑問。吾等之意見並無就該事項作出修訂。

關鍵審計事項

關鍵審計事項為根據本行的專業判斷，認為對本期間綜合財務報表的審計最為重要的事項。該等事項於本行審計整體綜合財務報表及出具意見時處理，而本行不會對該等事項提供獨立的意見。除與持續經營相關之重大不確定性一節所述事宜外，吾等已釐定下文所述事宜為吾等報告將予討論之關鍵審核事宜。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Key audit matter 關鍵審計事項

Valuation of Accounts Receivables 應收款項估值

We identified the valuation of trade receivables as a key audit matter. The Group's accounts receivables mainly arise from dredging, water management and marine related businesses. As at 31 December 2016, the accounts receivable which were past due but not impaired amounted to HK\$1,024 million, which represented approximately 26.7% of total assets. If insufficient provision were made on accounts receivables of which their recoverable amount were lower than their carrying value at the end of the reporting period, the Group's reported profit would materially affected. The estimation of recoverable amounts of these account receivables involved exercise of significant judgement by management and high degree of estimation uncertainty. 我們將應收款項估值視為關鍵審計事項。貴集團的應收款項主要源自疏浚、水務管理及相關海事業務。於二零一六年十二月三十一日，已逾期但未減值之應收款項為1,024,000,000港元，約佔總資產的26.7%。倘就於報告期末可收回金額低於其賬面值的貿易應收款項計提撥備不足，貴集團的呈報溢利可能受到很大影響。該等應收款項的可收回金額估計涉及管理層行使重大判斷以及深層次的估計不確定性。

Accordingly, we identified valuation of accounts receivables as a key audit matter. 因此，我們將應收款項估值視為關鍵審計事項。

How our audit addressed the key audit matter 我們審計如何處理關鍵審計事項

Our procedures in relation to valuation of account receivables included:

我們有關應收款項估值的程序包括：

- obtained and reviewed the Group's accounts receivable ageing analysis;
取得及檢討 貴集團應收款項賬齡分析；
- enquired with the management for any impairment indication (e.g. any changes in collectability or creditworthiness of debtors) noted on specific debts; 就發現的具體債務的任何減值跡象(如債務人可收回性或信用的任何變動)向管理層作出查詢；
- challenged management's views about the collectability or creditworthiness of each material debtors and sought corroborating evidence to support the explanations whenever possible; 質疑管理層關於各重大債務人之可收回性或信譽之看法並在可能情況下尋求確切證據以佐證解釋；
- obtained the repayment commitments from customer; and
從客戶取得還款承諾；及
- reviewed the subsequent settlement of the Group's accounts receivables.
檢討 貴集團應收款項的其後結算情況。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內所載的資料，但不包括綜合財務報表及本行載於其中的核數師報告。

本行對綜合財務報表的意見並不涵蓋其他資料，本行亦不對該等其他資料發表任何形式的保證結論。

就本行對綜合財務報表的審計，本行的責任乃細閱其他資料，在此過程中，考慮其他資料與綜合財務報表或本行在審計過程中所知悉的情況是否存在重大抵觸或看似存在重大錯誤陳述。基於本行已執行的工作，倘本行認為其他資料存在重大錯誤陳述，本行需要報告該事實。本行就此並無任何事項須報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港財務報告準則及香港公司條例的披露規定編製真實而公平的綜合財務報表，並對董事認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表須承擔的責任

本行的目標乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括本行意見的核數師報告，並按照協定的委聘條款僅向閣下(作為整體)報告，除此之外本報告別無其他目的。本行概不就本報告的內容對任何其他人士負責或承擔責任。合理保證為高水平的保證，但不能保證按照香港審計準則進行的審計總能發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

作為根據香港審計準則進行審計其中一環，本行運用專業判斷，保持專業懷疑態度。本行亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當的審計憑證，作為本行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致出現重大錯誤陳述的風險高於未能發現因錯誤而導致出現重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計在有關情況下屬適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的適當性以及作出會計估計及相關披露的合理性。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘本行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則修訂本行的意見。本行的結論乃基於直至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營業務。
- 評估綜合財務報表的整體列報方式、結構及內容(包括披露)事項以及綜合財務報表是否公平反映相關交易及事項。
- 就貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。本行負責貴集團審計的方向、監督及執行。本行為審計意見承擔全部責任。

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

本行與治理層溝通審計的計劃範圍及時間以及重大審計發現等，其中包括本行在審計中識別出內部控制的任何重大不足之處。

本行亦向治理層提交聲明，表明本行已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響本行獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CWC CPA Limited

Certified Public Accountants (Practising)

Wong On Yee

Practising Certificate Number: P05485

Hong Kong

29 March 2017

從與治理層溝通的事項中，本行確定該等對本期間綜合財務報表的審計最為重要的事項，因而構成關鍵審計事項。本行在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於本行之報告中註明某事項造成的負面後果超過產生的公眾利益，則本行決定不應在報告中註明該事項。

張黃會計師事務所有限公司

執業會計師

黃安宜

執業證書編號：P05485

香港

二零一七年三月二十九日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Notes	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
		附註		
Revenue	收入	6	667,154	700,996
Operating cost	運營成本		(434,042)	(474,318)
Gross profit	毛利		233,112	226,678
Other income	其他收入	7	24,854	38,042
Other gains and losses, net	其他收益及虧損淨額	8	(5,999)	(396,572)
Marketing and promotion expenses	市場推廣及宣傳開支		(11,073)	(8,633)
Administrative expenses	行政開支		(48,722)	(41,261)
Finance costs	融資成本	9	(69,952)	(55,587)
Profit (loss) before tax	除稅前溢利(虧損)		122,220	(237,333)
Income tax (expense) credit	所得稅(開支)抵免	10	(46,970)	46,822
Profit (loss) and total comprehensive income (expense) for the year	年內溢利(虧損)及全面收益(開支)總額	11	75,250	(190,511)
Profit (loss) and total comprehensive income (expense) for the year attributable to:	下列人士應佔年內溢利(虧損)及全面收益(開支)總額:			
Owners of the Company	本公司擁有人		68,794	(197,864)
Non-controlling interests	非控股權益		6,456	7,353
			75,250	(190,511)
Earnings (loss) per share	每股盈利(虧損)	13		
— basic (RMB)	— 基本(人民幣元)		0.055	(0.19)
— diluted (RMB)	— 攤薄(人民幣元)		0.055	(0.19)

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2016 於二零一六年十二月三十一日

		Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	1,639,358	1,658,604
Prepaid land lease payments	預付土地租約款	16	105,210	100,773
Investment properties	投資物業	17	413,194	—
Investment properties under construction	在建投資物業	17	—	307,702
Goodwill	商譽		201	2,956
Available-for-sale investment	可供出售投資	18	—	20,921
Deposit paid for acquisition of property, plant and equipment	已付收購物業、廠房及設備的按金	19	85,642	79,377
Deferred tax assets	遞延稅項資產	20	103,323	100,354
Other intangible assets	其他無形資產		4,750	—
Accounts and other receivables due after one year	一年後到期的應收賬款及其他應收款	21	89,887	206,442
Pledged bank deposits	已抵押銀行存款		—	15,000
			2,441,565	2,492,129
CURRENT ASSETS	流動資產			
Prepaid land lease payments	預付土地租約款	16	3,075	2,908
Accounts and other receivables and prepayments	應收賬款及其他應收款以及預付款	21	1,336,508	1,180,985
Pledged bank deposits	已抵押銀行存款	22	15,000	47,572
Bank balances and cash	銀行結餘及現金	22	34,500	153,569
			1,389,083	1,385,034
CURRENT LIABILITIES	流動負債			
Accounts and other payables	應付賬款及其他應付款	23	485,146	497,670
Amounts due to directors	應付董事款項	24	28,480	19,098
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非控股權益的款項	25	2,476	1,644
Tax payable	應付稅項		130,548	112,827
Bank borrowings	銀行借貸	26	485,215	716,405
Other borrowings	其他借貸	27	67,538	495
Bonds payable	應付債券	28	246,381	—
Convertible bonds	可換股債券	28	—	246,510
Derivative financial liabilities embedded in convertible bonds	嵌入可換股債券的衍生金融負債	28	—	7,030
			1,445,784	1,601,679
NET CURRENT LIABILITIES	流動負債淨值		(56,701)	(216,645)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		2,384,864	2,275,484

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

At 31 December 2016 於二零一六年十二月三十一日

		Notes	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
		附註		
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	29	123,483	102,045
Reserves	儲備		1,985,883	1,863,236
Equity attributable to owners of the Company	本公司所有人應佔權益		2,109,366	1,965,281
Non-controlling interests	非控股權益		160,136	158,136
TOTAL EQUITY	權益總額		2,269,502	2,123,417
NON-CURRENT LIABILITIES	非流動負債			
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非控股權益的款項	25	67,611	85,533
Deferred tax liabilities	遞延稅項負債	20	14,367	16,046
Bank borrowings	銀行借貸	26	—	18,195
Other borrowings	其他借貸	27	33,384	32,293
			115,362	152,067
			2,384,864	2,275,484

The consolidated financial statements on pages 99 to 212 were approved and authorised for issue by the board of directors on 29 March 2017 and are signed on its behalf by:

載於第99至212頁之綜合財務報表已於二零一七年三月二十九日獲董事會批准及授權刊發，並由下列人士代表簽署：

LIU KAIJIN
劉開進
DIRECTOR
董事

ZHOU SHUHUA
周淑華
DIRECTOR
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Attributable to owners of the Company 本公司所有人應佔							
		Share Capital	Share premium	PRC statutory reserve	Other reserve	Retained profits	Total	Non- controlling interests	Total
		股本	股份溢價	中國法定 儲備	其他儲備	留存溢利	總額	非控股 權益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元 (note i) (附註i)	人民幣千元 (note ii) (附註ii)	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2015	於二零一五年一月一日	71,592	520,567	19,658	204,554	967,761	1,784,132	150,783	1,934,915
Placing of shares (Note 29)	股份配售(附註29)	30,453	348,560	—	—	—	379,013	—	379,013
(Loss) profit and total comprehensive (expense) income for the year	年內(虧損)溢利及全面 (開支)收益總額	—	—	—	—	(197,864)	(197,864)	7,353	(190,511)
At 31 December 2015	於二零一五年 十二月三十一日	102,045	869,127	19,658	204,554	769,897	1,965,281	158,136	2,123,417
Placing of shares (Note 29)	股份配售(附註29)	21,438	53,853	—	—	—	75,291	—	75,291
Profit and total comprehensive income for the year	年內溢利及全面收益 總額	—	—	—	—	68,794	68,794	6,456	75,250
Dividend paid to non-controlling interest	支付予非控股權益的 股息	—	—	—	—	—	—	(4,456)	(4,456)
At 31 December 2016	於二零一六年 十二月三十一日	123,483	922,980	19,658	204,554	838,691	2,109,366	160,136	2,269,502

Notes:

- (i) According to the rules and regulations in the People's Republic of China ("PRC"), a portion of the profit after taxation of the Company's PRC subsidiaries is required to be transferred to a PRC statutory reserve before distribution of a dividend to their equity owners. The transfer can cease when the balance of the reserve reaches 50% of the registered capital of the respective subsidiaries. The reserve can be applied either to set off accumulated losses or to increase capital.
- (ii) The other reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal amount of the share capital and share premium of its subsidiaries and the paid-in capital of RMB39,316,000 of the PRC Operational Entity (as defined in Note 38) pursuant to the group reorganisation in 2011.

附註:

- (i) 根據中華人民共和國(「中國」)的規則及法規，本公司的中國附屬公司須將部分除稅後溢利在向權益所有人分派股息之前轉撥至中國法定儲備。當儲備結餘達至相關附屬公司註冊資本的50%時可終止轉撥。該儲備可用於抵銷累計虧損或增加資本。
- (ii) 本集團的其他儲備指本公司用作交換股本面值而發行之股本面值與因二零一一年集團重組而產生之其附屬公司股份溢價(包括中國經營實體(定義見附註38)的實繳資本人民幣39,316,000元)兩者之差額。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

	Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
OPERATING ACTIVITIES			
Profit (loss) before tax		122,220	(237,333)
Adjustments for:			
Depreciation of property, plant and equipment		99,982	100,374
Fair value changes of derivative financial liabilities embedded in convertible bonds		(7,030)	(7,921)
Fair value gain in relation to warrants		—	(2,242)
Allowance for doubtful debts		11,877	376,641
Amortisation of intangible assets		250	—
Amortisation of prepaid land lease payments		2,806	2,671
Gain on disposal of a subsidiary		(24,250)	—
Gain on disposal of property, plant and equipment		—	(87)
Sums waived by holders of the bonds		(13,781)	—
Finance costs		69,952	55,587
Interest income		(15,329)	(25,085)
Unrealized exchange loss		39,183	30,204
Operating cash flows before movements in working capital		285,880	292,809
Increase in accounts and other receivables		(138,840)	(335,676)
(Decrease) increase in accounts and other payables		(7,673)	28,181
Cash generated from (used in) operations		139,367	(14,686)
PRC income tax paid		(33,897)	(46,339)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		105,470	(61,025)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
INVESTING ACTIVITIES	投資活動			
Purchase of property, plant and equipment	購買物業、廠房及設備		(12,997)	(8,240)
Additions to investment properties under construction	添置在建投資物業		—	(215,229)
Deposit paid for acquisition property, plant and equipment	就收購物業、廠房及設備支付的按金		(6,265)	(72,736)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項		—	486
Settlement of other payables in relation to purchase of property, plant and equipment in prior year	支付過往年度就購買物業、廠房及設備之其他應付款		(12,779)	(49,452)
Settlement of other payables in relation to additions of investment properties	與投資物業相關的其他應付款的結算		(51,187)	—
Purchase of leasehold land	購買租賃土地		—	(8,693)
Consideration received from Hongji Construction	已收鴻基建築代價	18	70,774	15,000
Repayment from shareholders' loan to Yongheng	償還提供予咏恒的股東貸款	18	14,804	—
Withdrawal of pledged bank deposits	提取已抵押銀行存款		47,572	57,966
Placement of pledged bank deposits	存入已抵押銀行存款		—	(99,744)
Purchase of available-for-sale investment	購買可供出售投資	18	(6,000)	—
Proceed from disposal of available-for-sale investment	出售可供出售投資所得款項	18	26,921	—
Disposal of a subsidiary	出售一間附屬公司		(8)	—
Interest received	已收利息		547	6,376
NET CASH FROM (USED IN) INVESTING ACTIVITIES	投資活動所得(所用)現金淨額		71,382	(374,266)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

		2016 RMB'000 二零一六年 人民幣千元	2015 RMB'000 二零一五年 人民幣千元
	Notes 附註		
FINANCING ACTIVITIES	融資活動		
New bank borrowings raised	新增銀行借貸	605,680	655,546
Net proceeds from issue of shares	來自發行股份之所得款項 淨值	29	379,013
Advance from independent third parties	來自獨立第三方的墊支 款項	—	258,350
Advance from a director	來自一名董事的墊支款項	9,382	20,711
New other borrowings raised	新增其他借貸	67,043	1,724
Advance from non-controlling interests of a subsidiary	來自一間附屬公司的非 控股權益墊支款項	—	300
Repayment of bank borrowings	償還銀行借貸	(877,544)	(568,545)
Repayment to independent third parties	償還獨立第三方款項	—	(258,350)
Repayment to directors	償還一名董事款項	—	(4,446)
Interest paid	已付利息	(45,575)	(46,445)
Repayment of bonds	償還債券	(34,453)	—
Repayment of other borrowings	償還其他借貸	(2,533)	(3,237)
Repayment to non-controlling interests of a subsidiary	向一間附屬公司的非控股 權益償還款項	(17,921)	(4,100)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(所用)所得現金 淨值	(295,921)	430,521
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值物減少 淨值	(119,069)	(4,770)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初的現金及現金等值物	153,569	158,339
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	年末的現金及現金 等值物， 即銀行結餘及現金	34,500	153,569

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

1. General

The Company was incorporated as an exempted company with limited liability under the Companies Law of Cayman Islands and its shares (“Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s immediate and ultimate holding company is Wangji Limited, a limited company incorporated in the British Virgin Islands, which is ultimately and wholly owned by Mr. Liu Kaijin (“Mr. Liu”), who is the Executive Director and Chairman of the Company. The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its place of business in Hong Kong is located at Office 19, 36th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168–200 Connaught Road Central, Hong Kong.

The Company acts as an investment holding company and the particulars of its subsidiaries are set out in Note 38 to the consolidated financial statements.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. Going Concern Basis of Consolidated Financial Statements

During the year ended 31 December 2016, the Group had not settled the convertible bonds (the “Bonds”, see Note 28) when the Bonds fell due for repayment on their maturity date. The Bonds remained overdue for repayment as at the end of the reporting period. Subsequent to the end of the reporting period, on 21 March 2017, the Company and CITIC Capital China Access Fund Limited (the “Bondholder”) entered into a second amendment agreement and supplemental deed to the deed poll dated 8 November 2013 in relation to the Bonds (“Second Amendment Agreement”) to further amend the terms of the original convertible bond instrument and the original bond conditions (both as amended on 15 December 2016 by a standstill and amendment agreement and supplemental deed to the deed poll dated 8 November 2013 (“Amendment Agreement”)) provided that the Company has fulfilled its undertakings under the Second Amendment Agreement.

1. 一般資料

本公司根據開曼群島公司法註冊成立為獲豁免有限公司，其股份（「股份」）於香港聯合交易所有限公司（「聯交所」）主板上市。本公司的直接及最終控股公司為旺基有限公司，一間於英屬處女群島註冊成立的有限公司，其由本公司執行董事兼主席劉開進先生（「劉先生」）最終及全資擁有。本公司的註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands，及其香港營業地點位於香港干諾道中168–200號信德中心招商局大廈36樓19室。

本公司為一間投資控股公司，其附屬公司的詳情載於綜合財務報表附註38。

綜合財務報表以人民幣（「人民幣」）（亦為本公司的功能貨幣）呈列。

2. 綜合財務報表之持續經營基準

截至二零一六年十二月三十一日止年度，本集團於債券在到期日並未償還可換股債券（「債券」，參見附註28）。於報告期末，債券仍為逾期還款。於本報告期末之後，於二零一七年三月二十一日，本公司與CITIC Capital China Access Fund Limited（「債券持有人」）訂立有關債券的第二份修訂協議及日期為二零一三年十一月八日的原平邊契據補充契據（「第二份修訂協議」），以進一步修訂原可換股債券文據及原債券條件（兩者均於二零一六年十二月十五日經暫緩還款及修訂協議以及日期為二零一三年十一月八日的原平邊契據補充契據（「修訂協議」）的條款，前提是本公司已履行其於第二份修訂協議項下的承諾。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Going Concern Basis of Consolidated Financial Statements (Continued)

Under the Second Amendment Agreement, the parties agreed to, among others, the following major amendments to the terms set out in the original convertible bond instrument and original bond conditions:

- the principal amount of the Bonds shall be further amended to HK\$274,434,702 (“Second Reduced Redemption Amount”);
- the maturity date of the Bonds shall be extended to 21 September 2017 (the “Extended Maturity Date”);
- the Second Reduced Redemption Amount shall carry interest at the following rates:

From 25 March 2017 and up to 21 June 2017 (both dates inclusive): 13%;

From 22 June 2017 and up to 21 September 2017 (both dates inclusive): 18%;

- pay to the Bondholder, in cash and in immediately available funds, a sum of not less than HK\$15,533,000 on or before 24 March 2017; and
- on or before 21 April 2017, the Company shall pay to the Bondholder, in cash and in immediately available funds, a sum of not less than HK\$62,132,000.

Furthermore, as at 31 December 2016, the Group has net current liabilities of approximately RMB56.7 million.

2. 綜合財務報表之持續經營基準(續)

根據第二份修訂協議，訂約方同意(其中包括)以下有關原可換股債券文據及原債券條件之主要修訂：

- 二零一六年債券的本金額進一步修訂為274,434,702港元(「經第二次減少贖金」)；
- 將債券的到期日延後至二零一七年九月二十一日(「經延後到期日」)；
- 經第二次減少贖金按以下利率計息：

由二零一七年三月二十五日至二零一七年六月二十一日(包括首尾兩天)：13%；

由二零一七年六月二十二日至二零一七年九月二十一日(包括首尾兩天)：18%；

- 於二零一七年三月二十四日或之前，本公司應以現金及即時可用資金向債券持有人支付不少於15,533,000港元；及
- 於二零一七年四月二十一日或之前，本公司須以現金及即時可用資金向債券持有人支付不少於62,132,000港元。

此外，於二零一六年十二月三十一日，本集團流動負債淨值約為人民幣56,700,000元。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

2. Going Concern Basis of Consolidated Financial Statements (Continued)

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, the consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31 December 2016, after taking into consideration of the following:

- (1) The Group continues to generate cash inflows from its operating activities by implementing measures to tighten cost controls over various operating expenses in order to improve its cash flows position and to generate greater positive cash inflows from its operations in the future;
- (2) Since most of the bank borrowings as at 31 December 2016 were secured by the Group's assets and highly probable that they can be renewed in the next twelve months;
- (3) As at 31 December 2016, the Group has unutilised banking facilities of RMB133.1 million which will be available for use by the Group in the next twelve months; and
- (4) The Group is actively negotiating with the banks to seek for renewal of the outstanding bank borrowings. Subsequent to reporting date, the Group has successfully obtained written confirmation from a new bank, which confirmed to provide banking facilities up to RMB350 million in the next two years.

On the basis of the above consideration, the Directors believe that the Group can satisfy its financial obligations in the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. 綜合財務報表之持續經營基準(續)

上文所述狀況顯示存在重大不明朗因素，可能對本集團繼續按持續經營基準之能力及其後對其於一般業務過程中變現其資產及償還負債之能力產生重大疑問。然而，於考慮下列各項後，綜合財務報表乃按本集團可以持續經營之假設而編製，及董事認為本集團有足夠營運資金應付自二零一六年十二月三十一日起計未來十二個月之經營所需：

- (1) 本集團繼續通過實施收緊對各項經營開支之成本控制措施，產生來自其經營業務之現金流量，從而改善其日後現金流量狀況及產生更大的經營現金流入；
- (2) 由於於二零一六年十二月三十一日之大部分銀行借貸由本集團資產作抵押，未來十二個月被續貸的可能性較大；
- (3) 本集團於二零一六年十二月三十一日之尚未動用銀行融資額度為人民幣133,100,000元(於未來十二個月將可供使用)；及
- (4) 本集團正積極與銀行磋商以尋求續期尚未償還銀行借款。於本報告日期之後，本集團已成功從一間新銀行取得書面確認書，確認於未來兩年提供銀行信貸人民幣350,000,000元。

根據上述因素，董事相信本集團於可預見未來可應付其財務責任，因此綜合財務報表乃以持續經營基準編製。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

The Group has for the first time applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interest in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle

The application of these amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. 應用新訂及經修訂之香港財務報告準則(「香港財務報告準則」)

本集團於本年度首次採用下列由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則之修訂本：

香港財務報告準則第11號(修訂本)	收購於合營業務之權益之會計法
香港會計準則第1號(修訂本)	披露措施
香港會計準則第16號及香港會計準則第38號(修訂本)	澄清折舊及撤銷之可接受方法
香港會計準則第16號及香港會計準則第41號(修訂本)	農業：生產性植物
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)	投資實體：應用綜合入賬的例外情況
香港財務報告準則(修訂本)	香港財務報告準則二零一二年至二零一四年週期之年度改進

於本年度應用該等香港財務報告準則之修訂本對本集團本年度及過往年度的財務表現及狀況以及此等綜合財務報表所載之披露並無任何重大影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instrument ¹
HKFRS 15	Revenue from contracts with customers and the related amendments ¹
HKFRS 16	Leases ²
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions ¹
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts" ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKAS 7	Disclosure initiative ⁴
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses ⁴

- ¹ Effective for annual periods beginning on or after 1 January 2018.
- ² Effective for annual periods beginning on or after 1 January 2019.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 January 2017.

