

DING HE MINING HOLDINGS LIMITED

鼎和礦業控股有限公司

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立的有限公司)

Stock Code 股份代號 : 705



2016

Annual Report 年報



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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Chan Kin Ho Philip
Ms. Li Zhenzhen
Mr. Liu Bo
Mr. Tong Zhu

COMPANY SECRETARY

Ms. Sharon Kwan

AUDIT COMMITTEE

Mr. Chan Kin Ho Philip (*Chairman*)
Ms. Li Zhenzhen
Mr. Liu Bo
Mr. Tong Zhu

REMUNERATION COMMITTEE

Mr. Chan Kin Ho Philip (*Chairman*)
Ms. Li Zhenzhen
Mr. Liu Bo
Mr. Tong Zhu

NOMINATION COMMITTEE

Mr. Chan Kin Ho Philip (*Chairman*)
Ms. Li Zhenzhen
Mr. Liu Bo
Mr. Tong Zhu

AUTHORISED REPRESENTATIVES

Mr. Leung Wai Kwan
Ms. Sharon Kwan

董事會

執行董事

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

獨立非執行董事

陳建豪先生
李珍珍女士
劉波先生
佟鑄先生

公司秘書

關紫芳女士

審核委員會

陳建豪先生(主席)
李珍珍女士
劉波先生
佟鑄先生

薪酬委員會

陳建豪先生(主席)
李珍珍女士
劉波先生
佟鑄先生

提名委員會

陳建豪先生(主席)
李珍珍女士
劉波先生
佟鑄先生

授權代表

梁維君先生
關紫芳女士

LEGAL ADVISERS

As to Hong Kong Law

Michael Li & Co.

As to Malaysian Law

Tan, Goh & Associates

As to Indonesian Law

Wibowo Hadiwijaya & Co

Ombun Suryono Sidauruk & Partners

AUDITOR

Baker Tilly Hong Kong Limited

Certified Public Accountants

SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301-04, 33/F.

Two Chinachem Exchange Square

338 King's Road

North Point, Hong Kong

REGISTERED OFFICE AND HEAD OFFICE IN HONG KONG

Flat B, 21st Floor

Neich Tower

128 Gloucester Road

Wanchai

Hong Kong

BRANCH OFFICE IN MALAYSIA

3rd Floor, Wisma Ho Wah Genting

No. 35, Jalan Maharajalela

50150 Kuala Lumpur

Malaysia

STOCK CODE

705

COMPANY WEBSITE

www.dinghemining.com.hk

法律顧問

香港法律

李智聰律師事務所

馬來西亞法律

Tan, Goh & Associates

印尼法律

Wibowo Hadiwijaya & Co

Ombun Suryono Sidauruk & Partners

核數師

天職香港會計師事務所有限公司

執業會計師

股份過戶登記處

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華懋交易廣場2期

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香港

灣仔

告士打道128號

祥豐大廈

21樓B室

馬來西亞分辦事處

3rd Floor, Wisma Ho Wah Genting

No. 35, Jalan Maharajalela

50150 Kuala Lumpur

Malaysia

股份代號

705

公司網址

www.dinghemining.com.hk

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

		Year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元	2014 二零一四年 HK\$'000 千港元	2013 二零一三年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Results	業績					
Turnover	營業額	9,028	26,246	39,678	20,901	14,531
Cost of sales	銷售成本	(9,246)	(42,483)	(60,591)	(47,066)	(54,684)
Gross loss	毛虧損	(218)	(16,237)	(20,913)	(26,165)	(40,153)
Other revenue	其他收入	193,198	98	370	432	846
Other net (losses)/gains	其他(虧損)/收益					
	淨額	(8,503)	(155)	10,490	44,991	5,733
Selling and distribution expenses	出售及分銷開支	(226)	(952)	(5,462)	(7,561)	(94)
Administrative expenses	行政開支	(53,659)	(42,325)	(39,560)	(35,019)	(40,728)
Finance costs	融資成本	(27,819)	(45,493)	(50,952)	(84,145)	(82,414)
Other operating expenses	其他經營開支	(60,275)	(13,886)	(243,810)	(345,687)	(538,335)
Profit/(loss) before taxation	除稅前溢利/(虧損)	42,498	(118,950)	(349,837)	(453,154)	(695,145)
Income tax credit	所得稅抵免	7,952	565	23,351	40,171	30,564
Profit/(loss) for the year	年內溢利/(虧損)	50,450	(118,385)	(326,486)	(412,983)	(664,581)
Attributable to:	以下人士應佔：					
Owners of the Company	本公司擁有人	59,382	(110,997)	(279,820)	(322,358)	(593,133)
Non-controlling interests	非控股權益	(8,932)	(7,388)	(46,666)	(90,625)	(71,448)
Profit/(loss) for the year	年內溢利/(虧損)	50,450	(118,385)	(326,486)	(412,983)	(664,581)
Profit/(loss) per share (cents)	每股溢利/(虧損) (仙)					
Basic and diluted	基本及攤薄	1.08	(3.29)	(14.27)	(22.80)	(200.69)
						(Restated) (經重列)
Assets and liabilities	資產及負債					
Total assets	資產總值	149,094	244,740	295,686	589,058	1,004,176
Total liabilities	負債總值	(204,862)	(339,259)	(594,739)	(793,641)	(848,845)
Net (liabilities)/assets	(負債淨額)/ 資產淨值	(55,768)	(94,519)	(299,053)	(204,583)	155,331
Total (deficit)/equity	(虧損總額)/ 權益總額	(55,768)	(94,519)	(299,053)	(204,583)	155,331

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Ding He Mining Holdings Limited (“**Ding He**” or the “**Company**”, together with our subsidiaries, the “**Group**”), I am pleased to present to you this annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

FINANCIAL PERFORMANCE

For the year ended 31 December 2016, revenue of the Group amounted to HK\$9,027,978 (2015: HK\$26,246,238), representing a decrease of 65.6% as compared to that of last year. This was primarily a result of the limited cash resources, the keen competition of the magnesium market and the uncertainties arising from the litigation of our subsidiary that forbade the Group from exploring its mineral resources and operating its businesses in full scale. Profit for the year of HK\$50,450,064 (2015: loss for the year of HK\$118,384,897) was mainly attributable to an exceptional gain of bank loans reduction amounted to HK\$192,992,398 (2015: nil). Taking into account the impairment tests on the exploration and evaluation assets conducted on 31 December 2016 by considering the recoverable amounts, the performance of the respective business units in the previous years and the valuation reports prepared by independent valuers, the Directors determined an impairment loss on exploration and evaluation assets of HK\$36,366,175 (2015: HK\$3,736,391).

BUSINESS OVERVIEW

In 2016, Ding He's business performance continued to endure the challenges of tight cash flow and keen market competition. Most of the operations of our core businesses were hampered due to limited cash resources available and other obstacles that were yet to resolve. Despite the Group had repaid its secured bank loan in full this year after the bank loan restructuring and settled certain outstanding liabilities with our convertible bondholders, Ding He still exposed to liquidity risk given that the Group faced rising short-term interest-bearing borrowings by way of issuance of unsecured bonds and loans from third parties. As at 31 December 2016, the Group's debt ratio was 1.37 times (2015: 1.39 times) (calculated in terms of total liabilities over total assets) and current ratio was 0.02 times (2015: 0.05 times) (calculated in terms of current assets divided by current liabilities). Furthermore, the volatile stock market had disrupted the Company's plan to raise working capital during the year.

本人謹代表鼎和礦業控股有限公司(「**鼎和**」或「**本公司**」，連同其附屬公司，統稱「**本集團**」)董事(「**董事**」)會(「**董事會**」)欣然呈報本年報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綜合財務報表。

財務表現

截至二零一六年十二月三十一日止年度，本集團收益為9,027,978港元(二零一五年：26,246,238港元)，較去年減少65.6%。這主要是由於現金資源有限、鎂金屬市場競爭激烈及附屬公司捲入的訴訟(禁止本集團開採礦產資源及全面營運)產生的不確定性所致。年內溢利50,450,064港元(二零一五年：年內虧損118,384,897港元)主要是由於減少銀行貸款產生非經常性收益192,992,398港元(二零一五年：無)。經考慮二零一六年十二月三十一日透過考慮可收回金額而對勘探及評估資產進行之減值測試、有關業務單位於過往年度的表現及獨立估值師編製的估值報告後，董事釐定勘探及評估資產之減值虧損36,366,175港元(二零一五年：3,736,391港元)。

業務回顧

於二零一六年，鼎和的業務表現持續經歷現金流量緊張及競爭競爭激烈的挑戰。我們核心業務的大部分營運因可用現金資源緊絀及尚未解決的其他障礙而受到阻礙。儘管本集團已在銀行貸款重組後於本年悉數償還其有抵押銀行貸款，並向可換股債券持有人償還若干未付負債，鼎和仍面臨流動資金風險，因為本集團面臨發行無抵押債券產生的短期計息借款及第三方貸款。於二零一六年十二月三十一日，本集團的負債比率為1.37倍(二零一五年：1.39倍)(按負債總額除以資產總值計算)及流動比率為0.02倍(二零一五年：0.05倍)(按流動資產除以流動負債計算)。此外，變化莫測的股市已打亂本公司年內籌集營運資金的計劃。

CHAIRMAN'S STATEMENT

主席報告

As to dolomite mining and magnesium ingots manufacturing, the Group continued to confront the difficult operating environment and face downward pricing pressure during the year of 2016. For better operational efficiency and cost effectiveness, this business segment maintained minimal operating activities and turnover for the year was HK\$8,580,874 (2015: HK\$25,662,642).

Owing to limited cash resources available for the Group, the investment plan of a new production line for sparkling water in Long Chuan is still in abeyance and the factory for the manufacture of bottled natural mineral water for distribution in China was operated at a low capacity during the year. Turnover of extraction and bottling of mineral water was HK\$447,104 (2015: HK\$583,596).

The exploration of iron ore, coal and manganese continued to be suspended in 2016 as additional time is required for the Group to identify suitable candidates to fill the vacancies of directors and legal representative for our subsidiary in Indonesia which is a pre-requisite for operation resumption. Accordingly, no turnover was recorded for the years ended 31 December 2016 and 2015.

OUTLOOK

Looking forward, the Group will focus on debt restructuring, which will be modified and adjusted strategically in order to tackle the dynamic global business and capital environment. The Group will continue to seek new strategic investors, raise funds at capital market, negotiate with creditors for bonds and loans restructuring and explore new businesses and markets. We will strive to leverage our internal and external resources to improve our efficiency and performance in the longer term.

APPRECIATION

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

Du Jian Jun
Chairman

Hong Kong, 31 March 2017

至於開採白雲石及鎂錠生產，本集團於二零一六年持續面臨困難重重的經營環境，並面臨價格下行壓力。為提高營運效率及成本效益，此業務分部維持最少的營運活動，及年內營業額為8,580,874港元(二零一五年：25,662,642港元)。

由於本集團可用現金資源緊絀，在龍川開發一條製造有氣水的新生產線的計劃仍然擱置及年內製造瓶裝天然礦泉水以供在中國分銷的工廠低產能運營。提取及裝瓶礦泉水業務的營業額為447,104港元(二零一五年：583,596港元)。

勘探鐵礦石、煤及錳於二零一六年持續暫停，因為本集團為印尼附屬公司物色適當的人選以填補董事及法律代表空缺(為恢復營運的前提條件)需要更多時間。因此，於截至二零一六年及二零一五年十二月三十一日止年度概無錄得營業額。

展望

展望未來，本集團將專注於債務重組(將策略性地修訂及調整以應付不斷變化的全球營商及資本環境)。本集團將繼續尋找新的策略投資者，在資本市場籌集資金，與債權人協商債券及貸款重組，及物色新的業務及市場。長期而言，我們將努力利用我們的內部和外部資源來提高我們的效率和表現。

致謝

本人謹藉此機會衷心感謝各位董事、我們的員工、股東及各持份者一直以來為本集團持續所作出的貢獻及支持。

主席
杜建軍

香港，二零一七年三月三十一日

The board (the “**Board**”) of directors (the “**Directors**”) of Ding He Mining Holdings Limited (“**Ding He**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present this Directors’ report in connection with the audited consolidated financial results for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holdings. The Group operates in the State of Perak, Malaysia through its wholly owned subsidiary CVM Magnesium Sdn. Bhd. (“**CVMSB**”) which is the first primary magnesium producer in the South East Asia. The Group is also engaged in the extraction and bottling of mineral water in the People’s Republic of China (the “**PRC**”) and the exploration of iron ore, coal and manganese in the Republic of Indonesia (“**Indonesia**”). The principal activities and other particulars of its subsidiaries are set out in Note 17 to the financial statements.

BUSINESS REVIEW

During the year, the Group continued to work with stakeholders: potential lenders, investors, and professionals with the attempts to mitigate impacts affected the “Group” getting back to normal business, in particular the depressed global magnesium price affected the business in Malaysia, uncertainties in legal proceedings of the business in Indonesia put a halt to the business, and unfavorable market conditions for capital raising activities or continue borrowing money for its operations, all these conditions have been the major factors affecting the Group’s performance.

For the year ended 31 December 2016, the Group maintained three major business segments namely, (i) mining of dolomite and manufacture of magnesium ingots; (ii) extraction and bottling of mineral water; and (iii) exploration of iron ore, coal and manganese.

鼎和礦業控股有限公司(「**鼎和**」或「**本公司**」，連同其附屬公司，統稱「**本集團**»)董事(「**董事**»)會(「**董事會**»)欣然呈報有關截至二零一六年十二月三十一日止年度之經審核綜合財務業績之本董事會報告。

主要業務

本公司主要從事投資控股業務。本集團透過其全資附屬公司兼東南亞首家主要鎂生產商CVM Magnesium Sdn. Bhd.(「**CVMSB**»)於馬來西亞霹靂州營運。本集團亦於中華人民共和國(「**中國**»)從事提取及裝瓶礦泉水業務，以及於印度尼西亞共和國(「**印尼**»)從事勘探鐵礦石、煤及錳業務。其附屬公司之主要業務及其他特定業務載於財務報表附註17。

業務回顧

於年內，本集團繼續與利益相關者(潛在貸方、投資者及專業人士)合作，力圖減低妨礙「集團」恢復至正常業務的影響，尤其是全球鎂價格低迷(影響馬來西亞業務)、印尼業務法律訴訟的不確定性令業務叫停及籌資活動或持續為其運營借款的不利市況，所有該等不利狀況一直為影響本集團表現的主要因素。

截至二零一六年十二月三十一日止年度，本集團維持三個主要業務分部，即(i)開採白雲石及生產鎂錠；(ii)提取及裝瓶礦泉水；及(iii)勘探鐵礦石、煤及錳。

Mining of Dolomite and Manufacture of Magnesium Ingots

Given the challenges of keen competition from other manufacturers and cost-effectiveness of the production capacity, the smelter plant of the Group which situates in the State of Perak, Malaysia (the “**Smelter**”) continued to refrain from its full-scale operation during the year. Moreover, extraction of dolomite has been halted since 2012 and accordingly, there was no dolomite extracted from the dolomite quarry for the year ended 31 December 2016.

For the year ended 31 December 2016, revenue generated from this business segment decreased by approximately 66.6% to HK\$8,580,874, as compared to that of HK\$25,662,642 for the year ended 31 December 2015.

On the other hand, the smelter plant has been processing magnesium ingots instead of mining of dolomite and manufacturing in 2016. The Company believes that the processing operation can help to eliminate the cost of mining of dolomite and minimize the risk of magnesium price in commodity market. The Company will keep looking for any business opportunity to utilize the smelter plant to maximize the revenue such as rent out the whole smelter plant to investors.

The Company obtained an update valuation dated 21 March 2017 (the “**Report**”) from Raine & Horne International Zaki + Partners Sdn. Bhd., an independent firm of chartered surveyors and registered valuers. In accordance with the Report, the market value of the leasehold land, building, plant and machinery in Perak was RM80.2 million (equivalent to approximately HK\$138.8 million). The valuation adopted (i) comparison method with reference to recent transactions and sale evidences and (ii) cost method through the summation of the value components of the land and cost of building. In view of a moderate increase of 2.5% of house price in Perak in the third quarter of 2016 as released by Valuation and Property Services Department (JPPH), the Board considered that there was no significant deviation in the market situation at 31 December 2016.

開採白雲石及生產鎂錠

鑒於其他製造商的激烈競爭及產能成本效益等挑戰，本集團位於馬來西亞霹靂州的冶煉廠（「**冶煉廠**」）於年內繼續避免全面運營。此外，本集團自二零一二年起已暫停開採白雲石，因此，截至二零一六年十二月三十一日止年度，概無於白雲石採石場開採白雲石。

截至二零一六年十二月三十一日止年度，此業務分部產生的收入較截至二零一五年十二月三十一日止年度的25,662,642港元減少約66.6%至8,580,874港元。

另一方面，冶煉廠於二零一六年一直加工鎂錠而非開採白雲石及生產鎂錠。本公司認為，加工業務有助於抵銷開採白雲石的成本並降低鎂價格於商品市場的風險。本公司將繼續尋求任何使用冶煉廠的業務機會以令收入最大化，如將整個冶煉廠出租予投資者。

本公司已取得獨立特許測量師及註冊估值師事務所 Raine & Horne International Zaki + Partners Sdn. Bhd. 發佈的日期為二零一七年三月二十一日更新估值報告（「**報告**」）。根據報告，霹靂州的租賃土地、樓宇、廠房及機器的市值為80.2百萬馬幣（相當於約138.8百萬港元）。此估值採納(i)比較法（經參考近期交易及銷售憑證）及(ii)成本法（透過總計土地估值及樓宇成本）。鑒於估算及物業服務處（估算處）所發佈的霹靂州二零一六年第三季度房價2.5%的適度上漲，董事會認為二零一六年十二月三十一日的市況並無任何重大偏差。

On 15 June 2006, CVMSB entered into an agreement (the “**Mining Agreement**”) with Majuperak Energy Resources Sdn. Bhd. (“**MERSB**”) (formerly known as Harta Perak Corporation Sdn. Bhd.), a subsidiary of Perak State Development Corporation (“**PSDC**”), a shareholder of the Company. Pursuant to the Mining Agreement, CVMSB has been granted, at no initial cost, an exclusive right to mine and extract magnesium dolomite from the dolomite land (the “**Dolomite Land**”) for a period of 20 years, with an option to renew for a further period of 10 years. The Mining Agreement can be terminated early by the Group by giving one-month written notice to MERSB. CVMSB is required to pay royalties to MERSB based on the volume of dolomite extracted, subject to a monthly minimum payment (see Note 31(b)). Since the suspension of its production plant in 2012, CVMSB did not extract any dolomite from the Dolomite Land during the years ended 31 December 2016 and 2015. Mining activities for this dolomite project had been started in 2010 and the amortisation charge relating to the project for the year was included in “administrative expenses” in the audited consolidated statement of profit or loss for the years ended 31 December 2016 and 2015.

Extraction and Bottling of Mineral Water

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

During the year, the investment plan of Long Chuan in a new production line for sparkling water was still in abeyance due to limited cash resources available for the Group. Turnover of this business segment fell by approximately 23.4% to HK\$447,104 (2015: HK\$583,596) and segment loss increased by 119.1% to HK\$13,707,065 (2015: HK\$6,254,840).

於二零零六年六月十五日，CVMSB與本公司股東霹靂州經濟發展機構(Perak State Development Corporation) (「**PSDC**」) 的附屬公司Majuperak Energy Resources Sdn. Bhd. (「**MERSB**」) (前稱Harta Perak Corporation Sdn. Bhd.) 訂立協議(「**採礦協議**」)。根據採礦協議，CVMSB在毋須任何初期成本的情況下獲授於白雲石地塊(「**白雲石地塊**」)開採及提取鎂質白雲石的專有權，為期20年，可選擇續期10年。本集團可向MERSB發出一個月書面通知提前終止採礦協議。CVMSB須根據所提取白雲石的數量按每月最低付款向MERSB支付專利權費(見附註31(b))。截至二零一六年及二零一五年十二月三十一日止年度，由於CVMSB的生產廠房於二零一二年暫停營運，故其並無從白雲石地塊開採任何白雲石。本白雲石項目的開採活動已於二零一零年開始，而有關年度項目的攤銷費用已列入截至二零一六年及二零一五年十二月三十一日止年度的經審核綜合損益表的「行政開支」內。

提取及裝瓶礦泉水

於二零一二年，本集團收購凱龍集團有限公司及其附屬公司龍川升龍礦泉有限公司(「**龍川**」)的控股權益。龍川已取得位於中國廣東省龍川縣龍母鎮之龍川泉水(「**龍川泉**」)的採礦許可證及取水許可證，總開採面積約為0.3956平方公里。龍川的主要業務為於中國製造、銷售及分銷瓶裝礦泉水。龍川目前以「**真實**」品牌在中國設立品牌並推廣瓶裝礦泉水。

於年內，由於本集團的現金資源緊絀，故投資於龍川以開發一條製造有氣水的新生產線的計劃仍然擱置。此業務分部之營業額下降約23.4%至447,104港元(二零一五年：583,596港元)，及分部虧損增加119.1%至13,707,065港元(二零一五年：6,254,840港元)。

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At 31 December 2016, the Group reviewed the recoverable amount of this cash generating unit based on value-in-use calculation. In consideration of the performance of Long Chuan since acquisition and with reference to the valuation at 31 December 2016 prepared by GC Appraisals Services Company Limited ("**GC Appraisals**"), an independent valuer, the Directors determined that an impairment loss of HK\$17,718,053 (2015: HK\$nil) was recognised in the audited consolidated statement of profit or loss for the year ended 31 December 2016.

Exploration for Iron Ore, Coal and Manganese

PT. Laksbang Mediatama ("**PTLM**"), a non-wholly owned subsidiary of the Company is principally engaged in the exploration of manganese resources in Yogyakarta Province, Indonesia. Due to conflicts between its directors and legal representative, the operation of PTLM (including the exploration project) has been suspended since 2012. As additional time is required to identify suitable candidates to fill the vacancies of directorship and legal representative after a court judgement granted on November 2014, the operation and exploration activities of PTLM are yet to be reinstated. Hence, the potential revenue generating from PTLM was further delayed and the estimated future cash inflow derived from the exploration activities of PTLM was deferred.

At 31 December 2016, the Group reviewed the recoverable amount of this cash generating unit based on value-in-use calculation. Taking into consideration the abovementioned uncertainties and making reference to the valuation at 31 December 2016 prepared by GC Appraisals, the Directors determined that an impairment loss of HK\$18,648,122 (2015: HK\$3,736,391) was recognised in the audited consolidated statement of profit or loss for the year ended 31 December 2016.

Exploration, Development and Mining Production Activities

Geological exploration

The Group has one production operation mining permit right for manganese covering an area of approximately 195 hectares in Yogyakarta Province, Indonesia.

During the year ended 31 December 2016, the Group did not incur any geological exploration expenditure (2015: HK\$nil).

於二零一六年十二月三十一日，本集團按使用價值計算方法對該現金產生單位的可收回金額進行審閱。董事經考慮收購後龍川的表現及經參考由獨立估值師海信評估服務有限公司 ("**GC Appraisals**") 編製於二零一六年十二月三十一日的估值，釐定於截至二零一六年十二月三十一日止年度的經審核綜合損益表中確認減值虧損 17,718,053 港元 (二零一五年：零港元)。

勘探鐵礦石、煤及錳

本公司非全資附屬公司 PT. Laksbang Mediatama ("**PTLM**") 的主要業務為於印尼 Yogyakarta 省勘探錳資源。由於 PTLM 的董事與法律代表出現分歧，故 PTLM (包括勘探項目) 自二零一二年起暫停營運。由於法院於二零一四年十一月作出判決後，需額外時間物色合適人選填補董事及法律代表的空缺，PTLM 的經營及勘探活動尚未恢復。因此，進一步推遲 PTLM 所產生的潛在收入，及推遲 PTLM 的勘探活動所產生的估計未來現金流入。

於二零一六年十二月三十一日，本集團按使用價值計算方法對該現金產生單位的可收回金額進行審閱。董事經考慮上述不明朗因素及經參考由 GC Appraisals 於二零一六年十二月三十一日編製的估值，釐定於截至二零一六年十二月三十一日止年度的經審核綜合損益表中確認減值虧損 18,648,122 港元 (二零一五年：3,736,391 港元)。

勘探、發展及礦務生產活動

地質勘探

本集團擁有一個覆蓋印尼 Yogyakarta 省約 195 公頃範圍的錳生產經營開採許可證。

截至二零一六年十二月三十一日止年度，本集團概無產生任何地質勘探支出 (二零一五年：零港元)。

Mining of dolomite

At 31 December 2016, the Group did not extract any dolomite from the dolomite land. Hence, the accumulated dolomite reserves identified up to 31 December 2016 remained at 19,970 MT (2015: 19,970 MT).

There were no new contracts and commitments relating to mining of dolomite entered into during the year ended 31 December 2016 other than those that were disclosed in the Annual Report 2015.

Iron ore, coal and manganese

During the year under review, there were no development or mining production activities in respect of iron ore and coal minerals.

Estimated Proved Mineral Reserves

The updated mineral reserves of the Group as at 31 December 2016 and 2015 were as follows:

開採白雲石

於二零一六年十二月三十一日，本集團概無從白雲石地塊開採任何白雲石。因此，截至二零一六年十二月三十一日，已識別累計白雲石儲量維持於19,970公噸（二零一五年：19,970公噸）。

除二零一五年年報披露者外，本公司於截至二零一六年十二月三十一日止年度內概無訂立有關開採白雲石的新合約及承擔。

鐵礦石、煤炭及錳

於回顧年度內，並無就鐵礦石及煤炭礦物進行任何開發或礦務生產活動。

估計探明礦產儲量

本集團於二零一六年及二零一五年十二月三十一日之礦產儲量更新如下：

Minerals	Location	Total area	Reserves identified by JORC standard (metric tonnes) as at 31 December 2016 proved	Reserves identified by JORC standard (metric tonnes) as at 31 December 2015 proved
			於二零一六年十二月三十一日 JORC 規則 識別之儲量 (公噸) 探明	於二零一五年十二月三十一日 JORC 規則 識別之儲量 (公噸) 探明
礦產	位置	總面積		
Dolomite 白雲石	Lots: HS (D) 13756, PT 13404 地段： Mukim: Sungai Siput 區域： District: Kuala Kangsar 區： State: Perak 州： Country: Malaysia 國家： 霹靂州 馬來西亞	13 hectares 13公頃	19,970 ⁽¹⁾	19,970 ⁽¹⁾

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Minerals	Location	Total area	Reserves identified by JORC standard (metric tonnes) as at 31 December 2016 proved 於二零一六年十二月三十一日 JORC 規則 識別之儲量 (公噸) 探明	Reserves identified by JORC standard (metric tonnes) as at 31 December 2015 proved 於二零一五年十二月三十一日 JORC 規則 識別之儲量 (公噸) 探明
礦產	位置	總面積		
Manganese ⁽²⁾	Village: Jatimulyo	195 hectares	Exploration activities suspended	Exploration activities suspended
錳 ⁽²⁾	村 : Subdistrict: Girimulyo 分區 : Regency: Kulon Progo 區 : Province: Daerah Istimewa Yogyakarta 省 : Country: Indonesia 國家 : 印尼	195 公頃	已停止勘探活動	已停止勘探活動

notes:

附註 :

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

(1) 氧化鎂 (「MgO」) 及鎂 (「Mg」) 所佔平均百分比如下 :

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

(2) For the year end 31 December 2016 and up to the date of this report, the operations in Yogyakarta, Indonesia, have been hampered due to the failure to contact the legal representative of PTLM and additional time is required to nominate and appoint new directors and legal representative.

(2) 截至二零一六年十二月三十一日止年度及截至本報告日期，於印尼 Yogyakarta 省之業務因無法聯絡 PTLM 法律代表及需額外時間提名及委任新董事及法律代表而受到阻礙。

Environmental Policy and Performance

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

- duplex printing is set as the default mode for most network printers;
- employees are reminded to practice photocopying wisely;
- employees are encouraged to use both sides of paper;
- paper waste is recycled instead of being directly disposed of in landfills;
- paper is separated from other waste for easier recycling; and
- boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

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

The Group will review its environmental practices periodically and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses. Further details of the Group's environmental policy and performance are disclosed in the Environmental, Social and Governance Report as set out in pages 67 to 84 of this Annual Report.

Compliance with Relevant Laws and Regulations

During the year ended 31 December 2016, there was no evidence of non-compliance with the relevant laws and regulations that have significant impacts on the Group as far as the Board is aware.

環境政策及表現

作為香港一間社會責任企業，本集團尊重環境並致力減低碳足跡。碳足跡的定義為直接及間接排放的溫室氣體(GHGs)總量，以二氧化碳(CO₂)排放等量為單位表示。本集團所產生的無害廢棄物主要包括廢紙，如辦公室用紙及營銷物料。為減低碳足跡對環境的影響，本集團實施以下行動以提升用紙效益：

- 將大部分網絡印表機預設為雙面列印模式；
- 提醒員工影印時減少浪費；
- 鼓勵員工使用紙張的兩面；
- 循環再用廢紙而非直接送往堆填區處置；
- 將紙張與其他廢棄物分隔以方便回收；及
- 於影印機旁放置紙箱及紙盤收集單面紙張以供循環再用。

電力消耗可對環境及天然資源造成負面影響。一般商業樓宇的照明耗電量較其他電力設備為高。本集團致力減少能源消耗及推行保護為本的行動，從而減低碳足跡的影響。空調及照明區安排可減少不必要的耗電量；僱員遵循良好做法維修照明及電力設備以確保設備維持良好正常狀態，繼而發揮最大效能。

本集團將定期檢討其環保常規，並將考慮於本集團業務營運過程中進一步推行環保措施及常規。有關本集團環境政策及表現乃於載於本年報第67至84頁的環境、社會及管治報告內披露。

遵守相關法律及規例

於截至二零一六年十二月三十一日止年度，董事會並不知悉有證據顯示有任何不遵守相關法律及規例事項對本集團有重大影響。

Relationship with Employees, Customers and Suppliers

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

The Group encompasses working relationships with suppliers to meet our customers' needs effectively and efficiently. The Group's requirements and standards are also well-communicated to suppliers.

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

During the year ended 31 December 2016, there were no circumstances of any event between the Group and its employees, customers and suppliers which would have a significant impact on the Group's business.

Significant Events after the Reporting Period

Subsequent to the end of the reporting period and up to the date of this report, the Group had the following material events:

1. On 8 March 2017, the Company and Cheong Lee Securities Limited ("**Cheong Lee**") entered into a placing agreement (the "**Placing Agreement**"), whereby the Company agreed to place up to 150,000,000 placing shares to not less than six independent third parties of the Group at HK\$0.084 per placing share (the "**2017 Share Placement**"). The maximum net proceeds arising from the 2017 Share Placement were estimated to be approximately HK\$12.22 million. Completion of the 2017 Share Placement is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the

與僱員、客戶及供應商的關係

本集團提供切合個別僱員需要之全面福利待遇、事業發展機會及內部培訓，表彰僱員成就。本集團為全體僱員提供健康安全之工作場所。於本回顧年度內，並無發生罷工及因職場意外而造成之致命事故。

本集團與供應商維持工作關係，以有效而高效地滿足客戶需要。本集團亦會與供應商妥善溝通各項要求及標準。

本集團透過不同途徑及渠道評估所有客戶之見解及意見，包括利用商業情報瞭解客戶趨勢及需要，並定期分析客戶回應。本集團亦進行全面測試及檢查，確保客戶必然獲得優質產品及服務。

於截至二零一六年十二月三十一日止年度，本集團與其僱員、客戶及供應商之間概無發生任何將對本集團業務造成重大影響的狀況。

報告期後重大事項

於報告期末後及直至本報告日期，本集團發生以下重大事項：

1. 於二零一七年三月八日，本公司與昌利證券有限公司（「昌利」）訂立配售協議（「配售協議」），據此，本公司同意向本集團不少於六名獨立第三方按每股配售股份0.084港元配售最多150,000,000股配售股份（「二零一七年股份配售事項」）。二零一七年股份配售事項產生之所得款項淨額最多估計約為12.22百萬港元。完成二零一七年股份配售事項須待聯交所於二零一七年三月二十九日（或訂約各方可能書面協定的較後日期）（「最後截止日期」）或之前批准將根據配售協議配售

placing shares to be placed pursuant to the Placing Agreement on or before 29 March 2017 (or such later date as the parties thereto may agree in writing) (the “**Long Stop Date**”). As the condition precedent of the Placing Agreement cannot be fulfilled on or before the Long Stop Date, the Placing Agreement lapsed on 29 March 2017.

2. On 24 February 2017, 1 March 2017 and 17 March 2017, the Company borrowed unsecured loans of HK\$2,000,000, HK\$2,000,000 and HK\$1,000,000 respectively from independent third parties at interest rate ranging from 3% to 5% per month and are repayable within two months after their respective drawdown dates.

Business Prospect

The Group experienced another challenging year of 2016. Notwithstanding the current situation of the Group and the global political and economical uncertainties, the Directors had successfully mitigated certain liquidity risks of the Group. By negotiating with the creditors of the Group for loan restructuring, the secured bank loans were fully settled during the year. In order to further improve the liquidity of the Group, the Directors planned to negotiate with other creditors to reach alternative repayment arrangements.

In recent years, price of magnesium remained low while competition from other industry players, especially China, continued to be strong that further suppressed the revenue of the Group's mining sector. Having considered the difficulties facing the mining industry, the Group determined to actively explore and identify other acquisition, collaboration and investment opportunities in other industries in an attempt to diversify its business and broaden its revenue sources.

Going forward, the Company will continue to heighten its efforts to resolve and leverage the challenges in the current business units. The Group will take prudent measures to improve its overall performance efficiency and explore opportunities in other new business areas with the aim of minimising the risk and optimising the value of the Group and our shareholders as a whole.

的配售股份上市及買賣後，方告完成。由於配售協議之先決條件未能於最後截止日期或之前達成，配售協議已於二零一七年三月二十九日失效。

2. 於二零一七年二月二十四日、二零一七年三月一日及二零一七年三月十七日，本公司分別向獨立第三方借入無抵押貸款2,000,000港元、2,000,000港元及1,000,000港元，月利率介乎3%至5%，且須於彼等各自提取日期後兩個月內償還。

業務展望

本集團於二零一六年經歷了又一個充滿挑戰的年度。儘管本集團現狀及全球政治及經濟不明朗，董事已成功減輕本集團所面臨之若干流動資金風險。透過與本集團債權人就貸款重組進行磋商，有抵押銀行貸款於年度內悉數結算，及本集團抵押資產已獲解除。為進一步改善本集團流動資金狀況，董事計劃與其他債務持有人協商以達致其他還款安排。

近年來，鎂價格保持低位，而來自其他業內參與者（尤其是中國）的競爭持續激烈，進一步侵蝕本集團礦業的收入。考慮到採礦業面臨的困難，本集團決定於其他行業積極開拓及物色其他收購、合作及投資機會，力圖使其業務多樣化並擴大其收入來源。

展望未來，本公司將繼續加強解決及利用現有業務分部挑戰之措施。本集團將採取審慎措施改善其整體業績效率，並於其他新業務領域探索機遇，以降低風險並提升本集團及股東之整體價值。

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FINANCIAL REVIEW

For the year ended 31 December 2016, the Group's turnover decreased by 65.6% to HK\$9,027,978 as compared to that of 2015. The decrease was mainly due to persisting soft market for magnesium and the limited cash resources for the Group to develop its businesses. Profit attributable to owners of the Company amounted to HK\$59,382,332 (2015: loss attributable to owners of the Company amounted to HK\$110,997,358) as a result of an exceptional gain on loans reduction during the year. Earnings per share for the year ended 31 December 2016 was HK1.08 cents (2015: loss per share of HK3.29 cents).

財務回顧

截至二零一六年十二月三十一日止年度，本集團營業額較二零一五年減少65.6%至9,027,978港元。減少乃主要由於鎂市場持續疲軟，且本集團發展業務的現金資源有限所致。本公司擁有人應佔溢利為59,382,332港元(二零一五年：本公司擁有人應佔虧損110,997,358港元)，乃由於年內減少貸款產生非經常性收益所致。截至二零一六年十二月三十一日止年度之每股盈利為1.08港仙(二零一五年：每股虧損3.29港仙)。

Financial Results

財務業績

For year ended 31 December 截至十二月三十一日止年度		2016 二零一六年 (HK\$) (港元)	2015 二零一五年 (HK\$) (港元)
Turnover	營業額	9,027,978	26,246,238
Cost of sales	銷售成本	(9,245,729)	(42,482,963)
Other revenue	其他收入	193,197,915	98,179
Other net loss	其他虧損淨額	(8,503,141)	(155,056)
Selling and distribution expenses	出售及分銷開支	(225,688)	(952,621)
Administrative expenses	行政開支	(53,659,252)	(42,324,858)
Profit/(loss) from operations	經營溢利/(虧損)	130,592,083	(59,571,081)
Finance costs	融資成本	(27,819,101)	(45,492,651)
Other operating expenses	其他經營開支	(60,275,061)	(13,886,428)
Income tax credit	所得稅抵免	7,952,143	565,263
Profit/(loss) for the year	年內溢利/(虧損)	50,450,064	(118,384,897)
Profit/(loss) attributable to owners of the Company	本公司擁有人應佔溢利/(虧損)	59,382,332	(110,997,358)

Turnover

For the year ended 31 December 2016, the Group's audited consolidated turnover decreased by 65.6% to HK\$9,027,978 (2015: HK\$26,246,238) as compared to that of last year. Turnover attributable to (i) mining of dolomite and manufacture of magnesium ingots; (ii) extraction and bottling of mineral water; and (iii) exploration for iron ore, coal and manganese were 95.0%, 5.0% and 0% respectively (2015: 97.8%, 2.2% and 0% respectively).

During the year, the Group recorded a decrease of turnover by 66.6% to HK\$8,580,874 (2015: HK\$25,662,642) on sales of mining of dolomite and manufacture of magnesium ingots as compared to that of 2015 mainly due to intense market competition and cost-effectiveness of operations.

In addition, the limited cash resources of the Group to market the bottled-mineral water business hindered the segment's performance and accordingly, sales of bottled mineral water fell by 23.4% to HK\$447,104 (2015: HK\$583,596).

Cost of sales

Cost of sales of the Group for the year ended 31 December 2016 of HK\$9,245,729 (2015: HK\$42,482,963) included mainly staff costs, manufacturing overheads, depreciation and amortisation and inventories written-off. The decrease in the cost of sales was primarily due to the decline in production activities throughout the year.

Other revenue

The Group received interest income of HK\$1,294 (2015: HK\$6,657) from money deposited with approved financial institutions during the year. The Group also recorded an exceptional gain on loans reduction of HK\$192,992,398 (2015: HK\$nil) as a result of secured bank loan restructuring with Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat") and sundry income of HK\$204,223 (2015: HK\$91,522).

Other net losses

For the year ended 31 December 2016, other net losses comprised net foreign exchange losses of HK\$8,503,141 (2015: HK\$155,056).

Selling and distribution expenses

As a consequence of curtailment of production activities, selling and distribution expenses of the Group decreased by 76.3% to HK\$225,688 (2015: HK\$952,621) for the year ended 31 December 2016.

營業額

截至二零一六年十二月三十一日止年度，本集團之經審核綜合營業額較去年減少65.6%至9,027,978港元(二零一五年：26,246,238港元)。應佔(i)開採白雲石及生產鎂錠；(ii)提取及裝瓶礦泉水；及(iii)勘探鐵礦石、煤及錳之營業額分別為95.0%、5.0%及0%(二零一五年：分別為97.8%、2.2%及0%)。

於年內，本集團就開採白雲石及生產鎂錠錄得的銷售營業額較二零一五年同期減少66.6%至8,580,874港元(二零一五年：25,662,642港元)，乃主要由於激烈的市場競爭及營運成本效益。

此外，本集團營銷瓶裝礦泉水業務之現金資源緊拙牽制分部表現，因此，銷售瓶裝礦泉水減少23.4%至447,104港元(二零一五年：583,596港元)。

銷售成本

截至二零一六年十二月三十一日止年度，本集團銷售成本9,245,729港元(二零一五年：42,482,963港元)，主要包括員工成本、生產費用、折舊及攤銷以及存貨撇銷。銷售成本減少主要由於生產活動於整個年度有所減少所致。

其他收入

本集團年內自存放於認可金融機構之存款收取利息收入1,294港元(二零一五年：6,657港元)。本集團因與Bank Kerjasama Rakyat Malaysia Berhad(「Bank Rakyat」)的有抵押銀行貸款重組亦錄得減少貸款之非經常性收益192,992,398港元(二零一五年：零港元)及雜項收入204,223港元(二零一五年：91,522港元)。

其他虧損淨額

截至二零一六年十二月三十一日止年度，其他虧損淨額包括匯兌虧損淨額8,503,141港元(二零一五年：155,056港元)。

出售及分銷開支

截至二零一六年十二月三十一日止年度，本集團之出售及分銷開支因減少生產活動而減少76.3%至225,688港元(二零一五年：952,621港元)。

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Administrative expenses

Administrative expenses of the Group increased by 26.8% to HK\$53,659,252 (2015: HK\$42,324,858) for the year ended 31 December 2016 as compared to that of 2015.

Finance costs

Finance costs of the Group for the year was HK\$27,819,101 (2015: HK\$45,492,651), mainly consisted of interest on other borrowings from third parties of HK\$23,763,292 (2015: HK\$1,245,736), default interest of HK\$3,234,970 (2015: HK\$11,422,034) for convertible bonds issued by the Company and interest on bank loans of HK\$811,217 (2015: HK\$21,813,102).

Other operating expenses

For the year ended 31 December 2016, other operating expenses of the Group was HK\$60,275,061 (2015: HK\$13,886,428), comprised primarily the impairment of exploration and evaluation assets of HK\$36,366,175 (2015: HK\$3,736,391), the impairment of property, plant and equipment of HK\$9,210,610 (2015: HK\$nil) and the impairment of other receivables and prepayments of HK\$1,378,000 (2015: HK\$3,000,000). Besides, property, plant and equipment amounted to HK\$13,131,002 (2015: HK\$4,950,550) and no raw material and finished good (2015: HK\$2,199,487) were written off during the year.

Income tax credit

For the year ended 31 December 2016, the Group recorded income tax credit of HK\$7,952,143 (2015: HK\$565,263) arising from the reversal of temporary differences.

Profit/Loss

For the year ended 31 December 2016, the Group recorded profit before taxation of HK\$42,497,921 (2015: loss before taxation of HK\$118,950,160) which was a result of profit from operations of HK\$130,592,083 (2015: loss from operations of HK\$59,571,081), finance costs of HK\$27,819,101 (2015: HK\$45,492,651) and other operating expenses of HK\$60,275,061 (2015: HK\$13,886,428).

行政開支

截至二零一六年十二月三十一日止年度，本集團之行政開支較二零一五年同期增加26.8%至53,659,252港元(二零一五年：42,324,858港元)。

融資成本

本集團於年內之融資成本為27,819,101港元(二零一五年：45,492,651港元)，主要包括來自第三方其他借款之利息23,763,292港元(二零一五年：1,245,736港元)、本公司所發行可換股債券之拖欠利息3,234,970港元(二零一五年：11,422,034港元)及銀行貸款利息811,217港元(二零一五年：21,813,102港元)。

其他經營開支

截至二零一六年十二月三十一日止年度，本集團之其他經營開支為60,275,061港元(二零一五年：13,886,428港元)，主要包括勘探及評估資產減值36,366,175港元(二零一五年：3,736,391港元)、物業、廠房及設備減值9,210,610港元(二零一五年：零港元)及其他應收款項及預付款項減值1,378,000港元(二零一五年：3,000,000港元)。此外，物業、廠房及設備於年內撤銷13,131,002港元(二零一五年：4,950,550港元)，且年內並無撤銷原材料及製成品(二零一五年：2,199,487港元)。

所得稅抵免

截至二零一六年十二月三十一日止年度，本集團自撥回暫時性差額錄得所得稅抵免7,952,143港元(二零一五年：565,263港元)。

溢利／虧損

截至二零一六年十二月三十一日止年度，本集團錄得除稅前溢利42,497,921港元(二零一五年：除稅前虧損118,950,160港元)，由於經營產生溢利130,592,083港元(二零一五年：經營虧損59,571,081港元)、融資成本27,819,101港元(二零一五年：45,492,651港元)及其他經營開支60,275,061港元(二零一五年：13,886,428港元)所致。

Profit from operations was mainly attributable to a gain on bank loans reduction of HK\$192,992,398 recognised during the year which was one-off and non-recurring in nature. Excluding an exceptional gain on bank loans reduction, the Group would have recorded a loss from operations of HK\$62,400,315 (2015: HK\$59,571,081) and a loss attributable to owners of the Company of HK\$133,610,066 (2015: HK\$110,997,358) for the year.

Earnings per share for the year ended 31 December 2016 was HK1.08 cents (2015: loss per share of HK3.29 cents).

經營產生溢利主要由於年內確認銀行貸款減少之收益192,992,398港元屬一次性及非經常性。除銀行貸款減少之非經常性收益外，本集團年內錄得經營虧損62,400,315港元(二零一五年：59,571,081港元)及本公司擁有人應佔虧損133,610,066港元(二零一五年：110,997,358港元)。

截至二零一六年十二月三十一日止年度的每股盈利為1.08港仙(二零一五年：每股虧損3.29港仙)。

Financial Position

財務狀況

At 31 December 於十二月三十一日		2016 二零一六年 (HK\$) (港元)	2015 二零一五年 (HK\$) (港元)
Total assets	資產總值	149,094,373	244,740,618
Current assets	流動資產	3,854,347	16,267,813
Non-current assets	非流動資產	145,240,026	228,472,805
Total liabilities	負債總額	(204,862,814)	(339,259,239)
Current liabilities	流動負債	(204,862,814)	(331,256,091)
Non-current liabilities	非流動負債	-	(8,003,148)
Net liabilities	負債淨額	(55,768,441)	(94,518,621)
Total deficit	虧損總額	(55,768,441)	(94,518,621)
Share capital	股本	1,367,875,301	1,367,875,301
Reserves	儲備	(1,412,730,818)	(1,461,719,130)
Non-controlling interests	非控股權益	(10,912,924)	(674,792)

As at 31 December 2016, total assets of the Group were HK\$149,094,373 (2015: HK\$244,740,618), representing a decrease of 39.1% as compared to that of 2015. In particular, current assets decreased by 76.3% to HK\$3,854,347 (2015: HK\$16,267,813) and non-current assets decreased by 36.4% to HK\$145,240,026 (2015: HK\$228,472,805). The significant decrease in current assets was mainly attributable to limited cash resources available for operating the Group's cash generating units and the repayment of the secured bank loans to Bank Rakyat during the year that substantially reduced the cash and cash equivalents of the Company. The decrease in non-current assets was primarily due to the impairment of exploration and evaluation assets of HK\$36,366,175, write-off of property, plant and equipment of HK\$13,131,002 and depreciation and amortisation of HK\$16,608,135 during the year.

於二零一六年十二月三十一日，本集團的總資產為149,094,373港元(二零一五年：244,740,618港元)，相比二零一五年同期減少39.1%。其中，流動資產減少76.3%至3,854,347港元(二零一五年：16,267,813港元)，非流動資產減少36.4%至145,240,026港元(二零一五年：228,472,805港元)。流動資產重大減少乃主要由於年內本集團就營運現金產生單位的現金資源緊絀及向Bank Rakyat償還有抵押銀行貸款大幅減少本公司的現金及現金等價物所致。非流動資產減少乃主要由於年內勘探及評估資產減值36,366,175港元、撇銷物業、廠房及設備13,131,002港元以及折舊及攤銷16,608,135港元所致。

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Total liabilities as at 31 December 2016 were HK\$204,862,814 (2015: HK\$339,259,239), representing a decrease of 39.6% as compared to that of 2015. In particular, current liabilities decreased by 38.2% to HK\$204,862,814 (2015: HK\$331,256,091), which was principally attributable to the settlement of the secured bank loans and the escalated interest-bearing borrowings at the end of the reporting date. As at 31 December 2016, the Group had no non-current liabilities (2015: HK\$8,003,148).

As at 31 December 2016, net current liabilities and total deficit of the Group were HK\$201,008,467 (2015: HK\$314,988,278) and HK\$55,768,441 (2015: HK\$94,518,621) respectively.

Capital Raising Exercise

On 2 March 2016, the Company and Upbest Securities Company Limited (“Upbest”) entered into a placing agreement, whereby the Company had conditionally agreed to place, through Upbest, on a best effort basis, up to 1,101,924,000 placing shares under the general mandate to not less than six independent third parties at a placing price of HK\$0.1 per placing share (the “2016 Share Placement”). On 23 March 2016, the Company and Upbest further entered into a supplemental agreement, pursuant to which the long stop date of the 2016 Share Placement be extended to 13 April 2016 (or such later date as both parties may agree in writing) and the number of placee(s) to be procured by Upbest could be less than six. In light of the then market circumstances and the condition precedent of the placing agreement had not been fulfilled, the Company and Upbest had entered into a deed of termination and agreed to terminate the 2016 Share Placement on 13 April 2016.

Secured Bank Loans

Subsequent to the acceptance of the bank loan restructuring proposal offered by Bank Rakyat, CVMSB, a wholly-owned subsidiary of the Company, had repaid all overdue secured bank loans to Bank Rakyat during the year and accordingly, the Group recorded no outstanding secured bank loans as at 31 December 2016 (2015: HK\$260,423,032) and gain on loans reduction of RM99,352,487 (equivalent to approximately HK\$192,992,398) (2015: HK\$ nil) was recognised in profit or loss.

Details of the Group's secured bank loans are set out in Note 25 to the consolidated financial statements.

於二零一六年十二月三十一日，總負債為204,862,814港元(二零一五年：339,259,239港元)，相比二零一五年同期減少39.6%。其中，流動負債減少38.2%至204,862,814港元(二零一五年：331,256,091港元)，乃主要由於於報告期末結算有抵押銀行貸款及遞增計息借款所致。於二零一六年十二月三十一日，本集團概無非流動負債(二零一五年：8,003,148港元)。

於二零一六年十二月三十一日，本集團流動負債淨額及虧損總額分別為201,008,467港元(二零一五年：314,988,278港元)及55,768,441港元(二零一五年：94,518,621港元)。

集資活動

於二零一六年三月二日，本公司與美建證券有限公司(「美建」)訂立配售協議，據此，本公司有條件同意根據一般授權，透過美建盡力向不少於六名獨立第三方配售最多1,101,924,000股配售股份，每股配售股份的配售價為0.1港元(「二零一六年股份配售」)。於二零一六年三月二十三日，本公司與美建進一步訂立補充協議，據此，二零一六年股份配售截止日期獲延長至二零一六年四月十三日(或雙方可能書面議定之較後日期)及美建將獲得之配售數目或少於六。鑑於當時的市場情況及配售協議之先決條件未獲達致，本公司已於二零一六年四月十三日與美建訂立終止契約，同意終止二零一六年股份配售。

有抵押銀行貸款

於接納Bank Rakyat提出的銀行貸款重組提案後，CVMSB，本公司之全資附屬公司，已於年內向Bank Rakyat償還全部逾期有抵押之銀行貸款，因此本集團於二零一六年十二月三十一日並無錄得有抵押銀行貸款(二零一五年：260,423,032港元)及金額為99,352,487馬幣(相當於約192,992,398港元)(二零一五年：零港元)之貸款減少之收益已於損益中確認。

本集團有抵押銀行貸款之詳情載於本綜合財務報表附註25。

Loans from Third Parties

As at 31 December 2016, the Company had outstanding loans (the "Borrowings") of HK\$107,609,200 (2015: HK\$1,800,000) from independent third parties. The Borrowings carried fixed interest rates ranging from 10.0% to 12.0% per annum and 2% to 4% per month and were repayable within two months to one year after the respective drawdown dates.