3. 應用新訂及經修訂之香港財務報告準則(「香港財務報告準則」)(續)

本集團並無提早應用以下已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	與客戶的合約產生的收益及相關修訂案 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第2號(修訂本)	股份支付交易的分類及計量 ¹
香港財務報告準則第4號(修訂本)	應用香港財務報告準則第9號「金融工具」與香港財務報告準則第4號「保險合約」 ²
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 ³
香港會計準則第7號(修訂本)	披露措施 ⁴
香港會計準則第12號(修訂本)	遞延稅項資產未實現損失的確認 ⁴

- ¹ 於二零一八年一月一日或之後開始之年度期間生效。
- ² 於二零一九年一月一日或之後開始之年度期間生效。
- ³ 於確定日期或之後開始之年度期間生效。
- ⁴ 二零一七年一月一日或之後開始之年度期間生效。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirement for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

3. 應用新訂及經修訂之香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具

香港財務報告準則第9號對金融資產、金融負債、一般對沖會計法及金融資產之減值的分類及計量提出新要求。

香港財務報告準則第9號之主要規定：

- 屬香港會計準則第39號「金融工具：確認及計量」範圍內的所有已確認金融資產其後均須按攤銷成本或公平值計量。具體而言，於目的為收取合約現金流量的業務模式下持有以及附有純粹作本金及尚未償還本金利息付款的合約現金流量的債項投資，一般於其後的會計期間結束時按攤銷成本計量。於目的為同時收回合約現金流及出售金融資產之業務模式中持有之債務工具，以及合約條款令於特定日期產生之現金流純粹為支付本金及未償還本金之利息的債務工具，均按透過其他全面收益按公平值列賬之方式計量。所有其他債務投資及股權投資均於其後的會計期間結束時按公平值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回選擇，於其他全面收益呈列並非持作買賣的股權投資公平值的其後變動，且一般僅股息收入於損益確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial instruments (continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group’s existing business model and financial statements as at 31 December 2016, the application of HKFRS 9 in the future may affect the classification of the Group’s financial assets equity investment and may result in early recognition of credit loss based on expected loss model in relation to the Group’s financial assets measured at amortised costs. In the opinion of Directors, it is not practical to provide a reasonable estimate of that effect until a detail review has been completed.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related Interpretations when it becomes effective.

3. 應用新訂及經修訂之香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號之主要規定：(續)

- 就金融資產之減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計算相反，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損。

根據本集團於二零一六年十二月三十一日之現有商業模式及財務報表，日後採納香港財務報告準則第9號，可能影響本集團之金融資產出售股權投資的分類，並或會導致根據按攤銷成本計量的本集團金融資產相關之預期虧損模式提早確認信貸虧損。董事認為，直至完成詳細審閱之前，提供該影響之合理估計並不可行。

香港財務報告準則第15號來自客戶合約之收益

香港財務報告準則第15號已獲頒佈，其制定一項單一全面模式供實體用作將自客戶合約所產生之收益入賬。於香港財務報告準則第15號生效後，其將取代現時之收益確認指引，包括香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

HKFRS 15 Revenue from contracts with customers (Continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

3. 應用新訂及經修訂之香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號來自客戶合約之收益(續)

香港財務報告準則第15號之核心原則為實體所確認描述向客戶轉讓承諾貨品或服務之收益金額，應為能反映該實體預期就交換該等貨品或服務有權獲得之代價。具體而言，香港財務報告準則第15號引入五個確認收益之步驟：

- 第一步：識別與客戶訂立之合約
- 第二步：識別合約中之履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至合約中之履約責任
- 第五步：於實體完成履約責任時確認收益

根據香港財務報告準則第15號，實體於完成履約責任時確認收益，即於特定履約責任相關之商品或服務之「控制權」轉讓予客戶時。香港財務報告準則第15號已就特別情況之處理方法加入更明確指引。此外，香港財務報告準則第15號規定作出更詳盡之披露。

於二零一六年期間香港會計師公會亦透過香港財務報告準則第15號就履行義務、委託人與代理人的考慮事項以及許可證申請指引進行確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

3. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 15 Revenue from contracts with customers (Continued)

The Directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effects of HKFRS 15 until the Group performs a detailed review.

The Directors do not anticipate that the application of other new and revised HKFRSs will have a material impact on the results and financial position of the Group.

4. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. 應用新訂及經修訂之香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號來自客戶合約之收益(續)

董事預期，日後應用香港財務報告準則第15號或會對本集團之綜合財務報表中之已呈報金額及披露事項造成重大影響。然而，直至本集團完成詳細審閱之前，提供香港財務報告準則第15號的影響之合理估計並不可行。

董事預期，應用其他新訂及經修訂之香港財務報告準則將不會對本集團的業績及財務狀況造成重大影響。

4. 主要會計政策

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例(「公司條例」)規定之適用披露。

綜合財務報表乃按歷史成本基準編製，惟若干金融工具乃按各報告期末之公平值計量(如下述會計政策所闡述)。

歷史成本一般根據交換貨品及服務時所付出代價的公平值計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued) 4. 主要會計政策(續)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

公平值是於計量日期市場參與者於有秩序交易中出售資產所收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。此等綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬於香港會計準則第17號範圍內的租賃交易除外。

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場的報價(未經調整)；
- 第二級輸入數據是就資產或負債直接或間接地可觀察的輸入數據(第一級內包括的報價除外)；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

主要會計政策於下文載列。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date when the Group gains control until the date when the Group ceases to have control over the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. 主要會計政策(續)

綜合基準

綜合財務報表包括本公司及本公司及其附屬公司控制的實體(包括結構性實體)的財務報表。當本公司符合以下要素時，則本公司取得控制權：

- 對被投資方擁有權力；
- 因其參與被投資方業務而獲得或有權獲得可變回報；
- 有能力以其權力影響其回報。

倘有事實及情況顯示上述三項控制權要素有一項或以上出現變動，本集團會重新評估其是否控制被投資方。

附屬公司的綜合入賬於本集團取得有關附屬公司的控制權起開始。具體而言，年內所收購或出售附屬公司的收入及開支乃自本集團取得控制權之日期起計入綜合損益及其他全面收益表，直至本集團不再控制有關附屬公司之日期為止。

損益及其他全面收益的每個項目乃歸屬於本公司所有人及非控股權益。附屬公司的全面收益總額歸屬於本公司所有人及非控股權益，即使此舉會導致非控股權益產生虧絀結餘。

於必要時，將對附屬公司的財務報表作出調整，以令彼等的會計政策與本集團的會計政策一致。

有關本集團成員之間交易的所有集團內公司間的資產及負債、權益、收入、支出及現金流量於綜合時悉數對銷。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued) 4. 主要會計政策(續)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

商譽

收購業務產生的商譽按收購業務日期產生的成本減任何累計減值虧損(如有)列賬。

就減值測試而言，商譽會分配至預期可從合併的協同效益中獲益的本集團各現金產生單位(或現金產生單位組別)，這是商譽內部管理的目的而非經營業務部門的最低水平。

獲分配商譽的現金產生單位會每年進行減值測試，或於有跡象顯示該單位可能出現減值時經常進行減值測試。倘現金產生單位的可回收金額少於其賬面值，則減值虧損會先用作減低任何分配至該單位的商譽的賬面值，其後則按該單位內各項資產賬面值的比例分配至該單位的其他資產。任何商譽減值虧損直接於損益中確認。就商譽確認的減值虧損不會於其後期間撥回。

政府補助

當可合理保證本集團將會符合政府補助的附帶條件且會收到補助時，方確認政府補助。

政府補助乃於本集團將擬用作補償的補助相關成本確認為開支的期間按系統化基準於損益中確認。

倘應收政府補助乃用作補償已發生的支出或虧損或為本集團提供即時財務支援，且無未來相關成本，則在應收期間於損益中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances in the normal cause of business, net of sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Service income is recognised when services are provided in the normal course of business, net of sales related taxes.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of service or administrative purposes (other than construction in progress as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

4. 主要會計政策(續)

收益確認

收益乃根據已收或應收代價的公平值計算。收益乃減去於正常業務過程中的估計客戶退貨、回扣及其他類似津貼(扣除銷售相關稅費)。

當收入金額能夠可靠計量時確認收入；如未來經濟利益可能流入本集團且當各活動滿足本集團具體標準時，如下所述：

服務收入將於正常業務過程中提供服務時進行確認(扣除銷售相關稅費)。

金融資產的利息收入乃於經濟利益將流入本集團且收入金額能可靠計量時確認。金融資產的利息收入乃參考未償還本金及按適用實際利率，以時間基準累計，而實際利率為將金融資產於預期年期內帶來的估計日後現金收益精確貼現至該資產於初步確認時的賬面淨額的利率。

本集團確認來自經營租賃之收益的會計政策於下文租約之會計政策闡釋。

物業、廠房及設備

物業、廠房及設備(包括作生產、供應服務或行政用途之樓宇及租賃土地(分類為融資租約)(下文所述之在建工程除外))按成本減其後累計折舊及其後累計減值虧損(如有)於綜合財務狀況表中列賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. 主要會計政策(續)

物業、廠房及設備(續)

為生產、供應或行政用途而仍在建設中之物業按成本減任何已確認之減值虧損列賬。成本包括專業費用及，就合資格資產而言，包括根據本集團之會計政策資本化之借貸成本。該等物業在完工及準備作擬定用途時分類至物業、廠房及設備之適當類別。該等資產在其準備作擬定用途時按與其他物業資產相同之基準開始折舊。

資產(在建物業除外)之折舊乃按其可使用年期以直線法撇銷成本減剩餘價值確認。於各報告期末檢討估計可使用年期、剩餘價值及折舊方法，而任何估計變動之影響按預期基準入賬。

根據融資租約持有的資產乃按自置資產的相同基準於其估計可使用年期内折舊。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。出售或停止使用物業、廠房及設備項目所產生的任何收益或虧損釐定為出售所得款項與資產賬面金額間的差額，並於損益確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties under construction are initially measured at cost, including any directly attributable expenditure and borrowing costs eligible for capitalisation. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Subsequent to completion of construction of investment properties, investment properties are measured using their fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

4. 主要會計政策(續)

日後由所有人佔用的在建樓宇

倘樓宇正處於開發階段，以作生產或行政用途，於建築期內計提的預付土地租約款攤銷則計入在建樓宇成本之一部分。在建樓宇按成本減任何已識別減值虧損入賬。樓宇在其可供使用(即樓宇處於適當的地點及狀況而能夠按管理層擬定的方式經營)時開始折舊。

投資物業

投資物業乃指持有作為賺取租金及/或作資本增值之物業(包括作為該用途之在建物業)。

在建投資物業初步按成本(包括任何直接應佔開支及合資格撥充資本之借貸成本)計量。在建投資物業產生之建築成本資本化為在建投資物業之賬面值之一部分。

投資物業建設完工後，投資物業乃利用公平值模型予以計量。因投資物業公平值變動產生之收益或虧損於其產生期間內計入損益。

投資物業被處置後終止確認或永久退回使用，並且未來預計經濟利益不予處置。任何終止確認產生的收益或虧損(按淨資產處置收益與資產的賬面價值計算)計入當期損益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued) 4. 主要會計政策(續)

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

有形資產減值虧損

於各報告期末，本集團會審閱其有形及無形資產的賬面值，以判斷是否有任何跡象顯示該等資產已出現減值虧損。倘存在任何該等跡象，會對有關資產的可回收金額進行估計，以釐定減值虧損(如有)的程度。

可收回金額為公平值減銷售成本與使用價值兩者中之較高值。於評估使用價值時，乃以反映目前市場對金錢時間價值及資產於估計未來現金流量調整前之獨有風險之稅前貼現率折算估計未來現金流量至其現值。

倘估計資產的可收回金額低於其賬面值，該項資產的賬面值則會調減至其可收回金額。減值虧損將立即於損益賬確認為開支。

倘減值虧損隨後被撥回，則該資產的賬面值會增加至其重新估計的可收回金額，但增加後的賬面值不得超過該資產於以往年度未確認減值虧損時釐定的賬面值。減值虧損的撥回立即確認為收入。

租約

凡租約條款將擁有權的絕大部分風險及回報轉予承租人的租約均分類為融資租約。所有其他租約則分類為經營租約。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Leasing (Continued)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid land lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

4. 主要會計政策(續)

租約(續)

本集團作為出租人

經營租賃租金收入於相關租期內以直線法確認。

本集團作為承租人

經營租賃付款按直線法於租期內確認為一項開支，惟如另有系統性基準較時間性模式更具代表性，租賃資產的經濟效益據此被消耗除外。

租賃土地及樓宇

倘一項租約同時包括土地及樓宇部分，則本集團會分別依照各部分擁有權隨附的絕大部分風險及回報是否已轉移至本集團之評估，就將各部分分類為融資或經營租約作出評估，惟倘兩部分均明顯為經營租約，則將整項租約分類為經營租約。

具體而言，最低租約款項(包括任何一筆過首期付款)會按租約開始時租約土地部分與樓宇部分租賃權益的相關公平值，按比例於土地及樓宇部分之間分配。

倘能可靠地分配租約款項，列為經營租約的租賃土地權益將於綜合財務狀況表列作「預付土地租約款」，並於租期內以直線法攤銷入賬。倘無法於土地及樓宇部分之間可靠地分配租賃款項，全部租賃一般被分類為融資租賃，並作為物業、廠房及設備入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution schemes are recognised as an expense when employees have rendered service entitling them to the contributions. For forfeited contributions that are not vest fully, if any, may be used to reduce the existing level of contributions.

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

4. 主要會計政策(續)

外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)進行的交易按交易當日適用的匯率確認。於報告期末，以外幣列值的貨幣項目按該日適用的匯率重新換算。以外幣列值並按歷史成本計量的非貨幣項目則不會重新換算。

結算貨幣項目及重新換算貨幣項目時產生的匯兌差額會於產生期間在損益賬確認。

借貸成本

購置、建築或生產合資格資產(即須長時間準備方可用作其擬定用途或可供出售的資產)直接產生的借貸成本乃計入該等資產的成本中，直至有關資產實質可用作擬定用途或可供出售為止。

所有其他借貸成本於產生期間在損益賬確認。

退休福利成本

定額供款計劃的供款，乃於僱員提供服務後而享有供款時確認為開支。並未悉數歸屬的被沒收供款(如有)，或會用於扣減當期供款水平。

國家退休福利計劃所付款項，乃作為定額供款計劃的供款處理，而本集團根據該計劃承擔的義務與定額供款退休福利計劃產生的義務相等。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

4. 主要會計政策(續)

短期與其他長期員工福利

短期僱員福利按僱員提供服務時預計將予支付的未貼現福利金額予以確認。所有短期僱員福利將確認為開支，惟其他香港財務報告準則另有規定或允許將福利計入資產成本則除外。

負債乃按應給予僱員的福利(如工資及薪金、年假及病假)扣除任何已支付的金額後進行確認。

就其他長期僱員福利所確認的負債按本集團所預測的僱員截至報告日期所提供服務相關的估計未來現金流出的現值計量。因服務成本、利息及重新計量而產生的負債賬面值的任何變化均在損益中確認，惟其他香港財務報告準則另有規定或允許將其計入資產成本則除外。

稅項

所得稅開支指現時應付稅項及遞延稅項的總額。

即期稅項

現時應付稅項乃按年內應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表中所呈報的「除稅前溢利」不同，乃由於在其他年度應課稅或可扣稅收入或開支項目及不能課稅及扣稅的項目所致。本集團的即期稅項負債乃按各報告期末已實行或實際上已實行的稅率計算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

4. 主要會計政策(續)

稅項(續)

遞延稅項

遞延稅項乃就綜合財務報表中資產及負債賬面金額與計算應課稅溢利所用相應稅基間的臨時差額而確認。遞延稅項負債通常會就所有應課稅臨時差額確認。遞延稅項資產通常就所有可扣稅臨時差額於可能出現應課稅溢利以抵銷該等可扣稅的臨時差額時確認。若於一項交易中，因商譽或於初步確認(非業務合併)資產與負債而引致之臨時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等資產與負債。此外，倘初步確認商譽而引致臨時差額，則不會確認遞延稅項負債。

與附屬公司的投資有關的應課稅臨時差額會確認遞延稅項負債，惟倘本集團可控制臨時差額撥回及臨時差額可能不會於可見將來撥回則除外。與該等投資相關的可扣減臨時差額產生的遞延稅項資產僅於可能將有足夠應課稅溢利以應用臨時差額的利益且預期將於可見將來撥回時確認。

遞延稅項資產的賬面金額於各報告期末予以檢討，並於不再可能有足夠應課稅溢利讓全部或部分資產得以收回時作出調減。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Taxation (Continued)

Deferred Tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled, or the asset is realised based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. 主要會計政策(續)

稅項(續)

遞延稅項(續)

遞延稅項資產及負債按預期清付負債或變現資產期間適用的稅率，根據於報告期末已實施或實際上實施的稅率(及稅法)計量。

遞延稅項負債及資產的計量反映因於報告期末本集團預計收回或清付其資產及負債賬面金額所使用的方式而引致的稅務後果。

年內的即期及遞延稅項

即期及遞延稅項於損益賬確認，惟倘其與其他全面收益或直接於權益確認的項目相關，則即期及遞延稅項亦會分別於其他全面收益或直接於權益確認。倘因業務合併之初步會計方法而產生即期稅項或遞延稅項，有關稅務影響會計入業務合併之會計方法內。

金融工具

金融資產及金融負債在集團實體成為契據合約條文的訂約方時確認。

金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接產生的交易成本於初步確認時計入金融資產或金融負債的公平值或自公平值扣除(如適用)。因收購於損益賬按公平值列賬的金融資產或金融負債直接產生的交易成本即時於損益賬確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale ("AFS") investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts and other receivables, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. The Group designated its investment in equity interest of a private entity as AFS financial assets in which the Group has no control or significant influence.

4. 主要會計政策(續)

金融工具(續)

金融資產

本集團的金融資產分類為貸款及應收款項以及可供出售(「可供出售」)投資。分類視乎金融資產的性質及目的而定，並於初步確認時釐定。

實際利息法

實際利息法乃計算有關期間債務工具攤銷成本及分配利息收入的方法。實際利率乃於初步確認時按債務工具的預計年期或(如適用)較短期間將估計未來現金收益(包括構成實際利率不可或缺部分而支付或收取的所有手續費及貼息、交易成本及其他溢價或折讓)準確貼現至賬面淨額的利率。債務工具的利息收入按實際利息基準確認。

貸款及應收款項

貸款及應收款項為有定額或可釐定付款且在活躍市場並無報價的非衍生金融資產。貸款及應收款項(包括應收賬款及其他應收款、已抵押銀行存款及銀行結餘)扣減任何已識別減值虧損後使用實際利息法按攤銷成本計量(參閱下文有關金融資產減值的會計政策)。

可供出售金融資產

可供出售金融資產乃指定為可供出售或並未分類為(a)貸款及應收款項、(b)持至到期投資或(c)於損益賬按公平值列賬的金融資產之非衍生工具。本集團已將其投資於一間私營實體(本集團對其並無擁有控制權或重大影響力)的股權指定為可供出售金融資產。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets (Continued)

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Impairment loss for loans and receivables are assessed on an individual basis.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

可供出售金融資產(續)

可供出售股權投資的股息乃於確定本集團有權收取該股息時於損益中確認。

於活躍市場沒有市場報價且公平值不能可靠計算的可供出售股權投資，於各報告期末按成本扣除任何已識別減值虧損計量(參閱下文有關金融資產減值的會計政策)。

金融資產減值

金融資產於各報告期末評估有否出現減值跡象。倘有客觀證據顯示初步確認金融資產後發生的一項或多項事件導致金融資產的估計未來現金流量受到影響，則金融資產被認為已減值。

就貸款及應收款項而言，減值的客觀證據可能包括：

- 發行人或交易對方出現嚴重財務困難；或
- 違約，例如逾期或拖欠利息或本金還款；或
- 借款人很有可能破產或進行財務重組。

貸款及應收款項之減值虧損乃按個別基準評估。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For loans and receivables, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For AFS financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an accounts and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

就貸款及應收款項而言，已確認減值虧損的金額為資產賬面值與按金融資產原實際利率貼現的估計未來現金流量現值之間的差額。

就按原值入賬的可供出售金融資產而言，減值虧損金額按該資產的賬面金額與按類似金融資產的現行市場回報率貼現估計未來現金流量現值之間的差額計量。該等減值虧損將不會於其後期間撥回(請參閱下文會計政策)。

所有金融資產之減值虧損會直接於金融資產之賬面值中作出扣減，惟應收賬款及其他應收款的賬面金額則透過撥備賬扣減。撥備賬的賬面金額變動於損益賬確認。倘應收賬款及其他應收款被視為不可收回，則會自撥備賬撤銷。先前撤銷而其後收回的金額計入損益賬。

就貸款及應收款項而言，倘於往後期間減值虧損金額減少，而該減少與減值確認後發生的事件有客觀聯繫，則先前確認的減值虧損透過損益賬撥回，惟該投資於撥回減值當日的賬面金額不得超過在並無確認減值的情況下應有的攤銷成本。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Convertible bonds

Convertible bonds issued by the Company that contain both debt and conversion option components are classified in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is treated a conversion option derivative measured at fair value at each reporting date.

4. 主要會計政策(續)

金融工具(續)

金融負債及權益工具

分類為債務或股本

集團實體發行之債務及權益工具乃根據所簽訂合約安排之內容及金融負債與權益工具之定義分類為金融負債或股本。

權益工具

權益工具為可證明於本集團資產經扣除其所有負債後之剩餘權益之任何合約。本集團所發行之權益工具確認為所收取的所得款項(扣除直接發行成本)。

實際利息法

實際利息法乃計算有關期間金融負債攤銷成本及分配利息開支的方法。實際利率乃於初步確認時按金融負債的預計年期或(如適用)較短期間將估計未來現金支付(包括構成實際利率不可或缺部分而支付或收取的所有手續費及貼息、交易成本及其他溢價或折讓)準確貼現至賬面淨額的利率。利息開支按實際利率基準確認。

可換股債券

本公司發行之可換股債券包括債務及換股權部分，乃於初步確認時根據合約安排之內容及之定義分別分類為金融負債或股本。不會以定額現金或另一項金融資產交換本公司自身的固定數目的權益工具的方式結算的換股權屬於換股權衍生工具按每個報告日的公允價值進行折算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible bonds (Continued)

At the date of issue, both the debt and conversion option derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option derivative component together with other embedded derivatives component are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Embedded derivative financial liabilities

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the consolidated instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

4. 主要會計政策(續)

金融工具(續)

金融負債及權益工具(續)

可換股債券(續)

於發行日期，債務及換股權衍生工具部分均按公平值確認。於往後期間，可換股貸款票據之債務部分採用實際利息法以攤銷成本入賬。換股權衍生工具部分以及其他嵌入式衍生工具按公平值計量，而公平值變動於損益中確認。

與發行可換股貸款票據有關之交易成本，按相關公平值的比例分配至債務及衍生工具部分。與衍生工具部分有關之交易成本會即時於損益中扣除。有關債務部分之交易成本計入負債部分之賬面值，並以實際利息法於可換股貸款票據期限內攤銷。

嵌入式衍生金融負債

嵌入式衍生工具是同時包含非衍生主合約的混合投資工具之組成部分，可導致該組合工具中部分現金流量以類似於單獨存在的衍生工具的方式變動。

非衍生主合約嵌入之衍生工具，如符合衍生工具之定義、其風險及特質與該等主合約並非緊密相關，且該等主合約亦非以公平值計量，其公平值變動於損益賬內確認，則被視為獨立衍生工具。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

Other financial liabilities (including accounts and other payables, amounts due to directors, amounts due to non-controlling interests of a subsidiary, bank borrowings and other borrowings and bonds payable) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. For consideration received or receivable in the form of non-monetary assets, the non-monetary assets are initially measured at fair value.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. 主要會計政策(續)

金融工具(續)

金融負債及權益工具(續)

以攤餘成本計量的金融負債

其他金融負債(包括應付賬款及其他應付款、應付董事款項、應付附屬公司非控股權益的款項、銀行借貸及其他借貸及應付債券)隨後攤餘成本採用實際利率法計量。

終止確認

僅當自資產收取現金流量的合約權利屆滿，或金融資產已轉讓而本集團已將該項資產擁有權的絕大部分風險及回報轉移至另一實體，本集團方會取消確認有關金融資產。

於終止確認金融資產時，資產之賬面值與已收及應收代價總額之總和間之差額，將於損益中確認。就以非貨幣資產方式的已收及應收代價而言，非貨幣資產初步按公平值計量。

當且僅當本集團之責任獲解除、取消或屆滿時，本集團方會終止確認金融負債。已終止確認的金融負債賬面值與已付及應付代價之間的差額會於損益中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 4 to the consolidated financial statements, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements and the results, assets and liabilities of the PRC Operational Entity and its subsidiaries are consolidated with other group entities.

Consolidation of a structured entity

PRC laws and regulations prohibit or restrict foreign investors from owning more than 50% equity interest in any enterprise which owns vessels for conducting dredging business.

5. 關鍵會計判斷及估計不明朗因素的主要來源

於應用本集團的會計政策(載述於綜合財務報表附註4)時,董事須作出有關未能從其他來源直接獲得的資產及負債賬面金額的判斷、估計及假設。估計及相關假設乃基於過往經驗及被認為有關的其他因素作出。實際結果可能有別於該等估計。

估計及相關假設乃按持續經營基準予以檢討。倘會計估計的修訂僅影響估計獲修訂的期間,則會計估計的修訂於該期間予以確認,倘若修訂影響現時及未來期間,則會計估計的修訂於修訂及未來期間內予以確認。

應用會計政策時之關鍵判斷

除涉及估計(見下文)之判斷外,以下為董事在採用本集團會計政策過程中所作出、對在綜合財務報表中確認的金額具最重大影響的關鍵判斷,及中國經營實體及其附屬公司之業績、資產及負債與其他集團實體合併入賬。

結構性實體合併

中國法律及規定禁止或限制外國投資者於任何擁有可進行疏浚業務的船舶的企業中持有超過50%的股權。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Consolidation of a structured entity (Continued)

On 19 April 2011, Xiangyu PRC (as defined in Note 38), the PRC Operational Entity (as defined in Note 38) and its respective equity participants, being Mr. Liu and Ms. Zhou Shuhua (“Ms. Zhou”), the spouse of Mr. Liu, entered into the Contractual Arrangements (as defined in Note 38). The PRC Operational Entity and its subsidiaries are engaged in the provision of dredging services of the Group. Details of the Contractual Arrangements are set out in Note 38.

The Directors, after consulting legal opinion, are of the view that the terms of the Contractual Arrangements have in substance enabled Xiangyu PRC to have the ability and right to direct the relevant activities to obtain variable returns from its involvement with the PRC Operational Entity and its subsidiaries, and to have free ability to use its power to affect its returns, despite the absence of formal legal equity interest held by the Group therein. Accordingly, PRC Operational Entity is treated as a subsidiary of the Company, and the results, assets and liabilities of the PRC Operational Entity and its subsidiaries are consolidated together with other group entities as if they were wholly owned by the Company.

In the opinion of the Directors, with reference to legal opinion, the Contractual Arrangements are in compliance with the existing PRC laws and regulations are valid, binding and legally enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects. However, uncertainties in the PRC legal system could cause the Group’s current Contractual Arrangements Structure to be found in violation of any existing and/or future PRC laws or regulations and could limit the Company’s ability, through Xiangyu PRC, to enforce its rights and power over the PRC Operational Entity under the Contractual Arrangements.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

應用會計政策時之關鍵判斷(續)

結構性實體合併(續)

於二零一一年四月十九日，翔宇中國(定義見附註38)、中國經營實體(定義見附註38)及其各參股方(即劉先生及劉先生配偶周淑華女士(「周女士」))訂立合約安排(定義見附註38)。中國經營實體及其附屬公司從事提供本集團的疏浚業務。有關合約安排的詳情載於附註38。

董事經徵詢法律意見後認為，儘管本集團於合約安排中並無持有正式的法定股權，惟合約安排的條款已實質上賦予翔宇中國具有能力及權利指導相關活動及改變來自其參與中國經營實體及其附屬公司的回報，有權利用其權利影響回報。因此，中國經營實體作為本公司之附屬公司，因此，中國經營實體及其附屬公司之業績、資產及負債與其他集團實體合併入賬，猶如彼等由本公司全資擁有。

董事認為，經考慮法律意見，合約安排已遵守現有中國法律及規定，為有效、具約束力及法律依從性，並將於各重大方面不會導致違反中國現行法律及規定。然而，中國法律體系存有不確定性，可能會引致本集團現時的合約安排架構違反任何現有及/或未來中國法律或規定，並會根據中華人民共和國境內經營實體合同安排限制本公司透過翔宇中國強制行使其於該等合約安排項下的權利及權力的能力。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Consolidation of a structured entity (Continued)

The operation of the Group was substantially derived from the PRC Operational Entity and its subsidiaries. If the current structure or any of the Contractual Arrangements were found to be in violation of PRC laws and regulations, the Group may be subject to penalties, which may include but not be limited to, the cancellation or revocation of the Group's business and operating licenses, being required to restructure the Group's operations or discontinue the Group's operating activities. The imposition of any of these or other penalties may result in a material and adverse effect on the Group's ability to conduct its operations. In such case, the Group may not be able to operate or control the PRC Operational Entity and its subsidiaries, which may result in deconsolidation of it.

Going concern basis

As explained in note 2 to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group fail to continue as a going concern since the directors are satisfied that the liquidity of the Group is able to repay its debts in the coming twelve months after the end of the reporting period taking into consideration the factors described in Note 2 to the consolidated financial statements.

Hence, the Directors believe that the Group will have sufficient working capital to finance its operations and to meet its financial obligations when they fall due for the foreseeable future. Accordingly, the Company prepared the consolidated financial statements on a going concern basis.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

應用會計政策時之關鍵判斷(續)

結構性實體合併(續)

本集團的業務主要來自中國經營實體及其附屬公司。倘現有架構或任何合約安排違反任何中國法律法規，本集團可能會受到處罰（可能包括但不限於取消或撤銷本集團的業務及營業執照），需要重組本集團的業務或終止本集團的經營活動。判以任何該等或其他處罰可能會對本集團經營其業務的能力造成重大不利影響。在此情況下，本集團或許無法營運或控制中國經營實體及其附屬公司，或會導致其取消綜合入賬。

持續經營基準

誠如綜合財務報表附註2所述，綜合財務報表乃按持續經營基準編製，並不包括本集團無法持續經營情況下所需作出的任何調整，原因在於經計及綜合財務報表附註2所述因素後，本集團的流動資金足以償還報告期末未來十二個月的債務。

因此，董事認為本集團將擁有足夠營運資金撥付其業務經營及應付其於可見將來到期的財務責任。因此，本公司已按持續經營基準編製綜合財務報表。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

Key sources of estimation uncertainty

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are disclosed below.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

應用會計政策時之關鍵判斷(續)

投資物業遞延稅項

為了衡量使用公允價值模型計量投資物業產生的遞延稅項，本公司董事對本集團的投資物業進行了審查，並得出結論認為本集團的投資物業按照目前消費標準的經營模式進行，基本上所有的經濟利益都體現在投資物業中而不是出售。因此，在計量本集團投資物業的遞延稅項時，董事已確定推定使用公允價值模型計量的投資物業的賬面價值是通過出售完全收回的。因此，本集團投資物業的遞延稅項是根據完全通過使用追回賬面價值的稅後影響進行衡量的。

估計不明朗因素的主要來源

於報告期末，有重大風險或會導致下個財政年度資產的賬面金額出現重大調整的估計不明朗因素的主要來源的披露如下。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Estimate of fair value of investment properties under construction

As described in note 17, investment properties are measured at fair value at the end of reporting period using income approach by independent professional valuers. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation reflect market condition. Where there are any changes in the assumptions due to the market conditions in the PRC, the estimate of fair value of investment properties under construction may be significantly affected. As at 31 December 2016, investment properties of approximately HK\$ 413,194,000 (2015: nil) are measured using market approach.

Estimated allowance for accounts and other receivables

Management regularly reviews the recoverability of accounts and other receivables. Allowance for these receivables is made based on evaluation of collectability and on management's judgment by reference to the estimation of the future cash flows discounted at the original effective interest rate to calculate the present value. A considerable amount of management judgment is required in assessing the ultimate realisation of these debtors, including the debtors' current creditworthiness. If the actual future cash flows are less than expected, additional allowance may be required.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源(續)

在建投資物業的公平值估計

如附註17所述，投資物業於報告期末乃由獨立專業估值師採用收入法按公平值計量。該等估值乃基於若干假設，或會受不確定性因素影響且可能與實際結果有重大出入。在依賴估值報告時，本公司董事已行使判斷且信納估值中所用假設反映了市場狀況。倘因中國市況導致假設出現任何變動時，在建投資物業的公平值估計或會受到重大影響。於二零一六年十二月三十一日，約413,194,000港元(二零一五年：零)的投資物業乃使用市場法計量。

應收賬款及其他應收款的估計撥備

管理層定期審閱應收賬款及其他應收款的可收回情況。該等應收款項撥備乃根據可收回情況的評估及管理層經參考按原有實際利率貼現至現值的估計未來現金流量後所作判斷而作出。評估該等應收賬款最終變現情況時，須作大量管理判斷，包括其債務人當前信譽度。倘實際未來現金流量少於預期，或須作額外撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

Estimated allowance for accounts and other receivables (Continued)

As at 31 December 2016, the carrying amount of accounts and other receivables is approximately RMB1,375,745,000, net of allowance for doubtful debts of approximately RMB437,777,000 (31 December 2015: carrying amount of accounts and other receivable of approximately RMB1,335,115,000, net of allowance for doubtful debts of approximately RMB425,900,000).

Estimated useful life and residual values of property, plant and equipment

Dredgers and plant and machinery included in property, plant and equipment are depreciated over their useful lives. The assessment of estimated useful lives and residual values are matters of judgement based on the experience of the Group, taking into account factors such as technological progress, conditions of the dredgers and plant and machinery and changes in market demand. Useful lives and residual values are periodically reviewed for continued appropriateness. Due to the long useful lives of the dredgers and plant and machinery, changes to the estimates used can affect the amount of depreciation to be charged to profit or loss in each reporting period and consequently affect their carrying value at the end of the reporting period. There was no change in the estimated useful lives or residual values of property, plant and equipment for both years.

5. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源(續)

應收賬款及其他應收款的估計撥備(續)

於二零一六年十二月三十一日，應收賬款及其他應收款的賬面值約為人民幣1,375,745,000元，已扣除呆賬撥備約人民幣437,777,000元(二零一五年十二月三十一日：應收賬款及其他應收款的賬面值約為人民幣1,335,115,000元，已扣除呆賬撥備約人民幣425,900,000元)。

物業、廠房及設備的估計可使用年期及剩餘價值

物業、廠房及設備所包括的挖泥船、廠房及機器於其可使用年期內折舊。評估估計可使用年期及剩餘價值乃根據本集團的經驗作出判斷，並考慮如技術進步、挖泥船、廠房及機器狀況以及市場需求變動等因素。本集團會定期檢討可使用年期及剩餘價值的持續適用性。由於挖泥船、廠房及機器使用年期較長，估計變動會影響於各報告期間在損益賬予以扣除的折舊金額，從而影響報告期末的賬面值。於兩個年度，物業、廠房及設備之估計可使用年期或剩餘價值並無變動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Revenue and Segment Information

The Group determines its operating segments based on the reports reviewed by the Executive directors who are also the chief operating decision makers (“CODM”) that are used to make strategic decisions. Information reported to the chief operating decision makers is based on the different nature of projects carried out by the Group.

Details of the Group’s four reportable segments are as follows:

- (i) Capital and Reclamation Dredging Business refers to the capital and reclamation dredging services and related consultation services provided by the Group;
- (ii) Environmental Protection Dredging and Water Management Business refers to dredging or water management services or constructions for promoting environmental interests and water quality mainly for inland rivers provided by the Group;
- (iii) Other Marine Business mainly comprises marine hoisting, installation, salvaging, vessel chartering and other engineering services provided by the Group; and
- (iv) Property Management Business refers to the management and leasing of a shopping mall and the construction of a hotel by the Group.

The Group started to construct a shopping mall in Yancheng, the PRC in 2015 with an aim to generate rental income and the construction was completed during the year ended 31 December 2016. The Group started to build a hotel during the year ended 31 December 2016. The CODM reviewed the performance of the shopping mall and the hotel as a separate segment and accordingly, reported as a separate reportable segment.

6. 收益及分部資料

本集團基於執行董事(亦為制定戰略決定的主要運營決策者(「主要運營決策者」))審閱的報告釐訂其營運分部。向主要運營決策者呈報的資料乃基於本集團運營項目的不同性質而編製。

本集團四個可呈報分部的詳情載列如下：

- (i) 基建及填海疏浚業務指本集團提供的基建及填海疏浚服務及相關顧問服務；
- (ii) 環保疏浚及水務管理業務指本集團主要就提升內河的環保效益及水質而提供的疏浚或水務管理服務或工程；
- (iii) 其他海事業務主要包括本集團提供的海上吊裝、安裝、打撈、船舶包租及其他工程服務；及
- (iv) 物業管理業務指本集團商場的租賃管理及酒店建設。

本集團於二零一五年開始於中國鹽城建設一間商場以賺取租金收入，該工程已於截至二零一六年十二月三十一日止期間竣工。與此同時，本集團於截至二零一六年十二月三十一日止年度開始建設酒店。主要運營決策者將商場及酒店作為獨立部分對其表現進行審閱。因此，作為可單獨報告的分部報告。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Revenue and Segment Information (Continued)

Segment results

An analysis of the Group's reportable segment revenue and segment results is as below.

6. 收益及分部資料(續)

分部業績

本集團呈報分部收益及分部業績分析如下。

		Capital and Reclamation Dredging Business 基建及填海 疏浚業務 RMB'000 人民幣千元	Environmental Protection Dredging and Water Management Business 環保疏浚及 水務管理 業務 RMB'000 人民幣千元	Other Marine Business 其他 海事業務 RMB'000 人民幣千元	Property Management Business 物業 管理業務 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
For the year ended 31 December 2016	截至二零一六年 十二月三十一日 止 年度					
Segment revenue	分部收益	353,961	154,702	153,451	5,040	667,154
Segment results	分部業績	140,569	43,785	17,680	(475)	201,559
Unallocated other income	未分配其他收入					19,347
Other gains and losses, net	其他收益及虧損淨額					(5,999)
Unallocated corporate expenses	未分配企業開支					(31,465)
Unallocated Finance costs	未分配融資成本					(61,222)
Profit before tax	除稅前溢利					122,220
For the year ended 31 December 2015	截至二零一五年 十二月三十一日 止 年度					
Segment revenue	分部收益	367,319	179,460	154,217	—	700,996
Segment results	分部業績	131,782	53,730	22,148	—	207,660
Unallocated other income	未分配其他收入					37,316
Other gains and losses, net	其他收益及虧損淨額					(396,572)
Unallocated corporate expenses	未分配企業開支					(33,768)
Unallocated Finance costs	未分配融資成本					(51,969)
Loss before tax	除稅前虧損					(237,333)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Revenue and Segment Information (Continued)

6. 收益及分部資料(續)

Other segment information

其他分部資料

		Capital and Reclamation Dredging Business	Environmental Protection Dredging and Water Management Business	Other Marine Business	Property Management Business	Segment total	Unallocated	Consolidated
		基建及填海疏浚業務	環保疏浚及水務管理業務	其他海事業務	物業管理業務	分部總計	未分配	綜合
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended 31 December 2016	截至二零一六年十二月三十一日止年度							
<i>Amounts included in the measure of segment profit or loss</i>	<i>計入分部損益計量之金額</i>							
Depreciation of property, plant and equipment	物業、廠房及設備折舊	(72,405)	(2,811)	(24,719)	—	(99,935)	(47)	(99,982)
Fair value changes of derivative financial liabilities embedded in convertible bonds	嵌入可換股債券之衍生金融負債之公平值變動	—	—	—	—	—	7,030	7,030
Amortisation of prepaid land lease payment	預付土地租約款攤銷	—	(14)	—	(2,474)	(2,488)	(318)	(2,806)
Exchange loss	匯兌虧損	—	—	—	—	—	(39,183)	(39,183)
Amortisation of other intangible assets	其他無形資產攤銷	—	—	—	(250)	(250)	—	(250)
<i>Amounts regularly provided to CODM but not included in the measure of segment profit or loss</i>	<i>定期向主要營運決策者呈報但於計量分部損益時未計入之款項</i>							
Allowance for doubtful debts	呆賬撥備	(11,877)	—	—	—	(11,877)	—	(11,877)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Revenue and Segment Information (Continued)

6. 收益及分部資料(續)

Other segment information (Continued)

其他分部資料(續)

	Capital and Reclamation Dredging Business	Environmental Protection Dredging and Water Management Business	Other Marine Business	Property Management Business	Segment total	Unallocated	Consolidated	
	基建及填海疏浚業務	環保疏浚及水務管理業務	其他海事業務	物業管理業務	分部總計	未分配	綜合	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
For the year ended 31 December 2015	截至二零一五年十二月三十一日止年度							
<i>Amounts included in the measure of segment profit or loss</i>	<i>計入分部損益計量之金額</i>							
Depreciation of property, plant and equipment	物業、廠房及設備折舊	(70,351)	(1,425)	(24,868)	—	(96,644)	(3,730)	(100,374)
Fair value changes of derivative financial liabilities embedded in convertible bonds	嵌入可換股債券之衍生金融負債之公平值變動	—	—	—	—	—	7,921	7,921
Fair value changes of derivative financial liabilities in relation to warrants	有關認股權證之衍生金融負債之公平值變動	—	—	—	—	—	2,242	2,242
Amortisation of prepaid land lease payment	預付土地租約款攤銷	—	—	—	—	—	(2,671)	(2,671)
Exchange loss	匯兌虧損	—	—	—	—	—	(30,181)	(30,181)
<i>Amounts regularly provided to CODM but not included in the measure of segment profit or loss</i>	<i>定期向主要營運決策者呈報但於計量分部損益時未計入之款項</i>							
Allowance for doubtful debts	呆賬撥備	(164,231)	(212,410)	—	—	(376,641)	—	(376,641)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Revenue and Segment Information (Continued)

Other segment information (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the consolidated financial statements.

Segment results represent profit earned or loss incurred by each segment, without allocation of central administrative expenses, other gains and losses, certain other income and certain finance costs. This is the measure reported to the Company's executive directors for the purposes of resource allocation and performance assessment.

Segment assets

6. 收益及分部資料(續)

其他分部資料(續)

可呈報分部之會計政策與綜合財務報表附註4所載本集團之會計政策相同。

分部業績為各分部所賺取的溢利或發生的虧損(未分配中央行政開支、其他收益及虧損、若干其他收入及若干融資成本)。此乃向本公司執行董事報告資源分配及業績評估的工具。

分部資產

		Capital and Reclamation Dredging Business	Environmental Protection Dredging and Water Management Business	Other Marine Business	Property Management Business	Dredging Related Construction Business	Total
		基建及填海疏浚業務	環保疏浚及水務管理業務	其他海事業務	物業管理業務	疏浚相關工程業務	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣元
At 31 December 2016	於二零一六年十二月三十一日						
Segment assets	分部資產	1,929,475	815,077	481,030	514,043	13,340	3,752,965
Unallocated assets:	未分配資產：						
Prepaid land lease payments	預付土地租約款						15,184
Pledged bank deposits	已抵押銀行存款						15,000
Bank balances and cash	銀行結餘及現金						34,500
Others	其他						12,999
Consolidated assets	綜合資產						3,830,648

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Revenue and Segment Information (Continued)

6. 收益及分部資料(續)

Segment assets (Continued)

分部資產(續)

		Capital and Reclamation Dredging Business	Environmental Protection Dredging and Water Management Business	Other Marine Business	Dredging Related Construction Business	Total
		基建及填海疏浚業務	環保疏浚及水務管理業務	其他海事業務	疏浚相關工程業務	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 31 December 2015	於二零一五年十二月三十一日					
Segment assets	分部資產	1,833,707	684,275	493,637	17,100	3,028,719
Unallocated assets:	未分配資產：					
Prepaid land lease payments	預付土地租約款					15,502
Investment properties under construction (note)	在建投資物業(附註)					408,552
Pledged bank deposits	已抵押銀行存款					62,572
Available-for-sale investment	可供出售投資					20,921
Loan receivables	應收貸款					95,012
Consideration receivable (included in accounts and other receivables)	應收代價(計入應收賬款及其他應收款)					70,774
Shareholder's loan to Yongheng (defined in Note 18) (included in accounts and other receivables)	提供予詠恒的股東貸款(定義見附註18)(計入應收賬款及其他應收款)					14,804
Bank balances and cash	銀行結餘及現金					153,569
Others	其他					6,738
Consolidated assets	綜合資產					3,877,163

Note: At 31 December 2015, investment properties under construction of approximately RMB408,552,000 remained unallocated as the Property Management Business was yet commenced during the year ended 31 December 2015.

附註：於二零一五年十二月三十一日，由於物業管理業務截至二零一五年十二月三十一日止年度尚未開始，投資性房地產在建投資約人民幣408,552,000元仍未分配。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

6. Revenue and Segment Information (Continued)

Segment assets (Continued)

For the purposes of monitoring segment performances and allocating resources between segments, assets are allocated to reportable and operating segments other than the unallocated items listed above.

Segment liabilities

As the liabilities are regularly reviewed by the CODM in total for the Group as a whole, the measure of total liabilities by reportable segments is therefore not presented.

Geographical information

As all the Group's revenue is derived from its operation in the PRC and substantially all its non-current assets (excluding the AFS investment and other financial assets) are located in the PRC, no geographical information is presented.

Information about major customers

An analysis of revenue from customers contributing over 10% of the Group's total revenue for the year is as follows:

6. 收益及分部資料(續)

分部資產(續)

為監控分部表現及於各分部間分配資源，資產均分配至各呈報及營運分部，惟上文所列的未分配項目除外。

分部負債

由於主要運營決策者定期為本集團對負債進行整體審閱，因此並無呈列可呈報營運分部的總負債計量。

地區資料

由於本集團的所有收益均來自其於中國的營運且其絕大部分非流動資產(不包括可供出投資及其他金融資產)位於中國，故並無呈列地區資料。

主要客戶資料

來自貢獻超過本集團年內總收益10%的客戶的收益分析如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Customer A	客戶A		
— Environmental Protection Dredging and Water Management Business	— 環保疏浚及水務管理業務	123,526	164,547
Customer B	客戶B		
— Capital and Reclamation Dredging Business	— 基建及填海疏浚業務	115,415	143,453
Customer C	客戶C		
— Capital and Reclamation Dredging Business	— 基建及填海疏浚業務	86,046	note 附註
Customer D	客戶D		
— Capital and Reclamation Dredging Business	— 基建及填海疏浚業務	85,672	note 附註

Note: Customers C and D did not contribute over 10% of the Group's total revenue for the year ended 31 December 2015.

附註：截至二零一五年十二月三十一日止年度，客戶C及客戶D之貢獻並無超過本集團總收益10%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

7. Other Income

7. 其他收入

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Government financial incentive (note)	政府財政獎勵(附註)	9,239	9,224
Bank interest income	銀行利息收入	547	6,376
Interest income in respect of non-current accounts receivable	非即期應收賬款的利息收入	11,879	14,781
Interest income in respect of consideration receivable (Note 18)	應收代價的利息收入(附註18)	—	3,928
Interest income in respect of other receivable	其他應收款的利息收入	2,903	3,052
Sundry income	雜項收入	286	681
		24,854	38,042

Note: Pursuant to a document issued by a PRC local government authority, one of the Company's PRC subsidiaries was granted financial incentive for a period of three years for its contribution to the economic development of the locality, provided it is duly registered in the locality and pays taxes according to tax laws. No other conditions are attached to the financial incentive.

The PRC local government authority confirmed that the amount for such financial incentive that the Group was entitled for the year ended 31 December 2016 was RMB9,239,000 (2015: RMB9,224,000). Accordingly, the Group recognised such amount as other income for the year.

附註：根據中國地方政府機關發佈的文件，本公司的其中一間中國附屬公司已獲授一項為期三年的財政獎勵，以嘉許其為地方經濟發展作出的貢獻，條件為其須於當地正式註冊並根據稅法繳稅。除此之外，財政獎勵並無任何其他附帶條件。

中國地方政府機關確認，本集團於截至二零一六年十二月三十一日止年度可享受的該項財政獎勵金額為人民幣9,239,000元(二零一五年：人民幣9,224,000元)。因此，本集團已將有關金額確認為年內其他收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

8. Other Gains and Losses, Net

8. 其他收益及虧損淨額

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
	Notes 附註		
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	—	87
Gain on disposal of a subsidiary	出售一間附屬公司收益	24,250	—
	30		
Fair value changes of derivative financial liabilities embedded in the Bonds	嵌入債券的衍生金融負債之公平值變動	7,030	7,921
	28		
Fair value changes in relation to warrants	有關認股權證之公平值變動	—	2,242
Sums waived by holders of the Bonds	可轉換債券持有人之豁免款項	13,781	—
	28		
Allowance for doubtful debts	呆壞賬撥備	(11,877)	(376,641)
	21(i)		
Exchange loss	匯兌虧損	(39,183)	(30,181)
		(5,999)	(396,572)

9. Finance Costs

9. 融資成本

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Interest expenses on:	下列各項利息開支：		
Bank borrowings wholly repayable within five years	於五年內全數償還的銀行借貸	34,154	35,607
Discounted bills receivable	應收已貼現票據	796	3,108
Other borrowings	其他借貸	5,535	1,262
The Bonds	債券	5,174	—
Amounts due to non-controlling interests	應付非控股權益款項	1,940	612
Effective interest on the Bonds (Note 28)	債券之實際利息(附註28)	30,668	37,608
Total borrowing costs	總借貸成本	78,267	78,197
Less: amounts capitalised in the cost of qualifying assets	減：合資格資產成本資本化金額	(8,315)	(22,610)
		69,952	55,587

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

9. Finance Costs (Continued)

Borrowing cost capitalised during the year ended 31 December 2016 of approximately RMB8,315,000 (2015: RMB22,610,000) arose on the general borrowing pool calculated by applying a capitalisation rate of 10.87% (2015: 8.07%) per annum. During the year ended 31 December 2016, borrowing cost was capitalised as part of the construction in progress in respect of the investment properties under construction (see Note 17).