Details of the Group's Borrowings are set out in Note 26 to the consolidated financial statements.

Convertible Bonds

As at 31 December 2016, the principal amount of the convertible bonds of the Company (the "Matured Bonds") in default was HK\$10,000,000 (2015: HK\$29,000,000) which were immediate due for repayment. The default interest thereon was HK\$3,234,970 (2015: interest (including default interest) of HK\$20,667,905). As at the approval date of the consolidated financial statements, the Company has not yet concluded any alterations in the terms of the Matured Bonds with the Matured Bonds holder.

Details of the Group's convertible bonds are set out in Note 24 to the consolidated financial statements.

Unsecured Bonds

During the year ended 31 December 2016, the Company issued unsecured bonds in an aggregate principal amount of HK\$30,000,000 (2015: HK\$nil) to independent third parties. The unsecured bonds are interest bearing at 2.0% per month and will mature in twelve months after the issuance of the bonds.

Liquidity and Financial Resources

As at 31 December 2016, net current liabilities of the Group stood at HK\$201,008,467 (2015: HK\$314,988,278). Besides, the Group maintained cash and cash balances of HK\$493,462 (2015: HK\$11,964,081). The Group's prepayments, deposits and other receivables amounted to HK\$3,212,239 (2015: HK\$3,647,537). As at 31 December 2016, the Group had no outstanding secured bank loan (2015: HK\$260,423,032).

Included in current liabilities were interest-bearing borrowings from independent third parties and finance lease creditors of HK\$137,658,154 (2015: HK\$1,974,814). The Group had negative gearing ratio of 3.29 times (2015: 3.11 times), which was calculated on the basis of total finance leases, convertible bonds and interest-bearing borrowings over total deficit attributable to owners of the Company.

來自第三方貸款

於二零一六年十二月三十一日，本公司來自第三方之未償還貸款（「借款」）金額為107,609,200港元（二零一五年：1,800,000港元）。借款分別以介乎10.0%至12.0%的固定年利率及介乎2%至4%的固定月利率計息，及於各自提取日期後兩個月至一年內償還。

本集團借款之詳情載於本綜合財務報表附註26。

可換股債券

於二零一六年十二月三十一日，本公司違約可換股債券（「到期債券」）之本金額為10,000,000港元（二零一五年：29,000,000港元），須立即償還。由此產生之違約利息為3,234,970港元（二零一五年：利息（包括違約利息）20,667,905港元）。於綜合財務報表之批准日期，本公司與到期債券持有人並無對到期債券條款作出任何更改。

本集團可換股債券之詳情載於本綜合財務報表附註24。

無抵押債券

截至二零一六年十二月三十一日止年度，本公司已向獨立第三方發行無抵押債券，本金總額為30,000,000港元（二零一五年：零港元）。無抵押債券按月利率2.0%計息，並將於發行債券後十二個月到期。

流動資金及財務資源

於二零一六年十二月三十一日，本集團之淨流動負債為201,008,467港元（二零一五年：314,988,278港元）。此外，本集團維持現金及現金結餘493,462港元（二零一五年：11,964,081港元）。本集團之預付款項、按金及其他應收款項為3,212,239港元（二零一五年：3,647,537港元）。於二零一六年十二月三十一日，本集團並無尚未償還有抵押銀行貸款（二零一五年：260,423,032港元）。

流動負債包括來自獨立第三方之計息借款及融資租賃債項137,658,154港元（二零一五年：1,974,814港元）。本集團的資產負債比率（按融資租賃、可換股債券及計息借款總額除本公司擁有人應佔虧損總額計算）為3.29倍（二零一五年：3.11倍）。

DIRECTORS' REPORT

董事會報告

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

- (i) the Directors review the Group's cash position regularly;
- (ii) the Group explores means to improve its cash flow through bank or short-term borrowings and fund raising activities in capital market;
- (iii) the Group is using its best efforts to (i) arrange to pay the overdue interest to the holder of the Matured Bonds in due course and (ii) further negotiate with the bondholder for the extension of maturity dates and proposed alteration of terms of the Matured Bonds;
- (iv) the Group is using its best efforts to (i) arrange to pay the overdue principals and interests in respect of the interest-bearing loans from independent third parties in due course and (ii) further negotiate with the lenders for the extension of maturity dates and proposed alteration of terms of the loans; and
- (v) the Group is seeking investors or strategic partners for the Group's projects in Hong Kong, the PRC and the rest of the world.

Details of the actions taken are set out in Note 2(b) to the consolidated financial statements.

Charge on Assets

During the year ended 31 December 2016, the overdue secured bank loans granted to CVMSB were repaid in full and the charged properties were discharged by Bank Rakyat and redeemed by the Group.

On 30 July 2016, the Group obtained an interest-bearing loan amounting to HK\$50,000,000 from an independent third party which was secured by way of a pledge over the entire issued capital of CVMSB.

Capital Expenditure and Capital Commitment

The Group had no capital expenditure for the years ended 31 December 2016 and 2015.

As at 31 December 2016, the Group had capital commitments contracted but not provided for of HK\$13,660,426 (2015: HK\$14,244,500) in respect of certain construction, engineering and management service contracts in Malaysia.

董事已採取及／或將會採取下列行動以減輕本集團所面臨的流動資金問題：

- (i) 董事定期審閱本集團的現金狀況；
- (ii) 本集團尋求方法以透過銀行或短期借款以及於資本市場進行籌資活動改善其現金流量；
- (iii) 本集團正盡最大努力 (i) 適時安排向到期債券持有人繼續支付逾期利息及 (ii) 進一步與債券持有人就延長到期日及此等到期債券的建議修改條款重新商討；
- (iv) 本集團正盡最大努力 (i) 適時安排向獨立第三方支付計息貸款之逾期本金及利息及 (ii) 進一步與貸款人就延長到期日及建議修改貸款條款進行商討；及
- (v) 本集團就其在中國、香港及世界其他地區的項目於全球範圍內物色投資者或策略夥伴。

所採取行動的詳情載於綜合財務報表附註2(b)。

資產抵押

截至二零一六年十二月三十一日止年度，批予CVMSB的逾期有抵押銀行貸款已悉數償清。已押記物業已獲Bank Rakyat解除抵押並由本集團贖回。

於二零一六年七月三十日，本集團從獨立第三方處獲取計息貸款50,000,000港元，該貸款透過質押CVMSB之全部已發行股本作抵押。

資本開支及資本承擔

本集團於截至二零一六年及二零一五年十二月三十一日止年度並無任何資本開支。

於二零一六年十二月三十一日，本集團就馬來西亞若干建築、工程及管理服務合約作出已訂約但未撥備之資本承擔為13,660,426港元(二零一五年：14,244,500港元)。

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associated Companies, and Future Plans for Material Investments or Capital Assets

On 7 October 2016, the Directors resolved and established a subsidiary in the United States of America for the purpose of exploring and seeking potential business opportunities, including the properties development and sale of properties, trading of commodity products and/or new renewable energy product.

Save for the above-mentioned and those disclosed in Note 17 to the consolidated financial statements of this annual report, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries and associated companies, and future plans for material investments or capital assets during the year ended 31 December 2016.

Contingent Liabilities

As at 31 December 2016, the Company has issued corporate guarantees totalling RM133,004 (equivalent to approximately HK\$230,000) (2015: RM133,004 (equivalent to approximately HK\$240,000)) for finance lease creditors in respect of the purchase of motor vehicles by CVMSB.

The Matured Bonds remained in default and were immediately due for repayments as at 31 December 2016. Pursuant to the convertible bonds agreements, at any time after the convertible bonds have become payable, the respective convertible bondholders may without further notice institute such proceedings as it may think fit to enforce payment of the monies due.

The loans from third parties were defaulted and immediately due for repayments as at 31 December 2016. Pursuant to the loan agreements, the principal amount drawn and for the time being outstanding under the facilities, all interest accrued thereon and all other monies payable under the agreements to be forthwith due and payable, the respective lenders may without further notice institute such proceedings as it may think fit to enforce payment of the monies due.

持有的重大投資、附屬公司及聯營公司的重大收購及出售，以及未來作重大投資或購入資本資產的計劃

於二零一六年十月七日，董事會決定並於美國成立附屬公司，以物色及尋找潛在業務機會，包括物業開發及出售物業、買賣商品及／或新可再生能源產品。

除上文所述者及本年報之綜合財務報表附註17所披露者外，截至二零一六年十二月三十一日止年度，本集團概無持有其他重大投資，亦無任何重大收購或出售附屬公司及聯營公司及關於重大投資或資本資產的未來計劃。

或然負債

於二零一六年十二月三十一日，本公司已就CVMSB購置汽車的融資租賃債項發出公司擔保合共133,004馬幣(相當於約230,000港元)(二零一五年：133,004馬幣(相當於約240,000港元))。

到期債券仍拖欠還款並於二零一六年十二月三十一日到期時即時償還。根據可換股債券協議，於可換股債券成為應付後的任何時間，各可換股債券持有人毋須就構成其認為合適可強制償還到期款項的行動作進一步通知。

來自第三方貸款仍拖欠還款並於二零一六年十二月三十一日到期時即時償還。根據貸款協議，所提取之本金額及融資項下當時尚未償還之本金額、其所有應計利息及協議項下所有其他應付款項將即時到期並應付，各貸款人毋須就構成其認為合適可強制償還到期款項的行動作進一步通知。

DIRECTORS' REPORT

董事會報告

Cash Flow

現金流量

Year ended 31 December 截至 十二月三十一日止年度		2016 二零一六年 (HK\$) (港元)	2015 二零一五年 (HK\$) (港元)
Net cash used in operating activities	經營活動使用的現金流量淨額	(27,736,796)	(53,167,421)
Net cash generated from/(used in) investing activities	投資活動產生/(使用)的現金流量淨額	593,402	(9,943,091)
Net cash generated from financing activities	融資活動產生的現金流量淨額	15,664,518	74,704,415
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物淨(減少)/增加額	(11,478,876)	11,593,903

The Group reported net cash outflow in operating activities of HK\$27,736,796 for the year ended 31 December 2016 (2015: HK\$53,167,421), principally reflecting the effect of an accounting adjustment for the gain on loans reduction of HK\$192,992,398 (2015: nil) recorded during the year..

本集團於截至二零一六年十二月三十一日止年度錄得經營活動現金流出淨額為27,736,796港元(二零一五年: 53,167,421港元)，主要反映年內錄得的貸款減少之收益192,992,398港元(二零一五年: 無)會計調整之影響。

Net cash generated from investing activities was HK\$593,402 for the year ended 31 December 2016 (2015: net cash used in investing activities of HK\$9,943,091), mainly attributable to the improvement works of Long Chuan which were completed this year and accordingly, the deposits paid in 2015 were transferred to property, plant and equipment for the year ended 31 December 2016.

於截至二零一六年十二月三十一日止年度，投資活動所得現金淨額為593,402港元(二零一五年: 投資活動所用現金淨額9,943,091港元)，主要由於龍川的完善工程已於本年度完成，因此，於二零一五年支付的按金已轉撥至截至二零一六年十二月三十一日止年度的物業、廠房及設備。

Net cash generated from financing activities for the year was HK\$15,664,518 (2015: HK\$74,704,415) as a consequence of escalating proceeds arrived from interest-bearing borrowings.

由於計息借款產生的所得款項增加，年內融資活動所得現金淨額為15,664,518港元(二零一五年: 74,704,415港元)。

Financial Ratios

The following table shows the key financial ratios indicating the performance of the Group for the last five financial years:

財務比率

下表載列前五個財政年度指出本集團表現的主要財務比率：

		2016 二零一六年 (times) (倍)	2015 二零一五年 (times) (倍)	2014 二零一四年 (times) (倍)	2013 二零一三年 (times) (倍)	2012 二零一二年 (times) (倍)
At 31 December	於十二月三十一日					
Gearing ratio ¹ (negative)	資產負債率 ¹ (負數)	3.29	3.11	1.56	2.32	42.30
Debt ratio ²	負債比率 ²	1.37	1.39	2.01	1.35	0.85
Current ratio ³	流動比率 ³	0.02	0.05	0.01	0.02	0.05

notes:

- ¹ Gearing ratio = (Obligations under finance lease + convertible bonds + bank loans + interest-bearing borrowings)/Total deficit attributable to owners of the Company
- ² Debt ratio = Total liabilities/Total assets
- ³ Current ratio = Current assets/Current liabilities

As at 31 December 2016, the Group had negative gearing ratio of 3.29 times (2015: 3.11 times) and had a debt ratio of 1.37 times (2015: 1.39 times). On the other hand, the Group's current ratio was 0.02 times (2015: 0.05 times). These ratios indicated that the Group had high level of financial risk and had room to improve its liquidity level.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Impact of Local and International Regulations

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

Third-Party Risks

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

附註：

- ¹ 資產負債率 = (融資租賃承擔 + 可換股債券 + 銀行貸款 + 計息借款的總額) / 本公司擁有人應佔權益
- ² 負債比率 = 負債總額 / 資產總值
- ³ 流動比率 = 流動資產 / 流動負債

於二零一六年十二月三十一日，本集團的資產負債比率為3.29倍(二零一五年：3.11倍)，負債比率為1.37倍(二零一五年：1.39倍)。另一方面，本集團的流動比率為0.02倍(二零一五年：0.05倍)。該等比率顯示本集團有較高的財務風險，並有改善流動資金水平的空間。

主要風險及不明朗因素

下文的載列本集團面臨的主要風險及不明朗因素。

地方及國際規例之影響

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

第三方風險

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

DIRECTORS' REPORT

董事會報告

Concentration Risks

The Group has relied on certain major suppliers and customers for a significant portion of the purchases and sale. If the major suppliers failed to make timely delivery of their products and the Group fails to source from other suppliers in a timely and cost-effective manner, the operation of the Group could be delayed. The relationship between the Group and its customers could also be adversely affected as a result of any such delays, which could in turn materially and adversely affect the business operations and financial performance of the Group.

Liquidity Risk

Liquidity risk is the risk that the Group cannot meet its current obligations as they fall due. The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations as and when they fall due and on its ability to obtain external financing for its committed future capital expenditures. At 31 December 2016, the Group had net current liabilities of HK\$201,008,467 (2015: HK\$314,988,278). The Directors closely monitor the cash flows of the Group and upon maturity, arrange renewal and refinancing of the borrowings, as necessary, to enable the Group to carry on its operations in the foreseeable future.

The Group is committed to monitor and manage its risks in order to identify and assess risks of major projects and key businesses at all levels. Through risk reports on weaknesses and potential risks, the Group supervises and implements risk management and control measures to improve its comprehensive risk management practices and initiatives across the Group.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the largest and top five customers of the Group accounted for approximately 57% and 100% of the total revenue of the Group, respectively (2015: 59% and 100% respectively).

The aggregate purchases during the year attributable to the Group's largest and top five suppliers were approximately 86% and 100% of the Group's total purchase respectively (2015: 53% and 100% respectively).

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

集中風險

本集團依賴若干主要供應商及客戶作出大部分買賣。倘主要供應商未能及時交付產品，且本集團未能及時有效自其他供應商採購，則本集團營運可能遞延。本集團與其客戶之關係亦因任何有關遞延受到不利影響，從而對本集團業務經營及財務表現有重大不利影響。

流動資金風險

流動資金風險指本集團未能應付已到期債務的風險。本集團的流動資金主要視乎能否維持充足的經營現金流入以償還到期債務，以及能否就其已承擔的未來資本開支取得外來融資。於二零一六年十二月三十一日，本集團的淨流動負債為201,008,467港元(二零一五年：314,988,278港元)。董事密切監控本集團的現金流量，並於到期時安排該等借款的續訂及再融資(如有必要)，以使本集團於不久將來繼續經營其業務。

本集團致力於監控及管理其風險，以識別及評估主要向及主要業務於所有層面的風險。本集團透過針對弱點及潛在風險的風險報告以監督並實行風險管理及管控措施，以改善本集團的全面風險管理實務及舉措。

主要供應商及客戶

年內，本集團最大及五大客戶分別佔本集團總收入約57%及100%(二零一五年：分別佔59%及100%)。

年內，本集團最大及五大供應商的總購買量分別佔本集團之總購買量約86%及100%(二零一五年：分別佔53%及100%)。

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss on page 102.

DIVIDENDS

The Directors did not declare any interim or final dividend for the year ended 31 December 2016 (2015: Nil).

DONATIONS

The Group did not make any charitable donations during the year (2015: Nil).

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and Note 28(a) to the financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance (Cap. 622), were represented by accumulated losses of HK\$1,592,807,754 (2015: HK\$1,392,423,999). At 31 December 2016 and 2015, there are no distributable reserves available to owners of the Company.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment of the Group for the year ended 31 December 2016 amounted to HK\$9,274,725 (2015: HK\$85,650). Details of the movements in property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

業績及分派

本集團截至二零一六年十二月三十一日止年度的業績載於綜合損益表第102頁。

股息

董事會並無就截至二零一六年十二月三十一日止年度宣派任何中期或末期股息(二零一五年：無)。

捐款

本集團於年內並無作出慈善捐款(二零一五年：無)。

儲備

本集團及本公司於本年度的儲備變動詳情分別載於綜合權益變動表及財務報表附註28(a)內。

可供分派儲備

於二零一六年十二月三十一日，根據香港公司條例(第622章)第6部之條文計算，本公司的儲備為累計虧損1,592,807,754港元(二零一五年：1,392,423,999港元)。於二零一六年及二零一五年十二月三十一日，本公司並無任何可供分派予公司股東的儲備。

物業、廠房及設備

本集團截至二零一六年十二月三十一日止年度的物業、廠房及設備添置為9,274,725港元(二零一五年：85,650港元)。本集團於本年度的物業、廠房及設備變動詳情載於綜合財務報表附註13。

購買、出售或贖回上市證券

年內，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

DIRECTORS' REPORT

董事會報告

DIRECTORS

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

Executive Directors

Mr. Du Jian Jun (*Chairman*)
Mr. Ji Kuang (*Co-Vice Chairman*)
Mr. Li Po Wai (*Co-Vice Chairman*)
Mr. Leung Wai Kwan (*Chief Executive Officer*)
Mr. Fan Weipeng
Mr. Leung Kwok Pang Joseph (appointed on 29 June 2016)
Ms. Meng Xiao Ying
Mr. Yin Shibo

Independent Non-executive Directors

Mr. Chan Kin Ho Phillip
Ms. Li Zhenzhen
Mr. Liu Bo
Mr. Tong Zhu (appointed on 29 June 2016)
Ms. Tian Jinghua (retired on 28 June 2016)

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

At the annual general meeting of the Company (the "AGM") held on 28 June 2016, an ordinary resolution to re-elect Ms. Tian Jinghua ("**Ms. Tian**") as an independent non-executive Director was negated by the shareholders of the Company and accordingly, Ms. Tian retired as an independent non-executive Director and ceased to be a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from the conclusion of the AGM. Ms. Tian confirmed that she had no disagreement with the Board and there is no other matter in relation to her retirement that needs to be brought to the attention of the shareholders of the Company.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company considers all such Directors are independent.

董事

於本年度及截至本報告日期止的董事如下：

執行董事

杜建軍先生(主席)
嵇匡先生(聯席副主席)
李寶偉先生(聯席副主席)
梁維君先生(行政總裁)
范偉鵬先生
梁國鵬先生(於二零一六年六月二十九日獲委任)
孟小英女士
尹仕波先生

獨立非執行董事

陳建豪先生
李珍珍女士
劉波先生
佟鑄先生(於二零一六年六月二十九日獲委任)
田晶華女士(於二零一六年六月二十八日退任)

董事的履歷詳情載於本報告「董事會」一節。

本公司股東於本公司於二零一六年六月二十八日舉行之股東週年大會(「股東週年大會」)上否決重選田晶華女士(「田女士」)為獨立非執行董事之普通決議案，因此，田女士退任獨立非執行董事，及自股東週年大會結束起不再為審核委員會、薪酬委員會及提名委員會之成員。田女士確認，彼與董事會並無意見分歧，且並無有關其退任之任何其他事項須提請本公司股東垂注。

本公司已收到各獨立非執行董事根據上市規則第3.13條發出有關其獨立性的年度確認書，故本公司認為該等董事為獨立。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

購買股份或債券之安排

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

管理合約

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

董事服務合約

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

董事於交易、安排或合約中之權益

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

董事於競爭業務的權益

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

CONNECTED TRANSACTIONS AND CONTINUED CONNECTED TRANSACTIONS

Save as disclosed in Note 33 to the consolidated financial statements which were fully exempt from the disclosure requirements in accordance with Chapter 14A of the Listing Rules, the Group did not enter into any connected or continuing connected transactions during the year ended 31 December 2016.

EQUITY-LINKED AGREEMENTS

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

Share Option Scheme

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

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

關連交易及持續關連交易

除綜合財務報表附註33所披露者(已根據上市規則第14A章獲全面豁免遵守披露規定)外,本集團於截至二零一六年十二月三十一日止年度並無訂立任何關連或持續關連交易。

股票掛鈎協議

年內訂立或於年終仍有效之股票掛鈎協議詳情載列如下:

購股權計劃

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

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

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

Since the adoption of the Share Option Scheme and up to the date of its termination on 4 February 2016, no share option has been granted or agreed to be granted under the Share Option Scheme.

New Share Option Scheme

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

The purposes of the New Share Option Scheme are (i) to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Under the New Share Option Scheme, the Board shall be entitled at any time (except for the period as defined under the Listing Rules whereby price sensitive event or a price sensitive matter has been the subject of a decision) within 10 years commencing on the date of adoption of the Scheme to make an offer for the grant of an option to any employee (including any officer or director, whether executive or non-executive, of the Company or its subsidiaries), and any consultant, adviser, supplier, customer or subcontractor of the Company or any other person determined by the Board as appropriate.

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

自採納購股權計劃日期起及直至於二零一六年二月四日終止日期，概無根據購股權計劃授出或同意授出購股權。

新購股權計劃

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

新購股權計劃旨在(i)鼓勵合資格參與人士為本集團利益而提高工作效率；及(ii)吸納及留聘對或將對本集團長遠發展帶來有利貢獻的合資格參與人士，或以其他方式與之維持持續的業務關係。根據新購股權計劃，董事會有權自採納該計劃當日起計10年內隨時(不包括上市規則所界定之價格敏感事件或價格敏感事宜為決定對象之期間)向本公司任何僱員(包括本公司或其附屬公司的高級職員或執行或非執行董事)及本公司任何顧問、諮詢人、供應商、客戶或分包商或董事會決定的任何其他人士(如適用)授出購股權。

DIRECTORS' REPORT

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Subject to the refreshment of the Scheme Limit, the maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted) under the New Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the adoption date of the New Share Option Scheme (the “**Scheme Limit**”), excluding for this purpose Shares which would have been issuable pursuant to Options which have lapsed in accordance with the terms of the New Share Option Scheme (or any other share option schemes of the Company). The total number of shares of the Company issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each grantee must not exceed 1% of the shares of the Company in issue, such further grant shall be subject to separate approval by the Shareholders in general meeting with the relevant grantee and his associates abstaining from voting. Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”).

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The acceptance date of an offer shall be a date not later than 30 days after the offer date. HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of the option. The period within which the shares of the Company must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period shall not exceed 10 years from the date of grant of the relevant option.

On 12 May 2016, a total of 245,178,252 share options were granted to the eligible persons.

受計劃限額的更新所規限，根據新購股權計劃及本公司任何其他購股權計劃可予授出的購股權所涉及的股份數目上限（包括已授出的已行使或尚未行使購股權所涉及的股份），合共不得超過新購股權計劃採納日期已發行股份總數的10%（「**計劃限額**」），就此而言，不包括根據新購股權計劃或本公司任何其他購股權計劃的條款已失效的購股權原應可予發行的股份。在任何十二個月期間，因為每位承授人行使獲授之購股權（包括已行使或尚未行使者）而已發行及將發行之股份總數不得超過本公司已發行股份之1%，進一步授出購股權須於股東大會上獲股東的獨立批准，且有關承授人及其聯繫人不得於會上投票。因悉數行使根據新購股權計劃及本公司任何其他購股權計劃已授出但尚未行使之購股權而可予發行之股份，不得超過不時已發行股份之30%（「**最高限額**」）。

任何特定購股權的認購價須為董事會於授出有關購股權時全權釐定的價格，惟認購價不得低於以下較高者：(i) 於授出日期本公司股份在聯交所每日報價表所列收市價；及(ii) 緊接授出日期前五個營業日本公司股份在聯交所每日報價表所列收市價的平均價。建議接納日期不得遲於自建議日期起計30日當日。承授人接納購股權建議時須向本公司支付1.00港元。董事會授出購股權時全權酌情釐定根據購股權認購本公司股份的期限，惟該期限不得超過授出有關購股權日期起計10年。

於二零一六年五月十二日，合共245,178,252份購股權已授予合資格人士。

DIRECTORS' REPORT

董事會報告

Details of the movements of the share options granted under the New Share Option Scheme during the year ended 31 December 2016 are as follows:

於截至二零一六年十二月三十一日止年度根據新購股權計劃授出之購股權變動詳情如下：

Participants	Date of grant	Exercise period	Exercise price per share	Number of share options				Balance as at 31 December 2016
				Outstanding as at 4 February 2016	Granted during the year	Exercised during the year	Lapsed/Cancelled during the year	
參與者	授出日期	行使期	每股行使價 (HK\$) (港元)	於二零一六年二月四日尚未行使	年內已授出	年內已行使	年內已失效／註銷	於二零一六年十二月三十一日之結餘
Directors								
董事								
Du Jian Jun	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	55,096,239	–	–	55,096,239
杜建軍	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Ji Kuang	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	11,019,247	–	–	11,019,247
嵇匡	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Leung Wai Kwan	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	55,096,239	–	–	55,096,239
梁維君	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Li Po Wai	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	11,019,247	–	–	11,019,247
李寶偉	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Meng Xiao Ying	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	11,019,247	–	–	11,019,247
孟小英	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Feng Wei Peng	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	11,019,247	–	–	11,019,247
范偉鵬	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Yin Shibo	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	5,509,623	–	–	5,509,623
尹仕波	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Chan Kin Ho Philip	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	5,509,623	–	–	5,509,623
陳建豪	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						
Tian Jinghua (note 1)	12.05.2016	12.05.2016 – 12.05.2026	0.10	–	2,754,811	–	–	2,754,811
田晶華(附註1)	二零一六年五月十二日	二零一六年五月十二日至二零二六年五月十二日						

DIRECTORS' REPORT

董事會報告

Participants	Date of grant	Exercise period	Exercise price per share	Outstanding as at 4 February 2016	Number of share options			Balance as at 31 December 2016
					Granted during the year	Exercised during the year	Lapsed/Cancelled during the year	
參與者	授出日期	行使期	每股行使價 (HK\$) (港元)	於二零一六年二月四日尚未行使	年內已授出	年內已行使	年內已失效 / 註銷	於二零一六年十二月三十一日之結餘
Li Zhenzhen 李珍珍	12.05.2016 二零一六年五月十二日	12.05.2016 – 12.05.2026 二零一六年五月十二日至二零二六年五月十二日	0.10	-	2,754,811	-	-	2,754,811
Liu Bo 劉波	12.05.2016 二零一六年五月十二日	12.05.2016 – 12.05.2026 二零一六年五月十二日至二零二六年五月十二日	0.10	-	2,754,811	-	-	2,754,811
Sub-total 小計				-	173,553,145	-	-	173,553,145
Employees 僱員	12.05.2016 二零一六年五月十二日	12.05.2016 – 12.05.2026 二零一六年五月十二日至二零二六年五月十二日	0.10	-	66,115,485	-	-	66,115,485
Consultants 顧問	12.05.2016 二零一六年五月十二日	12.05.2016 – 12.05.2026 二零一六年五月十二日至二零二六年五月十二日	0.10	-	5,509,622	-	-	5,509,622
Total 總計				-	245,178,252	-	-	245,178,252

note:

- 1 Ms. Tian Jinghua ("Ms. Tian") retired as an independent non-executive Director on 28 June 2016. Pursuant to the terms of the New Share Option Scheme, Ms. Tian may exercise the share options up to her entitlement within twelve months from the date of her retirement as an independent non-executive Director.

附註：

- 1 田晶華女士(「田女士」)於二零一六年六月二十八日退任獨立非執行董事。根據新購股權計劃之條款，田女士可能於其退任獨立非執行董事之日起計12個月內行使其份額之購股權。

The value of the options granted to the eligible participants during the year ended 31 December 2016 is set out in Note 29 to the consolidated financial statements.

於截至二零一六年十二月三十一日止年度授予合資格參與人士的購股權價值載於綜合財務報表附註29。

Convertible Bonds

Details of the convertible bonds of the Company are set out in the Note 24 to the financial statements.

可換股債券

本公司之可換股債券詳情載於財務報表附註24。

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2016, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (a) as recorded in the register required to be kept under section 352 of the SFO; or (b) as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code, were as follows:

董事於證券之權益

於二零一六年十二月三十一日，各董事及本公司主要行政人員於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中擁有須(a)記錄於本公司根據證券及期貨條例第352條存置之登記冊之權益及淡倉；或(b)根據標準守則以其他方式知會本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉如下：

Long Positions in Shares and Underlying Shares of the Company

於本公司股份及相關股份之好倉

Director	note	Capacity	Total number of ordinary shares/ underlying shares interested or deemed to be interested	Approximate percentage of shares of the Company in issue
董事	附註	身份	擁有權益或視為擁有權益之普通股／相關股份總數	佔本公司已發行股份之概約百分比 (note 1) (附註1)
Du Jianjun 杜建軍	2	Beneficial owner 實益擁有人	55,096,239	1.00%
Ji Kuang 嵇匡	2	Beneficial owner 實益擁有人	11,019,247	0.20%
Li Po Wai 李寶偉	2	Beneficial owner 實益擁有人	11,019,247	0.20%
Leung Wai Kwan 梁維君	3	Beneficial owner 實益擁有人	57,191,739	1.04%
		Interest of spouse 配偶權益	4,986,750	0.09%
Fan Weipeng 范偉鵬	2	Beneficial owner 實益擁有人	11,019,247	0.20%

DIRECTORS' REPORT

董事會報告

Director	note	Capacity	Total number of ordinary shares/ underlying shares interested or deemed to be interested 擁有權益或視為擁有權益之普通股／相關股份總數	Approximate percentage of shares of the Company in issue 佔本公司已發行股份之概約百分比 (note 1) (附註1)
董事	附註	身份		
Meng Xiao Ying 孟小英	2	Beneficial owner 實益擁有人	11,019,247	0.20%
Yin Shibo 尹仕波	2	Beneficial owner 實益擁有人	5,509,623	0.10%
Chan Kin Ho Philip 陳建豪	2	Beneficial owner 實益擁有人	5,509,623	0.10%
Li Zhenzhen 李珍珍	2	Beneficial owner 實益擁有人	2,754,811	0.05%
Liu Bo 劉波	2	Beneficial owner 實益擁有人	2,754,811	0.05%

notes:

- The percentage of share of the Company in issue is based on 5,509,623,921 shares of the Company issued as at 31 December 2016.
- These figures represent the share options granted to the Directors under the New Share Option Scheme on 12 May 2016.
- This figure represents 1,087,500 shares beneficially owned by Mr. Leung Wai Kwan and 55,096,239 share options granted to him under the New Share Option Scheme on 12 May 2016. Mr. Leung was also deemed, by virtue of SFO, to be interested in 4,986,750 shares of the Company in which his spouse has a long position.

Save as disclosed above, as at 31 December 2016, none of the Directors nor chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO).

附註：

- 本公司已發行股份百分比乃根據本公司於二零一六年十二月三十一日已發行5,509,623,921股股份計算。
- 該等數據指於二零一六年五月十二日根據新購股權計劃授予董事之購股權。
- 該數字指梁維君先生實益擁有之1,087,500股股份及於二零一六年五月十二日根據新購股權計劃授予彼之55,096,239份購股權。根據證券及期貨條例，梁先生亦被視作於彼之配偶於其中擁有好倉之本公司4,986,750股股份中擁有權益。

除上文披露者外，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概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有任何權益或淡倉。

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2016, the following persons or entities, other than a Director or chief executive of the Company, had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

主要股東權益

於二零一六年十二月三十一日，下列人士及實體（董事及本公司主要行政人員除外）各自於本公司股份或相關股份中擁有或視為擁有根據證券及期貨條例第336條記錄於本公司須予存置之登記冊之權益或淡倉如下：

Substantial shareholder	Capacity	Total number of ordinary shares/ underlying shares interested or deemed to be interested 擁有權益或視為擁有權益之普通股／相關股份總數	Approximate percentage of shares of the Company in issue 佔本公司已發行股份之概約百分比 (note) (附註)
主要股東	身份		
Gu Zhuoheng 谷卓恒	Beneficial owner 實益擁有人	332,466,000	6.03%

note: The percentage of share of the Company in issue is based on 5,509,623,921 shares of the Company issued as at 31 December 2016.

附註：本公司已發行股份百分比乃根據本公司於二零一六年十二月三十一日已發行5,509,623,921股股份計算。

Save as disclosed above, as at 31 December 2016, the Company has not been notified by any person or entity who had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of SFO.

除上文所披露者外，於二零一六年十二月三十一日，本公司並無獲任何人士或實體告知已或視作於本公司股份或相關股份中擁有記錄於證券及期貨條例第336條規定本公司須予存置之登記冊之權益或淡倉。

DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 33 to the financial statements, no Directors or controlling shareholder of the Company or their respective subsidiaries had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group and to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party, subsisted at the end of the year or at any time during the year.

董事及控股股東於交易、安排或合約的權益

除財務報表附註33所披露者外，概無董事或本公司控股股東或彼等各自的附屬公司於本公司、其附屬公司、同系附屬公司或控股公司作為訂約方所簽訂的任何與本集團業務有重大關係且於年末或年內任何時間仍有有效的交易、安排或合約中直接或間接擁有重大權益。

DIRECTORS' REPORT

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this Annual Report, the Company maintained a sufficient public float of not less than 25% of the Company's total issued share capital held by the public.

SHARE CAPITAL

The share capital of the Company was HK\$1,367,875,301 as at 31 December 2016 and 2015.

PERMITTED INDEMNITY PROVISION

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

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2016, the Group had a total of approximately 80 employees (2015: 80 employees). Total staff costs (including Directors' remuneration) for the year ended 31 December 2016 were HK\$19,016,094 (2015: HK\$9,488,466) representing approximately 30.1% (2015: 11.1%) of the Group's total cost of sales, selling and administrative expenses.

Remuneration packages of the Directors are recommended by the Remuneration Committee and approved by the Board. Employee remuneration will be determined by the management with reference to the performance, experience and industry practice. Employees are remunerated based on their performance, experience and industry practice. Bonuses are rewarded based on individual staff performance and in accordance with the Group's overall remuneration policies. The Group's management reviews the remuneration policies and packages on a regular basis.

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

足夠公眾持股量

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

股本

於二零一六年及二零一五年十二月三十一日，本公司股本為1,367,875,301港元。

准許彌償條文

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

僱員及薪酬政策

於二零一六年十二月三十一日，本集團共有約80名僱員(二零一五年：80名僱員)。截至二零一六年十二月三十一日止年度的員工成本總額(包括董事酬金)為19,016,094港元(二零一五年：9,488,466港元)，佔本集團總銷售成本、銷售及行政開支約30.1%(二零一五年：11.1%)。

董事薪酬由薪酬委員會建議並經董事會批准。僱員薪酬由管理層參考僱員表現及經驗以及行業慣例而釐定。僱員酬金按表現、經驗及行業慣例釐定，而花紅則按員工個別表現及根據本集團整體薪酬政策發放。本集團管理層定期檢討薪酬政策及待遇。

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

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

AUDITOR

The financial statements for the year ended 31 December 2016 have been audited by Baker Tilly Hong Kong Limited. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint Baker Tilly Hong Kong Limited as auditors of the Company. There has been no change in the auditors of the Company in the recent three years.

On behalf of the Board

Ding He Mining Holdings Limited

Du Jian Jun

Chairman and Executive Director

Hong Kong, 31 March 2017

五年概要

本集團過去五個財政年度之業績以及資產及負債概要載於本年報第4頁。

核數師

天職香港會計師事務所有限公司已審核截至二零一六年十二月三十一日止年度的財務報表。本公司應屆股東週年大會上將提呈一份決議案以續聘天職香港會計師事務所有限公司為本公司核數師。在最近三年內，本公司並沒有更換核數師。

代表董事會

鼎和礦業控股有限公司

主席兼執行董事

杜建軍

香港，二零一七年三月三十一日

CORPORATE GOVERNANCE REPORT

企業管治報告

The board (the “**Board**”) of directors (the “**Directors**”) of Ding He Mining Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present the corporate governance report for the year ended 31 December 2016.

CORPORATE GOVERNANCE CODE

The Company is committed to enhancing the corporate governance and transparency of the Group by applying the principles in the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements and to fulfill its commitment to maintain a high standard of corporate governance. To the best knowledge and belief of the Directors, the Company has applied the principles of the CG Code and complied with all applicable code provisions of the CG Code throughout the year ended 31 December 2016, save and except for the deviations from code provisions A.2.7, A.4.1, A.6.7 and C.2.5.

Code provision A.2.7 of the CG Code provides that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Taking into account the Chairman, Mr. Du Jian Jun is also an executive Director of the Company (the “**Executive Director**”), no meeting shall therefore be held between the chairman (the “**Chairman**”) and the non-executive Directors of the Company (the “**Non-executive Directors**”) without the Executive Directors present.

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive Directors of the Company (“**Independent Non-executive Directors**”) were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provisions of the articles of association of the Company (the “**Articles of Association**”). As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.

鼎和礦業控股有限公司(「**本公司**」，連同其附屬公司，統稱「**本集團**」)董事(「**董事**」)會(「**董事會**」)欣然提呈截至二零一六年十二月三十一日止年度之企業管治報告。

企業管治守則

本公司已採用香港聯合交易所有限公司(「**聯交所**」)證券上市規則(「**上市規則**」)附錄14所載企業管治守則(「**企業管治守則**」)之守則條文原則，致力提高本集團之企業管治及透明度。董事會不時檢討其企業管治常規，以符合股東不斷提升的期望、遵守越趨嚴謹的監管規定，及履行本公司達致卓越企業管治的承諾。就董事所知及所信，截至二零一六年十二月三十一日止年度整個年度，本公司已應用企業管治守則原則，並一直遵守企業管治守則之所有適用守則條文，惟偏離守則條文第A.2.7條、A.4.1條、A.6.7條及C.2.5條者除外。

企業管治守則的守則條文第A.2.7條規定，主席應至少每年與非執行董事(包括獨立非執行董事)舉行一次並無執行董事出席的會議。有鑒於主席杜建軍先生亦為本公司執行董事(「**執行董事**」)，因此本公司主席(「**主席**」)與非執行董事(「**非執行董事**」)間不得舉行任何並無執行董事出席的會議。

守則條文第A.4.1條規定非執行董事的委任應有指定任期，並須經膺選連任。本公司獨立非執行董事(「**獨立非執行董事**」)的委任並無指定任期，惟須根據本公司組織章程細則(「**組織章程細則**」)條文輪值退任並於本公司股東週年大會上膺選連任。因此，本公司認為已採取足夠措施，確保本公司的企業管治常規不遜於企業管治守則規定。

Under code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. All Independent Non-executive Directors were unable to attend the annual general meeting of the Company held on 28 June 2016 due to their other business engagements.

Code provision C.2.5 of the CG Code provides that an issuer should have an internal audit function. The Company does not maintain an internal audit function for the year ended 31 December 2016. Taking into account the size and complexity of the operations of the Group and the potential costs involved in setting up an internal audit function, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient risk management and internal control for the Group. The Board will review regularly the need to set up an internal audit function or engage an independent professional service provider to review the Group's internal control and risk management system.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the year ended 31 December 2016.

THE BOARD

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

根據企業管治守則的守則條文第A.6.7條，獨立非執行董事及其他非執行董事應出席股東大會並對股東的意見有公正的了解。所有獨立非執行董事因其他公務而未能出席本公司於二零一六年六月二十八日舉行的股東週年大會。

企業管治守則的守則條文第C.2.5條規定，發行人應具有內部審核功能。截至二零一六年十二月三十一日止年度，本公司並無內部審核功能。考慮到本集團經營的規模及複雜程度及設立內部審核功能涉及的潛在成本，本公司認為現有組織架構及管理層的密切監管可為本集團提供充分的風險管理和內部控制。董事會將定期審閱設立內部審核功能的必要性或委任獨立專業服務提供商審核本集團內部控制及風險管理系統。

董事進行證券交易

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事進行證券交易的操守守則。經向董事會全體董事作出具體查詢後，本公司確認全體董事於截至二零一六年十二月三十一日止年度全面遵守標準守則規定的相關準則。

董事會

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

CORPORATE GOVERNANCE REPORT

企業管治報告

Chairman and Chief Executive Officer

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

Board Composition

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

As at 31 December 2016, members of the Board are set out as below:

Executive Directors:

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

Independent Non-executive Directors:

Mr. Chan Kin Ho Philip
Ms. Li Zhenzhen
Mr. Liu Bo
Mr. Tong Zhu

主席及行政總裁

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

董事會成員

董事會目前由十二名董事（包括主席）組成，其中八名為執行董事，另外四名為獨立非執行董事。

於二零一六年十二月三十一日，董事會成員載列如下：

執行董事：

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

獨立非執行董事：

陳建豪先生
李珍珍女士
劉波先生
佟鑄先生

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience which can meet the requirements of the business of the Company. The Board includes four Independent Non-executive Directors, in which Mr. Chan Kin Ho Philip (“**Mr. Chan**”) is a certified public accountant in Hong Kong. Mr. Chan possesses extensive experience in the accountancy profession and has appropriate accounting and related financial management expertise. The biographical details of the Directors are set out under the section “Board of Directors and Senior Management” on pages 61 to 66.

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

Responsibilities of the Board

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

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

There are established procedures for Directors to seek independent professional advices for them to discharge their duties and responsibilities, where appropriate at the expenses of the Company.

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

本公司定期檢討董事會之組成，以確保其專業知識、技能及經驗達致平衡，並能符合本公司之業務需要。董事會包括四名獨立非執行董事，其中陳建豪先生（「**陳先生**」）為香港執業會計師。陳先生於會計專業方面擁有豐富經驗，並具備適當之會計或相關財務管理專業知識。董事之履歷詳情載於第61頁至第66頁之「董事會及高級管理層」一節。

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

董事會之責任

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

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

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

董事會成員之間並無財務、業務、家族或其他重大關係。

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

Whereas a substantial Shareholder or Director has conflict of interest in a matter to be considered by the Board and the Board has determined it is material, such matter will then be dealt with by the Board at a duly convened Board meeting. The Articles of Association stipulates that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his associates have a material interest.

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

Major responsibilities of the Board include but not limited to:

- develop and review the corporate governance policies and practices of the Company;
- review and monitor the training and continuous professional development of directors and senior management;
- review and monitor the policies and practices of the Company for the compliance with legal and regulatory requirements;

董事會定期會議的舉行日期於每年預先編定，以便更多董事出席會議。召開董事會會議一般會給予全體董事至少14天之通知，以便彼等均有機會提出商討事項列入議程。公司秘書協助主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行董事會定期會議（及就可行情況下，亦適用於其他董事會會議）前至少三天呈送予全體董事。所有會議記錄及／或決議案均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

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

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

董事會的主要職責包括但不限於：

- 制定及審閱本公司的企業管治政策及常規；
- 檢討及監督董事及高級管理層的培訓及持續專業發展；
- 檢討及監察本公司的政策及常規有否遵守法律及監管規定；

- develop, review and monitor the code of conduct applicable to directors and employees; and
- review the Company's compliance with the Code and disclosure in the corporate governance report.
- 制訂、檢討及監督適用於董事及僱員的行為守則；及
- 檢討本公司有否遵守企業管治守則及企業管治報告所載的披露規定。

Independent Non-executive Directors

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

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

Directors Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company during the year ended 31 December 2016.

Directors have disclosed to the Company the number and nature of offices held in Hong Kong and overseas listed public companies or organisations.

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

獨立非執行董事

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

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

董事承擔及持續專業發展

本公司已接獲各董事的確認函，有關彼等於截至二零一六年十二月三十一日止年度內，已投入足夠時間和充分關注本公司事務。

董事已向本公司披露彼等於香港或海外上市的公眾公司或機構擔任職務的數目和性質。

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

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According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision A.6.5 of the Code during year ended 31 December 2016:

根據本公司的記錄，截至二零一六年十二月三十一日止年度，董事根據守則的守則條文第A.6.5條，接受持續專業發展，內容集中於作為上市公司董事的角色、職能及職責：

		note	Corporate governance/ updates on laws, rules and regulations 企業管治／法例、規則及規例的更新	Accounting/ financial/ management or other professional skills 會計／財務／管理或其他專業技能
		附註		
Executive Directors 執行董事				
Du Jian Jun	杜建軍		✓	
Ji Kuang	嵇匡		✓	
Li Po Wai	李寶偉		✓	✓
Fan Weipeng	范偉鵬		✓	✓
Leung Wai Kwan	梁維君		✓	✓
Leung Kwok Pang Joseph	梁國鵬	1	✓	
Meng Xiao Ying	孟小英		✓	
Yin Shibo	尹仕波		✓	✓
Independent Non-executive Directors 獨立非執行董事				
Chan Kin Ho Philip	陳建豪		✓	✓
Li Zhenzhen	李珍珍		✓	✓
Liu Bo	劉波		✓	✓
Tong Zhu	佟鑄	2	✓	✓
Tian Jinghua	田晶華	3	✓	
notes:		附註：		
1.	Mr. Leung Kwok Pang Joseph was appointed as an Executive Director on 29 June 2016.		1.	梁國鵬先生於二零一六年六月二十九日獲委任為執行董事。
2.	Mr. Tong Zhu was appointed as an Independent Non-Executive Director on 29 June 2016.		2.	佟鑄先生於二零一六年六月二十九日獲委任為獨立非執行董事。
3.	Ms. Tian Jinghua retired as an Independent Non-Executive Director on 28 June 2016.		3.	田晶華女士於二零一六年六月二十八日退任獨立非執行董事。

Directors and Officers Policy

During the year ended 31 December 2016, appropriate insurance coverage on directors' and officers' liabilities has been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

董事及高級人員政策

截至二零一六年十二月三十一日止年度，本集團已為董事及高級人員設立涵蓋其法律責任之適當保險，以保障本集團董事及高級人員因本集團業務產生之風險。

Board Diversity

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at 31 December 2016, the Audit Committee comprises four members who are Independent Non-executive Directors, namely,

- Mr. Chan Kin Ho Philip (Chairman)
- Ms. Li Zhenzhen
- Mr. Liu Bo
- Mr. Tong Zhu

The primary terms of the Audit Committee are as follows:

On external audit:

- make recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor's independence as well as the objectives and effectiveness of the audit process in accordance with applicable standards;

董事會成員多元化

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

審核委員會

本公司已成立審核委員會（「審核委員會」），並訂明書面職權範圍，列明其權限及職責，可於聯交所及本公司網站查閱。於二零一六年十二月三十一日，審核委員會由四名獨立非執行董事組成，即：

- 陳建豪先生(主席)
- 李珍珍女士
- 劉波先生
- 佟鑄先生

審核委員會的主要職權範圍載列如下：

外聘審核：

- 就委任、重新委任及罷免外聘核數師向董事會提供建議以及批准聘用外聘核數師的薪酬及條款；
- 根據適用準則檢討及監察外聘核數師的獨立身份以及審核程序的目標及成效；

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- discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved; and
- develop and implement policy on the engagement of the external auditor to provide non-audit services.
- 開始審核工作前，與外聘核數師討論審核及報告責任之性質及範圍，而倘涉及超過一間會計師事務所，則亦須協調相關事務所之合作；及
- 制定及實施有關聘用外聘核數師提供非核數服務之政策。

On annual financial results:

- monitor integrity of the interim and annual financial statements and interim and annual reports and accounts, and review significant financial reporting judgements contained therein before submission to the Board;
- review the Group's financial and accounting policies and practices;
- review external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or system of control and management response; and
- consider any significant or unusual items that are, or may need to be, reflected in the interim and annual reports and accounts and give due consideration to any matters that have been raised by the Group.
- 監察中期及年度財務報表與中期及年度報告及賬目是否公平呈報，並在呈交董事會前審閱其中所載的重要財務報告判斷；
- 檢討本集團財務及會計政策與慣例；
- 審閱外聘核數師之管理層函件以及跟進核數師向管理層所提出有關會計記錄、財務賬目或監控系統的任何重大查詢以及管理層之回應；及
- 考慮中期及年度報告及賬目所反映或可能需要反映的任何重大或不尋常事項，並審慎考慮本集團提出的任何事宜。

年度財政業績：

On risk management and internal control systems:

- review the Group's financial controls and its internal control and risk management systems;
- discuss with management the systems of risk management and internal control and ensure that management has discharged its duty to have effective systems including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programmes and budget;
- consider any findings of major investigation of risk management and internal control matters as delegated by the Board or on its own initiative and management's responses thereto;
- 檢討本集團的財務監控以及內部監控與風險管理系統；
- 與管理層討論風險管理及內部監控系統，並確保管理層已履行職責，實施有效的系統，包括有否足夠資源、本集團負責會計及財務申報人員的資格及經驗以及相關培訓項目和預算；
- 考慮任何應董事會的委派或主動研究風險管理及內部監控事宜的重大調查的結果以及管理層的相關回應；

風險管理及內部監控系統：

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- ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Group; and
- report to the Board on the matters raised in the CG Code.
- 協調內部及外聘核數師之間的合作，並確保內部審核工作獲足夠資源，且在本集團有適當定位；及
- 向董事會報告與企業管治守則相關的事宜。

The Audit Committee is provided with sufficient resources to discharge its responsibilities. For the year ended 31 December 2016, the Audit Committee held three meetings to review with external auditor and senior management the interim and annual results of the Group as well as the accounting principles and practices being adopted and financial reporting matters. The senior management and the external auditor of the Company attended the meetings to respond to any queries raised by the Audit Committee.