9. 融資成本(續)

截至二零一六年十二月三十一日止年度，資本化之借貸成本約人民幣8,315,000元(二零一五年：人民幣22,610,000元)乃由一般借貸組合按資本化比率每年10.87%(二零一五年：8.07%)產生。截至二零一六年十二月三十一日止年度，借貸成本資本化為有關鹽城市在建投資物業(請參閱附註17)。

10. Income Tax Expense (Credit)

10. 所得稅開支(抵免)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
The charge (credit) comprises:	支出(抵免)包括：		
Current tax	即期稅項		
PRC Enterprise Income Tax ("EIT")	中國企業所得稅(「企業所得稅」)	51,618	48,133
Deferred taxation (Note 20)	遞延稅項(附註20)	(4,648)	(94,955)
		46,970	(46,822)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

10. Income Tax Expense (Credit) (Continued)

The tax charge (credit) for the year can be reconciled to the profit (loss) before tax as follows:

10. 所得稅開支(抵免)(續)

年內稅務支出(抵免)與除稅前溢利(虧損)對賬如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Profit (loss) before tax	除稅前溢利(虧損)	122,220	(237,333)
Tax at the PRC EIT rate of 25% (2015: 25%)	按中國企業所得稅稅率25% 計算的稅項(二零一五年： 25%)	30,555	(59,333)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	11,867	5,628
Tax effect of tax losses not recognised	尚未確認的稅項虧損的稅務 影響	4,548	8,249
Utilisation of tax losses previously not recognised	動用先前尚未確認之稅項虧損	—	(1,366)
Tax charge (credit) for the year	年內稅務開支(抵免)	46,970	(46,822)

(i) PRC EIT

PRC EIT is calculated at 25% of the assessable profits for both years.

(ii) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years, if any.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in or derived from Hong Kong for both years.

(i) 中國企業所得稅

於兩個年度，中國企業所得稅乃按應課稅溢利以稅率25%計算。

(ii) 香港利得稅

於兩個年度，香港利得稅乃按估計應課稅溢利(如有)以稅率16.5%計算。

由於本集團於兩個年度內並無於香港產生或源自香港之應課稅溢利，故綜合財務報表內並無就香港利得稅作出撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

11. Profit (Loss) for the Year

11. 年內溢利(虧損)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Profit (loss) for the year has been arrived at after charging (crediting):	年內溢利(虧損)已經扣除(計入)下列各項：		
Auditor's remuneration	核數師薪酬	1,932	1,735
Amortisation of intangible assets	無形資產攤銷	250	—
Amortisation of prepaid land lease payments	預付土地租約款攤銷	2,806	2,671
Depreciation of property, plant and equipment	物業、廠房及設備折舊	99,982	100,374
Directors' emoluments (Note 12)	董事酬金(附註12)	2,100	2,100
Other staff costs	其他員工成本	48,557	47,932
Retirement benefit scheme contributions, excluding those of directors	退休福利計劃供款，不包括董事部分員工成本總額	3,481	3,521
Total staff costs	員工成本總額	54,138	53,553
Allowance for doubtful debts	呆壞賬撥備	11,877	376,641
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	—	(87)
Sub-contracting charges included in operating cost	計入運營成本的分包費用	162,357	184,174

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

12. Directors', Chief Executive Officer's and Employees' Emoluments

Directors and Chief Executive Officer

Details of the emoluments paid or payable to the Directors and the Chief Executive Officer during the year are as follows:

For the year ended 31 December 2016

12. 董事、主要行政人員及僱員酬金

董事及主要行政人員

年內，已付或應付董事及主要行政人員的酬金詳情如下：

截至二零一六年十二月三十一日止年度

		Fees	Salaries and other allowances	Retirement benefit scheme contribution	Total
		袍金	薪金及其他津貼	退休福利計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Mr. Liu (note (i))	劉先生(附註(i))	—	1,200	—	1,200
Mr. Wu Bin (note (ii))	伍斌先生(附註(ii))	—	—	—	—
Mr. Wu Xuze (note (iii))	吳旭澤先生(附註(iii))	—	—	—	—
Ms. Zhou	周女士	—	600	—	600
		—	1,800	—	1,800
Non-executive director:	非執行董事：				
Mr. Liu Longhua	劉龍華先生	—	—	—	—
Independent non-executive directors:	獨立非執行董事：				
Mr. Chan Ming Sun Jonathan	陳銘樂先生	150	—	—	150
Mr. Huan Xuedong	還學東先生	150	—	—	150
Mr. Xu Hengju (note iv)	徐恒菊先生(附註iv)	—	—	—	—
Mr. Liang Zequen (note v)	梁澤泉先生(附註v)	—	—	—	—
		300	—	—	300
		300	1,800	—	2,100

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

12. Directors', Chief Executive Officer's and Employees' Emoluments (Continued)

Directors and Chief Executive Officer (Continued)

For the year ended 31 December 2015

12. 董事、主要行政人員及僱員酬金(續)

董事及主要行政人員(續)

截至二零一五年十二月三十一日止年度

		Fees	Salaries and other allowances	Retirement benefit scheme contribution	Total
		袍金	薪金及其他津貼	退休福利計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Mr. Liu (note (i))	劉先生(附註(i))	—	1,200	—	1,200
Ms. Zhou	周女士	—	600	—	600
		—	1,800	—	1,800
Non-executive director:	非執行董事：				
Mr. Liu Longhua	劉龍華先生	—	—	—	—
Independent non-executive directors:	獨立非執行董事：				
Mr. Chan Ming Sun Jonathan	陳銘樂先生	150	—	—	150
Mr. Huan Xuedong	還學東先生	150	—	—	150
Mr. Xu Hengju	徐恒菊先生	—	—	—	—
		300	—	—	300
		300	1,800	—	2,100

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

12. Directors', Chief Executive Officer's and Employees' Emoluments (Continued)

Directors and Chief Executive Officer (Continued)

Notes:

- (i) Mr. Liu was also the Chief Executive Officer of the Company during the year ended 31 December 2016 and 2015 and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer. On 5 January 2017, Mr. Liu has resigned as the Chief Executive Officer, but remains as the chairman of the Board and an executive Director.
- (ii) Mr. Wu Bin was appointed on 5 January 2017.
- (iii) Mr. Wu Xuze was appointed on 5 January 2017 as an executive Director and Chief Executive Officer of the Company.
- (iv) Mr. Xu Hengju resigned on 23 September 2016.
- (v) Mr. Liang Zequan was appointed on 23 September 2016.

During the year, there was no arrangement under which a director waived or agreed to waive any remuneration.

Salaries and other allowance paid to or for the executive directors are generally emoluments paid in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

Employees

Of the Group's five highest paid individuals during the year, two (2015: two) of them were directors whose emoluments are presented above. The emoluments of the remaining three (2015: three) highest paid individuals, were as follows:

12. 董事、主要行政人員及僱員酬金(續)

董事及主要行政人員(續)

附註：

- (i) 截至二零一六年及二零一五年十二月三十一日劉先生亦為本公司主要行政人員，以上其所披露之酬金包括其作為主要行政人員所提供服務之酬金。在二零一七年一月五日，劉先生已辭去首席執行官，但仍然擔任董事會主席及執行董事。
- (ii) 伍斌先生在二零一七年一月五日獲委任。
- (iii) 吳旭澤先生在二零一七年一月五日獲委任為本公司執行董事兼首席執行官。
- (iv) 徐恒菊先生於二零一六年九月二十三日辭職。
- (v) 梁澤泉先生在二零一六年九月二十三日獲委任

年內，並無董事藉以豁免或同意豁免任何酬金的安排。

支付予執行董事的薪金及其他津貼屬就該等人士為管理本公司及其附屬公司的事務提供的其他服務而支付的一般薪酬。

僱員

年內本集團五名最高薪酬僱員中，其中兩名(二零一五年：兩名)為董事及主要行政人員，其酬金已於上文呈列。餘下三名(二零一五年：三名)最高薪酬個人的酬金如下

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Salaries and other allowances	薪金及其他津貼	994	1,574
Retirement benefit scheme contributions	退休福利計劃供款	18	29
		1,012	1,603

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

12. Directors', Chief Executive Officer's and Employees' Emoluments (Continued)

Employees (Continued)

Their emoluments were within the following bands:

		2016 二零一六年 No. of employees 僱員人數	2015 二零一五年 No. of employees 僱員人數
Nil to HK\$1,000,000 (approximately RMB790,000)	零至1,000,000港元 (約人民幣790,000元)	3	3

During both years, no emoluments were paid by the Group to any of the Directors, Chief Executive Officer or the five highest paid individuals (including directors, Chief Executive Officer and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

12. 董事、主要行政人員及僱員酬金(續)

僱員(續)

其酬金在下列組別人數如下：

於兩個年度內，本集團並無向任何董事、主要行政人員或五名最高薪酬個人(包括董事、主要行政人員及僱員)支付任何酬金，以作為其加入或於加入本集團後的獎勵或離職補償。

13. Earnings (Loss) Per Share

The calculation of the basic and diluted earnings/loss per share attributable to the owners of the Company is based on the following data:

13. 每股盈利(虧損)

本公司所有人應佔每股基本及攤薄盈利/虧損乃按下列數據計算：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Earnings	盈利		
Profit (loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings/loss per share	就計算每股基本及攤薄盈利/虧損而言的本公司所有人應佔年內溢利(虧損)	68,794	(197,864)
		'000	'000
Number of shares	股份數目		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/loss per share	就計算每股基本及攤薄盈利/虧損而言的普通股加權平均數	1,252,900	1,036,947

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

13. Earnings (Loss) Per Share (Continued)

The weighted average number of shares for the purposes of basic earnings/loss per share for both years were calculated based on the weighted average number of shares in issue during both years.

The computation of diluted earnings per share for the year ended 31 December 2015 does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share. As disclosed in Note 28, the conversion options embedded in the convertible bonds are no longer exercisable after the Original Maturity Date as defined under Note 28. As at 31 December 2016, the Group does not have any potential ordinary shares.

14. Dividends

No dividend was paid or proposed during the year ended 31 December 2016 and 31 December 2015, nor has any dividend been proposed since the end of the reporting period.

13. 每股盈利(虧損)(續)

用作計算兩個年度的每股基本盈利/虧損的股份加權平均數乃根據兩個年度的已發行股份加權平均數計算得出。

計算截至二零一五年十二月三十一日止年度的每股攤薄盈利時並未假設本公司之未兌換可換股債券已獲轉換，原因為行使將導致每股虧損減少。附註28中披露，嵌入可換股債券的轉換期權在附註28所界定之原到期日後不再行使。於二零一六年十二月三十一日，本集團並無任何潛在普通股。

14. 股息

於截至二零一六年十二月三十一日及二零一五年十二月三十一日止年度概無派付或建議股息，而自報告期末起亦無建議任何股息。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. Property, Plant And Equipment

15. 物業、廠房及設備

		Leasehold land and building	Leasehold improvements	Dredgers and vessels	Plant and machinery	Furniture, fittings and office equipment	Motor vehicles	Construction in progress	Total
		租賃土地及 樓宇 RMB'000 人民幣千元	租賃裝修 RMB'000 人民幣千元	船舶及 挖泥船 RMB'000 人民幣千元	廠房及 機器 RMB'000 人民幣千元	傢俬、裝置 及辦公 設備 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
COST	成本								
At 1 January 2015	於二零一五年 一月一日	54,401	244	1,726,575	94,833	1,669	10,758	112,726	2,001,206
Additions	添置	—	—	94	2,861	57	5,098	24,639	32,749
Disposals/write-off	出售/撇銷	—	—	—	—	—	(1,840)	—	(1,840)
At 31 December 2015	於二零一五年 十二月三十一日	54,401	244	1,726,669	97,694	1,726	14,016	137,365	2,032,115
Additions	添置	60,205	—	—	12,065	262	1,833	6,513	80,878
Disposal of a subsidiary	出售附屬公司	—	—	—	—	—	(205)	—	(205)
At 31 December 2016	於二零一六年 十二月三十一日	114,606	244	1,726,669	109,759	1,988	15,644	143,878	2,112,788
ACCUMULATED DEPRECIATION	累計折舊								
At 1 January 2015	於二零一五年 一月一日	688	244	245,994	19,547	963	7,142	—	274,578
Provided for the year	年內撥備	2,599	—	87,653	8,336	295	1,491	—	100,374
Eliminated on disposals/ write-off	出售時對銷/撇銷	—	—	—	—	—	(1,441)	—	(1,441)
At 31 December 2015	於二零一五年 十二月三十一日	3,287	244	333,647	27,883	1,258	7,192	—	373,511
Provided for the year	年內撥備	2,800	—	86,240	8,677	259	2,006	—	99,982
Disposal of a subsidiary	出售附屬公司	—	—	—	—	—	(63)	—	(63)
At 31 December 2016	於二零一六年 十二月三十一日	6,087	244	419,887	36,560	1,517	9,135	—	473,430
CARRYING VALUE	賬面值								
At 31 December 2016	於二零一六年 十二月三十一日	108,519	—	1,306,782	73,199	471	6,509	143,878	1,639,358
At 31 December 2015	於二零一五年 十二月三十一日	51,114	—	1,393,022	69,811	468	6,824	137,365	1,658,604

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

15. Property, Plant And Equipment (Continued)

As certain lease payments relating to the leasehold property cannot be allocated reliably between the land and building elements, that entire leasehold property is accounted for as property, plant and equipment.

The Group's leasehold land and building is held under a medium term lease in the PRC.

Depreciation is charged so as to write off the cost of assets (other than construction in progress), over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, on the following bases:

Leasehold land and building	2-4% or over the term of the lease, whichever is shorter
Leasehold improvements	20% or over the term of the lease, whichever is shorter
Dredgers and vessels	5%-6.7%
Plant and machinery	5%-20%
Furniture, fittings and office equipment	10%-33.3%
Motor vehicles	16.7%-20%

Details of property, plant and equipment held as pledge or collateral are set out in Note 33.

15. 物業、廠房及設備(續)

由於與租賃物業相關的若干租賃款項不能可靠地於土地及樓宇元素間分配，故租賃物業整體入賬為物業、廠房及設備。

本集團的租賃土地及樓宇乃根據中期租賃於中國持有。

折舊乃按估計可使用年期及經計及其估計剩餘價值後以直線法撇銷資產成本(在建工程除外)，有關基準載列如下：

租賃土地及樓宇	2-4%或租賃年期(以較短者為準)
租賃裝修	20%或租賃年期(以較短者為準)
挖泥船及船舶	5%-6.7%
廠房及機器	5%-20%
傢俬、裝置及辦公設備	10%-33.3%
汽車	16.7%-20%

作為抵押品或擔保物品的物業、廠房和設備詳情載於附註33。

16. Prepaid Land Lease Payments

16. 預付土地租約款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Analysed for reporting purposes as:	為報告目的所作的分析：		
Current assets	流動資產	3,075	2,908
Non-current assets	非流動資產	105,210	100,773
		108,285	103,681

Details of prepaid lease payment held as pledge or collateral are set out in Note 33.

作為抵押品或擔保物品的預付租約款詳情載於附註33。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

17. Investment Properties/Investment Properties under Construction

17. 投資物業／在建投資物業

		RMB'000 人民幣千元
Investment properties under construction	在建投資物業	
At 1 January 2015, at cost	於二零一五年一月一日，按成本	—
Construction costs incurred and interests capitalised	已產生之建設成本及資本化之利息	307,702
At 31 December 2015, at cost	於二零一五年十二月三十一日，按成本	307,702
Construction costs incurred and interests capitalised	已產生之建設成本及資本化之利息	29,126
Transferred to investment properties upon completion	完成後轉入投資物業	(336,828)
At 31 December 2016	於二零一六年十二月三十一日	—
Investment properties	投資物業	
At 1 January 2016	於二零一六年一月一日	—
Transferred from investment properties under construction	轉自在建投資物業	336,828
Addition	添置	76,366
At 31 December 2016, at fair value	於二零一六年十二月三十一日，按公平值	413,194

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

17. Investment Properties/Investment Properties under Construction (Continued)

During the year ended 31 December 2015, the Group started constructing a shopping mall in Yancheng, the PRC. The shopping mall was measured at costs at 31 December 2015. On completion of the construction, the Group's property is erected on leasehold land in the PRC to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2016 has been arrived at on the basis of a valuation carried out on the respective dates by Sinno Appraisals Limited, an independent qualified professional valuer not connected to the Group.

In determining the fair value of the relevant properties, the board of directors of the Company has set up a valuation committee, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

The Group engages a third party qualified valuer to perform the valuation. The valuation committee works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation committee's findings to the board of directors of the Company every quarter to explain the cause of fluctuations in the fair value of the assets and liabilities.

The fair value of the Group's investment properties is categorised as level 3 of the fair value hierarchy. There were no transfer into or out of level 3 during the year. In estimating the fair value of the properties, the highest and best use of the properties is the current use.

17. 投資物業／在建投資物業(續)

於截至二零一五年十二月三十一日止年度，本集團開始在中國鹽城市興建一家商場。該商場於二零一五年十二月三十一日乃按成本計量。建設完工後，本集團的建於中國租賃土地之上以賺取租金或出於資本升值目的的物業乃使用公平值模型計量，並分類及入賬列作投資物業。

於二零一六年十二月三十一日，本集團投資物業的公平值乃基於Sinno Appraisals Limited (一間與本集團並無關連的獨立合資格專業估值公司)在有關日期進行的估值而達致。

於釐定相關物業的公平值時，本公司董事會已設立估值委員會(由本公司財務總監主導)，以就公平值計量釐定適合的估值技術及輸入數據。

本集團已委聘第三方合資格估值師進行估值。估值委員會與合資格外部估值師緊密共事，以就模型設立適合的估值技術及輸入數據。財務總監每季度向本公司董事會匯報估值委員會的調查結果，以解釋資產及負債公平值波動的原因。

本集團的投資物業公平值分類為公平值層級的第三層。年內第三層間並無轉入或轉出。在估計物業的公平值時，物業的最高及最佳用途為其當前用途。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

17. Investment Properties/Investment Properties under Construction (Continued)

17. 投資物業/在建投資物業(續)

	Valuation technique(s) 估值技術	Significant unobservable input(s) 重大不可觀察輸入數據	Weighted average price 加權平均價
Shopping mall located in Yancheng, the PRC	Market approach	Price per square metre of gross floor area which derived from the shopping mall area, using direct market comparable and taking into account of adjustments on location	Retail portion: RMB6,800 sqm
位於中國鹽城市的商場	市場法	來自於商場總建築面積的每平方米價格，採用直接市場比較並計及位置調整	零售部分：平方米人民幣6,800元

During the second half of the year ended 31 December 2016, the Group has started to construct a hotel. The investment properties under construction was in progress and is expected to be completed in year ended 2017 and is carried at cost.

於截至二零一六年十二月三十一日止年度下半年，本集團已開始興建一間酒店。在建投資物業乃在建設中，且預期將於二零一七年底完工並按成本列賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. Available-For-Sale Investment

鹽城市詠恒置業有限公司 (Yancheng City Yongheng Properties Co., Ltd*) (“Yongheng”)

On 31 December 2012, the Group entered into a conditional agreement with one of its major trade debtors (the “Debtor”) whereby the Debtor would transfer to the Group its 95% equity interest in Yongheng which sole assets are two parcels of land in the PRC, and would assign its shareholder’s loan of RMB111,271,000 therein, in lieu of settlement for certain trade debts due to the Group (the “1st Agreement”).

Concurrent with the 1st Agreement, the Group also entered into another conditional agreement to acquire the remaining 5% equity interest in Yongheng from the non-controlling interest therein for a cash consideration of RMB400,000 (the “2nd Agreement”).

On 22 March 2013, the Group agreed to transfer 85% equity interest in Yongheng together with 85% of the shareholder’s loan for a total consideration of RMB252,968,000 (the “Consideration”) to 鹽城市鴻基建築安裝工程有限責任公司 (Yancheng City Hongji Construction Installation Engineering Company Limited*) (“Hongji Construction”). As at 31 December 2015, the consideration receivable from Hongji Construction was amounted to RMB70,774,000 which included outstanding principal of RMB57,968,000 and accumulated interest payable of RMB12,806,000 (see Note 21). The amount was fully repaid during the year ended 31 December 2016.

18. 可供出售投資

鹽城市詠恒置業有限公司(「詠恒」)

於二零一二年十二月三十一日，本集團已與其一名主要貿易債務人(「債務人」)訂立有條件協議，據此債務人將向本集團轉讓其於鹽城市詠恒置業有限公司(「詠恒」，其唯一資產為在中國之兩塊土地)之95%股權，及轉讓其在當中的股東貸款人民幣111,271,000元，代替結清應付本集團的若干貿易債務(「第一份協議」)。

訂立第一份協議的同時，本集團亦訂立另一份有條件協議以自非控股權益股東收購詠恒餘下5%股權，現金代價為人民幣400,000元(「第二份協議」)。

於二零一三年三月二十二日，本集團同意將其於詠恒的85%股權連同85%股東貸款轉讓予鹽城市鴻基建築安裝工程有限責任公司(「鴻基建築」)，總代價為人民幣252,968,000元(「代價」)(「三份協議」)。於二零一五年十二月三十一日，鴻基建築的應收賬款為人民幣70,774,000元，其中未償還本金人民幣57,968,000元，應付累計利息人民幣12,806,000元(見附註21)。截至二零一六年十二月三十一日止年度全額償還。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

18. Available-For-Sale Investment (Continued)

鹽城市詠恒置業有限公司 (Yancheng City Yongheng Properties Co., Ltd*) ("Yongheng") (Continued)

As at 31 December 2015, the amount of RMB20,921,000 represented 15% equity interest in Yongheng measured at cost less impairment. The Directors were of the opinion that the fair value could not be measured reliably because there was no quoted market price in an active market and the range of reasonable fair value estimates was so significant. Such equity interest was disposed to an independent third party during the year ended 31 December 2016 at its carrying amount.

As at 31 December 2015, the shareholder's loan to Yongheng of RMB14,804,000 included in "accounts and other receivables" (see Note 21) was unsecured, interest-free and had no fixed repayment term. During the year ended 31 December 2016, the shareholder's loan was fully repaid.

海綿城市投資股份有限公司 (Sponge City Investment Co., Ltd.*) ("Sponge City")

During the year ended 31 December 2016, the Group entered into an agreement with a third party to invest RMB12 million in Sponge City, a private company incorporated in the PRC, for 2.4% equity interests. Investment cost of RMB6 million was paid during the year. The Group subsequently disposed the investment to another third party at cost during the year. Accordingly, the RMB6 million was received upon disposal of interests in Sponge City.

19. Deposit Paid for Acquisition of Property, Plant and Equipment

Included in the deposit paid for acquisition of property, plant and equipment, amount of RMB70,000,000 (2015: RMB70,000,000) represents the full payment for acquiring an office in the PRC for further development of environmental protection dredging business. The Group is in the process of obtaining the relevant property use rights certificates. Accordingly, the amounts are classified as deposits paid for acquisition of property, plant and equipment.

* For identification purpose

18. 可供出售投資(續)

鹽城市詠恒置業有限公司(「詠恒」) (續)

於二零一五年十二月三十一日，人民幣20,921,000元指以成本減減值計量的詠恒15%股權。董事認為公平值無法可靠地計量，乃由於在活躍市場中沒有報價市價，合理公平值估計範圍顯著，所以詠恒15%的股權比例以成本減值計量。截至二零一六年十二月三十一日止年度，該等股權在其賬面價值中被處置為獨立第三方。

於二零一五年十二月三十一日，計入「應收賬款及其他應收款」(見附註21)的股東向詠恒貸款人民幣14,804,000元無抵押，無息，無固定還款期限。截至二零一六年十二月三十一日止年度，股東貸款全部償還。

海綿城市投資股份有限公司(「海綿城市」)

截至二零一六年十二月三十一日止年度，本集團與第三方訂立協議，向中國註冊成立的私人公司海綿城市投資人民幣12,000,000元，佔2.4%股權。年內支付投資成本人民幣6,000,000元。年內，本集團隨後向另一第三方以成本出售投資。因此，出售海綿城市的權益後，收到人民幣6,000,000元。

19. 收購物業、廠房及設備支付的按金

收購物業、廠房及設備支付的按金包括款項人民幣70,000,000元(二零一五年：人民幣70,000,000元)，指為進一步發展環保疏浚業務而收購一間位於中國的辦公室所支付的全款。本集團正在獲得相關的產權使用權證書。因此，金額分類為購置物業、廠房和設備支付的按金。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. Deferred Tax Assets/Deferred Tax Liabilities

The following are the major deferred tax assets and (deferred tax liabilities) recognised and movements thereon during the current and prior year:

20. 遞延稅項資產／遞延稅項負債

以下為本年度及過往年度的主要已確認遞延稅項資產及(遞延稅項負債)，以及其變動：

		Allowance for doubtful debt	Fair value adjustment of property, plant and equipment on acquisition of subsidiaries 收購附屬 公司時物業、 廠房及設備 公平值調整	Tax losses 稅項虧損	Others 其他	Total 總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2015	於二零一五年 一月一日	7,106	(17,753)	3,074	(3,074)	(10,647)
Charged to profit or loss (Note 10)	計入損益 (附註10)	93,248	1,707	2,944	(2,944)	94,955
At 31 December 2015	於二零一五年 十二月三十一日	100,354	(16,046)	6,018	(6,018)	84,308
Charged to profit or loss (Note 10)	計入損益 (附註10)	2,969	1,679	—	—	4,648
At 31 December 2016	於二零一六年 十二月三十一日	103,323	(14,367)	6,018	(6,018)	88,956

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

20. Deferred Tax Assets/Deferred Tax Liabilities (Continued)

Other temporary differences mainly represent the temporary differences arising from the construction costs capitalized in investment properties under construction which were deductible for tax purpose in the year those costs incurred. The Group had no significant unprovided deferred tax during the years ended 31 December 2015 and 2016.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was RMB269,155,000 (2015: RMB280,314,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

At the end of the reporting period, the Group has unused tax loss of RMB84,684,000 (2015: RMB62,395,000). A deferred tax asset has been recognised in respect of tax losses of RMB24,072,000 (2015: RMB24,072,000). No deferred tax asset has been recognised for the remaining tax loss of RMB60,612,000 (2015: RMB38,323,000) due to unpredictability of future profit streams.

20. 遞延稅項資產／遞延稅項負債 (續)

其他暫時性差異主要為在建投資性房地產的建築成本中產生的暫時性差異，在發生的當期費用可以扣除。截至二零一五年及二零一六年十二月三十一日止年度，本集團無重大遞延所得稅。

於報告期末，與該等並無確認遞延稅項負債之附屬公司之未分配盈利有關之臨時差額總額為人民幣269,155,000元(二零一五年：人民幣280,314,000元)。由於本集團可控制臨時差額的撥回時間，而該等差額預期於可見將來不會撥回，因此並無就該等差額確認負債。

於報告期末，本集團之未動用稅項虧損為人民幣84,684,000元(二零一五年：人民幣62,395,000元)。一項有關稅項虧損之人民幣24,072,000元(二零一五年：人民幣24,072,000元)的遞延稅項資產已獲確認。由於無法預測未來溢利來源，故並無就餘下稅項虧損人民幣60,612,000元(二零一五年：人民幣38,323,000元)確認遞延稅項資產。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. Accounts and Other Receivables

21. 應收賬款及其他應收款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Non-current:	非即期：		
Accounts receivable, net of allowance for doubtful debts (notes (i) and (ii))	應收賬款，扣除呆賬撥備(附註(i)及(ii))	88,090	184,933
Value-added tax recoverable (note (iv))	可收回增值稅(附註(iv))	1,797	1,705
Shareholder's loan to Yongheng (defined in Note 18)	提供予詠恒的股東貸款(定義見附註18)	—	14,804
Others	其他	—	5,000
		89,887	206,442
Current:	即期：		
Accounts receivable, net of allowance for doubtful debts (note (i) and (ii))	應收賬款，扣除呆賬撥備(附註(i)及(ii))	1,272,936	936,591
Bills receivable (note (iii))	應收票據(附註(iii))	4,312	11,845
Government financial incentive receivables (Note 7)	應收政府財政獎勵(附註7)	10,407	21,168
Deposits and prepayments	按金及預付款項	40,643	31,828
Value-added tax recoverable (note (iv))	可收回增值稅(附註(iv))	—	5,190
Consideration and accumulated interest receivable from Hongji Construction (Note 18)	應收鴻基建築代價及累計利息(附註18)	—	70,774
Loan receivables (note (v))	應收貸款(附註(v))	—	95,000
Others	其他	8,210	8,589
		1,336,508	1,180,985
		1,426,395	1,387,427

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. Accounts and Other Receivables (Continued)

Notes:

- (i) Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on reputation of the customers within the industry.

The Group prepares an aged analysis for its accounts receivable based on the dates when the Group and the customers agreed on the quantum of the services provided, as evidenced by progress certificates. Periodic statements are issued and agreed by the customers for the work performed and services rendered for the customers. Most of the contracts require the customers to make monthly progress payments with reference to the value of work completed (typically 55% to 85% of the value of work completed in the previous month) within thirty days after the issuance of the progress certificate. According to these contracts, the remaining balance (15% to 45% of the value of work completed) is to be paid by the customers within thirty to sixty days after the project is completed and accepted by the customers and the customers receive payment from the project owners.

The aged analysis of the Group's accounts receivable, prepared based on the dates of certification of work done, which approximate the respective revenue recognition dates (net of allowance for accounts receivable), at the end of each reporting period is as follows:

Aged analysis of the Group's accounts receivable

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
0-30 days	0至30天	117,338	139,071
31-60 days	31至60天	66,517	39,044
61-90 days	61至90天	69,072	43,225
91-180 days	91至180天	101,847	117,006
181-365 days	181至365天	212,753	385,008
1 year-2 years	1年至2年	433,730	259,986
Over 2 years	超過2年	359,769	138,184
		1,361,026	1,121,524

21. 應收賬款及其他應收款(續)

附註：

- (i) 於接納任何新客戶前，本集團基於客戶於行業內的聲譽評估該潛在客戶的信貸質素及設定其信貸限額。

本集團基於本集團與客戶協定就所提供服務量的日期(由進度證書證明)編製其應收賬款的賬齡分析。期間報表經客戶同意已進行的工程及向客戶提供的服務而由客戶發出。大部分合同需客戶於發出進度證書後三十日內參考完成工程價值(通常為上月完成工程價值的55%至85%)支付月度進度付款。根據該等合同，餘額(完成工程價值的15%至45%)由客戶於項目完成及接納後，客戶從項目所有人收取款項後三十至六十日內支付。

於各報告期末，根據工程完成後通過核證的日期(接近於相關收益的確認日期)而編製的本集團應收賬款(扣除應收賬款撥備)的賬齡分析如下：

本集團的應收賬款賬齡分析

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. Accounts and Other Receivables (Continued)

Notes: (Continued)

(i) (Continued)

Included in the accounts receivables balance is retention money of approximately RMB180,000,000 (2015: RMB155,000,000) as at 31 December 2016.

The amount of accounts receivables which were past due based on the terms of contracts, as at the end of the reporting period but for which the Group has not provided for impairment loss is analysed as follows:

Aging of accounts receivable from due date which were past due but not impaired

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
0–30 days	0至30天	—	—
31–60 days	31至60天	43,262	26,821
61–90 days	61至90天	64,564	32,456
91–180 days	91至180天	110,339	147,108
181–365 days	181至365天	233,189	247,799
1 year–2 years	1年至2年	313,236	210,382
Over 2 years	超過2年	259,527	115,651
		1,024,117	780,217

The Group does not hold any collateral over the above balances.

The impairment losses recognised on receivables are individual trade receivables that are past due at 31 December 2016 and 2015 and the management of the Group believes that these amounts are unlikely to be recovered based on past collection history of each customers.

21. 應收賬款及其他應收款(續)

附註：(續)

(i) (續)

於二零一六年十二月三十一日，應收賬款結餘包括保留金約人民幣180,000,000元(二零一五年：人民幣155,000,000元)。

於報告期末已逾期(按合約年期劃分)但本集團並無計提減值虧損撥備之應收賬款分析如下：

自到期日已逾期但未減值的應收賬款的賬齡

本集團並無就上述結餘持有任何抵押。

就應收款項確認的減值虧損為於二零一六年及二零一五年十二月三十一日已逾期的個別貿易應收賬款，及本集團管理層認為，根據各客戶的過往收款記錄，該等款項不可能收回。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. Accounts and Other Receivables (Continued)

Notes: (Continued)

(i) (Continued)

Included in accounts receivables as at 31 December 2016 was the principal amount of approximately RMB68,303,000 (31 December 2015: RMB68,303,000) due from a customer of which the related dredging project has been suspended since January 2015 due to change in use of relevant reclaimed areas by the Government. The customer has signed an agreement with the Group to repay RMB40,000,000 before 31 December 2016 but failed to fulfill the payment. Accordingly, allowance of doubtful debts of RMB68,303,000 (2015: RMB49,259,000) was recognised as at the end of the reporting period.

Included in accounts receivables as at 31 December 2016 was the principal amount of approximately RMB30,434,000 (31 December 2015: RMB34,585,000) due from a customer which the dredging project was started during the year and is still in progress as at 31 December 2016 while the repayment of progress billings fell behind schedule. Considering the payment pattern, the progress of the project and the creditability of the customer, allowance of doubtful debts of RMB10,728,000 (2015: RMB3,458,000) was recognised as at 31 December 2016.

Included in accounts receivables as at 31 December 2016 was the principal amount of approximately RMB428,236,000 (31 December 2015: RMB602,702,000) due from customers who are large state-owned enterprise or local governments which the respective projects were already completed for more than one year. Despite there is no dispute with the customers on the amounts due, the repayment slowed down significantly during current year when compared with previous years. Considering the latest repayment pattern and the expected repayment dates of respective customers, allowance of doubtful debts of RMB349,798,000 (2015: RMB364,235,000) was recognised at end of reporting period.

21. 應收賬款及其他應收款(續)

附註：(續)

(i) (續)

於二零一六年十二月三十一日的應收賬款包括應收一名客戶(其相關疏浚項目自二零一五年一月起因政府更改相關填海區的用途而暫停)之款項本金約人民幣68,303,000元(二零一五年十二月三十一日：人民幣68,303,000元)。該客戶與本集團已簽訂協議，以於二零一六年十二月三十一日前償還約人民幣40,000,000元，但並未實現付款。因此，呆賬撥備人民幣68,303,000元(二零一五年：人民幣49,259,000元)已於報告期末確認。

於二零一六年十二月三十一日的應收賬款包括應收一名客戶(其疏浚項目於年內開始及於二零一六年十二月三十一日仍在進行，而進度款償還落後於進度)之款項本金約人民幣30,434,000元(二零一五年十二月三十一日：人民幣34,585,000元)。考慮到付款模式、項目進度及有關客戶的可信度，於二零一六年十二月三十一日已確認呆賬撥備人民幣10,728,000元(二零一五年：人民幣3,458,000元)。

於二零一六年十二月三十一日的應收賬款包括應收一名客戶(為大型國有企業或地方政府，於一年以上其各自的項目已完工)之款項本金約人民幣428,236,000元(二零一五年十二月三十一日：人民幣602,702,000元)。儘管與該客戶對於應付款項並無爭議，但與過往年度相比，於截至今年還款明顯放慢。考慮到最近的還款模式及有關客戶的預期還款日期，於報告期末已確認呆賬撥備人民幣349,798,000元(二零一五年：人民幣364,235,000元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. Accounts and Other Receivables (Continued)

Notes: (Continued)

(i) (Continued)

Included in accounts receivables as at 31 December 2016 was the principal amount of approximately RMB8,948,000 (31 December 2015: RMB8,948,000) due from customers which the related dredging projects were completed for more than one year and the receivables were past due. As there is no subsequent settlement during the year ended 31 December 2016, the amounts were fully provided at end of reporting period.

Movement in allowance for doubtful debts

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
1 January	一月一日	425,900	49,259
Charged to profit or loss	計入損益	11,877	376,641
31 December	十二月三十一日	437,777	425,900

(ii) Non-current accounts receivable, except retention money due after one year from the end of reporting period, represents amounts due from several customers for contract works, for which the contracts include clauses for extended payment terms beyond one year. During the year, interest income calculated at a rate of 10% per annum (2015: 10% per annum) of about RMB11,879,000 (2015: RMB14,781,000) was recognised.

21. 應收賬款及其他應收款(續)

附註：(續)

(i) (續)

於二零一六年十二月三十一日的應收賬款包括應收客戶(於一年以上，其相關疏浚項目已完工及應收款項已逾期)之款項本金約人民幣8,948,000元(二零一五年十二月三十一日：人民幣8,948,000元)。由於於截至二零一六年十二月三十一日止年度並無後續還款，該金額已於報告期末全數撥備。

呆賬撥備變動

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
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(ii) 非即期應收賬款(除自報告期末起計一年後到期之保留金外)指應收若干客戶之合約工程款項，而相關合約載有可將付款期延長超過一年之條款。於年內，按年利率10%(二零一五年：年利率10%)計算的利息收入約人民幣11,879,000元(二零一四年：人民幣14,781,000元)已獲確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

21. Accounts and Other Receivables (Continued)

Notes: (Continued)

- (iii) The aged analysis of the Group's bills receivable, presented based on the relevant dates of certification of work done, is as follows:

Aged analysis of the Group's bills receivable

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
0-30 days	0至30天	1,500	—
31-60 days	30至61天	—	—
61-90 days	61至90天	2,100	3,051
91-180 days	91至180天	712	8,794
Over 180 days	超過180天	—	—
		4,312	11,845

- (iv) VAT paid of approximately RMB1,797,000 (2015: RMB1,705,000) by the Group in connection with its construction-in-progress could be set-off against future value added tax payable generated from the Group. The amount is not expected to be recovered within one year from the end of reporting, and is accordingly classified as non-current.
- (v) On 16 May 2015, the Company entered into an agreement (the "Investment Agreement") to set up a wholly owned subsidiary which principally conducts capital financing business. In late December 2015, the subsidiary lends out RMB95,000,000 to corporate borrowers which are not connected with the Group. Loans are repayable in one year, carrying fixed interest and are guaranteed personally by the directors of the corporate borrowers.

The Group assessed the potential borrower's credit quality by investigating their historical credit record and defines their credit limits on individual basis. Recoverability and credit limit of each borrowers are reviewed by the Group regularly. Considering the credit quality of individual borrowers, no allowance on loan receivables was recognised.

The loan receivables were fully recovered during the year ended 31 December 2016.

21. 應收賬款及其他應收款(續)

附註：(續)

- (iii) 基於竣工證書之相關日期所呈列之本集團應收票據的賬齡分析如下：

本集團應收票據賬齡分析

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
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- (iv) 本集團就其在建工程所支付的增值稅約人民幣1,797,000元(二零一五年：人民幣1,705,000元)可用於抵銷本集團將來產生的未來應付增值稅。由於預期該筆款項不可於報告期末起計一年內收回，故分類為非流動。
- (v) 於二零一五年五月十六日，本公司訂立一項協議(「投資協議」)成立一間全資附屬公司，該公司主要從事資金融資業務。於二零一五年十二月下旬，該附屬公司已向與本集團概無關連的公司借款人借出人民幣95,000,000元。貸款須於一年內償還，按固定利率計息並由公司借款人的董事作出個人擔保。

本集團透過調查潛在借款人的過往信貸記錄評估其信貸質量並按個別基準界定信貸限額。本集團會定期審核可收回性及各借款人的信貸限額。經考慮個人借款人的信貸質量後，概無確認應收貸款撥備。

截至二零一六年十二月三十一日止年度，貸款應收款已全部回收。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

22. Bank Balances and Cash and Pledged Bank Deposits

Included in pledged bank deposits as at 31 December 2016 was deposits of RMB 15,000,000 pledged to secure a bank borrowing which is to be matured in 2017. Accordingly, the amount is classified as current assets. At the end of the reporting period, the deposits carry fixed interest rate of 2.8% (2015: 2.8%) per annum. The pledged bank deposits will be released upon the settlement of corresponding bills payables and bank borrowings.

Bank balances that are denominated in a currency other than the functional currency of the relevant group companies are set out below:

22. 銀行結餘及現金和已抵押銀行存款

於二零一六年十二月三十一日計入已抵押銀行存款的存款人民幣15,000,000元乃用作將於二零一七年到期銀行貸款的抵押。因此，該數額分類為非流動資產。因此，金額分類為流動資產。於報告期末，存款按固定年利率率2.8% (二零一五年：2.8%) 計息。已抵押銀行存款將於相應應付票據及銀行借貸結清後解除。

以有關集團公司的功能貨幣以外的貨幣計值的銀行結餘載列如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
United States Dollar ("US\$")	美元(「美元」)	45	1,541
Hong Kong Dollar ("HK\$")	港元(「港元」)	512	3,370

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

23. Accounts and Other Payables

23. 應付賬款及其他應付款

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Accounts payables	應付賬款		
Sub-contracting charge	分包費用	132,044	178,635
Fuel cost	燃料成本	36,080	34,071
Repair and maintenance	維修及保養	15,270	12,100
Others	其他	5,703	4,970
		189,097	229,776
Bills payable	應付票據	—	7,572
Other payables	其他應付款項		
Payable for property, plant and equipment	物業、廠房及設備應付款項	11,880	24,659
Payable for construction cost of investment properties under construction/investment properties	在建投資物業/投資物業建設成本應付款項	115,853	69,863
Accrual other taxes	應計其他稅項	111,630	100,192
Accrual staff salaries and welfare	應計員工薪金及福利	26,576	22,405
Receipts in advance	預收款項	9,036	5,550
Interest on the Bonds (as defined in Note 28)	債券利息(如定義見附註28)	4,334	3,043
Others	其他	16,740	34,610
		296,049	260,322
		485,146	497,670

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

23. Accounts and Other Payables (Continued)

The aged analysis of the Group's accounts payables presented based on the invoice date, except for sub-contracting charge which is presented based on dates of the progress certificates, as at the end of each reporting period is as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
0–30 days	0至30天	45,771	56,848
31–60 days	31至60天	12,784	5,786
61–90 days	61至90天	10,324	13,381
91–180 days	91至180天	22,194	15,809
Over 180 days	超過180天	98,024	137,952
		189,097	229,776

24. Amounts Due to Directors

As at 31 December 2016, the balance represented advance from and emolument payable to certain directors of approximately RMB1,981,000 (2015: RMB1,292,000) and an amount due to Mr. Liu of approximately RMB26,499,000 (2015: RMB17,806,000). All amounts are unsecured, interest-free, repayable on demand and non-trade in nature.

25. Amounts Due to Non-Controlling Interests of a Subsidiary

All balances are non-interest bearing except for an amount of approximately RMB11,645,000 as at 31 December 2016 (2015: RMB11,195,000) which is interest bearing at 12% (2015: 6.25%). On 31 December 2016, certain non-controlling interests agreed not to demand repayment of RMB67,611,000 of the amounts due to them before January 2018 (2015: RMB85,533,000 of the amounts due to them before January 2017). All amounts are unsecured and non-trade in nature.

23. 應付賬款及其他應付款(續)

本集團於各報告期末按發票日期呈列(分包費用除外,其乃按進度證書日期呈列)的應付賬款的賬齡分析如下:

24. 應付董事款項

於二零一六年十二月三十一日,結餘指來自及應付若干董事的墊款及酬金約人民幣1,981,000元(二零一五年:人民幣1,292,000元)及應付劉先生的款項約人民幣26,499,000元(二零一五年:人民幣17,806,000元)。所有該等款項均為無擔保、免息、須應要求償還及非貿易性質。

25. 應付一間附屬公司非控股權益款項

所有結餘為不計息款項,除截至二零一六年十二月三十一日的款項約人民幣11,645,000元(二零一五年:人民幣11,195,000元)按12%(二零一五年:6.25%)計息以外。於二零一六年十二月三十一日,若干非控股權益同意於二零一八年一月之前不會要求償還應付彼等款項人民幣67,611,000元(二零一五年:於二零一七年一月之前應付彼等款項人民幣85,533,000元)。所有該等款項均為無擔保及非貿易性質。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

26. Bank Borrowings

26. 銀行借貸

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Secured bank borrowings Payment schedule according to contractual repayment terms (note i)		
Repayable within one year	485,215	708,707
Repayable in more than one year but not exceeding two years	—	18,195
	485,215	726,902
Unsecured bank borrowing that contains a repayable on demand clause (note ii)	—	7,698
	485,215	734,600
Less: amount due for settlement within one year or contains a repayable on demand clause	(485,215)	(716,405)
	—	18,195

Notes:

- (i) The effective interest rates of the secured bank borrowings are set out in the following table:

附註：

- (i) 下表載列有抵押銀行借貸之實際利率：

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Fixed interest at 6.4% in relation to the Agreement as defined below (2015: 6.4%)	20,000	38,901
Fixed interest at 3.81% to 10.44% (2015: 2.0% to 7.8%)	465,215	688,001
	485,215	726,902

- (ii) The bank borrowing was unsecured, containing a repayable on demand clause and carrying interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 3.2%, with effective interest rate ranged from 3.59% to 3.60% during the year ended 31 December 2015.

- (ii) 銀行借貸為無抵押，附有須按要求償還條款並按香港銀行同業拆息（「香港銀行同業拆息」）加3.2%計息，截至二零一五年十二月三十一日止年度之實際利率介乎3.59%至3.60%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

26. Bank Borrowings (Continued)

On 31 July 2013, the Group entered into an agreement (the "Agreement") with a PRC financial institution ("Financial Institution") whereby the Group drew down RMB85,000,000 from the Financial Institution (included in bank borrowings) which is to be repayable by 16 quarterly installments matured on 17 September 2017 with interest at 6.4% per annum.

As collaterals for the above financing,

- (i) The Group transferred the beneficial interests of one of its dredgers ("Dredger") to the Financial Institution;
- (ii) The Group placed a security deposit of RMB15 million and pledged certain of its accounts receivables as disclosed in Note 33 with the Financial Institution;
- (iii) Mr. Liu provided a personal guarantee for the due performance of the Group's obligations under the Agreement; and
- (iv) The Company entered into a guarantee in favour of the Financial Institution for the due performance of the Group's obligations under the Agreement.

Upon discharging all the Group's obligations under the Agreement, the Financial Institution will return the ownership title of the Dredger to the Group for a nominal amount of RMB1. Despite the Agreement involves a legal form of a lease, the Group accounted for the Agreement as collateralised borrowing in accordance with the actual substance of the Agreement.

As at 31 December 2016 and 2015, the Group's bank borrowings were supported by the corporate guarantees given by Xiangyu PRC (defined in Note 38) and the Company. The Group's bank borrowings to the extent of RMB436,608,000 (2015: RMB605,785,000) were secured by certain assets of the Group (see Note 33), a property owned by a company in which Mr. Liu has beneficial interest and personal guarantees provided by Mr. Liu and Ms. Zhou respectively (see Note 35(ii)).

26. 銀行借貸(續)

於二零一三年七月三十一日，本集團與一家中國金融機構(「該金融機構」)訂立一項協議(「該協議」)，據此，本集團從該金融機構提取人民幣85,000,000元(計入銀行借貸)，須於二零一七年九月十七日前16期按季償還，年息為6.4%。

作為上述融資的抵押品：

- (i) 本集團向該金融機構轉讓一艘挖泥船(「該挖泥船」)的實益權益；
- (ii) 本集團在該金融機構存入人民幣15,000,000元的保證金，並於該金融機構質押若干應收賬款(如附註33披露)；
- (iii) 劉先生為本集團如期履行該協議項下的義務提供個人擔保；及
- (iv) 本公司為本集團如期履行該協議項下的義務訂立以該金融機構為受益人的擔保。

於本集團於該協議項下的所有義務解除時，該金融機構將會以人民幣1元的名義金額向本集團返還該挖泥船的所有權。儘管該協議涉及租賃的法定形式，但本集團根據該協議的實際內容將該協議列作已抵押借款。

於二零一六年及二零一五年十二月三十一日，本集團銀行借貸以翔宇中國(定義見附註38)及本公司作出的公司擔保作支持。本集團銀行借貸人民幣436,608,000元(二零一五年：人民幣605,785,000元)以本集團若干資產(由劉先生於當中擁有實益權益的一間公司所擁有的物業)(見附註33)及由劉先生及周女士分別提供的個人擔保(見附註35(ii))作抵押。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

27. Other Borrowings

27. 其他借貸

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Unsecured other borrowings Without fixed repayment term and classified as current liabilities	其他無擔保借貸 無固定償還期限及分類為 流動負債	67,538	495
Classified as non-current liabilities	分類為非流動負債	33,384	32,293
		100,922	32,788

Included in the Group's other borrowings, approximately RMB88,868,000 (2015: RMB24,408,000) carried fixed interest rates ranged from 10% to 12% per annum (2015: 6.25%). Other than that, the remaining other borrowings of the Group are interest-free. All of the Group's other borrowings are unsecured, without fixed repayment term and were borrowed from independent third parties. On 31 December 2016, certain counterparties agreed not to demand repayment before January 2018 (2015: 31 January 2017) and accordingly, RMB33,384,000 (2015: RMB32,293,000) due to these parties are classified as non-current.

計入本集團其他借貸約人民幣88,868,000元(二零一五年: 人民幣24,408,000元)按固定年利率10%至12%(二零一五年: 6.25%)計息。除此之外,本集團剩餘的其他借貸不計利息。所有本集團其他借貸均為無擔保,並無固定還款期及自獨立第三方借取。於二零一六年十二月三十一日,若干對手方同意不會於二零一八年一月(二零一五年: 二零一七年一月三十一日)之前要求償還借貸,因此,應付該等訂約方的人民幣33,384,000元(二零一五年: 人民幣32,293,000元)被歸類為非流動借貸。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. Bonds Payable/Convertible Bonds/ Derivative Financial Liabilities Embedded in Convertible Bonds

The Company issued unsecured convertible bonds (the "Bonds") to CITIC Capital China Access Fund Limited ("CITIC") at a total nominal value of HK\$243,000,000 (equivalent to RMB191,970,000) on 8 November 2013, carrying an interest rate of 3% per annum with maturity date on 7 November 2016 (the "Original Maturity Date"). The convertible bond holder has the option to either convert them into the Company's ordinary shares at a conversion price of HK\$2.7 per share, subject to anti-dilutive adjustments, at any time after six months from the date of issue and up to the maturity date, or to require the Company to redeem them at 133.792% of the nominal value of the convertible bonds, which amounts to approximately HK\$325,115,000 (equivalent to approximately RMB290,818,000) (the "Original Redemption Amount"), upon maturity. The issuer has no right to early redeem the convertible bonds.