審核委員會獲提供足夠資源以履行其責任。截至二零一六年十二月三十一日止年度，審核委員會曾舉行三次會議，與外聘核數師及高級管理層審閱本集團的中期及全年業績、所採用的會計原則及常規以及財務報告事宜。本公司高級管理層及外聘核數師均已出席會議以回應審核委員會的提問。

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

年內，審核委員會已考慮、審閱及／或討論以下事項：

- audit and financial reporting matters;
- connected transactions of the Group;
- re-appointment of Baker Tilly Hong Kong Limited as the Company's external auditor for the financial year ended 31 December 2016;
- interim and annual financial results;
- report on the Group's internal audit and audit activity status; and
- review the financial controls, risk management and internal control systems of the Group.
- 審核及財務申報事項；
- 本集團的關連交易；
- 續聘天職香港會計師事務所有限公司為本公司截至二零一六年十二月三十一日止財政年度的外聘核數師；
- 中期及年度財務業績；
- 有關本集團內部核數及審計活動情況的報告；及
- 檢討本集團的財務監控、風險管理及內部監控系統。

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION COMMITTEE

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

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

The roles and functions of the Remuneration Committee are set out in its terms of reference which are posted on the websites of Stock Exchange and the Company. Primary terms include:

- make recommendations to the Board on policy and structure of remuneration of the Directors and senior management whereby the Board has the final authority to approve the remuneration of Directors and senior management;
- determine the remuneration packages of each Director and member of the senior management by reference to corporate goals; and
- ensure no Directors or any of their associates are involved in deciding their own remuneration packages and objectives and compensation arrangements relating to dismissal or removal of Directors.

The remuneration package of each Director is determined by reference to the prevailing market conditions, his/her duties and responsibilities to the Company and the Company’s remuneration policy.

During the year ended 31 December 2016, the Remuneration Committee had held one meeting to discuss the remuneration policy and review the remuneration of the Board, and make recommendations to the Board having taken into consideration of the current situation of the economy and the results of the Group.

薪酬委員會

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

- 陳建豪先生(主席)
- 李珍珍女士
- 劉波先生
- 佟鑄先生

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

- 就董事及高級管理層薪酬政策及安排向董事會提供建議(據此董事會擁有批准董事及高級管理層薪酬的最終權利)；
- 參考企業目標釐定各董事及高級管理人員的薪酬待遇；及
- 確保概無董事或彼等任何聯繫人參與釐定本身的薪酬待遇及目的以及有關辭退或罷免董事的賠償安排。

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

截至二零一六年十二月三十一日止年度，薪酬委員會曾舉行一次會議，以討論薪酬政策及檢討董事會之薪酬，並經考慮現時之經濟情況及本集團業績後向董事會提出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

Pursuant to code provision B.1.5 of the Code, the remuneration of the members of senior management by band for the year ended 31 December 2016 is set out below:

根據守則的守則條文第B.1.5條，截至二零一六年十二月三十一日止年度，高級管理人員之薪酬範圍載列如下：

Remuneration (by band) 薪酬 (按範圍劃分)		Number of Individuals 人數
HK\$2,500,001 – HK\$3,000,000	2,500,001 港元至 3,000,000 港元	1

Included in the remuneration of the member(s) of senior management are salary, bonus, equity-settled share-based payments and retirement scheme contributions. Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Notes 9 and 10 to the consolidated financial statements.

高級管理人員之薪酬包括薪金、花紅、以股權結算的以股份為基礎的付款及退休計劃供款。根據上市規則附錄16須予披露之董事酬金以及五名最高薪酬僱員的進一步詳情載於綜合財務報表附註9及附註10。

NOMINATION COMMITTEE

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

提名委員會

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

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

- 陳建豪先生(主席)
- 李珍珍女士
- 劉波先生
- 佟鑄先生

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

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

CORPORATE GOVERNANCE REPORT

企業管治報告

For the year ended 31 December 2016, the Nomination Committee had held one meeting to review the structure and diversity of the Board, the policies applicable to the Board composition and nomination, the term of appointment of Non-executive Directors and to assess the independence of Independent Non-executive Directors and to make recommendations to the Board on the appointment and re-appointment of Directors taking into account their experience and qualifications.

The primary terms of the Nomination Committee include:

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

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

截至二零一六年十二月三十一日止年度，提名委員會曾舉行一次會議，以檢討董事會的架構及多元化、適用於董事會組成及提名董事的政策以及非執行董事的委任年期，評估獨立非執行董事的獨立性，並於考慮董事的經驗及資歷後就委任及續聘董事向董事會提出建議。

提名委員會的主要職權範圍包括：

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

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

CORPORATE GOVERNANCE REPORT

企業管治報告

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

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

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

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

- the appointment of Mr. Leung Kwok Pang Joseph as the Executive Director; and
- the appointment of Mr. Tong Zhu as the Independent Non-Executive Director.

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

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

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

於回顧年度內，提名委員會曾考慮及向董事會建議以下變動：

- 委任梁國鵬先生為執行董事；及
- 委任佟鑄先生為獨立非執行董事。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD AND COMMITTEES MEETINGS

During the year ended 31 December 2016, the Company had held 38 Board meetings, three Audit Committee meetings, one Nomination Committee meeting, one Remuneration Committee meeting and one general meeting. The individual attendance record of each Director at the Board meetings, Board committees meetings and general meeting during the year is set out below and is presented by reference to the number of meetings held during their tenure:

董事會及委員會會議

截至二零一六年十二月三十一日止年度，本公司曾舉行三十八次董事會會議、三次審核委員會會議、一次提名委員會會議、一次薪酬委員會會議及一次股東大會。年內，每名董事出席董事會會議、董事委員會會議及股東大會的個別記錄載列如下，乃參考於其任期內所舉行的會議次數而呈列：

Name of director	董事姓名	note	Board	Number of meetings attended/held			
				Audit Committee	Remuneration Committee	Nomination Committee	General meeting
		附註	董事會	審核委員會	薪酬委員會	提名委員會	股東大會
Executive Directors							
Du Jian Jun	杜建軍		38/38	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Ji Kuang	嵇匡		18/38	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Li Po Wai	李寶偉		11/38	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Leung Wai Kwan	梁維君		38/38	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Fan Weipeng	范偉鵬		13/38	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Leung Kwok Pang Joseph	梁國鵬	1	13/23	N/A 不適用	N/A 不適用	N/A 不適用	0/0
Meng Xiao Ying	孟小英		33/38	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Yin Shibo	尹仕波		5/38	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Independent Non-executive Directors							
Chan Kin Ho Philip	陳建豪		20/38	3/3	1/1	1/1	0/1
Li Zhenzhen	李珍珍		13/38	1/3	1/1	1/1	0/1
Liu Bo	劉波		4/38	2/3	1/1	0/1	0/1
Tong Zhu	佟鑄	2	12/23	1/1	0/0	0/0	0/0
Tian Jinghua	田晶華	3	4/15	1/2	1/1	0/1	0/1

notes:

附註：

- Mr. Leung Kwok Pang Joseph was appointed as the Executive Director on 29 June 2016.
- Mr. Tong Zhu was appointed as the Independent Non-executive Director on 29 June 2016.
- Ms. Tian Jinghua retired as Independent Non-executive Director on 28 June 2016.

- 梁國鵬先生於二零一六年六月二十九日獲委任為執行董事。
- 佟鑄先生於二零一六年六月二十九日獲委任為獨立非執行董事。
- 田晶華女士於二零一六年六月二十八日退任獨立非執行董事。

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

COMPANY SECRETARY

Ms. Sharon Kwan was appointed as the Company Secretary on 22 May 2015. Pursuant to rule 3.29 of the Listing Rules, Ms. Kwan confirmed that she has taken no less than 15 hours of relevant professional training during the year ended 31 December 2016. The Company Secretary is responsible to the Board for ensuring that board procedures are followed and the Board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

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

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

公司秘書

於二零一五年五月二十二日，關紫芳女士獲委任為公司秘書。根據上市規則第3.29條，於截至二零一六年十二月三十一日止年度內，關女士確認她已參與不少於15小時的相關專業培訓。公司秘書須向董事會負責，確保董事會程序獲得遵守及董事會於作出決策時獲得全面簡報一切有關立法、規管及企業管治之發展。

股東權利

股東召開股東特別大會的程序

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

CORPORATE GOVERNANCE REPORT

企業管治報告

Procedures for Directing Shareholders' Enquiries and Proposals to the Board

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

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

By fax : (852) 2598 0188

By email : info@dinghemining.com.hk

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

Communications with Shareholders

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

The annual general meeting and extraordinary general meeting of the Company are valuable platforms for the Board to communicate directly with the Shareholders. The Chairman actively participates at annual general meeting(s) and personally chairs the meeting to answer any question to ensure effective communication with the Shareholders.

The chairman of the Audit Committee, Remuneration Committee and Nomination Committee or in their absence, another member of the respective committees or failing that their respective duly appointed delegate, are also available to answer Shareholders' queries at annual general meeting(s) and extraordinary general meeting.

股東向董事會提出查詢及建議的程序

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

郵寄 : 香港灣仔
告士打道 128 號
祥豐大廈
21 樓 B 室

傳真 : (852) 2598 0188

電郵 : info@dinghemining.com.hk

股東亦可於本公司股東大會上向董事會提出查詢。

與股東之溝通

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

本公司股東週年大會及股東特別大會乃董事會直接與股東溝通之寶貴平台。為確保與股東之有效溝通，主席積極參與並親自主持股東週年大會以回應股東之任何查詢。

審核委員會、薪酬委員會及提名委員會主席，或在主席缺席時由各自委員會之另一名成員（或如該等成員未能出席，則彼等各自正式委任的代表）於股東週年大會及股東特別大會上回答股東提問。

The chairman of any independent board committee formed as necessary or pursuant to the Listing Rules (or if no such chairman is appointed, at least a member of the independent board committee) will also be available to answer questions at the general meeting to approve a connected transaction or any other transactions that are subject to independent Shareholders' approval. Separate resolutions are proposed at the general meetings for each substantial issue, including the re-election of retiring Directors. The notice to Shareholders is to be sent in the case of an annual general meeting at least 20 clear business days before the meeting and to be sent at least 10 clear business days before the meeting in the case of all other general meetings. An explanation on the detailed procedures for conducting a poll is provided to the Shareholders at the commencement of the meeting and the Chairman will answer any questions from Shareholders concerning poll vote. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2016, there were no changes on the Company's constitutional documents.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard the assets of the Group and shareholder investments. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board reviews the implemented system and procedures of the Group annually, covering financial, operational and legal compliance controls and risk management functions to identify significant risks, fulfill risk management responsibility, and organise and formulate major strategies and measures against significant risks with integration with internal control.

任何須予成立或根據上市規則成立之獨立董事委員會之主席(或倘並無委任該主席,則至少一名獨立董事委員會成員)亦會出席就批准關連交易或須獲獨立股東批准之任何其他交易而召開之股東大會,以回答提問。每項重大事項(包括重選退任董事)均於股東大會提呈獨立決議案。就股東週年大會而言,股東通告將於大會舉行前至少足20個營業日發送,而就所有其他股東大會而言,股東通告將於大會舉行前至少足10個營業日發送。以股數投票方式進行表決之詳細程序乃於大會開始時向股東解釋,而主席會解答股東任何有關投票表決之問題。股數投票結果將根據上市規則規定之方式刊發。

憲章文件

截至二零一六年十二月三十一日止年度,本公司之組織章程文件並無變動。

風險管理及內部監控

董事會全權負責建立、維持及檢討本集團的內部監控制度,以保障本集團資產及股東投資。本集團的內部監控制度旨在促成有效及高效營運,盡可能減低本集團面對的風險。該制度僅可就錯誤陳述或損失提供合理而非絕對的保證。

董事會每年檢討本集團的執行制度及程序(當中涵蓋財務、營運及法律合規監控以及風險管理職能)以識別重大風險、履行風險管理責任以及就重大風險組織及制定主要策略及措施,並與內部監控整合。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Group adopts a risk management framework which comprises the following processes:

- identify significant risk in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- develop necessary measures to manage those risks; and
- monitor and review the effectiveness of such measures.

The Group formulated the policies and procedures of risk management and internal control as follows:

- the Group established an organisational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;
- each operating subsidiary maintains internal controls and procedures appropriate to its structure whilst complying with the Group's policies, standards and guidelines;
- relevant Executive Directors have been delegated with specific accountability for monitoring the performance of designated business operating units;
- a systematic review of the financial and business processes in order to provide management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, the Executive Directors will evaluate and take necessary measures to ensure that improvements are implemented; and
- code of conducts are established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

The Board is committed to timely, accurately and sufficiently disclosure of material information about the Group. The Company adopts policy on inside information disclosure which sets out the obligations, guidelines and procedures for handling and disseminating inside information. With those guidelines and procedures, the Directors ensure potential inside information is promptly identified, assessed and disclosed in accordance with the regulatory requirements.

本集團採納風險管理框架，當中包括以下流程：

- 識別本集團經營環境的重大風險，評估上述風險對本集團業務的影響；
- 制定必要的措施，管理該等風險；及
- 監控及檢討上述措施是否有效。

下文載列本集團制定的風險管理及內部監控政策及程序：

- 本集團已設立具備清晰經營及申報程序以及責任及授權明確的組織架構；
- 各經營附屬公司實施切合其架構的內部監控及程序，同時遵守本集團的政策、標準及指引；
- 相關的執行董事已獲授權，對監控經營單位指定業務的表現負有明確的責任；
- 對財務及業務流程進行系統性的檢討，以對內部監控的充分性及有效性進行管理。若發現內部監控系統存在缺陷，執行董事將進行評估，並實施必要的措施，確保作出改善；及
- 制定要求全員遵守的行為準則，確保在所有業務操作中採納高標準的行為及道德價值觀。

董事會致力於及時、準確及充分地披露有關本集團的重要信息。本公司採納內幕信息披露政策，載列內幕信息處理及傳播的義務、指引及程序。根據該等指引及程序，董事會確保可根據監管規定迅速識別、評估及披露潛在的內部資料。

CORPORATE GOVERNANCE REPORT

企業管治報告

In the previous years, the Board engaged independent internal control consultants to undertake reviews of the internal control system of the Group. The Board noted the material issues identified by the independent internal control consultants and has taken on-going steps to rectify the weaknesses.

Taking into account the scale and complexity of the current operations of the Group and the potential costs for setting up an internal audit function, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient risk management and internal control for the Group and accordingly, the Company did not maintain an internal audit function or engage an independent internal control consultant for the year ended 31 December 2016. However, the Board will regularly review the need to set up an internal audit function or engage an independent professional service provider to review the Group's internal control and risk management system.

For the year ended 31 December 2016, the Board reviewed and evaluated the risk management and internal control system adopted by the Group and considered it was effective.

AUDITORS' REMUNERATION

An analysis of the remuneration payable to the independent auditors of the Company to perform audit and non-audit services for the year ended 31 December 2016 is as follows:

於過往年度，董事會聘用獨立內部監控顧問，以檢討本集團的內部監控系統。董事會已知悉獨立內部監控顧問識別的重大問題並已持續採取措施以矯正該等缺陷。

考慮到本集團經常性業務的規模、複雜程度及設立內部審核職能的潛在成本，本公司認為現有的組織架構及管理層的密切監管可為本集團提供充分的風險管理和內部控制，因此，截至二零一六年十二月三十一日止年度，本公司並無內部審核功能或委聘獨立內部監控顧問。然而，董事會將定期審閱設立內部審核功能的必要性或委任獨立專業服務提供商審核本集團內部監控及風險管理系統。

截至二零一六年十二月三十一日止年度，董事會已檢討及評估本集團所採納的風險管理及內部監控系統且認為其有效。

核數師酬金

截至二零一六年十二月三十一日止年度，就本公司獨立核數師提供的核數服務及非核數服務而支付的酬金分析如下：

		For the year ended	
		31 December	
		2016	2015
		截至十二月三十一日止年度	
		二零一六年	二零一五年
Services rendered	所提供服務		
Audit service	核數服務	1,211,584	1,345,778
Non-audit service	非核數服務	159,110	636,730

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

非核數服務包括就本公司中期業績及相關初步公告提供之專業服務。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' AND INDEPENDENT AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Each Director understands and acknowledges his/her responsibility for the preparation and the true and fair presentation of the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The statement of auditors about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report.

董事及獨立核數師有關綜合財務報表之責任

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

董事會及高級管理層

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

DU JIAN JUN, *Chairman*

Mr. Du Jian Jun (“**Mr. Du**”), aged 60, was appointed as an executive director and the chairman of the Company on 16 June 2014. Mr. Du has over 30 years of working experience in managing various businesses in the PRC. He is also the vice general manager of Halls China Strategies Company Limited, which is specialised in the provision of venture capital service. On 7 April 2014, Mr. Du was appointed as an independent non-executive director of Sing Pao Media Enterprises Limited (“**Sing Pao**”), a company previously listed on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and he has been redesignated as an executive director since 24 June 2014. Sing Pao was incorporated in the Cayman Islands and its subsidiaries are principally engaged in the publication of newspapers, magazines and books; and provisions of advertising and promotion services, internet content provision and advertising. On 12 August 2015, the High Court of the Hong Kong SAR has ordered Sing Pao be wound up (the “**Sing Pao Winding Up**”). As at the date of this annual report, Sing Pao is in the process of winding up and Mr. Du confirmed that he is not in a position to indicate the outcome or the current position of the Sing Pao Winding Up.

JI KUANG, *Co-Vice Chairman*

Mr. Ji Kuang (“**Mr. Ji**”), aged 56, was appointed as an executive director and the vice chairman of the Company on 29 June 2015. Mr. Ji was graduated from Nanjing University of Chinese Medicine with a Bachelor Degree of Chinese medicine in 1989. Mr. Ji has 20 years of experience in corporate management, property development, construction management and marketing. He was the chief manager of Federation of Returned Overseas Chinese Industry and Trade Group in Wuxi County and Federation of Returned Overseas Chinese Real Estate Development Company Limited in Wuxi City during the period from 1992 to 1999. He was then promoted as the chairman of Wuxi Federation of Returned Overseas Chinese Real Estate Development Company Limited* (無錫市僑聯房產開發有限公司) during the period from April 1999 to November 2009. He is currently the chairman of the Wuxi Yuqi Datang Real Estate Company Limited* (無錫市玉祁大唐置業有限公司) Mr. Ji is also the chairman of presidium of World Chinese-Overseas-Trade Union General Attestation (“**WCUGA**”) and a minister of the investment department of WCUGA. WCUGA is founded in 1986, which unites Chinese elites and oversea-Chinese.

* The English transliteration and translation are for identification purpose only.

董事會

執行董事

杜建軍, *主席*

杜建軍先生(「**杜先生**」), 60歲, 於二零一四年六月十六日獲委任為本公司執行董事兼主席。彼擁有逾30年在中國管理多項不同業務之工作經驗。彼亦為霍氏中國策略有限公司之副總經理, 該公司專門提供創投服務。於二零一四年四月七日, 杜先生獲委任為成報傳媒集團有限公司(「**成報**」, 先前於香港聯合交易所有限公司(「**聯交所**」)上市之公司)之獨立非執行董事, 並自二零一四年六月二十四日起調任為執行董事。成報於開曼群島註冊成立, 其附屬公司主要從事報章、雜誌及書籍出版; 及提供廣告及推廣服務、提供互聯網內容及廣告。於二零一五年八月十二日, 香港高等法院頒令成報進入清盤程序(「**成報清盤**」)。於本年報日期, 成報處於清盤過程中, 而杜先生確認, 彼不宜指出成報清盤之結果或當前狀況。

嵇匡, *聯席副主席*

嵇匡先生(「**嵇先生**」), 56歲, 於二零一五年六月二十九日獲委任為本公司執行董事兼副主席。彼於一九八九年畢業於南京中醫藥大學, 獲得中醫學士學位。嵇先生在企業管理、房地產開發、施工管理及市場營銷方面擁有20年經驗。彼於一九九二年至一九九九年期間擔任無錫縣僑聯工貿總公司及無錫市僑聯房產開發有限公司之總經理。彼其後於一九九九年四月至二零零九年十一月期間晉升為無錫市僑聯房產開發有限公司董事長。彼現為無錫市玉祁大唐置業有限公司董事長。嵇先生亦為世界華人華僑華商聯合總會(「**世界華人華僑華商聯合總會**」)主席團主席及投資部部長。世界華人華僑華商聯合總會成立於一九八六年, 集合世界各地華人精英及華僑。

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

董事會及高級管理層

BOARD OF DIRECTORS (continued)

LI PO WAI, Co-Vice Chairman

Mr. Li Po Wai (“**Mr. Li**”), aged 44, was appointed as an executive director and the co-vice chairman of the Company on 29 June 2015. Mr. Li possesses extensive experience in managing financial enterprises in the PRC. He has been working in the private equity industry and in many well-known investment institutions. He previously held various important positions in sizeable state-owned collaboration entities, sino foreign joint venture companies, investment management enterprises and professional services institutions. He had participated in and coordinated the investment operation and management for various projects and is sophisticated with professional skills and practical experience in the operation of the capital market, finance management, merger and acquisition and reorganisation of enterprises, operational strategic planning and risk management.

LEUNG WAI KWAN, Chief Executive Officer

Mr. Leung Wai Kwan (“**Mr. Leung**”), aged 52, was appointed as an executive director and the chief executive officer of the Company on 7 August 2012. Mr. Leung holds a Bachelor’s Degree of Business Administration in Finance from The Queen’s University of Brighton, United States of America. Prior to joining the Company in March 2010, he was a principal of a local audit firm and the managing director of a consulting firm providing services of secretarial, taxation and corporate finance consultancy. Mr. Leung was an executive director of two companies listed on the Main Board of the Stock Exchange for more than seven years until 2004 and 2005 respectively, and has extensive experience in merger and acquisition activities, financial management and corporate compliance. Mr. Leung is currently an independent non-executive director of Yi Hua Department Store Holdings Limited (Stock Code: 2213), the shares of which are listed on the Main Board of the Stock Exchange.

FAN WEIPENG

Mr. Fan Weipeng (“**Mr. Fan**”), aged 46, was appointed as an executive director of the Company on 16 March 2015. Mr. Fan was graduated from Guangzhou Normal School* (廣州師範學校). He has been the chairman of Guangzhou Luyin Investment Co., Ltd.* (廣州魯銀投資有限公司) and Beijing Zhongcai Ronghe Culture Media Co., Ltd.* (北京中彩融合文化傳媒有限公司) since 2006 and 2010 respectively. Mr. Fan has been engaged in financial assets and capital management for many years with extensive experience in corporate restructuring, merger and acquisition, investment in and financing for initial public offering projects and leasing of real estate in China.

董事會 (續)

李寶偉, 聯席副主席

李寶偉先生(「李先生」), 44歲, 於二零一五年六月二十九日獲委任為本公司的執行董事兼聯席副主席。李先生擁有多年在中國管理金融企業的經驗。彼於私募股權行業及在多家知名投資機構任職, 曾在大型國有集體單位、中外合資公司、投資管理公司及專業服務機構擔任重要職位。彼曾參與及組織多個項目的投資運作管理, 熟悉並具備資本市場運作、融資管理、企業併購重組、經營策略規劃及風險管理等方面的專業技能及實踐經驗。

梁維君, 行政總裁

梁維君先生(「梁先生」), 52歲, 於二零一二年八月七日獲委任為本公司的執行董事兼行政總裁。梁先生畢業於美利堅合眾國皇家白禮頓大學, 持有工商管理(財務)學士學位。於二零一零年三月加入本公司之前, 彼曾為當地審計所之負責人, 並在一間提供秘書服務、稅務及企業融資顧問服務之諮詢公司擔任董事總經理。彼曾擔任兩間聯交所主板上市公司之執行董事達七年之久, 分別直至二零零四年及二零零五年為止, 在併購活動、財務管理及公司合規等方面累積豐富經驗。梁先生現時為聯交所主板上市公司益華百貨控股有限公司(股份代號: 2213)之獨立非執行董事。

范偉鵬

范偉鵬先生(「范先生」), 46歲, 於二零一五年三月十六日獲委任為本公司的執行董事。范先生於廣州師範學校畢業。彼自二零零六年及二零一零年起分別出任廣州魯銀投資有限公司的北京中彩融合文化傳媒有限公司之董事長。范先生從事金融資產及資本管理多年, 擁有企業重組、併購、首次公開發售之投融資及中國房地產租賃之豐富經驗。

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

董事會及高級管理層

BOARD OF DIRECTORS (continued)

MENG XIAO YING

Ms. Meng Xiao Ying (“**Ms. Meng**”), aged 47, was appointed as an executive director of the Company on 26 February 2014. Ms. Meng is a lawyer and the founding partner of Guangdong Huishang Law Firm* (廣東惠商律師事務所) (“**Guangdong Huishang**”). She graduated from the Department of Law of Xiangtan University in Hunan. She was assigned to work in Hunan Heshan Justice Bureau in 1990. She was admitted as a lawyer with excellent results in 1992 and was sent by Justice Bureau for the formation of Heshan Second Law Firm (赫山區第二律師事務所) in the same year. Since then, she started her career as a professional lawyer. Afterwards, she worked as a professional lawyer in Hunan Zhenli Law Firm* (湖南真理律師事務所) from 1994 to 2000 and co-founded Guangdong Huishang in 2000 and founded Guangdong Huanding Law Firm* (廣東環鼎律師事務所) in 2014. Her distinct style and characteristic of effectiveness in case handling has been established in the practice for law for over 20 years. She has extensive working experience as a lawyer, and has handled numerous non-litigation legal affairs, such as economical, civil and criminal cases and issuance of legal opinion and feasibility studies reports. Since the practice of law in Shenzhen, she has assisted in the successful listing of several units who sought for legal advice and received their appreciations. Ms. Meng was an independent non-executive director of Sing Pao from 7 April 2014 to 23 June 2014 and has been re-designated as an executive director since 24 June 2014. As at the date of this annual report, Ms. Meng confirmed that she is not in a position to indicate the outcome or current position of the Sing Pao Winding Up.

董事會(續)

孟小英

孟小英女士(「孟女士」)，47歲，於二零一四年二月二十六日獲委任為本公司的執行董事。孟女士為律師及廣東惠商律師事務所(「廣東惠商」)發起合夥人。彼畢業於湖南湘潭大學法律系，一九九零年分配在湖南赫山區司法局工作，一九九二年以優異成績取得律師資格，並於同年被司法局派遣組建赫山區第二律師事務所，從此開始專職律師生涯。之後，彼於一九九四年至二零零零年在湖南真理律師事務所擔任專職律師，二零零零年合夥創辦廣東惠商，並於二零一四年創辦廣東環鼎律師事務所。彼在20多年律師執業中形成了獨特之案件處理風格及卓有成效之案件處理特色，具有豐富之律師工作經驗，辦理了大量經濟、民事及刑事案件以及出具法律意見書及可行性研究報告等非訴訟法律事務。自深圳執業以來，彼協助多間尋求法律意見之單位成功上市，得到該等單位之好評。孟女士曾於二零一四年四月七日至二零一四年六月二十三日出任成報之獨立非執行董事，並自二零一四年六月二十四日起調任執行董事。於本年報日期，孟女士確認，彼不宜指出成報清盤之結果或當前情況。

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BOARD OF DIRECTORS AND SENIOR MANAGEMENT

董事會及高級管理層

BOARD OF DIRECTORS *(continued)*

YIN SHIBO

Mr. Yin Shibo (“**Mr. Yin**”), aged 42, was appointed as an executive director of the Company on 29 June 2015. Mr. Yin obtained a Bachelor’s Degree in Economics from Guizhou University of Finance and Economics (formerly known as Guizhou College of Finance and Economics) and a Master Degree in Business and Administration from Wuhan University. Mr. Yin has 18 years of extensive experience in finance industry, in particular, bank financing, project investment analysis and corporate financial management. He had held various positions in Agricultural Bank of China during 1997 to 2008 and was last held as a branch president. Since 2008, he has devoted himself to the private equity industry and obtained senior management positions in various renowned investment institutions. From July 2014 to June 2015, Mr. Yin was an executive director of China Best Group Holding Limited (Stock Code: 370) (“**China Best Group**”), the shares of which are listed on the Main Board of the Stock Exchange, and he remains as a member of the senior management of China Best Group after his resignation.

LEUNG KWOK PANG JOSEPH

Mr. Leung Kwok Pang Joseph (“**Mr. Leung**”), aged 55, was appointed as an executive director of the Company on 29 June 2016. Mr. Leung obtained a Professional diploma in Estate Management and a Master Degree in International Real Estate from Hong Kong Polytechnic University. He became a Chartered Surveyor in both Hong Kong and United Kingdom in 1993. Mr. Leung has practiced several disciplines including professional real estate and assets appraisals consultancy and corporate funding for over 30 years.

董事會 (續)

尹仕波

尹仕波先生(「**尹先生**」)，42歲，於二零一五年六月二十九日獲委任為本公司的執行董事。尹先生從中國貴州財經大學(前身為貴州財經學院)獲得經濟學學士學位，並於武漢大學獲得工商管理碩士學位。尹先生在金融行業擁有十八年豐富經驗，特別擅長銀行融資，項目投資分析及企業財務管理。彼於一九九七年至二零零八年期間在中國農業銀行擔任多種職務，其離任前擔任支行行長。自二零零八年起，彼投身於私募股權行業及在多家知名投資機構擔任高級管理層職務。於二零一四年七月至二零一五年六月，尹先生獲委任為國華集團控股有限公司(「**國華集團**」)(其股份於聯交所主板上市，股份代號：370)執行董事，並於辭任執行董事後留任國華集團的高級管理層職務。

梁國鵬

梁國鵬先生(「**梁先生**」)，55歲，於二零一六年六月二十九日獲委任為本公司的執行董事。梁先生持有香港理工學院房地產管理高級文憑及香港理工大學國際房地產學碩士學位。梁先生於一九九三年獲得英國皇家測量師及香港測量師資格。梁先生曾於多個行業工作，包括物業、資產評估及專業服務、企業金融及融資服務，擁有30年專業服務經驗。

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

董事會及高級管理層

BOARD OF DIRECTORS (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN KIN HO PHILIP

Mr. Chan Kin Ho Philip (“**Mr. Chan**”), aged 39, was appointed as an independent non-executive director of the Company on 22 July 2014. Mr. Chan graduated from the University of Hong Kong with a Bachelor’s Degree in Business Administration in Accounting and Finance. Mr. Chan is a certified public accountant under the Hong Kong Institute of Certified Public Accountants and a member of The Association of Chartered Certified Accountants. Mr. Chan is also a chartered financial analyst. Mr. Chan has over 15 years of experience in finance, accounting, external and internal auditing in both Hong Kong and the PRC. Mr. Chan had worked in the assurance and advisory department of Deloitte Touche Tohmatsu Limited and KPMG and as a business area controller in the financial controlling division of Deutsche Bank AG. Mr. Chan was the group financial controller of Xinhua Sports & Entertainment (HK) Limited, a wholly-owned subsidiary of Xinhua Sports & Entertainment Limited, shares of which are currently traded on the American over-the-counter (pink sheets) market and was the vice president — finance for Tiger Media, Incorporation (formerly known as Search Media Holdings Limited), the shares of which are listed on the American Stock Exchange. He was also an independent non-executive director of China Machinery Engineering Corporation. Mr. Chan is currently an executive director of Willing International Capital (Shanghai) Company Limited and company secretary of China Digital Culture (Group) Limited (Stock Code: 8175), a company listed on the GEM Board of the Stock Exchange.

LI ZHENZHEN

Ms. Li Zhenzhen (“**Ms. Li**”), aged 32, was appointed as an independent non-executive director on 17 July 2015. Ms. Li graduated from the University of Guangxi with a bachelor’s degree. Ms. Li has been working in senior role in listed company for many years and she has good knowledge of corporate financing and business operation. Ms. Li is currently the chairman of board of supervisors of Guanghe Landscape Culture Communication Co., Ltd, ShanXi (Shanghai stock code: 600234), a company listed on the Shanghai Stock Exchange, and the chairman and an executive director of Sino Haijing Holdings Limited (stock code:01106), a company listed on the Main Board of the Stock Exchange.

董事會 (續)

獨立非執行董事

陳建豪

陳建豪先生(「**陳先生**」)，39歲，於二零一四年七月二十二日獲委任為本公司的獨立非執行董事。陳先生畢業於香港大學，取得工商管理學士(會計及財務)學位。彼為香港會計師公會之執業會計師及特許公認會計師公會會員。陳先生亦為特許財務分析師。陳先生在香港及中國之金融、會計以及外部及內部審核方面累積逾15年經驗。陳先生曾於德勤•關黃陳方會計師行及畢馬威會計師事務所之鑑證及顧問部任職，亦曾出任德意志銀行財務監控部之業務監控員。陳先生曾出任新華悅動傳媒有限公司(其股份現於美國場外交易(粉紅價單)市場買賣)之全資附屬公司新華悅動傳媒(香港)有限公司之集團財務總監，彼亦曾出任美國證券交易所上市公司Tiger Media, Incorporation(前稱Search Media Holdings Limited)之財務副總裁。彼曾出任中國機械設備工程股份有限公司之獨立非執行董事。陳先生現為威菱投資諮詢(上海)有限公司之執行董事，並為聯交所創業板上市公司中國數碼文化(集團)有限公司(股份代號：8175)之公司秘書。

李珍珍

李珍珍女士(「**李女士**」)，32歲，於二零一五年七月十七日獲委任為獨立非執行董事。李女士以學士身份畢業於廣西大學。李女士於上市公司擔任高級職位工作多年，具備良好企業融資及商業運營知識。李女士現擔任上海證券交易所的上市公司山西廣和山水文化傳播股份有限公司(上海股份代號：600234)監事會主席及聯交所主板上市公司中國海景控股有限公司(股份代號：01106)主席兼執行董事。

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

董事會及高級管理層

BOARD OF DIRECTORS *(continued)*

LIU BO

Mr. Liu Bo (“**Mr. Liu**”), aged 52, was appointed as an independent non-executive director of the Company on 14 December 2015. Mr. Liu holds a Bachelor’s Degree in Computer Science from University of Science and Technology of China, and a Master’s of Science Degree from the Institute of Acoustics of the Chinese Academy of Science. Mr. Liu has many years of experience in venture capital, private equity investment, fund management, mergers and acquisitions. Mr. Liu is currently the chairman of two investment fund management companies in Shenzhen, China.

TONG ZHU

Mr. Tong Zhu (“**Mr. Tong**”), aged 57, was appointed as an independent non-executive director of the Company on 29 June 2016. Mr. Tong graduated at University of Electronic Science and Technology in People’s Republic of China. He was assessed as an economist by Personnel Department of Guangdong Province (廣東省人事廳) in 2000. He had over 30 years financial and project management experience. At present, Mr. Tong is working in a Shenzhen listed company.

SENIOR MANAGEMENT

SHARON KWAN

Ms. Sharon Kwan (“**Ms. Kwan**”), aged 49, was appointed as the Company secretary of the Company on 22 May 2015. Ms. Kwan is a member of the Hong Kong Institution of Certified Public Accountants, and a Fellow member of Certified Practising Accountant of CPA Australia. Ms. Kwan graduated from University of Technology Sydney, Australia with a Bachelor Degree in Business, and obtained an Executive Master of Business Administration Degree. She has many years of experience as chief financial officer, regional finance director, financial controller, company secretary, compliance officer, and head of commercial services in banking and financial services in listed and unlisted registered funds, asset management and professional service companies. These roles were in both private and public listed companies in Australia, United Kingdom and Hong Kong. From June 2014 to July 2015, Ms. Kwan was an executive director and company secretary of Sing Pao, a company previously listed on the Stock Exchange.

董事會 *(續)*

劉波

劉波先生(「劉先生」)，52歲，於二零一五年十二月十四日獲委任為本公司的獨立非執行董事。劉先生持有中國科學技術大學計算機專業學士學位及中國科學院聲學研究所理學碩士學位。劉先生於創業投資、私募股權投資、基金管理、收購兼併等方面擁有多年豐富的經驗。劉先生現在是兩家位於中國深圳的投資基金管理公司的董事長。

佟鑄

佟鑄先生(「佟先生」)，57歲，於二零一六年六月二十九日獲委任為本公司的獨立非執行董事。佟先生大學本科畢業於中國電子科技大學。在二零零零年獲廣東省人事廳評審為經濟師。彼擁有超過30年的財務及專案管理工作經驗。佟先生目前在一家深圳上市公司工作。

高級管理層

關紫芳

關紫芳女士(「關女士」)，49歲，於二零一五年五月二十二日獲委任為本公司公司秘書。關女士為香港會計師公會會員，並為澳洲執業會計師公會資深會員。關女士畢業於澳洲悉尼科技大學(University of Technology Sydney)，持有商業學士學位及取得行政人員工商管理碩士學位。彼有多年於上市及非上市註冊基金、資產管理及專業服務公司擔任首席財務官、區域財務董事、財務總監、公司秘書、合規官，以及商業服務(銀行及金融服務業)主管之經驗。該等職位乃於澳洲、英國及香港的私人及公眾上市公司。於二零一四年六月至二零一五年七月，關女士曾為成報的執行董事及公司秘書，該公司先前於聯交所上市。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

The Group is committed to promoting sustainable development, which is extremely important to create long-term value for the Group's shareholders, clients, employees, other stakeholders, as well as general public. The Company cares about the impact of its daily operation on environment and society, strives to set a good example for the public, while conducting business operation, it makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

ENVIRONMENT

A1. Policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes

Protecting environment is one of our key concerns; we are committed to protecting environment and focusing on environmental protection in our operation, hoping that through rigorous supervision and control to reduce our long-term negative impact on environment.

1. Energy Management

The indirect greenhouse gas emission, which generated from our daily electricity power consumption, is the main source of the Group's carbon footprint, we will keep monitoring and disclosing the Company's carbon footprint to find out and control the impact of our daily operation on environment. At the same time, we will implement the following energy-saving and energy efficiency measures at various office locations to reduce greenhouse gas emission:

- a. Install high-performance electrical equipments
- b. Purchasing department is required to purchase energy-efficient products
- c. Employ automatic lighting control system
- d. Deploy LED lighting on office floors
- e. The employees must turn off light and unnecessary energy device to reduce energy consumption and avoid unnecessary waste of energy

本集團致力推動可持續發展，可持續發展對於為本集團股東、客戶、員工、其他持份者，乃至廣大社群創造長期價值極為重要。本公司關注日常運作對環境及社會的影響，力求為社會樹立良好榜樣，在進行業務營運的同時，努力滿足所有持份者、經濟、環境、社會和企業治理之利益，竭力達至最佳平衡。

環境

A1. 有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的政策

保護環境乃我們重點關注之一，我們承諾保護環境，在營運上以環保為重，並希望透過嚴謹監督及控制工作，減低我們對環境的長遠負面影響。

1. 能源管理

我們日常運作用電產生的間接溫室氣體排放是本集團碳足跡的最主要來源，我們將透過持續監察及公佈本公司的碳足跡來瞭解及監督我們的日常營運對環境的影響。同時，我們將在各辦公地點實行以下各種節能及能源效益措施減低溫室氣體排放：

- a. 安裝高效能的電機裝置
- b. 採購部門必須採購高能源效益產品
- c. 採用自動燈光控制系統
- d. 辦公樓層採用LED照明
- e. 員工離開時必須關閉燈光及不必要的耗能裝置，以減低能源耗量及避免不必要的能源浪費

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

- f. Deploy natural light as much as possible on office floors
- g. Install auxiliary electricity meter to monitor electricity consumption
- h. Other energy-saving and energy efficiency measures

Our finance department should collect information about usage of electricity annually for the management to disclose in their ESG report in the financial year starts from 1 January 2017 or later.

2. Waste Management

In order to lighten the load of landfills, we adopt a responsible waste management policy, including waste avoidance, reducing waste from its source and reuse, recycling and responsible disposal of waste. Our offices should post memos and notices everywhere, encouraging the employees to reduce the production of waste. We have introduced waste separation measures from the start:

- a. Waste paper (excluding paper cup, paper plate, etc.)
- b. Metal (aluminum can and other metal cans)
- c. Plastics (plastic bottle, container and packaging materials)
- d. Other recyclables (such as old cloth, electrical appliance, computer, magazine, etc.)

- f. 辦公樓層採用更多自然光
- g. 安裝副電錶監督用電
- h. 其他節能及能源效益措施

財務部應每年收集電力的使用情況，供管理人員於二零一七年一月一日或之後開始的財政年度的環境、社會及管治報告中進行披露工作。

2. 廢物管理

為減少堆填區的負荷，我們採取負責任的廢物管理政策，包括避免產生廢物、源頭減廢以及重用、回收及負責任地處置廢物。辦公室應在各處張貼告示及備忘，鼓勵員工減少製造廢物。我們推行廢物源頭分類措施：

- a. 廢紙(不包括紙杯、紙碟等)
- b. 金屬(鋁罐和其他金屬罐)
- c. 塑料(膠樽、容器和塑膠包裝物料)
- d. 其他可回收物品(如舊衣服、電器、電腦及雜誌等)

A2. Policy on effective use of resources (including energy, water and other raw materials)

1. Reducing electricity consumption

Comply with the Group's policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes to reduce electricity consumption.

2. Paper reduction

In order to reduce waste paper, we have developed the following measures:

- a. Deploy recycling bins to collect used paper products such as waste paper, poster, letter and envelope
- b. Place waste paper recycling bin next to printer and set aside the papers that already printed once so that you can choose whether reuse it or put it into the bin
- c. Saving paper by double-sided printing
- d. Writing on both sides of papers
- e. Bring your own cup and avoid using paper cup
- f. Reuse stationeries such as file folder and envelope
- g. Reuse packaging box
- h. Other than the waste paper that contains confidential information, waste paper should be shipped to paper mill or scrap paper company so as to be recycled into new paper

Each year, our finance department shall collect information about the paper products the Company purchased and the waste paper that shipped to scrap paper company or paper mill for the management to disclose in their ESG report in the financial year starts from 1 January 2017 or later.

A2. 有效使用資源(包括能源、水及其他原材料)的政策

1. 減少用電

根據本集團「有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的政策」要求減少用電。

2. 減少用紙

減少廢紙的產生，我們制定以下措施：

- a. 擺放廢紙、海報、信函及公文袋回收箱，收集不能再用的紙類製品
- b. 打影機旁擺放單面廢紙及廢紙回收箱，將紙張分類重用
- c. 雙面影印
- d. 一紙兩面書寫
- e. 自備水杯，避免使用紙杯
- f. 重複使用檔案夾和信封等文具
- g. 重複使用包裝盒
- h. 除載有機密資料之廢紙外，廢紙將供給廢紙公司或造紙廠，以便循環再造

財務部應每年收集紙類製品的採購及將廢紙供給廢紙公司或造紙廠情況，供管理人員於二零一七年一月一日或之後開始的財政年度的環境、社會及管治報告中進行披露工作。

3. Water conservation

In Hong Kong, fresh water is a precious resource, we should economize water, try to protect water resource, and for which we have developed the following measures:

- a. Repair dripping faucet or hose in a timely manner
- b. Adopt effective water-saving production methods and instruments
- c. Check water consumption regularly
- d. Minimize water pressure

4. Green procurement

Green procurement is based on reducing environmental load. Quality, cost, delivery time are the main focuses when the Company procures goods or chooses supplier, but other than that, we give priority to environmentally friendly and energy-saving products with the following measures:

- a. Give priority to energy-efficient products at the highest level
- b. Give priority to effective water-saving products
- c. We require the suppliers to reduce packaging material
- d. Send the message to suppliers that we value environmental protection, energy saving

3. 節約用水

在香港，淡水是一種珍貴的資源，所以我們應當節約用水，盡力保護水資源，為此我們制定以下措施：

- a. 立即修理滴漏的水龍頭及水喉
- b. 採用能有效節省用水的生產方法及器械
- c. 經常查驗耗水量
- d. 儘量降低水壓

4. 綠色採購

綠色採購是基於減輕環境負荷作前提，除根據質量、成本、交貨期考慮採購的物品及供應商外，我們進行採購時，透過以下措施優先採購環保、節能產品：

- a. 優先考慮最高級別能源效益產品
- b. 優先考慮能有效節省用水產品
- c. 採購時要求減少包裝材料
- d. 向供應商反映我們對環保、節能的要求

A3. Policy on mitigating the Group's significant impact on environment and natural resources

The Group manages and minimizes the impact it may cause environment, directly or indirectly, through the following methods:

1. Make sure its business operation comply with the environmental law in Hong Kong and its operating locations
2. Establish and improve environmental protection mechanism to ensure its operation does not pollute water and land
3. Monitor gas emission and use of resource, establish emission reduction target
4. Make sure that in our daily business operation, with all efforts, we conserve energy, water and other raw materials to reduce direct impact on environment
5. Whenever the Company holds banquet, shark fin is out of question and sustainable seafood should be served. Order reasonable quantity and reduce waste
6. Urge the employees to reduce paper usage and adopt other energy-saving measures
7. Cooperate with government agencies and support environmental organizations' activities

A3. 減低本集團對環境及天然資源造成重大影響的政策

本集團透過以下方式管理及減低可能對環境產生的直接或間接的影響：

1. 確保業務運作會根據香港及運作地區的環保法
2. 建立和完善環保機制確保業務運作沒有污染水及土地
3. 監察氣體的排放及資源運用，設立減排目標
4. 確保日常業務運作中，盡量節約能源、水及其他原材料，以減少對環境的直接影響
5. 在公司宴會中，不食用魚翅及安排可持續發展海鮮。訂購適合份量，減少浪費
6. 鼓勵員工減少用紙及其他節能措施
7. 與政府機關合作及支持環保機構活動

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

SOCIETY

Employment and Labor convention

Employee is an important asset of the Company, we care about their well-being, respect their personal traits, make sure that all employees are subject to legislative protection and have equal opportunity in their career path, also, we strive to increase their sense of belonging.

B1. Policy on salary, dismissal, recruitment, promotion, working hours, day off, equal opportunity, diversity, anti-discrimination and other benefits

1. Salary

We offer competitive pay and benefits to the employees according to their job requirement and individual performance. We will annually review the overall salary and benefits to ensure the Company's competitiveness in local market, we even refer to the relevant industries and similar organizations. Each year, KPIs will provide direction and guidance to the employees' individual work plan. We also assess the achievements and contributions of the employees to appraise and reward them.

2. Dismissal

We ensure that all employees under the employment protection laws of Hong Kong, including:

- a. Whenever an employee offers to resign or being laid off, human resource should interview him or her before quitting to find out the reason of quitting;
- b. It is required to issue employment verification document to the dismissed employee;
- c. When the employer terminates employment contract, the dismissed employee shall be given due notice or wages in lieu of notice, and the notice should not be given during his or her annual leave and maternity leave;
- d. An employee cannot be dismissed when she has been confirmed pregnant or given notice of pregnancy;

社會

僱傭及勞工常規

員工為公司重要資產，我們關心他們的福祉、尊重他們的個人特質、確保所有員工都會受到法例保障、亦確保員工在工作上發展及增加員工的歸屬感。

B1. 薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的政策

1. 薪酬

我們按職位要求和個人工作表現提供具競爭力的薪酬及福利予僱員。我們每年會檢討僱員整體薪酬及福利，以確保在本地市場具競爭力，特別是與有關行業和同類型機構相比。每年，我們的主要績效指標會為僱員的個人工作計劃提供方向和指引。我們亦會根據僱員的成就和貢獻，作出評估及獎勵。

2. 解僱

我們確保所有員工根據香港法例的僱傭保障，包括：

- a. 人力資源部在員工主動提出離職或員工被解僱時進行離職面談，瞭解員工離職的原因；
- b. 必需向被解僱員工發出具工作證明文件；
- c. 僱主在終止僱傭合約時，須給予僱員適當的通知期或代通知金，當中有薪年假及產假不可作為終止僱傭合約時的通知期；
- d. 不可解僱已證實懷孕及已發出懷孕通知的僱員；

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- e. An employee cannot be dismissed when he or she takes a paid sick leave;
 - f. An employee cannot be dismissed because he or she gives evidence or information in any legal proceeding relating to enforcement of labor laws, industrial accident or breach of work safety regulation;
 - g. An employee cannot be dismissed because he or she joins in labor union or participates in labor union activities; and
 - h. If an employee is injured on duty, if a compensation agreement has not yet been reached or the relevant evaluation certificate has not yet been issued, the employee cannot be dismissed.
3. *Recruitment and promotion*
- In the Company, recruitment and promotion should be fair and open for all employees, and cannot be affected by age, sex, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation and other factors, the employees will be recognized and rewarded by their contribution, work performance and skills, the Company will do its best to provide them with good working environment and development opportunity.
4. *Working hours and day-off*
- The employees shall enjoy deserved days-off under the laws of Hong Kong or the location they work at Hong Kong employees are entitled to enjoy the following days-off:
- a. Each employee can take a day off in every 7 days;
 - b. If the day-off falls on a statutory holiday, compensatory time off shall be offered on the following day;
- e. 不可在僱員的有薪病假期間解僱僱員；
 - f. 不可由於僱員曾在有關執行勞工法例、工業意外或違反工作安全規例而進行的法律程序中提供證據或資料而解僱僱員；
 - g. 不可因僱員參與職工會或職工會的活動而解僱僱員；及
 - h. 在未與因工受傷的僱員達成工傷補償的協議之前，或在有關的評估證明書仍未發出之前，不可解僱僱員。
3. *招聘及晉升*
- 在公司招聘及晉升時，會對員工公平及公開，不受年齡、性別、身體健康或精神狀況、婚姻狀況、家庭崗位、種族、膚色、國籍、宗教、政治聯繫和性取向等因素所影響，按僱員的貢獻、工作表現和技能作出嘉許及獎勵，為員工提供良好的工作環境及發展機會。
4. *工作時數及假期*
- 員工應按香港或員工所在地區的勞動法例要求，享有其應得之假期以下為香港員工應得之假期：
- a. 員工在工作期間，每7天內可享有1天休息日；
 - b. 如休息日適逢法定假日，應於翌日補假；

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- c. Manager can ask employee to work on the day off, but employee can choose not to. If the employee agrees, a day off can be arranged in other time, but the said day off shall be planned before the scheduled day off in the same month, or within 30 days after it;
 - d. Statutory holidays;
 - e. Paid annual leave prescribed by employment contract;
 - f. Sick leave;
 - g. Female employee can take maternity leave so long as she complies with the continuous contract to serve the employer and give notice of pregnancy before the leave; and
 - h. Maternity leave cannot be substituted by wage.
5. *Policy on equal opportunity, diversity, anti-discrimination and other benefits*
Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance must be complied with, equal opportunity must be provided on recruitment, training, promotion, transfer, remuneration, benefits and termination of contract. Such opportunities shall not be affected by factors such as age, gender, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation.
- c. 管理人員可求員工在休息日工作，但員工可自由決定。如果員工同意，可另定休息日，但另定之休息日須安排在同一個月內的原定休息日之前，或於原定休息日後30天內享用；
 - d. 法定假日的日期；
 - e. 按僱傭合約所訂有薪年假；
 - f. 病假；
 - g. 女性僱員只要在產假前按連續性合約為僱主服務，並給予懷孕通知，便可享有產假；及
 - h. 不能以工資代替分娩假。
5. 平等機會、多元化、反歧視以及其他待遇及福利的政策
必須遵守〈性別歧視條例〉、〈殘疾歧視條例〉、〈家庭崗位歧視條例〉要求，在招聘、培訓、晉升、調職、薪酬、福利及終止合約等事項提供平等的機會。此等機會不受年齡、性別、身體健康或精神狀況、婚姻狀況、家庭崗位、種族、膚色、國籍、宗教、政治聯繫和性取向等因素所影響。

B2. Policy on safe working environment and safeguarding the employees from occupational hazards

We are committed to protecting the health and safety of the employees and the community, we require all employees to comply with all relevant occupational health and safety regulations, and do our utmost to provide them with safe and healthy working environment, as a result, we have implemented the following methods:

1. Develop internal guidelines to ensure that office and work environment is in line with or higher than the requirements of relevant laws;
2. Establish safety procedures for the recognized dangerous work;
3. Provide necessary protective equipment and medical insurance to the employees;
4. Ensure that office and working environment is healthy and safe, regularly check machinery and equipment;
5. Establish emergency measures such as fire or explosion emergency plan;
6. Regularly arrange rescue, fire and evacuation drills;
7. Establish mechanism to record industrial injury and analyze the cause;
8. Provide and maintain an environmental, healthy and safe working condition;
9. Unless prior approval, purchasing alcoholic beverage and illegal drugs is prohibited in the workplace;
10. Actively promote environmental protection, health and safety awareness of the employees, and support development of environmental protection, health and safety in the industry; and
11. Provide all employees with needed job information, guidance, training and supervision.

B2. 安全工作環境及保障僱員避免職業性危害的政策

我們致力保障僱員及社區的健康和安全，我們要求所有員工遵守所有相關職業健康及安全條例，為僱員提供一個安全和健康的工作環境，並按此實施以下政策：

1. 制定內部準則，務求辦公室及工作環境符合或高於相關法律要求；
2. 為已識別為危險的工作定立安全執行程序；
3. 為員工提供必需的保護裝備及為員工提供醫療保障；
4. 提供並確保辦公室及工作環境衛生安全、機器及設備會定期檢查；
5. 建立緊急事件諸如發生火災或爆炸時的應急措施；
6. 定期安排急救、防火和疏散逃生演習；
7. 設立機制以記錄及分析工傷意外的發生和原因；
8. 提供及維持一個環保、健康及安全的工作場所；
9. 除非預先得到批准，員工禁止在工作間使用及購買含酒精飲品及違禁藥物；
10. 積極推動員工的環境保護、健康及安全意識，並支持行業內環境保護、健康及安全之發展；及
11. 為所有員工提供所需的工作資訊、指導、訓練及監督。

B3. Policy on improving the employees' knowledge and skills to perform their responsibilities

Talent development is an important part of our human resource strategy. We understand that the employees' knowledge and skills are essential to the Company's operation and business growth, good development plan lays a good foundation for the employees to face business challenge in the future, it also helps them to grasp promotion opportunities, fulfill their career aspirations. We provide the employees with effective training and develop a clear promotion ladder, ensuring that the employees have the required skills; we also nurture outstanding successors for the Group's and breed academic atmosphere. The Group conducts performance evaluation annually, and based on the assessment result to provide the staff with appropriate training, and offer job, development and promotion opportunities for outstanding employees. Under the Group's Human Resource Management System requirements, HR manager is responsible for carrying out related assessment and training.

B4. Policy on preventing child labor or forced labor

The Group firmly adopts a zero-tolerance policy on child labor and forced labor, such conduct is prohibited by international standard and relevant domestic legislation and shall never be tolerated in here. In any part of the business process (including our subcontractors or suppliers), child labor or forced labor is not allowed. We see child labor or forced labor as a serious crime. The following is the policy on preventing child labor or forced labor:

1. Child labor refers to employment of people under 16 years of age, if any country or region in which the Company or its subsidiary operates has a more stringent definition of child labor, the definition shall prevail;
2. Forced labor refers to people who provide labor or service against their will and under the threat of punishment;
3. The hired employees must be at least 16 years of age, the Group shall never recruit child labor and forced labor, and if it knows child labor or forced labor exists in its suppliers or subcontractors, the Group will not conduct business with them anymore;

B3. 提升僱員履行工作職責的知識及技能的政策

人才發展是我們人力資源策略中重要的一環。我們瞭解到僱員的知識和技能對於公司營運及業務增長方面極為重要，良好的工作發展計劃亦為僱員面對日後的業務挑戰作好準備，更可協助他們把握晉升機會，實踐自己的事業抱負。我們為員工提供有效的培訓，制定明確的晉升階梯，以確保僱員具備所需技能，以及為集團培養優秀的接班人及孕育學習文化。本集團每年進行績效評估，並按評估結果為員工提供合適的培訓，並為表現優秀的員工提供工作發展及晉升機會。人力資源部經理負責按本集團之人力資源管理制度要求進行有關的評估及培訓工作。

B4. 防止童工或強制勞工的政策

本集團對使用童工及強制勞工堅決採取零容忍政策，堅決不允許出現國際標準及相關的國內法規所禁止的使用童工或強制勞工的行為。業務過程中的任何一個環節(包括任何供應商或分包商)均不可使用童工或強制勞工。我們視使用童工或強制勞工的做法為嚴重的犯罪行為。以下是禁止使用童工或強制勞工的政策：

1. 童工指未滿16周歲就業年齡而被僱傭的人士，若任何本公司之子公司所處／營運的國家或地區對童工有更嚴格之定義，則以該定義為準；
2. 強制勞工是指在違背自己的意願下，以懲罰或威脅的方式做任何工作服務的人士；
3. 聘用員工必須年滿16周歲，本集團禁止招聘童工及強制勞工，亦禁止從已知使用童工或強制勞工的任何供應商或分包商進行採購；

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4. The employees under 18 may not engage in any possible hazardous work and prohibited to work at night, because it might affect their education;
 5. Before hiring any job applicant, HR should take effective procedures to verify their age. HR should check documents that prove the age of the applicant, including government-issued photo identification and birth certificate, driver's license, household register, academic certificates or any other credentials that prove the date of birth. And HR must ensure that the applicant's looks is consistent with the photograph on the ID card;
 6. HR department should carry out prevention training about child labor and forced labor, especially those responsible for recruitment;
 7. If employment of child labor under the legal minimum age is found in the Group, we will see to the best interests of the child, and take the following measures in line with relevant legislations:
 - a. Take the child away from workplace immediately, ensure the safety of the child;
 - b. Immediately notify the person in charge of HR to verify all relevant information, confirm whether the child under 16 years of age, sever labor relations with the child, notify the local social welfare institution, and take remedial measures to protect the child's best interest;
 - c. Send the child to a special occupational health labor inspection institution to do medical check-up, it is required to confirm the child's physical and mental health, and conduct investigation to fully understand the child's situation;
 - d. When the child reaches legal minimum age for employment, we will provide the child with re-employment opportunity; and
 - e. Immediately find out the problems exist in the hiring process of the operating location and take improvement measures within 90 working days.
4. 未滿 18 歲的員工不得從事有可能危險性的工作，並禁止可能影響其教育需求的夜間工作；
 5. 在聘用任何應聘者之前，人力資源部應採取有效程序核實其年齡。人力資源部應檢查可證明應聘者年齡的文件，包括政府簽發的帶有照片的身份證、出生證明、駕駛證、戶口本、學歷證書或者其他任何能夠證明出生日期的有效證件。並確保身份證上的照片與應聘者的長相相符；
 6. 針對人力資源部門，特別是負責招聘人員，開展童工及強制勞工預防培訓；
 7. 如在集團中發現未滿法定最低就業年齡的童工，我們將始終從最符合該童工利益的角度出發，按照相關法律的要求採取以下措施：
 - a. 立即將該名童工帶離工作場所，以確保童工本人的安全；
 - b. 立即通知人力資源部門負責人，核實所有相關資料，證實當事人是否屬於未滿 16 周歲的童工，與該名童工解除勞動關係，通知當地社會福利機構，並且採取補救措施以最大程度的保護其利益；
 - c. 將該名童工送專門的職業勞動健康檢查機構進行體檢，需確認該兒童的身心健康狀況，並進行調查走訪，充分了解其處境；
 - d. 當該兒童達到法定最低就業年齡之後，將為其提供再就業的機會；及
 - e. 立刻查明該問題營業地點招聘流程中存在的問題，並在 90 個工作日之內採取改善措施。

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| <p>8. If forced labor is found in the Group, we will take the following measures in accordance with the requirements of the relevant legislation:</p> <p>a. Take the labor away from workplace immediately, ensure the safety of the labor;</p> <p>b. Immediately notify the person in charge of HR to verify all relevant information, confirm whether the person is subject to compulsory labor;</p> <p>c. Send the labor to a special occupational health labor inspection institution to do medical check-up, it is required to confirm the labor's physical and mental health, and conduct investigation to fully understand the labor's situation; and</p> <p>d. Immediately find out the problems exist in the hiring process of the operating location and take improvement measures within 90 working days.</p> | <p>8. 如在集團中發現強制勞工，我們將按照相關法律的要求採取以下措施：</p> <p>a. 立即將該名勞工帶離工作場所，以確保勞工本人的安全；</p> <p>b. 立即通知人力資源部門負責人，核實所有相關資料，證實當事人是否屬於強制勞工；</p> <p>c. 將該名勞工送專門的職業勞動健康檢查機構進行體檢，需確認其身心健康狀況，及充分瞭解其處境；及</p> <p>d. 立刻查明該問題營業地點招聘流程中存在的問題，並在90個工作日之內採取改善措施。</p> |
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Operating Practice

B5. Policy on controlling environmental and social risk in supply chain

We attach importance to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them. We will take a fair and open principle on procurement of materials and services. We will only cooperate with the suppliers that share common moral values and standards with us, the Company also supports and encourages the suppliers to promote efficient use of resources and environmental protection and fulfill corporate social responsibility:

1. We advocate the principle of fair and open competition, and based on mutual trust, we develop and maintain long-term relationships with the suppliers and contractors;
2. We have strict ethical standards in procurement of materials and services to ensure the quality of the finished products and maintain the continued confidence of the clients, suppliers and general public;

營運慣例

B5. 管理供應鏈的環境及社會風險政策

我們重視與供應商發展及維持長遠關係，形成長期合作夥伴關係。我們會以公平及公開為原則採購物料及服務。我們只會與具有共同道德價值及標準的供應商合作，公司亦支持及鼓勵供應商提高資源運用和推動環保以及履行社會企業責任：

1. 我們提倡以公平及公開為原則之競爭，並以互信為基礎與供應商及承辦商發展及維持長遠關係；
2. 我們以嚴格的道德標準採購物料及服務，以保證製成品之品質，及維持客戶、供應商及公眾對集團之持續信心；

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| <p>3. We review our suppliers, assess them based on price, quality, suitability and demands, only those being rated as qualified are our approved suppliers, we only purchase from the approved suppliers;</p> <p>4. We conduct follow-up assessment on the suppliers, and, if necessary, review them through a third party organization. When a supplier is found to be inconsistent with the Company's policy or contractual requirements, the Company will terminate future cooperation until the situation has been improved;</p> <p>5. In an unprejudiced way, we choose appropriate, responsible and capable suppliers;</p> <p>6. Support and encourage the suppliers to improve their environmental products and services, and their employees' benefits and protection;</p> <p>7. The suppliers must comply with the relevant laws, regulations and contractual obligations; and</p> <p>8. We shall adopt effective monitoring and management system to detect and prevent bribery, fraud or other misconducts in procurement and bidding processes.</p> | <p>3. 我們對供應商進行審查，根據價格、品質、合適度及需要作出評估，只有評定為合格方可成為我們的認可供應商，我們只向認可供應商採購；</p> <p>4. 定期對供應商進行跟進評估，及在必要時由第三方機構進行審核。當供應商被發現有不合乎公司之政策或合約要求，公司會終止往後的合作直到情況有所改善；</p> <p>5. 我們需要公正地選擇合適、有能力及負責任之供應商；</p> <p>6. 支持及鼓勵供應商提升環保產品及服務，以及員工福利及保障；</p> <p>7. 供應商必須遵守有關法律、條例及合約責任；及</p> <p>8. 我們需採用有效之監察系統及管理監控，偵查及防止採購及招標過程中發生賄賂、欺詐或其他不正當行為。</p> |
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B6. Policy on health, safety, advertising, labeling, privacy and remedies of the products and services

Health and safety of products and services

We are committed to providing the customers with high-quality products and services and settling customer complaints effectively, continuously improving service level and ensuring customer satisfaction.

1. Make sure that the products and services comply with related laws and guidelines;
2. Provide the customers with accurate product information and high-quality products, and develop recovery policy and after-sale service for related products;
3. If there is a problem with a product, we will take the initiative to explain the problem and find a mutually satisfactory solution for the customers; and

B6. 產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的政策

產品和服務的健康與安全

我們承諾向客戶提供高質素的产品與服務，有效處理客戶投訴，持續改善服務水平及確保客戶滿意度。

1. 確保產品及服務付合相關法律及準則；
2. 為客戶提供準確的產品訊息及品質優良的產品，並制定相關產品回收政策及售後服務；
3. 當發現產品出現問題時，會主動向客戶解釋及尋找雙方滿意的解決方案；及

4. After handling a customer complaint, a document should be archived properly, and the relevant department shall review the complaint and develop measures to prevent the recurrence of similar complaints, so that the Company's service quality keeps improving.

Advertising, labeling and protection of customer information

Customer information will only be used for business purpose, not for other unrelated purposes. All employees should handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law.

B7. Policy on preventing bribery, extortion, fraud and money laundering

Ethics and integrity is the cornerstone of the Company's success, we adopts a Zero Tolerance approach to bribery, extortion, fraud and money laundering, in their daily work, the directors, management and staff must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. All employees not only have responsibility to understand and comply with the above regulations, but also have obligation to report violation to the fit and appropriate person. Any person, who contravenes the regulations, will be subject to disciplinary sanction. We will make every effort to protect the informer and received information. However, if an informer's intention is to harm others, they may be subject to disciplinary punishment.

1. *Soliciting or accepting benefit*
Any employee (including the directors, management and all full-time, part-time, hourly, temporary workers) cannot directly, indirectly, or in any form, solicit or accept any form of benefits or do anything that might be seen as bribe from a third party, including, but not limited to, money, gift, excessive entertainment and hospitality, subsidized travel and accommodation, loan, pledging as guarantor, extending preferential credit terms, fee, reward, position, employment, contract, service, privilege, exemption of all or part of the responsibilities that ought to be fulfilled. The employees should reject any direct or indirect interests and benefits relating to the Group's business, should such benefits being accepted, their objective attitude would hamper, or the interests of the Company would be harmed or invaded, or causing bias or misconduct.

4. 在處理客戶投訴後妥善存檔，與相關部門檢討有關投訴並制定對策，防止同類投訴再次發生，使公司的服務質素得以不斷提升。

廣告及標籤及保障客戶資料

客戶資料只會用於業務列明的用途，而不會作與此無關的其他用途。所有僱員應小心處理及使用客戶資料，保障客戶資料，以及遵守個人資料(私隱)條例的法定要求。

B7. 防止賄賂、勒索、欺詐及洗黑錢的政策

道德及誠信，是公司成功的基石，本公司對賄賂、勒索、欺詐及洗黑錢行為採取「零容忍」的態度，所有董事、管理層及員工在日常工作中必須遵守國家及地方政府在防止賄賂、勒索、欺詐及洗黑錢相關的所有法律法規。所有員工都有責任明白及遵守以上防止賄賂、勒索、欺詐及洗黑錢的政策，也有義務向適當人士舉報違反守則的行為。任何人違反守則，將會受到紀律處分。我們會竭力保護作出舉報的員工和所收到的資料。然而，若任何人作出舉報的目的是傷害他人，他們可能會受到紀律處分。

1. *索取或接受利益*
任何員工(包括董事、管理層及所有全職、兼職、時薪、臨時員工)不可直接、間接或以任何形式，向第三方索取或接受任何形式的利益或做出任何可能被視為賄賂的行為，包括但不限於金錢、禮物、過度的酬酢及款待、旅遊及住宿資助、貸款及作擔保人、延伸的信貸優惠條款、費用、報酬、職位、受僱工作、合約、服務、優待、免除應履行之全部或部分責任等。僱員應拒絕接受任何直接或間接與集團業務有關之利益，倘若接受該等利益會妨礙其客觀處事、誘使其違反或損害公司利益、引致偏私或不當行為。

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In social events such as festivals, activities, entertainments and other daily routine, refusing to accept a modest gift may be considered impolite or lack of social grace, with that in mind, under the following principles, the employees may consider accepting benefits on a voluntary basis:

- a. Receiving related benefits will not affect performance and decision of the employee;
- b. The employee will not feel the need to reciprocate;
- c. The employee can openly discuss the benefits;
- d. Holiday or banquet gift, prize or souvenir, its value shall not more than HKD500.

For gift, prize or souvenir worth more than HKD500, the employee shall file a declaration form, if the employee has questions about admissibility of the related benefits, he or she could consult HR manager or general manager.

If the Company finds out any employee's inappropriate behavior of soliciting or accepting benefits, it will call the police and terminate labor relations with the employee.

2. *Providing benefits*

In any case, any employee shall not provide bribe or improper benefits to any person or organization in order to seek personal gain or group interests. If the Company finds out any employee has conducted bribery, it will call the police and terminate labor relations with the employee.

3. *Extortion*

Any person who seeks for benefit for his own or another person, or with intent to cause loss to another person, and makes any unwarranted demand by extortion, such conduct shall be considered as extortion. All employees shall not participate in, assist, cover up any kind of extortion, if the Company finds out any employee has conducted extortion, it will call the police and terminate labor relations with the employee.

考慮到在節日、活動、酬酢等日常工作可能會發生的社交中，拒絕接受適度的饋贈會被視為欠缺社交禮儀或不禮貌。為此，員工可在下列原則下考慮接受對方自願提供之利益：

- a. 接受有關利益不會影響員工之工作表現及決定；
- b. 員工不會感到有需要向饋贈人作出任何回報；
- c. 員工可毫不保留地公開討論有關利益；
- d. 屬於節日或宴會性質的禮物、獎品或紀念品，而其價值不超過500港元。

對於價值超過500港元的禮物、獎品或紀念品，員工應進行書面利益申報，如員工對是否可接受有關利益有疑問，應向人力資源經理或總經理請示處理方式。

本公司如發現任何員工進行不當的索取或接受利益行為，將會報警處理以及終止與其勞動關係。

2. *提供利益*

在任何情況下，任何員工不得向任何人士或機構提供賄賂或不正當利益，以謀取個人私利或集團利益。本公司如發現任何員工進行提供賄賂行為，將會報警處理以及終止與其勞動關係。

3. *勒索*

任何人如為使自己或另一人獲益，或意圖使另一人遭受損失，而以恫嚇的方式作出任何不當的要求，即屬犯勒索罪。所有員工不得參與、協助、掩飾任何勒索行為，本公司如發現任何員工進行勒索行為，將會報警處理以及終止與其勞動關係。

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4. *Fraud*

Any person, who uses any means of deception to benefit himself or another person, or with intent to cause loss to another person, such conduct shall be considered fraud, the common employee fraud includes embezzlement, wage fraud and stealing company assets. All employees shall not participate in, assist, cover up any fraud, if the Company finds out any employee has conducted fraud, it will call the police and terminate labor relations with the employee.

5. *Money Laundering*

Money laundering refers to an individual or institution attempts to conceal the source of illicit money, or makes such money look legitimate in any way. The Company will not tolerate any employee conduct, support, and assist any form of money laundering.

The Company should establish an anti money laundering team, general manager should be the team leader and responsible for organizing the anti money laundering team. The team's main responsibilities include organizing, implementing anti money laundering task, investigating reported money laundering, arranging anti money laundering training, working with regulatory and judiciary authorities to investigate suspicious transactions of funds, as well as paying attention to requirements and updates in anti money laundering laws and regulations.

Anti money laundering procedures include identifying clients, keeping transaction record, reporting and follow-up investigating of suspicious transaction, and anti money laundering training.

a. *Identifying clients*

In the development of clients, sales people must establish a high degree of awareness of anti money laundering, through communication with prospective clients to comprehensively grasp the clients' information, running the first check on the clients. After successful client acquisition, regular contact is required to grasp the clients' updates. If an abnormal situation occurs, the sales person needs to timely communicate with the relevant departments.

4. 欺詐

任何人如使用任何欺騙手段，使自己或另一人獲益，或意圖使另一人遭受損失，即屬犯欺詐罪，常見員工欺詐包括挪用公款、工資詐騙和盜竊任何公司資產。所有員工不得參與、協助、掩飾任何欺詐行為，本公司如發現任何員工進行欺詐行為，將會報警處理以及終止與其勞動關係。

5. 洗黑錢

洗黑錢指個人或機構，試圖以任何途徑掩飾非法資金來源、或使這些資金看似合法的過程。本公司不會容忍任何員工進行、協助、支援任何形式的洗黑錢行為。

公司應建立反洗黑錢領導小組，總經理任領導小組組長並負責組織反洗黑錢領導小組。反洗黑錢領導小組主要職責包括組織、落實反洗黑錢工作、跟進調查懷疑洗黑錢舉報，組織反洗黑錢培訓、配合監管機關和司法機關對可疑交易資金的調查，以及留意反洗黑錢法律、法規的要求及更新。

反洗黑錢程序包括識別客戶身份、保存交易記錄、報告及跟進調查可疑交易及反洗錢培訓。

a. 識別客戶身份

業務人員在開發客戶時必須樹立高度的反洗錢意識，通過與準客戶的交流，全面瞭解客戶基本信息，把好客戶識別的第一關。客戶成功開發後，亦要跟客戶保持經常性聯繫，及時把握客戶最新情況。發現異常情形，及時跟相關部門進行溝通。

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b. *Keeping transaction record*

Sales people and accounting personnel should keep customer identification information, including registering customer identification and related information, all sorts of records and information reflecting payment authority's customer identification process, and keep transaction records such as each transaction's information, business voucher, ledger and documents reflecting real situation of each transaction and other relevant information to ensure that each transaction is traceable.

c. *Reporting and follow-up investigating of suspicious transaction*

Sales people and accounting staff, should they find out a suspicious transaction, need to report it immediately to the corporate headquarter. The headquarter analyzes and investigates all suspicious transaction reported, if there are reasonable grounds to believe that the transaction or the customer has ties with money-laundering, terrorism and other criminal activities, the HKSAR Government JFIU should be notified.

d. *Anti money laundering training*

All employees should join in anti money laundering training at least once a year, the training includes learning the danger of money laundering, anti money laundering regulations, the role of the employees in anti-money laundering, how to identify suspicious transactions, ways to report suspicious transaction, the consequences if one fails to comply with anti money laundering regulations.

b. *保存交易記錄*

業務人員及會計人員應當保存的客戶身份資料包括記載客戶身份信息、資料以及反映支付機構開展客戶身份識別工作情況的各種記錄和資料，亦應當保存的交易記錄包括關於每筆交易的信息、業務憑證、帳簿以及有關規定要求的反映交易真實情況和其他資料，確保足以重現每筆交易。

c. *報告及跟進調查可疑交易*

業務人員及會計人員若發現可疑交易，應當及時向公司總部報告。總部對所有可疑交易報告涉及的交易，進行分析、識別，若有合理理由認為該交易或者客戶與洗錢、恐怖主義活動及其他違法犯罪活動有關，應向香港特別行政區政府聯合財富情報組 (JFIU) 舉報。

d. *反洗黑錢培訓*

全體員工應至少每年進行一次反洗黑錢培訓，培訓內容包括洗黑錢的危害、反洗錢法規、員工在反洗黑錢工作的角色、如何識別可疑交易、舉報可疑交易途徑、未遵守反洗黑錢法規可能導致的後果。

Community

B8. Policy on finding out the needs of the community, at which the Company operates, by means of community involvement, and ensuring that its business activities will take into account the interests of the community

For the Company's long-term development, community participation is important, we are committed to promoting development and construction activities of the community, at which we operate. We benefit the community through a variety of actions, such as investment, contributing money, time, products, services, influence, management knowledge and other resources.

We participate in community building through three main ways:

1. Organize, facilitate and support the staff to take part in volunteer services, such as regularly visiting people who need help, arranging outdoor activities for disadvantaged groups, holding Blood Donation Day.
2. By means of donation, we donate money, goods or services, directly supporting or funding projects of various social service agencies. In addition to donation itself, we also appeal to the Company's stakeholders (including the employees and customers) to donate.
3. We endeavor to provide employment opportunities for the disadvantaged and create a win-win situation. The Company is willing to hire the disabled people who have completed retraining courses, and give priority to purchasing from the suppliers who hired the said disabled people, or participate in a variety of mentorship programs.

社區

B8. 透過社區參與來瞭解營運所在社區需要和確保其業務活動會考慮社區利益的政策

社區參與對於公司長遠發展有著重要的價值，我們致力參與促進所處社區的發展及建設活動。我們透過各式各樣的行動來造福社羣，包括進行投資或捐獻金錢、時間、產品、服務、影響力、管理知識等資源。

我們透過以下三種主要途徑參與建設社區：

1. 組織、推動和支持員工參與義務工作，例如定期探訪需要幫助的人、為弱勢社群安排戶外活動、舉辦公司捐血日等。
2. 獻贈，我們以捐贈金錢、物資或服務的方式，直接支持或資助各個社會服務機構的項目。除本身捐贈外，亦會呼籲公司的持份者（包括僱員和客戶）捐贈予慈善機構。
3. 我們盡力為弱勢人士提供就業機會，並藉此建立雙贏的局面。公司可透過僱用已經完成再培訓課程的人士或傷殘人士、優先向僱用該些人士的供應商採購，或參與各種導師計劃。



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

鼎和礦業控股有限公司

(Incorporated in Hong Kong with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Ding He Mining Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 102 to 232, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Because of the significance of the matters described in the "Basis for disclaimer of opinion" section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. Accordingly, we do not express an opinion on the consolidated financial statements of the Group as to whether they give a true and fair view of the financial position of the Group as at 31 December 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In all other respects, in our opinion the consolidated financial statements have been prepared in accordance with the Hong Kong Companies Ordinance.

致鼎和礦業控股有限公司各股東之
獨立核數師報告

(於香港註冊成立的有限公司)

不發表意見

吾等已審核載於第 102 至 232 頁的鼎和礦業控股有限公司(以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，該綜合財務報表包括於二零一六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表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表及綜合財務報表附註(包括主要會計政策概要)。

由於在本報告「不發表意見之基準」所述事宜之重要性，吾等無法取得充足適當之審核憑據以作為對該等綜合財務報表作出審核意見之依據。因此，吾等並無就綜合財務報表是否已根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)是否真實而公平地反映貴集團於二零一六年十二月三十一日之財務狀況及貴集團截至該日止年度之財務表現及現金流量發表意見。於其他各方面，吾等認為，綜合財務報表已根據香港公司條例妥為編製。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

BASIS FOR DISCLAIMER OF OPINION

Except for the inability to obtain sufficient and appropriate audit evidence as explained below, 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 for Accountant’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. However, because of the matters described below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion.

1. Opening balances and corresponding figures

The consolidated financial statements of the Group for the year ended 31 December 2015, which forms the basis for the corresponding figures presented in the current year’s consolidated financial statements, was qualified because of the significance of the possible effect of the limitations on the scope of the audit in relation to the (a) valuations of exploration and evaluation assets, goodwill and property, plant and equipment and associated deferred tax liabilities; (b) turnover, trade receivables, cost of inventories sold, inventories and accumulated losses derived by the mineral water operation in the People’s Republic of China (the “PRC”) for the year ended 31 December 2012 related to the acquisition of those mineral water operation in 2012 which was not able to generate reliable information for financial reporting purposes; (c) fair value and/or carrying amounts of the liability component and the convertible bond equity reserve of the convertible bonds; (d) fair value and/or carrying amount of the secured bank loans; and (e) material fundamental uncertainties in relation to the going concern basis of presentation of the consolidated financial statements. Details of the qualified audit opinions were set out in the independent auditor’s report dated 31 March 2016 and included in the Company’s annual report for the year ended 31 December 2015.

不發表意見之基準

除無法取得下文述釋之充足及適當審核憑據外，吾等已根據香港會計師公會頒佈的香港核數準則（「香港核數準則」）進行審核。吾等在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表承擔的責任」部分中作進一步闡述。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」），吾等獨立於貴集團，並已履行守則中的其他專業道德責任。然而，由於下文所述之各種事宜，吾等無法取得充足及適當之審核憑據作為作出審核意見之依據。

1. 年初結餘及相應數字

由於有關(a)勘探及評估資產、商譽及物業、廠房及設備以及相關遞延稅項負債之估值；(b)截至二零一二年十二月三十一日止年度於中華人民共和國（「中國」）之礦泉水業務產生之營業額、應收賬款、已售存貨成本、存貨及累計虧損（因於二零一二年收購該等礦泉水業務而產生，未能就此取得可靠資料作財務申報之用）；(c)可換股債券之負債部分及可換股債券權益儲備之公平值及／或賬面值；(d)有抵押銀行貸款之公平值及／或賬面值；及(e)以持續經營基準呈列綜合財務報表的重大不明朗因素的審核範圍受到限制，可能對綜合財務報表構成重大影響，故吾等對貴集團截至二零一五年十二月三十一日止年度的綜合財務報表發表保留意見，而有關綜合財務報表乃構成呈列於本年度綜合財務報表相應數字的基準。保留核數意見的詳情載列於日期為二零一六年三月三十一日的獨立核數師報告，並載於貴公司截至二零一五年十二月三十一日止年度的年報內。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

We were unable to obtain sufficient and appropriate audit evidence to enable us to assess the limitation of scope for the year ended 31 December 2015. Any adjustments found to be necessary to the opening balances as at 1 January 2016 may affect the balance of accumulated losses as at 1 January 2016 and the operating results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2016. The comparative figures showed in the consolidated financial statements may not be comparable with the figures for the current year.

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

During the year 2016, the principal operations of the Group included: (a) mining of dolomite and manufacture of magnesium ingots in Malaysia; (b) exploration for iron ore, coal and manganese in the Republic of Indonesia ("Indonesia"); and (c) extraction and bottling of mineral water in the PRC. Due to various material fundamental uncertainties faced by the Group, as disclosed in notes 2(b), 15 and 17 to the consolidated financial statements, these principal operations, except for the operation of extraction and bottling of mineral water, are effectively suspended for various reasons. At the same time, the extraction and bottling of mineral water operation is not generating positive cash flow for the Group as anticipated by the management of the Company. Included in the consolidated statement of financial position as at 31 December 2016 are: (a) exploration and evaluation assets with an aggregate carrying value of HK\$Nil (2015: HK\$37,399,285); (b) goodwill arising from business combinations with an aggregate carrying value of HK\$Nil (2015: HK\$Nil); (c) property, plant and equipment, including the interest in leasehold land, with an aggregate carrying value of HK\$145,084,317 (2015: HK\$181,044,320); and (d) deferred tax liabilities associated with the fair value adjustment on the exploration and evaluation assets of HK\$Nil (2015: HK\$7,952,143).

吾等未能取得足夠恰當的審核證據以令吾等評核截至二零一五年十二月三十一日止年度的限制範圍。於二零一六年一月一日的年初結餘必要的任何調整可能影響於二零一六年一月一日的累計虧損結餘以及於 貴集團截至二零一六年十二月三十一日止年度的綜合財務報表附註所載的經營業績及相關披露事項。綜合財務報表所載的比較數字未必可與本年度的數字進行比較。

2. 審核範圍限制：勘探及評估資產、商譽及物業、廠房及設備以及相關遞延稅項負債之估值

於二零一六年度，貴集團的主要業務包括：(a) 於馬來西亞開採白雲石及生產鎂錠；(b) 於印度尼西亞共和國（「印尼」）勘探鐵礦石、煤及錳；及(c) 於中國提取及裝瓶礦泉水。由於 貴集團面臨各種重大基本不明朗因素，誠如綜合財務報表附註2(b)、15及17所披露，此等主要業務基於各種原因已暫停運作，惟提取及裝瓶礦泉水業務除外。同時，提取及裝瓶礦泉水業務並無如 貴公司管理層預期一般為 貴集團產生正面現金流量。於二零一六年十二月三十一日，誠如綜合財務狀況表所載：(a) 勘探及評估資產的賬面總值為零港元（二零一五年：37,399,285港元）；(b) 業務合併產生的商譽賬面總值為零港元（二零一五年：零港元）；(c) 物業、廠房及設備（包括租賃土地權益）的賬面總值為145,084,317港元（二零一五年：181,044,320港元）；及(d) 與勘探及評估資產公平值調整有關的遞延稅項負債為零港元（二零一五年：7,952,143港元）。

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As required by Hong Kong Accounting Standard 36 "Impairment of assets" ("HKAS 36") issued by the HKICPA, at the end of the reporting period, the Group has identified that there were certain indications of impairment of the above named assets, and therefore, the Group's management has assessed the recoverable amounts of these assets as at the end of the reporting period. As defined in HKAS 36, the recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Group's management was unable to find comparable recent transactions in similar extractive assets to determine the fair value less cost of disposal of these assets. As an alternative, the Group's management estimated the value in use as the recoverable amounts of these assets.

In respect of the cash-generating unit ("CGU") for mining of dolomite and manufacture of magnesium ingots, the Group appointed an independent valuer, Raine & Horne International Zaki + Partners Sdn. Bhd. to perform valuations to assess the recoverable amount of this CGU basis on the fair value less costs of disposal by using the comparable recent transactions in similar extractive assets as at the end of the reporting period.

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

As a result, impairment losses on (a) exploration and evaluation assets of HK\$36,366,175 (2015: HK\$3,736,391); (b) goodwill of HK\$Nil (2015: HK\$Nil); and (c) property, plant and equipment, including the interest in leasehold land, of HK\$9,336,606 (2015: HK\$Nil) have been recognised and included in other operating expenses in the consolidated statement of profit or loss for the year.

根據香港會計師公會頒布之香港會計準則第36號「資產減值」(「香港會計準則第36號」)規定，於報告期末，貴集團已識別到上述資產出現若干減值跡象，因此，貴集團管理層已於報告期末評估該等資產的可收回金額。根據香港會計準則第36號，資產的可收回金額指其公平值減出售成本與其使用價值兩者較高者。貴集團管理層無法覓得類似開採性資產之近期可予比較交易以確定該等資產之公平值減出售成本之數額，因此，取而代之，貴集團估計該等資產之使用價值，以評估可收回金額。

就開採白雲石及生產鎂錠之現金產生單位(「現金產生單位」)而言，貴集團委任一名獨立估值師Raine & Horne International Zaki + Partners Sdn. Bhd.進行估值，以透過利用於報告期末類似開採性資產近期之可予比較交易按公平值減出售成本之方式評估該等現金產生單位之可收回金額。

就勘探鐵礦石、煤及錳以及提取及裝瓶礦泉水之現金產生單位而言，貴集團委任一名獨立估值師GC Appraisals Services Company Limited(「GC Appraisals」或「估值師」)進行估值以評估該等現金產生單位於報告期末之使用價值。估計使用價值乃按收入基準法，並根據於過往年度編製之過時技術報告(「該等技術報告」)所載此等開採場地之估計儲量以及假設貴集團有能力勘探此等礦物資源(尤其是於印尼勘探錳以及於中國經營瓶裝礦泉水廠房)之前提下編製。

因此，(a)勘探及評估資產36,366,175港元(二零一五年：3,736,391港元)；(b)商譽零港元(二零一五年：零港元)；及(c)物業、廠房及設備(包括租賃土地權益)9,336,606港元(二零一五年：零港元)減值虧損已於年度綜合損益表確認並計入其他經營開支。

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

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

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Accordingly, we are unable to assess whether the recoverable amounts of these assets at the end of the reporting period are reliably measured and the feasibility of these operations. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the impairment losses should be recognised in the current year, whether any further impairment losses should be recognised on these assets and whether the carrying amounts of the exploration and evaluation assets and property, plant and equipment and associated deferred tax liabilities are free from material misstatement. Any adjustments found to be necessary in respect thereof, had we obtained sufficient and appropriate audit evidence, would have had a consequential effect on the net liabilities of the Group and on its profit for the current year.

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

As disclosed in note 24(a) to the consolidated financial statements, the maturity date of the five principal amounts of remained outstanding convertible bonds of HK\$Nil ("First Tranche Bonds"), HK\$Nil ("Second Tranche Bonds"), HK\$Nil ("Third Tranche Bonds"), HK\$10,000,000 ("Fourth Tranche Bonds") and HK\$Nil ("Fifth Tranche Bonds") is 1 December 2014, 29 December 2014, 9 January 2015, 4 March 2015 and 22 March 2015 respectively. The above remained outstanding aggregate principal amount of HK\$10,000,000 (2015: HK\$29,000,000) is collectively referred to as the "Matured Bonds". As at 31 December 2016, all the Matured Bonds were defaulted and due for repayments. The directors of the Company represented that (i) the Company is currently in the course of arm's length negotiations with the holders of the Matured Bonds in relation to, among others, the possible extension of the Matured Bonds and other possible alteration of terms of the Matured Bonds ("Proposed Alteration"); (ii) as negotiated with the holders of the Matured Bonds, they verbally agreed not to redeem the Matured Bonds until the Proposed Alteration is confirmed; and (iii) the interest on the Matured Bonds will continue to be payable by the Company until the date of redemption pursuant to the terms of the Matured Bonds. As at the approval date of the consolidated financial statements, the Proposed Alteration of these Matured Bonds have not been fixed and confirmed yet.

因此，吾等無法評估此等資產於報告期末的可收回金額是否經可靠計量以及此等業務的可行性。吾等並無其他可執行的替代審核程序，以讓吾等信納此等資產毋須於本年度確認減值虧損及毋須進一步確認減值虧損，且勘探及評估資產之賬面值、物業、廠房及設備以及相關遞延稅項負債並無存在重大錯誤陳述。倘吾等取得充足適當的審核憑據，則任何因應上述情況而須作出之調整必然會對 貴集團本年度之負債淨值及其溢利構成影響。

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

誠如綜合財務報表附註24(a)所披露，本金額分別為零港元（「第一批債券」）、零港元（「第二批債券」）、零港元（「第三批債券」）、10,000,000港元（「第四批債券」）及零港元（「第五批債券」）之五批尚未轉換的可換股債券之到期日分別為二零一四年十二月一日、二零一四年十二月二十九日、二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日。上述未償還本金總額10,000,000港元（二零一五年：29,000,000港元）統稱為「到期債券」。於二零一六年十二月三十一日，所有到期債券已違約及到期償還。貴公司董事表示，(i) 貴公司正與到期債券持有人就（其中包括）到期債券建議延期及到期債券條款之其他建議修改（「建議修改」）進行公平磋商；(ii) 與到期債券持有人磋商後，彼等口頭同意於建議修改確認前不贖回到期債券；及(iii) 根據到期債券條款，貴公司將於贖回日期前繼續支付到期債券利息。於綜合財務報表批准日期，該等到期債券之建議修改尚未決定及確認。

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During our audit of the consolidated financial statements for the year ended 31 December 2016, we were not provided with sufficient and appropriate audit evidence that we considered necessary for the assessment of the fair value and/or carrying amount of the Matured Bonds.

As defined in Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39") issued by the HKICPA, an exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, of which the difference between the respective carrying amounts is recognised in profit or loss. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, of which the difference between the respective carrying amounts is recognised in profit or loss. In respect of the First Tranche Bonds, Second Tranche Bonds, Third Tranche Bonds, Fourth Tranche Bonds and Fifth Tranche Bonds, they have been defaulted since 1 December 2014, 29 December 2014, 9 January 2015, 4 March 2015 and 22 March 2015 respectively. Since the Proposed Alteration have not been fixed and confirmed up to the approval date of the consolidated financial statements, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. In addition, taking into consideration that the carrying amounts of the Matured Bonds exclude the assumptions as to the Proposed Alteration as at 31 December 2016, the fair value of the liability component together with the gain/loss arising from the extinguishment of the original financial liability and the recognition of a new financial liability (if any) of the Matured Bonds as required by HKAS 39 are unable to be reliably measured.

Accordingly, we are unable to assess whether the fair value and/or carrying amounts of the liability component and convertible bond equity reserve of the Matured Bonds at the end of the reporting period are reliably measured. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the fair value and/or carrying amounts of the liability component and the convertible bond equity reserve of the Matured Bonds are free from material misstatement. Any adjustments found to be necessary in respect thereof, had we obtained sufficient and appropriate audit evidence, would have had a consequential effect on the net liabilities of the Group and on its profit for the current year.

於審核截至二零一六年十二月三十一日止年度之綜合財務報表過程中，吾等未獲提供吾等認為就評估到期債券公平值及／或賬面值而言屬必需之充足及適當審核憑證。

誠如由香港會計師公會頒佈之香港會計準則第39號「金融工具：確認及計量」（「香港會計準則第39號」），若債務工具現有借方與貸方交換條款，而其絕大部份跟原有之條款均不相同，則應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。同樣，若現有金融負債或其部份之條款作出重大修訂（無論是否由於債務人出現財困），亦應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。第一批債券、第二批債券、第三批債券、第四批債券及第五批債券分別自二零一四年十二月一日、二零一四年十二月二十九日、二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日起拖欠。由於建議修改截至綜合財務報表批准日期止尚未獲落實及確定，吾等未能取得足夠及適當審核憑證，以就審核意見提供基準。此外，考慮到於二零一六年十二月三十一日到期債券之賬面值並無包括就建議修改之假設，故按香港會計準則第39號規定，到期債券負債部份之公平值連同自抵銷原金融負債產生之收益／虧損以及確認新金融負債（如有）無法可靠地計量。

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

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4. Scope limitation: fair value and/or carrying amounts of the interest-bearing borrowings

As disclosed in note 26(b) to the consolidated financial statements, the Group have defaulted the agreed repayment schedule of the aggregated loans from an independent third party of HK\$102,609,200 during the year ended 31 December 2016 (the "Defaulted Loans"). The directors of the Company represented that (i) the Company is currently in the course of arm's length negotiations with the lender of the Defaulted Loans in relation to, among others, the possible extension of the Defaulted Loans and other possible alteration of terms of the Defaulted Loans ("Proposed Extension"); (ii) as negotiated with the lender of the Defaulted Loans, he verbally agreed not to request the payment of the Defaulted Loans until the Proposed Extension is confirmed; and (iii) the interest on the Defaulted Loans will continue to be payable by the Company until the date of settlement pursuant to the terms of the Defaulted Loans. As at the approval date of the consolidated financial statements, the Proposed Extension of the Defaulted Loans have not been fixed and confirmed yet.

During our audit of the consolidated financial statements for the year ended 31 December 2016, we were not provided with sufficient and appropriate audit evidence that we considered necessary for the assessment of the fair value and/or carrying amount of the Defaulted Loans and the interest thereon and any other charges arose as a result of the default, the final results of which is uncertain as at the date of approval of the consolidated financial statements.

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

4. 審核範圍限制：計息借款之公平值及／或賬面值

誠如綜合財務報表附註26(b)所披露，截至二零一六年十二月三十一日止年度，貴集團已違反自獨立第三方之貸款總額102,609,200港元（「拖欠貸款」）之協定還款計劃。貴公司董事表示(i) 貴公司目前正就（其中包括）拖欠貸款可能延期及可能更改拖欠貸款其他條款與拖欠貸款的借款方公平磋商（「建議延期」）；(ii) 經與拖欠貸款貸款方磋商，彼口頭同意於建議延期確認前不要求支付拖欠貸款；及(iii) 拖欠貸款之利息將繼續由 貴公司支付，直至根據拖欠貸款條款結清之日為止。於綜合財務報表批准日期，拖欠貸款的建議延期尚未獲確定及確認。

於審核截至二零一六年十二月三十一日止年度之綜合財務報表過程中，吾等未獲提供吾等認為就評估拖欠貸款公平值及／或賬面值、因拖欠產生的利息及任何其他費用、以及明確於綜合財務報表批准日期最終業績的不確定內容而言屬必需之足夠審核憑證。

誠如由香港會計師公會頒佈之香港會計準則第39號，若債務工具現有借方與貸方交換條款，而其絕大部份跟原有之條款均不相同，則應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。同樣，若現有金融負債或其部份之條款作出重大修訂（無論是否由於債務人出現財困），亦應當作抵銷原有金融負債及確認新金融負債，而各自賬面值之差額將於損益中確認。由於建議延期截至綜合財務報表批准日期止尚未獲落實及確定，吾等未能取得充分且適當之審核憑證，以就審核意見提供基準。

Accordingly, we are unable to assess whether the fair value and/or carrying amount of the Defaulted Loans at the end of the reporting period are reliably measured, and the interest thereon and any other charges arose as a result of the default. There are no alternative audit procedures that we could perform to satisfy ourselves as to whether the fair value and/or carrying amounts of the Defaulted Loans and the interest thereon and any other charges arose as a result of the default are free from material misstatement. Any adjustments found to be necessary in respect thereof, had we obtained sufficient and appropriate audit evidence, would have had a consequential effect on the net liabilities of the Group and on its profit for the current year.

5. Impairment of prepayments, deposits and other receivables

The Group had outstanding prepayments, deposits and other receivables of HK\$16,740,177 as of 31 December 2016, of which HK\$15,624,016 have been identified as overdue in accordance with the contract terms. Up to 31 December 2016, the Group has recorded a total impairment of HK\$13,527,938 against the balance of prepayments, deposits and other receivables. We were unable to obtain sufficient evidence on the recoverability of the overdue prepayments, deposits and other receivables of HK\$2,096,078 in current year. Accordingly, we were unable to satisfy ourselves regarding the adequacy of the impairment provision against the balance of prepayments, deposits and other receivables as at 31 December 2016. Any under-provision for these balances would decrease the net liabilities of the Group as at 31 December 2016 and increase the Group's net profit for the year ended 31 December 2016.

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

5. 預付款項、按金及其他應收款項減值

截至二零一六年十二月三十一日，貴集團擁有未償還預付款項、按金及其他應收款項 16,740,177 港元，根據合約條款，其中 15,624,016 港元被確認逾期。截至二零一六年十二月三十一日，貴集團已就預付款項、按金及其他應收款項結餘錄得減值總額 13,527,938 港元。吾等無法獲取充足證據證明本年已逾期預付款項、按金及其他應收款項 2,096,078 港元可予收回。因此，吾等無法就二零一六年十二月三十一日之預付款項、按金及其他應收款項結餘作出充分減值撥備。倘該等結餘的撥備不足，將會減少 貴集團於二零一六年十二月三十一日的負債淨額，並會增加 貴集團截至二零一六年十二月三十一日止年度的溢利。

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

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

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

6. 審核範圍限制：以持續經營基準呈列綜合財務報表的重大基本不明朗因素

誠如綜合財務報表附註2(b)所披露，貴集團面臨多種導致重大基本不明朗因素的情況。貴集團主要以貸款、可換股債券及配售股份持續經營其日常業務。貴集團正執行綜合財務報表附註2(b)所載的若干措施，因此，貴公司董事已按持續經營基準編製綜合財務報表。然而，吾等未能取得充足適當之審核憑據以評估持續經營之假設是否屬實（其視乎貴集團往來銀行及債權人之持續財政支持以及貴集團短期內產生足夠營運資金之能力）。此等重大基本不明朗因素導致貴集團之持續經營能力成疑。

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

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Other information in the annual report

The directors are responsible for the other information. The other information comprises the information included in the directors' report and chairman's statement 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. As described in the basis for disclaimer of opinion section above, we were unable to obtain sufficient and appropriate audit evidence as explained. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to 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.

年報內的其他資料

董事須對其他資料承擔責任。其他資料包括載於董事會報告及主席報告的資料，惟不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。

倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。如上文「不發表意見之基準」一節所述，吾等未能如所述取得充足及合適的審核憑據。因此，吾等未能陳述有關此事宜之其他資料是否存在重大錯誤陳述。

關鍵審核事項

根據吾等的專業判斷，關鍵審核事項為吾等審核於本期間的綜合財務報表中最重要的事項。吾等在審核綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。

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Revenue recognition

Refer to note 4 to the consolidated financial statements and note 2(r) to the accounting policies.

收益確認

請參閱綜合財務報表附註4及會計政策附註2(r)。

Key Audit Matter

關鍵審核事項

The Group recognises revenue when the goods are delivered and title has passed to customers for sales of goods. We focused on this area because the Group's revenue transactions are generated from a variety of customers including those from overseas jurisdictions and management devoted significant efforts and resources to obtain and retain these customers and, risks inherent in particular, the occurrence, accuracy and allocation to the proper recording period of sales transactions.

貴集團於交付貨品及權利轉移予客戶時確認收益。由於貴集團的收益交易來自各類客戶(包括來自海外司法管轄區的客戶)且管理層投入大量精力及資源以獲得及挽留該等客戶，尤其是與銷售交易的發生、準確性及適當的記錄期間分配相關的內在風險，故吾等關注該領域。

How our audit addressed the Key Audit Matter

吾等如何處理關鍵審核事項

Our procedures in relation to revenue recognition included:

吾等有關收益確認的程序包括：

We examined on a sample basis sales before and after financial year end for review with regard to the trigger event for proper recognition of revenue, when the customer contractually takes on the risks and rewards of ownership, and corroborative evidence in third party carrier documentation and customers agreements.

倘客戶按照合約承擔所有權的風險及回報，經考慮合理確認收益的觸發事件，吾等抽樣審查財政年度結束前後的銷售以進行審閱，並審閱第三方運輸商文件及客戶協議的確定證據。

From available evidence we found that revenue was recognised in the correct accounting period and no cut off error was identified.

根據現有證據，吾等發現收益乃於正確的會計期間確認且並無識別中斷錯誤。

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Recognition of share-based payments

Refer to note 29 to the consolidated financial statements and note 2(o)(ii) to the accounting policies.

確認以股份為基礎付款

請參閱綜合財務報表附註29及會計政策附註2(o)(ii)。

Key Audit Matter 關鍵審核事項	How our audit addressed the Key Audit Matter 吾等如何處理關鍵審核事項
<p>We focused on this area because there is an inherent risk because of the judgemental nature of determining the value of the share-based awards, in the interpretation of complex items in the scheme agreements, the number of schemes in operation, the record keeping required and the manual nature of the complex or detailed computations.</p> <p>吾等關注該領域乃因為於釐定以股份為基礎獎勵價值的性質判斷、計劃協議中覆雜項目的詮釋、經營中計劃的數目、所規定須保持的記錄及複雜或詳細計算的人為屬性存在內在風險。</p> <p>The key assumptions in calculating share-based expenses are the fair value of the share options. The binomial option pricing model is used by management in deriving the fair value of the share options.</p> <p>計算以股份為基礎開支的關鍵假定為購股權的公平值。管理層使用二項期權定價模式得出購股權之公平值。</p> <p>In addition, the expense is material to the consolidated financial statements.</p> <p>再加上，此開支對綜合財務報表屬重大。</p>	<p>Our procedures in relation to recognition of share-based payments included:</p> <p>吾等有關確認以股份為基礎付款的程序包括：</p> <ul style="list-style-type: none">— We checked that the option pricing model used by management remained appropriate for awards granted during the year.— 吾等核查管理層於年內使用之期權定價模式仍然適用於所授出獎勵。— We assessed for reasonableness of the estimates made by management to form unit option values for awards by examining and evaluating historical data.— 吾等透過檢查及評估過往數據評估管理層所作出之估計的合理性以構成用於獎勵之單位購股權價值。 <p>From our work, the treatment and disclosures relating to the schemes were judged to be consistent with the requirements of HKFRS 2. Furthermore, we found that the pricing model used to value the share-based awards was consistent with established market practice and we considered that the assumptions made by management were reasonable based on the evidence available.</p> <p>就吾等之工作而言，有關該計劃之會計處理及披露被認為與香港財務報告準則第2號之規定一致。此外，吾等發現用於估算以股份為基礎之獎勵之定價模式與市場慣例一致，且吾等認為基於可獲得之證據，管理層所作出之假設屬合理。</p>

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獨立核數師報告

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and in compliance with 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with HKSAs issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the "Basis for disclaimer of opinion" section of our report, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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.