The convertible bonds contain two components, the host debt component and the conversion option. The convertible bonds are denominated in HK\$, which is a currency other than the Company's functional currency. Therefore, the conversion option embedded in the convertible bonds does not result in an exchange of a fixed number of the Company's own equity instrument for a fixed amount of cash. Accordingly, the conversion option is accounted for separately as a derivative liability, which is not closely related to the host debt component. The fair values of the debt component and the derivative component were determined at the date of issue. Subsequent to initial recognition, the debt component is carried at amortised cost while the derivative component is measured at fair value, with changes in fair value recognised in profit or loss. The effective interest rate of the debt component is 16.9%.

28. 應付債券／可換股債券／嵌入 可換股債券的衍生金融負債

本公司於二零一三年十一月八日向CITIC Capital China Access Fund Limited (「CITIC」) 發行總面值243,000,000港元(等於人民幣191,970,000元)的無抵押可換股債券(「債券」)，利息為每年3%，於二零一六年十一月七日期到期(「原到期日」)。該等可換股債券持有人可於發行日期後六個月至到期日的任何時間選擇以兌換價每股2.7港元(可就反攤薄事件作出調整)兌換成本公司的普通股，或於到期後要求本公司按可換股債券的面值的133.792%贖回約325,115,000港元(相當於約人民幣290,818,000元)(「原始贖回金額」)(並無行使提早贖回權)。發行人無權提早贖回該等可換股債券。

可換股債券包含兩個部份，即主債務部份及換股權。可換股債券乃以港元計值，而港元為本公司功能貨幣以外的貨幣。因此，可換股債券的換股權不能以固定數量的本公司自身權益工具交換固定金額港元現金。因此，換股權分開入賬列為衍生負債，這與主債務部份並非密切相關。債務部份及衍生工具部份的公平值於發行日期釐定。初步確認後，債務部份按攤薄成本計算，衍生工具部份則按公平值計算，公平值的變動於損益內確認。債務部份的實際利率為16.9%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. Bonds Payable/Convertible Bonds/ Derivative Financial Liabilities Embedded in Convertible Bonds (Continued)

The Group had not settled the Original Redemption Amount and the last interest payment on the Original Maturity Date to CITIC. Overdue interest of approximately HK\$945,000 (equivalent to approximately RMB840,000) was incurred. During the year ended 31 December 2016, the Group and CITIC entered into a series of agreements that CITIC agreed to a) extend the maturity from the Original Maturity Date to 14 March 2017 and b) waive a sum of US\$2 million (equivalent to approximately RMB13,781,000) by reducing the aggregated amounts of Original Redemption Amount and interests payables to approximately HK\$275,415,000 (equivalent to approximately RMB246,381,000) (the "Reduced Redemption Amount"), subject to the Group's payment of US\$5 million (equivalent to approximately RMB34.5 million) to CITIC on or before 18 November 2016. Details of the agreements are set out in the announcements of the Company on 7 November 2016, 15 November 2016, 16 November 2016 and 16 December 2016.

Under the agreements, interest rates on the Reduced Redemption Amount are as follows:

28. 應付債券／可換股債券／嵌入 可換股債券的衍生金融負債(續)

於原始期滿日，本集團尚未向CITIC支付原始贖回金額及最後一筆利息。逾期利息約為945,000港元(相當於約人民幣840,000元)。截至二零一六年十二月三十一日止年度，本集團與CITIC訂立一系列協議，CITIC同意a)將屆滿時間自原始屆滿日延長至二零一七年三月十四日；及b)豁免2,000,000美元(相當於約人民幣13,781,000元)以減少原始贖回金額及應付利息至約275,415,000港元(相當於約人民幣246,381,000元)(「減少贖回金額」)，惟本集團須於二零一六年十一月十八日或之前向CITIC支付5,000,000美元(相當於約人民幣34,500,000元)。協議詳情載於本公司日期為二零一六年十一月七日、二零一六年十一月十五日、二零一六年十一月十六日及二零一六年十二月十六日之公告。

根據協議，減少贖回金額的利率如下：

Period	期間	Interest rate per annum 年利率
From 15 November 2016 and up to 14 December 2016	二零一六年十一月十五日至 二零一六年十二月十四日	13%
From 15 December 2016 and up to 14 March 2017	二零一六年十二月十五日至 二零一七年三月十四日	15%
From 15 March 2017 and up to the actual repayment date of the Reduced Redemption Amount (together with all default interest) (note)	二零一七年三月十五日至減少贖回金額的實際還款日期(連同所有違約利息)(附註)	18%

Note: Such default interest shall accrue on a day to day basis and be calculated on the basis of a 365-day calendar year on the Reduced Redemption Amount and compounded on a monthly basis.

附註：該等減少贖回金額的違約利息將按每歷年365日為基準每日累計且按月計算複利。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. Bonds Payable/Convertible Bonds/ Derivative Financial Liabilities Embedded in Convertible Bonds (Continued)

Under the agreements, the Bonds are supported by personal guarantees of Mr. Liu and Ms. Zhou (as defined in Note 33), and a dredger owned by the Group with carrying amount of approximately RMB253,985,000 as at 31 December 2016.

Furthermore, the conversion option under the Bonds was removed under the agreements (i.e. no longer exercisable anymore).

The Bonds recognised in the consolidated statement of financial position are calculated as follows:

28. 應付債券/可換股債券/嵌入 可換股債券的衍生金融負債(續)

根據協議，該債券由劉先生及周女士個人擔保(如附註33所界定)及本集團所擁有的於二零一六年十二月三十一日賬面值約為人民幣253,985,000元的一艘挖泥船作擔保。

此外，根據協議，債券的轉換權被去除(即不再獲行使)。

於綜合財務狀況表確認之可換股債券計算如下：

		Debt component 債務部分 RMB'000 人民幣千元	Derivative component 衍生工具部分 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Convertible bonds, at 1 January 2015	可換股債券，於二零一五年 一月一日	204,220	14,423	218,643
Amortisation using effective interest method (Note 9)	採用實際利率法攤銷 (附註9)	37,608	—	37,608
Changes in fair value	公平值變動	—	(7,921)	(7,921)
Interest settlement	利息結算	(5,856)	—	(5,856)
Exchange realignment	匯兌調整	13,581	528	14,109
Convertible bonds, at 31 December 2015	可換股債券，於二零一五年 十二月三十一日	249,553	7,030	256,583
Amortisation using effective interest method (Note 9)	採用實際利率法攤銷 (附註9)	30,668	—	30,668
Interest settlement	利息結算	(3,150)	—	(3,150)
Changes in fair value	公平值變動	—	(7,030)	(7,030)
Accrued overdue interests	應計逾期利息	840	—	840
Amounts waived under the Framework Agreements	根據框架協議放棄的金額	(13,781)	—	(13,781)
Settlement under the agreements	根據框架協議結算	(34,453)	—	(34,453)
Exchange realignment	匯兌調整	16,704	—	16,704
Reduced Redemption amount	減少贖回金額	246,381	—	246,381
Accrued interests	應計利息	4,334	—	4,334
Bonds payable, at 31 December 2016	應付債券，於二零一六年 十二月三十一日	250,715	—	250,715

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

28. Bonds Payable/Convertible Bonds/ Derivative Financial Liabilities Embedded in Convertible Bonds (Continued)

The Bonds at the end of the reporting periods are represented by:

28. 應付債券/可換股債券/嵌入 可換股債券的衍生金融負債(續)

於報告期間末債券呈列如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Interest payable within one year included in other payables	計入其他應付款項之一年內 應付利息	4,334	3,043
Bonds payable	應付債券	246,381	—
Convertible bonds	可換股債券	—	246,510
		250,715	249,553

On 21 March 2017, the Group and CITIC entered into another agreement to further amend the terms of the Bonds as set out in Note 42.

於二零一七年三月二十一日，本集團及CITIC訂立另一項協議，以進一步修訂載於附註42的債券條款。

Fair values of the derivative component (representing the conversion options of the convertible bonds) at 31 December 2015 are determined using Binomial Model by independent valuer, with inputs as follow:

衍生工具部分(指可換股債券之換股權)於二零一五年十二月三十一日的公平值乃由獨立估值師按二項模式使用如下參數計算：

		31 December 2015 二零一五年 十二月三十一日
Valuation date share price	估值日期股價	HK\$1.50 港元
Conversion price	兌換價	HK\$2.70 港元
Time to maturity	到期時間	0.86 years 年
Risk-free rate	無風險利率	0.195%
Volatility	波幅	82%
Dividend yield of the Company	本公司股息率	0.00%

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

29. Share Capital

29. 股本

		Number of shares	Amount	RMB equivalent amount
		股份數目	金額	人民幣 同等金額
		'000	HK\$'000	RMB'000
		千股	千港元	人民幣千元
Ordinary Shares of HK\$0.10 each	每股面值0.10港元的普通股			
Authorised	法定			
Balance at 1 January 2015, 31 December 2015 and 2016	於二零一五年一月一日、 二零一五年十二月 三十一日及二零一六年 十二月三十一日的結餘	10,000,000	1,000,000	N/A
Issued and fully paid	已發行及繳足			
Balance at 1 January 2015	於二零一五年一月一日的結 餘	855,600	85,560	71,592
Placing of shares (note i)	配售股份(附註i)	376,464	37,646	30,453
Balance at 31 December 2015	於二零一五年 十二月三十一日的結餘	1,232,064	123,206	102,045
Placing of shares (note ii)	配售股份(附註ii)	246,000	24,600	21,438
Balance at 31 December 2016	於二零一六年 十二月三十一日的結餘	1,478,064	147,806	123,483

Notes:

- (i) During the year ended 31 December 2015, the share placings of 171,120,000 shares, 97,340,000 shares and 108,004,000 shares of the Company at a placing price of HK\$1.38, HK\$1.13 and HK\$1.15 per share respectively were completed. The aggregate net proceeds from the placing was approximately HK\$467.0 million (equivalent to approximately RMB379.0 million).
- (ii) On 24 November 2016, the share placings of 246,000,000 shares of the Company at a placing price of HK\$0.35 were completed. The net proceeds from the placing was approximately HK\$86.1 million (equivalent to approximately RMB75.0 million), which was used to acquire land use rights and property and machinery as set out in Note 15 and Note 16.

附註:

- (i) 截至二零一五年十二月三十一日止年度，本公司完成按配售價每股股份1.38港元、1.13港元及1.15港元分別配售171,120,000股股份、97,340,000股股份及108,004,000股股份。配售之總所得款項淨額約為467,000,000港元(相當於約人民幣379,000,000元)。
- (ii) 於二零一六年十二月二十四日，本公司完成按配售價每股股份0.35港元配售246,000,000股股份。配售之總所得款項淨額約為86,100,000港元(相等於約人民幣75,000,000元)，用於取得土地使用權及物業及機器(載於附註15及附註16)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

30. Disposal of a Subsidiary

On 9 March 2016, the Group disposed of its entire interests in a wholly-owned subsidiary, 江蘇省路港建設工程有限公司 (Jiangsu Province Lugang Construction Project Co. Ltd.*) ("Lugang"), which is PRC Operational Entity as set out in Note 38 to independent third parties at a total consideration of approximately RMB85.8 million. The consideration was settled by offsetting against the amount due to Lugang in full. In the opinion of the Directors, with reference to legal opinion, the disposal does not have any impact on the Group's Contractual Arrangements as set out in Note 38 of the consolidated financial statements of the Group for the year ended 31 December 2015. Details of the disposal are set out in the announcement dated 9 March 2016.

The net assets of this disposed subsidiary and effect on cash flows of the Group at the date of disposal were as follows:

30. 出售一間附屬公司

於二零一六年三月九日，本集團向獨立第三方出售其於全資附屬公司江蘇省路港建設工程有限公司(「路港」，為中國營運實體，載於附註38)之全部權益，總代價約為人民幣85,800,000元。代價乃透過悉數應付路港款項所抵銷而支付。董事參考法律意見後認為，出售對本集團截至二零一五年十二月三十一日止年度之綜合財務報表附註38所載之本集團的合約安排並無任何影響。出售詳情載於日期為二零一六年三月九日之公告。

於出售日期，該被出售附屬公司的資產淨值及對本集團現金流量的影響如下：

		At 31 December 2016 於二零一六年 十二月三十一日 RMB'000 人民幣千元
Consideration	代價	85,800
Less: Net assets disposal of:	減：已出售資產淨值：	
Goodwill	商譽	2,755
Property, plant and equipment	物業、廠房及設備	142
Trade and other receivables	應收賬款及其他應收款	97,999
Bank balances and cash	銀行結餘及現金	8
Other payables	其他應付款	(39,354)
		61,550
Gain on disposal of a subsidiary	出售一間附屬公司的收益	24,250
Net cash inflow arising from disposal:	出售產生的現金流入淨額：	
Consideration	代價	85,800
Less: Waiver of amount due to Lugang	減：豁免應付路港款項	(85,800)
Less: Bank balances and cash disposal of	減：已出售銀行結餘及現金	(8)
		(8)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

31. Operating Leases

The Group as lessee

(i) Minimum lease payments paid

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Minimum lease payments paid under operating leases during the year:	年內根據經營租賃支付的最低租賃款項：		
Office premises	辦公室物業	1,128	1,870
Transportation vessels	運輸船舶	3,741	6,805
		4,869	8,675

(ii) Minimum lease payment commitments

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases for office premises which fall due as follows:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within one year	一年內	929	1,100
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	326	344
		1,255	1,444

The leases for office premises are generally negotiated for a term between one to ten years.

The Group as lessor

Rental income from chartered vessels earned during the year was RMB6,208,000 (2015: RMB12,704,000). The chartered vessels have committed tenants for the next one to two years.

31. 經營租賃

本集團作為承租人

(i) 已付最低租賃款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Minimum lease payments paid under operating leases during the year:	年內根據經營租賃支付的最低租賃款項：		
Office premises	辦公室物業	1,128	1,870
Transportation vessels	運輸船舶	3,741	6,805
		4,869	8,675

(ii) 最低租賃款項承擔

於各報告期末，本集團承諾就到期的有關辦公室物業的不可註銷經營租賃作出下列未來最低租賃付款：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Within one year	一年內	929	1,100
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	326	344
		1,255	1,444

辦公室物業租賃期通常商定為一至十年。

本集團作為出租人

年內自所包租船舶賺取的租金收入為人民幣6,208,000元(二零一五年：人民幣12,704,000元)。所包租船舶具有承租往後一至二年的租戶。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

32. Capital Commitments

32. 資本承擔

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Capital commitments contracted but not provided for relating to the following:	已訂約但並未就有關以下各項計提撥備的資本承擔：		
Acquisition of property, plant and equipment (note (iii))	收購物業、廠房及設備(附註(iii))	118,809	3,059
Additions to investment properties under construction	添置在建投資物業	—	73,347
Investment in a sino-foreign joint venture in the PRC (note (i))	於中國一家中外合營公司的投資(附註(i))	—	24,000
Investment in conducting capital financing business (note (ii))	投資進行資金金融業務(附註(ii))	7,122	7,122

Notes:

- (i) Pursuant to the Company's announcement dated 21 October 2012, the Group has entered into a legally binding framework agreement with a PRC company ("PRC Company"). Pursuant to the agreement, the Group and the PRC Company agreed to take steps to jointly incorporate a new enterprise in Hunan Province, the PRC, for securing the projects of environmental management and construction of infrastructure to be carried out in the Qingshui Lake area, which is expected to last for about five years. The Group withdrawn from the agreement upon mutual agreement during the year ended 31 December 2016.
- (ii) Pursuant to the Investment Agreement (see Note 20 (v)), the proposed registered capital of US\$20 million will be contributed in proportion to the respective equity holdings of the Company and two other investors of US\$16 million, US\$2 million and US\$2 million respectively. As at 31 December 2016, capital of US\$14.9 million was injected by the Group whilst the other two investors are still in progress in obtaining approval from regulators for capital injection.
- (iii) During the year, the Group started to construct a hotel in Yancheng, the PRC. Pursuant to the agreement, the constructions are expected to complete at the end of 2017.

附註：

- (i) 根據本公司日期為二零一二年十月二十一日的公告，本集團已與一家中國公司(「該中國公司」)訂立一份具法律效力的框架協議。根據該協議，本集團與該中國公司同意採取行動於中國湖南省共同註冊成立一家新公司，以取得將於清水湖區進行之環境管理及基建建設之項目，有關項目預計將持續大約五年。本集團於截至二零一六年十二月三十一日止年度經雙方同意撤銷協議。
- (ii) 根據投資協議(見附註20(v))，建議註冊資本20,000,000美元將由本公司及另外兩名投資者按各自之股權分別出資16,000,000美元、2,000,000美元及2,000,000美元。於二零一六年十二月三十一日，本公司已注入14,900,000美元，而另外兩名投資者仍在就注資取得監管部門的批准。
- (iii) 年內，該集團開始在中國鹽城興建一家酒店。根據協議，該工程預計於二零一七年底完成。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

33. Pledge of Assets

At the end of the reporting period, the following assets of the Group were pledged to secure bank borrowings and credit facilities granted to the Group during the year:

33. 資產抵押

於報告期末，本集團已將以下資產作為年內授予本集團的銀行借貸及信貸額的抵押：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Dredgers included in property, plant and equipment	挖泥船(列入物業、廠房及設備)	958,777	624,104
Building included in property, plant and equipment	樓宇(列入物業、廠房及設備)	—	23,336
Prepaid land lease payments	預付土地租約款	85,660	95,105
Accounts receivables (note)	應收賬款(附註)	—	19,044
Pledged bank deposits	已抵押銀行存款	15,000	62,572
		1,059,437	824,161

Note: Accounts receivables related to certain dredging projects which were pledged to secure the Group's bank borrowings. The banks could exercise their rights over any outstanding accounts receivables relating to the relevant dredging projects in the event of the Group's breach of the terms of bank borrowings. As at 31 December 2016, outstanding accounts receivables relating to these projects amounted to Nil (2015: RMB19,044,000) and the related bank borrowings amounted to RMB17,415,000 (2015: RMB38,901,000).

附註：應收賬款與若干疏浚項目有關，而該等項目已被質押以取得本集團銀行借貸。如本集團違反銀行借貸的條款，銀行可行使對與相關疏浚項目有關的任何未償還應收賬款的權利。於二零一六年十二月三十一日，與該等項目相關的未償還應收賬款為無(二零一五年：人民幣19,044,000元)及有關銀行借貸為人民幣17,415,000元(二零一五年：人民幣38,901,000元)。

In addition, as at 31 December 2016, the Group's bank borrowing to the extent of RMB17,415,000 (2015: RMB38,901,000) was secured by one of the Group's dredgers with a carrying amount of RMB226,643,000 (2015: RMB242,305,000) being held as a collateral. Details of such bank borrowing are set out in Note 26.

此外，於二零一六年十二月三十一日，本集團人民幣17,415,000元(二零一五年：人民幣38,901,000元)的銀行借貸乃由本集團持作抵押品的賬面值為人民幣226,643,000元(二零一五年：人民幣242,305,000元)的一艘挖泥船作抵押。上述銀行借貸的詳情載於附註26。

As at 31 December 2015, the Group's bank borrowings to the extent of HK\$116,899,000 (equivalent to RMB97,231,105) were supported by a guarantee provided by China Merchant Bank Nanjing branch, which was in turn secured by two parcels of land owned by Yongheng.

於二零一五年十二月三十一日，本集團的銀行借貸為116,899,000港元(相等於人民幣97,231,105元)，乃由中國招商銀行南京分行提供的擔保予以支持，而該擔保由詠恒所擁有的兩幅土地進行擔保。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

34. Retirement Benefit Plans

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the local government in the PRC. The Group is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the scheme is to make the specified contributions according to the state rules.

35. Related Party Disclosures

(i) Related party transactions

During the year, the Group paid rentals of RMB96,000 (2015: RMB96,000) to certain companies controlled by Mr. Liu in respect of office premises.

In addition, the Group received other advances from, and made repayments to, Mr. Liu during the year ended 31 December 2016 and 2015. As at 31 December 2016, the amount due to Mr. Liu was RMB26,499,000 (2015: RMB17,806,000).

(ii) Pledge of assets and guarantees in support of the Group's borrowings

As at 31 December 2016 and 31 December 2015, other than pledge of assets of the Group, the Group's bank borrowings were also supported by:

- (a) corporate guarantee given by Xiangyu PRC;
- (b) personal guarantees provided by Mr. Liu and Ms. Zhou; and
- (c) two properties owned by certain non-controlling shareholders of the Company's subsidiary.

Bank borrowing of the Group of RMB98 million (2015: RMB98 million) was supported by a property owned by a company in which Mr. Liu has beneficial interest.

34. 退休福利計劃

本集團中國附屬公司的僱員，是由中國地方政府經營的國家管理退休福利計劃的成員。本集團須按薪金開支的特定比例向退休福利計劃供款，為福利提供資金。本集團對該計劃的唯一責任是根據國家法規作出有關特定供款。

35. 關連方披露

(i) 關連方交易

年內，本集團就辦公室物業向由劉先生控制之若干公司支付租金人民幣96,000元(二零一五年：人民幣96,000元)。

此外，截至二零一六年及二零一五年十二月三十一日止年度，本集團接獲來自劉先生之其他墊款且已向劉先生作出償還。於二零一六年十二月三十一日，應付劉先生款項為人民幣26,499,000元(二零一五年：人民幣17,806,000元)。

(ii) 為支持本集團借貸作出的資產抵押及擔保

於二零一六年十二月三十一日及二零一五年十二月三十一日，除本集團之抵押資產外，本集團銀行借貸亦由下列各項支持：

- (a) 翔宇中國作出的公司擔保；
- (b) 劉先生及周女士提供的個人擔保；及
- (c) 本公司附屬公司若干非控股股東擁有的兩項物業。

本集團一筆銀行借貸為人民幣98,000,000元(二零一五年：人民幣98,000,000元)，乃由劉先生擁有實益權益的一間公司擁有的一項物業予以支持。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

35. Related Party Disclosures (Continued)

(iii) Related party balances

Details of the balances due to directors are set out in Note 24 to the consolidated financial statements.

(iv) Compensation of key management personnel

The emoluments of directors who are also identified as members of key management of the Group during the reporting period are set out in Note 12 to the consolidated financial statements.

35. 關連方披露(續)

(iii) 關連方結餘

應付董事結餘詳情載於綜合財務報表附註24。

(iv) 主要管理層成員薪酬

於報告期間，同時身為本集團主要管理層成員的董事酬金載於綜合財務報表附註12。

36. Capital Risk Management

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. Having considered the factors and circumstance set out in Note 2 to the consolidated financial statements, the Directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for next twelve months from the end of reporting period.

The capital structure of the Group consists of amounts due to non-controlling interests of a subsidiary, bank borrowings, other borrowings, bonds payable and convertible bonds as disclosed in Notes 25, 26, 27 and 28 to the consolidated financial statements respectively and equity attributable to shareholders of the Company, comprising paid up capital/share capital and reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost and the risks associated with each class of the capital. Based on the recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

36. 資本風險管理

本集團管理其資本使集團下的公司得以持續經營，同時通過優化債務與股本平衡為股東帶來最大回報。經考慮載列於綜合財務報表附註2之因素及情況，董事信納本集團將擁有充足的流動資金以應付其自報告期末起計未來十二個月的現金流量需要。

本集團的資本結構包括分別於綜合財務報表附註25、26、27及28披露的應付一間附屬公司非控股權益款項、銀行借貸、其他借貸、應付債券及可換股債券，以及本公司股東應佔權益，包括實繳資本／股本及儲備。

董事定期檢討資本結構。作為檢討的一部分，董事考慮資本的成本及每一類資本附帶的風險。根據董事的建議，本集團將透過支付股息、發行新股及發行新債或贖回現行債務平衡本集團的整體資本結構。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. Financial Instruments

37. 金融工具

(a) Categories of financial instruments

(a) 金融工具類別

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Financial assets	金融資產		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	1,465,888	1,559,845
Financial liabilities	金融負債		
Amortised cost	攤銷成本	1,416,231	1,612,293
Fair value through profit or loss	通過損益按公平值列賬	—	7,030

(b) Financial risk management objectives and policies

The Group's major financial instruments include accounts and other receivables, pledged bank deposits, bank balances and cash, accounts and other payables, amounts due to directors, amounts due to non-controlling interests of a subsidiary, bank borrowings, other borrowings, bonds payables, convertible bonds and derivative financial liabilities embedded in convertible bonds. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market, credit and liquidity risks. The policy on how to mitigate these risks is set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(b) 財務風險管理目標及政策

本集團的主要金融工具包括應收賬款及其他應收款、已抵押銀行存款、銀行結餘及現金、應付賬款及其他應付款、應付董事款項、應付一間附屬公司非控股權益款項、銀行借貸、其他借貸、應付債券、可換股債券嵌入可換股債券。該等金融工具的詳情於各項相關附註中披露。與該等金融工具相關的風險包括市場、信貸及流動資金風險。有關如何減低該等風險的政策載於下文。管理層管理及監察該等風險，以確保及時及有效地採取適當措施。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

The Group has foreign currency transactions, which expose the Group to foreign currency risk. The Company will consider the use of foreign currency forward contracts to mitigate the risk when the need arise.