董事及肩負管治責任者就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則（「香港財務報告準則」）及香港公司條例的規定編製真實而公平地反映情況的綜合財務報表，及董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不會存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）除非董事擬將 貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

肩負管治責任者負責監督 貴集團的財務報告流程。

核數師就審核綜合財務報表須承擔的責任

吾等的責任乃按照香港會計師公會頒佈的香港審計準則就 貴集團綜合財務報表進行審核，並發表核數師報告。然而，基於本報告「不發表意見之基準」一節所述事宜，吾等未能獲取充足的審核憑證，以就該等綜合財務報表的審核意見提供基礎。

吾等是按照香港《公司條例》第405條的規定，僅向整體成員報告。除此以外，吾等的報告不可作其他用途。吾等不會就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者所作出的經濟決定，則有關的錯誤陳述可被視作重要。

INDEPENDENT AUDITOR'S REPORT

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As part of an audit in accordance with HKSAs, 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.
- 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.

在根據香港審計準則進行審計的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 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，以及獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對 貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論，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。倘吾等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。倘有關披露不足，則修訂吾等意見。吾等結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團無法持續經營。

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- 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.

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.

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.

- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯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及適當的審計憑證，以便對綜合財務報表發表意見。吾等負責 貴集團審計的方向、監督及執行。吾等為審核意見承擔全部責任。

吾等與負責管治人士就(其中包括)審計的計劃範圍、時間安排及重大審計發現進行溝通，該等發現包括吾等在審計過程中識別的內部監控的任何重大缺失。

吾等亦向負責管治人士作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

從與負責管治人士溝通的事項中，吾等釐定對本期間綜合財務報表的審計至關重要的事項，因而構成關鍵審核事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中溝通有關事項。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

REPORT ON OTHER MATTERS UNDER SECTION 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient and appropriate audit evidence on the multiple matters described in the "Basis for disclaimer of opinion" section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and
- we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of our audit.

The engagement director on the audit resulting in this independent auditor's report is Choi Kwong Yu.

呈報香港公司條例第407(2)及407(3)條項下之其他事項

僅就本報告上文「不發表意見之基準」所述的多項事項而未能獲得充足及適當審核憑據而言：

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

出具本獨立核數師報告的審計項目董事為蔡光裕。

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 31 March 2017
Choi Kwong Yu
Practising certificate number P05071

天職香港會計師事務所有限公司
執業會計師
香港，二零一七年三月三十一日
蔡光裕
執業證書編號 P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

		Notes	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
		附註		
Turnover	營業額	4	9,027,978	26,246,238
Cost of sales	銷售成本		(9,245,729)	(42,482,963)
Gross loss	毛虧損		(217,751)	(16,236,725)
Other revenue	其他收入	5	193,197,915	98,179
Other net losses	其他虧損淨額	6	(8,503,141)	(155,056)
Selling and distribution expenses	出售及分銷開支		(225,688)	(952,621)
Administrative expenses	行政開支		(53,659,252)	(42,324,858)
Profit/(loss) from operations	經營溢利/(虧損)		130,592,083	(59,571,081)
Finance costs	融資成本	7(a)	(27,819,101)	(45,492,651)
Other operating expenses	其他經營開支	7(c)	(60,275,061)	(13,886,428)
Profit/(loss) before taxation	除稅前溢利/(虧損)	7	42,497,921	(118,950,160)
Income tax credit	所得稅抵免	8	7,952,143	565,263
Profit/(loss) for the year	年內溢利/(虧損)		50,450,064	(118,384,897)
Attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人		59,382,332	(110,997,358)
Non-controlling interests	非控股權益		(8,932,268)	(7,387,539)
Profit/(loss) for the year	年內溢利/(虧損)		50,450,064	(118,384,897)
Earnings/(loss) per share	每股盈利/(虧損)	11		
Basic and diluted	基本及攤薄		1.08 cents 仙	(3.29 cents 仙)

The notes on pages 110 to 232 form part of the consolidated financial statements.

第 110 至 232 頁所載附註為綜合財務報表一部份。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Profit/(loss) for the year	年內溢利／(虧損)	50,450,064	(118,384,897)
Other comprehensive (loss)/income for the year	年內其他全面(虧損)／收入		
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益的項目：</i>		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of tax	— 換算海外附屬公司財務報表的匯兌差異，扣除稅項	(20,085,532)	35,255,184
Total comprehensive income/(loss) for the year	年內全面收入／(虧損)總額	30,364,532	(83,129,713)
Attributable to:	以下人士應佔：		
Owners of the Company	本公司擁有人	40,602,664	(76,940,835)
Non-controlling interests	非控股權益	(10,238,132)	(6,188,878)
Total comprehensive income/(loss) for the year	年內全面收入／(虧損)總額	30,364,532	(83,129,713)

The notes on pages 110 to 232 form part of the consolidated financial statements. 第110至232頁所載附註為綜合財務報表一部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2016 於二零一六年十二月三十一日
(Expressed in Hong Kong dollars) (以港元列值)

			2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	142,529,890	177,870,889
— Property, plant and equipment	— 物業、廠房及設備			
— Interests in leasehold land held for own use under operating leases	— 根據經營租賃持作自用 租賃土地權益		2,554,427	3,173,431
Deposits paid for acquisition of property, plant and equipment	收購物業、廠房及設備 已付按金		—	9,866,833
Goodwill	商譽	14	—	—
Exploration and evaluation assets	勘探及評估資產	15	—	37,399,285
Mining deposit	採礦按金	16	155,709	162,367
			145,240,026	228,472,805
Current assets	流動資產			
Inventories	存貨	18(a)	—	—
Trade receivables	應收賬款	19	148,646	177,489
Prepayments, deposits and other receivables	預付款項、按金及其他 應收款項	20	3,212,239	3,647,537
Amount due from a related party	應收一位關連方款項	23	—	475,426
Tax recoverable	可收回稅項		—	3,280
Cash and cash equivalents	現金及現金等價物		493,462	11,964,081
			3,854,347	16,267,813
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及應計費用	21	54,760,741	37,441,499
Obligations under finance leases	融資租賃承擔	22	48,954	174,814
Amount due to a director	應付一名董事款項	23	—	347
Amounts due to related parties	應付關連方款項	23	2,443,919	2,416,399
Convertible bonds	可換股債券	24	10,000,000	29,000,000
Bank loans — secured	有抵押銀行貸款	25	—	260,423,032
Interest-bearing borrowings	計息借款	26	137,609,200	1,800,000
			204,862,814	331,256,091
Net current liabilities	流動負債淨額		(201,008,467)	(314,988,278)
Total assets less current liabilities	總資產減流動負債		(55,768,441)	(86,515,473)

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

		Notes	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
		附註		
Non-current liabilities	非流動負債			
Obligations under finance leases	融資租賃承擔	22	–	51,005
Deferred tax liabilities	遞延稅項負債	27	–	7,952,143
			–	8,003,148
Net liabilities	負債淨額		(55,768,441)	(94,518,621)
Capital and reserves	資本及儲備	28		
Share capital	股本		1,367,875,301	1,367,875,301
Reserves	儲備		(1,412,730,818)	(1,461,719,130)
Total deficit attributable to owners of the Company	本公司擁有人應佔虧損總額		(44,855,517)	(93,843,829)
Non-controlling interests	非控股權益		(10,912,924)	(674,792)
Total deficit	虧損總額		(55,768,441)	(94,518,621)

Approved and authorised for issue by the board of directors on 31 March 2017. 經董事會於二零一七年三月三十一日批准及授權刊發。

Du Jian Jun
杜建軍
Director
董事

Leung Wai Kwan
梁維君
Director
董事

The notes on pages 110 to 232 form part of the consolidated financial statements. 第110至232頁所載附註為綜合財務報表一部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

		Attributable to owners of the Company 本公司擁有人應佔											
		Share capital	Convertible preference shares	Exchange reserve	Capital reserve	Convertible bond equity reserve	Share option reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity/ (deficit)	
		股本	優先股	匯兌儲備	資本儲備	可換股債券權益儲備	購股權儲備	其他儲備	累計虧損	總額	非控股權益	權益總額/ (虧損總額)	
Notes		HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	
附註		港元	港元	港元	港元	港元	港元	港元	港元	港元	港元	港元	
		(Note 28(c)(iv))	(Note 28(c)(iv))	(Note 28(c)(iii))	(Note 28(c)(iii))	(Note 28(c)(iii))	(Note 28(c)(iv))	(Note 28(c)(iv))	(Note 28(c)(iv))	(Note 28(c)(iv))	(Note 28(c)(iv))	(Note 28(c)(iv))	
		(附註 28(c)(iv))	(附註 28(c)(iv))	(附註 28(c)(iii))	(附註 28(c)(iii))	(附註 28(c)(iii))	(附註 28(c)(iv))	(附註 28(c)(iv))	(附註 28(c)(iv))	(附註 28(c)(iv))	(附註 28(c)(iv))	(附註 28(c)(iv))	
At 1 January 2015	於二零一五年一月一日	989,710,234	90,500,988	32,296,049	1,338,136	29,331,866	-	30,856,527	(1,478,600,873)	(304,567,073)	5,514,086	(299,052,987)	
Changes in equity for 2015:	二零一五年權益變動:												
Loss for the year	年內虧損	-	-	-	-	-	-	-	(110,997,358)	(110,997,358)	(7,387,539)	(118,384,897)	
Other comprehensive income	其他全面收益	-	-	34,056,523	-	-	-	-	-	34,056,523	1,198,661	35,255,184	
Total comprehensive loss for the year	年內全面虧損總額	-	-	34,056,523	-	-	-	-	(110,997,358)	(76,940,835)	(6,188,878)	(83,129,713)	
Conversion of convertible preference shares	轉換可換股優先股	90,500,988	(90,500,988)	-	-	-	-	-	-	-	-	-	
Shares issued pursuant to a share placing	根據股份配售而發行的股份	28(b)(i) 109,935,500	-	-	-	-	-	-	-	109,935,500	-	109,935,500	
Shares issued pursuant to an open offer	根據公開發售而發行的股份	28(b)(i) 177,728,579	-	-	-	-	-	-	-	177,728,579	-	177,728,579	
Redemptions of convertible bonds	贖回可換股債券	-	-	-	-	(21,773,666)	-	-	21,773,666	-	-	-	
At 31 December 2015	於二零一五年十二月三十一日	1,367,875,301	-	66,352,572	1,338,136	7,558,200	-	30,856,527	(1,567,824,565)	(93,843,829)	(674,792)	(94,518,621)	
At 1 January 2016	於二零一六年一月一日	1,367,875,301	-	66,352,572	1,338,136	7,558,200	-	30,856,527	(1,567,824,565)	(93,843,829)	(674,792)	(94,518,621)	
Changes in equity for 2016:	二零一六年權益變動:												
Profit for the year	年內溢利	-	-	-	-	-	-	-	59,382,332	59,382,332	(8,932,268)	50,450,064	
Other comprehensive loss	其他全面虧損	-	-	(18,779,668)	-	-	-	-	-	(18,779,668)	(1,305,864)	(20,085,532)	
Total comprehensive income for the year	年內全面收益總額	-	-	(18,779,668)	-	-	-	-	59,382,332	40,602,664	(10,238,132)	30,364,532	
Recognition of equity-settled share-based payments	確認以股權結算的以股份為基礎的付款	-	-	-	-	-	8,385,648	-	-	8,385,648	-	8,385,648	
Redemptions of convertible bonds	贖回可換股債券	-	-	-	-	(5,774,925)	-	-	5,774,925	-	-	-	
At 31 December 2016	於二零一六年十二月三十一日	1,367,875,301	-	47,572,904	1,338,136	1,783,275	8,385,648	30,856,527	(1,502,667,308)	(44,855,517)	(10,912,924)	(55,768,441)	

The notes on pages 110 to 232 form part of the consolidated financial statements.

第 110 至 232 頁所載附註為綜合財務報表一部份。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2016 截至二零一六年十二月三十一日止年度
(Expressed in Hong Kong dollars) (以港元列值)

		2016 二零一六年	2015 二零一五年
	Notes 附註	HK\$ 港元	HK\$ 港元
Operating activities	經營業務		
Profit/(loss) before taxation	除稅前溢利/(虧損)	42,497,921	(118,950,160)
Adjustments for:	調整項目：		
— Amortisation of interests in leasehold land held for own use under operating leases	— 根據經營租賃持作自用的租賃土地權益攤銷	7(d) 1,308	3,675
— Depreciation	— 折舊	7(d) 16,606,827	17,862,588
— Equity-settled share based payment expense	— 權益結算的以股份為基礎付款開支	8,385,648	—
— Finance costs	— 融資成本	7(a) 27,819,101	45,492,651
— Foreign exchange losses/(gains)	— 匯兌虧損/(收益)	6,257,564	(6,072,867)
— Gain on loans reduction	— 貸款減少收益	5 (192,992,398)	—
— Impairment of exploration and evaluation assets	— 勘探及評估資產減值	7(c) 36,366,175	3,736,391
— Impairment of trade receivables	— 應收賬款減值	7(c) 63,278	—
— Impairment of other receivables and prepayments	— 其他應收款項及預付款項減值	7(c) 1,378,000	3,000,000
— Impairment of property, plant and equipment	— 物業、廠房及設備減值	7(c) 9,336,606	—
— Interest income	— 利息收入	5 (1,294)	(6,657)
— Write off of property, plant and equipment	— 物業、廠房及設備撇銷	7(c) 13,131,002	4,950,550
— Write off of inventories	— 存貨撇銷	7(c) —	2,199,487

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

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
	Notes 附註		
Operating loss before changes in working capital	營運資金變動前經營虧損	(31,150,262)	(47,784,342)
Decrease in inventories	存貨減少	–	1,515,076
(Increase)/decrease in trade receivables	應收賬款(增加)/減少	(34,435)	2,676,793
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項增加	(942,702)	(5,080,205)
Decrease/(increase) in amount due from a related party	應收一位關連方款項減少/(增加)	475,426	(406,268)
Increase/(decrease) in other payables and accruals	其他應付款項及應計費用增加/(減少)	3,915,524	(3,617,850)
Decrease in amount due to a director	應付一名董事款項減少	(347)	(137,653)
Cash used in operating activities	經營業務動用現金	(27,736,796)	(52,834,449)
Tax paid	已付稅項	–	(332,972)
Net cash used in operating activities	經營業務動用現金淨額	(27,736,796)	(53,167,421)
Investing activities	投資業務		
Decrease in pledged deposits	質押存款減少	–	2,735
Decrease/(increase) in deposits paid for acquisition of property, plant and equipment	收購物業、廠房及設備已付按金減少/(增加)	9,866,833	(9,866,833)
Payment for purchase of property, plant and equipment	購入物業、廠房及設備付款	(9,274,725)	(85,650)
Interest received	已收利息	1,294	6,657
	5		
Net cash generated from/(used in) investing activities	投資業務產生/(動用)現金淨額	593,402	(9,943,091)

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

		2016 二零一六年	2015 二零一五年
	Notes 附註	HK\$ 港元	HK\$ 港元
Financing activities	融資業務		
Redemptions of convertible bonds	贖回可換股債券	(19,849,863)	(70,250,214)
Repayments of secured bank loans	償還有抵押銀行貸款	(86,573,424)	(49,548,417)
Repayments of interest-bearing borrowings	償還計息借款	(10,900,000)	(43,200,000)
Capital element of finance lease rentals paid	已付融資租賃租金的資本部份	(176,865)	(349,667)
Proceeds from interest-bearing borrowings	計息借款的所得款項	146,709,200	45,000,000
Proceeds from a share placing, net of expenses incurred	股份配售所得款項 (扣除產生開支)	28(b)(i) -	109,935,500
Proceeds from an open offer, net of expenses incurred	公開發售所得款項 (扣除產生開支)	28(b)(i) -	177,728,579
Increase/(decrease) in amounts due to related parties	應付關連方款項增加/ (減少)	27,520	(2,015,329)
Interest on finance lease rentals paid	已付融資租賃租金的利息	(6,530)	(20,077)
Interest paid	已付利息	(13,565,520)	(92,575,960)
Net cash generated from financing activities	融資業務所得現金淨額	15,664,518	74,704,415
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物 (減少)/增加淨額	(11,478,876)	11,593,903
Cash and cash equivalents at beginning of the year	年初現金及現金等價物	11,964,081	378,935
Effect of foreign exchange rate changes	匯率變動之影響	8,257	(8,757)
Cash and cash equivalents at end of the year	年終現金及現金等價物	493,462	11,964,081

Major non-cash transactions

During the year, purchases of property, plant and equipment included an amount of HK\$9,274,725 (2015: HK\$Nil) transferred from deposits paid for acquisition of property, plant and equipment.

主要非現金交易

年內，購買物業、廠房及設備包括收購物業、廠房及設備已付按金之轉撥金額9,274,725港元(二零一五年：零港元)。

The notes on pages 110 to 232 form part of the consolidated financial statements.

第110至232頁所載附註為綜合財務報表一部份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

1 COMPANY INFORMATION

Ding He Mining Holdings Limited (the “Company”) is a company incorporated and domiciled in Hong Kong. The address of its registered office is Flat B, 21/F., Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong. The address of its principal place of business is 3/F., Wisma Ho Wah Genting, No. 35, Jalan Maharajalela, 50150 Kuala Lumpur, Malaysia. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

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

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

1 公司資料

鼎和礦業控股有限公司(「本公司」)是一間於香港註冊成立及登記的公司。其註冊辦事處地址為香港灣仔告士打道128號祥豐大廈21樓B室。其主要營業地點地址為3/F., Wisma Ho Wah Genting, No. 35, Jalan Maharajalela, 50150 Kuala Lumpur, Malaysia。本公司股份在香港聯合交易所有限公司(「聯交所」)主板上市。

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

2 遵例聲明及編製基準

(a) 遵例聲明

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

本集團採納的重大會計政策概述如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

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

(b) Basis of preparation of the consolidated financial statements

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

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except otherwise stated below.

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

2 遵例聲明及編製基準(續)

(a) 遵例聲明(續)

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

(b) 綜合財務報表的編製基準

綜合財務報表以本公司的功能貨幣港元(「港元」)呈列。

除下文所述者外，綜合財務報表乃使用歷史成本基準編製。

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 34.

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

- (i) Excluding the gain on loans reduction recognised for the year ended 31 December 2016 of HK\$192,992,398 (2015: HK\$Nil), the Group incurred a loss for the year attributable to owners of the Company of HK\$133,610,066 (2015: HK\$110,997,358) and, as of that date, the Group's current liabilities exceeded its current assets by HK\$201,008,467 (2015: HK\$314,988,278);
- (ii) At 31 December 2016, the Group has cash and cash equivalents of HK\$493,462 (2015: HK\$11,964,081) which is insufficient to settle all the current liabilities, they mainly included accrued salaries of HK\$3,984,316 (2015: HK\$3,189,592) payables due in the immediate month, accrued interest on convertible bonds of HK\$3,321,440 (2015: HK\$2,979,773); accrued interest on interest bearing borrowings of HK\$13,702,293 (2015: HK\$Nil); and committed to contract for of HK\$13,660,426 (2015: HK\$14,244,500) in the Group's capital commitments;

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

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

管理層在應用香港財務報告準則時所作出對綜合財務報表有重大影響的判斷，且估計不確定性的主要來源於附註34論述。

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

- (i) 除截至二零一六年十二月三十一日止年度確認的貸款減少收益192,992,398港元(二零一五年：零港元)外，本集團於年內產生本公司擁有人應佔虧損133,610,066港元(二零一五年：110,997,358港元)，以及截至該日止，本集團流動負債超出其流動資產201,008,467港元(二零一五年：314,988,278港元)；
- (ii) 於二零一六年十二月三十一日，本集團有現金及現金等價物493,462港元(二零一五年：11,964,081港元)，其不足以支付所有流動負債(主要包括當月到期應付的應計薪金3,984,316港元(二零一五年：3,189,592港元)、可換股債券的應計利息3,321,440港元(二零一五年：2,979,773港元)；計息借款的應計利息13,702,293港元(二零一五年：零港元)；及本集團資本承擔已承擔已訂約13,660,426港元(二零一五年：14,244,500港元)；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

- (iii) As explained in Note 13(b) to the consolidated financial statements, the production plant in Malaysia was suspended since the year ended 31 December 2012;
- (iv) As detailed in Notes 15(b) and 15(c) to the consolidated financial statements, there were no exploration activities conducted in the year ended 31 December 2016 for coal and manganese. This was because the Group is trying to reallocate its limited cash resources to other prospective business segments;
- (v) As explained in Note 15(c) to the consolidated financial statements, the Group lost contact with the legal representatives of PT. Laksbang Mediatama ("PTLM") in prior years and the re-nomination of the legal representatives has not yet been completed. PTLM holds a production operating mining permit for manganese in Indonesia. This brought to a halt to the daily operations and mining activities of PTLM and might impact the fulfillment of the obligations of PTLM in respect of its production operation mining permit for manganese and any other government regulations it would be subject to. The operations and future profitability of the Group might be affected by the loss of contact with the PTLM's legal representatives;

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

- (iii) 誠如綜合財務報表附註13(b)所解釋，位於馬來西亞的生產廠房已自截至二零一二年十二月三十一日止年度起暫停營運；
- (iv) 誠如綜合財務報表附註15(b)及15(c)所詳述，截至二零一六年十二月三十一日止年度並無就煤炭及錳進行勘探活動，此乃由於本集團正在嘗試重新分配其有限的現金資源至其他潛在的業務分部；
- (v) 誠如綜合財務報表附註15(c)所述，本集團於過往年度與PT. Laksbang Mediatama(「PTLM」)的法律代表失去聯絡，且尚未完成重新提名法律代表。PTLM持有位於印尼的錳生產經營開採許可證，此令PTLM的日常營運及採礦活動陷入停滯狀態，並可能影響PTLM履行有關其錳生產經營開採許可證及任何其他其將須遵守的政府規例的責任。本集團的業務及未來盈利能力或會因與PTLM的法律代表失去聯絡而受到影響；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

- (vi) As detailed in Note 24(a) to the consolidated financial statements, the remained outstanding aggregate principal amount of convertible bonds of HK\$10,000,000 (the "Matured Bonds") following the non-fully redemptions of Fourth Tranche Bonds on 4 March 2015, all the Matured Bonds were remained in defaulted and immediately due for repayments as at 31 December 2016. The directors of the Company represented that (i) the Company is currently in the course of arm's length negotiations with the holders of the Matured Bonds in relation to, among others, the possible extension of the Matured Bonds and other possible alteration of terms of the Matured Bonds ("Proposed Alteration"); (ii) as negotiated with the holder of the Matured Bonds, who has verbally agreed not to redeem the Matured Bonds until the Proposed Alteration is confirmed; and (iii) the interest on the Matured Bonds will continue to be payable by the Company until the date of redemption pursuant to the terms of the Matured Bonds. The interest thereon is approximately HK\$3,321,440 (2015: HK\$2,979,773) for the year ended 31 December 2016. As at the approval date of the consolidated financial statements, the Proposed Alteration have not been fixed and confirmed yet.

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

- (vi) 誠如綜合財務報表附註24(a)詳述，隨著第四批債券於二零一五年三月四日未予悉數贖回，餘下尚未償還可換股債券的本金額合共為10,000,000港元(「到期債券」)。所有到期債券仍拖欠還款並於二零一六年十二月三十一日到期即時償還。本公司董事表示，(i)本公司正與到期債券持有人就(其中包括)到期債券建議延期及到期債券條款之其他建議修改(「建議修改」)進行公平磋商；(ii)與到期債券持有人磋商後，彼等口頭同意於建議修改確認前不贖回到期債券；及(iii)根據到期債券條款，本公司將於贖回日期前繼續支付到期債券利息。截至二零一六年十二月三十一日止年度，有關利息約為3,321,440港元(二零一五年：2,979,773港元)。於綜合財務報表批准日期，建議修改尚未決定及確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

(vii) As detailed in Note 26(b) to the consolidated financial statements, the Company defaulted on the repayments of the outstanding aggregated loans of HK\$102,609,200 and interest accrued, handling fees and further charges during the year in relation to the outstanding loans amounting to a total sum of HK\$16,337,418. The directors of the Company represented that (i) the Company commenced a negotiation of the terms of the loans with the third party; (ii) the interest and further charges on the matured loans will continue to be payable by the Company until the matured loans and related interest and charges are repaid in full. As at the approval date of the consolidated financial statements, the revised terms have not been concluded yet.

(viii) As detailed in Note 32(b) to the consolidated financial statements, the bondholder of the Matured Bonds and the lenders of the Matured Loans may without further notice institute such proceedings as it may think fit to enforce repayment of the Matured Bonds and defaulted loans.

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

(i) Subsequent to the end of the reporting period, the Company had announced on 8 March 2017 that the Company entered into a placing agreement with the placing agent, pursuant to which the Company agreed to place up to 150,000,000 placing shares to not less than six independent third parties of the Group at HK\$0.084 per placing share. The maximum net proceeds arising from the share placing are estimated to be approximately HK\$12.22 million. Up to the approval date of the consolidated financial statements, although the share placing has expired as per Company's announcement dated 29 March 2017 of which fulfilment of the conditions set out in the placing agreements have not been reached and the Company will seek another placing agent in near future;

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

(vii) 誠如綜合財務報表附註26(b)詳述，本公司未能償還貸款合共102,609,200港元以及年內未償還貸款的應計利息、手續費及其他費用總額為16,337,418港元。本公司董事表示，(i)本公司開始與第三方磋商貸款的條款；(ii)本公司將於到期貸款及相關利息及費用悉數償還前繼續支付到期貸款的利息及其他費用。於綜合財務報表批准日期，經修訂條款尚未最終確定。

(viii) 誠如綜合財務報表附註32(b)詳述，到期債券的債券持有人及到期貸款的貸款人無需就構成其認為合適可強制償還到期債券及拖欠貸款的法律訴訟作進一步通知。

本公司董事已採取下列行動減輕本集團所面臨的流動資金問題：

(i) 於報告期末後，本公司於二零一七年三月八日公佈本公司與配售代理訂立配售協議，據此，本公司同意配售最多150,000,000股配售股份予不少於六名本集團之獨立第三方，配售價為每股配售股份0.084港元。預計股份配售之所得款項淨額最多約為12,220,000港元。直至綜合財務報表批准日期，儘管股份配售已按本公司日期為二零一七年三月二十九日之公告屆滿(其中配售協議所載之條件尚未達成)，本公司將於不久未來尋求另一配售代理；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

- (II) Subsequent to the end to the reporting period, on 24 February 2017, 1 March 2017 and 17 March 2017, the Company borrowed unsecured loans of HK\$2,000,000, HK\$2,000,000 and HK\$1,000,000 respectively from independent third parties at interest rate ranging from 3% to 5% per month and are repayable within two months after their respective drawdown dates;
- (III) On 10 August 2016 and 11 August 2016, Bank Rakyat acknowledged the Group that final settlement of RM45,000,000 (equivalents to approximately HK\$87,412,588) for the redemption of charged properties was received and on 18 November 2016, Bank Rakyat completed the process of discharging the Group's properties in Malaysia as pledged security. Accordingly, an one-off non-recurring gain on loans reduction amounted to RM99,352,487 (equivalents to approximately HK\$192,992,398) was recognised in profit or loss and all the secured bank loans due to Bank Rakyat were settled during the year;
- (IV) During the year ended 31 December 2016, the Company borrowed interest bearing loans totalling HK\$107,609,200 from independent third parties, with interests bearing at 10% — 48% per annum respectively and repayable within two months after their respective drawdown dates or within 20 business days after the lender has served the Company a written notice for immediate repayment. The Company has also pledged the issued shares of CVMSB as security for the HK\$50,000,000 loan included in aforementioned;
- (V) On 6 October 2016 and 24 November 2016, the Company issued an aggregate of HK\$30,000,000 unsecured bonds to independent third parties, which interests bearing at 2% per month and will mature on one year from the date of issuance of the bonds;

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

- (II) 於報告期末後，於二零一七年二月二十四日、二零一七年三月一日及二零一七年三月十七日，本公司分別向獨立第三方借入無抵押貸款2,000,000港元、2,000,000港元及1,000,000港元，月利率介乎3%至5%，且須於彼等各自提取日期後兩個月內償還；
- (III) 於二零一六年八月十日及二零一六年八月十一日，Bank Rakyat確認已收取本集團贖回已押記物業的最終還款45,000,000馬幣（相當於約87,412,588港元），且Bank Rakyat已於二零一六年十一月十八日完成辦理手續解除本集團在馬來西亞作為押質抵押品的物業。因此，貸款減少的一次性及非經常性收益99,352,487馬幣（相當於約192,992,398港元）於損益中確認，且應付Bank Rakyat的全部已抵押銀行貸款已於年內償還；
- (IV) 截至二零一六年十二月三十一日止年度，本公司向獨立第三方的借入計息貸款總額為107,609,200港元，分別按年利率10%至48%計息，須於貸款各提款日期後兩個月內或貸款人向本公司發出要求即時償還的書面通知後20個營業日內償還。本公司亦已押記CVMSB的已發行股份，作為上述50,000,000港元貸款的抵押；
- (V) 於二零一六年十月六日及二零一六年十一月二十四日，本公司向獨立第三方發出合共30,000,000港元之無抵押債券，按每月2%的利率計息，並將於發出債券日期後一年到期；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

(VI) As detailed in Notes 24(a), 26(b) and 32(b), the Group is exposed to potential litigations. The Group is using their best efforts to have (i) repaid of the Matured Bonds in the principal amount of totalling HK\$19,000,000 during the year; (ii) arranged to continue to pay the overdue interests to the bondholders and the lender in due course and (iii) further re-negotiate with bondholders and the lender for the extension of maturity dates and Proposed Alteration/Proposed Extension of terms of these convertible bonds and interest-bearing borrowings; and

(VII) The Group has sought its global searching for investors or strategic partners for the Group's projects in Hong Kong, the PRC and the rest of the world.

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

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

2 遵例聲明及編製基準(續)

(b) 綜合財務報表的編製基準(續)

(VI) 誠如附註24(a)、26(b)及32(b)所詳述，本集團面臨潛在訴訟。本公司正盡最大努力(i)於年內償還本金總額合共19,000,000港元的到期債券；(ii)適時安排向債券持有人及貸款人繼續償還逾期利息及(iii)進一步與債券持有人及貸款人就延長到期日及該等可換股債券及計息借款的建議修改／建議延長條款進行重新商討；及

(VII) 本集團就其在香港、中國內地及世界其他地區的項目於全球範圍內物色投資者或策略夥伴。

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(c) Subsidiaries and non-controlling interests

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

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

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

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

2 遵例聲明及編製基準(續)

(c) 附屬公司及非控股權益

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses (see note 2h(iii)), unless the investment is classified as held for sale.

(d) Goodwill

Goodwill represents the excess of

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

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

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

2 遵例聲明及編製基準(續)

(c) 附屬公司及非控股權益(續)

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

於本公司財務狀況表中，於附屬公司的投資乃按成本減任何減值虧損(見附註2h(iii))入賬，惟分類為持作出售之投資除外。

(d) 商譽

商譽為第(i)項超出第(ii)項的部份：

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

如第(ii)項大於第(i)項，則超出部份於損益內即時確認為議價購入收益。

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(e) Property, plant and equipment

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

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

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

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

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

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

2 遵例聲明及編製基準(續)

(e) 物業、廠房及設備

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

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

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

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

本集團會每年檢討折舊法、資產的可用期限及剩餘價值(如有)並進行適當調整。

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(f) Leased assets

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

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in Note 2(e). Impairment losses are accounted for in accordance with the accounting policy as set out in Note 2(h)(iii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2 遵例聲明及編製基準(續)

(f) 租賃資產

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

(i) 本集團所租用資產的分類

本集團根據租賃持有絕大部份擁有權風險與回報已轉讓予本集團的資產分類為根據融資租賃持有的資產。未將絕大部份擁有權風險與回報轉讓予本集團的租約則分類為經營租賃。

(ii) 按融資租賃收購的資產

倘本集團根據融資租賃收購資產使用權，則所租賃資產的公平值或有關資產最低租金付款現值的較低者會列作物業、廠房及設備，而相關負債(扣除財務費用)將列作融資租賃承擔。折舊於相關租期或資產可用期限(若本集團有可能取得資產所有權)內按撇銷資產成本的比率撥備(見附註2(e))。減值虧損按附註2(h)(iii)所載會計政策計算。租金付款所包含的融資費用將於租期內計入損益表，使各會計期間的費用佔剩餘承擔的比率大致相同。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(f) Leased assets (continued)

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

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

(g) Exploration and evaluation assets

(i) Exploration and evaluation assets

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

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

2 遵例聲明及編製基準(續)

(f) 租賃資產(續)

(iii) 經營租賃費用

如本集團使用根據經營租賃持有的資產，則根據租約支付的款項會在租期內會計期間的損益表分期等額扣除，惟倘有其他方式能更清楚反映租賃資產所產生收益的模式則除外。獲得的租賃優惠於損益表確認計入淨租金付款總額一部份。

收購根據經營租賃所持有土地的成本於租期內按直線法攤銷。

(g) 勘探及評估資產

(i) 勘探及評估資產

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(g) Exploration and evaluation assets

(continued)

(i) Exploration and evaluation assets

(continued)

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

(ii) Exploration mining permits acquired in business combinations

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

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

2 遵例聲明及編製基準(續)

(g) 勘探及評估資產(續)

(i) 勘探及評估資產(續)

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

(ii) 業務合併中收購的勘探開採許可證

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

於初步確認後，勘探開採許可證按成本減累計攤銷及減值虧損列賬。勘探開採許可證按單位產量法攤銷(見附註2(h)(ii))。本集團每年根據生產計劃及探明儲量及可能儲量檢討勘探開採許可證的單位。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(g) Exploration and evaluation assets

(continued)

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

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

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

(h) Impairment of assets

(i) Impairment of receivables

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

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

2 遵例聲明及編製基準(續)

(g) 勘探及評估資產(續)

(iii) 業務合併中收購的泉水及開採許可證

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

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

(h) 資產減值

(i) 應收款項的減值

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(i) Impairment of receivables (continued)

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

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

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

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(i) 應收款項的減值(續)

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

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

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

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綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(ii) Impairment of exploration and evaluation assets

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

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; or
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale.

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

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(ii) 勘探及評估資產減值

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

- 本集團擁有的特定區域的開發權於期內屆滿或即將屆滿，並且預期不會再更新；
- 在特定區域進一步勘探及評估礦產資源所產生大額開支不在預算及計劃之內；
- 本集團在特定區域進行的礦產資源勘探及評估並無發現有利可圖的礦產資源數量，故決定終止該特定區域的勘探及評估活動；或
- 有充分數據顯示，儘管可能會於特定區域開發，但勘探及評估資產的賬面值似乎不大可能透過成功開發或銷售而獲全數收回。

當資產的賬面值超過其可收回金額時，會於損益賬內確認減值虧損。

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(iii) Impairment of other assets

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

- property, plant and equipment;
- pre-paid interest in leasehold land classified as being held under an operating lease;
- investments in subsidiaries, except for those classified as held for sale; and
- goodwill.

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

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(iii) 其他資產減值

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

- 物業、廠房及設備；
- 分類為根據經營租賃所持有租賃土地的預付利息；
- 於附屬公司的投資，分類為持作出售的投資除外；及
- 商譽。

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

- 計算可收回金額

資產的可收回金額是公平值減出售成本及使用價值兩者之較高者。在評估使用價值時，估計未來現金流量會按可反映當時市場對貨幣時間值及該資產特定風險的稅前貼現率貼現至現值。倘資產無法產生大致上獨立於其他資產所產生者的現金流入，則須按能夠獨立產生現金流入的最基本資產組別(即現金產生單位)釐定可收回金額。

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綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(h) Impairment of assets (continued)

(iii) Impairment of other assets (continued)

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

2 遵例聲明及編製基準(續)

(h) 資產減值(續)

(iii) 其他資產減值(續)

— 確認減值虧損

當資產或所屬現金產生單位的賬面值高於可收回金額時，便會在損益表內確認減值虧損。就現金產生單位(或一組單位)確認的減值虧損會先撥作減少獲分配現金產生單位的任何商譽的賬面值，然後再按比例撥作減少該單位(或一組單位)中資產的賬面值，但資產賬面值不會減少至低於其個別公平值減出售成本(倘可計量)或使用價值(如可確定)的數額。

— 撥回減值虧損

就商譽以外的資產而言，倘用作釐定可收回金額的估計出現有利的改變，則會撥回減值虧損。商譽的減值虧損不會撥回。

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

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綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(i) Inventories

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

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

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

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

(j) Trade and other receivables

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

2 遵例聲明及編製基準(續)

(i) 存貨

存貨以成本值及可變現淨值兩者中的較低者入列賬。

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

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

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

(j) 應收賬款及其他應收款項

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

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(k) Convertible bonds

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

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

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

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

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

2 遵例聲明及編製基準(續)

(k) 可換股債券

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

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

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

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

金融負債於負債的責任已解除或註銷或屆滿時終止確認。

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2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(k) Convertible bonds (continued)

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

(l) Interest-bearing borrowings

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

(m) Payables

Payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(q)(i), payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost using the effective interest method.

(n) Cash and cash equivalents

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

2 遵例聲明及編製基準(續)

(k) 可換股債券(續)

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

(l) 計息借款

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

(m) 應付款項

應付款項初步按公平值確認。除根據附註2(q)(i)計量的財務擔保負債外，應付款項其後按攤銷成本入賬，惟倘貼現影響不重大，則用實際利率法按成本入賬。

(n) 現金及現金等價物

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

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2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(o) Employee benefits

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

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

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the option were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

2 遵例聲明及編製基準(續)

(o) 僱員福利

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

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

(ii) 以股份為基礎的付款

向僱員所授購股權的公平值確認為僱員成本，並於權益中購股權儲備作出相應增加。公平值乃於授出日使用二項式模式，計及所授出購股權的期限及條件計量。倘僱員須在無條件享有購股權前符合歸屬條件，則購股權的估計公平總值乃經考慮購股權將歸屬的可能性後於歸屬期內攤分入賬。

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(o) Employee benefits (continued)

(ii) Share-based payments (continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses).

(iii) Termination benefits

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

2 遵例聲明及編製基準(續)

(o) 僱員福利(續)

(ii) 以股份為基礎的付款(續)

於歸屬期內會審閱預期將歸屬的購股權數目。除非原僱員開支符合資格確認為資產，否則對過往年度已確認累計公平值所作出的任何調整，均在回顧年度自損益扣除／計入損益，並對購股權儲備作出相應調整。於歸屬日期，本集團會對確認為開支的金額作出調整，以反映所歸屬購股權的實際數目(並對購股權儲備作出相應調整)，惟僅因未能達成與本公司股份市價有關的歸屬條件而遭沒收的購股權則除外。權益金額乃於購股權儲備確認，直至購股權獲行使(屆時會計入於股本中就已發行股份確認的金額)或購股權屆滿(屆時會直接撥入累計虧損)為止。

(iii) 終止僱傭福利

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(p) Income tax

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

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

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

2 遵例聲明及編製基準(續)

(p) 所得稅

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(p) Income tax (continued)

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

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

2 遵例聲明及編製基準(續)

(p) 所得稅(續)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(p) Income tax (continued)

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

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

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

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

2 遵例聲明及編製基準(續)

(p) 所得稅(續)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

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

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

2 遵例聲明及編製基準(續)

(q) 已作出的財務擔保、撥備及或然負債

(i) 已作出的財務擔保

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

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

(ii) Other provisions and contingent liabilities

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

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

(r) Revenue recognition

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

(i) Sale of goods

Revenue is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue excludes value added tax and is after deduction of any trade discounts.

2 遵例聲明及編製基準(續)

(q) 已作出的財務擔保、撥備及或然負債(續)

(ii) 其他撥備及或然負債

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

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

(r) 收入確認

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

(i) 銷售貨品

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

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綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(r) Revenue recognition (continued)

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(s) Translation of foreign currencies

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

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

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

2 遵例聲明及編製基準(續)

(r) 收入確認(續)

(ii) 利息收入

利息收入按實際利率法累計確認。

(s) 外幣換算

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

按歷史成本以外幣計值的非貨幣資產及負債，按交易日的外幣匯率換算。

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(t) Borrowing costs

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

(u) Related parties

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

2 遵例聲明及編製基準(續)

(t) 借款成本

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

(u) 關連方

- (i) 如任何人士符合下列情況，則該名人士本身或其近親為本集團的關連方：
- (I) 對本集團有控制權或共同控制權；
 - (II) 對本集團有重大影響力；或
 - (III) 為本集團或本集團母公司的主要管理人員。
- (ii) 如符合下列任何情況，任何實體為本集團的關連方：
- (I) 該實體及本集團屬同一集團的成員公司(即各母公司、附屬公司及同系附屬公司為彼此的關連方)。
 - (II) 一間實體為另一間實體的聯營公司或合營企業(或該另一間實體為其集團成員公司的聯營公司或合營企業)。
 - (III) 兩間實體均為同一第三方的合營企業。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(u) Related parties (continued)

- (ii) An entity is related to the Group if any of the following conditions applies: (continued)
 - (IV) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (V) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (VI) The entity is controlled or jointly controlled by a person identified in (i).
 - (VII) A person identified in (i)(I) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (VIII) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

2 遵例聲明及編製基準(續)

(u) 關連方(續)

- (ii) 如符合下列任何情況，任何實體為本集團的關連方：(續)
 - (IV) 一間實體為第三方實體的合營企業，而另一間實體為該第三方實體的聯營公司。
 - (V) 該實體為就本集團或與本集團有關連實體的僱員利益而設立的離職後福利計劃。
 - (VI) 該實體受(i)所指人士控制或共同控制。
 - (VII) (i)(I)所指人士對任何實體有重大影響力或為該實體(或該實體的母公司)的主要管理人員。
 - (VIII) 實體或其集團的任何成員公司向本集團或本集團母公司提供主要管理人員服務。

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

(v) Segment reporting

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

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

3 CHANGES IN ACCOUNTING POLICIES

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

- Annual improvements to HKFRSs 2012–2014 cycle, Amendments to HKFRSs
- Amendments to HKAS 1, Disclosure initiative
- Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation

2 遵例聲明及編製基準(續)

(v) 分部報告

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

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

3 會計政策變動

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

- 二零一二年至二零一四年週期的香港財務報告準則年度改進，香港財務報告準則之修訂
- 香港會計準則第1號之修訂，披露計劃
- 香港會計準則第16號及香港會計準則第38號之修訂，澄清折舊及攤銷之可接受方法

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3 CHANGES IN ACCOUNTING POLICIES

(continued)

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

Annual improvements to HKFRSs 2012–2014 cycle, Amendments to HKFRSs

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 19, Employee Benefits has been amended to clarify that the depth of the market for high quality corporate bonds should be assessed at currency level, and not at the country level. These amendments do not have an impact on these consolidated financial statements as there is no such employee benefit operated by the Group.

Amendments to HKAS 1, Disclosure initiative

The amendments clarify various presentation issues. The amendments do not have an impact on the presentation of consolidated financial statements as the Group does not have equity-accounted associates and joint ventures.

Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation

The amendments introduce a rebuttable presumption to HKAS 38 that the use of revenue-based amortisation methods for intangible assets is inappropriate. The amendments also prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments do not have an impact on the Group's property, plant and equipment, exploration and evaluation assets and related depreciation and amortisation as the Group does not adopt the revenue-based depreciation methods.

3 會計政策變動(續)

本集團並無採用於本會計期間尚未生效的任何新準則或詮釋。採用經修訂香港財務報告準則的影響論述如下：

二零一二年至二零一四年週期的香港財務報告準則年度改進，香港財務報告準則之修訂

此週期的年度改進包括四項準則的修訂。其中，香港會計準則第19號僱員福利已予以修改，用於澄清優質企業債券之市場深度應從貨幣而非國家層面評估。由於本集團並未產生有關僱員福利，該等修訂不對該等綜合財務報表造成任何影響。

香港會計準則第1號之修訂，披露計劃

該等修訂澄清若干呈列問題。該等修訂不會對綜合財務報表的呈列造成任何影響，因為本集團並無以權益法核算的聯營企業及合營企業。

香港會計準則第16號及香港會計準則第38號之修訂，澄清折舊及攤銷之可接受方法

該等修訂對香港會計準則第38號引進並不適宜就無形資產採用收益為本之攤銷方法之可推翻前設。該等修訂亦禁止根據香港會計準則第16號使用收益為本之方法計算物業、廠房及機器之折舊。此等修訂不會對本集團之物業、廠房及設備、勘探及評估資產以及相關折舊及攤銷產生影響，因為本集團並無使用收益為本之折舊方法。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

4 TURNOVER

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

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Sales of bottled mineral water	銷售瓶裝礦泉水	447,104	583,596
Sales of magnesium ingots and related materials	銷售鎂錠及相關物料	8,580,874	25,662,642
		9,027,978	26,246,238

4 營業額

營業額指年內向客戶供應鎂錠及相關物料以及瓶裝礦泉水的銷售價值。於年內確認為營業額之各重大收入類別金額如下：

5 OTHER REVENUE

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Interest income	利息收入	1,294	6,657
Gain on loans reduction	貸款減少收益	192,992,398	–
Sundry income	雜項收入	204,223	91,522
		193,197,915	98,179

5 其他收入

6 OTHER NET LOSSES

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Net foreign exchange losses	匯兌虧損淨額	(8,503,141)	(155,056)

6 其他虧損淨額

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

7 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs:

	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Interest on bank loans wholly repayable within 5 years	811,217	21,813,102
Effective interest on convertible bonds	–	9,245,871
Default interest on convertible bonds	3,234,970	11,422,034
Interest on other borrowings from third parties wholly repayable within 5 years	23,763,292	1,245,736
Amortisation of loan transaction costs (Note 25)	–	1,630,597
Finance charges on obligations under finance leases	6,530	20,077
Other borrowings costs to financial institutions	3,092	115,234
	27,819,101	45,492,651

7 除稅前溢利／(虧損)

除稅前溢利／(虧損)已扣除／(計入)：

(a) 融資成本：

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

	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Salaries, wages, bonuses and other benefits	10,322,832	9,158,216
Equity-settled share-based payments	8,385,648	–
Contributions to defined contribution retirement plan	307,614	330,250
	19,016,094	9,488,466

(b) 員工成本(包括董事薪酬)(附註9)：

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綜合財務報表附註

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

7 PROFIT/(LOSS) BEFORE TAXATION (continued) 7 除稅前溢利/(虧損)(續)

(c) Other operating expenses (c) 其他經營開支

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Impairments of:	減值：		
— exploration and evaluation assets (Note 15)	— 勘探及評估資產(附註15)	36,366,175	3,736,391
— interests in leasehold land held for own use under operating leases (Note 13)	— 根據經營租賃持作自用的租賃土地權益(附註13)	125,996	—
— other receivables and prepayments	— 其他應收款項及預付款項	1,378,000	3,000,000
— property, plant and equipment (Note 13)	— 物業、廠房及設備(附註13)	9,210,610	—
— trade receivables	— 應收賬款	63,278	—
		47,144,059	6,736,391
Write offs of:	撇銷：		
— inventories (Note 18(b))	— 存貨(附註18(b))	—	2,199,487
— property, plant and equipment (Note 13)	— 物業、廠房及設備(附註13)	13,131,002	4,950,550
		13,131,002	7,150,037
		60,275,061	13,886,428

(d) Other items: (d) 其他項目：

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Amortisation of interests in leasehold land held for own use under operating leases (Note 13)	根據經營租賃持作自用的租賃土地權益攤銷(附註13)	1,308	3,675
Auditors' remuneration	核數師酬金	1,211,584	1,345,778
Cost of inventories sold # (Note 18(b))	已售存貨成本#(附註18(b))	9,245,729	40,283,476
Depreciation (Note 13)	折舊(附註13)	16,606,827	17,862,588
Operating lease charges in respect of:	有關下列各項的經營租賃支出：		
— office equipment	— 辦公室設備	7,000	12,026
— office premises	— 辦公室物業	1,699,866	698,089

The cost of inventories sold includes HK\$500,357 (2015: HK\$17,393,866) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 7(b) for each of these types of expenses.

與員工成本、折舊及攤銷開支有關的已售存貨成本500,357港元(二零一五年：17,393,866港元)亦記入於上文或附註7(b)就各類別開支分別披露的有關總金額中。

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

8 INCOME TAX CREDIT

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

8 所得稅抵免

(a) 綜合損益表中之稅項代表：

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Current tax — Malaysian Income Tax	本期稅項 — 馬來西亞所得稅		
Provision for the year	年度撥備	—	—
Under-provision in respect of prior years	過往年度撥備不足	—	51,241
		—	51,241
Deferred tax	遞延稅項		
Reversal of temporary differences (Note 27)	撥回暫時差額(附註27)	(7,952,143)	(616,504)
Total income tax credit	所得稅抵免總額	(7,952,143)	(565,263)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated. The directors of the Company determine the effective tax rate of the Group is 16.5% (2015: 16.5%).

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year ended 31 December 2016. No provision for Hong Kong Profits Tax had been made as the Group did not have assessable profit which is subject to Hong Kong Profits Tax for the years ended 31 December 2016 and 2015.

Malaysian Income Tax is calculated at 24% (2015: 25%) of assessable profits for the year ended 31 December 2016. No provision for Malaysian Income Tax had been made as the Group did not have assessable profit which is subject to Malaysian Income Tax for the years ended 31 December 2016 and 2015.

本集團須就於本集團成員公司註冊成立及經營業務所在司法權區所產生或賺取的溢利，按實體基準繳納所得稅。本公司董事確定本集團之實際稅率為16.5% (二零一五年：16.5%)。

香港利得稅乃根據截至二零一六年十二月三十一日止年度之估計應課稅溢利按16.5% (二零一五年：16.5%) 計算。由於本集團截至二零一六年及二零一五年十二月三十一日止年度並無賺取須繳納香港利得稅之應課稅溢利，故概無就香港利得稅計提撥備。

馬來西亞所得稅乃根據截至二零一六年十二月三十一日止年度之應課稅溢利按24% (二零一五年：25%) 計算。由於本集團截至二零一六年及二零一五年十二月三十一日止年度並無賺取須繳納馬來西亞所得稅之應課稅溢利，故概無就馬來西亞所得稅計提撥備。

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

8 INCOME TAX CREDIT (continued)

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

In accordance with the tax laws of Indonesia, companies engaged in metal, mineral and coal mining are governed by a particular contract of work and this is used for computation of the domestic income tax relating to that contract of work. Since the natural resources located in Indonesia are still in a preliminary exploration phase, the management of the Company was unable to ascertain from the local tax authorities the tax rate that should be applied to its mining operations for the years ended 31 December 2016 and 2015. No provision for Indonesian Income Tax has been made as the Group did not have assessable profit which is subject to Indonesian Income Tax for the years ended 31 December 2016 and 2015.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2015: 25%) for the year ended 31 December 2016. No provision for PRC Enterprise Income Tax has been made as the Group did not have assessable profit which is subject to the PRC Income Tax for the years ended 31 December 2016 and 2015.

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

8 所得稅抵免(續)

(a) 綜合損益表中之稅項代表：(續)

根據印尼稅法，從事開採金屬、礦物及煤炭業務之公司須受個別工程合約監管，並用以計算有關該工程合約之國內所得稅。由於位於印尼之天然資源仍處於初步勘探階段，故本公司管理層無法向當地稅務機關確定其採礦業務於截至二零一六年及二零一五年十二月三十一日止年度須應用之稅率。由於本集團截至二零一六年及二零一五年十二月三十一日止年度並無賺取須繳納印尼所得稅之應課稅溢利，故概無就印尼所得稅計提撥備。

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施細則，中國附屬公司截至二零一六年十二月三十一日止年度之稅率為25%(二零一五年：25%)。由於本集團截至二零一六年及二零一五年十二月三十一日止年度並無賺取須繳納中國企業所得稅之應課稅溢利，故概無就中國企業所得稅計提撥備。

根據英屬處女群島(「英屬處女群島」)規則及規例，本集團毋須在該司法權區繳納任何所得稅。

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8 INCOME TAX CREDIT (continued)

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

8 所得稅抵免(續)

(b) 按適用稅率計算之稅項抵免與會計溢利/(虧損)的對賬如下：

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Profit/(loss) before taxation	除稅前溢利/(虧損)	42,497,921	(118,950,160)
Notional tax on profit/(loss) before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	按有關稅務司法權區溢利適用稅率計算之除稅前溢利/(虧損)名義稅項	17,894,801	(27,224,971)
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(44,578,147)	(15,237)
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	14,169,060	13,731,507
Tax effect of unused tax losses not recognised	未確認之未動用稅項虧損之稅務影響	874,605	2,096,092
Tax effect of temporary differences not recognised	未確認暫時差額之稅務影響	3,687,538	10,796,105
Under-provision in previous year	過往年度撥備不足	-	51,241
Actual income tax credit	實際所得稅抵免	(7,952,143)	(565,263)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9 DIRECTORS' REMUNERATION

The details of directors' remuneration are disclosed as follows:

9 董事酬金

董事酬金詳情披露如下：

		2016 二零一六年						
		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note)	Total
		董事袍金	薪金、津貼及實物利益	酌情花紅	退休計劃供款	小計	以股份為基礎的付款(附註)	總計
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元
Executive directors:	執行董事：							
Du Jian Jun	杜建軍	640,000	-	-	-	640,000	2,093,657	2,733,657
Ji Kuang	嵇匡	480,000	-	-	-	480,000	418,731	898,731
Li Po Wai	李寶偉	-	886,600	-	13,000	899,600	418,731	1,318,331
Leung Wai Kwan	梁維君	-	1,200,000	100,000	18,000	1,318,000	2,093,657	3,411,657
Meng Xiao Ying	孟小英	240,000	-	-	-	240,000	418,731	658,731
Fan Wei Peng	范偉鵬	240,000	-	-	-	240,000	418,731	658,731
Yin Shi Bo	尹仕波	240,000	-	-	-	240,000	209,366	449,366
Leung Kwok Peng Joseph (Appointed on 29 June 2016)	梁國鵬(於二零一六年 六月二十九日獲委任)	121,333	-	-	-	121,333	-	121,333
Independent non-executive directors:	獨立非執行董事：							
Chan Kin Ho Philip	陳建豪	180,000	-	-	-	180,000	209,366	389,366
Li Zhen Zhen	李珍珍	180,000	-	-	-	180,000	104,683	284,683
Liu Bo	劉波	186,290	-	-	-	186,290	104,684	290,974
Tong Zhu (Appointed on 29 June 2016)	佟鑄(於二零一六年 六月二十九日獲委任)	91,000	-	-	-	91,000	-	91,000
Tian Jing Hua (Retired on 28 June 2016)	田晶華(於二零一六年 六月二十八日辭任)	90,000	-	-	-	90,000	104,683	194,683
Total	總計	2,688,623	2,086,600	100,000	31,000	4,906,223	6,595,020	11,501,243

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

9 DIRECTORS' REMUNERATION (continued)

9 董事酬金(續)

		2015 二零一五年							
		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note)	Total	
		薪金、津貼及實物利益	酌情花紅	退休計劃供款	小計	以股份為基礎的付款(附註)	總計		
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$		
		港元	港元	港元	港元	港元	港元		
Executive directors:	執行董事：								
Du Jian Jun	杜建軍	480,000	-	-	-	480,000	-	480,000	
Ji Kuang	嵇匡	120,000	324,000	-	-	444,000	-	444,000	
Li Po Wai (Appointed on 29 June 2015)	李寶偉(於二零一五年六月二十九日獲委任)	-	769,000	50,137	7,500	826,637	-	826,637	
Leung Wai Kwan	梁維君	-	900,000	65,151	18,000	983,151	-	983,151	
Meng Xiao Ying	孟小英	340,000	-	-	-	340,000	-	340,000	
Fan Wei Peng (Appointed on 16 March 2015)	范偉鵬(於二零一五年三月十六日獲委任)	240,645	-	-	-	240,645	-	240,645	
Yin Shi Bo (Appointed on 29 June 2015)	尹仕波(於二零一五年六月二十九日獲委任)	120,000	-	-	-	120,000	-	120,000	
Zheng Chang Xing (Appointed on 16 March 2015 and resigned on 26 June 2015)	鄭昌幸(於二零一五年三月十六日獲委任及於二零一五年六月二十六日辭任)	140,645	-	-	-	140,645	-	140,645	
Dato' Lim Ooi Hong (Resigned on 8 May 2015)	拿督林偉雄(於二零一五年五月八日辭任)	240,000	-	-	-	240,000	-	240,000	
Independent non-executive directors:	獨立非執行董事：								
Chan Kin Ho Philip	陳建豪	203,226	-	-	-	203,226	-	203,226	
Tian Jing Hua	田晶華	203,548	-	-	-	203,548	-	203,548	
Li Zhen Zhen (Appointed on 17 July 2015)	李珍珍(於二零一五年七月十七日獲委任)	82,258	-	-	-	82,258	-	82,258	
Liu Bo (Appointed on 14 December 2015)	劉波(於二零一五年十二月十四日獲委任)	-	-	-	-	-	-	-	
Tony Tan (Resigned on 22 April 2015)	陳業強(於二零一五年四月二十二日辭任)	40,000	-	-	-	40,000	-	40,000	
Wong Choi Kay (Resigned on 22 April 2015)	黃賽琦(於二零一五年四月二十二日辭任)	40,000	-	-	-	40,000	-	40,000	
Cheung Ning (Resigned on 17 September 2015)	張寧(於二零一五年九月十七日辭任)	168,167	-	-	-	168,167	-	168,167	
Total	總計	2,418,489	1,993,000	115,288	25,500	4,552,277	-	4,552,277	

Note: These represent the estimated value of share options granted to the directors under the company's share option scheme. The value of these share options is measured according to the group's accounting policies for share-based payment transactions as set out in note 2(o)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 29.

附註：該等數額指根據本公司購股權計劃董事獲授購股權之估計價值。該等購股權之價值乃根據附註2(o)(ii)所載本集團有關以股份為基礎付款交易之會計政策計算。

該等實物利益的詳情，包括主要條款及所授出購股權數目披露於董事會報告「購股權計劃」一段及附註29。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2015: four) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the remaining one (2015: one) individual is as follows:

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,300,000	793,628
Equity-settled share-based payments	權益結算的以股份為基礎付款	1,377,406	-
Retirement scheme contributions	退休計劃供款	18,000	9,000
		2,695,406	802,628

The above emoluments were within the following bands:

上述酬金介乎下列範圍：

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Nil-HK\$1,000,000	零-1,000,000 港元	-	1
HK\$1,000,001-HK\$1,500,000	1,000,001 港元-1,500,000 港元	-	-
HK\$1,500,001-HK\$2,000,000	1,500,001 港元-2,000,000 港元	-	-
HK\$2,000,001-HK\$2,500,000	2,000,001 港元-2,500,000 港元	-	-
HK\$2,500,001-HK\$3,000,000	2,500,001 港元-3,000,000 港元	1	-
		1	1

During the year, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office. No directors of the Company have waived or agreed to waive any emoluments during the years ended 31 December 2016 and 2015.

年內，本集團並無向本公司任何董事或最高薪酬的五名人士支付任何薪酬作為加入或加入本集團後的利誘或失去職位之賠償。截至二零一六年及二零一五年十二月三十一日止年度，概無本公司董事放棄或同意放棄領取任何薪酬。

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綜合財務報表附註

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

11 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company of HK\$59,382,332 (2015: (HK\$110,997,358)) and the weighted average number of 5,509,623,921 (2015: 3,370,501,216) shares in issue during the year, calculated as follows:

(i) Number of shares:

		2016 二零一六年	2015 二零一五年
Issued ordinary shares at 1 January	於一月一日的已發行普通股	5,509,623,921	2,495,451,437
Effect of issue of new shares pursuant to a share placing (Note 28(b)(i))	根據股份配售而發行新股份的影響(附註28(b)(i))	-	246,476,712
Effect of shares issued pursuant to the loan capitalisation (Note 28(b)(i))	根據貸款資本化已發行股份的影響(附註28(b)(i))	-	412,213,406
Effect of issue of new shares pursuant to an open offer (Note 28(b)(i))	根據公開發售而發行新股份的影響(附註28(b)(i))	-	216,359,661
Weighted average number of shares at 31 December	於十二月三十一日的股份加權平均數	5,509,623,921	3,370,501,216

(b) Diluted earnings/(loss) per share

The computation of diluted earnings/(loss) per share does not assume the conversions/exercises of the Company's outstanding convertible bonds and share options since their conversions/exercises would have an anti-dilutive effect on the basic earnings/(loss) per share.

11 每股盈利/(虧損)

(a) 每股基本盈利/(虧損)

每股基本盈利/(虧損)乃基於年內本公司擁有人應佔盈利/(虧損)59,382,332港元(二零一五年: 110,997,358港元)及已發行股份加權平均數5,509,623,921股(二零一五年: 3,370,501,216股)計算如下:

(i) 股份數目:

(b) 每股攤薄盈利/(虧損)

每股攤薄盈利/(虧損)的計算並無假設轉換/行使本公司尚未轉換的可換股債券及購股權,因其轉換/行使將會對每股基本盈利/(虧損)有反攤薄影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

12 SEGMENT REPORTING

The Group has identified the reportable segments set out below. The segment information reported internally to the Group's CODM for the purposes of resource allocation and performance assessment is the same as those reported in the consolidated financial statements.

Mining of dolomite and manufacture of magnesium ingots This segment includes trading of magnesium ingots. Currently, the Group's trading activities are mainly carried out in South America, Malaysia and China.

Exploration for iron ore, coal and manganese This segment is engaged in the exploration for iron ore, coal and manganese in Indonesia. The activities carried out in Indonesia are through indirectly owned subsidiaries.

Extraction and bottling of mineral water This segment is engaged in the extraction and bottling of mineral water in the PRC. The activities carried out in the PRC are through an indirectly owned subsidiary.

12 分部呈報

本集團已確定下文載列的可呈報分部。為資源分配及表現評估目的而向本集團主要經營決策者內部申報的分部資料與該等綜合財務報表內所申報者相同。

開採白雲石及生產鎂錠 此分部包括鎂錠貿易。目前，本集團的貿易活動主要在南美、馬來西亞及中國進行。

勘探鐵礦石、煤及錳 此分部在印尼從事勘探鐵礦石、煤及錳。在印尼的活動是通過間接擁有的附屬公司進行。

提取及裝瓶礦泉水 此分部在中國從事提取及裝瓶礦泉水。在中國的活動是通過一間間接擁有的附屬公司進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

12 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current assets and current assets with the exception of pledged deposits, cash and cash equivalents and other corporate assets. Segment liabilities include non-current liabilities and current liabilities with the exception of liabilities associated with secured bank loans, convertible bonds, deferred tax liabilities, unsecured loans from third parties and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from depreciation or amortisation of assets attributable to those segments.

Segment loss represents loss resulted by each segment without allocation of central administration costs including interest on bank loans, convertible bonds and interest-bearing borrowings, and directors' emoluments, etc. This is the measure reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance.

12 分部呈報(續)

(a) 分部業績、資產及負債

基於評估分部業績及在分部間分配資源，本集團的主要經營決策者按以下基準監控每個可呈報分部應佔業績、資產及負債：

分部資產包括所有非流動資產及流動資產，但不包括質押存款、現金及現金等價物以及其他公司資產。分部負債包括非流動負債及流動負債，但不包括與有抵押銀行貸款相關的負債、可換股債券、遞延稅項負債、來自第三方無抵押貸款及其他公司負債。

收入及支出乃參考可呈報分部產生的銷售額及該等分部所產生或該等分部應佔資產折舊或攤銷所產生的支出而分配至該等可呈報分部。

分部虧損指各分部所導致而未分配中央行政成本(包括銀行貸款、可換股債券及計息借款以及董事酬金等)的虧損。這是就分配資源及評估分部表現而向本集團主要經營決策者報告的措施。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

12 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

(continued)

12 分部呈報(續)

(a) 分部業績、資產及負債(續)

		Mining of dolomite and manufacture of magnesium ingots 開採白雲石 及生產鎂錠 HK\$ 港元	Exploration for iron ore, coal and manganese 煤及錳 HK\$ 港元	Extraction and bottling of mineral water 提取及裝瓶 礦泉水 HK\$ 港元	Total 總計 HK\$ 港元
Year ended 31 December 2016	截至二零一六年 十二月三十一日止年度				
Reportable segment revenue (Note)	可呈報分部收入(附註)	8,580,874	-	447,104	9,027,978
Segment loss	分部虧損	(11,301,928)	(371,116)	(13,707,065)	(25,380,109)
Interest income	利息收入	992	-	211	1,203
Finance costs	融資成本	(817,747)	-	-	(817,747)
Gain on loan reduction	貸款減少收益	192,992,398	-	-	192,992,398
Depreciation and amortisation	折舊及攤銷	(15,529,796)	(122,200)	(799,882)	(16,451,878)
Impairment of exploration and evaluation assets	勘探及評估資產減值	-	(18,648,122)	(17,718,053)	(36,366,175)
Impairment of Interest in leasehold land	租賃土地權益減值	(125,996)	-	-	(125,996)
Impairment of trade receivable	應收賬款減值	-	-	(63,278)	(63,278)
Impairment of property, plant and equipment	物業、廠房及設備減值	(9,210,610)	-	-	(9,210,610)
Write off of inventories	存貨撇銷	-	-	-	-
Write off of property, plant and equipment	物業、廠房及設備撇銷	-	-	(13,131,002)	(13,131,002)
Additions to segment non-current assets	分部非流動資產添置	-	-	9,227,890	9,227,890
As at 31 December 2016	於二零一六年 十二月三十一日				
Segment assets	分部資產	145,039,355	23,544	2,244,724	147,307,623
Segment liabilities	分部負債	(2,687,243)	(1,365,054)	(5,678,306)	(9,730,603)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

12 SEGMENT REPORTING (continued)

(a) Segment results, assets and liabilities

(continued)

12 分部呈報(續)

(a) 分部業績、資產及負債(續)

		Mining of dolomite and manufacture of magnesium ingots 開採白雲石 及生產鎂錠 HK\$ 港元	Exploration for iron ore, coal and manganese 勘探鐵礦石、 煤及錳 HK\$ 港元	Extraction and bottling of mineral water 提取及裝瓶 礦泉水 HK\$ 港元	Total 總計 HK\$ 港元
Year ended 31 December 2015	截至二零一五年 十二月三十一日止年度				
Reportable segment revenue (Note)	可呈報分部收入(附註)	25,662,642	—	583,596	26,246,238
Segment loss	分部虧損	(20,245,305)	(229,671)	(6,254,840)	(26,729,816)
Interest income	利息收入	1,778	—	134	1,912
Finance costs	融資成本	(23,457,888)	—	(494,982)	(23,952,870)
Depreciation and amortisation	折舊及攤銷	(16,483,927)	(124,533)	(1,219,341)	(17,827,801)
Impairment of exploration and evaluation assets	勘探及評估資產減值	—	(3,736,391)	—	(3,736,391)
Write off of inventories	存貨撇銷	(2,199,487)	—	—	(2,199,487)
Write off of property, plant and equipment	物業、廠房及設備撇銷	—	—	(4,950,550)	(4,950,550)
Additions to segment non-current assets	分部非流動資產添置	—	—	9,952,483	9,952,483
As at 31 December 2015	於二零一五年 十二月三十一日				
Segment assets	分部資產	171,965,167	18,400,546	35,878,510	226,244,223
Segment liabilities	分部負債	(3,321,457)	(1,516,380)	(5,716,965)	(10,554,802)

Note:

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: HK\$Nil).

附註：

上文所呈報分部收入指來自外部客戶的收入。本年度並無分部間銷售(二零一五年：零港元)。

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綜合財務報表附註

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

12 SEGMENT REPORTING (continued)

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

12 分部呈報(續)

(b) 可呈報分部入、損益、資產及負債的對賬

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Revenue	收入		
Reportable segment revenue	可呈報分部收入	9,027,978	26,246,238
Profit/(loss)	溢利/(虧損)		
Reportable segment loss	可呈報分部虧損	(25,380,109)	(26,729,816)
Depreciation and amortisation	折舊及攤銷	(16,608,135)	(17,866,263)
Finance costs	融資成本	(27,819,101)	(45,492,651)
Interest income	利息收入	1,294	6,657
Equity-settled share-based payment	權益結算的以股份為基礎付款	(8,385,648)	-
Impairment of trade receivable	應收賬款減值	(63,278)	-
Impairment of exploration and evaluation assets	勘探及評估資產減值	(36,366,175)	(3,736,391)
Impairment of interests in leasehold land	租賃土地權益減值	(125,996)	-
Gain on loan reduction	貸款減少收益	192,992,398	-
Impairment of other receivables and prepayments	其他應收款項及預付款項減值	(1,378,000)	(3,000,000)
Impairment of property, plant and equipment	物業、廠房及設備減值	(9,210,610)	-
Write off of inventories	存貨撇銷	-	(2,199,487)
Write off of property, plant and equipment	物業、廠房及設備撇銷	(13,131,002)	(4,950,550)
Other unallocated amounts	其他未分配金額	(12,027,717)	(14,981,659)
Consolidated profit/(loss) before taxation	除稅前綜合溢利/(虧損)	42,497,921	(118,950,160)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

12 SEGMENT REPORTING (continued)

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

12 分部呈報(續)

(b) 可呈報分部入、損益、資產及負債的對賬(續)

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Assets			
Reportable segment assets	資產	147,307,623	226,244,223
Unallocated corporate assets:	可呈報分部資產		
— Cash and cash equivalents	未分配公司資產：	493,462	11,964,081
— Others	— 現金及現金等價物	1,293,288	6,532,314
	— 其他		
Consolidated total assets	綜合總資產	149,094,373	244,740,618
Liabilities			
Reportable segment liabilities	負債	(9,730,603)	(10,554,802)
Unallocated corporate liabilities:	可呈報分部負債		
— Bank loans — secured	未分配公司負債：	—	(260,423,032)
— Convertible bonds	— 有抵押銀行貸款	(10,000,000)	(29,000,000)
— Interest-bearing borrowings	— 可換股債券	(137,609,200)	(1,800,000)
— Deferred tax liabilities	— 計息借款	—	(7,952,143)
— Others	— 遞延稅項負債	(47,523,011)	(29,529,262)
	— 其他		
Consolidated total liabilities	綜合總負債	(204,862,814)	(339,259,239)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

12 SEGMENT REPORTING (continued)

(c) Geographical information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, goodwill, deposits paid for acquisition of property, plant and equipment, exploration and evaluation assets and mining deposit ("specified non-current assets"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specific non-current assets is based on: (1) the physical location of the asset in case of property, plant and equipment; and (2) the location of the operations to which they are allocated, in case of intangible assets and goodwill.

		South America 南美		Asia 亞洲		The PRC 中國		Europe 歐洲		Total 總計	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元
Turnover	營業額	-	17,589,455	5,226,874	2,225,215	447,104	583,596	3,354,000	5,847,972	9,027,978	26,246,238

		Hong Kong 香港		Malaysia 馬來西亞		The PRC 中國		Indonesia 印尼		Total 總計	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元	二零一六年 HK\$ 港元	二零一五年 HK\$ 港元
Specified non-current assets	指定非流動資產	805,247	914,668	144,411,235	175,157,108	-	33,473,868	23,544	18,927,161	145,240,026	228,472,805

(d) Information about major customers

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

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Customer A ¹	客戶 A ¹	4,891,474	5,553,787
Customer B ¹	客戶 B ¹	3,689,400	5,080,296
Customer C ¹	客戶 C ¹	N/A 不適用 ²	14,876,024

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

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

12 分部呈報(續)

(c) 地理資料

下表載列有關(i)本集團來自外部客戶的收入；及(ii)本集團物業、廠房及設備、商譽、就收購物業、廠房及設備已收按金以及勘探及評估資產以及採礦按金(「指定非流動資產」)的地理位置資料。客戶的地理位置乃根據所送貨品所在地而定。指定非流動資產的地理位置乃以：(1)資產所在地(倘屬物業、廠房及設備)；及(2)獲分配資產業務所在地(倘屬無形資產及商譽)分類。

(d) 有關主要客戶的資料

來自主要客戶的收入(每名客戶佔本集團總收入10%或以上)載列如下：

¹ 來自開採白雲石及生產鎂錠分部的收入

² 相關收入佔本集團總收入未達10%或以上

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

13 PROPERTY, PLANT AND EQUIPMENT

13 物業、廠房及設備

		Buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Retorts	Sub-total	Interests in leasehold land held for own use under operating leases	Total
		樓宇	廠房及機器	汽車	傢俬及裝置	辦公室設備	電腦設備	迴原罐	小計	根據經營租賃持有自用租賃土地權益	總計
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元	港元	港元	港元
Cost:	成本:										
At 1 January 2015	於二零一五年一月一日	176,867,554	381,194,663	2,213,250	11,059,513	140,875	118,322	73,291,146	644,885,323	13,050,151	657,935,474
Additions	添置	-	-	-	85,650	-	-	-	85,650	-	85,650
Write off	撇銷	-	(5,999,981)	-	-	-	-	-	(5,999,981)	-	(5,999,981)
Exchange adjustments	匯兌調整	(32,983,249)	(70,123,313)	(207,839)	(1,970,702)	(2,371)	-	(9,945,835)	(115,233,309)	(3,779,486)	(119,012,795)
At 31 December 2015	於二零一五年十二月三十一日	143,884,305	305,071,369	2,005,411	9,174,461	138,504	118,322	63,345,311	523,737,683	9,270,665	533,008,348
At 1 January 2016	於二零一六年一月一日	143,884,305	305,071,369	2,005,411	9,174,461	138,504	118,322	63,345,311	523,737,683	9,270,665	533,008,348
Additions	添置	9,227,890	-	-	-	-	46,835	-	9,274,725	-	9,274,725
Write off	撇銷	(11,417,127)	(5,284,238)	(267,347)	(164,184)	-	-	-	(17,132,896)	-	(17,132,896)
Exchange adjustments	匯兌調整	(5,892,954)	(11,605,824)	(57,205)	(311,063)	(53,927)	(1,936)	(684,134)	(18,607,043)	(1,761,397)	(20,368,440)
At 31 December 2016	於二零一六年十二月三十一日	135,802,114	288,181,307	1,680,859	8,699,214	84,577	163,221	62,661,177	497,272,469	7,509,268	504,781,737
Accumulated depreciation, amortisation and impairment:	累計折舊、攤銷及減值:										
At 1 January 2015	於二零一五年一月一日	105,949,904	243,070,444	1,333,613	6,655,060	62,903	100,258	47,950,106	405,122,288	7,541,880	412,664,168
Charge for the year	年內支出	3,288,400	10,956,781	206,775	926,714	4,884	10,287	2,468,747	17,862,588	3,675	17,866,263
Write off	撇銷	-	(1,049,431)	-	-	-	-	-	(1,049,431)	-	(1,049,431)
Exchange adjustments	匯兌調整	(20,122,528)	(46,689,161)	(191,563)	(1,303,153)	(2,371)	-	(7,759,875)	(76,068,651)	(1,448,321)	(77,516,972)
At 31 December 2015	於二零一五年十二月三十一日	89,115,776	206,288,633	1,348,825	6,278,621	65,416	110,545	42,658,978	345,866,794	6,097,234	351,964,028
At 1 January 2016	於二零一六年一月一日	89,115,776	206,288,633	1,348,825	6,278,621	65,416	110,545	42,658,978	345,866,794	6,097,234	351,964,028
Charge for the year	年內支出	3,303,744	9,768,912	98,024	1,092,813	4,884	12,671	2,325,779	16,606,827	1,308	16,608,135
Write off	撇銷	(615,827)	(3,219,142)	(121,693)	(45,232)	-	-	-	(4,001,894)	-	(4,001,894)
Impairment	減值	3,029,403	5,323,628	-	-	-	-	857,579	9,210,610	125,996	9,336,606
Exchange adjustments	匯兌調整	(3,693,291)	(8,248,789)	(59,212)	(339,546)	(10,115)	(326)	(588,479)	(12,939,758)	(1,269,697)	(14,209,455)
At 31 December 2016	於二零一六年十二月三十一日	91,139,805	209,913,242	1,265,944	6,986,656	60,185	122,890	45,253,857	354,742,579	4,954,841	359,697,420
Carrying amount:	賬面值:										
At 31 December 2016	於二零一六年十二月三十一日	44,662,309	78,268,065	414,915	1,712,558	24,392	40,331	17,407,320	142,529,890	2,554,427	145,084,317
At 31 December 2015	於二零一五年十二月三十一日	54,768,529	98,782,736	656,586	2,895,840	73,088	7,777	20,686,333	177,870,889	3,173,431	181,044,320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

13 PROPERTY, PLANT AND EQUIPMENT

(continued)

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

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Interests in leasehold land held for own use under operating leases outside Hong Kong — long term	根據香港境外經營租賃持作自用的租賃土地權益 — 長期	<u>2,554,427</u>	<u>3,173,431</u>

(b) Included in the Group's property, plant and equipment as at 31 December 2016 are buildings, plant and machinery, motor vehicles, retorts and interests in leasehold land held for own use under operating leases, with carrying amounts of HK\$44,638,766 (2015: HK\$52,675,114), HK\$78,268,065 (2015: HK\$96,035,253), HK\$Nil (2015: HK\$Nil), HK\$17,407,320 (2015: HK\$20,686,333) and HK\$2,554,427 (2015: HK\$3,173,431), respectively located in Malaysia and operated by CVMSB. The operation of the production plant of CVMSB was suspended since 2012. During the year, the directors of the Company conducted their own assessment review on the recoverable amount of cash-generating units ("CGU") for mining of dolomite and manufacture of magnesium ingots based on the fair value less cost of disposal and determined that an impairment loss of HK\$9,336,606 (2015: HK\$Nil) was recognised and included in other operating expenses in the consolidated statement of profit or loss.

13 物業、廠房及設備(續)

(a) 本集團物業的賬面值如下：

(b) 本集團於二零一六年十二月三十一日的物業、廠房及設備包括位於馬來西亞及由CVMSB經營的樓宇、廠房及機器、汽車、還原權及根據經營租賃持作自用的租賃土地權益，賬面值分別為44,638,766港元(二零一五年：52,675,114港元)、78,268,065港元(二零一五年：96,035,253港元)、零港元(二零一五年：零港元)、17,407,320港元(二零一五年：20,686,333港元)及2,554,427港元(二零一五年：3,173,431港元)。CVMSB的生產廠房自二零一二年起暫停營運。年內，本公司董事按公平值減出售成本對開採白雲石及生產鎂錠的現金產生單位(「現金產生單位」)的可收回金額進行評估審閱，並釐定確認減值虧損9,336,606港元(二零一五年：零港元)，並計入綜合損益表中其他經營開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

13 PROPERTY, PLANT AND EQUIPMENT

(continued)

(b) (continued)

In respect of the cash-generating unit ("CGU") for mining of dolomite and manufacture of magnesium ingots, the Group appointed an independent valuer, Raine & Horne International Zaki + Partners Sdn. Bhd. to perform valuations to assess the recoverable amount of this CGU basis on the fair value less costs of disposal by using the comparable recent transactions in similar extractive assets as at the end of the reporting period.

(c) The significant portion of buildings, retorts and interests in leasehold land held for own use under operating leases of the Group with an aggregate carrying amount of HK\$Nil (2015: HK\$76,695,579) are pledged to a bank for banking facilities granted to the Group (see Note 25).

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

The Group leases motor vehicles and furniture and fittings under finance leases expiring in 1 year. None of the leases includes contingent rentals. As at 31 December 2016, the carrying amount of motor vehicles and furniture and fittings held under finance leases of the Group was HK\$246,848 (2015: HK\$588,615).

(e) At the end of the reporting period, the property ownership certificates in respect of the property interests held in the PRC have not been issued by the relevant PRC government authorities. The carrying amount of the properties was HK\$Nil (2015: HK\$1,644,109) as at 31 December 2016.

13 物業、廠房及設備(續)

(b) (續)

就開採白雲石及生產鎂錠的現金產生單位(「現金產生單位」)而言，本集團委任一名獨立估值師Raine & Horne International Zaki + Partners Sdn. Bhd. 進行估值以於報告期末透過利用類似開採性資產近期的可予比較交易按公平值減出售成本的方式評估該等現金產生單位的可收回金額。

(c) 樓宇、還原權及本集團根據經營租賃持作自用的租賃土地權益賬面總金額零港元(二零一五年：76,695,579港元)已為授予本集團的銀行融資抵押予銀行(見附註25)。

(d) 根據融資租賃持有的物業、廠房及設備

本集團根據融資租賃租賃汽車以及傢俬及裝置，年期為1年。概無租賃包括或然租金。於二零一六年十二月三十一日，本集團根據融資租賃持有的汽車以及傢俬及裝置的賬面值為246,848港元(二零一五年：588,615港元)。

(e) 於報告期末，有關中國政府機關尚未發出於中國所持物業權益的物業所有權證。於二零一六年十二月三十一日，該等物業的賬面值為零港元(二零一五年：1,644,109港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

14 GOODWILL

14 商譽

		HK\$ 港元
Cost:	成本：	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	於二零一五年一月一日、 二零一五年十二月三十一日、 二零一六年一月一日及 二零一六年十二月三十一日	<u>252,803,090</u>
Accumulated impairment losses:	累計減值虧損：	
At 1 January 2015, 31 December 2015, 1 January 2016 and 31 December 2016	於二零一五年一月一日、 二零一五年十二月三十一日、 二零一六年一月一日及 二零一六年十二月三十一日	<u>252,803,090</u>
Carrying amount:	賬面值：	
At 31 December 2016	於二零一六年十二月三十一日	<u>—</u>
At 31 December 2015	於二零一五年十二月三十一日	<u>—</u>

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

A valuation report, prepared by GC Appraisals, showed that the fair value of exploration and evaluation assets of the acquired subsidiary at the date of acquisition, determined based on the income-based method, was HK\$161,763,000. Accordingly, the goodwill arising from the acquisition of the Victory Dragon Group was calculated to be HK\$111,180,501.

(a) 截至二零一二年十二月三十一日止年度，最初產生商譽乃部份由於收購凱龍集團有限公司及其附屬公司龍川（「凱龍集團」）所致。本公司董事認為，商譽指已收購礦泉水業務的潛在增長所產生的未來經濟利益及現有業務營運，並已於二零一三年悉數減值。

GC Appraisals所編製的估值報告顯示，所收購附屬公司的勘探及評估資產於收購日公平值按收入法釐定為161,763,000港元。因此，收購凱龍集團所產生的商譽為111,180,501港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

14 GOODWILL (continued)

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

At the end of the reporting period, goodwill is allocated to the Group's CGU identified according to country of operation and operating segment as follows:

	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Extraction and bottling of mineral water 提取及裝瓶礦泉水	—	—

The recoverable amount of the CGU of extraction and bottling of mineral water is determined based on value in use calculation. The calculation use pre-tax cash flow projection based on financial budgets approved by management of the Company covering an eleven-year period, which represents approximately the remaining license period of the mining right to mine and extract mineral water. The CGU's cash flows beyond the three-year period are extrapolated using a steady average growth rate of 5.7% (2015: 5.7%), until reaching the maximum capacity of 15,000 bottles per hour. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The discount rate applied to the cash flow projection is 18.11% (2015: 35.89%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment.

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

14 商譽(續)

(b) 含有商譽之現金產生單位之減值測試

於報告期末，本集團向按經營國家及經營分部識別之現金產生單位分配商譽如下：

提取及裝瓶礦泉水現金產生單位的可收回金額乃按使用價值計算。該計算方法採用本公司管理層編製涉及十一年期(約為開採及提取礦泉水的採礦權的餘下許可證有效期)的財政預算以計算稅前現金流量。三年期後現金產生單位的現金流量乃按5.7%(二零一五年：5.7%)的穩定平均增長率直至最大容量每小時15,000瓶為止推算。此增長率乃按照相關行業增長預測釐定，且並無超出相關行業的平均長期增長率。現金流量預測應用之貼現率為18.11%(二零一五年：35.89%)。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

15 勘探及評估資產

		Mining of dolomite and manufacture of magnesium ingots 開採白雲石 及生產鎂錠 HK\$ 港元	Exploration for iron ore, coal and manganese 勘探鐵礦石、 煤炭及錳 HK\$ 港元	Extraction and bottling of mineral water 提取及 裝瓶礦泉水 HK\$ 港元	Total 總計 HK\$ 港元
Cost:	成本：				
At 1 January 2015	於二零一五年一月一日	4,125,190	280,166,490	157,620,089	441,911,769
Exchange adjustments	匯兌調整	–	140,878	(4,596,484)	(4,455,606)
At 31 December 2015	於二零一五年十二月三十一日	4,125,190	280,307,368	153,023,605	437,456,163
At 1 January 2016	於二零一六年一月一日	4,125,190	280,307,368	153,023,605	437,456,163
Exchange adjustments	匯兌調整	–	(202,286)	(7,326,549)	(7,528,835)
At 31 December 2016	於二零一六年十二月三十一日	4,125,190	280,105,082	145,697,056	429,927,328
Accumulated amortisation and impairment:	累計攤銷及減值：				
At 1 January 2015	於二零一五年一月一日	4,125,190	257,674,090	138,452,089	400,251,369
Impairment loss	減值虧損	–	3,736,391	–	3,736,391
Exchange adjustments	匯兌調整	–	106,629	(4,037,511)	(3,930,882)
At 31 December 2015	於二零一五年十二月三十一日	4,125,190	261,517,110	134,414,578	400,056,878
At 1 January 2016	於二零一六年一月一日	4,125,190	261,517,110	134,414,578	400,056,878
Impairment loss	減值虧損	–	18,648,122	17,718,053	36,366,175
Exchange adjustments	匯兌調整	–	(60,150)	(6,435,575)	(6,495,725)
At 31 December 2016	於二零一六年十二月三十一日	4,125,190	280,105,082	145,697,056	429,927,328
Carrying amount:	賬面值：				
At 31 December 2016	於二零一六年十二月三十一日	–	–	–	–
At 31 December 2015	於二零一五年十二月三十一日	–	18,790,258	18,609,027	37,399,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(a) CVMSB has undertaken various feasibility studies in relation to the mining and extraction of dolomite in Peninsula Malaysia since 2004. On 15 June 2006, CVMSB entered into an agreement (the "Mining Agreement") with Majuperak Energy Resources Sdn. Bhd. ("MERSB") (formerly known as Harta Perak Corporation Sdn. Bhd.), a subsidiary of the Perak State Development Corporation ("PSDC"), a shareholder of the Company. Pursuant to the Mining Agreement, CVMSB has been granted, at no initial cost, an exclusive right to mine and extract magnesium dolomite from the Dolomite Land for a period of 20 years, with an option to renew for a further period of 10 years. The Mining Agreement can be terminated early by the Group by giving one month's written notice to MERSB. CVMSB is required to pay royalties to MERSB based on the volume of dolomite extracted, subject to a monthly minimum payment (see Note 31(b)). Due to suspension of its production plant since 2012, CVMSB did not extract any dolomite from the Dolomite Land during the years ended 31 December 2016 and 2015.

Mining activities for this dolomite project had started in 2010 and the amortisation charge relating to the project for the year is included in "administrative expenses" (2015: "administrative expenses") in the consolidated statement of profit or loss of the Group.

15 勘探及評估資產(續)

(a) CVMSB自二零零四年起已就在馬來西亞半島開採及提取白雲石進行多項可行性研究。於二零零六年六月十五日，CVMSB與本公司股東霹靂州經濟發展機構(Perak State Development Corporation) (「PSDC」)的附屬公司Majuperak Energy Resources Sdn. Bhd. (「MERSB」) (前稱Harta Perak Corporation Sdn. Bhd.)訂立協議(「採礦協議」)。根據採礦協議，CVMSB在毋須任何初期成本的情況下獲授於白雲石土地開採及提取鎂質白雲石的專有權，為期20年，可選擇續期10年。本集團可向MERSB發出一個月書面通知提早終止採礦協議。CVMSB須根據所提取白雲石的數量按每月最低付款向MERSB支付專利權費(見附註31(b))。截至二零一六年及二零一五年十二月三十一日止年度，由於CVMSB的生產廠房自二零一二年起暫停營運，故其並無從白雲石土地開採任何白雲石。

本白雲石項目的開採活動已於二零一零年開始，而有關本年度項目的攤銷費用列入本集團綜合損益表的「行政開支」(二零一五年：「行政開支」)內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

- (b) PT. Commerce Venture Iron Ore (“PTCV Iron”) and PT. Commerce Venture Coal (“PTCV Coal”), both are indirectly held subsidiaries of the Company, have exploration mining permits in relation to the mining and extraction of coal, iron ore and manganese in Indonesia. Both PTCV Iron and PTVC Coal were disposed to an independent third party on 3 April 2014 (the “Disposal”).

PTCV Coal holds exploration mining permits for (i) coal exploration in an area of 10,000 hectares in Beutong and Tadu Raya Subdistrict, Nagan Raya Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 7 October 2013 (“Permit 1”); and (ii) manganese exploration in an area of 3,710 hectares in Bakongan Subdistrict, South Aceh Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 28 January 2014 (“Permit 2”).

PTCV Iron holds exploration mining permits for (i) coal exploration in an area of 9,825 hectares in Kuala and Tadu Raya Subdistrict, Nagan Raya Regency, Nanggroe Aceh Darussalam Province of Indonesia, valid until 5 March 2014 (“Permit 3”); and (ii) iron ore exploration in an area of 450 hectares in Pananggalan Subdistrict, Subulussalam City, Nanggroe Aceh Darussalam Province of Indonesia, valid until 14 December 2012 (“Permit 4”). On 5 September 2013, the relevant local authorities informed the Group that the Permit 4 could not be extended or renewed due to environmental issues surrounding the relevant exploration activities location and the authorities will reconsider the renewal application if the situation has improved.

15 勘探及評估資產(續)

- (b) 本公司間接附屬公司PT. Commerce Venture Iron Ore(「PTCV Iron」)與PT. Commerce Venture Coal(「PTCV Coal」)擁有在印尼開採及提取煤炭、鐵礦石及錳之勘探開採許可證。PTCV Iron及PTCV Coal均已於二零一四年四月三日出售予一名獨立第三方(「出售」)。

PTCV Coal持有的勘探開採許可證可(i)於印尼Nanggroe Aceh Darussalam省Nagan Raya區的Beutong及Tadu Raya分區10,000公頃面積從事煤炭勘探，有效期至二零一三年十月七日(「1號許可證」)；及(ii)於印尼Nanggroe Aceh Darussalam省South Aceh區的Bakongan分區3,710公頃面積從事錳勘探，有效期至二零一四年一月二十八日(「2號許可證」)。

PTCV Iron持有的勘探開採許可證可(i)於印尼Nanggroe Aceh Darussalam省Nagan Raya區的Kuala及Tadu Raya分區9,825公頃面積從事煤炭勘探，有效期至二零一四年三月五日(「3號許可證」)；及(ii)於印尼Nanggroe Aceh Darussalam省Subulussalam市Pananggalan分區450公頃面積從事鐵礦石勘探，有效期至二零一二年十二月十四日(「4號許可證」)。於二零一三年九月五日，相關地方政府機關通知本集團4號許可證因相關勘探活動地區周邊的環境問題而不獲批續領，而有關政府機關將於情況有所改善時重新考慮續領申請。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(b) (continued)

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

There were not any impacts of the above subsidiaries thereafter since they were all disposed since 3 April 2014.

(c) PTLM holds a production operation mining permit for manganese ("Mining Permit") in an area of 195 hectares in the Jatimulyo Village, Girimulyo Subdistrict, Kulon Progo Regency, Daerah Istimewa Yogyakarta Province, Indonesia ("Mining area"). The Mining Permit is used for mining activities including construction, mining, processing and refining or smelting as well as hauling and sales of manganese in the Mining area. The Mining Permit is valid for a period of 10 years from 24 February 2011 and is capable of being extended for two further terms of 10 years each at the maximum. PTLM has undertaken various feasibility studies in relation to the mining of and exploration for manganese in the Mining area.

15 勘探及評估資產(續)

(b) (續)

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

自上述附屬公司於二零一四年四月三日起全數出售後，彼等其後並無任何影響。

(c) PTLM持有錳生產經營開採許可證(「開採許可證」)，涉及面積195公頃，位於印尼Daerah Istimewa Yogyakarta省Kulon Progo區Girimulyo分區Jatimulyo村(「礦區」)。開採許可證乃用作採礦活動，包括建築、採礦、選礦及提煉或冶煉以及運輸及銷售礦區的錳。開採許可證有效期為二零一一年二月二十四日起計10年，最多可再續期兩次，每次10年。PTLM正進行有關在礦區開採及勘探錳的各種可行性研究。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(c) (continued)

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

15 勘探及評估資產(續)

(c) (續)

於二零一二年，由於本集團與PTLM的法律代表失去聯絡，故並無於礦山進行勘探活動，令PTLM的日常營運及採礦活動陷入停滯狀態，並可能影響PTLM履行有關其開採許可證及任何其他政府規例的責任(見附註17)。截至二零一四年十二月三十一日止年度，已根據印尼相關法律規定重新提名法律代表。PTLM分別於二零一四年八月二十一日及二零一四年十月十三日接獲Trade and Energy Industries of Resource of Minerals Office Government of Kulon Progo區發出的警告函，提示PTLM不得遲於此等函件發出日期起計一個月向有關印尼當局提交附有法定代表署名的稅項表格及作出匯報，即時履行其作為開採許可證持有人的責任。本公司管理層分別於二零一四年九月二十二日及二零一四年十一月四日重申，現正進行管理重組，因此所有活動現已暫時停止，直至管理重組完成為止。此外，管理重組一旦完成，PTLM價格恢復投資及其他採礦活動。由於早前未能就PTLM董事會委任新董事及法律代表召開特別大會，故PTLM已就委任該等獲重新提名董事及替任法律代表而向Yogyakarta省法院申請法院裁決。然而，法院已將第三次聽證會進一步延期至二零一四年九月三十日。於二零一四年十一月十九日，法院判決訂明PTLM的控股公司可舉行股東特別大會(「股東特別大會」)以重新提名法律代表。於綜合財務報表批准日期，根據印尼相關法律規定舉行的股東特別大會及重新提名法律代表的事宜仍在進行中。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(c) (continued)

No exploration and evaluation costs were capitalised and no income was derived from the mining of manganese during the years ended 31 December 2016 and 2015.

At 31 December 2016, the Group determined the recoverable amount of CGU for PTLM based on value in use calculation. The calculation uses cash flow projection based on financial budgets and production forecast as prepared by management of the Company covering a sixteen-year period, which represents approximately the remaining license period of the mining right as well as hauling and sales of manganese in the Mining area. The cash flows are in zero growth rate. The discount rate applied to the cash flow projection is 23.60% (2015: 25.90%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. Taking into consideration the uncertainties mentioned in Note 17 and making reference to the valuation performed by GC Appraisals as at 31 December 2016, the Company's directors determined that an impairment loss of HK\$18,648,122 (2015: HK\$3,736,391) has been recognised and included in other operating expenses in the consolidated statement of profit or loss for the year ended 31 December 2016.

15 勘探及評估資產(續)

(c) (續)

截至二零一六年及二零一五年十二月三十一日止年度，錳礦並無任何勘探及評估成本被資本化及無產生任何收入。

於二零一六年十二月三十一日，本集團按使用價值計算方法就PTLM釐定現金產生單位之可收回金額。該計算方法採用本公司管理層編製涉及十六年期(約為採礦權以及運輸及銷售礦區的錳的餘下許可證有效期)的財政預算及生產預測的現金流量預測。現金流量乃按零增長率推算。現金流量預測應用之貼現率為23.60%(二零一五年：25.90%)。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。本公司董事經考慮於附註17中所述的不明朗因素，並參考GC Appraisals於二零一六年十二月三十一日進行的估值後，確定已確認減值虧損18,648,122港元(二零一五年：3,736,391港元)，並計入截至二零一六年十二月三十一日止年度的綜合損益表中其他經營開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(d) Long Chuan holds a mineral water permit (礦泉水取水許可證) to extract maximum volume of water up to 33,000 meter cube per annum in relation to the Longchuan Spring (the "Water Permit") from 1 March 2007 to 26 February 2015. The application for renewal of the Water Permit was submitted in December 2014 and has been renewed on 1 March 2015. Long Chuan had also been granted in prior years a mineral water extraction permit (礦泉水採礦許可證) with a right to extract mineral water in the stipulated mining area for a period from 23 December 2011 to 23 December 2021. Nonetheless, the statutory required mineral water registration certificate (礦泉水註冊登記證) ("Water Registration Certificate") had expired on 31 December 2012 already and not yet been renewed up to the approval date of the consolidated financial statements. The main reason was due to the change in approval procedures of the State Land Resources Bureau in Guangzhou since August 2012 whereas the approval power has been delegated to County Land Resources Bureau in Guangzhou who has no relevant experience of how to approve such licenses or registration certificates. This had caused a substantial delay in the renewal of the Water Registration Certificate. Long Chuan had submitted a renewal application of the Water Registration Certificate in December 2014 and had passed through to the intermediate stage of the renewal process because Long Chuan had received from County Land Resources Bureau in Guangzhou an acknowledgement of receipt in writing on 17 December 2014 and a progress confirmation on 15 March 2016 of its renewal application being in process.

15 勘探及評估資產 (續)

(d) 龍川持有礦泉水取水許可證(「取水許可證」)，二零零七年三月一日至二零一五年二月二十六日龍川泉最大提取水量為每年最多33,000立方米。重續取水許可證的申請已於二零一四年十二月提交，並已於二零一五年三月一日獲重續。龍川於過往年度亦獲授予礦泉水採礦許可證以於自二零一一年十二月二十三日起至二零一二年十二月二十三日止期間在指定開採區域抽取礦泉水。然而，所須的規定礦泉水註冊登記證(「水註冊登記證」)已於二零一二年十二月三十一日屆滿，且於綜合財務報表批准日期尚未重續。主要原因乃由於自二零一二年八月起廣州市國土資源局的審批程序變動所致，據此，審批權已下放至廣州縣國土資源局，其並無審批有關許可證或註冊登記證的相關經驗，故導致重續水註冊登記證出現重大延誤。龍川已於二零一四年十二月提交水註冊登記證的重續申請，並已通過重續過程的中期階段，此乃由於龍川已於二零一四年十二月十七日接獲廣州縣國土資源局發出收到申請的確認，並於二零一六年三月十五日收到進度確認，確認其重續申請正在進行中。

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綜合財務報表附註

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(d) (continued)

The Longchuan Spring is situated at Damiao Village Longmu Town Longchuan County Heyuan City (河源市龍川縣龍母鎮大廟村), the PRC, with an aggregate mining area of approximately 0.3956 km². It is well connected with the source of the East River (Dongjiang) which supplies fresh water to Hong Kong and parts of Guangdong Province. The Longchuan Spring is protected by a protection zone of 30 km in radius with no significant industrial pollution source within a radius of up to 50 km. Longchuan Spring contains six of the eight prescribed minerals in sufficient quantity to quality, including free carbon dioxide.

According to the technical report prepared by 廣東省地質技術工程諮詢公司 (unofficially translated as Guangdong Province Geological Engineering Consulting Firm) in July 2003, the Longchuan Spring provides about 270,000 tons of minerals water annually and the water contains significant amounts of minerals including potassium, sodium, calcium, magnesium, lithium, strontium and zinc.

Taking into consideration the performance of the mine as disclosed in Note 14, sustained operating losses and unable to generate positive cash flow from the date of acquisition in April 2012 to 31 December 2016, the business operated by Long Chuan is not commercially viable, as a result, the mineral water extraction permit had not been reclassified to an intangible asset.

15 勘探及評估資產 (續)

(d) (續)

龍川泉位於中國河源市龍川縣龍母鎮大廟村，總開採面積約為0.3956平方公里，與東江水源相連，向香港及廣東省部份地區供應淡水。龍川泉保護區半徑綿延30公里，在長達50公里半徑範圍內無任何重大工業污染源。龍川泉含八種規定礦物中的六種(包括遊離二氧化碳)，從數量到質量均合乎要求。

根據廣東省地質技術工程諮詢公司於二零零三年七月編製的技術報告，龍川泉每年提供約270,000噸礦泉水，該礦泉水含大量礦物，包括鉀、鈉、鈣、鎂、鋰、鋇及鋅。

經考慮附註14所披露之礦區表現、持續經營虧損及由二零一二年四月收購日至二零一六年十二月三十一日未能產生正面現金流量後，龍川經營的業務商業上屬不可行，因此，礦泉水提取許可證並無重新分類為無形資產。

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

15 EXPLORATION AND EVALUATION ASSETS

(continued)

(d) (continued)

At 31 December 2016, the Group determined the recoverable amount of CGU for extraction and bottling of mineral water based on value in use calculation. The calculation uses cash flow projection based on financial budgets and production forecast as prepared by management covering a five-year period, which represents approximately the remaining license period of the mining right to mine and extract mineral water. The CGU's cash flows beyond the three-year period are extrapolated using a steady average growth rate of 5.7% (2015: 5.7%), until reaching the maximum capacity of 15,000 bottles per hour. This growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. The discount applied to the cash flows projection is 18.11% (2015: 35.89%). The discount rate used is pre-tax and reflects specific risks relating to the relevant segment. Taking into consideration the performance of the mine as disclosed in Note 14, and making reference to the valuation performed by GC Appraisals as at 31 December 2016, the Company's directors determined that an impairment loss of HK\$17,718,053 (2015: HK\$Nil) has been recognised and included in other operating expenses in the consolidated statement of profit or loss.