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary assets and liabilities that are considered significant by the management are as follows:

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險

(i) 貨幣風險

本集團存在外幣交易，導致本集團須承受外幣風險。本公司將於有需要時考慮動用外幣遠期合約來降低風險。

於報告期末，管理層認為屬重大的以外幣計值的貨幣資產及負債賬面金額如下：

		Assets 資產		Liabilities 負債	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
US\$	美元	46	1,541	—	80,800
HK\$	港元	399	3,384	286,075	495,684

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The following table details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in the functional currency of the relevant group entities against the relevant foreign currencies and all other variable were held constant. 5% (2015: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. On this basis, there will be an increase in post-tax profit where the functional currency of the relevant group entities weaken against US\$ by 5% or strengthen against HK\$ by 5%, and vice versa.

		Increase (decrease) in post-tax profit	
		稅後溢利增加(減小)	
		2016	2015
		二零一六年	二零一五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
US\$	美元	2	(2,972)
HK\$	港元	(14,284)	(18,461)

In the opinion of the Directors, the sensitivity analysis above is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

下表詳述所有其他可變數據維持不變的情況下，本集團對有關集團實體的功能貨幣兌相關外幣上升及下降5% (二零一五年：5%) 的敏感度。5% (二零一五年：5%) 為管理層就外幣匯率的合理可能變動作出的評估。敏感度分析只包括以外幣計值的未償付貨幣項目，並於年末就外幣匯率變動5% 調整其換算。在上述基準下，當有關集團實體的功能貨幣兌美元貶值5% 或兌港元上升5%，稅後溢利將增加，反之亦然。

董事認為上述敏感度分析並不能代表內在貨幣風險，原因是年末風險並不能反映全年風險。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to variable-rate bank balances for the year ended 31 December 2016 and 2015 and a variable-rate bank borrowing carrying prevailing interest rates at HIBOR (see Note 26) for the year ended 31 December 2016 and 2015. In addition, the Group was also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, other borrowings, bonds payable, amounts due to non-controlling interests of a subsidiary, certain accounts receivables and pledged bank deposits as at 31 December 2016 and 2015.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In the opinion of the Directors, the reasonably possible change in interest rates for bank balances and the variable-rate bank borrowing is insignificant. No sensitivity analysis is presented.

(iii) Other price risk

For the year ended 31 December 2016, the Group is no longer estimate the fair value of the derivative financial liability embedded in convertible bonds since it become non-exercisable after the Original Maturity Date. The fair value no longer affected by the share price model were held constant.

In the opinion of the Directors, the sensitivity analysis above is unrepresentative of the inherent price risk as the pricing model used in the valuation of the derivative financial liability involves multiple variables and certain variables are interdependent.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險

截至二零一六年及二零一五年十二月三十一日止年度，本集團主要承受有關浮動利率銀行結餘的現金流量利率風險及截至二零一六年及二零一五年十二月三十一日止年度附帶現行香港同業拆息之浮動利率銀行借貸(見附註26)。此外，於二零一六年及二零一五年十二月三十一日，本集團亦承受有關固定利率銀行借貸、其他借貸、應付債券、應付一間附屬公司非控股權益款項、若干應收款項及已抵押銀行存款的公平值利率風險。

本集團現時並無利率對沖政策。然而，管理層監察利率風險，並將於需要時考慮對沖重大利率風險。

董事認為，銀行結餘及浮動利率銀行借貸利率可能出現的合理變動不大。並無編製敏感度分析。

(iii) 其他價格風險

截至二零一六年十二月三十一日止年度，本集團不再估計嵌入可換股債券及有關認股權證之衍生金融負債之公平值，因為到原始期限之后就變得不可操作。公平值不再受股價模型的影响保持不变。

董事認為上述敏感度分析並不能代表內在價格風險，原因是衍生金融負債估值所採用的定價模型涉及到多項變量，而若干變量之間相互依賴。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

At the end of the reporting date, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure by the counterparties to discharge an obligation was arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, especially from the long due accounts receivables.

Because of the nature of its dredging, water management and marine related businesses, the Group normally transacts with large PRC state-owned companies, local governments and large private enterprises with solid financial background, and hence the customer base is typically small. The management of the Company has delegated a team responsible for performing background check before acceptance of new projects and determination of credit limits and credit approvals. Most of the customers have been cooperating with the Group for many years and are maintaining good relationship with the Group. Due to its small number of customers, management regularly visits each customer to ensure that there is no dispute on the amounts due and understand reasons for delaying repayment. In case repayment fall behind schedule, the management discusses with each of the customers for committing repayment in reasonable time. In case customers are not able to commit repayment in reasonable time, the management of the Company assesses impairment losses by taking reference to expected repayment amounts and dates and respective effective interest rate of individual customer. The management also reviews the recoverable amount of individual customer regularly to ensure that adequate impairment losses are made for irrecoverable amounts. Based on the settlement history of the major customers, the Directors consider that the Group's credit risk on trade receivables has been properly addressed.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險

於各報告期末，本集團因對方未能履行責任造成本集團財務損失而面對的最高信貸風險，乃來自綜合財務狀況表所示相關已確認金融資產的賬面金額，特別是逾期已久之應收賬款。

由於疏浚、水務管理及海事相關業務性質使然，本集團通常與具有雄厚財務背景的大型中國國有企業、地方政府及大型私有企業進行交易，因而客戶基礎一般較細小。本公司管理層已委派一組人員負責於接受新計劃、釐定信貸限額及信貸審批前進行背景調查。大部分客戶多年來一直與本集團合作，並與本集團維持良好關係。由於客戶數量少，管理層定期拜訪各戶以確保不會就該等應收款項產生糾紛，並瞭解延遲償還款項之原因。若款項未能及時償還，管理層會與各客戶商討，以於合理時間內償還。倘該客戶不能在合理時間內償還，本公司管理層會參照預期償還金額及日期以及個別客戶的實際利率評估減值虧損。管理層亦會定期審閱個別客戶之可收回金額，以確保就不可收回金額作出足夠的減值虧損。根據主要客戶的還款記錄，董事認為，本集團有關應收貿易賬款的信貸風險已妥善化解。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group is commencing its capital financing business. Hence, the customer base is small. The management of the Company assesses the potential borrower's credit quality by investigating their historical credit record and define their credit limit on individual basis. The management of the Company has delegated a team responsible for updating and monitoring the financial capabilities of the borrowers to ensure that adequate impairment losses are made.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

The Group also has a significant concentration of credit risk in relation to its trade customers as follows:

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

信貸風險(續)

本集團正在開展資本融資業務。然而，客戶基礎小。本公司透過調查潛在借款人的過往信貸記錄評估其信貸質量並按個別基準界定信貸限額。本公司管理層已委派一組人員負責更新及監控借款人的財務能力以確保作出適當的減值虧損。

流動資金的信貸風險有限，因為交易對手為信譽良好的銀行。

本集團亦面對與其貿易客戶有關的下列重大信貸集中風險：

	2016 二零一六年 %	2015 二零一五年 %
Amount due from the largest customer as a percentage to total accounts receivables 應收最大客戶款項佔應收款項總額的百分比	18	14
Amount due from the five largest customers as a percentage to total accounts receivables 應收五大客戶款項佔應收款項總額的百分比	51	54

As mentioned above, the number of customers is small. Due to its small number, management regularly visits each customers to ensure that there is no dispute on the amounts due. In this regard, the Directors consider that the Group's concentration of credit risk is mitigated.

誠如以上所述，客戶數量較少。由於其數量少，管理層定期拜訪各客戶以確保不會就該等應收款項產生糾紛。就此而言，董事認為本集團信貸集中風險已被降低。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash reserves to meet its liquidity requirements in the short and longer term. Having considered the factors and circumstances set out in Note 2 to the consolidated financial statements, the Directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve months from the end of the reporting period.

The following tables detail Group's contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing interest rate at the end of the reporting date.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險

本集團之政策為定期監察目前及預期之流動資金需求，從而確保本集團維持足夠現金儲備以應付其短期及較長的流動資金需求。經考慮綜合財務報表附註2所載因素及情況後，董事信納本集團將擁有足夠流動資金以滿足自報告期末起計未來十二個月的現金流量需求。

下表詳列本集團金融負債的合約到期日。該表乃根據本集團須付款的最早日期按照金融負債的未貼現現金流量編製。

該表包括利息及本金現金流量。在利息流量為浮動利率的前提下，未貼現數額乃由報告期末的現行利率得出。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險(續)

流動資金及利率風險表

		Weighted average effective interest rate 加權平均 實際利率 %	On demand/ less than 3 months 按要求/ 少於三個月 RMB'000 人民幣千元	3 months to 1 year 三個月至 一年 RMB'000 人民幣千元	1 year to 2 years 一年至兩年 RMB'000 人民幣千元	Over 2 years 兩年以上 RMB'000 人民幣千元	Total undiscounted cash flows 未貼現現金 流量總額 RMB'000 人民幣千元	Carrying amount 賬面金額 RMB'000 人民幣千元
At 31 December 2016	於二零一六年 十二月三十一日							
<i>Non-derivative financial liabilities</i>								
Accounts payables	應付賬款	—	189,097	—	—	—	189,097	189,097
Other payables (excluding current portion of convertible bonds)	其他應付款項(不包括可換股債券之即期部分)	—	239,014	57,035	—	—	296,049	296,049
Amounts due to directors	應付董事款項	—	28,480	—	—	—	28,480	28,480
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非控股權益款項							
— non-interest bearing	— 不計息	—	2,476	—	56,967	—	59,443	59,443
— interest bearing at fixed rates	— 按固定利率計息	12	—	—	11,922	—	11,922	10,644
Bank borrowings	銀行借貸							
— interests bearing at fixed rates	— 按固定利率計息	4.97	157,903	322,775	—	—	480,678	467,800
— interests bearing at floating rate	— 按浮動利率計息	6.4	—	17,415	—	—	17,415	17,415
Other borrowings	其他借貸							
— non-interest bearing	— 不計息	—	3,538	—	—	—	3,538	3,538
— interest bearing at fixed rates	— 按固定利率計息	12	—	70,400	—	—	70,400	97,384
Bonds payable	應付債券	15	288,054	—	—	—	288,054	246,381
			908,562	467,625	68,889	—	1,445,076	1,416,231

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. Financial Instruments (Continued)

37. 金融工具(續)

(b) Financial risk management objectives and policies (Continued)

(b) 財務風險管理目標及政策(續)

Liquidity risk (Continued)

流動資金風險(續)

Liquidity and interest risk tables (Continued)

流動資金及利率風險表(續)

		Weighted average effective interest rate 加權平均 實際利率 %	On demand/ less than 3 months 按要求/ 少於三個月 RMB'000 人民幣千元	3 months to 1 year 三個月至 一年 RMB'000 人民幣千元	1 year to 2 years 一年至兩年 RMB'000 人民幣千元	Over 2 years 兩年以上 RMB'000 人民幣千元	Total undiscounted cash flows 未貼現現金 流量總額 RMB'000 人民幣千元	Carrying amount 賬面金額 RMB'000 人民幣千元
At 31 December 2015	於二零一五年 十二月三十一日							
<i>Non-derivative financial liabilities</i>	<i>非衍生金融負債</i>							
Accounts payables	應付賬款	—	229,776	—	—	—	229,776	229,776
Bills payable	應付票據	—	4,000	3,572	—	—	7,572	7,572
Other payables (excluding current portion of convertible bonds)	其他應付款項(不包括可換股債券之即期部分)	—	158,420	93,308	—	—	251,728	251,728
Amounts due to directors	應付董事款項	—	19,098	—	—	—	19,098	19,098
Amounts due to non-controlling interests of a subsidiary	應付一間附屬公司非控股權益款項							
— non-interest bearing	— 不計息	—	1,644	—	74,338	—	75,982	75,982
— interest bearing at fixed rates	— 按固定利率計息	6.25	—	—	11,895	—	11,895	11,195
Bank borrowings	銀行借貸							
— interests bearing at fixed rates	— 按固定利率計息	4.60	101,980	626,638	18,191	—	746,809	726,903
— interests bearing at floating rate	— 按浮動利率計息	3.59	7,698	—	—	—	7,698	7,698
Other borrowings	其他借貸							
— non-interest bearing	— 不計息	—	495	—	7,885	—	8,380	8,380
— interest bearing at fixed rates	— 按固定利率計息	6.25	—	—	25,934	—	25,934	24,408
Convertible bonds	可換股債券	16.91	—	278,348	—	—	278,348	249,553
			523,111	1,001,866	138,243	—	1,663,220	1,612,293
<i>Derivative financial liabilities</i>	<i>衍生金融負債</i>							
Derivative financial liabilities embedded in convertible bonds	嵌入可換股債券之衍生金融負債	—	7,030	—	—	—	7,030	7,030

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. Financial Instruments (Continued)

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The Directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised costs in the consolidated financial statements approximate their fair values.

The derivative financial liabilities are measured at fair value at the end of each reporting period. At 31 December 2016, the fair value of the derivative financial liabilities embedded in convertible bonds is nil (2015: RMB7,030,000) respectively. The fair value of the derivative financial liabilities embedded in convertible bonds (representing the conversion options of the convertible bonds issued by the Group) are determined using Binomial Model, with inputs, including: valuation date share price, conversion price, time to maturity, risk-free rate, volatility and dividend yield of the Company.

The significant unobservable input for the valuation is the volatility used to determine the fair value in the pricing models. Carrying amount of the derivative financial liabilities embedded in convertible bonds would be increased by Nil (2015: RMB3 million)/ decrease by Nil (2015: RMB3 million) with all other input variables of the valuation models were held constant.

The derivative financial liabilities embedded in convertible bonds and the derivative financial liabilities in relation to warrants are classified as Level 3 under the fair value hierarchy at 31 December 2016.

37. 金融工具(續)

(c) 公平值

金融資產及金融負債的公平值乃根據公認定價模式按照已貼現現金流量分析，使用現時可觀察市場交易價格或利率作為輸入數據而釐定。

董事認為按攤銷成本計量於綜合財務報表計量的金融資產及金融負債的賬面金額與其公平值相若。

衍生金融負債乃按各報告期末的公平值計量。於二零一六年十二月三十一日，嵌入可換股債券之衍生金融負債的公平值為人民幣零元(二零一五年：人民幣7,030,000元)。嵌入可換股債券之衍生金融負債(指本集團發行之可換股債券的兌換權)的公平值乃根據二項模型採用下列輸入數據釐定，包括：估值日股價、換股價、到期時間、無風險利率、波動性及本公司股息收益率。

估值的重大不可觀察輸入數據為用於釐定定價模型中公平值之波動性。倘波動性上升/下降10%(二零一五年：10%)，而估值模型的所有其他輸入變量維持不變，則嵌入可換股債券之衍生金融負債的賬面值將會增加人民幣0元(二零一五年：人民幣3,000,000元)/減少人民幣0元(二零一五年：人民幣3,000,000元)。

嵌入可換股債券之衍生金融負債及有關認股權證之衍生金融負債被歸類為二零一六年十二月三十一日公平值級別項下的第三層級。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

37. Financial Instruments (Continued)

(c) Fair value (Continued)

Reconciliation of Level 3 fair value measurements of the financial liabilities embedded in convertible bonds is as below:

		RMB'000 人民幣千元
At 1 January 2015	於二零一五年一月一日	14,423
Changes in fair value	公平值變動	(7,921)
Exchange realignment	匯兌調整	528
At 31 December 2015	於二零一五年十二月三十一日	7,030
Changes in fair value	公平值變動	(7,030)
At 31 December 2016	於二零一六年十二月三十一日	—

37. 金融工具(續)

(c) 公平值(續)

嵌入可換股債券之金融工具之第三級金融價值計量之對賬如下：

38. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

38. 主要附屬公司詳情

本公司於報告期末的主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Country of operation and date of incorporation/establishment 營運國家及註冊成立/成立的日期	Issued and fully paid ordinary share capital/registered capital 已發行及繳足普通股股本/註冊資本	Attributable equity interest indirectly held by the Company 本公司間接持有的應佔股權		Principal activities 主要業務	Form of company 公司形式
			2016 二零一六年	2015 二零一五年		
Jiangsu Jiaolong Salvage Harbour Engineering Co. Ltd.*	PRC 22 July 1977	RMB72,754,776	51%	51%	Provision of marine hoisting, installation and other engineering services	Limited liability
江蘇蛟龍打撈航務工程有限公司	中國 一九七七年七月二十二日	人民幣 72,754,776元			提供海上吊裝安裝、打撈及其他工程服務	有限責任

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

38. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Country of operation and date of incorporation/establishment 營運國家及註冊成立/成立的日期	Issued and fully paid ordinary share capital/registered capital 已發行及繳足普通股股本/註冊資本	Attributable equity interest indirectly held by the Company 本公司間接持有的應佔股權		Principal activities 主要業務	Form of company 公司形式
			2016 二零一六年	2015 二零一五年		
Jiangsu Province Lugang Construction Project Co. Ltd. (note 30) 江蘇省路港建設工程 有限公司(附註30)	PRC 14 June 2004 中國 二零零四年 六月十四日	RMB85,800,000 人民幣 85,800,000元	—	100%	Provision of dredging services 提供疏浚服務	Limited liability 有限責任
Jiangsu Xingyu Environment Protection Company Limited* 江蘇興宇疏浚環保有限公司	PRC 20 March 2016 中國 二零一六年 三月二十日	RMB10,000,000 人民幣 10,000,000元	100%	100%	Provision of dredging services 提供疏浚服務	Limited liability 有限責任
Jiangsu Xiangyu Environment Protection Equipment Co. Ltd.* 江蘇翔宇環保設備有限公司	PRC 18 August 2013 中國 二零一三年 八月十八日	US\$75,000,000 75,000,000 美元	100%	100%	Manufacturing of dredging machines 製造挖泥機	Wholly-owned foreign enterprise 外商獨資企業
Jiangsu Xingyu Holdings Group Limited* ("PRC Operational Entity") (note ii) 江蘇興宇控股集團有限公司 (「中國經營實體」)(附註ii)	PRC 13 July 2007 中國 二零零七年 七月十三日	RMB39,315,800 人民幣 39,315,800元	note ii (附註ii)	note ii (附註ii)	Provision of dredging services 提供疏浚服務	Limited liability 有限責任
Jiangsu Xiangyu Port Constructing Project Administration Company Limited* ("Xiangyu PRC") (note ii) 江蘇翔宇港建工程 管理有限公司(「翔宇中國」) (附註ii)	PRC 11 June 2010 中國 二零一零年 六月十一日	US\$80,000,000 80,000,000 美元	100%	100%	Provision of dredging services 提供疏浚服務	Wholly-owned foreign enterprise 外商獨資企業

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

38. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Country of operation and date of incorporation/ establishment 營運國家及註冊成立/成立的日期	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足普通股股本/註冊資本	Attributable equity interest indirectly held by the Company 本公司間接持有的應佔股權		Principal activities 主要業務	Form of company 公司形式
			2016 二零一六年	2015 二零一五年		
Jiangsu Xiangyu Water Management Company Limited*	PRC 3 August 2011	US\$73,000,000	100%	100%	Provision of dredging and water management services	Wholly-owned foreign enterprise
江蘇翔宇水務有限公司	中國 二零一一年八月三日	73,000,000 美元			提供疏浚及水務管理服務	外商獨資企業
Power Wealth Engineering Limited	Hong Kong 3 July 2002	HK\$100,000	100%	100%	Investment holding and provision of dredging consultation services	Limited liability
力富工程有限公司	香港 二零零二年七月三日	100,000 港元			投資控股及提供疏浚諮詢服務	有限責任
Jiangsu Fengyu Property Development Company Limited*	PRC 4 December 2013	RMB66,000,000	100%	100%	Property development and investment	Limited liability
江蘇豐宇置業有限公司	中國 二零一三年十二月四日	人民幣 66,000,000元			物業發展及投資	有限責任
Yancheng Juranzhijia Home Building Material Commercial Management Limited*	PRC 15 June 2016	RMB1,000,000	100%	100%	Property management	Limited liability
鹽城居然之家家居建材商業管理有限公司	中國 二零一六年六月十五日	人民幣 1,000,000元			物業管理	有限責任
Jiangsu Xingyu Commerce Company Limited*	PRC 16 April 2015	RMB10,000,000	100%	100%	Inactive	Limited liability
江蘇興宇商務有限公司	中國 二零一五年四月十六日	人民幣 10,000,000元			未有經營業務	有限責任

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

38. 主要附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Country of operation and date of incorporation/ establishment 營運國家及註冊成立/成立的日期	Issued and fully paid ordinary share capital/ registered capital 已發行及繳足普通股股本/註冊資本	Attributable equity interest indirectly held by the Company 本公司間接持有的應佔股權		Principal activities 主要業務	Form of company 公司形式
			2016 二零一六年	2015 二零一五年		
Huaian Shi Xiangyu Technology Microfinance Ltd *	PRC 11 September 2016	US\$20,000,000	80%	80%	Lending and venture capital financing business in the technology sector	Limited liability
淮安市翔宇科技小額貸款有限公司	中國 二零一六年九月十一日	20,000,000 美元			科技行業借貸及創業資金金融業務	有限責任
Jiangsu Xiangyu Environmental Protection Industry Development Ltd*	PRC 27 August 2016	US\$50,000,000	100%	100%	Inactive	Limited liability
江蘇翔宇環保產業發展有限公司	中國 二零一六年八月二十七日	50,000,000 美元			未有經營業務	有限責任
Jiangsu Lifu Infrastructure Construction Co., Ltd*	PRC 25 June 2012	US\$49,980,000	100%	100%	Inactive	Limited liability
江蘇力富基礎建設有限公司	中國 二零一二年六月二十五日	49,980,000 美元			未有經營業務	有限責任

Note: Details of disposal of Lugang are set out in note 30.

附註：出售路港詳情載列於附註30。

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

上表載列董事認為對本集團業績或資產有重要影響之本集團附屬公司。董事認為，如載列其他附屬公司之詳情將令篇幅過於冗長。

* for identification only

* 僅供識別

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

Notes:

- (i) None of the subsidiaries had any debt securities outstanding at the end of the reporting period, or at any time during the year.

(ii) **Consolidated structured entity**

PRC laws and regulations prohibit or restrict foreign investors from owning more than 50% equity interest in any enterprise which owns vessels for conducting dredging business.

On 19 April 2011, Xiangyu PRC, the PRC Operational Entity and its respective equity participants, being Mr. Liu and Ms. Zhou entered into a series of agreements (the "Contractual Arrangements"). The PRC Operational Entity is engaged in the provision of dredging services of the Group.

Key provisions of the Contractual Arrangements are as follows:

Option Agreement

Xiangyu PRC, PRC Operational Entity, Mr. Liu and Ms. Zhou entered into an exclusive option agreement ("Option Agreement") whereby Mr. Liu and Ms. Zhou have irrevocably granted Xiangyu PRC an option to acquire, directly or through one or more nominees, the entire equity interest held by Mr. Liu and Ms. Zhou in PRC Operational Entity at a price ("Acquisition Cost") equivalent to the fair market value of such equity interest or, where applicable, the amount as permitted by the applicable PRC laws. The Acquisition Cost, when received, will be contributed by Mr. Liu and Ms. Zhou to Xiangyu PRC as capital surplus. Subject to the compliance with the PRC laws, Xiangyu PRC may exercise the option at any time, in respect of all or part of the equity interest of PRC Operational Entity and in any manner at its sole discretion.