16 MINING DEPOSIT

This amount represents a deposit of RM90,000 (equivalent to HK\$155,709) at 31 December 2016 (2015: RM90,000 (equivalent to HK\$162,367)) paid to MERSB pursuant to the Mining Agreement (see Note 15(a)) by the Group.

15 勘探及評估資產(續)

(d) (續)

於二零一六年十二月三十一日，本集團按使用價值計算方法就提取及裝瓶礦泉水釐定現金產生單位之可收回金額。該計算方法採用管理層編製涉及五年期(約為開採及提取礦泉水的採礦權的餘下許可證有效期)的財政預算及生產預測的現金流量預測。三年期後現金產生單位的現金流量乃按5.7%(二零一五年: 5.7%)的穩定平均增長率直至最大容量每小時15,000瓶為止推算。此增長率乃按照相關行業增長預測釐定，且並無超出相關行業的平均長期增長率。現金流量預測應用之貼現率為18.11%(二零一五年: 35.89%)。採納之貼現率尚未扣除稅項，且反映有關分部的具體風險。本公司董事經慮及附註14所披露之礦區表現，並參考GC Appraisals於二零一六年十二月三十一日進行的估值後，確定已確認減值虧損17,718,053港元(二零一五年: 零港元)，並計入綜合損益表中其他經營開支。

16 採礦按金

此金額指於二零一六年十二月三十一日本集團根據採礦協議(見附註15(a))支付予MERSB的按金90,000馬幣(相當於155,709港元)(二零一五年: 90,000馬幣(相當於162,367港元))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 SUBSIDIARIES

Details of the subsidiaries as at 31 December 2016 are as follows:

17 附屬公司

於二零一六年十二月三十一日，附屬公司詳情如下：

Name of company 公司名稱	Place of incorporation and operation 註冊成立及業務地點	Issued and paid up capital 已發行及繳足股本	Percentage of effective ownership interest 本公司應佔權益百分比		Principal activities 主要業務	Note 附註
			Direct 直接	Indirect 間接		
CVMSB	Malaysia 馬來西亞	RM36,000,000 36,000,000 馬幣	100%	–	Mining of dolomite and manufacturing of magnesium ingots 開採白雲石及生產鎂錠	(a)
CVM Marketing Limited	BVI 英屬處女群島	US\$10,000 10,000 美元	–	100%	Investment holding 投資控股	(a)
CVM International Marketing Sdn. Bhd.	Malaysia 馬來西亞	RM2 2 馬幣	–	100%	Trading in magnesium ingots 鎂錠貿易	(a)
CVM Marketing Sdn. Bhd.	Malaysia 馬來西亞	RM100,000 100,000 馬幣	60%	–	Dormant 暫無營業	(a)
Step Pacific Development Limited	BVI 英屬處女群島	US\$10,000 10,000 美元	51%	–	Investment holding 投資控股	(a)
Stabil Megamas Sdn. Bhd.	Malaysia 馬來西亞	RM10,000 10,000 馬幣	–	51%	Investment holding 投資控股	(a)
PTLM	Indonesia 印尼	RPH10,000,000,000 10,000,000,000 印尼盾	–	50.50%	Exploration for manganese 勘探錳	(b)
Nice Tone Enterprises Limited	BVI 英屬處女群島	US\$10,000 10,000 美元	100%	–	Investment holding 投資控股	(c)
Victory Dragon Holdings Limited 凱龍集團有限公司	Hong Kong 香港	HK\$6,000,000 6,000,000 港元	–	51%	Investment holding 投資控股	(d), (e)
Long Chuan 龍川	The PRC 中國	US\$1,400,000 1,400,000 美元	–	51%	Extraction and bottling of mineral water 提取及裝瓶礦泉水	(c), (d)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

17 SUBSIDIARIES (continued)

17 附屬公司(續)

Name of company 公司名稱	Place of incorporation and operation 註冊成立及業務地點	Issued and paid up capital 已發行及繳足股本	Percentage of effective ownership interest 本公司應佔權益百分比		Principal activities 主要業務	Note 附註
			Direct 直接	Indirect 間接		
Chinese Loong Culture Development Group Limited 中華龍文化發展集團有限公司	Hong Kong 香港	HK\$1 1港元	100%	–	Dormant 暫無營業	(f)
Golden Elegant Limited 金億利有限公司	Hong Kong 香港	HK\$1 1港元	100%	–	Dormant 暫無營業	(f)
Asia Pacific (China) Investments Limited 亞太(中國)投資集團有限公司	BVI 英屬處女群島	USD\$1 1美元	100%	–	Dormant 暫無營業	(g)
Charterland Capital Holdings Limited 卓業資本控股有限公司	BVI 英屬處女群島	USD\$1 1美元	100%	–	Dormant 暫無營業	(g)
League International Enterprises Investments Limited 聯合國際實業有限公司	BVI 英屬處女群島	USD\$1 1美元	100%	–	Dormant 暫無營業	(g)
Great Success Asset Management Limited 大成資產管理有限公司	BVI 英屬處女群島	USD\$1 1美元	100%	–	Dormant 暫無營業	(g)
Great Success Enterprises Management Limited 大成企業管理有限公司	Hong Kong 香港	HK\$1 1港元	–	100%	Dormant 暫無營業	(g)
Great Success (China) Strategy Limited 大成(中國)策略有限公司	Hong Kong 香港	HK\$1 1港元	–	100%	Dormant 暫無營業	(g)
Great China Financial Holdings Group Limited 大華金融控股集團有限公司	Hong Kong 香港	HK\$1 1港元	–	100%	Dormant 暫無營業	(g)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

17 SUBSIDIARIES (continued)

17 附屬公司(續)

Name of company 公司名稱	Place of incorporation and operation 註冊成立及業務地點	Issued and paid up capital 已發行及繳足股本	Percentage of effective ownership interest 本公司應佔權益百分比		Principal activities 主要業務	Note 附註
			Direct 直接	Indirect 間接		
Great China Precious Metal Trading Limited 大華貴金屬貿易有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
Xin Hua Film Investments Limited 新華影業投資有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
Xin Hua Entertainment (International) Limited 新華娛樂(國際)有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
Guo Ye Landmark Company Limited 國葉置地股份有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
Guo Ye Global Holdings Limited 國葉環球控股有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
United Great Enterprises Investments Limited 聯美實業投資有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
League International Shares Company Limited 聯合國際股份有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
Premier Capital Asset Limited 卓越資產有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)
Charterland International Trading Limited 卓業國際貿易有限公司	Hong Kong 香港	HK\$1 1港元	-	100%	Dormant 暫無營業	(g)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

17 SUBSIDIARIES (continued)

17 附屬公司(續)

Name of company 公司名稱	Place of incorporation and operation 註冊成立及業務地點	Issued and paid up capital 已發行及繳足股本	Percentage of effective ownership interest 本公司應佔權益百分比		Principal activities 主要業務	Note 附註
			Direct 直接	Indirect 間接		
			United Properties (HK) Limited 聯合置業(香港)有限公司	Hong Kong 香港		
American Land Group Holdings, INC.	United States of America ("USA") 美國(「美國」)	–	100%	–	Dormant 暫無營業	(g), (h)

Notes:

- (a) Audited by Baker Tilly Monteiro Heng.
- (b) Audited by Achmad, Rasyid Hisbullah & Jerry.
- (c) No separate financial statements were prepared as it is not required to issue audited financial statements under the local statutory requirements.
- (d) Audited by Solarmark (HK) C.P.A. Limited ("Solarmark").
- (e) Consolidated financial statements, including Long Chuan are audited by Solarmark.
- (f) Chinese Loong Culture Development Group Limited and Golden Elegant Limited were reviewed and audited by Baker Tilly Hong Kong Limited, respectively.
- (g) Incorporated during the year ended 31 December 2016 and reviewed by Baker Tilly Hong Kong Limited.
- (h) No share capital was issued and paid up to the approval date of the consolidated financial statements.

附註：

- (a) 經 Baker Tilly Monteiro Heng 審核。
- (b) 經 Achmad, Rasyid Hisbullah & Jerry 審核。
- (c) 由於根據當地法定規定毋須刊發經審核財務報表，故並無編製獨立財務報表。
- (d) 經正明(香港)會計師事務所有限公司(「正明」)審核。
- (e) 綜合財務報表，包括龍川，經正明審核。
- (f) 中華龍文化發展集團有限公司及金德利有限公司分別經天職香港會計師事務所有限公司審閱及審核。
- (g) 於截至二零一六年十二月三十一日止年度註冊成立並經天職香港會計師事務所有限公司審閱。
- (h) 直至綜合財務報表批准日期，並無已發行及已繳股本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

17 SUBSIDIARIES (continued)

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

17 附屬公司(續)

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

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Year ended 31 December:	截至十二月三十一日止年度：		
Revenue	收入	447,104	583,596
Loss for the year	年內虧損	(17,969,924)	(11,824,772)
Total comprehensive loss	全面虧損總額	(19,020,045)	(11,960,358)
Loss allocated to NCI	分配至非控股權益虧損	(8,805,263)	(5,794,138)
Dividends paid to NCI	已付非控股權益股息	-	-
Net cash (used in)/generated from operating activities	經營業務(動用)/所得現金淨額	(10,028,772)	10,190,051
Net cash generated from/(used in) investing activities	投資業務所得/(動用)現金淨額	9,867,044	(9,952,483)
Net cash used in financing activities	融資業務動用現金淨額	-	-
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物 (減少)/增加淨額	(161,728)	237,568
At 31 December:	於十二月三十一日：		
Non-current assets	非流動資產	-	33,473,868
Current assets	流動資產	2,408,347	2,171,021
Current liabilities	流動負債	(58,334,985)	(53,942,455)
Non-current liabilities	非流動負債	-	(5,296,762)
Net liabilities	負債淨額	(55,926,638)	(23,594,328)
Accumulated NCI	累計非控股權益	(27,404,053)	(11,561,221)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

18 INVENTORIES

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

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Raw materials	原料	-	-
Work-in-progress	半成品	-	-
Finished goods	製成品	-	-
		-	-

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

18 存貨

- (a) 綜合財務狀況表中的存貨包括：

- (b) 確認為開支並計入損益的存貨金額分析如下：

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Carrying amount of inventories sold (Note 7(d))	已售存貨賬面值(附註7(d))	9,245,729	40,283,476
Write off of inventories (Note 7(c))	存貨撇銷(附註7(c))	-	2,199,487
		9,245,729	42,482,963

During the year ended 31 December 2016, raw material and finished goods of HK\$Nil (2015: HK\$2,199,487) were written off. This was because these raw material and finished goods had been deteriorated tremendously and could not be used as assessed by the management of the Company.

截至二零一六年十二月三十一日止年度，原料及製成品零港元(二零一五年：2,199,487港元)已被撇銷，此乃由於該等原料及製成品已嚴重惡化，並經本公司管理層評估為無法使用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

19 TRADE RECEIVABLES

19 應收賬款

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Trade receivables	應收賬款	211,924	177,489
Less: provision for impairment	減：減值撥備	(63,278)	—
		148,646	177,489

All of the trade receivables are expected to be recovered within one year.

預期所有應收賬款於一年內收回。

(a) Ageing analysis

An ageing analysis of trade receivables, based on the invoice date, net of provision for impairment is as follows:

(a) 賬齡分析

根據發票日期的應收賬款(扣除減值撥備)賬齡分析如下：

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Current, neither past due nor impaired	即期，並無逾期或減值	—	49,428
Less than 1 month past due	逾期少於一個月	492	—
1 month to 2 months past due	逾期一個月至兩個月	386	—
More than 2 months but less than 12 months past due	逾期超過兩個月但少於十二個月	47,930	16,936
Over 12 months past due	逾期超過十二個月	99,838	111,125
Amounts past due	逾期金額	148,646	128,061
Total	總計	148,646	177,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

19 TRADE RECEIVABLES (continued)

(a) Ageing analysis (continued)

Trade receivables derived from sales of magnesium ingots are due within 14 days (2015: 14 days) from the date of the bill of lading for exports sales or date of invoice for local sales. Other than that the Group has a policy of allowing customers for domestic trading and distribution in the PRC with credit terms or normally cash on delivery.

Further details on the Group's credit policy are set out in Note 30(b).

Receivables that were neither past due nor impaired related to independent customers that have a good track record with the Group. Based on past experience, the directors of the Company believed that no impairment allowance was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group does not hold any collateral over these balances.

- (b) The movements in provision for impairment during the year were as follows:

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
At 1 January	於一月一日	-	-
Impairment loss recognised	已確認之減值虧損	63,278	-
At 31 December	於十二月三十一日	63,278	-

- (c) At 31 December 2016, none of trade receivables (2015: HK\$Nil) were pledged as security for banking facilities granted to the Group.

19 應收賬款(續)

(a) 賬齡分析(續)

來自銷售鎂錠的應收賬款自出口銷售的提單日期或本地銷售的發票日期起計14日(二零一五年: 14日)內到期。除此以外, 本集團的政策可向於中國本地買賣及分銷的客戶提供信貸期, 或一般以貨到付款形式進行交易。

有關本集團信貸政策的進一步詳情載於附註30(b)。

並無逾期或減值之應收賬款與本集團有良好往績記錄之獨立客戶有關。根據過往經驗, 本公司董事相信, 對此等結餘毋須作出減值撥備, 原因為信貸質素並無重大變動, 且有關結餘仍被視為可全數收回。本集團並無就此等結餘持有任何抵押品。

- (b) 年內減值撥備之變動如下:

- (c) 於二零一六年十二月三十一日, 並無應收賬款(二零一五年: 零港元)已予質押, 作為取得授予本集團銀行融資的抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

20 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

20 預付款項、按金及其他應收款項

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Other receivables	其他應收款項	3,415,350	2,062,576
Advance payment to a contractor (Note (a))	向一名承包商墊款(附註(a))	11,621,941	13,767,479
Prepayments for raw materials and machinery (Note (b))	原料及機器的預付款項(附註(b))	527,997	625,470
Deposits and prepayments	按金及預付款項	1,174,889	1,584,961
		16,740,177	18,040,486
Less: Impairment losses	減：減值虧損		
— other receivables	— 其他應收款項	(1,300,000)	—
— advance payment to a contractor (Note (a))	— 向一名承包商墊款(附註(a))	(11,621,941)	(13,767,479)
— prepayments for raw materials and machinery (Note (b))	— 原料及機器的預付款(附註(b))	(527,997)	(625,470)
— deposits and prepayments	— 按金及預付款項	(78,000)	—
		3,212,239	3,647,537

Apart from certain of the Group's deposits and prepayments of HK\$732,536 (2015: HK\$438,834), the remaining prepayments, deposits and other receivables of the Group are expected to be recovered or recognised as expenses within one year.

除本集團的若干按金及預付款項732,536港元(二零一五年：438,834港元)外，預期本集團的其餘預付款項、按金及其他應收款項將於一年內收回或確認為開支。

(a) In prior years, the Group advanced a total of RM6,717,482 (equivalent to approximately HK\$11,621,941) (2015: RM:6,717,482 (equivalent to approximately HK\$13,767,479)) to a contractor for ratification works in the production plant of magnesium ingots in Malaysia. This contractor was put under creditor's winding up in 2012. The Group's management assessed the recoverability of these advances was remote and had made a full provision against them as at 31 December 2016 and 2015.

(a) 於過往年度，本集團就馬來西亞的鎂錠生產廠房的認可工程向一名承包商墊付合共6,717,482馬幣(相當於約11,621,941港元)(二零一五年：6,717,482馬幣(相當於約13,767,479港元))。該名承包商於二零一二年被債權人清盤。本集團管理層評定收回此等墊款的機會甚微，並已於二零一六年及二零一五年十二月三十一日作出全數撥備。

(b) In prior years, the Group had made prepayments of RM305,182 (equivalent to approximately HK\$527,997) (2015: RM305,182 (equivalent to approximately HK\$625,470)) to an entity for purchase of raw materials and machinery. During the year, no goods and/or machinery have been received by the Group from that entity in settlement of the prepayments made. The Group's management assessed the recoverability of these prepayments was remote after suspension of the production plant in Malaysia, and thus a full provision against them has been made as at 31 December 2016 and 2015.

(b) 於過往年度，本集團就購買原料及機器向一間實體支付預付款項305,182馬幣(相當於約527,997港元)(二零一五年：305,182馬幣)(相當於約625,470港元))。於年內，本集團並無接獲該實體就償付所支付的預付款項的任何貨品及/或機器。本集團管理層評定於馬來西亞的生產廠房停產後收回此等預付款項的機會甚微，故已於二零一六年及二零一五年十二月三十一日作出全數撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

21 OTHER PAYABLES AND ACCRUALS

21 其他應付款項及應計費用

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Accrued interest on convertible bonds	可換股債券應計利息	3,321,440	2,979,773
Accrued interest on other borrowings	其他借款應計利息	13,702,293	–
Accrued salaries	應計薪金	3,984,316	3,189,592
Other payables and accrued expenses	其他應付款項及應計開支	33,752,692	31,272,134
		54,760,741	37,441,499

All of the above payables are expected to be settled or recognised as income within one year, or are repayable on demand.

預期上述所有應付款項將於一年內結清或確認為收入，或須於要求時償還。

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綜合財務報表附註

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

22 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2016, the Group had obligations under finance leases repayable as follows:

22 融資租賃承擔

於二零一六年十二月三十一日，本集團的應償還融資租賃承擔如下：

		2016 二零一六年		2015 二零一五年	
		Present value of the minimum lease payments 最低租賃 付款現值 HK\$ 港元	Total minimum lease payments 最低租賃 付款總值 HK\$ 港元	Present value of the minimum lease payments 最低租賃 付款現值 HK\$ 港元	Total minimum lease payments 最低租賃 付款總值 HK\$ 港元
Within 1 year	一年內	48,954	49,793	174,814	181,403
After 1 year but within 2 years	一年後但兩年內	-	-	51,005	52,171
After 2 years but within 5 years	兩年後但五年內	-	-	-	-
		-	-	51,005	52,171
		48,954	49,793	225,819	233,574
Less: total future interest expenses	減：未來利息開支總額		(839)		(7,755)
Present value of lease obligations	租賃承擔現值		48,954		225,819

The policy of the Group is to lease certain of its motor vehicles and furniture and fittings under finance leases expiring in 1 year (2015: 2 years and 1 year). As at 31 December 2016, the effective borrowing rates of the Group was 6.75% p.a. (2015: a range from 1.8% p.a. to 3.68% p.a.). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has an option to purchase the motor vehicles and furniture and fittings at nominal prices.

本集團的政策是根據融資租賃租賃若干汽車以及傢俬及裝置，年期為1年(二零一五年：分別為2年及1年)。於二零一六年十二月三十一日，本集團實際借款年利率為6.75%(二零一五年：介乎1.8%至3.68%)。利率按合約日期釐定，因此，本集團承受公平值利率風險。所有租約按固定還款基準釐定，且並無就或然租賃付款訂立安排。於各租賃期末，本集團可選擇按名義價格購買汽車以及傢俬及裝置。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

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

23 應收／(應付)一名董事及關連方款項

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Trading account	貿易賬戶	(2,443,919)	(2,416,399)
Current account	現有賬戶	-	475,079
		<u>(2,443,919)</u>	<u>(1,941,320)</u>
Classified as:	分類為：		
Amount due from a related party (Note 33(b))	應收一名關連方款項 (附註33(b))	-	475,426
		-	475,426
Amount due to a director (Note 33(c))	應付一名董事款項(附註33(c))	-	(347)
Amounts due to related parties (Note 33(d))	應付關連方款項(附註33(d))	(2,443,919)	(2,416,399)
		<u>(2,443,919)</u>	<u>(2,416,746)</u>
Total	總計	<u>(2,443,919)</u>	<u>(1,941,320)</u>

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

該款項為無抵押、免息且無固定還款期。

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

應收關連方款項詳情披露如下：

Name	Term of loan	Balance at 31 December 2016 於二零一六年 十二月三十一日 的結餘 HK\$ 港元	Balance at 1 January 2016 於二零一六年 一月一日 的結餘 HK\$ 港元	Maximum amount outstanding during the year 年內 尚未償還 最高金額 HK\$ 港元
名稱	貸款條款			
HK New Huang Pu Finance Holdings Limited ("HKNHPF") 香港新黃埔金融控股集團有限公司 (「香港新黃埔金融」)	Interest-free, unsecured and has no fixed terms of repayment 免息、無抵押且無固定還款期	-	475,426	475,426

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

范偉鵬為香港新黃埔金融與本公司之共同董事。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

24 CONVERTIBLE BONDS

- (a) On 1 September 2011, the Company entered into a placing agreement with a placing agent, Cheong Lee Securities Limited for the issue of convertible bonds with maturity period of eight months to three years from the date of issue for an aggregate principal amount of HK\$80,000,000. The convertible bonds bear interest at 10% p.a. payable annually and are unsecured. As at the end of reporting period, the outstanding aggregate principal amount of convertible bonds being available was HK\$10,000,000 (2015: HK\$29,000,000).

The bondholders at any time before maturity can convert the whole or part of the principal amount of the convertible bonds into ordinary shares of the Company at the conversion price of HK\$0.10 per share. As a result of the share consolidation in July 2013, the conversion price of outstanding convertible bonds of the Company was adjusted from HK\$0.10 per share to HK\$0.40 per share with effect on 29 July 2013.

Upon maturity any unredeemed and unconverted bonds will be redeemed at par value of the outstanding principal amount in cash.

The convertible bonds may be early redeemed at par value of the outstanding principal amount of the bond at any time at the option of the Company up to maturity provided that the Company has given not less than 7 business days' prior notice to the bondholder(s) of its intention to make that redemption.

24 可換股債券

- (a) 於二零一一年九月一日，本公司與配售代理昌利證券有限公司訂立配售協議，內容有關發行本金總額80,000,000港元的可換股債券，可換股債券自發行日期起八個月至三年內到期。可換股債券按年利率10%計息及無抵押，利息須每年支付。於報告期末，可換股債券尚未償還本金總額為10,000,000港元(二零一五年：29,000,000港元)。

債券持有人可於到期前的任何時間按每股0.10港元的換股價將全部或部份可換股債券的本金額轉換成本公司的普通股。由於二零一三年七月進行的股份合併，本公司尚未轉換的可換股債券的換股價由每股0.10港元調整至每股0.40港元，於二零一三年七月二十九日生效。

任何未贖回及未轉換的債券將於到期後以現金按未償還本金額的面值贖回。

可換股債券可由本公司選擇，於直至到期日為止任何時間按債券未償還本金額的面值提早贖回，惟本公司須已給予債券持有人不少於7個營業日的事先通知，表示其有意進行該贖回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

24 CONVERTIBLE BONDS (continued)

(a) (continued)

The original maturity date of the five principal amounts (out of which 2 principal amounts were redeemed in the prior years) of remaining outstanding convertible bonds of HK\$Nil ("First Tranche Bonds"), HK\$Nil ("Second Tranche Bonds"), HK\$Nil ("Third Tranche Bonds"), HK\$10,000,000 ("Fourth Tranche Bonds") and HK\$Nil ("Fifth Tranche Bonds") is 1 December 2014, 29 December 2014, 9 January 2015, 4 March 2015 and 22 March 2015 respectively. The above remaining outstanding aggregate principal amount of HK\$10,000,000 is collectively referred to as the "Matured Bonds". As at 31 December 2016, all the Matured Bonds were remained in defaulted and immediately due for repayments. The directors of the Company represented that (i) the Company is currently in the course of arm's length negotiations with the holders of the Matured bonds in relation to the Proposed Alteration; (ii) as negotiated with the holders of the Matured Bonds, they have verbally agreed not to redeem the Matured Bonds until the Proposed Alteration is confirmed; and (iii) the interest on the Matured Bonds will continue to be payable by the Company until the date of full redemption pursuant to the terms of the Matured Bonds. As at the approval date of the consolidated financial statements, the Proposed Alteration of the Matured Bonds have not been fixed and confirmed yet.

At 31 December 2016, convertible bonds are due for repayment as follows:

	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Already past due or within 1 year	10,000,000	29,000,000
已逾期或一年內		

The interest charged for the year is calculated by applying an effective interest rate with a range from 17.54% p.a. to 33.73% p.a. (2015: a range from 17.54% p.a. to 33.73% p.a.) to the liability component for the number of days to the end of the reporting period since the bonds were issued.

24 可換股債券(續)

(a) (續)

五批本金額(其中兩批本金額於過往年度已贖回)分別為零港元(「第一批債券」)、零港元(「第二批債券」)、零港元(「第三批債券」)、10,000,000港元(「第四批債券」)及零港元(「第五批債券」)的尚未轉換的可換股債券的到期日分別為二零一四年十二月一日、二零一四年十二月二十九日、二零一五年一月九日、二零一五年三月四日及二零一五年三月二十二日。上述尚未償還本金總額10,000,000港元統稱為「到期債券」。於二零一六年十二月三十一日，所有該等到期債券拖欠還款且須到期償還。本公司董事表示，(i)本公司正與到期債券持有人就建議修改進行公平磋商；(ii)與到期債券持有人磋商後，彼等口頭同意於建議修改確認前不贖回到期債券；及(iii)根據到期債券條款，本公司將於悉數贖回日期前繼續支付到期債券利息。於綜合財務報表批准日期，到期債券的建議修改尚未決定及確認。

於二零一六年十二月三十一日，可換股債券於以下期間到期償還：

年度利息支出乃採用介乎負債部份17.54%至33.73%(二零一五年：介乎17.54%至33.73%)的實際年利率，按債券發行起至報告期末止的天數計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

24 CONVERTIBLE BONDS (continued)

(a) (continued)

The directors of the Company estimate the fair value of the liability component of the Matured Bonds as at 31 December 2016 to be approximately HK\$10,000,000 (2015: HK\$29,000,000). The fair value is assumed to be its principal amount.

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

24 可換股債券 (續)

(a) (續)

本公司董事估計於二零一六年十二月三十一日到期債券負債部份的公平值約為10,000,000港元(二零一五年: 29,000,000港元)。該公平值假定為其本金額。

發行可換股債券所得款項淨額已分為負債部份及權益部份如下:

		First Tranche Bonds 第一批債券 HK\$ 港元	Second Tranche Bonds 第二批債券 HK\$ 港元	Third Tranche Bonds 第三批債券 HK\$ 港元	Fourth Tranche Bonds 第四批債券 HK\$ 港元	Fifth Tranche Bonds 第五批債券 HK\$ 港元	Total 總金額 HK\$ 港元
At 1 January 2015	於二零一五年一月一日	26,000,000	17,000,000	10,916,090	10,657,809	17,987,860	82,561,759
Interest charged	利息支出	-	-	83,910	342,191	712,140	1,138,241
Interest paid	已付利息	-	-	(1,000,000)	(1,000,000)	(1,700,000)	(3,700,000)
Redemptions of convertible bonds	贖回可換股債券	(26,000,000)	(5,000,000)	(10,000,000)	-	(10,000,000)	(51,000,000)
Liability component as at 31 December 2015	於二零一五年十二月三十一日的負債部份	-	12,000,000	-	10,000,000	7,000,000	29,000,000
At 1 January 2016	於二零一六年一月一日	-	12,000,000	-	10,000,000	7,000,000	29,000,000
Redemptions of convertible bonds	贖回可換股債券	-	(12,000,000)	-	-	(7,000,000)	(19,000,000)
Liability component as at 31 December 2016	於二零一六年十二月三十一日的負債部份	-	-	-	10,000,000	-	10,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

24 CONVERTIBLE BONDS (continued)

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

The bondholder of the convertible bonds at any time before maturity can convert the whole or part of the principal amount of the convertible bonds in whole multiples of HK\$1,000,000 into ordinary shares of the Company at a fixed conversion price of HK\$0.126 per share. As a result of the share consolidation in July 2013, the conversion price of outstanding convertible bonds of the Company was adjusted from HK\$0.126 per share to HK\$0.504 per share with effect on 29 July 2013.

Upon maturity any unredeemed and unconverted bonds will be redeemed at par value of the outstanding principal amount in cash.

The Company may at any time before the original maturity date early redeem the convertible bonds.

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

Pursuant to an agreement signed for acquisition of 51% of the issued share capital of Victory Dragon Group, Voice Key Group Limited ("First Vendor") and the guarantor, Mr. Chu Yuk Lung (the "Guarantor") irrevocably warrants and guarantees to the Group that the audited consolidated net profit after tax and any extraordinary and exceptional items ("Audited Profit") of Victory Dragon Group will not be less than RMB30,000,000 ("Guaranteed Profit") for the period of twelve months commencing from the date of completion of the acquisition ("Guaranteed Period").

24 可換股債券(續)

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

可換股債券持有人可於到期前的任何時間按每股0.126港元的固定換股價將全部或部份本金額為1,000,000港元之整倍數的可換股債券轉換成本公司的普通股。於二零一三年七月的股份合併完成後，本公司尚未轉換的可換股債券的換股價自二零一三年七月二十九日起由每股0.126港元調整至每股0.504港元。

任何未贖回及未轉換的債券將於到期後以現金按未償還本金額的面值贖回。

本公司可於原到期日前隨時提前贖回可換股債券。

於二零一三年一月十五日，本金額為43,840,000港元之可換股債券已獲轉換為347,936,507股每股面值0.025港元之本公司普通股。

根據就收購凱龍集團已發行股本的51%而簽訂之協議，Voice Key Group Limited(「第一賣方」)及擔保人朱浴龍先生(「擔保人」)不可撤銷地向本集團承諾及擔保，凱龍集團自完成收購日期起計12個月期間(「保證期」)之除稅並計及任何特殊及非經常項目後的經審核綜合純利(「經審核溢利」)將不少於人民幣30,000,000元(「保證溢利」)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

24 CONVERTIBLE BONDS (continued)

(b) (continued)

If the Guaranteed Profit is not achieved for the Guaranteed Period, the Group will be entitled to deduct from the outstanding principal amount of the convertible bonds on a dollar for dollar basis which is equivalent to the difference between the Audited Profit and Guaranteed Profit. If Victory Dragon Group record a consolidated net loss after tax and any extraordinary and exceptional items for the Guarantee Period, the Group will be entitled to deduct from the outstanding principal amount of the convertible bonds which is equivalent to an amount of the summation of the loss and the Guaranteed Profit provided that the maximum compensation amount shall not exceed HK\$50,000,000.

The First Vendor (i.e. the bondholder) agrees that unless and until the delivery of the consolidated audited financial statements of Victory Dragon Group for the Guarantee Period showing that the Guaranteed Profit has been fulfilled, it will not convert, transfer or dispose of the convertible bonds such that the outstanding principal amount of the convertible bonds shall be less than HK\$50,000,000 or otherwise cause the outstanding principal amount of the convertible bonds below HK\$50,000,000.

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

During the year ended 31 December 2015, all the outstanding principal amount of convertible bonds in relation to the Victory Dragon Group being available was redeemed.

24 可換股債券 (續)

(b) (續)

倘於保證期內未能達致保證溢利，本集團將有權按等額現金基準自可換股債券的未償還本金額中扣除相等於經審核溢利與保證溢利之間的差額。倘凱龍集團於保證期內錄得除稅及任何特殊及非經常項目後綜合虧損淨額，本集團將有權自可換股債券的未償還本金額中扣除相等於虧損及保證溢利總值的金額，惟最高補償金額不得超過50,000,000港元。

第一賣方(即債券持有人)同意，除非及直至凱龍集團呈交保證期之綜合經審核財務報表，顯示已達致保證溢利，否則其將不會轉換、轉讓或出售可換股債券而致使可換股債券之未償還本金額少於50,000,000港元，或以其他方式致使可換股債券之未償還本金額少於50,000,000港元。

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

截至二零一五年十二月三十一日止年度，與凱龍集團有關的可換股債券的所有尚未償還本金額已贖回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

24 CONVERTIBLE BONDS (continued)

(b) (continued)

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

		Liability component	Equity component	Total
		負債部份	權益部份	總計
		HK\$	HK\$	HK\$
		港元	港元	港元
At 1 January 2015	於二零一五年一月一日	11,716,364	6,920,516	18,636,880
Interest charged	利息支出	8,107,630	–	8,107,630
Interest paid	已付利息	(573,780)	–	(573,780)
Redemptions of convertible bonds	贖回可換股債券	<u>(19,250,214)</u>	<u>(6,920,516)</u>	<u>(26,170,730)</u>
At 31 December 2015, 1 January 2016 and 31 December 2016	於二零一五年 十二月三十一日、 二零一六年一月一日及 二零一六年 十二月三十一日	–	–	–

The interest for the year ended 31 December 2015 was calculated by applying an effective interest rate of 17.58% p.a. to the liability component for the number of days to the end of the reporting period since the bonds were issued.

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

24 可換股債券(續)

(b) (續)

發行可換股債券所得款項淨額已分為負債部份及權益部份如下：

截至二零一五年十二月三十一日止年度利息乃採用介乎負債部份 17.58% 的實際年利率，按債券發行起至報告期結束止的天數計算。

本公司董事估計於二零一五年十二月三十一日可換股債券負債部份的公平值約為零港元。該公平值乃按市場利率貼現未來現金流量計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

25 BANK LOANS — SECURED

25 有抵押銀行貸款

	2016 二零一六年			2015 二零一五年		
	Nominal value	Less: unamortised costs	Total	Nominal value	Less: unamortised costs	Total
	面值	減：未攤 銷成本	總計	面值	減：未攤 銷成本	總計
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	港元	港元	港元	港元	港元	港元
Bank loans, secured	-	-	-	260,423,032	-	260,423,032
有抵押銀行貸款	-	-	-	260,423,032	-	260,423,032

At 31 December 2016, interest bearing bank loans are due for repayment as follows:

於二零一六年十二月三十一日，計息銀行貸款於以下期間到期償還：

	2016 二零一六年	2015 二零一五年
	HK\$	HK\$
	港元	港元
Already past due or within 1 year	-	260,423,032
已逾期或一年內	-	260,423,032

	2016 二零一六年	2015 二零一五年
	HK\$	HK\$
	港元	港元
Transaction costs		
交易成本		
Cost:	成本：	
At 1 January	於一月一日	8,699,851
Write off	撇銷	(7,791,815)
Exchange adjustments	匯兌調整	(908,036)
At 31 December	於十二月三十一日	-
Accumulated amortisation:	累計攤銷：	
At 1 January	於一月一日	6,879,229
Write off	撇銷	(7,791,815)
Amortisation for the year	年內攤銷	1,630,597
Exchange adjustments	匯兌調整	(718,011)
At 31 December	於十二月三十一日	-
Unamortised transaction costs	未攤銷交易成本	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

25 BANK LOANS — SECURED (continued)

The secured bank loans as at 31 December 2015 are interest bearing at 8.85% p.a.. These bank loans were restructured on 25 July 2011 by Bank Rakyat. In accordance with the restructured bank loan agreement, the Group is required to repay the bank loans by monthly instalment of RM670,000 (equivalent to HK\$1,586,032) with effect from August 2011 to December 2013 and increasing to RM4,200,000 (equivalent to HK\$9,942,287) from January 2014 to the second last repayment of the loans in 2018.

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

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

25 有抵押銀行貸款(續)

於二零一五年十二月三十一日的有抵押銀行貸款按年利率8.85%計息。此等銀行貸款於二零一一年七月二十五日由Bank Rakyat進行重組。根據重組銀行貸款協議，本集團須於二零一一年八月至二零一三年十二月每月分期償還銀行貸款670,000馬幣(相當於1,586,032港元)，並由二零一四年一月至二零一八年的最後第二期還款之日增至4,200,000馬幣(相當於9,942,287港元)。

批予CVMSB的銀行貸款按以下方式擔保：

- (i) 就CVMSB所持土地及在其上興建之廠房設立法定押記；
- (ii) 轉讓應收賬款；
- (iii) 就CVMSB所有現有及未來資產(不包括履約保證)設立固定及浮動法定押記的債券；
- (iv) 轉讓CVMSB於與鎂錠項目(「該項目」)有關的所有樓宇合約、設計圖則及其他合約的一切權利、享有權及權益；
- (v) 轉讓CVMSB作為其於該項目業務一部份所承購保險的一切權利、利益及權益；
- (vi) 向銀行轉讓在HSBC Amanah Malaysia Berhad開設的現有收入戶及該收入戶的進賬款項，收入戶僅由銀行操作；
- (vii) 就CVMSB的還原權設立的第一固定抵押／轉讓；
- (viii) 轉讓CVMSB的還原權的保單；及
- (ix) 由鼎和礦業控股有限公司作出公司擔保。

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

25 BANK LOANS — SECURED (continued)

All of the Group's banking facilities are subject to the fulfilment of covenants, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become payable on demand. The Group is required to comply with the covenants when CVMSB's production operation commences, which was in or around February 2011. Further details of the Group's management of liquidity risk are set out in Note 30(e).

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

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

25 有抵押銀行貸款(續)

本集團須履行契諾(與財務機構訂立的借款安排內常見契諾)方可獲得各銀行信貸。倘本集團違反該等契諾,則須按要求償還已提用的信貸。本集團須於CVMSB在二零一一年二月或前後開始生產營運時符合該等契諾。有關本集團管理流動資金風險的進一步詳情載於附註30(e)。

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

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

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

25 BANK LOANS — SECURED (continued)

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

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

25 有抵押銀行貸款(續)

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

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

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

25 BANK LOANS — SECURED (continued)

On 26 June 2015, the Group further accepted the latest restructuring proposal offered by Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat"). Pursuant to which, the total amount owed and repayable to Bank Rakyat by CVMSB agreed to be reduced to RM113,040,000 (equivalents to approximately HK\$203,932,888) by means of cash settlements of RM68,040,000 (equivalents to approximately HK\$122,749,414) and redemption of charged properties for RM45,000,000 (equivalents to approximately HK\$81,183,475). The first cash repayment of RM11,300,000 (equivalents to approximately HK\$20,386,073) was settled by the Group on 2 July 2015 within 7 working days from 26 June 2015 and the remaining balance of RM56,740,000 (equivalents to approximately HK\$102,363,341) was settled by the Group on 30 November 2015 as per the extended settlement deadline. Upon full repayment of the cash settlements to Bank Rakyat, CVMSB is entitled to redeem the charged properties for RM45,000,000 (equivalents to approximately HK\$81,183,475). The redemption shall take place within six months from 26 June 2015 and at the discretion of Bank Rakyat, extend for further six months if there is a proof of sale provided by CVMSB. An additional charge calculated at a rate of 3.85% per annum shall be imposed on the outstanding balance of RM45,000,000 (equivalents to approximately HK\$81,183,475) after full repayment of the above mentioned cash settlements and until the full redemption payment of the charged properties. On 26 November 2015, Bank Rakyat issued a letter to CVMSB informing CVMSB that Bank Rakyat has agreed to extend the charged properties' redemption until 30 June 2016. Accordingly, from January 2016 onwards, CVMSB is required to pay a monthly charge of RM144,375 (equivalent to approximately HK\$260,464) to Bank Rakyat until full settlement of the redemption payment for the redemption. On 29 June 2016, Bank Rakyat issued a letter to CVMSB informing CVMSB that Bank Rakyat agreed to further extend the deadline for the charged properties' redemption, together with the monthly interest due, to on or before 12 July 2016.

25 有抵押銀行貸款(續)

本集團進一步於二零一五年六月二十六日接納 Bank Kerjasama Rakyat Malaysia Berhad (「Bank Rakyat」) 提出的最新重組提案。據此，CVMSB 所結欠及應償還予 Bank Rakyat 的總金額經協定後減少至 113,040,000 馬幣(相當於約 203,932,888 港元)，將以現金償付 68,040,000 馬幣(相當於約 122,749,414 港元)及贖回已押記物業 45,000,000 馬幣(相當於約 81,183,475 港元)的方式償還。本集團已於二零一五年七月二日(即二零一五年六月二十六日起計 7 個工作日內)償付首筆現金還款 11,300,000 馬幣(相當於約 20,386,073 港元)，且本集團已按照最後還款期限於二零一五年十一月三十日償付餘額 56,740,000 馬幣(相當於約 102,363,341 港元)。向 Bank Rakyat 償清現金結算款後，CVMSB 將有權贖回 45,000,000 馬幣(相當於約 81,183,475 港元)的已押記物業。有關贖回將自二零一五年六月二十六日起計六個月內進行，而倘 CVMSB 提供有關銷售憑證，則 Bank Rakyat 可酌情再延長六個月。待償清上述現金結算款後，須按年息 3.85% 就未償還餘額 45,000,000 馬幣(相當於約 81,183,475 港元)加收費用，直至付清贖回已押記物業款項為止。於二零一五年十一月二十六日，Bank Rakyat 致函 CVMSB 表示同意延長已押記物業贖回期限至二零一六年六月三十日。因此，由二零一六年一月起，CVMSB 須向 Bank Rakyat 每月支付 144,375 馬幣(相當於約 260,464 港元)直至就贖回結清贖回付款額為止。於二零一六年六月二十九日，Bank Rakyat 致函 CVMSB 表示同意將已押記物業最後贖回期限連同到期月息最後期限進一步延至二零一六年七月十二日或之前。

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25 BANK LOANS — SECURED (continued)

On 10 August 2016 and 11 August 2016, Bank Rakyat acknowledged the Group that final settlement of RM45,000,000 (equivalent to approximately HK\$87,412,588) for the redemption of charged properties was received and Bank Rakyat has completed the process of discharging the Group's properties in Malaysia pledged as security on 18 November 2016. Accordingly, an one-off non-recurring gain on loans reduction amounted to RM99,352,487 (equivalent to approximately HK\$192,992,398) was recognised in profit or loss during the year.

25 有抵押銀行貸款(續)

於二零一六年八月十日及二零一六年八月十一日，Bank Rakyat告知本集團其已就贖回已押記物業收訖最終結算付款45,000,000馬幣(相當於約87,412,588港元)，且Bank Rakyat已於二零一六年十一月十八日完成解除本集團已質押馬來西亞物業的抵押。因此，貸款減少的一次性及非經常性收益99,352,487馬幣(相當於約192,992,398港元)於年內損益中確認。

26 INTEREST-BEARING BORROWINGS

26 計息借款

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Unsecured bonds 2% 2017 (note 26 (a))	二零一七年到期之2%無抵押債券 (附註26(a))	30,000,000	—
Loans from third parties (note 26 (b))	來自第三方貸款(附註26(b))	107,609,200	1,800,000
		137,609,200	1,800,000

All of the interest-bearing borrowings are expected to be settled within one year.

所有計息借款預期於一年內償還。

(a) Unsecured bonds

During the year ended 31 December 2016, the Company issued an aggregate of HK\$30,000,000 unsecured bonds to independent third parties, with interests bearing at 2% per month and will mature on one year from the date of issuance of the bonds.

(a) 無抵押債券

截至二零一六年十二月三十一日止年度，本公司向獨立第三方發出合共30,000,000港元之無抵押債券，按每月2%的利率計息，並將於發出債券日期後一年到期。

(b) Loans from third parties

On 13 July 2016 and 18 August 2016, the Company borrowed an aggregate of HK\$101,609,200 and HK\$1,000,000 from an independent third party, with interests bearing at 10%-12% per annum and 4% per month respectively and repayable within two months after their respective drawdown dates or within 20 business days after the lender has served the Company a written notice for immediate repayment. The Company has also pledged the issued shares of CVMSB as security for the HK\$50,000,000 loan as included in aforementioned.

(b) 來自第三方貸款

於二零一六年七月十三日及二零一六年八月十八日，本公司分別向獨立第三方借入總額101,609,200港元及1,000,000港元，分別按年利率10%至12%以及每月4%的利率計息，須於貸款各提款日期後兩個月內或貸方向本公司發出要求即時償還的書面通知後20個營業日內償還。本公司亦已押記CVMSB的已發行股份，作為上述50,000,000港元貸款的抵押。

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26 INTEREST-BEARING BORROWINGS (continued)

(b) Loans from third parties (continued)

During the year ended 31 December 2016, the Company defaulted on the repayments of the above-mentioned loans and breached one of the covenants of the loan facilities. On 31 December 2016, the Company received a letter issued by the independent third party requiring to repay the outstanding loans of HK\$102,609,200 (the "Defaulted Loans") together with interest accrued, handling fees and further charges in relation to the outstanding loans amounting to a total sum of HK\$16,337,418 within 7 days from the date of the letter. According to the letter, legal proceedings may commence to recover the payments without further notice. The directors of the Company represented that (i) the Company commenced a negotiation of the terms of the loans with this third party; (ii) the interest and further charges on the matured loans will continue to be payable by the Company until the matured loans and related interest and charges are repaid in full. As at the approval date of the consolidated financial statements, the revised terms have not been concluded yet.

On 11 November 2016 and 6 December 2016, the Company borrowed unsecured interest bearing loans of HK\$3,000,000 and HK\$2,000,000 respectively from independent third parties, with interests bearing at 2% and 4% per month. The loans are repayable within 2 months from the end of the reporting period. The loans have not been settled as at the approval date of the consolidated financial statements.

During the year ended 31 December 2015, the Company entered into a loan agreement with an independent third party for an unsecured loan of HK\$1,800,000 at an interest rate of 24% p.a. payable monthly. The loan was subsequently repaid in July 2016.

26 計息借款(續)

(b) 來自第三方貸款(續)

截至二零一六年十二月三十一日止年度，本公司未能償還上述貸款及違反其中一份借款契諾。於二零一六年十二月三十一日，本公司接獲獨立第三方發出的函件，要求於函件日期起七日內償還未償還貸款102,609,200港元（「拖欠貸款」）連同未償還貸款的應計利息、手續費及其他費用總額16,337,418港元。根據此函件，可通過法律訴訟收回支付款項，而無須另行通知。本公司董事表示，(i)本公司開始與第三方磋商貸款的條款；(ii)本公司將於到期貸款及相關利息及費用悉數償還前繼續支付到期貸款的利息及其他費用。於綜合財務報表批准日期，經修訂條款尚未最終確定。

於二零一六年十一月十一日及二零一六年十二月六日，本公司分別向獨立第三方借入3,000,000港元及2,000,000港元的無抵押計息貸款，以每月2%及4%的利率計息。該等貸款須由報告期末起計兩個月內償還。於綜合財務報表批准日期，該等貸款尚未償還。

截至二零一五年十二月三十一日止年度，本公司與獨立第三方就無抵押貸款1,800,000港元（每月按年利率24%償還利息）訂立貸款協議。貸款其後於二零一六年七月償還。

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27 DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and movements thereon during the current and prior years:

27 遞延稅項負債

以下為於本年度及過往年度確認的遞延稅項負債及其變動：

		Exploration and evaluation assets 勘探及評估資產 HK\$ 港元
At 1 January 2015	於二零一五年一月一日	(8,568,647)
Credit to profit or loss (Note 8(a))	計入損益(附註8(a))	<u>616,504</u>
At 31 December 2015	於二零一五年十二月三十一日	<u>(7,952,143)</u>
At 1 January 2016	於二零一六年一月一日	(7,952,143)
Credit to profit or loss (Note 8(a))	計入損益(附註8(a))	<u>7,952,143</u>
At 31 December 2016	於二零一六年十二月三十一日	<u>—</u>

As at 31 December 2016, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$273,662,000 (2015: HK\$270,018,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions. The tax losses do not expire under current tax legislation. Other temporary differences are not material.

由於在相關司法權區內將不大可能有可用作抵免累計稅務虧損的未來應課稅溢利，故本集團於二零一六年十二月三十一日尚未就累計稅務虧損約273,662,000港元(二零一五年：270,018,000港元)確認遞延稅項資產。根據現有稅務法例，稅務虧損並無到期。其他暫時差額則不屬要項。

As at 31 December 2016, the Group has deductible temporary differences of approximately HK\$238,427,000 (2015: HK\$223,062,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

於二零一六年十二月三十一日，本集團擁有可扣減暫時差額約238,427,000港元(二零一五年：223,062,000港元)。由於應課稅溢利將不可能針對可用該等暫時差額而存在，故概無遞延稅項資產就該可扣減暫時差額而獲確認。

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28 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

28 資本及儲備

(a) 權益組成部份的變動

本集團綜合權益各組成部份期初與期末結餘的對賬載於綜合權益變動表。本公司各個權益組成部份於年初至年末的變動詳情如下：

本公司

		Share capital	Convertible preference shares	Capital reserve	Convertible bond equity reserve	Share option reserve	Other reserve	Accumulated losses	Total deficit
	Notes	股本	可轉換優先股	資本儲備	可換股債券權益儲備	購股權儲備	其他儲備	累計虧損	總計虧損
	附註	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
			(Note (c)(iv)) (附註(c)(iv))	(Note (c)(i)) (附註(c)(i))	(Note (c)(iii)) (附註(c)(iii))	(Note (c)(v)) (附註(c)(v))	(Note (c)(vi)) (附註(c)(vi))		
At 1 January 2015	於二零一五年一月一日	989,710,234	90,500,988	1,338,136	29,331,866	-	33,925,000	(1,199,894,544)	(55,088,320)
Changes in equity for 2015:	二零一五年權益變動：								
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	(214,303,121)	(214,303,121)
Conversion of convertible preference shares	轉換可轉換優先股	90,500,988	(90,500,988)	-	-	-	-	-	-
Shares issued pursuant to a share placing	根據股份配售而發行的股份	(b)(i) 109,935,500	-	-	-	-	-	-	109,935,500
Shares issued pursuant to an open offer	根據公開發售而發行的股份	(b)(i) 177,728,579	-	-	-	-	-	-	177,728,579
Redemptions of convertible bonds	贖回可換股債券	-	-	-	(21,773,666)	-	-	21,773,666	-
At 31 December 2015	於二零一五年十二月三十一日	<u>1,367,875,301</u>	<u>-</u>	<u>1,338,136</u>	<u>7,558,200</u>	<u>-</u>	<u>33,925,000</u>	<u>(1,392,423,999)</u>	<u>18,272,638</u>
At 1 January 2016	於二零一六年一月一日	1,367,875,301	-	1,338,136	7,558,200	-	33,925,000	(1,392,423,999)	18,272,638
Changes in equity for 2016:	二零一六年權益變動：								
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	-	-	-	-	(206,158,680)	(206,158,680)
Recognition of equity-settled share-based payment	確認以股權結算以股份支付款項	-	-	-	-	8,385,648	-	-	8,385,648
Redemptions of convertible bonds	贖回可換股債券	-	-	-	(5,774,925)	-	-	5,774,925	-
At 31 December 2016	於二零一六年十二月三十一日	<u>1,367,875,301</u>	<u>-</u>	<u>1,338,136</u>	<u>1,783,275</u>	<u>8,385,648</u>	<u>33,925,000</u>	<u>(1,592,807,754)</u>	<u>(179,500,394)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

28 CAPITAL AND RESERVES (continued)

(b) Share Capital

28 資本及儲備(續)

(b) 股本

	Notes 附註	2016 二零一六年		2015 二零一五年	
		Number of shares 股份數目	Amount 金額 HK\$ 港元	Number of shares 股份數目	Amount 金額 HK\$ 港元
Ordinary shares, issued and fully paid: 普通股，已發行及及繳足：					
At 1 January 於一月一日		5,509,623,921	1,367,875,301	2,495,451,437	989,710,234
Conversion of convertible preference share 轉換可轉換優先股	(i)	-	-	565,631,177	90,500,988
Shares issued pursuant to a share placing 根據股份配售而發行的股份	(i)	-	-	612,000,000	109,935,500
Shares issued pursuant to an open offer 根據公開發售而發行的股份	(i)	-	-	1,836,541,307	177,728,579
At 31 December 於十二月三十一日		5,509,623,921	1,367,875,301	5,509,623,921	1,367,875,301

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派的股息，並有權按每股一票在本公司大會上投票。所有普通股就本公司的剩餘資產而言享有同等權益。

(i) Issue of shares

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

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

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

(i) 發行股份

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

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

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

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

28 CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital account upon the exercise of the warrants.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(s).

(iii) Convertible bond equity reserve

The value of the unexercised equity component of convertible bonds issued by the Company is recognised in accordance with the accounting policies set out in Note 2(k).

(iv) Convertible preference shares ("CPS")

On 14 August 2014, the Company issued 565,631,177 CPS at an aggregate nominal value of HK\$90,500,988 upon the completion of the Loan Capitalisation. The conversion price of the CPS is fixed at HK\$0.16 per ordinary share and can be converted into ordinary shares without specified maturity date. Neither the Company nor the holders of the CPS shall have any right to redeem the CPS, other than for the purpose of conversion of the CPS pursuant to the terms thereof. The CPS shall at all times (a) rank pari passu to any and all current or future preferred equity securities of the Company; (b) shall not be entitled to any dividend; (c) non-redeemable in nature; and (d) have no voting rights.

(v) Share option reserve

The value of the portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note(2)(o)(ii).

28 資本及儲備(續)

(c) 儲備的性質及目的

(i) 資本儲備

資本儲備主要指就發行本公司認股權證收取的所得款項淨額。儲備於行使認股權證後轉撥至股本賬中。

(ii) 匯兌儲備

匯兌儲備包括海外營運財務報表所產生的一切匯兌差額。儲備根據載於附註2(s)的會計政策處理。

(iii) 可換股債券權益儲備

本公司發行的可換股債券的未行使權益部份的價值根據附註2(k)所載會計政策確認。

(iv) 可轉換優先股「可轉換優先股」

於二零一四年八月十四日，本公司於貸款資本化完成後發行565,631,177股面值總額為90,500,988港元的可轉換優先股。可轉換優先股的換股價釐定為每股普通股0.16港元，並可轉換為普通股而無特定到期日。根據可轉換優先股的條款，除旨在轉換可轉換優先股外，本公司及可轉換優先股持有人並無贖回可轉換優先股的權力。可轉換優先股於任何時間均(a)與本公司任何及所有現有或未來優先股本證券享有同等權益；(b)無權享有任何股息；(c)為不可贖回性質；及(d)並無投票權。

(v) 購股權儲備

授予本集團僱員之尚未行使購股權授出日期之公平值部分已根據附註(2)(o)(ii)就以股份為基礎付款所採納之會計政策予以確認。

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

28 CAPITAL AND RESERVES (continued)

(c) Nature and purpose of reserves (continued)

(vi) Other reserve

The Group

Other reserve of the Group represents the reserve arising from the reverse acquisition on 14 October 2008.

On 14 October 2008, the Company acquired the entire issued and fully paid-up share capital of CVMSB, a company incorporated in Malaysia.

The consideration was satisfied by the allotment and issue of 338,249,999 new ordinary shares and the existing 1 share of the Company to the then shareholders of CVMSB, credited as fully paid at an issue price of HK\$0.10 per new share.

The Company

Other reserve of the Company represents the difference between the value of the shares of CVMSB acquired over the nominal value of the shares used by the Company as consideration for the reverse acquisition on 14 October 2008. The application of the other reserve is governed by section 196 of the Hong Kong Companies Ordinance.

(vii) Distributability of reserves

At 31 December 2016, there were no realised profits available for distribution to owners of the Company (2015: HK\$Nil).

28 資本及儲備(續)

(c) 儲備的性質及目的(續)

(vi) 其他儲備

本集團

本集團的其他儲備指於二零零八年十月十四日反向收購產生的儲備。

於二零零八年十月十四日，本公司收購CVMSB(於馬來西亞註冊成立的公司)全部已發行及繳足股本。

代價以向CVMSB當時股東配發及發行338,249,999股本公司新普通股及以本公司當時的1股股份償付，並按發行價每股新股0.10港元入賬列為繳足。

本公司

本公司的其他儲備指所收購的CVMSB股份價值與本公司用作於二零零八年十月十四日反向收購代價的股份面值之間的差額。其他儲備的運用受到香港公司條例第196條所規管。

(vii) 可分派儲備

於二零一六年十二月三十一日，概無可供分派予本公司擁有人的已變現溢利(二零一五年：零港元)。

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綜合財務報表附註

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

28 CAPITAL AND RESERVES (continued)

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group is not subject to externally imposed capital requirements in either the current or prior years.

29 SHARE OPTION SCHEME

(a) The new share option scheme

Pursuant to the written resolution passed on 4 February 2016, the Company adopted a new share option scheme (the "Scheme") to (i) motivate the eligible persons to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on going business relationship with the eligible persons whose contributions are or will be beneficial to the long-term growth of the Group. The Scheme is to remain in force for a period of 10 years from the date of adoption of such scheme and will expire on 3 February 2026.

Under the Scheme, the directors of the Company may at their discretion grant options to (i) any directors, employees, executives or officers of the Company or any subsidiary; or (ii) any consultant, adviser, supplier, customer or agent of the Company or any subsidiary; or (iii) any other person determined by the directors of the Company from time to time to subscribe for the shares of the Company (the "Shares").

28 資本及儲備(續)

(d) 資本管理

本集團管理資本的主要目標為保障本集團持續經營的能力，以持續為擁有人帶來回報及為其他利益相關者帶來利益。

本集團積極及定期檢討及管理其資本架構，以在提高股東回報(可能導致較高借款水平)與良好的資本狀況帶來的優勢及保障之間取得平衡。

本集團本年度或過往年度不受外部的資本規定規限。

29 購股權計劃

(a) 新購股權計劃

本公司根據於二零一六年二月四日通過之書面決議案採納新購股權計劃(「計劃」)，旨在(i)鼓勵合資格人士為本集團利益而提高工作效率；及(ii)吸引及挽留對或將對本集團長遠發展帶來有利貢獻之合資格人士，或以其他方式與之維持持續的業務關係。新計劃自採納當日起計十年內有效，並將於二零二六年二月三日屆滿。

根據計劃，本公司董事可酌情向(i)本公司或任何附屬公司的任何董事、僱員、行政人員或高級人員；或(ii)本公司或任何附屬公司的任何顧問、諮詢人、供應商、客戶或代理；或(iii)董事不時釐定的任何其他人士授出可認購本公司股份的購股權(「股份」)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

29 SHARE OPTION SCHEME (continued)

(a) The new share option scheme (continued)

Options granted must be taken up within 30 days of the date of grant, upon payment of HK\$1 per option. The maximum number of Shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. The maximum number of Shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the Shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

Options granted to directors, substantial shareholders or any of their respective associates (as defined in the Listing Rules) are required to be approved by the independent non-executive directors (excluding any independent non-executive director who is a grantee). Options granted to substantial shareholders, independent non-executive directors or any of their respective associates (as defined in the Listing Rules) in aggregate in excess of 0.1% of the issued share capital of the Company or with a value in excess of HK\$5 million must be approved in advance by the shareholders of the Company.

Options granted may be exercised at any time from date of grant of the share option to the 10th anniversary of the date of grant as may be determined by the directors. The exercise price is determined by the directors, and will not be less than the higher of the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options and the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options.

29 購股權計劃(續)

(a) 新購股權計劃(續)

授出的購股權須在授出日期後30日內支付每份購股權1港元付款方獲接納。可能根據計劃授出的購股權所涉股份數目上限不得超過本公司採納計劃當日本公司已發行股本10%。該上限可隨時更新，惟新上限合共不得超過股東在股東大會上批准當日本公司已發行股本10%。然而，可能因行使根據計劃及本公司任何其他計劃授出的所有未行使並仍可獲行使的購股權而發行的股份總數，合共不得超過本公司不時已發行股份的30%。於任何十二個月期間可授予任何個別人士的購股權所涉股份數目上限不得超過本公司該十二個月期間屆滿當日已發行股份的1%，惟已根據上市規則獲本公司股東批准除外。

向董事、主要股東或任何彼等各自的聯繫人(定義見上市規則)授出的購股權，須獲獨立非執行董事(不包括身為承授人的任何獨立非執行董事)批准。向主要股東、獨立非執行董事或任何彼等各自的聯繫人(定義見上市規則)授出的購股權合共超過本公司已發行股本0.1%或價值超過5,000,000港元，須事先獲本公司股東批准。

購股權可自授出購股權當日至授出購股權十週年止期間(可由董事釐定)隨時行使。行使價由董事釐定，且不得低於授出購股權日期聯交所每日報價表所列每股收市價及緊接授出購股權日期前五個營業日聯交所每日報價表所列每股收市價的平均價兩者之較高者。

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綜合財務報表附註

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

29 SHARE OPTION SCHEME (continued)

(a) The new share option scheme (continued)

On 12 May 2016, the Company granted 245,178,252 share options in aggregate to certain directors, employees and consultants of the Group under the Scheme. The terms and conditions of the options granted are as follows:

		Number of share options	Vesting conditions	Contractual life of options	Expiry date
		購股權數目	歸屬條件	購股權的合約年期	屆滿日期
Options granted to directors	授予董事的購股權	173,553,145	(i)	10 years 十年	11 May 2026 二零二六年五月十一日
Options granted to employees	授予僱員的購股權	66,115,485	(i)	10 years 十年	11 May 2026 二零二六年五月十一日
Options granted to consultants	授予顧問的購股權	5,509,622	(i)	10 years 十年	11 May 2026 二零二六年五月十一日
Total share options granted	授出購股權的總數	<u>245,178,252</u>			

Note:

- (i) become exercisable from the date of grant to the 10th anniversary of the date of grant.

Details of the outstanding share options are as follows:

29 購股權計劃(續)

(a) 新購股權計劃(續)

於二零一六年五月十二日，本公司根據計劃向本集團若干董事、僱員及顧問合共授出245,178,252份購股權。已授出購股權的條款及條件如下：

附註：

- (i) 可自授出當日至授出十週年止期間行使。

尚未行使購股權詳情如下：

		2016 二零一六年		2015 二零一五年	
		Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
		購股權數目	加權平均行使價	購股權數目	購股權數目
Outstanding at 1 January	於一月一日尚未行使	–	N/A 不適用	–	N/A 不適用
Granted during the year	於年內授出	<u>245,178,252</u>	<u>HK\$0.100 0.100 港元</u>	–	N/A 不適用
Outstanding at 31 December	於十二月三十一日尚未行使	<u>245,178,252</u>	<u>HK\$0.100 0.100 港元</u>	–	N/A 不適用
Exercisable at 31 December	於十二月三十一日可予行使	<u>245,178,252</u>	<u>HK\$0.100 0.100 港元</u>	–	N/A 不適用

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

29 SHARE OPTION SCHEME (continued)

(a) The new share option scheme (continued)

Note: (continued)

The options outstanding at the end of the reporting period have a weighted average remaining contractual life of 10 years.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model. Expectations of early exercise are incorporated into a binomial option pricing model.

The inputs into the model were as follows:

Grant date	12 May 2016
Spot price	HK\$0.069
Contractual life	10 years
Exercise price	HK\$0.100
Expected volatility	88.649%
Risk-free rate	1.243%
Dividend yield	0%

The expected volatility is based on the historical volatility of the Company's share price over the most recent period commensurate with the contractual life of the share options.

(b) The terminated share option scheme

Pursuant to the written resolution passed on 14 October 2008, the Company adopted a share option scheme (the "Scheme") to (i) attract and retain the best quality personnel for the development of the Group's business; (ii) to provide additional incentives to the employees; (iii) to provide eligible persons with the opportunity to acquire proprietary interests in the Group; and (iv) to promote the long term financial success of the Group by aligning the interests of grantees to shareholders. The Scheme is to remain in force for a period of 10 years from the date of adoption of such scheme and will expire on 13 October 2018.

Under the Scheme, the Board of Directors of the Company (the "Directors") may at their discretion grant options to (i) Board of Directors or a duly authorised committee; or (ii) any person employed by the Company or any subsidiary; (iii) any consultant, adviser, supplier, customer or subcontractor of the Company or any other person determined by the Directors from time to time to subscribe for the shares of the Company (the "Shares").

29 購股權計劃(續)

(a) 新購股權計劃(續)

附註：(續)

於報告期末尚未行使購股權的加權平均餘下合約年期為十年。

以授出購股權作為酬謝所收取服務之公平值，乃根據所授出購股權的公平值計量。所授出購股權的公平值是根據二項期權定價模型估計。對提早行使的預期納入二項期權定價模型內。

該模型的輸入數據如下：

授出日期	二零一六年五月十二日
現價	0.069 港元
合約年期	十年
行使價	0.100 港元
預期波幅	88.649%
無風險率	1.243%
股息率	0%

預期波幅乃根據本公司股價於最近期(相當於購股權的合約年期)的歷史波幅計算。

(b) 已終止購股權計劃

本公司根據於二零零八年十月十四日通過之書面決議案採納購股權計劃(「計劃」)，旨在(i)吸引及挽留精英人才發展本集團業務；(ii)為僱員提供額外獎勵；(iii)為合資格人士提供收購本集團專有權益的機會；及(iv)透過將承授人與股東的利益掛鉤，促進本集團長期財務成就。計劃自採納當日起計十年內有效，及於二零一八年十月十三日屆滿。

根據計劃，本公司董事(「董事」)會可酌情向(i)董事會或正式獲委任的委員會；或(ii)本公司或任何附屬公司的任何僱員；(iii)本公司任何顧問、諮詢人、供應商、客戶或分包商或者董事不時釐定的任何其他人士授出可認購本公司股份(「股份」)的購股權。

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29 SHARE OPTION SCHEME (continued)

(b) The terminated share option scheme

(continued)

Options granted must be taken up within 28 days of the date of grant, upon payment of HK\$1 per option. The maximum number of Shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholder's approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 10% of the shares in issue from time to time. The maximum number of Shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the Shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing rules. Options granted to substantial shareholders or independent non-executive directors in excess of issued share capital of the Company or with a value in excess of HK\$5 million must be approved in advance by the shareholders of the Company.

Options granted may be exercised at any time from date of grant of the share option to the 10th anniversary of the date of grant as may be determined by the Directors. The exercise price is determined by the Directors, and will not be less than the higher of the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the option the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options, and the nominal value of share.

No option has been granted by the Company under the Scheme since its adoption date.

The Scheme was terminated pursuant to the written resolution passed on 4 February 2016.

29 購股權計劃(續)

(b) 已終止購股權計劃(續)

授出的購股權須在授出日期後28日內支付每份購股權1港元付款方獲接納。可能根據計劃授出的購股權所涉股份數目上限不得超過本公司採納計劃當日本公司已發行股本10%。該上限可隨時更新，惟新上限合共不得超過股東在股東大會上批准當日本公司已發行股本10%。然而，可能因行使根據計劃及本公司任何其他計劃授出的所有未行使並仍可獲行使的購股權而發行的股份總數，合共不得超過本公司不時已發行股份的10%。於任何十二個月期間可授予任何個別人士的購股權所涉股份數目上限不得超過本公司該十二個月期間屆滿當日已發行股份的1%，惟已根據上市規則獲本公司股東批准除外。向主要股東或獨立非執行董事授出的購股權超過本公司已發行股本或價值超過5,000,000港元，須事先獲本公司股東批准。

購股權可自授出購股權當日至授出購股權十週年止期間(可由董事釐定)隨時行使。行使價由董事釐定，且不得低於授出購股權日期聯交所每日報價表所列每股收市價、緊接授出購股權日期前五個營業日聯交所每日報價表所列每股收市價的平均價或股份面值三者之較高者。

本公司自採納計劃日期起概無根據計劃授出任何購股權。

本公司根據於二零一六年二月四日通過的書面決議案終止計劃。

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Financial risk management objectives and policies

Management has adopted certain policies for financial risk management with the objective of:

- (i) ensuring that appropriate funding strategies are adopted to meet the Group's short term and long term funding requirements taking into consideration the cost of funding, gearing levels and cash flow projections of each project; and
- (ii) ensuring that appropriate strategies are also adopted to manage related interest and currency risk.

(b) Credit risk

The Group's credit risk are primarily attributable to cash and cash equivalents, trade receivables, prepayments, deposits and other receivables. The exposure to this credit risk is monitored by management on an ongoing basis and management does not expect any counterparty to fail to meet its obligations.

Cash and cash equivalents are placed at financial institutions that have sound credit rating.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables derived from sales of magnesium ingots are due within 14 days from the date of the bill of lading for exports sales or date of invoice for local sales. Other than that the Group has a policy of allowing customers for domestic trading and distribution in the PRC with credit terms or normally cash on delivery. Debtors with balances that are more than 6 months past due are requested to settle all outstanding balances before any further credit is granted. Normally the Group does not obtain collateral from customers.

30 金融風險管理及公平值

(a) 金融風險管理目標及政策

管理層已就金融風險管理採取若干政策，以實現以下目標：

- (i) 保證採用正確的融資策略以符合本集團的短期及長期資金需求，包括各項目的融資成本、負債水平及現金流量預測；及
- (ii) 保證亦採用合適的策略管理相關利率及貨幣風險。

(b) 信貸風險

本集團的信貸風險主要來自現金及現金等價物、應收賬款、預付款項、按金及其他應收款項。管理層會持續監控所面臨的信貸風險且預期不會有任何交易方違約。

現金及現金等價物存放於擁有健全信貸評級的金融機構。

對於應收賬款，本集團會對所有要求獲得超逾一定信貸額的客戶進行個別信貸評估。該等評估集中於客戶支付到期款項的過往記錄及現時的還款能力，並考慮客戶的個別資料及客戶經營所在地的經濟環境。來自銷售鎂錠的應收賬款自出口銷售的提單日期或本地銷售的發票日期起計14日內到期。除此以外，本集團的政策可向於中國本地買賣及分銷的客戶提供信貸期，或一般以貨到付款形式進行交易。結欠逾期6個月以上的債務人於獲授其他信貸前須清還所有未償還結餘。本集團一般不會取得客戶之任何抵押品。

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the consolidated statement of financial position. Except for the corporate guarantees given by the Group as set out in Note 32(a), the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to the credit risk in respect of these corporate guarantees at the end of the reporting period is disclosed in Note 32(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 19.

(c) Foreign currency risk

The Group is exposed to foreign currency risk through trade receivables and payables that are denominated in a currency other than the functional currency of the operations to which the transactions relate.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the relevant subsidiaries. For presentation purposes, the amounts of the exposure are shown in HK\$, translated using the spot rate at year end date:

Exposure to foreign currencies (expressed in HK\$)

	2016 二零一六年 United States Dollars 美元 HK\$ 港元	2015 二零一五年 United States Dollars 美元 HK\$ 港元
Cash and cash equivalents	88,854	11,241
現金及現金等價物		

30 金融風險管理及公平值(續)

(b) 信貸風險(續)

最高信貸風險為綜合財務狀況表中各金融資產的賬面值。除附註32(a)所載本集團提供的公司擔保外，本集團並無提供任何其他可能導致本集團或本公司面臨信貸風險的擔保。於報告期末該等公司擔保所涉的最高信貸風險於附註32(a)披露。

有關本集團應收賬款所產生的信貸風險之進一步數量披露載於附註19。

(c) 外匯風險

本集團因以與營運相關交易之功能貨幣以外貨幣計值的應收賬款及應付賬款而面臨外匯風險。

(i) 所面臨的貨幣風險

下表詳述本集團於報告期末所面臨因以相關附屬公司功能貨幣以外貨幣計值的已確認資產或負債而產生的貨幣風險。所面臨的風險金額乃按年結日的即時匯率兌換港元作呈列之用：

所面臨的外匯風險(以港元列值)

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(c) Foreign currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/(loss) before tax and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period, assuming all other variable risk variables remained constant. Other components of the equity would not be affected by changes in the foreign exchange rate:

	2016 二零一六年		2015 二零一五年		
	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in profit before tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss before tax and accumulated losses	
	外匯匯率 上升/(下降)	除稅前 虧損及 累計虧損 (增加)/減少	外匯匯率 上升/(下降)	除稅前 虧損及 累計虧損 (增加)/減少	
		HK\$ 港元		HK\$ 港元	
United States Dollars	美元	5% (5)%	4,443 (4,443)	5% (5)%	562 (562)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of the foreign operations into the Group's presentation currency. The analysis is performed on the same basis as for 2015.

30 金融風險管理及公平值(續)

(c) 外匯風險(續)

(ii) 敏感度分析

下表顯示本集團除稅後溢利/(虧損)與累計虧損隨外匯匯率合理可能變動(本集團於報告期末因該等變動面臨重大風險)(假設所有其他風險變量保持不變)而大致變化。權益的其他組成部份不受外匯匯率變動影響：

敏感度分析假設於重新計量本集團所持有使本集團於報告期末面臨外匯風險的金融工具時，已應用外匯匯率變動。有關分析不包括將海外業務財務報表換算為本集團呈報貨幣所產生的差額。有關分析與二零一五年基準相同。

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Interest rate risk

The interest rate risk of the Group arise primarily from unsecured loans from third parties and convertible bonds. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period.

30 金融風險管理及公平值(續)

(d) 利率風險

本集團的利率風險主要來自無抵押銀行貸款、來自第三方無抵押貸款及可換股債券。貸款分別按浮動利率及固定利率計息，令本集團分別面臨現金流量利率風險及公平值利率風險。

下表詳列本集團借款於報告期末的利率組合。

		2016 二零一六年		2015 二零一五年	
		Effective interest rate	Amount	Effective interest rate	Amount
		實際年利率	金額 HK\$ 港元	實際年利率	金額 HK\$ 港元
Variable rate borrowings:	浮動利率借款：				
— Secured bank loans	— 有抵押銀行貸款	—	—	8.85% p.a.	260,423,032
Fixed rate borrowings:	固定利率借款：				
— Convertible bonds	— 可換股債券	17.54%– 33.73% p.a.	10,000,000	17.54%– 33.73% p.a.	29,000,000
— Obligations under finance leases	— 融資租賃承擔	6.75% p.a.– 10.00%	48,954	1.80%– 3.68% p.a.	225,819
— Interest-bearing borrowings	— 計息借款	48.00% p.a.	137,609,200	24.00% p.a.	1,800,000
			<u>147,658,154</u>		<u>291,448,851</u>

Sensitivity analysis

At 31 December 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit before tax and equity by approximately HK\$Nil (2015: loss HK\$2,604,000).

敏感度分析

於二零一六年十二月三十一日，估計利率整體上升/下跌100個基點而所有其他變量維持不變，則本集團的除稅前溢利及權益會分別增加/減少約零港元(二零一五年：虧損2,604,000港元)。

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Interest rate risk (continued)

Sensitivity analysis (continued)

The sensitivity analysis above indicates instantaneous change in the Group's profit/(loss) before tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flows interest rate risk arising from variable rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2015.

(e) Liquidity risk

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations to meet its debt obligations as and when they fall due and on its ability to obtain external financing for its committed future capital expenditures.

30 金融風險管理及公平值(續)

(d) 利率風險(續)

敏感度分析(續)

上述敏感度分析顯示假設利率變動於報告期末已發生及利率變動運用於重新計量本集團於報告期末所持有的令本集團面對公平值利率風險的金融工具時本集團除稅前溢利/(虧損)(及累計虧損)以及綜合股權的其他成分可能產生的即時變動。因本集團於報告期末持有的非衍生工具浮動利率產生的現金流量利率風險對本集團除稅前溢利(及累計虧損)及綜合股權的其他成分的影響估計為對該等利率變動的利息開支或收入的年度影響。該分析與二零一五年的基準相同。

(e) 流動資金風險

本集團的流動資金主要視乎能否維持充足的經營現金流入以償還到期債務，以及能否就其已承擔的未來資本開支取得外部融資。

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Liquidity risk *(continued)*

At 31 December 2016, the Group had net current liabilities of HK\$201,008,467 (2015: HK\$314,988,278) which include secured bank loans, convertible bonds and interest-bearing borrowings of HK\$Nil (2015: HK\$260,423,032), HK\$10,000,000 (2015: HK\$29,000,000) and HK\$137,609,200 (2015: HK\$1,800,000), respectively. As detailed in Notes 24(a) and 26(b) to the consolidated financial statements, the Matured Bonds and Defaulted Loans were defaulted for repayments as at 31 December 2016. The directors of the Company closely monitor the cash flows of the Group and the Company and upon maturity, arrange renewal and refinancing of these borrowings, where necessary, to enable the Group to carry on its operations in the foreseeable future. As disclosed in Note 2(b) to the consolidated financial statements, the directors of the Company have taken action to mitigate the liquidity issues faced by the Group. Accordingly, the directors of the Company are of the opinion that the Group's liquidity risk can be addressed.

30 金融風險管理及公平值(續)

(e) 流動資金風險(續)

於二零一六年十二月三十一日，本集團的淨流動負債為201,008,467港元(二零一五年：314,988,278港元)，包括有抵押銀行貸款、可換股債券及計息借款分別為零港元(二零一五年：260,423,032港元)、10,000,000港元(二零一五年：29,000,000港元)及137,609,200港元(二零一五年：1,800,000港元)。誠如綜合財務報表附註24(a)及26(b)詳述，於二零一六年十二月三十一日，到期債券及拖欠貸款均拖欠還款。本公司董事密切監控本集團及本公司的現金流量，並於到期時安排該等借款的續訂及再融資(如有必要)，以使本集團於不久將來繼續經營其業務。誠如綜合財務報表附註2(b)披露，本公司董事已採取措施緩和本集團面臨的流動資金問題。因此，本公司董事認為，本集團流動資金風險可獲減低。

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Liquidity risk (continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if variable, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

30 金融風險管理及公平值(續)

(e) 流動資金風險(續)

下表詳列本集團於報告期末的財務負債剩餘合約到期日(乃根據合約未貼現現金流量(包括按合約利率,若為浮動利率,則按報告期末的現行利率計算的利息付款)計算)及本集團須支付的最早日期:

		2016 二零一六年				
		Contracted undiscounted cash flows 合約未貼現現金流量				
Carrying amount at 31 December 於十二月三十一日的賬面值 HK\$ 港元		Total 總額 HK\$ 港元	Within 1 year or on demand 一年以內或按要求時 HK\$ 港元	More than 1 year but less than 2 years 一年以上但兩年以內 HK\$ 港元	More than 2 years but less than 5 years 兩年以上但五年以內 HK\$ 港元	
Other payables and accruals	其他應付款項及應計費用	54,760,741	54,760,741	54,760,741	-	-
Obligations under finance leases	融資租賃承擔	48,954	49,793	49,793	-	-
Amounts due to related parties	應付關連方款項	2,443,919	2,443,919	2,443,919	-	-
Convertible bonds	可換股債券	10,000,000	10,000,000	10,000,000	-	-
Interest-bearing borrowings	計息借款	137,609,200	144,122,077	144,122,077	-	-
		<u>204,862,814</u>	<u>211,376,530</u>	<u>211,376,530</u>	-	-

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30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Liquidity risk (continued)

30 金融風險管理及公平值(續)

(e) 流動資金風險(續)

		2015 二零一五年 Contracted undiscounted cash flows 合約未貼現現金流量				
		Carrying amount at 31 December 於十二月三十一日的賬面值 HK\$ 港元	Total 總額 HK\$ 港元	Within 1 year or on demand 一年以內或按 要求時 HK\$ 港元	More than 1 year but less than 2 years 一年以上但兩年以內 HK\$ 港元	More than 2 years but less than 5 years 兩年以上但五年以內 HK\$ 港元
Other payables and accruals	其他應付款項及應計費用	37,441,499	37,441,499	37,441,499	-	-
Obligations under finance leases	融資租賃承擔	225,819	233,574	181,403	52,171	-
Amount due to a director	應付一名董事款項	347	347	347	-	-
Amounts due to related parties	應付關連方款項	2,416,399	2,416,399	2,416,399	-	-
Convertible bonds	可換股債券	29,000,000	29,000,000	29,000,000	-	-
Bank loans — secured	有抵押銀行貸款	260,423,032	261,985,814	261,985,814	-	-
Unsecured loans from third parties	來自第三方無抵押貸款	1,800,000	1,800,000	1,800,000	-	-
		<u>331,307,096</u>	<u>332,877,633</u>	<u>332,825,462</u>	<u>52,171</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(f) Categories of financial instruments

(f) 金融工具分類

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
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)	3,854,290	16,264,533
Financial liabilities	金融負債		
Financial liabilities at amortised cost	按攤銷成本計算的金融負債	204,862,814	331,307,096

(g) Fair values of financial instruments

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and liabilities recognised in the consolidated statement of financial position approximate to their carrying values:

(g) 金融工具之公平值

除於下表所述者外，董事認為，於綜合財務狀況表中確認的金融資產及負債的賬面值與其賬面值相若：

		2016 二零一六年		2015 二零一五年	
		Carrying amount	Fair value	Carrying amount	Fair value
		賬面值	公平值	賬面值	公平值
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
Financial liabilities at amortised cost	按攤銷成本計算的金融負債				
Obligations under finance leases	融資租賃承擔	48,954	49,793	225,819	233,574
Convertible bonds	可換股債券	10,000,000	10,000,000	29,000,000	29,000,000
Interest-bearing borrowings	計息借款	137,609,200	137,609,200	1,800,000	1,800,000

As at 31 December 2016 and 2015, the fair value of the liability component of the Matured Bonds is assumed to be its principal amounts.

於二零一六年及二零一五年十二月三十一日，到期債券負債部份的公平值假設為其本金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

31 COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 31 December 2016 not provided for in the consolidated financial statements were as follows:

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Contracted for	已訂約	13,660,426	14,244,500
Authorised but not contracted for	已授權但未訂約	—	—
		13,660,426	14,244,500

(b) Future minimum royalty payments

Pursuant to the Mining Agreement (Note 15(a)), the royalties to MERSB are subject to a monthly minimum payment of RM30,000 (equivalent to approximately HK\$51,903) (2015: RM30,000 (equivalent to approximately HK\$54,122)) for a period of 20 years, unless early terminated by the Group by giving one month's written notice to MERSB. The total minimum royalties amounted to RM5,220,000 (equivalent to approximately HK\$9,031,142) (2015: RM5,220,000 (equivalent to approximately HK\$9,417,283)) over the 20 years period.

31 承擔

(a) 資本承擔

於二零一六年十二月三十一日，並無於綜合財務報表中撥備的未償付資本承擔如下：

(b) 未來最低專利權費

根據採礦協議(附註15(a))，須按每月最低付款支付予MERSB的專利權費為30,000馬幣(相當於約51,903港元)(二零一五年：30,000馬幣(相當於約54,122港元))，為期20年，除非本集團向MERSB發出一個月書面通知提前終止。20年期間的最低專利權費總額為5,220,000馬幣(相當於約9,031,142港元)(二零一五年：5,220,000馬幣(相當於約9,417,283港元))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

31 COMMITMENTS (continued)

(c) Operating lease commitments

At 31 December 2016, the total minimum lease payments under non-cancellable operating leases are payable as follows:

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Within 1 year	一年以內	257,265	578,000
After 1 year but within 5 years	一年以上但五年以內	1,002,355	-
After 5 years	五年以上	93,971	-
		<u>1,353,591</u>	<u>578,000</u>

The Group is the lessee in respect of certain office premises held under operating leases. The leases typically run for an initial period of one to six years, with an option to renew the lease when all terms are renegotiated. The leases do not include a contingent rental.

(d) Environmental contingencies

The Group has not incurred any significant expenditure for environment remediation and has not accrued any amounts for environmental remediation relating to its operations. Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include:

- (i) the exact nature and extent of the contamination at the mines and processing plants;
- (ii) the extent of required cleanup efforts;
- (iii) varying costs of alternative remediation strategies;

31 承擔(續)

(c) 經營租賃承擔

於二零一六年十二月三十一日，根據不可撤銷經營租賃的應付最低租金付款總額如下：

	2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Within 1 year	257,265	578,000
After 1 year but within 5 years	1,002,355	-
After 5 years	93,971	-
	<u>1,353,591</u>	<u>578,000</u>

本集團為若干持作經營租賃的辦公室承租人。租約一般初步為期一至六年，並可選擇於重新議定所有條款後續約。所有租約均不包括或然租金。

(d) 環境或然負債

本集團並未因環境補救問題產生任何重大支出，亦無就任何與業務相關的環境補救問題產生任何應計提款項。根據現行法例，管理層相信不會發生任何對本集團財務狀況或經營業績有重大負面影響的負債。保護環境的法律及法規近年在整體上變得較為嚴格並且在未來會更加嚴格。環保負債涉及多項不明朗因素，可影響本集團估計最終補救成本的能力。該等不明朗因素包括：

- (i) 礦山及選礦廠所發生污染的實際性質和程度；
- (ii) 所需清理工作的程度；
- (iii) 替代補救措施的不同成本；

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綜合財務報表附註

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

31 COMMITMENTS (continued)

(d) Environmental contingencies (continued)

- (iv) changes in environmental remediation requirements; and
- (v) the identification of new remediation sites.

The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed for future environmental legislation cannot be reasonably estimated at present and could be material.

32 CONTINGENT LIABILITIES

(a) Corporate guarantees issued

As at 31 December 2016, the Company has issued a corporate guarantee totalling RMNil (equivalent to approximately HK\$Nil) (2015: RM850,000 (equivalent to approximately HK\$1,533,000)) to a supplier in respect of the purchase of liquefied petroleum gas made by CVMSB.

As at 31 December 2016, the Company has issued corporate guarantees totalling RM133,004 (equivalent to approximately HK\$230,000) (2015: RM133,004 (equivalent to approximately HK\$240,000)) for finance lease creditors in respect of the purchase of motor vehicles by CVMSB.

In respect of the Company's corporate guarantee provided in relation to above other financing facilities granted to a supplier of liquefied petroleum gas made by CVMSB and the guarantee given to finance lease creditors of motor vehicles and equipment purchased by CVMSB, the directors of the Company consider the possibility of being materialised is remote and immaterial. The directors of the Company consider that no such liabilities are required to be recognised as at 31 December 2016 and 2015.

The Company has not recognised any deferred income in respect of the corporate guarantees as its fair value cannot be reliably measured and its transaction price was HK\$Nil for the years ended 31 December 2016 and 2015.

31 承擔(續)

(d) 環境或然負債(續)

- (iv) 環境補救規定的改變；及
- (v) 須實施補救措施的新地點的確認。

由於尚未確定可能發生污染之程度和可能需要之補救措施之時間和程度等因素，因此無法確定未來可能產生此類費用所需之金額，故目前無法合理地估計日後環境法規建議可能產生的環境負債，而有關負債可為重大。

32 或然負債

(a) 已發出公司擔保

於二零一六年十二月三十一日，本公司就CVMSB購置液化石油氣向供應商發出公司擔保合共零馬幣(相當於約零港元)(二零一五年：850,000馬幣(相當於約1,533,000港元))。

於二零一六年十二月三十一日，本公司就CVMSB購置汽車的融資租賃債項發出公司擔保合共133,004馬幣(相當於約230,000港元)(二零一五年：133,004馬幣(相當於約240,000港元))。

就有關CVMSB向一名液化石油氣供應商授出的上述其他財務融資，以及向CVMSB購買汽車及設備之融資租賃債權人授出的擔保而提供的本公司公司擔保而言，本公司董事認為作出公司擔保的可能性不大。於二零一六年及二零一五年十二月三十一日，本公司董事認為概無有關負債須予確認。

截至二零一六年及二零一五年十二月三十一日止年度，本公司並無確認公司擔保的任何遞延收入，乃因其公平值無法可靠地計量且其交易價格為零港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

32 CONTINGENT LIABILITIES (continued)

(b) Contingent liability arising from default of convertible bonds and loans from third parties

As explained in Notes 2(b)(vi) and 24 to the consolidated financial statements, the Maturity Bonds were remained in defaulted and immediately due for repayments as at 31 December 2016. Pursuant to the convertible bonds agreements, at any time after the convertible bonds have become payable, the respective convertible bondholders may without further notice institute such proceedings as it may think fit to enforce payment of the monies due.

As explained in Notes 2 (b)(vii) and 26 to the consolidated financial statements, the loans from third parties were defaulted and immediately due for repayments as at 31 December 2016. Pursuant to the loan agreements, the principal amount drawn and for the time being outstanding under the facilities, all interest accrued thereon and all other monies payable under the agreements to be forthwith due and payable, the respective lenders may without further notice institute such proceedings as it may think fit to enforce payment of the monies due.

32 或然負債(續)

(b) 自拖欠可換股債券及來自第三方的貸款產生的或然負債

誠如綜合財務報表附註2(b)(vi)及24所述，到期債券仍拖欠還款並於二零一六年十二月三十一日到期時即時償還。根據可換股債券協議，於可換股債券成為應付後的任何時間，各可換股債券持有人毋須就構成其認為合適可強制償還到期款項的行動作進一步通知。

誠如綜合財務報表附註2(b)(vii)及26所述，來自第三方貸款仍拖欠還款並於二零一六年十二月三十一日到期時即時償還。根據貸款協議，所提取之本金額及融資項下當時尚未償還之本金額、其所有應計利息及協議項下所有其他應付款項將即時到期並應付，各貸款人毋須就構成其認為合適可強制償還到期款項的行動作進一步通知。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

33 MATERIAL RELATED PARTY TRANSACTIONS

During the years ended 31 December 2016 and 2015, in addition to the transactions and balances disclosed in Note 23 to the consolidated financial statements, the following related party transactions took place between the Group and related parties on terms mutually agreed by the parties concerned.

33 重大關連方交易

截至二零一六年及二零一五年十二月三十一日止年度，除綜合財務報表附註23所披露的交易及結餘外，以下關連方交易在本集團與關連方之間按有關雙方互相協定的條款進行。

Name of party 關連方名稱	Relationship 關係
Ho Wah Genting Berhad ("HWGB")	A shareholder of the Company
Ho Wah Genting Berhad (「HWGB」)	本公司股東
Ho Wah Genting Poipet Resorts Sdn. Bhd. ("HWGP")	An associate of HWGB
Ho Wah Genting Poipet Resorts Sdn. Bhd. (「HWGP」)	HWGB的聯營公司
Perak State Development Corporation ("PSDC")	A shareholder of the Company
Perak State Development Corporation (「PSDC」)	本公司股東
Majuperak Energy Resources Sdn. Bhd. ("MERSB")	A subsidiary of PSDC
Majuperak Energy Resources Sdn. Bhd. (「MERSB」)	PSDC的附屬公司
PT Ho Wah Genting Berhad ("PTHWG")	A subsidiary of HWGB
PT Ho Wah Genting Berhad (「PTHWG」)	HWGB的附屬公司
HK New Huang Pu Finance Holdings Limited ("HKNHPF")	A company with common director of the Company
香港新黃埔金融控股集團有限公司(「香港新黃埔金融」)	與本公司有共同董事的一間公司
Dato' Lim Hui Boon*	A father of a director
拿督 Lim Hui Boon*	一名董事的父親
* On 8 May 2015, Dato' Lim Hui Boon ceased to be a related party of the Group upon the resignation of Dato' Lim Ooi Hong as a director of the Company.	* 於二零一五年五月八日，拿督林偉雄在辭任本公司董事後，拿督 Lim Hui Boon 不再為本集團之關連方。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

33 MATERIAL RELATED PARTY TRANSACTIONS (continued)

Particulars of significant transactions between the Group and the above related parties are as follows:

(a) Recurring transactions

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Office rent payable to:	應付辦公室租金予：		
HWGB	HWGB	<u>89,901</u>	<u>95,427</u>
Purchase of flight tickets from:	向下列關連方購買機票：		
HWGP	HWGP	<u>—</u>	<u>54,158</u>
Maintenance fee payable to:	應付維護費予：		
MERSB	MERSB	<u>—</u>	<u>2,351,093</u>

(b) Amount due from a related party

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
HKNHPF	香港新黃埔金融	<u>—</u>	<u>475,426</u>

The amount due from HKNHPF is unsecured, interest-free and has no fixed terms of repayment. Fan Wei Peng is a common director of HKNHPF and of the Company.

應收香港新黃埔金融的款項為無抵押、免息且無固定還款期。范偉鵬為香港新黃埔金融與本公司之共同董事。

(c) Amount due to a director

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Leung Wai Kwan	梁維君	<u>—</u>	<u>347</u>

The amount due is unsecured, interest-free and has no fixed terms of payment.

該款項為無抵押、免息且無固定還款期。

33 重大關連方交易 (續)

本集團與上述關連方進行的重大交易詳情如下：

(a) 經常交易

(b) 應收一位關連方款項

(c) 應付一名董事款項

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綜合財務報表附註

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33 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) Amounts due to related parties

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
MERSB	MERSB	2,184,429	2,133,502
PTHWG	PTHWG	259,490	282,897
		2,443,919	2,416,399

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

該等款項為貿易性質、無抵押、免息且無固定還款期。

(e) Key management personnel remuneration

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Directors' fees	董事袍金	2,688,623	2,418,489
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	3,486,600	3,100,097
Equity-settled share-based payments	權益結算的以股份為基礎付款	7,972,426	—
Retirement scheme contributions	退休金計劃供款	49,000	40,500
		14,196,649	5,559,086

(e) 主要管理人員酬金

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

34 ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Going concern

As disclosed in Note 2(b), the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration all relevant available information about the future of the Group, including proposed measures as described in Note 2(b) and cash flow projections for the year ending 31 December 2017. Such forecasts and projections about the future inherently involve uncertainties. Actual results could differ significantly and hence render the adoption of the going concern basis not appropriate.

(b) Current and deferred taxation

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entities within the Group recognise liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred taxation provisions in the financial period in which such determination is made.

34 會計判斷及估計

於本集團採用會計政策過程中，管理層已作出下列會計判斷：

(a) 持續經營

誠如附註2(b)所披露，綜合財務報表乃按持續經營基準編製。持續經營基準之合適性於考慮與本集團未來有關之所有相關可用資料(包括附註2(b)所述之建議措施及截至二零一七年十二月三十一日止年度之現金流量預測)後進行評估。該等未來預期及預測本身涉及不確定性。實際業績可能出現重大差異，導致不適合採納持續經營基準。

(b) 當期及遞延稅項

本集團須繳納多個司法權區的所得稅。於釐定所得稅撥備時須作出重大判斷。若干交易及計算難以於日常業務過程中明確作出最終的稅務釐定。本集團內實體根據是否須繳納額外稅項的估計確認潛在稅項負債。倘該等事宜的最終稅務結果與初步入賬的金額不同，該等差額將影響釐定有關金額的財政期間的當期及遞延稅項撥備。

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

34 ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Current and deferred taxation (continued)

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as when management considers it is probable that future taxable profit will be available against which the temporary differences will impact the recognition of deferred tax and tax in the periods in which such estimate is changed.

(c) Useful lives of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for its property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

34 會計判斷及估計 (續)

(b) 當期及遞延稅項 (續)

有關若干暫時差額及若干稅項虧損的遞延稅項資產，乃於管理層認為日後可能會出現應課稅溢利以抵銷將影響更改有關估計期間所確認的遞延稅項及稅項的暫時差額時方予以確認。

(c) 物業、廠房及設備的可用年限

管理層會釐定物業、廠房及設備的估計可用年限及相關折舊支出。此項估計乃以性質及功能相近資產的實際可用年限為基礎，並會由於重大技術革新及競爭對手因應行業週期而作出的行動而出現重大變化。若可用年限少於先前的估計年限，則管理層將提高折舊支出，或撇銷或撇減已廢棄或出售的技術陳舊或非策略性資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

34 ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(d) Impairment of property, plant and equipment

The Group reviews the carrying amounts of the assets at the end of each reporting date to determine whether there is objective evidence of impairment. Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of profit or loss and other comprehensive income.

34 會計判斷及估計(續)

(d) 物業、廠房及設備減值

本集團於各報告期末審閱資產的賬面值以釐定是否存在客觀的減值跡象。當有事件出現或情況變動顯示賬面值可能不可收回時，本集團會根據會計政策檢討物業、廠房及設備的減值。可收回金額根據使用價值及市場估值計算而釐定。該計算方法須使用判斷及估計法。管理層須判斷資產減值範疇，尤其是評估：(i)是否已發生可能顯示有關資產價值或不可收回的事件；(ii)可收回金額(即公平值減出售成本或按於業務中持續使用資產估計的未來現金流量淨現值兩者中的較高者)能否支持該項資產的賬面值；及(iii)於編製現金流量預測中應用的適當主要假設，包括該等現金流量預測是否使用適當貼現率貼現。倘管理層用以評估減值的假設(包括現金流量預測中採用的貼現率或增長率假設)改變，則可能會對減值測試中的淨現值產生重大影響，因而影響本集團的財務狀況及經營業績。若預計表現及相應未來現金流量預測出現重大不利變動，則可能須在綜合損益表及其他全面收益表中扣除減值開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

34 ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(e) Impairment of goodwill, and exploration and evaluation assets

Determining whether exploration and evaluation assets and goodwill (collectively referred to as “CGU of exploration for iron ore, coal and manganese” and “CGU of extraction and bottling of mineral water”) are impaired require estimation of the value-in-use of the CGUs to which these assets have been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amounts of goodwill, and exploration and evaluation assets at the end of reporting period were HK\$Nil and HK\$Nil (2015: HK\$Nil and HK\$37,399,285), respectively, after impairment losses of HK\$Nil and HK\$36,366,175 were recognised during the year ended 31 December 2016 (2015: HK\$Nil and HK\$3,736,391) respectively. Details of the impairment losses calculation are provided in Notes 14 and 15 to the consolidated financial statements.

34 會計判斷及估計 (續)

(e) 商譽以及勘探及評估資產減值

釐定勘探及評估資產及商譽(統稱為「勘探鐵礦石、煤及錳的現金產生單位」及「提取及裝瓶礦泉水的現金產生單位」)是否減值須估計該等資產獲分配使用現金產生單位的價值。演算法所使用的數值需要本集團估計預期現金產生單位產生的未來現金流量和適當的折現率，以便計算其現值。當實際的未來現金流量低於預期值時，可能產生重大的減值虧損。

於報告期末，商譽及勘探及評估資產的賬面值分別為零港元及零港元(二零一五年：零港元及37,399,285港元)，已於截至二零一六年十二月三十一日止年度確認分別扣除減值虧損零港元及36,366,175港元(二零一五年：零港元及3,736,391港元)。減值虧損計算的詳情載於綜合財務報表附註14及15。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

35 本公司財務狀況表

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	805,247	914,668
Investments in subsidiaries	於附屬公司的投資	14,306,680	64,767,641
		15,111,927	65,682,309
Current assets	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	443,010	1,389,941
Cash and cash equivalents	現金及現金等價物	74,255	11,415,167
		517,265	12,805,108
Current liabilities	流動負債		
Other payables and accrued expenses	其他應付款項及應計款項	47,520,386	29,337,090
Obligations under a finance lease	融資租賃承擔	-	77,342
Amount due to a director	應付一名董事款項	-	347
Convertible bonds	可換股債券	10,000,000	29,000,000
Interest-bearing borrowings	計息借款	137,609,200	1,800,000
		195,129,586	60,214,779
Net current liabilities	流動負債淨額	(194,612,321)	(47,409,671)
Total assets less current liabilities	總資產減流動負債	(179,500,394)	18,272,638
Net (liabilities)/assets	(負債)/資產淨額	(179,500,394)	18,272,638

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

35 本公司財務狀況表(續)

		2016 二零一六年 HK\$ 港元	2015 二零一五年 HK\$ 港元
Capital and reserves	資本及儲備		
Share capital	股本	1,367,875,301	1,367,875,301
Reserves	儲備	(1,547,375,695)	(1,349,602,663)
Total (deficit)/equity	(虧損)/權益總額	(179,500,394)	18,272,638

Approved and authorised for issue by the board of directors on 31 March 2017.

經董事會於二零一七年三月三十一日批准及授權刊發。

Du Jian Jun

杜建軍

Director

董事

Leung Wai Kwan

梁維君

Director

董事

36 NON-ADJUSTING EVENTS AFTER THE END OF THE REPORTING PERIOD

Saved as disclosed in Note 2(b) to the consolidated financial statements, there are no material non-adjusting events subsequent to the end of the reporting period and up to the approval date of the consolidated financial statements.

36 報告期末後非調整事項

除綜合財務報表附註2(b)所披露外，於報告期末後及直至綜合財務報表批准日期止，並無重大非調整事項。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

37 POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the approval date of the consolidated financial statements, the HKICPA has issued a number of new standards and amendments which are not yet effective for the year ended 31 December 2016 and which have not been adopted in the consolidated financial statements. These include the followings which may be relevant to the Group.

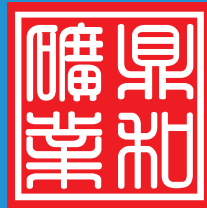
37 已頒佈但尚未在截至二零一六年十二月三十一日止年度生效的新準則、修訂本及詮釋可能帶來的影響

直至綜合財務報表批准日期止，香港會計師公會已頒佈一系列截至二零一六年十二月三十一日止年度尚未生效且綜合財務報表亦未採納的新準則及修訂本，其中與本集團相關的新準則及修訂本如下。

	Effective for accounting periods beginning on or after 於下列日期或其後開始的會計期間生效
Amendments to HKAS 7, Disclosure Initiative 香港會計準則第7號的修訂，披露計劃	1 January 2017 二零一七年一月一日
Amendments to HKAS 12, Recognition of Deferred Tax Assets for Unrealised Losses 香港會計準則第12號的修訂，就未變現虧損確認遞延稅項資產	1 January 2017 二零一七年一月一日
HKFRS 15, Revenue from contracts with customers 香港財務報告準則第15號，客戶合約之收入	1 January 2018 二零一八年一月一日
HKFRS 9, Financial instruments 香港財務報告準則第9號，金融工具	1 January 2018 二零一八年一月一日
Amendments to HKFRS 2, Share-based payment: Classification and measurement of share-based payment transactions 香港財務報告準則第2號的修訂，以股份為基礎的付款： 以股份為基礎付款交易的分類及計量	1 January 2018 二零一八年一月一日
HKFRS 16, Leases 香港財務報告準則第16號，租賃	1 January 2019 二零一九年一月一日
Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an investor and its Associate or Joint Venture 香港財務報告準則第10號及香港會計準則第28號的修訂，投資者與其聯營或合營企業之間的資產出售或投入	To be determined 待釐定

The Group is in the process of making an assessment of the impact of these amendments and new standards are expected to be in the period of initial application, but is not yet in a position to state whether these amendments and new standards would have a significant impact on the Group's financial statements.

本集團正在評估該等修訂及新訂準則於首次應用期間之預期影響，惟尚未能確定該等修訂及新訂準則會否對本集團的財務報表造成重大影響。



DING HE MINING HOLDINGS LIMITED
鼎和礦業控股有限公司