Pursuant to the Option Agreement, each of PRC Operational Entity, Mr. Liu and/or Ms. Zhou has given undertakings that it shall perform certain acts, or refrain from performing certain other acts unless with the prior written consent of Xiangyu PRC, including but not limited to the below matters:

- (a) that PRC Operational Entity shall not alter its constitutional documents or its registered capital;
- (b) that any of PRC Operational Entity, Mr. Liu and/or Ms. Zhou shall not incur any indebtedness or guarantee (other than those incurred in the ordinary course of business and disclosed to and approved by Xiangyu PRC in advance);

38. 主要附屬公司詳情(續)

附註：

- (i) 於報告期末，或於年內任何時間，概無附屬公司有任何發行在外的債務證券。

(ii) **合併結構性實體**

中國法律及規定禁止或限制外國投資者於任何擁有可進行疏浚業務的船舶的企業中持有超過50%的股權。

於二零一一年四月十九日，翔宇中國、中國經營實體及其各參股方(即劉先生及周女士)訂立一系列協議(「合約安排」)。中國經營實體從事提供本集團的疏浚業務。

該等合約安排的主要條款如下：

購股權協議

翔宇中國、中國經營實體、劉先生及周女士訂立一項獨家購股權協議(「購股權協議」)，據此劉先生及周女士不可撤回地向翔宇中國授予一項購股權以直接或透過一名或多名提名人按相等於該股權的公平市值或適用中國法律批准的數額(如適用)的價格(「收購成本」)收購劉先生及周女士於中國經營實體持有的全部股權。收購成本於收到時將由劉先生及周女士向翔宇中國支付作為資本盈餘。翔宇中國可全權酌情於任何時間就中國經營實體的全部或部分股權以任何方式行使購股權，惟須遵守中國法律的規定。

根據購股權協議，中國經營實體、劉先生及／或周女士已各自承諾，除非獲得翔宇中國的事先書面同意，其將進行若干行為或放棄進行若干其他行為，包括但不限於下列事項：

- (a) 中國經營實體將不會改變其章程文件或其註冊資本；
- (b) 中國經營實體、劉先生及／或周女士任何一方將不會產生任何債務或擔保(於一般業務過程中產生及已提前向翔宇中國披露且經其批准者除外)；

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Option Agreement (Continued)

- (c) that PRC Operational Entity shall not provide any loan or guarantee to any third parties;
- (d) that PRC Operational Entity shall not dispose of or create encumbrances over any part of its assets, business or revenue and that Mr. Liu and Ms. Zhou shall not dispose of or create encumbrances over the equity interest held by them in PRC Operational Entity, except the security created under the Equity Pledge Agreement (as defined in (ii) below);
- (e) that PRC Operational Entity shall not enter into any material contracts over certain amount other than those in its ordinary course of business and disclosed to and approved by Xiangyu PRC in advance;
- (f) that PRC Operational Entity shall not distribute any dividend (including any undistributed attributable profit payable to the entity's shareholders prior to the Option Agreement becoming effective) to its shareholders and that Mr. Liu and Ms. Zhou undertake that such undistributed profit shall be retained in PRC Operational Entity as its capital and/or reserved fund and shall give up and assign or transfer to Xiangyu PRC any dividend declared and distributed thereafter and payable to them by virtue of their holding of the equity interest in PRC Operational Entity;
- (g) that PRC Operational Entity shall not make investment or engage in any merger or acquisition transactions; and
- (h) that at the request of Xiangyu PRC, Mr. Liu and Ms. Zhou shall appoint such persons nominated by Xiangyu PRC to act as the directors, supervisors and senior management members of PRC Operational Entity.

The Option Agreement became effective on 19 April 2011 and will expire on the date on which all the equity interests held by Mr. Liu and Ms. Zhou in PRC Operational Entity are transferred to Xiangyu PRC and/or its nominee(s).

38. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

購股權協議(續)

- (c) 中國經營實體將不會向任何第三方提供任何貸款或擔保；
- (d) 中國經營實體將不會處置其資產、業務或收益的任何部分或就此建立產權負擔，且劉先生及周女士不會處置彼等於中國經營實體持有的股權或就此建立產權負擔，惟根據權益抵押協議(定義見下文(ii))設置的抵押除外；
- (e) 中國經營實體將不會訂立超過若干金額的任何重大合約，但於其日常業務過程中訂立及提前向翔宇中國披露並獲批准的合約除外；
- (f) 中國經營實體將不會向其股東分派任何股息(包括於購股權協議生效前任何未分派的應付權益股東應佔溢利)，及劉先生及周女士承諾該等未分派溢利將由中國經營實體保留作其資本及/或儲備基金，及將放棄並向翔宇中國分派或轉讓任何其後宣派及分派的、按照其於中國經營實體持有的股權而應付彼等的股息；
- (g) 中國經營實體不應作出投資或進行任何合併或收購交易；及
- (h) 應翔宇中國的要求，劉先生及周女士將委任翔宇中國提名的該等人士作為中國經營實體的董事、監事及高級管理層成員。

購股權協議於二零一一年四月十九日開始生效，並將在劉先生及周女士於中國經營實體持有的所有股權轉讓至翔宇中國及/或其提名人當日屆滿。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Proxy Agreement

Xiangyu PRC, PRC Operational Entity, Mr. Liu and Ms. Zhou entered into a proxy agreement (“Proxy Agreement”) pursuant to which Mr. Liu and Ms. Zhou have unconditionally and irrevocably undertaken to authorise such person(s) as designated by Xiangyu PRC (being PRC citizens) to exercise the shareholders’ rights in relation to appointment of proxy and exercise of voting rights in PRC Operational Entity under the articles of association of PRC Operational Entity and the applicable PRC laws. Such shareholders’ rights include but not limited to (i) calling and attending the shareholders’ meetings of PRC Operational Entity; (ii) exercising the voting rights on all matters requiring the consideration and approval of shareholders and those pursuant to articles of association of PRC Operational Entity.

Before Xiangyu PRC acquires the entire equity interests in PRC Operational Entity contemplated under the Option Agreement, Xiangyu PRC can exercise the voting rights of shareholders of PRC Operational Entity.

The term of the Proxy Agreement commenced on 19 April 2011 and will expire on 18 April 2026, and will be renewable at the election of Xiangyu PRC for successive terms of 10 years each until termination by Xiangyu PRC with a 30-day prior notice to PRC Operational Entity.

Composite Services Agreement

Xiangyu PRC and PRC Operational Entity entered into an exclusive composite services agreement (“Composite Services Agreement”) pursuant to which PRC Operational Entity will exclusively engage Xiangyu PRC to provide consultation and other ancillary services in enterprise management and consultancy services, dredging project management and consultancy services.

In consideration of the provision of the aforementioned services by Xiangyu PRC, PRC Operational Entity agrees to pay to Xiangyu PRC fees on an annual basis in arrears. Fees payable to Xiangyu PRC by PRC Operational Entity will be equivalent to the total audited revenue less all the related costs, expenses, taxes and statutory reserve of PRC Operational Entity. Xiangyu PRC reserves the right to identify the items of expenses to be included as related expenses when calculating the fees payable by PRC Operational Entity and is entitled to adjust the fee payable by PRC Operational Entity anytime based on the volume of service provided.

38. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

代表委任協議

翔宇中國、中國經營實體、劉先生及周女士訂立一項代表委任協議(「代表委任協議」)，據此劉先生及周女士已無條件並不可撤回地承諾授權翔宇中國指定的該等人士(為中國居民)根據中國經營實體組織章程細則及適用中國法律下，於中國經營實體行使有關委派委任代表及投票權的股東權利。該等股東權利包括但不限於(i)召開及參加中國經營實體的股東大會；(ii)就所有須股東考慮及批准的事項及中國經營實體組織章程細則所規定的事項行使投票權。

在翔宇中國根據購股權協議擬定的收購於中國經營實體的全部股權之前，翔宇中國可行使中國經營實體的股東投票權。

代表委任協議的年期由二零一一年四月十九日開始，及將於二零二六年四月十八日屆滿，並可應翔宇中國的要求，每次續展十年，直至翔宇中國向中國經營實體發出三十天的事先通知終止為止。

綜合服務協議

翔宇中國及中國經營實體訂立一份獨家綜合服務協議(「綜合服務協議」)，據此中國經營實體將獨家委任翔宇中國於企業管理及諮詢服務、疏浚項目管理及諮詢服務提供諮詢及其他配套服務。

考慮到翔宇中國提供的上述服務，中國經營實體同意每年向翔宇中國支付到期的費用。中國經營實體應付翔宇中國的費用將等於經審核收益總額減所有中國經營實體有關成本、開支、稅項及法定儲備。當計算中國經營實體應付的費用時，翔宇中國保留權利確認將列作有關開支的開支項目，並有權根據所提供的服務量隨時調整中國經營實體應付的費用。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Composite Services Agreement (Continued)

Pursuant to the Composite Services Agreement, PRC Operational Entity shall not without the prior written consent of Xiangyu PRC to dispose of or pledge its material assets, operation rights and/or business; alter its registered capital; alter its scope of business; declare dividends; and/or remove any of its directors and senior management members. Pursuant to the Composite Services Agreement, Xiangyu PRC is required to pay to PRC Operational Entity a surety amount of not less than HK\$22,276,000 for the performance of its services provided to PRC Operational Entity under the Composite Services Agreement. As a security for the due payment of the consultation service fees and repayment of the surety money by PRC Operational Entity to Xiangyu PRC under the Composite Services Agreement, PRC Operational Entity has agreed to pledge its interest in the three vessels owned or (as the case may be) jointly-owned by it to Xiangyu PRC.

The term of the Composite Services Agreement commenced from 19 April 2011, and will expire on 18 April 2026, which will be renewable at the request of Xiangyu PRC for successive terms of 10 years each until termination by Xiangyu PRC with a 30-day prior written notice to PRC Operational Entity.

Equity Pledge Agreement

Xiangyu PRC, PRC Operational Entity, Mr. Liu and Ms. Zhou entered into an equity pledge agreement ("Equity Pledge Agreement"), pursuant to which Mr. Liu and Ms. Zhou granted a continuing first priority security interests over their respective equity interests in PRC Operational Entity to Xiangyu PRC for guaranteeing the performance of the Composite Services Agreement, the Option Agreement and the Proxy Agreement. Mr. Liu and Ms. Zhou are responsible to record the pledge of equity into the shareholders' register on the effective date of the Equity Pledge Agreement. PRC Operational Entity, Mr. Liu and Ms. Zhou are also responsible to register the pledge of equity in the State Administration for Industry and Commerce 10 days after the effective date of the Equity Pledge Agreement.

38. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

綜合服務協議(續)

根據綜合服務協議，中國經營實體不可於未取得翔宇中國事先的書面同意前，出售或抵押其重大的資產、經營權及/或業務；更改其註冊資本；更改其業務範圍；宣派股息；及/或罷免其任何董事及高級管理層成員。根據綜合服務協議，翔宇中國須向中國經營實體支付不低於22,276,000港元作為其根據綜合服務協議向中國經營實體履行服務的保證金。作為中國經營實體根據綜合服務協議準時向翔宇中國支付諮詢服務費用及償還保證金的抵押，中國經營實體已同意向翔宇中國抵押其所擁有或(視情況而定)共同擁有的三艘船舶中的權益。

綜合服務協議的年期由二零一一年四月十九日開始，並將於二零二六年四月十八日屆滿，並可應翔宇中國的要求，每次續展十年，直至翔宇中國向中國經營實體發出三十天的事先書面通知終止為止。

權益抵押協議

翔宇中國、中國經營實體、劉先生及周女士訂立一項權益抵押協議(「權益抵押協議」)，據此劉先生及周女士向翔宇中國授予各自所持中國經營實體股權的持續優先抵押權益，以擔履行綜合服務協議、購股權協議及代表委任協議。劉先生與周女士負責於權益抵押協議生效日將抵押權益在股東登記冊登記。中國經營實體、劉先生及周女士亦負責於權益抵押協議生效日期後十天將抵押權益在國家工商行政管理總局登記。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Equity Pledge Agreement (Continued)

Pursuant to the Equity Pledge Agreement, without the prior written consent of Xiangyu PRC, PRC Operational Entity shall not alter its current shareholding structure and/or its nature or scope of business, Mr. Liu and Ms. Zhou shall not allow PRC Operational Entity to transfer or dispose of its assets or pledge or transfer their respective equity interests in PRC Operational Entity in favor of or to other third parties. Xiangyu PRC is entitled to receive all dividends derived from the pledged equity interests. Xiangyu PRC is entitled to demand repayment of the secured indebtedness and/or to exercise its rights to sell the pledged equity interests on occurrence of certain events of default including but not limited to non-performance or breach of any of the Composite Services Agreement, the Option Agreement and the Proxy Agreement; or failure to repay other debts when due by PRC Operational Entity, Mr. Liu or Ms. Zhou (as the case may be).

The Equity Pledge Agreement became effective from the date of its execution and shall terminate upon performance of all obligations under the Composite Services Agreement, the Option Agreement and the Proxy Agreement in full.

Vessel Pledge Agreements

PRC Operational Entity and Xiangyu PRC have entered into three vessel pledge agreements ("Vessel Pledge Agreements") dated 19 April 2011, pursuant to which PRC Operational Entity has pledged in favor of Xiangyu PRC (i) its entire interest in the dredger "Zhuayang No. 101"; (ii) its 50% interest in the dredger "Kaijin No. 1" and (iii) its 50% interest in the dredger "Kaijin No. 3" to Xiangyu PRC, as security for the due payment of the consultation service fees and repayment of the surety money (as well as related interest and expenses, etc.) then owing by PRC Operational Entity to Xiangyu PRC under the Composite Services Agreement.

Pursuant to the Vessel Pledge Agreements, without the prior written consent of Xiangyu PRC, PRC Operational Entity shall not pledge or dispose of its interests in the pledged vessels or any part thereof. Xiangyu PRC is entitled to exercise its rights to sell the pledged vessels on occurrence of certain events of default, including but not limited to the non-payment of the secured indebtedness or non-performance of the Composite Services Agreement.

38. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

權益抵押協議(續)

根據權益抵押協議，在未取得翔宇中國事先書面同意的情况下，中國經營實體不得更改其現時持股架構及/或其業務性質或範圍，而劉先生及周女士不得容許中國經營實體轉讓或出售其資產，或以其他第三方為受益人或向其抵押或轉讓彼等各自於中國經營實體的股權。翔宇中國有權收取來自自己抵押股權的所有股息。翔宇中國有權於發生下列若干違約事件時要求償還有關擔保債務及/或行使其權利以出售已抵押股權，包括但不限於未有履行或違反綜合服務協議、購股權協議及代表委任協議任一項；或中國經營實體、劉先生或周女士(視情況而定)未能償還其他到期債項。

權益抵押協議自其簽訂日期起生效及於全面履行綜合服務協議、購股權協議及代表委任協議項下的所有責任時終止。

船舶抵押協議

中國經營實體及翔宇中國於二零一一年四月十九日訂立三份船舶抵押協議(「船舶抵押協議」)，據此中國經營實體以翔宇中國為受益人，向翔宇中國抵押(i)其於「抓揚101」挖泥船的全部權益；(ii)其於「開進1號」挖泥船的50%權益及(iii)其於「開進3號」挖泥船的50%權益，以作為中國經營實體準時支付根據綜合服務協議當時結欠翔宇中國的到期諮詢服務費用及保證金(以及相關利息及開支等)的抵押。

根據船舶抵押協議，在未取得翔宇中國事先書面同意的情况下，中國經營實體不得抵押或出售其於已抵押船舶或其中任何部分的權益。翔宇中國有權在發生若干違約事件的情况下行使其出售已抵押船舶的權利，包括但不限於不支付有關擔保債務或不履行綜合服務協議。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

38. Particulars of Principal Subsidiaries (Continued)

Notes: (Continued)

(ii) (Continued)

Vessel Pledge Agreements (Continued)

The Vessel Pledge Agreements became effective from the date of its execution and shall terminate upon payment or repayment of the consultation service fees, surety money and all other related expenses under the Composite Services Agreement.

The Group has a contractual commitment to provide financial assistance to the PRC Operational Entity. However, due to the strategic importance of it to the Group, the Directors intended to provide financing to the PRC Operational Entity to support the working capital requirements. As at 31 December 2016, the bank borrowings of the PRC Operational Entity of RMB329,022,000 (2015: RMB411,901,000) are secured by pledge of assets jointly owned by the PRC Operational Entity and the Group, corporate guarantee by the Company and personal guarantees provided by Mr. Liu and Ms. Zhou, the directors of the Company. Unutilised secured bank facilities amounted to approximately RMB121,778,000 (2015: RMB145,803,000).

For the year ended 31 December 2016, the amount of revenue and assets subject to the Contractual Arrangements accounted for 61% (2015: 77%) and 80.8% (2015: 58%) of the Group's total revenue and assets respectively.

The Directors, after consulting legal opinion, are of the view that the terms of the Contractual Arrangements have in substance enabled Xiangyu PRC to have power over the PRC Operational Entity, rights to variable returns from its involvement with the PRC Operational Entity, and has the ability to use its power to affect its returns, despite the absence of formal legal equity interest held by the Group therein. Accordingly, PRC Operational Entity is accounted for as a consolidated structured entity as a subsidiary of the Company.

38. 主要附屬公司詳情(續)

附註：(續)

(ii) (續)

船舶抵押協議(續)

船舶抵押協議自其簽訂日期起生效，並將於支付或償還綜合服務協議項下的諮詢服務費用、保證金及所有其他有關開支後終止。

本集團擁有向中國經營實體提供財務資助的合約承擔。然而，由於其對本集團而言具有戰略重要性，故此董事計劃向中國經營實體提供融資以支持彼等的營運資金要求。於二零一六年十二月三十一日，中國經營實體的銀行借貸為人民幣329,022,000元(二零一五年：人民幣411,901,000元)，由中國經營實體與本集團共同擁有的資產、本公司提供的公司擔保以及本公司董事劉先生及周女士提供的個人擔保作抵押。未動用有擔保銀行融資額度約為人民幣121,778,000元(二零一五年：人民幣145,803,000元)。

截至二零一六年十二月三十一日止年度，受合約安排規限之收入及資產金額分別佔本集團總收益及資產之61%(二零一五年：77%)及80.8%(二零一五年：58%)。

董事經徵詢法律意見後認為，儘管本集團於合約安排中並無持有正式的法定股權，惟合約安排的條款已實質上賦予翔宇中國控制中國經營實體的權利，享有來自中國經營實體的可變回報的權利及行使其權力影響其回報的能力。因此，中國經營實體作為本集團的合併結構性實體入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

39. Subsidiary with Material Non-Controlling Interests

The Group held 51% equity interest in Jiangsu Jiaolong at 31 December 2015 and 2016.

39. 擁有重大非控股權益的附屬公司

本集團於二零一五年及二零一六年十二月三十一日持有江蘇蛟龍51%股權。

Name of subsidiary 附屬公司名稱	Place of establishment and principal place of business 註冊成立地點及主要營業地點	Proportion of ownership interests and voting rights held by non-controlling interest 非控股權益持有的擁有權益及投票權比例		Profit allocated to non-controlling interest 分配至非控股權益的溢利		Accumulated non-controlling interest 累計非控股權益	
		31.12.2016 二零一六年 十二月三十一日	31.12.2015 二零一五年 十二月三十一日	31.12.2016 二零一六年 十二月三十一日	31.12.2015 二零一五年 十二月三十一日	31.12.2016 二零一六年 十二月三十一日	31.12.2015 二零一五年 十二月三十一日
Jiangsu Jiaolong 江蘇蛟龍	PRC 中國	49%	49%	6,456 人民幣千元	7,353 人民幣千元	160,136 人民幣千元	158,136 人民幣千元

Summarised financial information in respect of Jiangsu Jiaolong which has material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations:

擁有重大非控股權益的江蘇蛟龍的財務資料概述如下。下文概述的財務資料為集團內部抵銷前數額：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Current assets	流動資產	247,321	240,261
Non-current assets	非流動資產	239,330	312,201
Current liabilities	流動負債	(93,124)	(85,399)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

39. Subsidiary With Material Non-Controlling Interests (Continued)

39. 擁有重大非控股權益的附屬公司(續)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Non-current liabilities	非流動負債	(100,365)	(133,872)
Equity attributable to owners of the Company	本公司所有人應佔權益	133,026	175,055
Non-controlling interests	非控股權益	160,136	158,136
Revenue	收益	154,076	155,375
Expense	開支	(140,900)	(140,368)
Profit for the year and total comprehensive income for the year	年內溢利及年內全面收益總額	13,176	15,007
Profit and total comprehensive income attributable to the owners of the Company	本公司所有人應佔溢利及全面收益總額	6,720	7,654
Profit and total comprehensive income attributable to the non-controlling interests	非控股權益應佔溢利及全面收益總額	6,456	7,353
Profit and total comprehensive income for the year	年內溢利及全面收益總額	13,176	15,007
Dividend paid to non-controlling interests	支付予非控股權益的股息	(4,456)	Nil
Net cash (outflow) inflow from operating activities	經營活動產生的現金(流出)流入淨額	(605)	23,256
Net cash outflow from investing activities	投資活動產生的現金流出淨額	(8,487)	(2,082)
Net cash inflow (outflow) from financing activities	融資活動產生的現金流入(流出)淨額	3,503	(14,901)
Net cash (outflow) inflow	現金(流出)流入淨額	(5,589)	6,273

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. Statement of Financial Position and Reserves of the Company

40. 本公司的財務狀況表及儲備

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
NON-CURRENT ASSET	非流動資產		
Unlisted investments in subsidiaries	於附屬公司的非上市投資	259,214	259,214
CURRENT ASSETS	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	979,465	971,202
Other receivables	其他應收款項	—	14
Bank balances and cash	銀行結餘及現金	173	1,415
		979,638	972,631
CURRENT LIABILITIES	流動負債		
Other payables	其他應付款項	8,716	8,146
Bank borrowings	銀行借貸	—	7,698
Amounts due to directors	應付董事款項	1,875	18,318
Bonds payable	應付債券	246,381	—
Convertible bonds	可換股債券	—	246,510
Derivative financial liabilities embedded in convertible bonds	嵌入可換股債券的衍生金融負債	—	7,030
		256,972	287,702
NET CURRENT ASSETS	流動資產淨值	722,666	684,929
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	981,880	944,143
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	123,483	102,045
Reserves	儲備	858,397	842,098
TOTAL EQUITY	權益總額	981,880	944,143

The Company's statement of financial position was approved and authorised for issue by the board of directors on 29 March 2017 and are signed on its behalf by:

本公司的財務狀況表已於二零一七年三月二十九日獲董事會批准及授權刊發，並由以下人士代表簽署：

LIU KAIJIN
劉開進
DIRECTOR
董事

ZHOU SHUHUA
周淑華
DIRECTOR
董事

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

40. Statement of Financial Position and Reserves of the Company (Continued)

Movement in the Company's reserves:

		Share capital	Share premium	Share option reserves	Other reserves	Accumulated loss	Total
		股本	股份溢價	購股權儲備	其他儲備	累計虧損	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2015	於二零一五年一月一日	71,592	520,567	—	165,238	(147,625)	609,772
Placing of shares (Note 29)	股份配售 (附註29)	30,453	348,560	—	—	—	379,013
Loss for the year	年內虧損	—	—	—	—	(44,642)	(44,642)
Total comprehensive expense for the year	年內全面開支總額	—	—	—	—	(44,642)	(44,642)
At 31 December 2015	於二零一五年十二月三十一日	102,045	869,127	—	165,238	(192,267)	944,143
Placing of shares (Note 29)	股份配售 (附註29)	21,438	53,853	—	—	—	75,291
Loss for the year	年內虧損	—	—	—	—	(37,554)	(37,554)
Total comprehensive expense for the year	年內全面開支總額	—	—	—	—	(37,554)	(37,554)
At 31 December 2016	於二零一六年十二月三十一日	123,483	922,980	—	165,238	(229,821)	981,880

40. 本公司的財務狀況表及儲備(續)

公司儲備的變動：

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度

41. Major Non-Cash Transaction

The net proceeds from the share placing was assigned to the vendor to acquire prepaid land lease payments and property and machinery of approximately RMB7,410,000 and HK\$67,881,000 respectively.

42. Event after the Reporting Period

Extension of maturity of the Bonds

On 21 March 2017, CITIC and the Group entered into the Second Amendment Agreement to further amend the terms of the Bonds. Under the Second Amendment Agreement, subject to further undertakings as set out in the announcement of the Company on 22 March 2017, the principal amount of the Bonds shall be amended to HK\$274,434,702 and the maturity date of the Bonds shall be extended to 21 September 2017 with interest rates amended as follows:

Period	Interest rate per annum
From 25 March 2017 and up to 21 June 2017	13%
From 22 June 2017 and up to 21 September 2017	18%

41. 主要非現金交易

股份配售所得款項淨額被分配到供應商以獲得分別約人民幣7,410,000元及67,881,000港元的預付土地租賃款項以及物業及機械。

42. 報告期後事項

延長債券到期時間

於二零一七年三月二十一日，CITIC與本集團訂立第二份修訂協議，以進一步修訂債券的條款。根據第二份修訂協議，惟受本公司二零一七年三月二十二日公告所載的進一步承諾所限，債券的本金額應修訂為274,434,702港元，而債券的到期日應延長至二零一七年九月二十一日，其利率修訂如下：

期間	年利率
二零一七年三月二十五日直至二零一七年六月二十一日	13%
二零一七年六月二十二日直至二零一七年九月二十一日	18%



中國疏浚環保控股有限公司

China Dredging Environment Protection Holdings Limited

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 871

